



# Country policy responses Indonesia

► COVID-19 and the world of work

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**Countries are taking unprecedented measures to combat the spread of the disease, while ameliorating its pernicious effect on the economy and labour market.**

## Stimulating the economy and employment

### Fiscal policy

The government of Indonesia announced a national response package to the pandemic with additional state budget allocation of **IDR 405.1 trillion or USD 20.3 billion**. The additional budget is allocated to fund the following initiatives::

- Health sector (IDR 75 trillion or USD 3.8 billion)
  - o The purchase of medical equipment and supplies such as test kits and ventilators
  - o Protection of and incentives for medical workers including doctors and nurses.
- Social protection (IDR 110 trillion or USD 5.5 billion)
  - o Expansion of conditional cash transfer programme and staple food programme. Cash allowance for the programmes is increased.
  - o Budget allocation for Pre-employment card (*Kartu Pra Kerja*) is doubled to IDR 20 trillion. The cardholders are entitled to receive training and allowances. The scheme intends to help 5.6 million laid-off workers and informal workers among others.

- o Electricity bill discount for 3 months.
- Tax incentives (IDR 70.1 trillion or USD 5 billion).
- Workers in the manufacturing sector with annual income below Rp 200 million will be exempt from income taxes for six months
- Import tax payments will be deferred for six months in 19 manufacturing sectors
- The corporate income tax will be reduced from 25 percent to 22 percent
- Debt payments will be delayed by six months for micro loan credit (Kredit Usaha Rakyat - KUR) for businesses affected by COVID-19
- National Economic recovery (IDR 150 trillion or USD 7.5 billion):
  - o Debt/Credit restructuring.
  - o Financing for small-sized and medium enterprises.

Indonesia maintained fiscal discipline (i.e. state budget deficit below 3 per cent of GDP) since the 1998 Asian financial crisis. An estimated state budget deficit will be 5.07 per cent of GDP.

### Monetary policy

The Bank of Indonesia (BI) lowered the nation's policy rate, the BI seven-day reverse repo rate, by 25

basis points to 4.50 per cent last March. The rate was also cut by 25 basis points in February 2020.

## Supporting enterprises, jobs and incomes

### Social protection

Social protection programmes are expanded with an additional state budget of IDR 110 trillion in order to mitigate the impact of the outbreak. Please see the section above for details.

### Social assistance

Social assistance will be provided to those who are laid off due to the outbreak. The Implementing Agency for Social Security for Workers will provide a cash compensation in the amount IDR 1 million per month up to three months.

The Ministry of Manpower recommends the remission of Employment BPJS fee contributions to companies affected by COVID-19 for up to 6 months.

### Expansion of cash-for-work schemes

The government through the Ministry of Village, Development of Disadvantaged Regions and Transmigration issued a circular to reallocate the village funds to respond to the pandemic. It requested all village authorities to revise their village budget to prioritise village-based Employment Intensive Cash for Work schemes (PTKD). The

program targets marginalised groups in the village such as deprived family, the unemployed, day labourers.

### Employment measures

MoM requests employers to discuss in advance with the trade unions/workers representative at the company level and take alternative measures before laying off workers, among others:

1. Reducing wages and perks of the top-level positions;
2. Reducing work shifts;
3. Limiting /removing overtime work;
4. Reducing work hours;
5. Reducing workdays;
6. Temporary layoff or rotational work;
7. (It can either) extend or not extend the contracts of the workers whose contracts have expired; and
8. Providing pensions for those who are eligible.

MoM intensifies employment opportunity development and expansion program through labour intensive and entrepreneurship for affected workers, prospective migrant workers, repatriated Indonesian migrant workers, and MSME workers.

MoM strengthens partnerships with strategic partners at the bilateral, regional and global levels to safeguard investments and stabilize the trade and investment climate as well as maintaining the open labor market. MoM extends work permits for foreign workers in Indonesia for certain amount of time during the pandemic.

### Skills training programmes

The government optimizes the implementation Pre-Employment Program, especially for laid-off workers through the provision of training and financial support, along with Coordinating Ministry of Economic Affairs and Project Management Office (PMO).

MoM provides competence and productivity-based training incentives. It optimizes the role of Employment Training Body (BLK) to mitigate the impact of COVID-19 through BLK Responses COVID-19 Program.

### Entrepreneurship and Self-Employment Programmes

MoM provides training, helps with business facilities and establishes entrepreneurial groups for laid-off workers and the unemployed by involving the local community. It assists businesses by providing equipment and material for groups or communities in the COVID-19 affected areas.

### Protecting workers in the workplace

The Ministry of Manpower (MOM) provided guidance on worker protection and business sustenance in the context of prevention and control of COVID-19 via the *Minister of Manpower Circular No. M / 3 / HK.04 / III / 2020 concerning Worker Protection and Business Sustenance in the Context of Preventing and Control of COVID-19*. The main idea of this is to: (1) make efforts to prevent the spread and handling of COVID-19 related cases in at work, (2) Implement wage protection for workers in relation to the COVID-19 pandemic.

MoM coordinates with Heads of Manpower Offices of Provinces throughout Indonesia in order to anticipate and overcome labor problems in the regions, among others, by providing directions and guidelines both verbally through teleconferences as well as through Circular Letters and coordinating on data collection and monitoring of companies laying off workers.

MOM provides online OSH services to provide information and consultation related to COVID-19. It opened an information web site concerning the outbreak, targeting employers and workers. The website informs steps to generate a business sustainability plan, preventive measures that can be taken at work places, rights of workers who contracted COVID-19. The web site also functions as an online forum for consulting and submitting any complaints relating to OSH and COVID-19.

Regarding Religious Festive Allowance (THR), the government reminded employers that they still have to pay THR in full to their workers despite disruptions in their business. The method of payment could be agreed between workers and employers (e.g. instalment).

MoM strengthens the role of labour attaches in an effort to ensure the implementation of the WHO protocol for migrant workers in the country of placement.

### Relying on social dialogue for solutions

The Ministry of Manpower (MoM) strengthens social dialogue with employers and workers to make adjustments to work arrangements in an effort to maintain employment and business sustainability. The MoM held the National Tripartite Consultative Body (LKS) meeting on 08 April 2020.

MoM conducted dialogue with APINDO (Employers' Association of Indonesia) and employers from various business sectors as well as with trade unions on the impact of COVID-19 on the business world and job security for workers as well anticipations and handlings in this regard.

Given the decentralized governance of Indonesia, some local tripartite councils (LKS Tripartit Kabupaten/ Kota) met and discussed various workplace issues concerning work arrangements during the outbreak and adopted recommendations. The national tripartite council has not issued any statements regarding the outbreak as of 06 April 2020.

### Summary of actions by the ILO in this country

- The ILO facilitates social dialogue on working conditions and maintenance of employment. The ILO through the Better Work Indonesia (BWI) programme has supported garment and footwear trade unions (GARTEKS, FSP TSK SPSP, FSP TSK KSPSP) and employers (APINDO, API and APRISINDO) in entering into a bi-partite commitment and action plan to ensure business sustainability and protect workers from the negative impact of COVID-19 (August 2020). The joint commitment and action plan outlines the priorities for the sector and the key policy areas that social partners would like to see advanced as response to the crisis by the Indonesian

government and international brands sourcing from Indonesia.

- BWI data and analysis on the impact of COVID-19 on the garment and footwear sector continues to be made public and provided to ILO constituents. Our regular monitoring of factories' situations and needs is being channelled to the Indonesian government and social partners and is seen as a key source of data (<https://betterwork.org/2020/04/15/indonesia-updates/>)
- The ILO through the BWI programme has published guidelines on "Workers' Protection and Business Continuity amid the COVID-19 Pandemic" and on "COVID-19 Transmission, Prevention and Management and the Best Practices in the Workplace". The guidelines were developed with the support of the Ministry of Manpower and clarify government policy on occupational safety and health, labour law, wages and entitlements during the COVID-19 pandemic.
- Better Work Indonesia 214 factories are being supported to maintain good working conditions through virtual advisory and training services. A series of industry seminars on business continuity, OSH and the new normal and labour law rules during COVID-19 have been extremely successful and allowed factories to interact directly with key policymakers at national and provincial level.
- The ILO through BWI continues reach out to international brands sourcing from Indonesia to leverage their support on supporting factories respect the national labour law, protect workers and survive the economic crisis brought by the pandemic. Specific Webinars were organized on the payment of the payment of the festive bonus (THR) and wage policy amidst the pandemic.
- BWI has been conducting an Instagram-live (IG) campaign for wider sensitization of workers and relevant stakeholders around labour norms, workers' rights during the pandemics and promoting social dialogue. Some of the sessions focus on strategies to deal with the lockdown, stress and sensitization to avoid the end of Ramadan Mudik (travel back home for Idul-Fitri) and financial literacy. More than 1,000 netizens have viewed, logged in and participated in the IG live sessions that discussed the government's new arrangement of annual festive bonus (THR), application of new normal in the workplace, social dialogue and preventing termination.
- The ILO together with partners conducted an enterprise survey to assess the impact of the pandemic on enterprises and published key results and policy recommendations.
- The ILO provides training to MSMEs on business continuity management and coping strategies.
- Productivity improvement training video clips were developed for SMEs. The training is based on the tested and proven training modules.

- In collaboration with the Indonesian Retailers' Association (APRINDO), the ILO provide online training courses on creation of online shop application and e-commerce administration.
- The ILO provides technical assistance to design an employment insurance scheme.
- The ILO together with other UN agencies supports an impact assessment of COVID-19 outbreak on people living with HIV (PLHIV) and support their livelihood.
- The ILO implements an online survey on the impact of the pandemic on migrant workers, especially women migrant workers.
- The ILO implemented a global survey on youth and COVID-19 outbreak in Indonesia.
- The ILO supports the Ministry of Manpower on the development of OSH Technical Guideline for enterprises and Labour inspectors.
- The ILO provides an online training for TVET instructors on transforming offline training material to suit online training.
- The ILO organizes a series of webinar on design and delivery of online TVET in cooperation with the Australian Embassy in Jakarta.
- The ILO implements ILO Global Survey regarding the impact of COVID-19 on the staff development and training in the enterprise in Indonesia.
- ILO provided technical support to the development of guideline and monitoring tools regarding placement of Indonesian migrant workers during the New Normal based on the ILO guideline on Safe Return to Work. This guideline was integrated in the Minister of Manpower Decree No. 294/2020 on the subject. The Minister Decree stipulated that Indonesian migrant workers shall not be charged as a result of: (a) the application of health protocols in the placement process for Indonesian migrant workers; and (b) the application of destination countries' health protocol policies when the Indonesian migrant workers arrive and are in the destination countries.

### Activities of employers' organizations

- The EMPLOYERS' ASSOCIATION OF INDONESIA (APINDO) is taking action together with the Government and stakeholders in order to anticipate and respond to COVID-19 outbreak, particularly on occupational safety and health (OSH).
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- APINDO keeps members updated by sharing COVID-19-related laws and policies, particularly during the emergency period through email, monthly report, and other media tools. The information includes:

- o Implementation of Safety and Health Management System;
- o Working from Home;
- o Suspension of Business;
- o Leaves of Absence;
- o Redundancy.
- APINDO made the following policy proposals:
  - o proposals to the Finance Minister on income tax relaxation;
  - o proposals to the Chairman of The Financial Services Authority to relax rules on Bank debt schedule/restructuring.
- To alleviate the impact, APINDO is working with the Government and other stakeholders as follows at several levels:
  - o Developing policies related to particular state of disaster emergency status due to the COVID-19 Pandemic in Indonesia declared by the National Disaster Mitigation Agency (BNPB);
  - o APINDO Provincial Boards developing policies to anticipate and respond to the COVID-19 outbreak with reference to the regulations of the local governments, particularly on occupational safety and health (OSH) implementation;
  - o Collaborating with the Indonesian Chamber of Commerce and Industry (Kadin Indonesia) to raising funds for the Indonesian Red Cross (PMI) Donation Campaign;
  - o Mapping plan to implement Manpower Ministry's policy on labour protection and business continuity in response to COVID-19 crisis.
- APINDO is shifting to online members' and government relations meetings.

Source: <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#ID>

## Contact details

**International Labour Organization**  
 Jakarta Office  
 Menara Thamrin Level 22  
 Jl. M.H. Thamrin Kav. 3 - Jakarta 12250

T: +62 21 391 3112  
 F: +62 21 3983 8959  
 E: [jakarta@ilo.org](mailto:jakarta@ilo.org)