

Indonesia : Country Brief

Introduction

Providing adequate infrastructure such as clean sources of water, health and education facilities, markets and proper transport access is still a major task, which is yet to be achieved in large parts of Indonesia. In order to provide such services to all, there is a need for effective approaches involving the users, local government institutions and private sector in order to effectively plan, develop and maintain the required infrastructure.

Investing in infrastructure creates income opportunities and generates jobs. Directly as employment can be created during the construction and maintenance of infrastructure by using local resource-based methods. Indirectly as the assets created by themselves will improve access to income and employment opportunities. An increased use of local resources (labour and materials) will also have backward and forward linkages further stimulating the local economy. Ongoing ILO work in Aceh and Nias demonstrates that up to 2,200 workdays can be created per kilometer of district road rehabilitation.

The ILO has been active in Indonesia with respect to promoting and strengthening various forms of labour-based or local resource-based works, to different degrees and at various levels – from direct road rehabilitation on Sumatra to policy dialogue at the national level.

Post Tsunami Work in Aceh and Nias

The road sector was one of the affected sectors by the Tsunami in 2004 and there is a continued need to restore the road network in many parts of Aceh and Nias. The ongoing Project “Creating Jobs: Capacity Building for Local Resource-based Road Works in Selected District in NAD and Nias” was formulated in consultation with BRR (the national agency responsible for the reconstruction of Aceh and Nias) and district governments in Aceh and Nias. The project is strengthening the capacity of local governments in Aceh and Nias in their management of infrastructure investments including:

- capacitate district government and small-scale local contractors in undertaking local resource based road works;
- provide the techniques, standards, systems and strategies for this approach; and
- involve the local communities in the provision and maintenance of district and other rural roads.

Two project evaluations were conducted: the independent mid-term evaluation in May 2007 and the training/capacity building evaluation in March 2008. Both evaluations indicated satisfactory progress and recommended a project extension to give further sustainability to project results. These evaluations, together with other technical reviews, highlighted the contributions the project has made to the infrastructure sector in Aceh and Nias with regards to:

- introducing appropriate local resource-based road techniques that are technically and financially feasible for implementation by district Public Works and local small scale contractors in Aceh and Nias;
- improving skills of district Public Works officials and small scale contractors in road contract management and road techniques as a result of on-site coaching;
- generating social and economic benefits of the local resource-based infrastructure rehabilitation approach by maximizing employment opportunities of local workers, gradually increasing the number of women workers at work site, integration of environmental concerns in road design and work methods, and using an objective cost-estimation in road works and transparent contracting procedures.

The evaluations also recommended a project extension in order to give sustainability to project impacts. This project extension was approved in 2008 and the following cumulative results can be expected:

- 169 kms of rural roads rehabilitated and 161 kms maintained to specified quality and standards;
- 430,000 workdays, 30% performed by women;
- district Public Works equipped with training materials, curriculum, and in-house trainers;
- at least 70% of district Public Works and contractor trainees developed key skills in local resource-based road works;
- 50 KDP facilitators and community supervisors trained in road supervision;
- district Public Works in project areas allocate budget for staff training and maintenance of project roads. It will also have its own staff to deliver the training programme on the local resource-based road works approach particularly with regards to contract administration, site supervision, and standard approach in engaging communities in road works;

- district Public Works and infrastructure projects and programmes in Nias consider giving training recognition to pre-qualify contractors. This approach is to motivate contractors to continue building capable work force and invest in staff training;
- district Public Works and KDP in project areas have strengthened their collaboration in village road rehabilitation and maintenance management.
- new pavement techniques which address environmental protection and workers' and community's health are systematically introduced.

The project extension increased the budget to USD 11.8 million and extended the time period until the end of 2009.

The project team in Nias has been participating in a World Bank-led formulation of a Local Economic Development Programme for Nias. Both the World Bank and the Government of Indonesia are keen for the ILO to implement the USD 10 million infrastructure component based on its track record on the island.

An Analysis of Local Resource-based Works in Indonesia

A study carried out in 2008 in Aceh comparing road works using the local resource-based approach with road works using more traditional approaches concluded that the average costs of the local resource-based roads were 10-50% less than that of other approaches. Overhead costs however were higher (25% of total cost). The quality of the local resource-based roads is perceived to be superior to the quality of other roads. Additional positive features included the increased capacity of local government staff and small contractors, creation of more employment, increased involvement of women in road works, increased community participation and greater transparency in the procurement process.

Expanding to Eastern Indonesia

In order to further promote the local resource-based strategy at local level, it is recognized that closer collaboration is required with local authorities in order to make use of the tools developed. For this purpose, ASIST AP carried out a comprehensive study on how the local resource-based principles and tools can most effectively be incorporated into the rural infrastructure development programmes in selected provinces in Eastern Indonesia.

Taking note of the decentralised responsibility for the provision and maintenance of rural infrastructure to local government authorities, this study

- made a comprehensive review of ongoing rural infrastructure investment programmes and current development objectives and goals;
- reviewed the employment generation and community involvement measures already in place in existing rural development programmes;
- established an overview of the main actors involved in its implementation;
- consulted with planning and implementation authorities at provincial and district levels to establish a comprehensive understanding of the challenges facing the sector;
- compiled reports containing sector reviews, findings and recommendations on which further discussions could be held to formulate possible technical collaboration.

The main purpose of the work was to identify possible areas for collaboration between local authorities and the ILO for improving the delivery of rural infrastructure through local-resource based approaches including the use of employment-intensive works technology, private sector involvement and rural access planning.

A team of international and local consultants carried out the studies in the three provinces: Papua, Maluku and Nusa Tenggara Timur (NTT). Findings and recommendations were discussed in three provincial level workshops in early December 2007 and ASIST AP participated in a mini "Way Forward" meeting of stakeholders in Jakarta.

Maintenance and Employment Creation

A key area for employment creation is the maintenance of infrastructure. A study carried out by ILO in February 2008 recommends that there needs to be an increase in the planning and actual expenditures on routine maintenance to maintain the infrastructure and to escape from the pattern of damage followed by rehabilitation or reconstruction. Maintenance is employment intensive and investments in maintenance preserve the assets created, sustain the benefits generated by these assets, and provide more sustainable jobs. Indonesia has a rural road network of about 300,000 kilometers. Routine maintenance on this network could create around 100,000 jobs (and keep the network in good condition delaying more expensive

rehabilitation works and keeping transport costs low). Indonesia currently spends about 0.03 per cent of its GNP on road maintenance (amongst the lowest in Asia).

Further Reading on Indonesia

- [Infrastructure, Poverty Reduction and Jobs](#) (Background Paper prepared by ILO ASIST AP for the National Employment Seminar (August 2008).
- [Maintenance of Community Built Roads](#) – Draft Report – ILO 2008.
- [Infrastructure, Poverty and Jobs - Introducing Local Resource-based Strategies to Eastern Indonesia \(Papua, Maluku and NTT\)](#) – ILO April 2008.
- Comparative analysis of local resource-based ILO roads and other roads constructed and rehabilitated in Aceh and Nias – ILO 2008