



International
Labour
Organization



► Decent Work Country Programme (DWCP) for Indonesia 2020-2025



► Table of Contents

ABBREVIATIONS	03
01 ► INTRODUCTION	04
02 ► COUNTRY CONTEXT	06
2.1 Development Context	07
2.2 Decent Work Challenges	07
2.2.1 Social Dialogue, Decent Working Conditions and Labour Compliance	08
2.2.2 Job Creation and Youth Employment	10
2.2.3 Enhancing Protection for Vulnerable Groups of Workers	12
2.3 ILO Comparative Advantage	14
03 ► COUNTRY PRIORITIES AND COUNTRY PROGRAMME OUTCOMES	16
Country Priority 1: Effective Social Dialogue that Promotes Sustainable Business and Workers' Welfare	17
Outcome 1: Effective Industrial Relations to Improve Working Conditions and Labour Productivity	20
Outcome 2: Increased Labour Compliance and Implementation of Occupational Safety and Health	22
Outcome 3: Effective Wage Policies to Promote Fair and Decent Wages through Improving Minimum Wage Setting and Wage Setting Practice	24
Country Priority 2: Job Creation and Youth Employment	26
Outcome 1: Enhanced Skills Development Programme and Policy and Labour Market Governance for Improved Employability of Youth	30
Outcome 2: Promotion of Sustainable Enterprises through Better Access to Resources, Higher Productivity and Improved Workplace Practices	32
Country Priority 3: Enhancing Protection for Vulnerable Groups of Workers	34
Outcome 1: Inclusive and Better Managed Social Security System for All Workers	38
Outcome 2: Inclusive Social Protection and Enhanced Services Accessibility	40

▶ Table of Contents

04	▶ IMPLEMENTATION PLANNING, MANAGEMENT, MONITORING REPORTING, AND EVALUATION ARRANGEMENTS	42
	4.1 Implementation and Performance Monitoring Arrangements, Including Roles of the ILO Constituents	43
	4.2 Evaluation Arrangements	43
	4.3 Risks and Assumptions	44
05	▶ FUNDING PLAN	46
06	▶ ADVOCACY AND COMMUNICATION PLAN	48
ANNEX 1	DWCP Results Matrix	50

► Abbreviations

APEKSI	Indonesia City Government Associations
APINDO	Indonesian Employers' Association
APRM	Asia and the Pacific Regional Meeting
ASEAN	Association of Southeast Asian Nations
BAPPENAS	Ministry of National Development Planning
BP2MI	Board for the Protection of Indonesian Overseas Workers
BNSP	National Certification Bodies
BPJS	Social Security Administrator
BPS	National Statistical Bureau
BUMDes	Village-Owned Enterprises
BWI	Better Work Indonesia
CLA	Collective Labour Agreement
Desmigratif	Productive Migrant Villages
DWCP	Decent Work Country Programme
FoW	Future of Work
HDI	Human Development Index
ICT	Information Communication Technology
IDR	Indonesian Rupiah
ILO	International Labour Organization
LMI	Labour Market Information
LSGSC	Labour Standards in Global Supply Chain
MFIs	Micro Finance Institutions
MNEs	Multinational Enterprises
MoM	Ministry of Manpower
MoV	Means of Verification
MRC	Migrant Workers' Resources Centre
MSMEs	Micro-, Small- and Medium-sized Enterprises
NEET	Not in Employment, Education, or Training
NWC	National Wage Council

OJK	Financial Service Authority
OSH	Occupational Safety and Health
P2K3	OSH Committee at the enterprise level
PPP	Public-Private-Partnership
PROMISE IMPACT	Promoting micro and small enterprises through improved entrepreneurs' access to financial services
RBTC	Regular Budget Technical Cooperation
RPJMN	National Medium-Term Development Plan
SafeYouth@Work	Building a Generation of Safe and Healthy Workers – Safe & Healthy Youth
SCORE	Sustaining Competitive and Responsible Enterprises
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
STEM	Science, Technology, Mathematics and Engineering
TVET	Technical and Vocational Education and Training
UN	United Nations
UNCG	United Nations Communication Group
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNHCR	United Nations High Commissioner for Refugees
UNSDCF	United Nations Sustainable Development Cooperation Framework
WIND	Work Improvement in Neighbourhood Development
WISCON	Work Improvement at Small Construction Sites
WISE	Work Improvements in Small Enterprises
Youth4OSH	OSH for Young Workers and Young Employers in Global Supply Chains — Building a Culture of Prevention

A photograph of a group of students in blue and white uniforms working in a workshop. They are using various tools and equipment, including a large metal vise. The background shows a large window with green foliage outside. A blue and red geometric overlay is present in the bottom left corner.

01

INTRODUCTION

This Decent Work Country Programme (DWCP) is the third DWCP in Indonesia covering the period from 2020 to 2025. The previous DWCP was completed in 2015 and evaluation was held with the tripartite constituents. The dialogue and consultation for the new DWCP started in 2016, and at the high-level consultation meeting in June 2016 the tripartite constituents agreed on the three key priorities:

1. Effective social dialogue that promotes sustainable business and workers' welfare
2. Job creation and youth employment
3. Enhancing protection for vulnerable groups of workers

A subsequent tripartite discussions in December 2017, the constituents discussed the details of their priorities in terms of outputs and outcomes. The first draft DWCP was circulated among tripartite constituents for comments in July-August 2018. Technical experts of the ILO refined the draft between November 2018 and March 2019. Due to the process of One UN (United Nations) system in Indonesia in supporting the Government and people of Indonesia that started in 2019, the ILO Country Office for Indonesia and Timor Leste has brought the DWCP aligned to the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2021-2025. The Government of Indonesia and United Nations Country Team has signed the UNSDCF in April 2020.

This DWCP will contribute to priority national and global development targets. It will help achieve the UNSDCF 2021-2025, in particular Outcome 1: People living in Indonesia, especially those at risk of being left furthest behind, are empowered to fulfil human development potential as members of pluralistic, tolerant, inclusive and just society, free of gender and all other forms of discrimination and Outcome 2: Institutions and people contribute more effectively to advance

a higher value added and inclusive economic transformation. This five-year programme is aligned with key national policy initiatives such as Making Indonesia 4.0 and the Roadmap of Vocational Development Policy in Indonesia 2017-2025. It will also stimulate efforts to achieve SDGs, notably the Goal 8.

The DWCP will support the implementation of the Bali Declaration that was adopted at the 16th Asia and the Pacific Regional Meeting (APRM) of the ILO. The APRM concluded with a call for governments, workers' and employers' organizations in the region to galvanize efforts to promote inclusive growth, social justice and decent work. The Declaration outlined policy actions relating to the creation of more decent jobs, responding to the impact of technology on employers and workers, safe migration, actions against child and forced labour, reversing widening inequalities and sharing productivity improvements, and building resilience to conflicts and disasters.

The adopted document also promotes actions that include recognizing and maximizing the decent work potential of global supply chains and the opportunities arising from investment, trade and multinational enterprises, improving social protection, social dialogue and tripartism, and strengthening labour market institutions including labour inspection.



02

COUNTRY CONTEXT

► 2.1 Development Context

With a population of over 260 million, Indonesia is the fourth most populous country in the world. Indonesia has a young population and potential to capitalize its demographic dividend up until 2030. An annual gross domestic output of US\$ 932 billion makes Indonesia the largest economy in the Southeast Asia.

Thanks to the sustained economic growth following the Asian financial crisis of 1998, the expansion of employment opportunities outpaced the labour force growth over the past decade. In fact, employment increased by 23.2 million between 2008 and 2018 whereas labour force grew by 20.8 million during the same period. As a result, unemployment rate dropped to 5.3 per cent in 2018, a half of what it used to be in 2006. Improvement in the quality of employment (e.g. growth of formal employment) has been nuanced compared to the remarkable increase in employment.

In the last three decades the development landscape of Indonesia has continued to improve with noticeable progress across various socio-economic indicators. The country has seen a significant improvement in its human development index (HDI). Ranked 113rd among 188 countries and with HDI score of 0.68, Indonesia is categorized in the “medium human development” group of countries¹.

An improvement in human development has coincided with a significant decline in the proportion of people living below the poverty line. While more than 24 per cent of the population lived in poverty in 1998, the poverty rate had dropped to 9.8 per cent by 2018. Yet, the rate of decline in headcount poverty in the last five years has slowed. Income inequality, as measured by the Gini Coefficient, after increasing from 0.37 to 0.41, once again started to fall reaching 0.39 in 2017².

► 2.2 Decent Work Challenges

Despite the strong economic and employment growth, decent work challenges persist because favourable macroeconomic conditions and increase in the number of available jobs do not automatically improve the quality of jobs and living standards. Changing nature of employment (e.g. platform workers), skills mismatch, informalities, insufficient social security coverage and declining bargaining power of workers are some of the key factors that weaken the linkages between economic and job growth with promotion of decent work. In this light,

meeting decent work challenges is to restore the linkages and create quality jobs. In addition, the constituents highlighted the issue of vulnerable groups of workers who tend to be left behind the development process. They stressed the importance of effective protection mechanisms for vulnerable groups of workers. The tripartite constituents agreed to reinforce social dialogue to find viable solutions to today's labour market issues in a timely manner and strengthen efforts to reform labour market institutions (e.g. regulations, skills development systems, social

¹ UNDP Human Development Report 2019

² Susenas, BPS Indonesia

security) as various factors (e.g. advancement in technologies) arise and challenge decent work. The following sections review selected key decent work challenges in the three broad areas of this DWCP's focus.

2.2.1 Social Dialogue, Decent Working Conditions and Labour Compliance

► SOCIAL DIALOGUE, INDUSTRIAL RELATIONS AND COLLECTIVE BARGAINING

According to the trade union registration in 2016 published by the Government, there are 14 Confederations, 115 Federations at the national level, and 7,294 unions at the enterprise level. The total union membership is 2,717,961. The Indonesian Employers Association (Apindo) has one national office, 34 provincial offices, and 315 district offices. The overall membership is 14,000 companies. In terms of social dialogue, a national tripartite cooperation institution was established and actively discuss various issues relating to industrial relations and broader labour market issues. There are 33 (out of 34 provinces) tripartite cooperation institutions at the provincial level and 377 (out of 514 districts) at the district level. The number of bipartite cooperation institutions at the enterprise level, mandatory for enterprises with 50 workers or more, is 16,657. The number of registered collective labour agreement is 13,624 as of 2017.

Given the importance of consorted efforts of social partners in collectively meeting contemporary challenges that confront the world of work and improving working conditions, the tripartite constituents commit to strengthen their capacity to discuss, negotiate and bargain to find and agree on viable solutions and implement them. Indeed, they recognize a need to improve the quality of collective bargaining in Indonesia in order to ensure that workers and employers are able to negotiate and strike agreements on working conditions as business processes and environment continue to evolve and the way we work changes.

It is also desirable to promote freedom of association in Indonesia. Workers benefit from the opportunity to form trade unions and present a collective voice on their working conditions as the nature of employment evolves. With increasing regional competition due to deepening trade liberalization and global supply chain system, employers can also benefit from competitive labour force if they invest in sound industrial relations and skills of the workforce.

The ILO mainly through its Better Work Indonesia (BWI) project has supported the capacity building of workers and employers to improve social dialogue especially collective bargaining agreements in terms of both the quantity and the quality. It also promoted effective bipartite cooperation forums at the enterprise level. BWI focuses on the garment and footwear sectors, and could only cover limited number of enterprises. It remains necessary to generate larger impact and cover other sectors.

► LABOUR COMPLIANCE AND OSH

Indonesia has ratified 20 ILO Conventions as of 2018 including the eight Fundamental Conventions and two Governance Conventions. A Labour Law review process is on-going with the aim of revising the three main labour Acts, i.e., the Act 13 of 2003 (Manpower Act), the Act 2 of 2004 concerning Industrial Relations Dispute Settlement and the Act 21 of 2000 concerning trade unions. The review process is motivated by past years' decisions by the Constitutional Court which have made a good part of these legal texts outdated.

Indonesia faces unique and difficult challenges for labour law compliance because of its large workforce that is spread across 34 provinces and thousands of islands. The country's labour inspectorate is the government's front line in efforts to safeguard decent working conditions for men and women in Indonesia. Despite positive recent institutional and human resource developments, the capacity of the inspectorate remains modest relative to the

size of the workforce and the rapid growth and modernization, as well as diversification of economic activities. Another significant challenge is the decentralization of the inspection system across the country which has diminished the capacity of the central inspection authority in implementing inspection policies and practices uniformly across the provinces. A strategic approach to assure compliance with labour regulations is necessary. It could draw on complementary interventions towards strengthening workplace compliance such as enforcement, awareness raising, social partnership and effective industrial relations.

The ILO has facilitated various forums and capacity building to labour inspectors, most recently introducing the ILO's strategic labour compliance approach to help improve the inspectorate's prioritization of inspection targets and issues, while at the same time expanding its interventions and partnerships. This approach helps to ensure that the limited resources of the inspection system are being used to the maximum effect in fulfilment of its commitments under Convention 81. Elements of this strategic approach appear in the MoM's 2018 *Strategy for Strengthening Labour Inspection*. In further support of this approach, the ILO assisted the Government on improving strategies for compliance in Indonesia's fishing sector, which led to the adoption of strategic plans for labour inspectorates in key fishing provinces.

Concerning OSH, the ability of labour inspectors to deal with safety and health issues and the enforcement of legislation is an integral part a modern and effective labour inspection system, particularly in an environment of rapid growth and modernization of industrial processes. One significant challenge is the lack of specialized OSH knowledge among inspectors as well as their ability to provide relevant and timely OSH services to small-scale businesses. Addressing these issues will involve improving the accident and disease investigation skills of inspectors as well as improving technical expertise in specific areas through professional development (e.g. major industrial accidents, chemicals, lifting equipment,

boilers and pressure vessels, gender-related issues, maritime-related OSH issues etc.).

In addition to the Government's responsibilities, a collaborative framework involving social partners at both national and regional levels, as well as the effective operationalization of the OSH Committee at the enterprise level (P2K3). Efforts shall be also directed to strengthen promotional and outreach capabilities through enterprise level initiatives and through the inclusion of OSH curricula in vocational training programmes in order to raise OSH awareness among the young workers and employers. This work is particularly relevant in the light of the ILO technical assistance and capacity development in relation to the ratification of the ILO Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) by Indonesia in 2015.

The ILO especially through the SafeYouth@Work and Youth4OSH projects raised the awareness of youth on OSH issues and strengthened the role of National OSH Council to promote OSH for young workers and employers. The ILO implemented the SCORE programme to improve productivity and working conditions including OSH in SMEs. The ILO in collaboration with Ministry of Manpower also extended the OSH training to the SMEs through WISE, WISCON and WIND modules. BWI contributed to the improvement of OSH in the garment and footwear sectors by strengthening the capacities of the P2K3.

► EFFECTIVE WAGE POLICIES

The share of regular wage employment increased from 28.1 percent to 38.7 percent between 2006 and 2016. There was also an increase in employers who are assisted by permanent or paid staff, but the increase was modest, from 3 percent in 2006 to 3.7 percent in 2016. In nominal terms average monthly earning of workers increased from IDR 723,105 in 2006 to IDR 2,284,115 in 2016. The monthly earning of workers in finance, real estate, and business support services was the highest (IDR 3.63 million). The lowest monthly earnings were made by workers in the agriculture, forestry, and fishery sectors.

Across all the major sectors of the economy, average monthly earning for women was almost 19 percent less than their male counterparts. Overall, men earned (IDR 2.44 million) more than women (IDR 1.98 million). In the agriculture sector women earn less than 45 percent compared to men. In this regard, it is necessary for the government and the social partners to address the gender pay gaps and promote fair wages for women and men.

Before 2016, Indonesia's minimum wage fixing system was highly fragmented by geographical and sectoral demarcations with little coordination at the central level. Also there was a view that decentralized minimum wage setting processes were highly politicized and lacked evidence-based decision-making, not least due to troubles with data collection and analysis. The need to develop wage monitoring capacity was reflected in the recommendations of the national consolidation forum of wage councils from all over Indonesia, conducted by the Ministry of Manpower in October 2017. This is in line with the National Wage Council (NWC)'s road map of development of a just and competitive national wage system that boosts economic growth (2018-2024). There is also a need to undertake analysis of implementation of Government Regulation No. 78 of 2015 and other relevant wage policies as a pilot for wage trend monitoring. The ILO had built the capacity of the NWC to monitor and evaluate the effectiveness of wage policies through the Labour Standards in Global Supply Chain (LSGSC) project. Tripartite constituents requested the ILO to facilitate the development of a national wage system.

2.2.2 Job Creation and Youth Employment

► AN OVERVIEW OF EMPLOYMENT

There are 34 million more people employed in 2016 compared to 1996. The pace of job creation in the last decade (2006-2016) more than doubled compared to the earlier decade (1996-2006) in which only 11.9 million workers were added. The unemployment rate in Indonesia has dropped considerably from 10.3 percent in 2006 to 5.3 percent in 2018. A steeper decline in unemployment rate was recorded among women, a fall by more than 15 percentage points. Across different age groups, unemployment among youth also fell significantly by over 11 percentage points which is also well above the overall decline of 4.7 percentage points among the working-age population. The shares of vulnerable employment (e.g. own-account workers, employers assisted by temporary worker) have declined. One can also observe a growth in the number of workers in occupations requiring skills. In fact, the share of professionals and technicians in the total employment increased from 4.1 percent in 2006 to 7 percent in 2016.

In terms of economic structure, a slowdown in manufacturing growth has shifted employment to trade and services. As labour productivity in trade and services is much lower than manufacturing, labour productivity growth in Indonesia has slowed down. While a significant manufacturing job growth was recorded before the financial crisis of 1996, fewer jobs were created in this sector since 2000. Many workers in agriculture and transport sectors take up elementary occupations.

► YOUTH EMPLOYMENT REQUIRES ATTENTION

While overall unemployment rate is relatively low, unemployment rate of youth, at 19.4 percent, was still quite high compared to the global average of 12.8 percent in 2016. Even lower-middle income countries, a comparator group for Indonesia, keep unemployment rate of youth much lower (12.2 percent) than in Indonesia. Young people

account for more than a half of the unemployed in Indonesia. Besides unemployment, a lot of young people are inactive. In fact, more than 23 percent of Indonesian youth fall into the category of not in employment, education, or training (NEET). The NEET rates are almost a half of the rate in Indonesia in some of the neighbouring countries such as Vietnam, Thailand, and Malaysia.

► SKILLS DEVELOPMENT

While there are more skilled workers in the labour force than before, there is still a large percentage (41 percent) of those who have either never attended school or completed only primary school. According to an ILO report,³ the share of undereducated workers increased from 10 per cent in 2006 to 17 per cent in 2016. In other words, the number of workers entering the labour market with appropriate qualifications has not kept pace with the growth of jobs requiring higher skills. The skills mismatch is all the more worrying considering the recent technological breakthroughs which might automate routine tasks. Many analysts have pointed out that advances in artificial intelligence and robotics will create job redundancies. In this DWCP, skills development is placed as a main tool to address the high youth employment, especially among the vocational school graduates. This is in line with the government's priority of improving the human capital of the country for the next 5 years.

► FUTURE OF WORK

There has been a rapid development in digital technologies and online platforms, paving the way for e-commerce, shared economy, and the so-called gig employment. According to a study, by 2025 digitization can potentially add USD 150 billion to the Indonesian economy.⁴ Besides increasing economic output, technological improvements are creating new opportunities for businesses to serve their consumers better.

The downside of technological upgrading is that many jobs entailing routine tasks might be lost

to machines and algorithms. A study by the ILO shows that more than 60 percent of salaried jobs in electronics, automotive, and textiles and clothing are at threat and could possibly be lost to automation in Indonesia.⁵ Women are more prone to be affected by the changes. There is general consensus that jobs requiring more cognitive skills will be in greater demand. If the pace of technological change continues or accelerates further, workers will need to re-skill or up-skill frequently to remain employable. Life-long-learning and skills development for women are of increasing importance.

► SUSTAINABLE ENTERPRISES AND WORKPLACE PRACTICES

It is in enterprises and the world of work that the social, economic and environmental dimensions of sustainable development come together inseparably. Sustainable enterprises align enterprise growth and the creation of productive employment and decent work with sustainable development goals. Projects such as SCORE and BWI have successfully promoted the idea of sustainable enterprise by focusing on different aspects of decent work, targeting both large and small- and medium-sized enterprises. Promotion of sustainable enterprises continue to be a focus of this DWCP, continuing the good work that have been achieved by the previous DWCP. The ILO promotes a people-cantered and sustainable approach to enterprise development.

2.2.3 Enhancing Protection for Vulnerable Groups of Workers

► SOCIAL PROTECTION

Indonesia's social protection system is still evolving. Since its amendment in 2002, the Indonesian Constitution recognizes the right of all people to social security, and the responsibility of the State in the development of social security schemes. Further progress includes the

³ Indonesia Jobs Outlook 2017

⁴ McKinsey & Company. (2016). Unlocking Indonesia's Digital Opportunity

⁵ International Labour Organization. (2016a). ASEAN in Transformation: how technology is changing enterprises and future work.

enactment of the National Social Security Law (Law No. 40/2004) and the Social Security Service Providers Law (Law No. 24/ 2011) which aim to extend social security coverage for the whole population against the risks of of health, work injury, old age, and death of the breadwinner. In 2014, social security schemes were consolidated to two public social security administering bodies: BPJS Kesehatan (Health) and BPJS Ketenagakerjaan (Employment). BPJS has made significant efforts to expand the social security coverage of the population, although covering workers in the informal economy still remain as a challenge. In December 2018, a National Tripartite Committee meeting (*Lembaga Kerja Sama Tripartit Nasional*) discussed employment insurance and agreed to review the current social security system in Indonesia. In this light, the DWCP will provide technical assistance on employment insurance and social security reform.

► NEW FORMS OF WORK OUTSIDE THE TRADITIONAL WORKER PROTECTION MECHANISMS

The evolution of management practices and the advancement of digital technologies have been challenging the traditional notion of employment and thereby worker protection mechanisms (e.g. the Labour Code, social protection) that presuppose employment relationships. For example, there are growing concerns over online platforms as they generate non-traditional forms of employment and the legal status of workers who “use” the platform is ambiguous. The distinction among employed workers, self-employed and outsourced work is blur in certain cases. This development makes it all the more challenging to ensure compliance with labour standards and provision of social protection for workers. While there are no easy solutions, national dialogues in Indonesia confirmed that proactively and carefully crafted employment and labour policies could safeguard decent work.

► OVERSEAS AND DOMESTIC MIGRANT WORKERS

Indonesia is a major source of migrant and domestic workers in the Southeast Asia. In contrast to their contribution to economic development, migrant and domestic workers are vulnerable to a wide range of abuses and exploitation. Recently, the Government of Indonesia has revitalised its labour migration policy through the issuance of the Law No. 18/2017 on the Protection of Indonesian Migrant Workers Abroad. This should be followed by the development of effective policies and programmes for the governance of labour migration, including the promotion of safe migration practices at all levels, especially at the village level where the majority Indonesian migrant workers originate.

The ILO has contributed to strengthen the labour migration governance in Indonesia, including the governance of domestic workers who move within the country, as well as Indonesian migrant workers overseas serving as domestic workers and fishers for instance. During the previous DWCP the ILO has provided various capacity building activities to promote and improve the protection of vulnerable workers including migrant and domestic workers. For instance, through the Domestic Workers’ Project, the ILO has contributed to strengthen the capacities of the government in providing better protection to domestic workers, resulting in the adoption of the Ministerial Regulation No. 02/2015 on Protection of Domestic Workers.

Similarly, the ILO has drawn more attention of trade unions to issues relating to migrants and domestic workers, which led to the establishment of dedicated units for domestic and migrant workers at the confederation level, as well as the establishment of independent domestic workers’ unions and migrant workers’ union.

► CHILD LABOUR

While significant progress has been made on the front of child labour including the establishment of Indonesia's National Action Plan on the Elimination of the Worst Forms of Child Labour, a high number of boys and girls are still in or vulnerable to exploitation in the worst forms of child labour. The Government of Indonesia has demonstrated a strong commitment to the elimination of child labour through the ratification of ILO C138 and C182, as well as enactment of national legislations such as Law No. 23/2002 on Child Protection and Law No. 13/2003 on Manpower.

To implement the commitment, the Roadmap towards a Child Labour-Free Indonesia in 2022 was developed as the foundation for the government and social partners to address child labour issues. To achieve the target, an effective child labour withdrawal system and increased protection for children are necessary.

► RURAL DEVELOPMENT, INEQUALITIES AND INFORMAL SECTOR

With almost 75 thousand villages, socio-economic development and creation of sufficient number of quality jobs in rural areas are a priority of Indonesia. Since informal employment accounts for a considerable part of rural job opportunities, efforts must be galvanised to promote decent work in rural areas, facilitating the transition from informal economy to formal one. Recently Indonesia has reinforced a decentralized rural development strategy with the adoption of the Law No. 6/2014 on Village. The Law has provided a legal framework towards the decentralisation of power and authority and the allocation of state budget to the village level with a view to creating a solid foundation for good governance and sustainable economic development towards a just

and prosperous society. For this strategy to work, it is vital to strengthen the capacity of village authorities and all relevant stakeholders in order to better manage the funds and achieve the rural development goals. Indeed, building the capacity of village-owned enterprises (BUMDes), for instance, would stimulate local economic activities in the village.

According to the National Statistical Bureau (BPS), the share of informal workers was estimated to be 58.4 per cent in February 2017. Despite the sustained economic growth, it has been a challenge to reduce the informality in a substantial manner. This indicates that the current pattern of economic growth fails to generate sufficient number of formal employment in Indonesia, limiting opportunities to improve working and living conditions. Facilitating transition from informal employment to formal one requires interventions on various fronts, including access to finance, market, and social services such as education and healthcare. This DWCP guides tripartite actions towards promotion of decent work and productive employment.

▶ 2.3 ILO Comparative Advantage

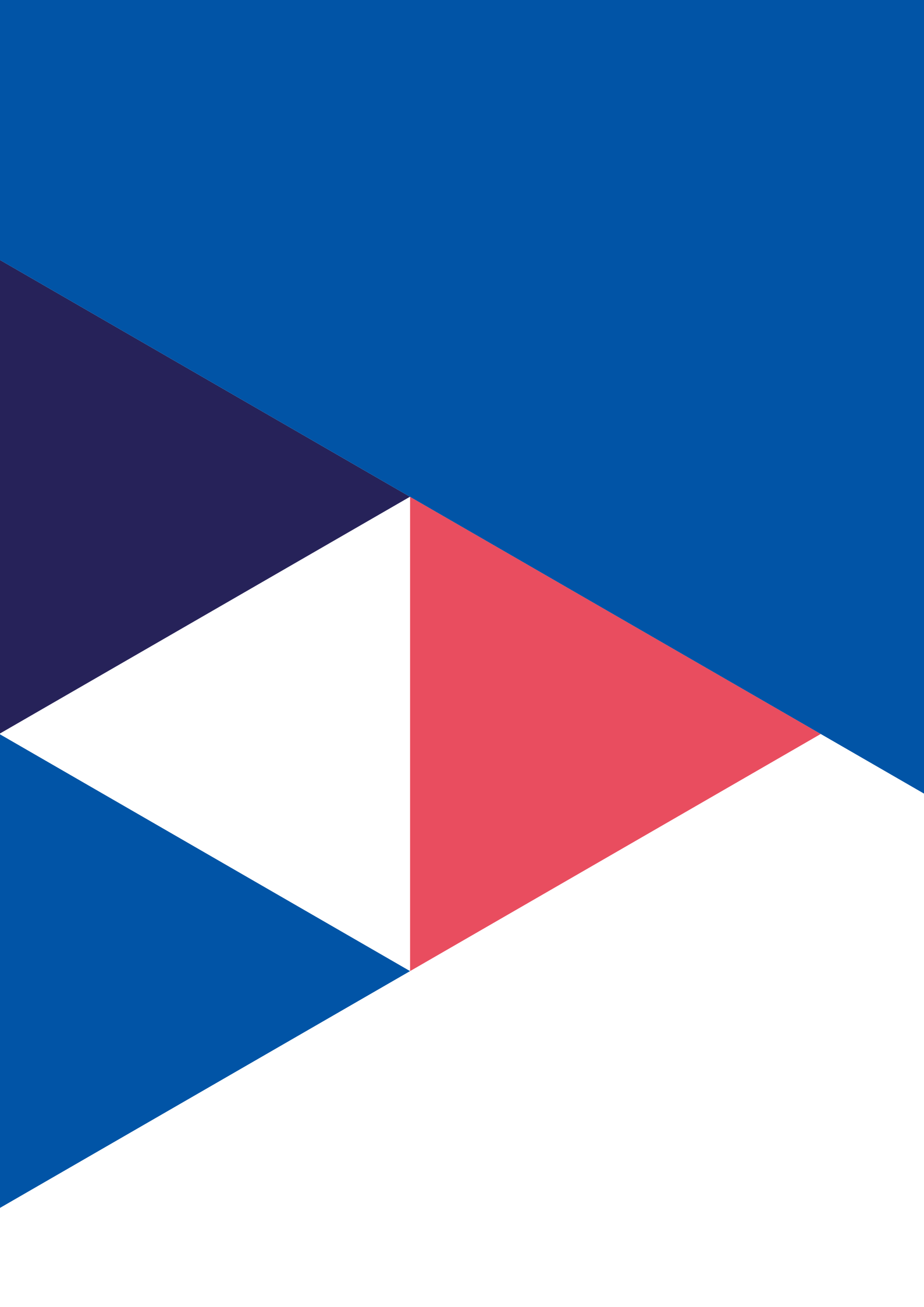
The ILO is the only tripartite UN agency with government, employer, and worker representation. An ILO's particular advantage stems from tripartite actions to promote decent work. It boasts 100 years of dedicated work to promote social justice. Indeed, the ILO's 2008 Declaration on Social Justice for a Fair Globalization re-affirmed the four strategic objectives that are at the core of the Decent Work Agenda, namely:

- ▶ Promoting employment by creating a sustainable institutional and economic environment;
- ▶ Developing and enhancing measures of social protection – social security and labour protection – which are sustainable and adapted to national circumstances;
- ▶ Promoting social dialogue and tripartism as the most appropriate methods for translating economic development into social progress, and social progress into economic development; making labour law institutions effective; and facilitating consensus building on relevant national and international policies that impact on employment and decent work strategies; and

- ▶ Respecting, promoting and realizing the fundamental principles and rights at work.⁶

The ILO's constituents (governments, employers and workers) debate basic principles and rights at work, draw up and adopt international labour standards. The ILO boasts an effective mechanism of monitoring the ratified Conventions and safeguarding workers' rights. Indonesia has ratified all the fundamental Conventions and two of the four governance Conventions, namely the Labour Inspection Convention, 1947 (No. 81) and the Tripartite Consultation Convention, 1976 (No. 144).

⁶ ILO. 2008 Declaration on Social Justice for a Fair Globalization. Available at http://www.ilo.org/global/about-the-ilo/mission-and-objectives/WCMS_099766/lang--en/index.htm accessed 20 October 2017.



A woman wearing a yellow hard hat and a patterned shirt is working on an electrical panel. She is wearing green gloves and is reaching up to adjust a component. The panel has various wires and components visible. The image is partially covered by a blue and red geometric overlay in the bottom left corner.

03

**COUNTRY PRIORITIES
AND COUNTRY
PROGRAMME OUTCOMES**

The tripartite constituents discussed country priorities and programme outcomes during rounds of consultation. They debated the Theory of Change for each priority area which clarifies the logic of this programme and proposed activities in reaching the ultimate goal of Decent Work for All. Details of country priorities are explained in the subsequent sections of this chapter.

► Country Priority 1:

Effective Social Dialogue that Promotes Sustainable Business and Workers' Welfare

As the world of work has been going through rapid changes, businesses and workers all face uncertainties, which inevitably challenges decent work. The first pillar of this DWCP 2020-2025 intends to strengthen the capacity of the tripartite constituents to safeguard and promote decent work amid the rapid evolution of world of work. For instance, constructive social dialogue and industrial relations enable stakeholders to work out optimal solutions to existing and emerging labour market issues, which is a key precondition to promote decent work in the era of rapid change. In addition, compliance with and enforcement of agreed rules and regulations including international labour standards provide another avenue to pursue decent work. Further, wage policies would counter downward pressure on wages and income inequality which tends to grow without proper interventions.

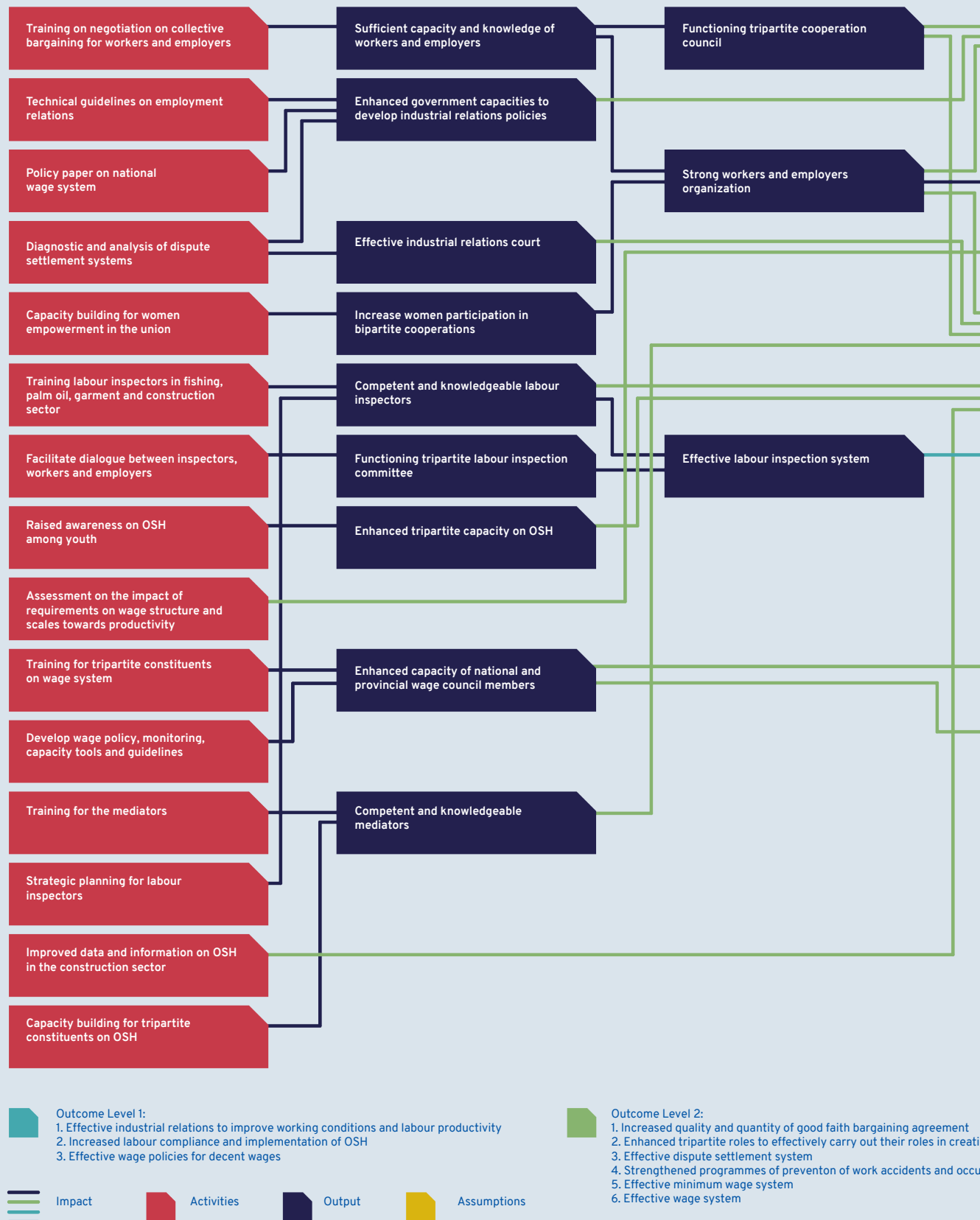
Under this DWCP 2020-2025 the ILO and tripartite constituents contribute to the following priority outcomes:

1. Outcome 1: Effective industrial relations to improve working conditions and labour productivity
2. Outcome 2: Increased labour compliance and implementation of OSH
3. Outcome 3: Effective wage policies to promote fair and decent wages through improving minimum wage setting and wage setting practices

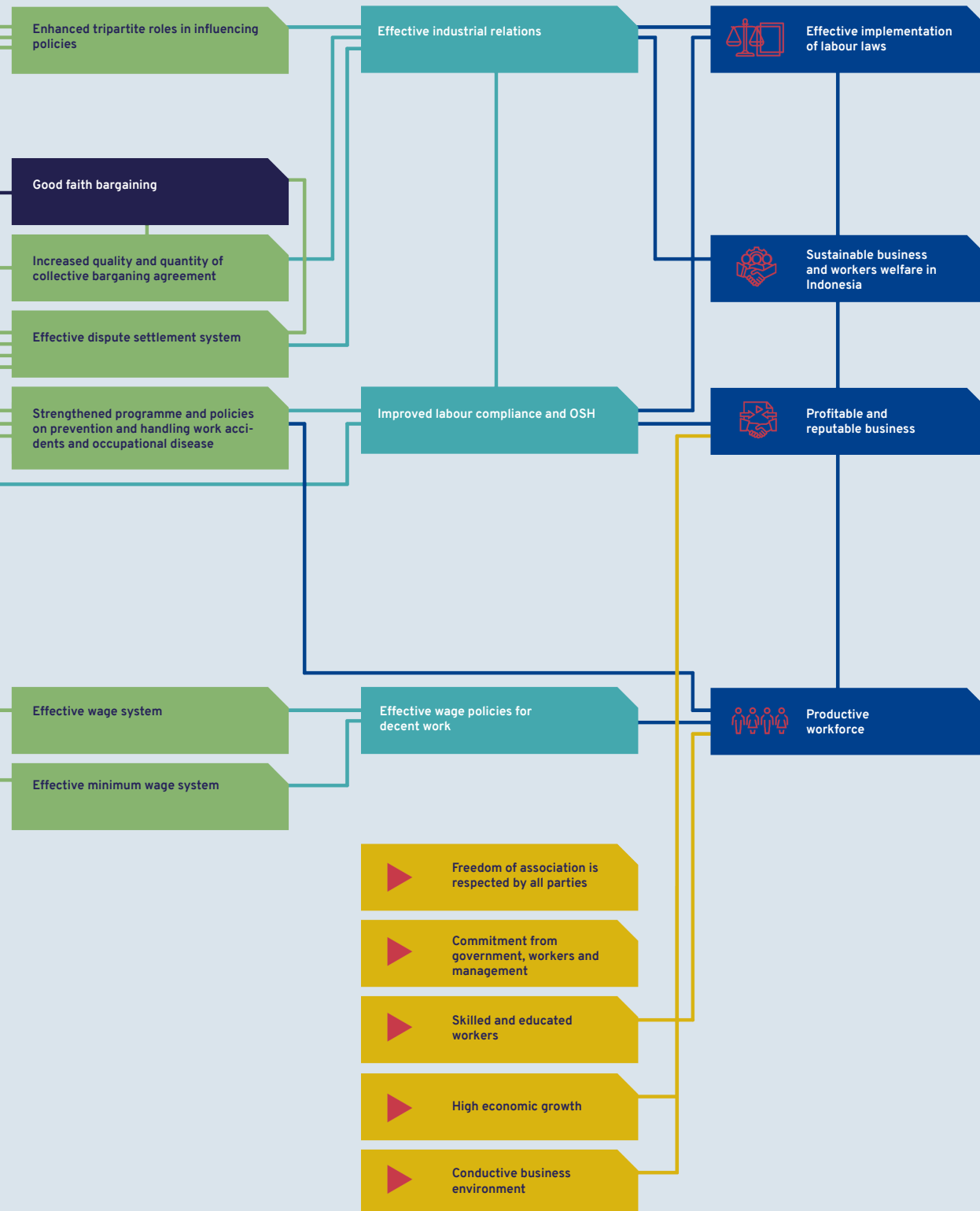
These outcomes respond to the SDG Goal 5.1 - Achieve gender equality and empower women and girls, Goal 8.5 - Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value and Goal 8.8 - Protect labour rights and promote safe and secure working environment for all. The intended outcomes will contribute to Outcome 2 of the UNSDCF - Institutions and people contribute more effectively to advance a higher value added and inclusive economic transformation.

The Theory of Change for the Country Priority 1 is presented below (Figure 1.)

Figure 1. Theory of Change for the Country Priority 1: Effective social dialogue that promotes



sustainable business and workers' welfare



ing sound industrial relations

pational disease

► Outcome 1:

Effective industrial relations to improve working conditions and labour productivity

Improving labour productivity and working conditions constitutes important twin motors of promoting decent work. Sound and constructive industrial relations have proven to be conducive to enhance labour productivity. They also help fairly distribute the gain. In this light effective industrial relations enhances the twin motors of decent work. Therefore, the Outcome 1 of the DWCP 2020-2025 will facilitate the improvement of industrial relations and reinforcing dispute settlement system.

If bipartite or tripartite social dialogue at the national, sector and enterprise levels is institutionalized and becomes part of the culture, it would provide an effective platform for stakeholders to identify and implement negotiated solutions for various issues concerning productivity, competitiveness, working conditions, equality, non-discrimination and so forth. If an effective dispute settlement system is in place, disputes would be resolved in a timely manner, preventing loss of productivity.

This DWCP will continue supporting the capacity building of workers and employers through training, socialization and promotional programmes so that they can conduct good-faith negotiation and collective bargaining. To add, greater emphasis will be placed on pursuing follow-up actions in order to implement agreements reached at tripartite and bipartite meetings.

A common complaint is the lack of effective dispute settlement system and enforcement. One approach to address this issue is to improve the quality and competence of the country's labour administration, including increasing the number of trained and qualified mediators and labour inspectors. This effort would lead to prevention of industrial disputes, a more effective dispute settlement system, and increased compliance with the labour regulations and ILO Conventions. Another approach is to inform workers and employers of their rights and responsibilities under the regulations and Conventions so that they can monitor and ensure that rules are respected. The DWCP will continue providing training and awareness raising to workers, employers and relevant government officials.

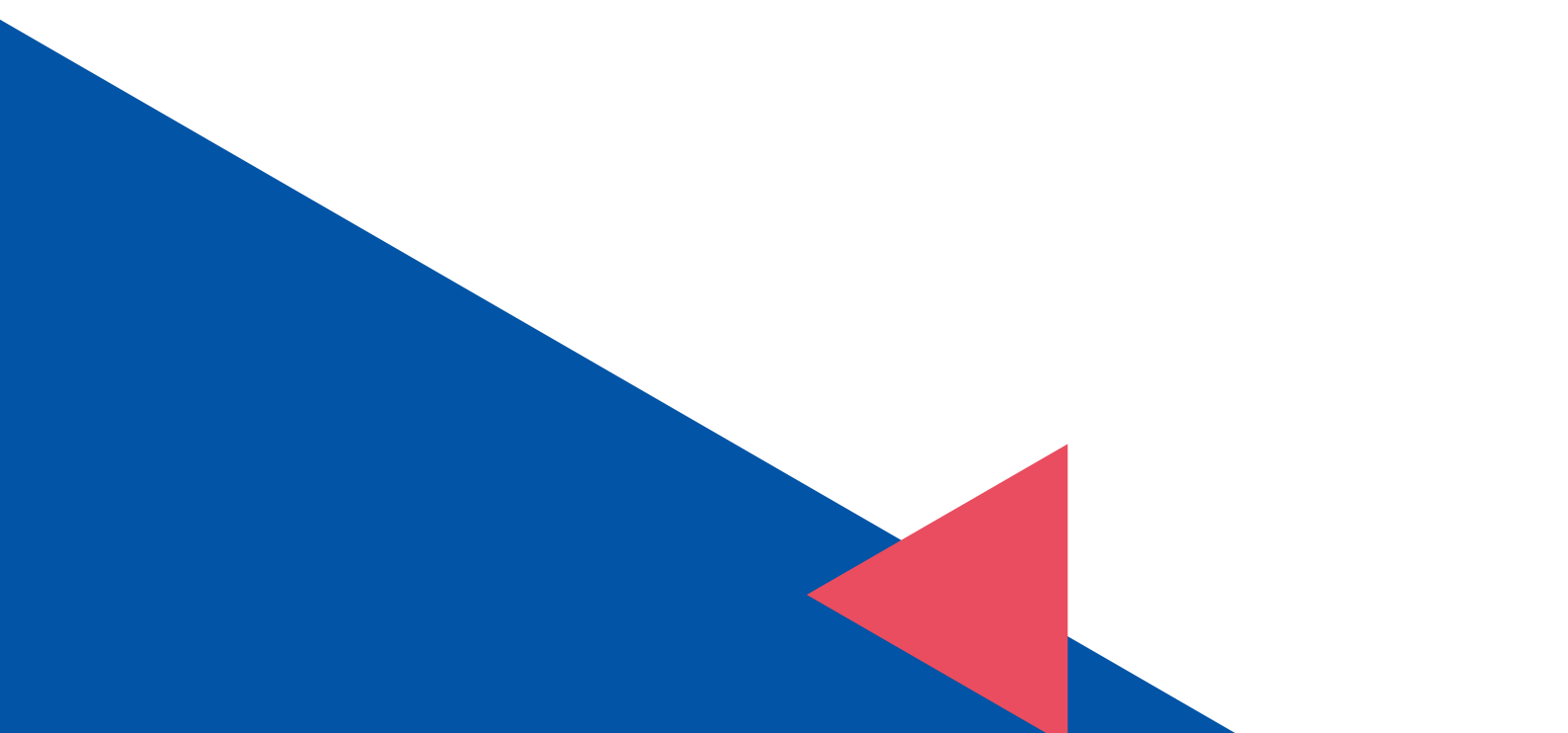
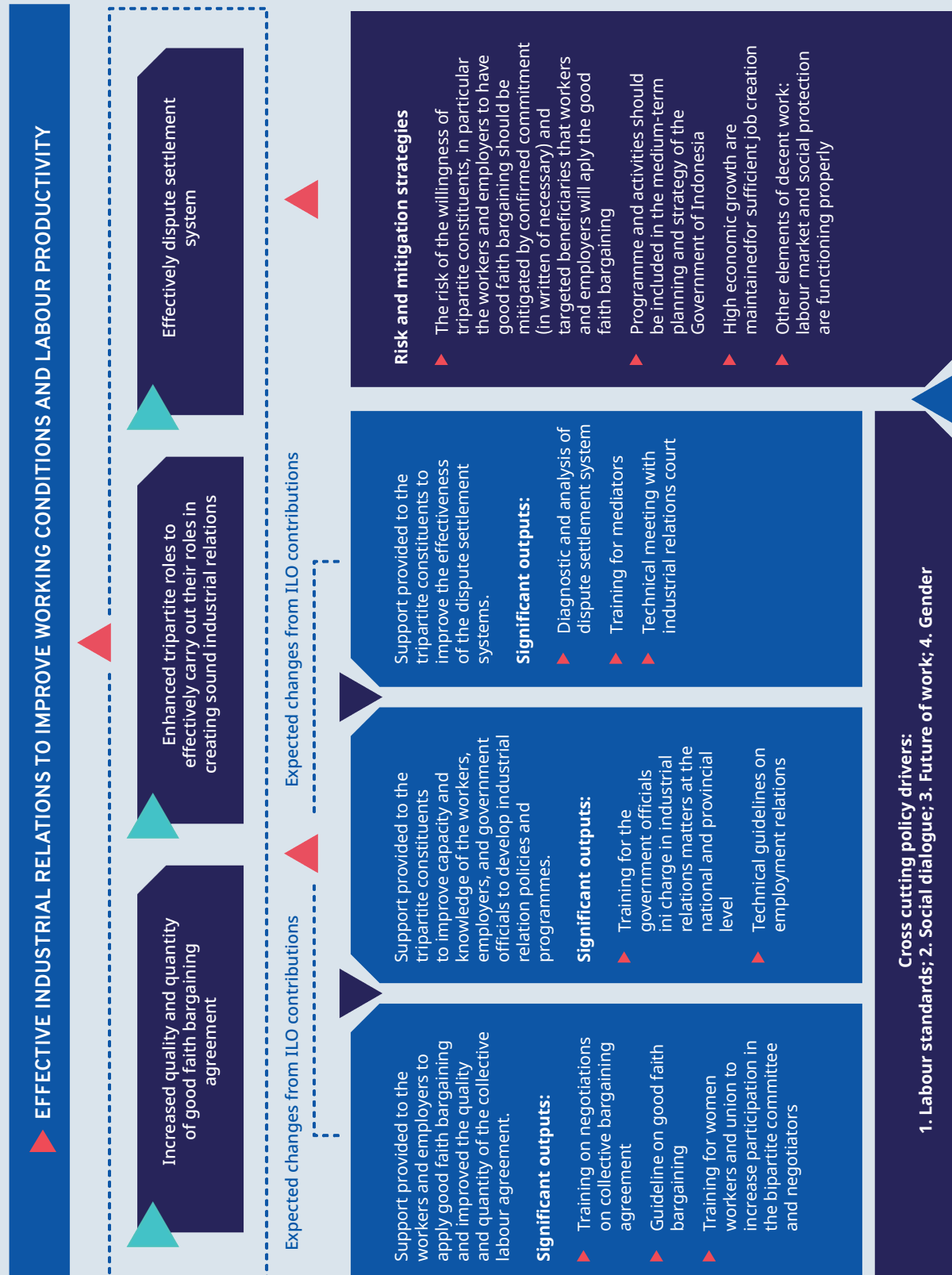


Figure 1.1



► Outcome 2:

Increased labour compliance and implementation of OSH

Compliance with labour regulations and OSH are important enablers of sustainable business and workers' welfare. In other words, they are integral part of decent work as they provide necessary protection to workers and guide business operations to be socially sustainable. Tripartite constituents thus agreed to advance these two aspects by improving the labour inspection system and preventing work accidents and occupational diseases.

The Outcome 2 intends to contribute to build the capacity of labour inspectors and helping improve the labour inspection system by facilitating social dialogue on this topic. It also enhances the capacity of tripartite constituents in preventing occupational accidents and diseases by facilitating data and information gathering for better and evidence-based OSH policymaking and by training labour inspectors, workers and employers. It pays particular attention to raise awareness of OSH among young workers who are more prone to suffer from occupational injuries than experienced workers who are more aware of danger in the workplace.

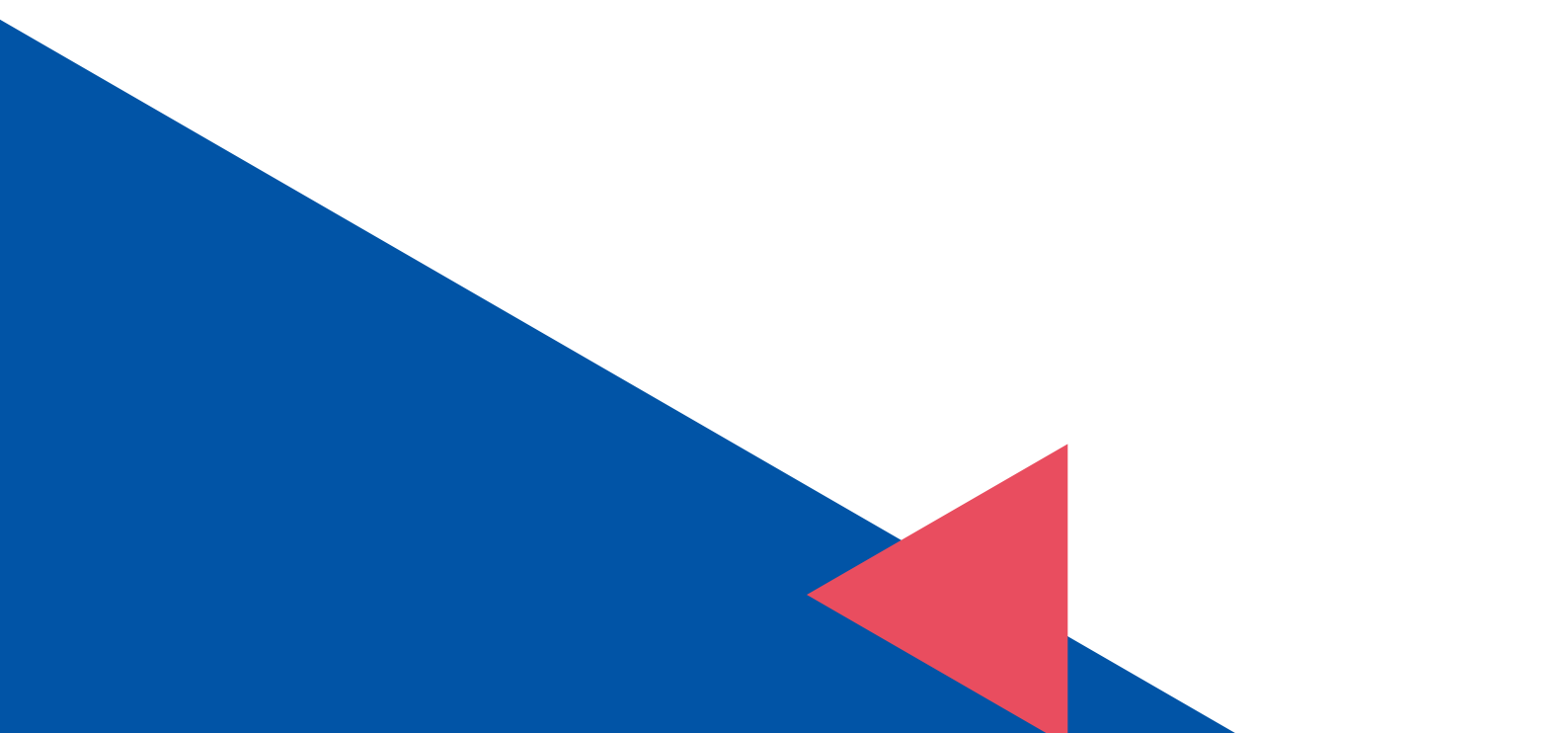
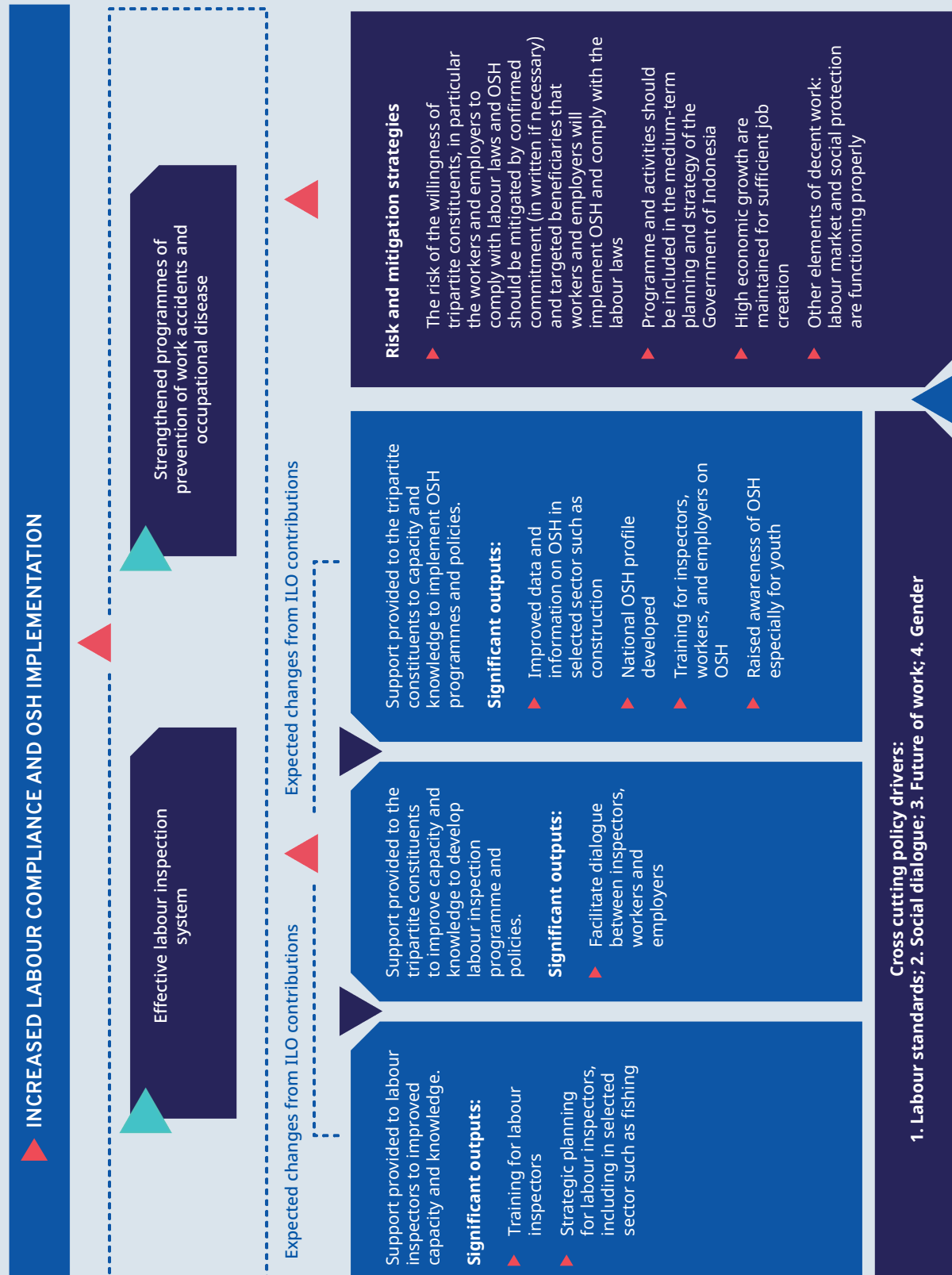


Figure 1.2



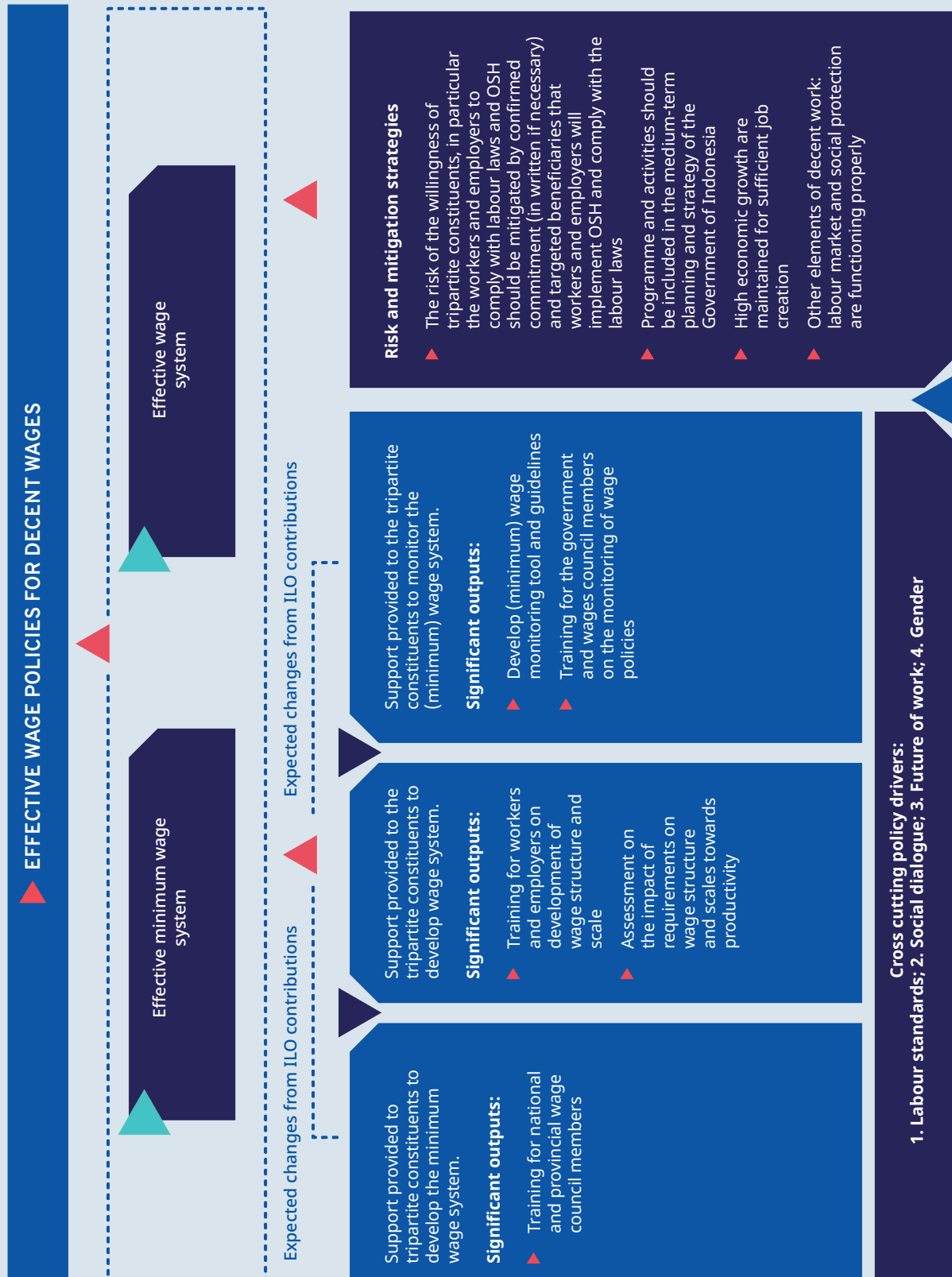
► Outcome 3:

Effective wage policies to promote fair and decent wages through improving minimum wage setting and wage setting practices

The Outcome 3 focuses on wages, a central mechanism of distribution of wealth and fruit of productivity gains. Fair and decent wages are integral part of sustainable business and workers' welfare, and hence the effectiveness of wage setting mechanisms play a key role in decent work. In Indonesia, wages have been a central topic of collective bargaining and policy debate. This Outcome intends to facilitate effective wage policies and promote decent wages through improving the minimum wage system and wage setting practices at the company and the sector level.

Capacity building of wage council members, workers and employers' representatives is the mainstay of the DWCP's strategy to improve the wage system. For instance, this DWCP strengthens the capacity of tripartite constituents in monitoring wage trends vis-à-vis socio-economic indicators and formulating appropriate wage policies based on social dialogue. It also enhance social partners' capacity to negotiate and determine fair compensation and benefits. Currently many Indonesian workers earn around the minimum wages and therefore minimum wage setting tends to be politically charged. In the coming years, as the Indonesian economy continues to grow, wage setting above the minimum wage will eventually become an important topic of collective bargaining and a wage policy focus. This DWCP therefore prepares tripartite constituents to build fair wage setting mechanisms.

Figure 1.3



► Country Priority 2:

Job Creation and Youth Employment

While Indonesia recorded a sustained economic growth over the past ten years, it faces challenges such as decent work deficits for women and youth, skills mismatch, still large informal economy and modest productivity growth of micro-, small- and medium-sized enterprises (MSMEs). Consequently, tripartite constituents identified job creation and youth employment as one of the priorities of this DWCP.

Realizing a job-rich and inclusive growth, underpinned by promotion of sustainable enterprises, is even more critical than ever amid the wide-ranging changes taking place in business environment and the world of work due to various factors including technological advancement and globalisation. It was in this context that the Government of Indonesia launched *Making Indonesia 4.0*, a development plan of five priority sectors that embraces advanced technologies: food and beverages, automotive, textile, electronics and chemicals.

The roadmap also included 10 cross-sectoral national initiatives,⁷ including the quality of local human resources and empowering the small and medium-sized entrepreneurs. The *Roadmap of Vocational Development Policy in Indonesia 2017-2025* is a complementary initiative to reduce skills mismatch.

Against this backdrop, the DWCP will contribute to job creation and youth employment through two major outcomes:

1. Outcome 1: Enhanced skills development programme & policy, and labour market governance for improved employability of youth
2. Outcome 2: Promotion of sustainable enterprises through better access to resources, higher productivity and improved workplace practices

These outcomes respond to the SDG Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. In particular, each outcome relates to:

Outcome 1:

- Goal 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- Goal 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training

For Outcome 2:

- Goal 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors,

⁷ Ten cross-sectoral national initiatives in the Roadmap of Making Indonesia 4.0: (1) Improve the flow of goods, (2) Develop a roadmap for comprehensive and cross-sectoral industrial zones, (3) Improve sustainability standards, (4) Empower the small and medium-sized entrepreneurs, (5) Build national, digital infrastructure, (6) Attract foreign investment, (7) Boost the quality of local human resources, (8) Boost the development of ecosystem innovation, (9) Design incentives for investment in technology, (10) Harmonize regulations and policies

- ▶ Goal 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of MSMEs, including through access to financial services;

Both intended outcomes will contribute to Outcome 2 of the UNSDCF - Institutions and people contribute more effectively to advance a higher value added and inclusive economic transformation.

The Theory of Change for the Country Priority 2, and its Outcome 1 and Outcome 2, are presented below.

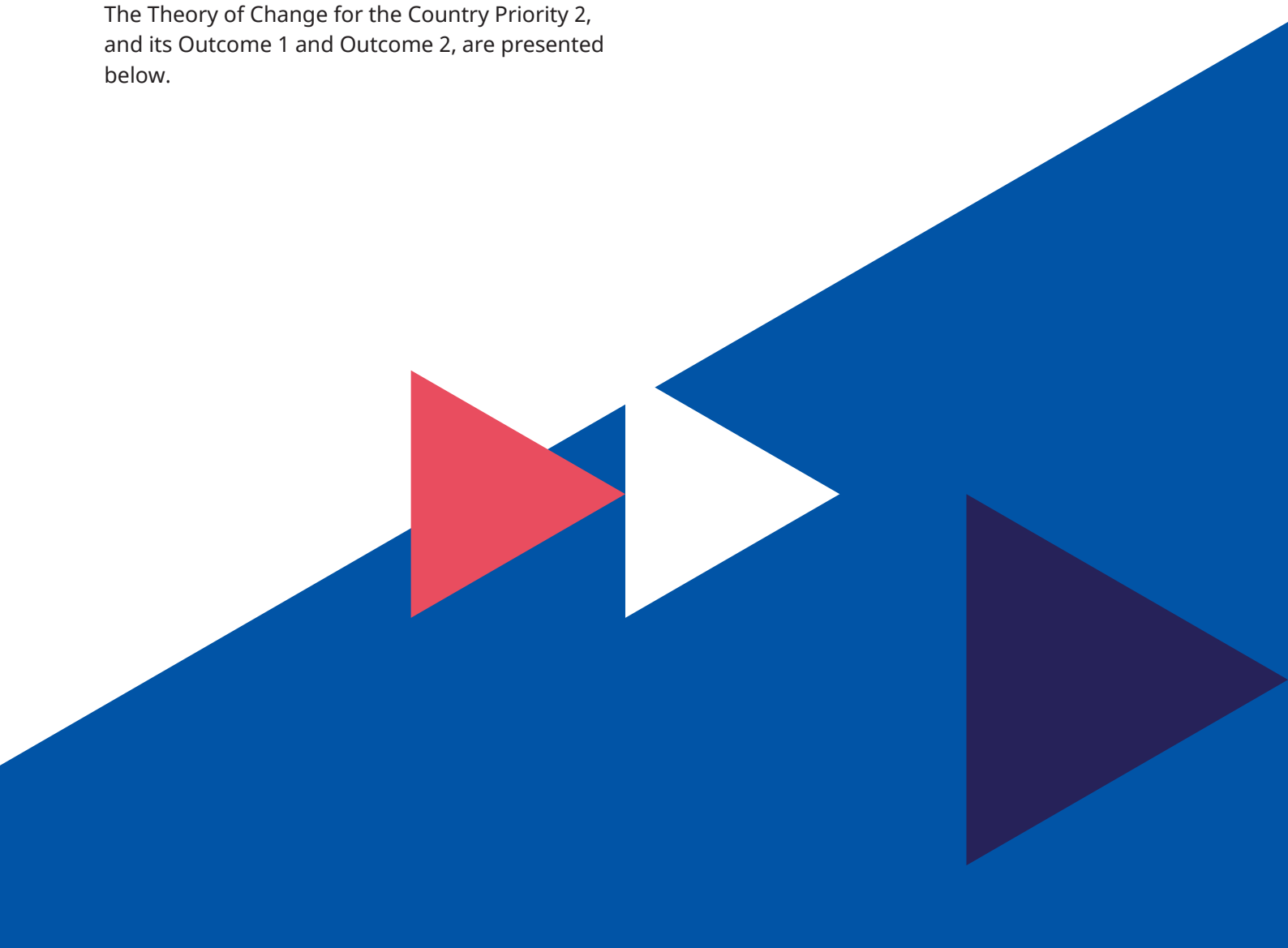
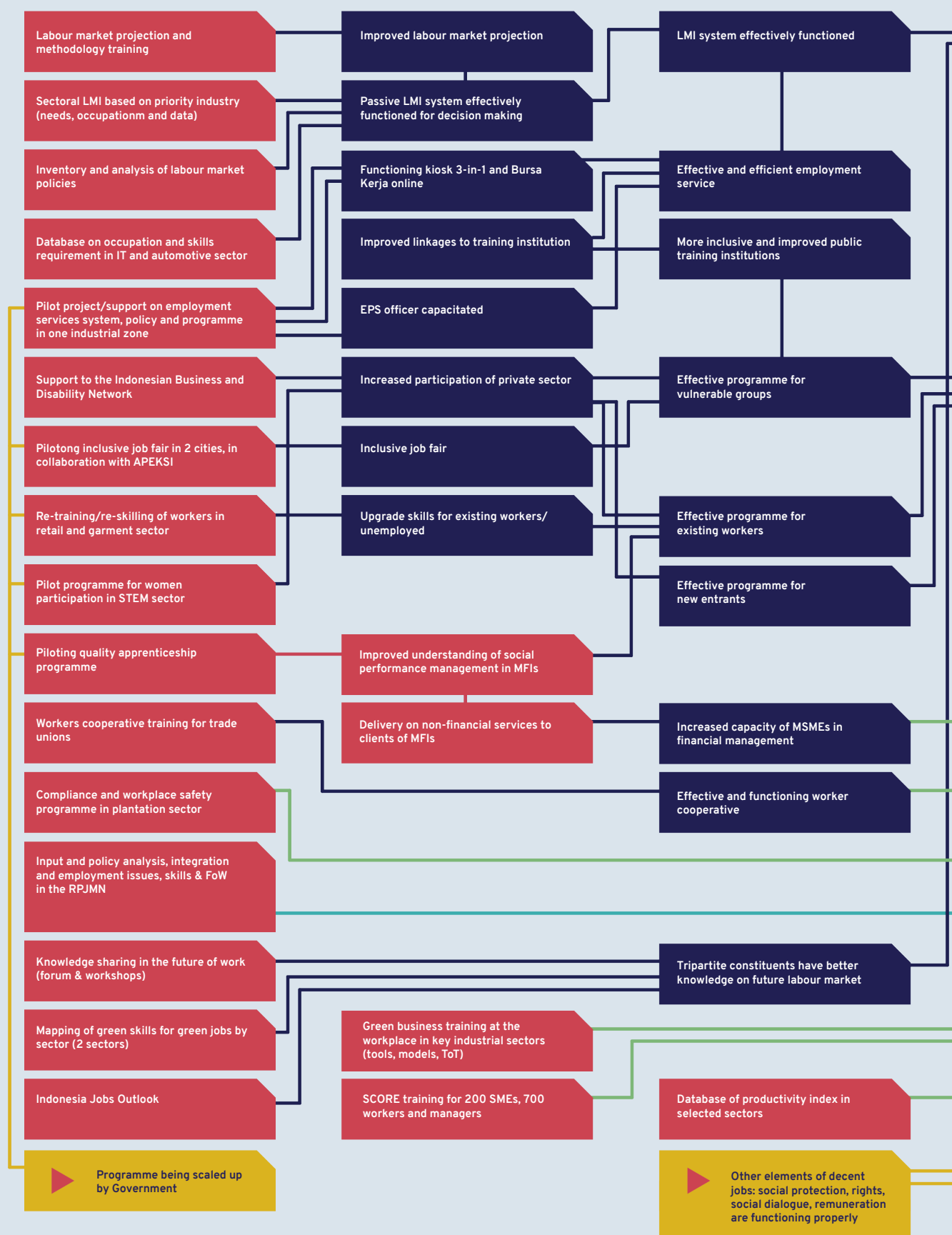
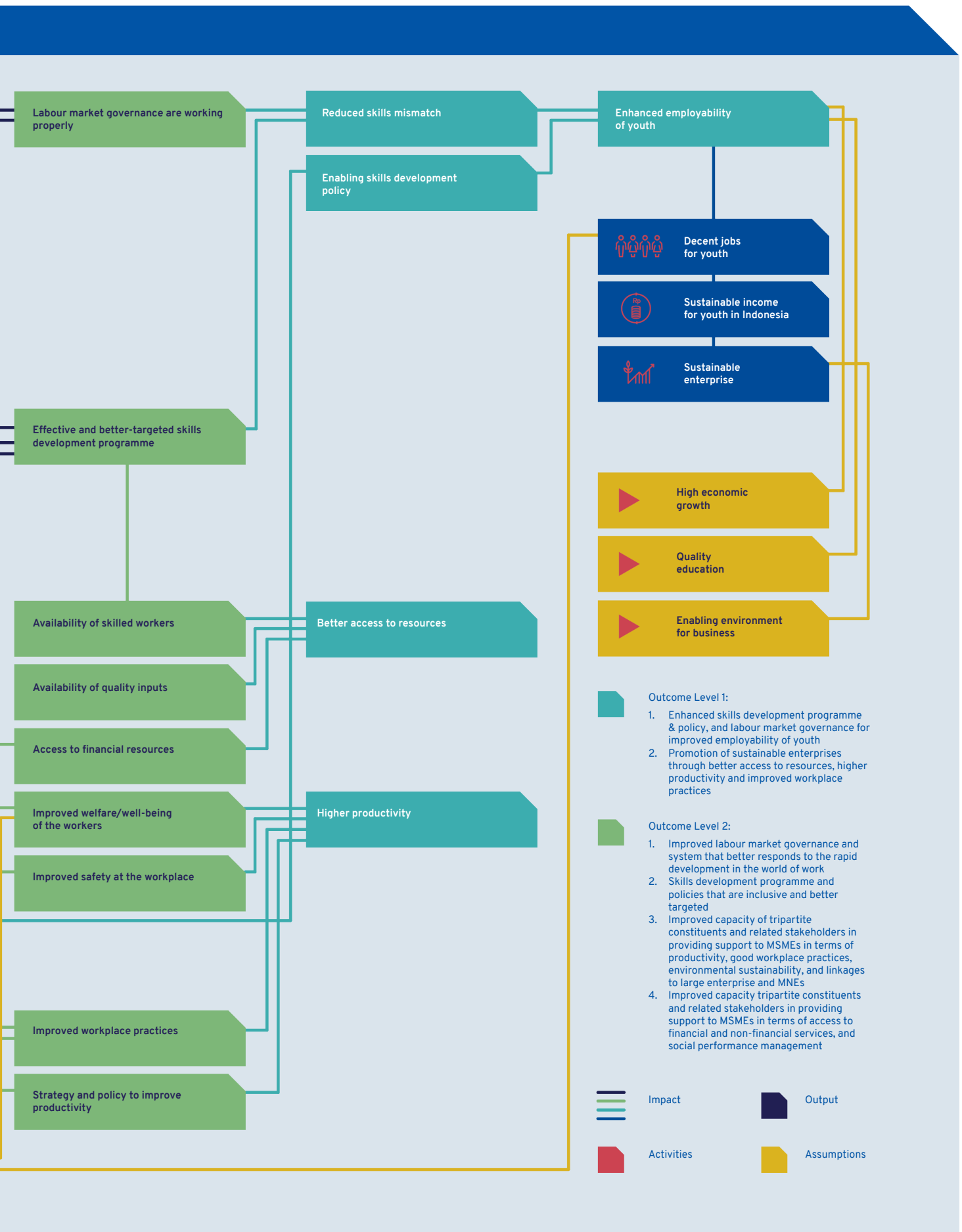


Figure 2. Theory of Change for Country Priority 2: Job creation and youth employment





► Outcome 1:

Enhanced skills development programme and policy, and labour market governance for improved employability of youth

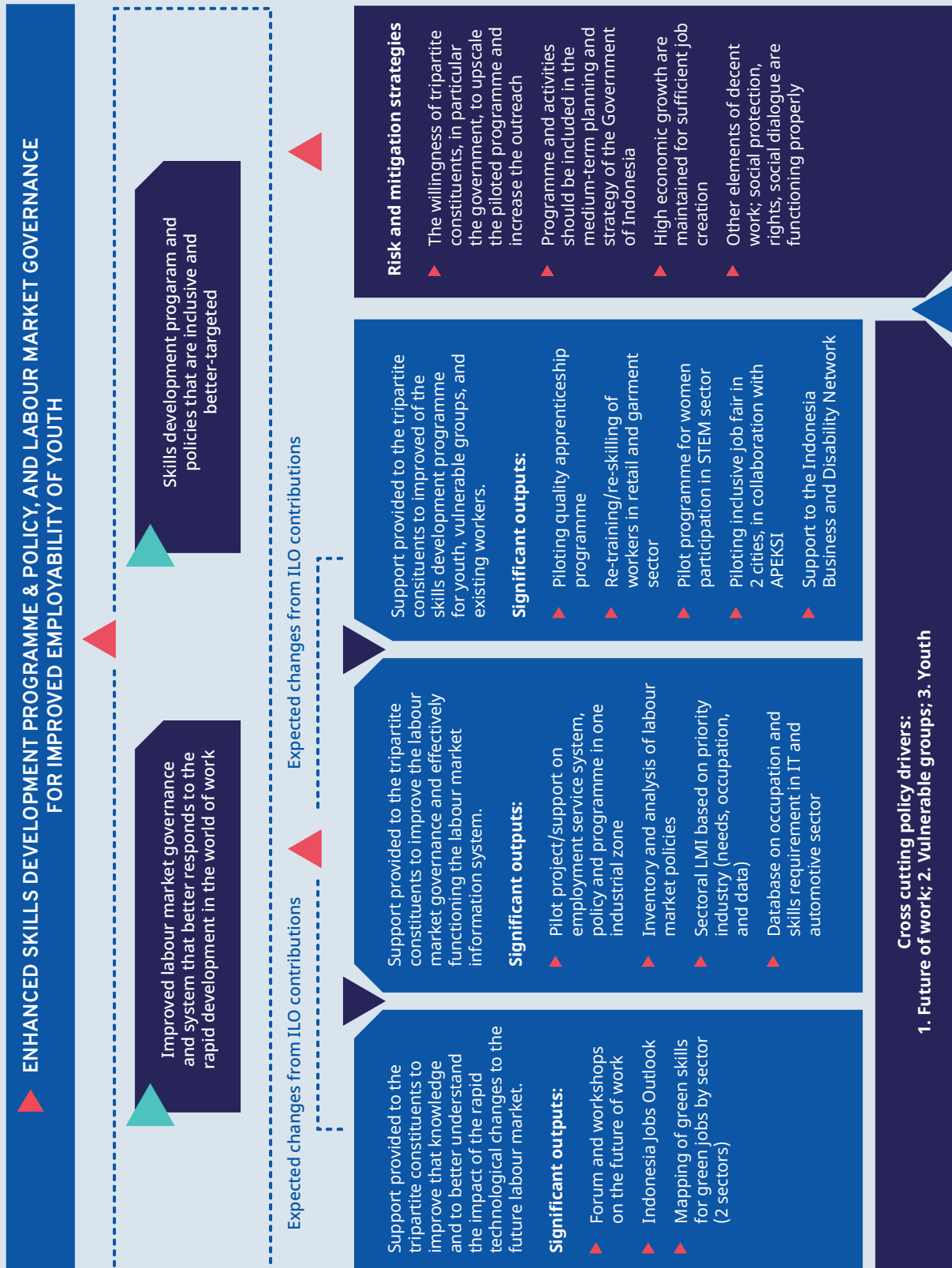
With the new dynamics and vast transformation in the world of work due to rapid technological evolutions, skills readiness of the workforce is particularly important. Some of the decent work challenges in Indonesia stem from the inability of the current skills development systems in responding quickly to changing skills demand. In addition, the Indonesian labour market leaves room for enhancing inclusiveness. Therefore, this DWCP intends to improve the demand-relevance of skills development systems and to enhance the inclusiveness of training programmes in order to promote decent work, especially among youth.

Deepening our understanding of the likely impact of new technologies and changes in economic structure on employment is an important step to plan education and training programmes. Reliable labour market information (LMI) systems could capture early signs of changes in the labour market to which policymakers and social partners can respond in a proactive manner. At the same time, given the difficulties in anticipating future skills needs and methodological limitations in forecasting future skills demand, it is of crucial importance to build flexible skills development systems that quickly adapt to changes in skills needs. Deepening industry-TVET partnerships, improving the quality and employment outcomes of TVET, and financing skills development are priority tasks in Indonesia.

In addition, facilitating the access of disadvantaged groups of people to skills development and employment is another key focus of this outcome. Indeed, skills development policies could enhance inclusiveness as training can mitigate existing imbalances or inequality in the labour market. For instance, while skills related to Science, Technology, Mathematics and Engineering (STEM) play a vital role in fostering the innovation and creativity that are increasingly important in today's economy, women are under-represented in STEM occupations. To take another example, people in rural areas are disadvantaged in the access to TVET. Greater use of distance/e-learning can mitigate this challenge. Therefore, this DWCP implements targeted interventions to address this gender gaps and urban-rural divide in the access to training and employment.

Knowledge products based on LMI and analysis support decision-making of constituents and help promote productive employment and decent work for all. This DWCP will continue labour market analysis to promote evidence-based social dialogue for the formulation of effective and inclusive employment policies and programmes. Dialogue and coordination with key stakeholders will ensure that the programmes and activities under this DWCP are aligned with the new Medium Term Development Plan 2019-2024 and other government priorities.

Figure 2.1



► Outcome 2:

Promotion of sustainable enterprises through better access to resources, higher productivity and improved workplace practices

Outcome 2 will address demand side weaknesses by promoting sustainable enterprises, which in turn will increase decent work opportunities for youth. This DWCP will focus on some specific challenges in promoting sustainable enterprises through: (1) supporting enterprises, especially MSMEs and cooperatives, in priority sectors by diffusing sustainable good business practices; and (2) improving access of MSMEs to resources and services. These interventions under Outcome 2 build upon successful development cooperation projects that have bolstered the productivity of MSMEs and improved access of small businesses to finance.

Given the large number of MSMEs and cooperatives, the DWCP will target capacity building of tripartite constituents who assist MSMEs and cooperatives to become more productive and sustainable. This include awareness raising on effective management practices that help boost productivity, enhance access to market, reduce environmental impact of business operations, and assure safe and healthy work places. These support will benefit both enterprises and workers.

Another important aspect of the viability of MSMEs and cooperatives is access to finance. Providing suitable financial and non-financial services to meet the needs of business start-ups, as well as working capital and investment of existing enterprises, strengthens the capacity of the economy in tapping business opportunities and turn them into productive employment and decent work. Micro finance institutions (MFIs) can play an important role in this regard.

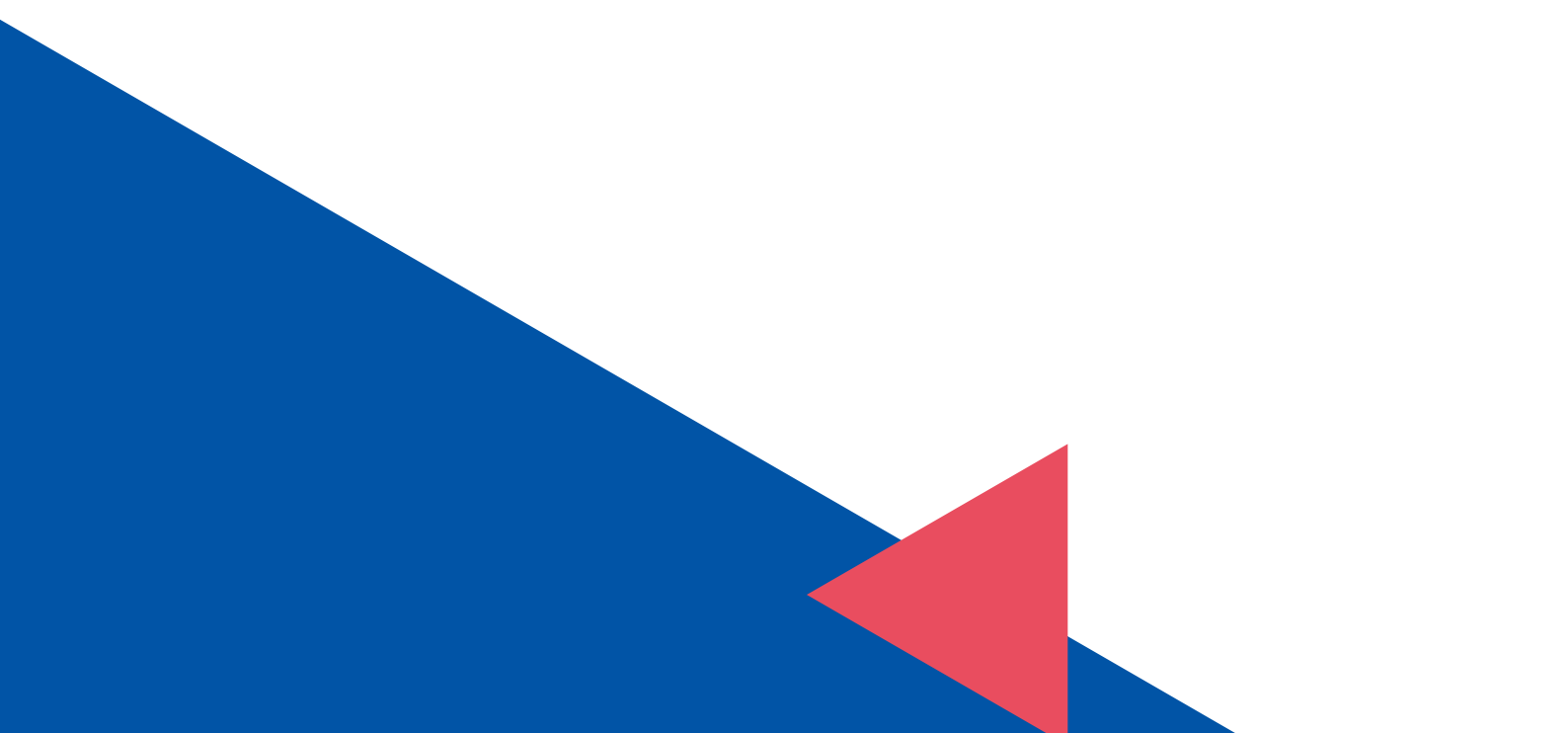
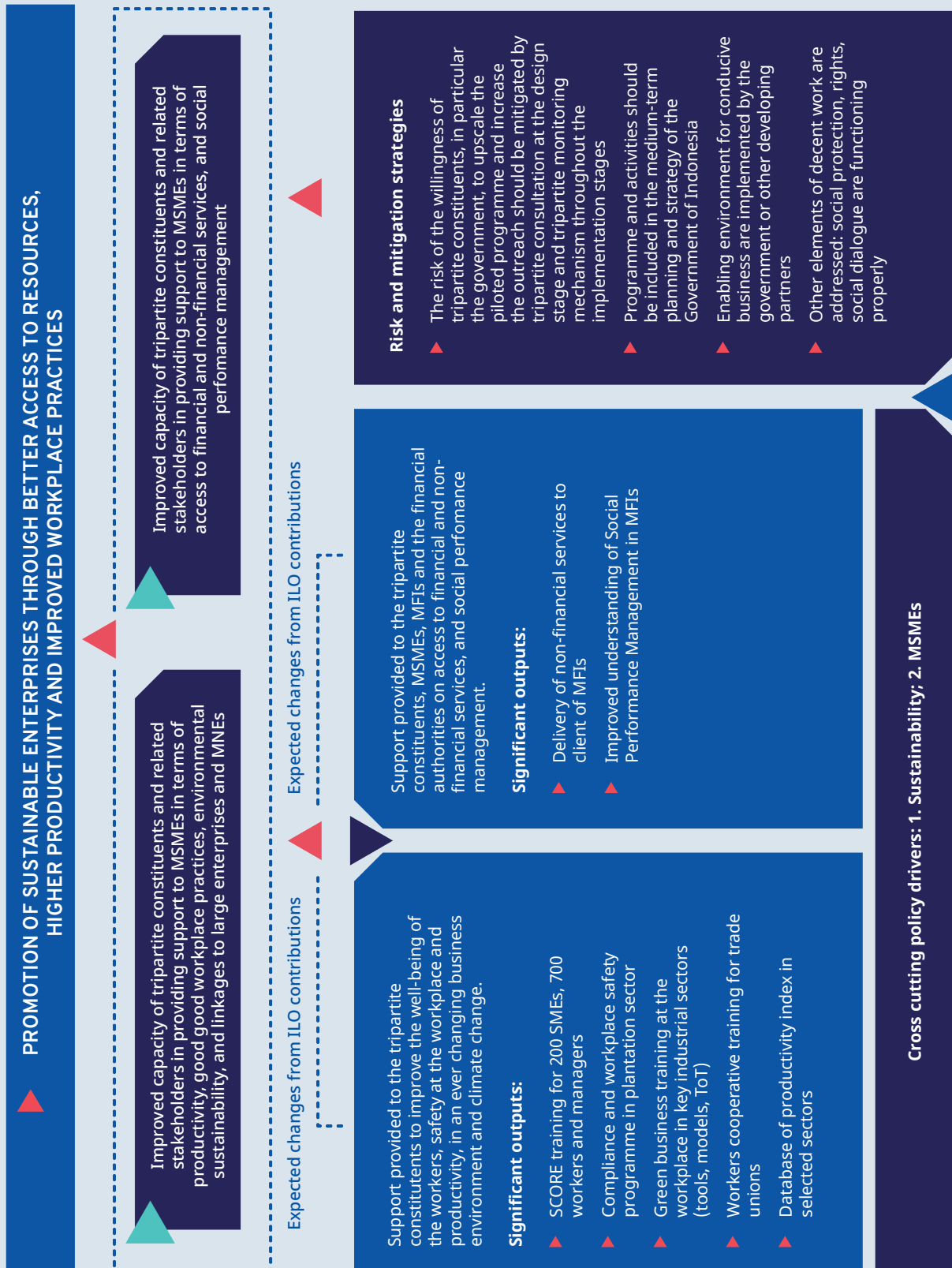


Figure 2.2



► Country Priority 3:

Enhancing Protection for Vulnerable Groups of Workers

People must be protected from working situations that: deny fundamental principles and rights at work; put at risk the lives, health, freedom, human dignity or security of workers; or subject households to conditions of poverty. Social protection can play a pivotal role in relieving people of the fear of poverty and deprivation, delivering on the promises of the universal Declaration of Human Rights.

The extension of social protection, drawing on basic social protection floors, is a missing piece in a fairer and inclusive globalization. It can help people adapt their skills to overcome the constraints that block their full participation in a changing economic and social environment, contributing to improved human capital as well as stimulating greater productivity.

In the last twenty years, Indonesia has made significant progresses in promoting social protection for workers, including vulnerable groups. This DWCP will support the realization of effective and inclusive social protection for all, covering vulnerable groups such as women, children, migrant workers, domestic workers, people with disabilities, fishers, and rural workers, as well as the promotion of transition from informal to formal economy.

For the next five years, the ILO constituents in Indonesia agrees to focus on the following priority areas of results:

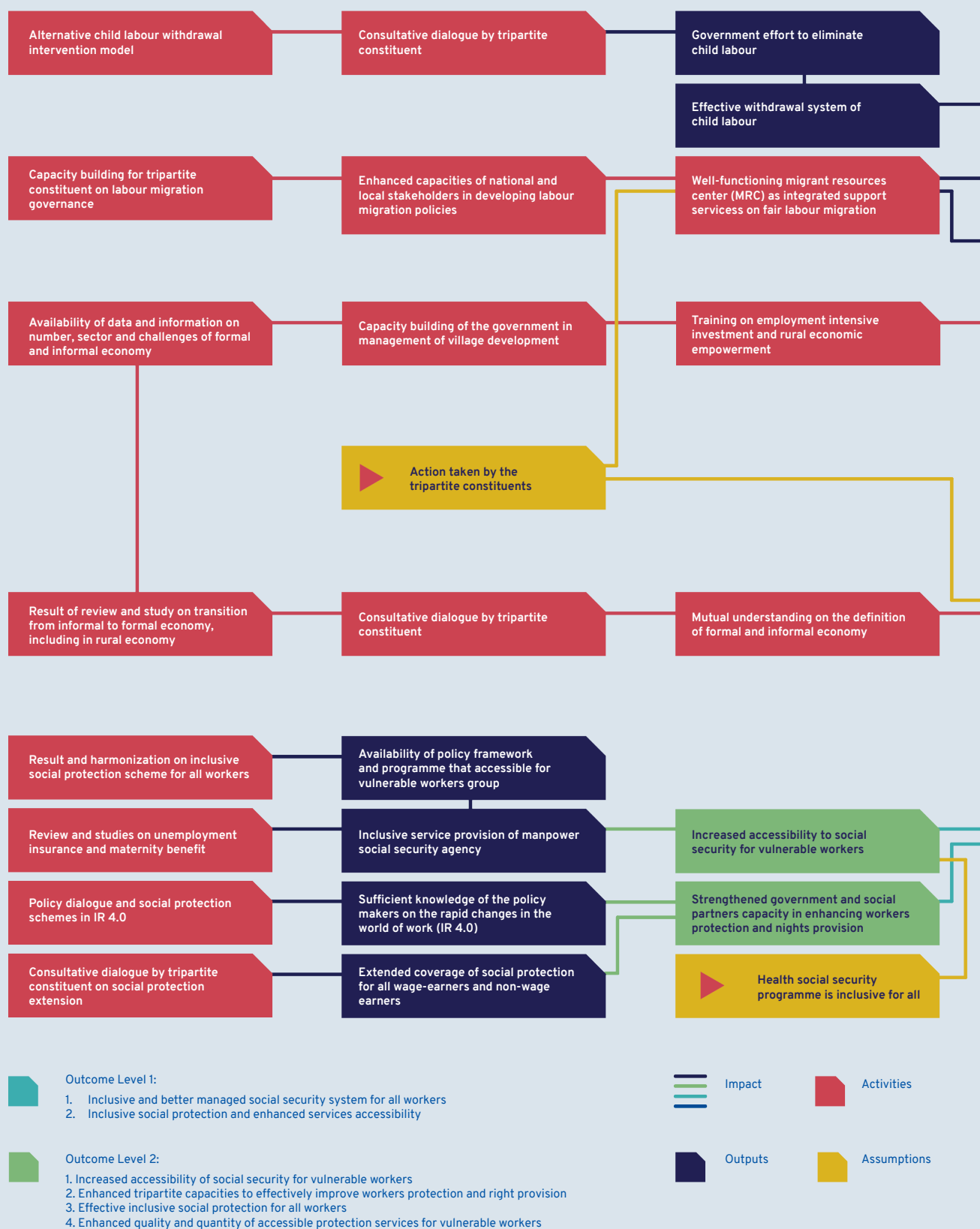
1. Outcome 1: Inclusive and better managed social security system for all workers
2. Outcome 2: Inclusive social protection and enhanced services accessibility

These outcomes respond to the SDG Goal 1.3 on social protection system and Goal 8.7 on eradicate forced labour, modern slavery, human trafficking and child labour. The intended outcomes will contribute to Outcome 1 of the UNSDCF - People living in Indonesia, especially those at risk of being left furthest behind, are empowered to fulfil human development potential as members of pluralistic, tolerant, inclusive and just society, free of gender and all other forms of discrimination.

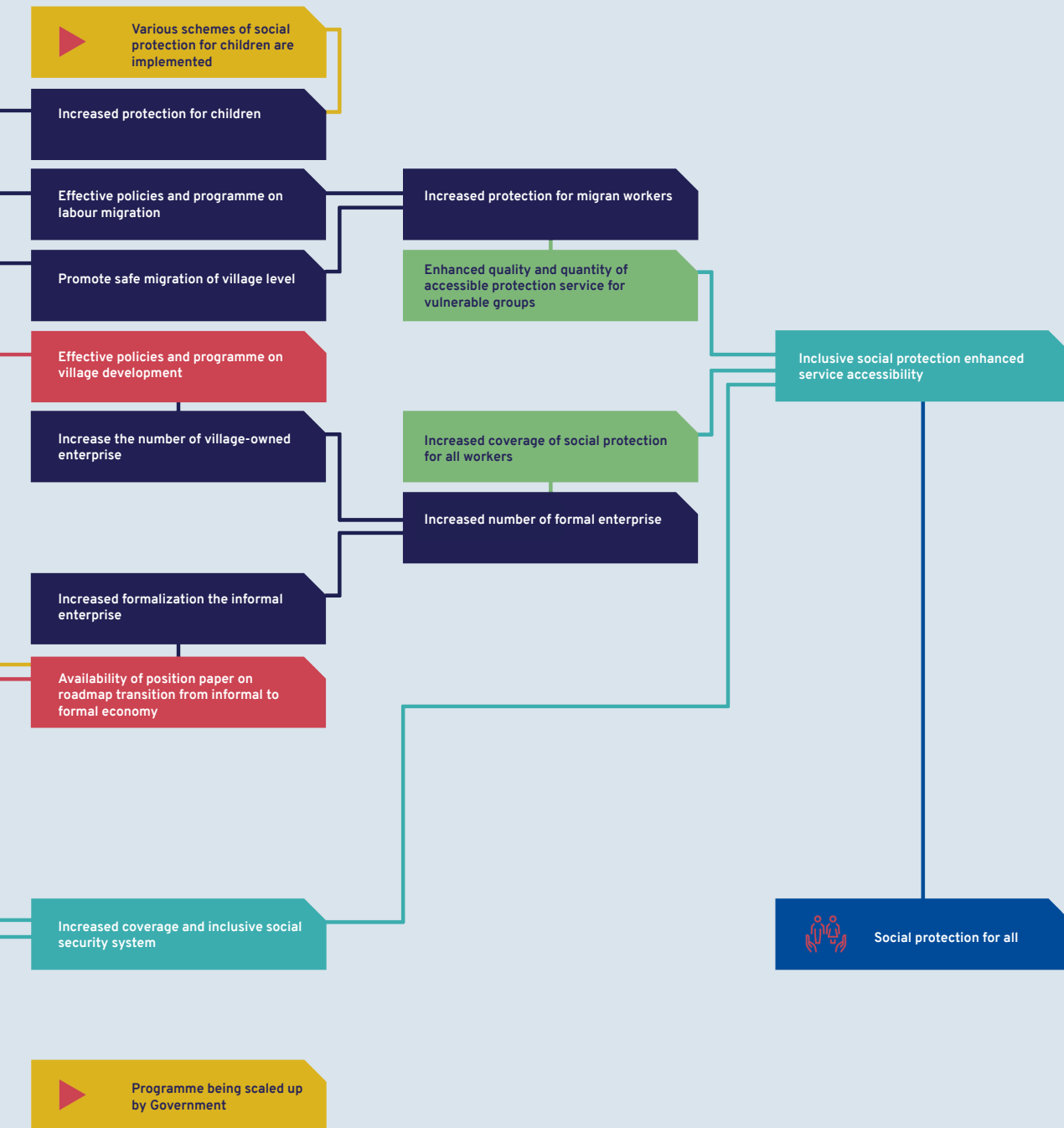
The Theory of Change for the Country Priority 3 is presented below.



Figure 3. Theory of Change for Country Priority 3: Enhancing protection for vulnerable groups



Groups of workers



► Outcome 1:

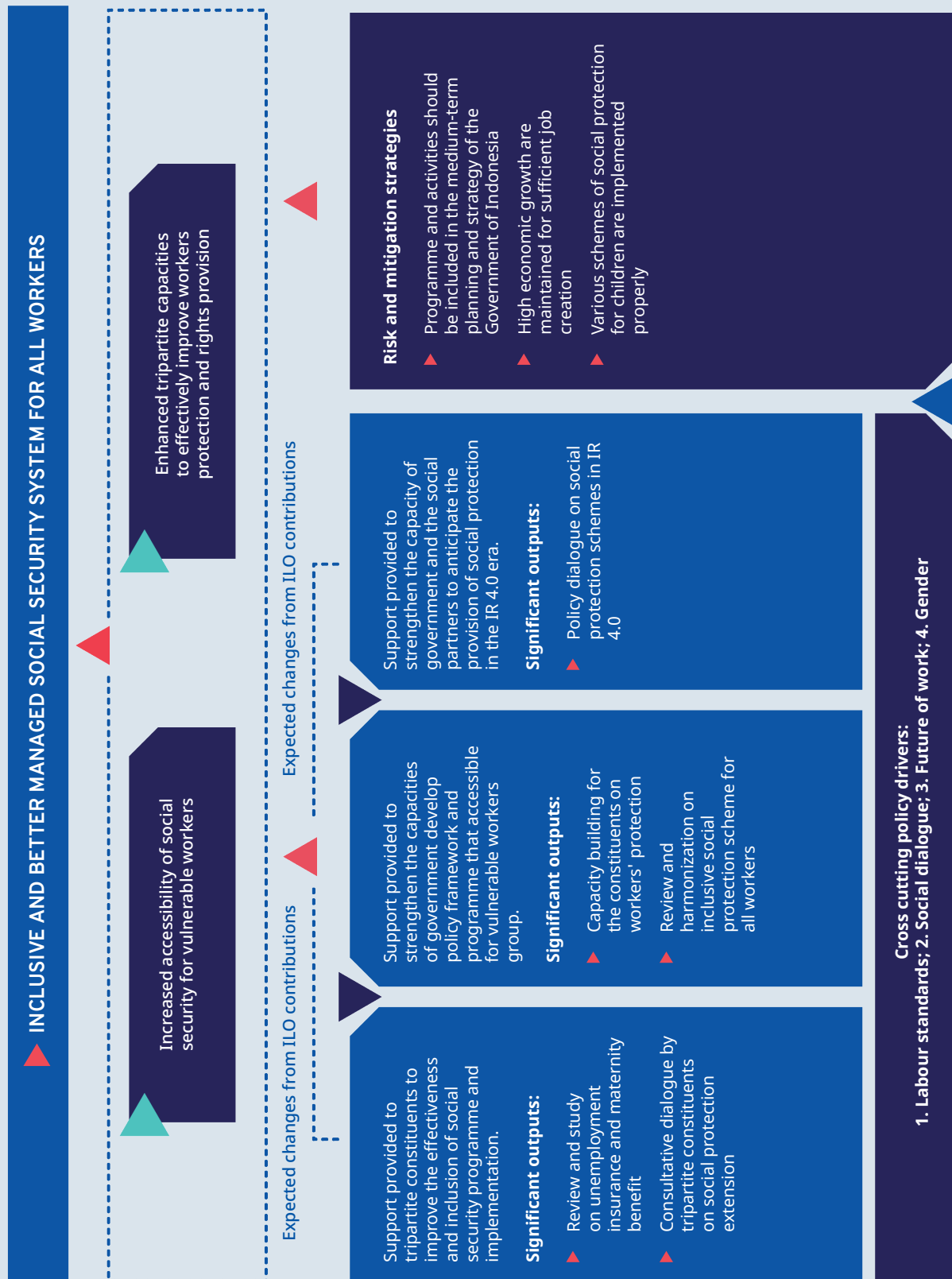
Inclusive and better managed social security system for all workers

The Outcome 1 will address the two-fold challenges that confront Indonesia's social security system: a modest coverage of vulnerable groups of workers under social security schemes; and changing the nature of employment, which tends to limit the outreach of the traditional social security system that presupposes employer-employee relationships. By addressing these two issues, it intends to expand the coverage of social security schemes and bolster the protection of vulnerable groups of workers.

First, the DWCP facilitates tripartite actions to enhance the access of vulnerable workers to social security in terms of quality (i.e. additional services such as employment insurance and maternity benefit) and quantity (i.e. expansion in coverage). Planned actions include capacity building of tripartite constituents and promotion of social dialogue based on focused study results. This Outcome examines the feasibility and explores the establishment of employment insurance and maternity benefit. It also reviews existing social security schemes and identifies strategies to expand their coverage to all wage-earners and non-wage earners.

Second, the Outcome 1 intends to enhance the capacity of tripartite constituents to grasp the evolution of the world of work and its impact on social security. Indeed, the recent rapid development of new technologies, known as Industry 4.0, engenders a substantial and fast transformation of jobs and employment relationships. The government and social partners need to anticipate challenges of social protection provision given the development and take necessary holistic and innovative actions so that social security will not be compromised. Therefore, the DWCP will continue providing capacity building of tripartite constituents and promote policy dialogue on social protection schemes.

Figure 3.1



► Outcome 2:

Inclusive social protection and enhanced services accessibility

This Outcome focuses on improving the social protection and service availability for vulnerable segments of the population which includes child labourers, informal workers, rural workers and migrants. By enhancing the protection of these vulnerable groups of workers, it contributes to the promotion of decent work in the marginalized segments of the labour market. This DWCP takes tailor-made approaches to support each group as their needs and challenges they face vary.

On child labour, this DWCP will provide technical advices on alternative child labour withdrawal intervention models. This will be consulted through a national dialogue with tripartite constituents and other key players in order to support the government efforts to achieve the target of Child Labour Roadmap.

On informality and rural employment, this DWCP focuses on transition from informal to formal economy as per ILO Recommendation No. 204 on this topic and local economic development. It will build the capacity of the government and social partners on effective rural development, including training on employment intensive infrastructure development. Interventions on this front contribute to reversing the trend of growing income inequality in Indonesia since they improve the labour market opportunities for workers in rural areas as well as those who take up informal employment, casual work and other precarious forms of employment.

On migrant workers, this Outcome will enhance the capacity of national and local stakeholders in developing effective labour migration policies and strengthen the migrant workers' resources centre (MRC) which is an integrated support service on fair labour migration. This will be carried out through a series of capacity building activities for tripartite constituents on various labour migration governance themes.

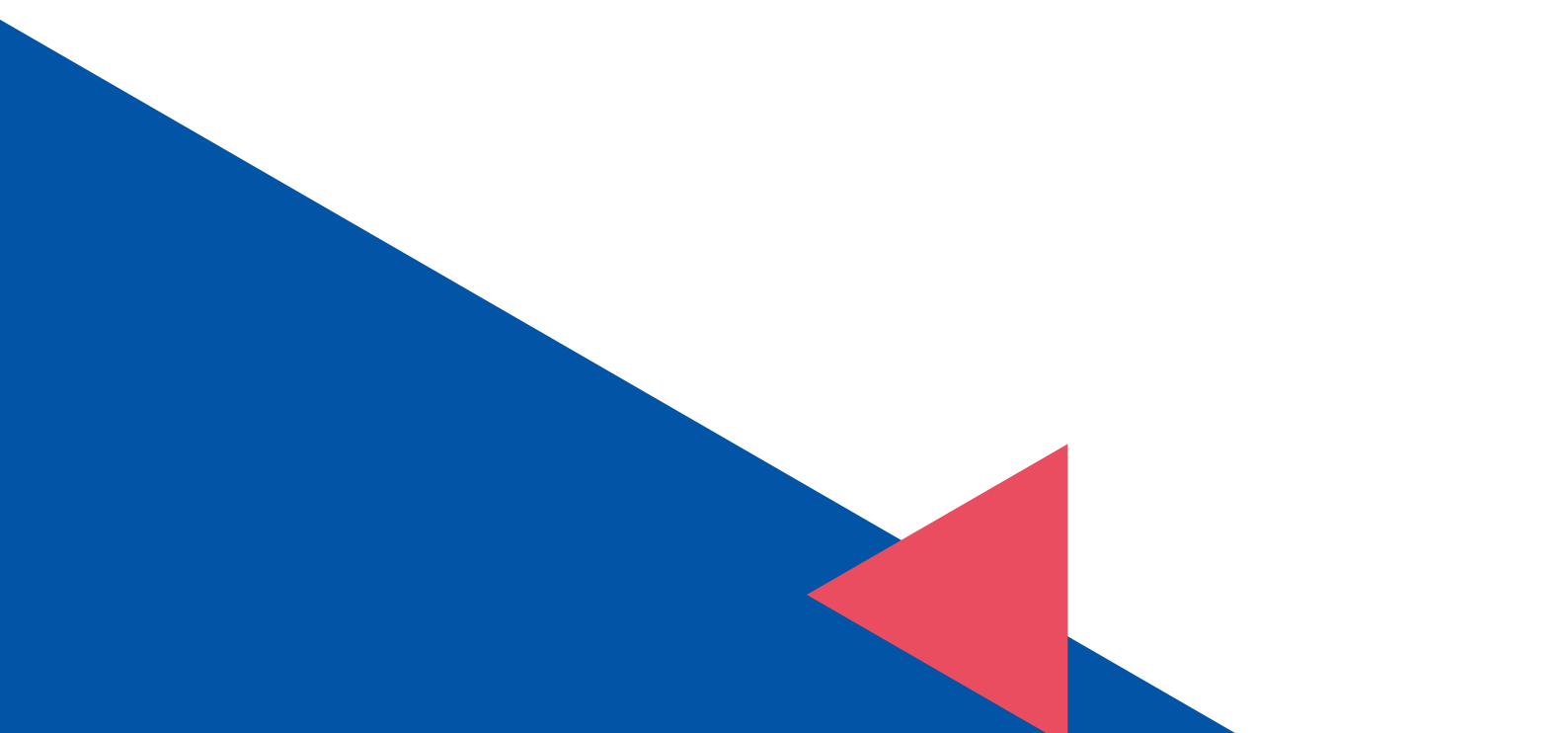
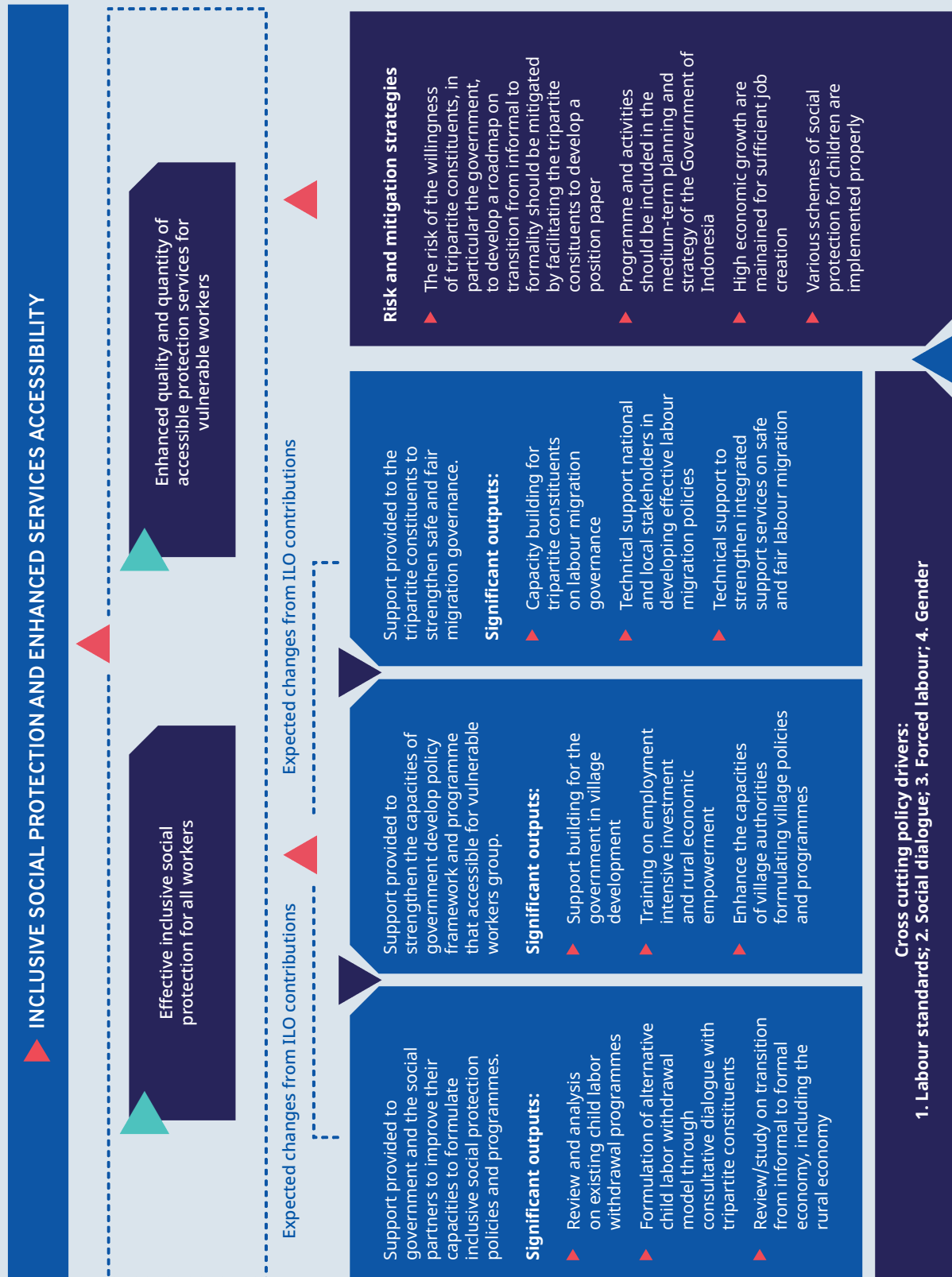


Figure 3.2





04

**IMPLEMENTATION PLANNING,
MANAGEMENT, MONITORING,
REPORTING AND EVALUATION
ARRANGEMENTS**

► 4.1 Implementation and Performance Monitoring Arrangements, Including Roles of the ILO Constituents

Effective implementation, monitoring, and evaluation of the DWCP (2020-2025) in Indonesia will depend on close coordination and collaboration among various Government agencies, social partners and other stakeholders at national, provincial and local levels. For this reason, a steering committee consisting of the tripartite constituents will be established at the onset of the implementation of the DWCP with the task of guiding tripartite actions and reviewing progress towards achievement of expected results of the Programme. The ILO will also work closely with other UN agencies under the UNPDF which coordinates the UN-wide efforts to support the national development priorities and to accelerate the achievement of SDGs. The ILO together with its tripartite constituents carefully monitor the evolution of various socio-economic factors and, where necessary, the steering committee is expected to make necessary adjustments to the Programme during the course of DWCP implementation.

As a framework of the ILO, the Government and social partners in meeting shared development objectives, the DWCP ILO constituents will be implementing partners in all priority areas, including through participation in governance mechanisms such as Project/Programme Advisory Committees. For this reason, the DWCP will support institutional development and capacity building of the ILO's constituents, capturing both their specific needs at national and decentralised levels, and the support and further development of the tripartite institutions and mechanisms of social dialogue. It will take a coordinated approach to institutional capacity building, including training conducted at the International Training Centre in Turin.

► 4.2 Evaluation Arrangements

To the extent possible, outcome indicators will be collected at the impact level, based on the theory of change that have been developed in this DWCP. Experiences and lessons learned through the DWCP implementation will be documented and good and innovative practices will be highlighted and shared. A part from the monitoring of DWCP implementation by the

tripartite steering committee on continuous basis, a formal evaluation will be carried out by the ILO together with tripartite constituents. The contributions of development cooperation projects are subject to separate evaluation as guided by the ILO evaluation policies. The results of such project evaluation will be incorporated in the monitoring and reporting of the DWCP.

► 4.3 Risks and Assumptions

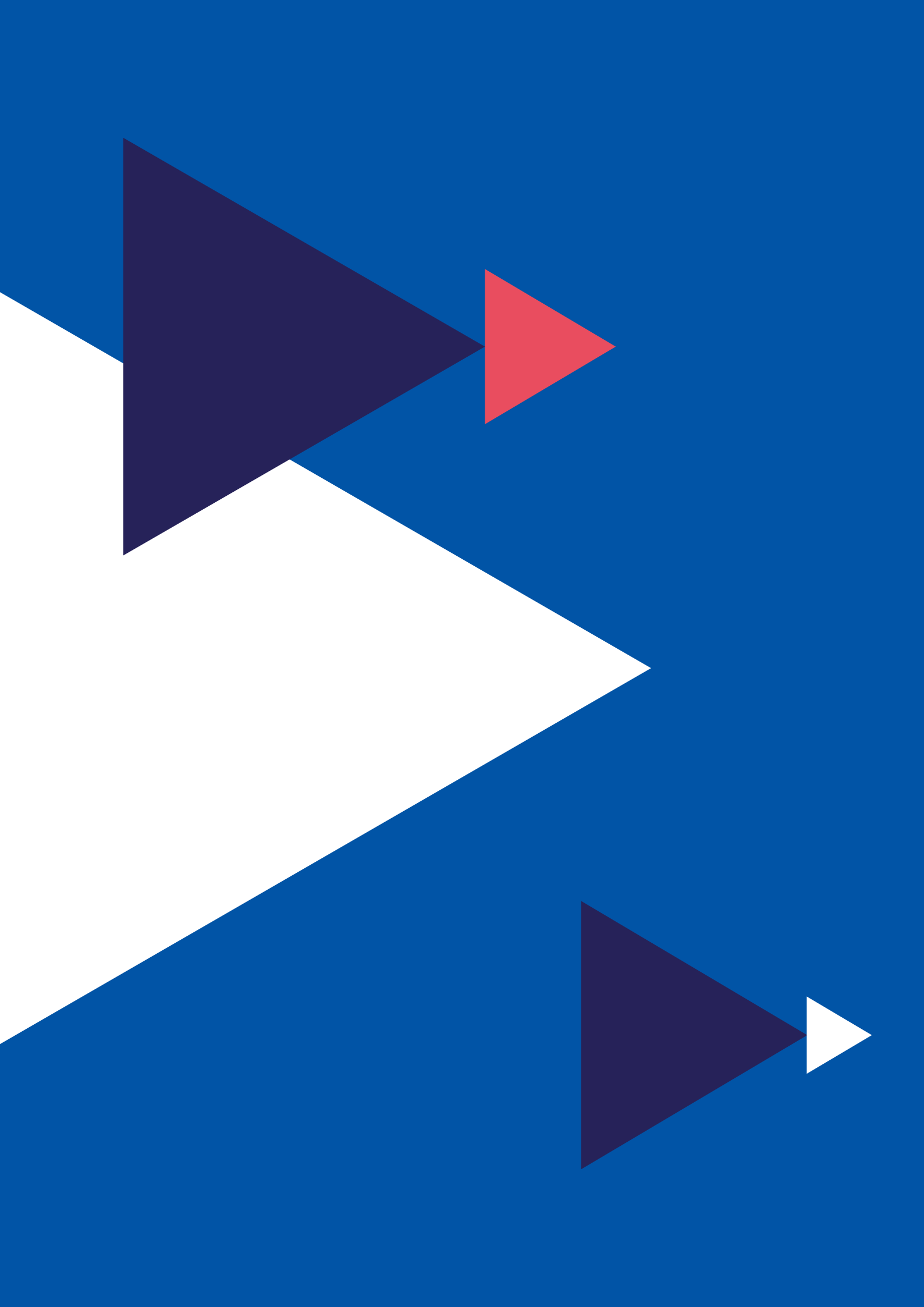
Risks and assumptions have been identified in result chains diagram and could be adjusted based on the evolution of risk factors during the implementation. Major adjustment is foreseen especially after the presidential election in 2019. The government will announce the medium-term development planning for the country after the election.

Achieving the DWCP outcomes will depend on the following assumptions:

- Continued commitment and collaboration of the Government and social partners to achieve the agreed Outcomes;
- Sustained and constructive social dialogue among stakeholders and their willingness to implement agreed solutions;
- Continued favourable socio-economic conditions; and
- Effective mobilization of resources since Indonesia still faces human and financial resource gaps in advancing the Decent Work Agenda while donors are reducing their priority to support middle-income countries including Indonesia.

DWCP also envisages certain risks at different stages of its implementation. When above-mentioned assumptions are not met (e.g. socio-economic conditions deteriorated, social dialogue not respected), risks emerge and affect the smooth implementation of the Programme.

The DWCP will make provisions to mitigate these risks by strengthening the governance and monitoring mechanisms (e.g. the steering committee and tripartite meetings) as well as by building the capacity of the tripartite constituents. Tripartite governance helps monitor these risks on a periodic basis and make necessary adjustments promptly.





05

FUNDING PLAN

Indonesia's GDP per capita has steadily risen, from \$857 in the year 2000 to \$3,603 in 2016. This has made Indonesia the world's 10th largest economy in terms of purchasing power parity, and a member of the G-20.⁸ With this status of emerging middle-income country, development aid has steadily decreasing and slowly turning from grants to loan. Unlike the previous DWCP, it is evident that this DWCP will be less reliant on development cooperation grants in financing activities and programmes. For the ILO and its tripartite constituents, it is imperative that this DWCP is aligned with national priorities so that resources could be mobilized internally. Stronger ownership of the tripartite constituents for the implementation and monitoring of the DWCP will be also essential.

In this context, it is increasingly important to tap non-traditional sources of funding such as Public-Private-Partnership (PPP) with private sector companies and foundations. The ILO has two PPP projects in Indonesia and continues its efforts to identify like-minded funding partners from the private sector. Further, a new UNSDCF 2021-2025 has been adopted in April 2020. It will be necessary for the ILO to play a leading role to develop integrated proposals in areas where

it is identified as a lead player. For instance, the ILO implemented a joint project with UNHCR and supported refugees' integration in host communities by building their entrepreneurship skills.

Some of the desired actions under the DWCP may be implemented by the constituents with their own funding. In this regard, the ILO would assist the government and its social partners in designing strategies and action plans, and provide technical advice on budget allocations. In addition, the ILO provides seed money through its own regular budget technical cooperation (RBTC) resources and develop concept notes which will be circulated to donor agencies and development partners as per their areas of interests. The Regional Office for Asia and Pacific and the Decent Work Teams in Bangkok and relevant departments at Headquarters, Geneva, would also contribute to fund raise for the DWCP implementation as some actions may be covered under global or regional projects.

⁸ Source: <http://www.worldbank.org/en/country/indonesia/overview>



06

ADVOCACY AND COMMUNICATION PLAN

The advocacy and communication plans begin with a knowledge management and sharing strategy. The ILO will make this DWCP document and other ILO's publications that relate to the DWCP available to the public both in Bahasa Indonesia and English. This will provide ILO constituents, relevant partners and stakeholders and the public at large a wide access to DWCP related materials.

All programmes and projects under the ILO in Indonesia will document their good practices and impact stories and disseminate them through existing communication channels and knowledge sharing platforms. These documents demonstrate practical approaches and achievements in realizing Decent Work for All in the country.

The ILO will make the best use of its communications channels such as its official website, social media accounts and other communication materials in order to regularly disseminate DWCP activities and results. In addition, the ILO Jakarta takes advantage of its participation in the United Nations Communication Group (UNCG) Indonesia (under the auspices of the UNCT Communications Strategy) to increase the public profile of the DWCP.

► ANNEX 1: DWCP results matrix

Priority 1 DWCP

Impact/National development priorities/Regional frameworks/SDGs and SDG targets:

Economic Transformation aimed at facilitating an accelerated shift towards industry 4.0, creating jobs, enhancing women's economic participation, leading to a more globally integrated and higher value-added economy

Strategic Priority (UNSDCF Priority 2): Economic Transformation

Decent work focus (DWCP Priority 1): Effective social dialogue that promotes sustainable business and workers' welfare

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Outcome 1.1 Effective industrial relations for improved working conditions and productivity UNSDCF Outcome 2. Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation	(SDG 8.5.2) Unemployment rate by sex and age. Cross Reference: Labour participation rate by sex (P&B Output 1.4) Strengthened social dialogue and labour relations laws, processes and institutions (P&B Output 6.3) Increased capacity of member States to develop gender-responsive legislation, policies and measures for a world of work free from violence and harassment (P&B Output 2.1) Increased capacity of the member States to ratify international labour standards			SDG National Voluntary report	• Programme and activities should be included in the medium-term planning and strategy of the Government of Indonesia • High economic growth are maintained for sufficient job creation • Other elements of decent work: labour market and social protection are functioning properly
Output 1.1.1 National counterparts have enhanced technical capacities to formulate and implement future strategies (Industry 4.0, circular economy) that are inclusive and job rich (Output 2.1 UNSDCF)	Evidence of enhanced technical capacities to: 1) formulate; 2) implement future strategies that are: 1) inclusive and/or 2) job rich			Evaluation report, country programme, evaluation report	

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
ILO contribution ▶ Improved capacities in formulating and implementing industrial relations policies and strategies	Other indicators: ▶ Number of adopted action plan and/or guidelines (national or sectoral level) on industrial relations implemented and monitored by tripartite constituents	No tripartite consensus on national action plan to promote industrial relations	3 action plans and/or guidelines adopted by the tripartite 3 monitoring implementations	Project report, evaluation/ monitoring report	
Output 1.1.2 Private sector, trade unions, CSOs and sub-national government have increased capacity to promote inclusion and non-discriminatory policies at the workplace (Output 2.9 UNSDCF)	Evidence of increased capacity of: 1) private sector; 2) trade unions; 3) CSOs; 4) sub-national government to promote inclusion and non-discriminatory policies at the workplace			Evaluation report, country programme, evaluation report	
ILO contribution ▶ Tripartite enhanced capacities in negotiation skills and dispute settlement.	Other indicators ▶ Increased the quantity and quality of the collective labour agreement (CLA) based on good faith bargaining ▶ Number of mediators trained on the mediation skills and industrial relations to improve mediation services	Pool of trainers of the collective bargaining listed in MOM, Apindo, confederations and ILO (around 100 trainers) Existing CLA based on MOM data in 2017 is 13.829	10% Increased on number of CLA from the baseline in 2017 by 2025 Pool of trainers functioning effectively		
Outcome 1.2 Increased labour compliance and the implementation of OSH	(SDG 8.8.1) Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status			SDG National Voluntary report	
UNSDCF Outcome 2. Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation	Other indicators: (P&B Output 7.2) Increased capacity of member States to ensure safe and healthy working conditions (P&B Output 7.1) Increased capacity of the member States to ensure respect for, promote and realize fundamental principles and rights at work (P&B Output 1.3) Increased institutional capacity of labour administrations				

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Output 1.2.1 Government agencies, private sector, and other stakeholders have increased capacity to develop and influence policy, legislation, business culture and practices in support of gender equality, child friendly environment and workers' rights at the workplace (Output 2.6 UNSDCF)	Evidence of increased capacity; 1) to develop policy; 2) to influence policy, legislation, business culture and practices supportive of gender equality, child friendly environment and worker's rights at the workplace			Evaluation report, country programme, evaluation report	
ILO contribution ► Enhanced capacity of tripartite constituents in preventing occupational accidents and diseases, and improved evidence-based OSH policy-making	Other indicators: ► Number of strategic compliance plans adopted at the provincial level with the involvement of the social partners ► National OSH programme adopted and implemented to reduce the frequency of fatal and non-fatal occupational injuries	There are 2 provincial plans adopted. No tripartite involvement in the strategic compliance planning	3 strategic compliance planning adopted at the provincial level with the involvement from the social partners 3 monitoring implementation	Project report, evaluation/ monitoring report	
Output 1.2.2 Support services (occupational health, HIV testing and referral services, social contracting) and livelihood opportunities for refugees, migrant workers, asylum seekers, people with disability have improved (Output 2.8 UNSDCF)	Evidence of improved support services: 1) occupational health; 2) HIV testing; 3) referral services; 4) social contracting; 5) livelihood opportunities for; a) refugees, b) migrant workers; c) asylum seekers; d) people with disability			Evaluation report, country programme, evaluation report	
ILO contribution: ► Increased capacities of labour inspectors for OSH services	Other indicators ► Number of inspectors trained on the inspection skills and OSH ► Number of workers and employers trained on OSH and its implementation at the workplace.	The total number of inspectors is 1576, and still lack of specialized inspectors. There is a need to increase numbers and capacities of inspectors to ensure law enforcement for compliance	Around 200 inspectors trained at the selected provincial level	Project report, evaluation/ monitoring report	

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Outcome 1.3 Effective wage policies to promote fair and decent wages through improving minimum wage setting and wage setting practices	(SDG 8.5.1): Average hourly earnings of female and male employees, by occupation, age and persons with disabilities	February 2020 Labour Force Survey: monthly net wage/salary of male employees and labourers is Rp. 3,184,084, which is substantially higher than women who earn Rp. 2,454,023		SDG National Voluntary report, CBS (central Bureau Statistic)	
UNSDCF Outcome 2. Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation	Other indicators: (P&B Output 7.3) Increased capacity of member States to set adequate wages and promote decent working time (P&B Output 4.4) Increased capacity of member States and enterprises to develop policies and measures that promote the alignment of business practices with decent work and a human-centred approach to the future of work				
Output 1.3.1 National counterparts have enhanced technical capacities to formulate and implement future strategies (Industry 4.0, circular economy) that are inclusive and job rich (Output 2.1 UNSDCF)	Evidence of enhanced technical capacities to: 1) formulate; 2) implement future strategies that are: 1) inclusive and/or 2) job rich			Evaluation report, country programme, evaluation report	
ILO contribution ► strengthen capacity of tripartite constituents in monitoring wage trends vis-à-vis socio-economic indicators and formulating appropriate wage policies based on social dialogue	Other indicators: ► Impact of the minimum wages is analyzed through the monitoring system set up by the tripartite constituents	No monitoring system available to analyse the impact of the minimum wages	► Tripartite monitoring system is available and functioning ► Impact assessment report on minimum wages through the monitoring system available at least once a year	Project report, evaluation/ monitoring report	

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Output 1.3.2 Private sector, trade unions, CSOs and sub-national government have increased capacity to promote inclusion and non-discriminatory policies at the workplace (Output 2.9 UNSDCF)	Evidence of increased capacity of: 1) private sector; 2) trade unions; 3) CSOs; 4) sub-national government to promote inclusion and non-discriminatory policies at the workplace;			Evaluation report, country programme, evaluation report	
ILO contribution: ► Enhanced social partners' capacity to negotiate and determine fair compensation and benefits	Other indicators: ► Issuance of wage-setting policy that promote bipartite negotiation	Policies on wage structure and scale is available	At least two regulations issued and/or revised that promote the non-discriminator wage-setting through bipartite negotiations at the company and the sector level	Project report, evaluation/ monitoring report	

Priority 2 DWCP

Impact/National development priorities/Regional frameworks/SDGs and SDG targets:

Economic Transformation aimed at facilitating an accelerated shift towards Industry 4.0, creating jobs, enhancing women's economic participation, leading to a more globally integrated and higher value-added economy

Strategic Priority (UNSDCF Priority 2): Economic Transformation

Decent work focus (DWCP Priority 2): Job Creation and Youth Employment

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Outcome 2.1 Enhanced skills development programme & policy, and labour market governance for improved employability of youth	(SDG 8.5.2) Unemployment rate by sex and age. Cross Reference: Labour participation rate by sex (SDG 8.6.1) Proportion of youth (aged 15-24 years) not in education, employment or training	- SDG indicator 8.5.2 baseline: 10.20% (2015) - SDG indicator 8.6.1 baseline: 26.04% (2015) - SDG indicator 8.5.2 baseline: 10.20% (2015)	- SDG indicator 8.5.2 baseline: 1 percentage point reduction by 2023 - SDG indicator 8.6.1 target: 2.5 percentage point reduction by 2023 - SDG indicator 8.5.2 baseline: 1 percentage point reduction by 2023	SDG National Voluntary report	- Programme and activities should be included in the medium-term planning and strategy of the Government of Indonesia - High economic growth are maintained for sufficient job creation
UNSDCF Outcome 2. Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation	Other indicators: (P&B Output 5.1) Increased capacity of the ILO constituents to identify current skills mismatches and anticipate future skill needs (P&B Output 5.2) Increased capacity of member States to strengthen skills and lifelong learning policies, governance models and financing system (P&B Output 5.3) Increased capacity of the ILO constituents to design and deliver innovative, flexible and inclusive learning options, encompassing work-based learning and quality apprenticeships (P&B Output 3.5) Increased capacity of member States to formulate and implement labour market programmes and employment services for transitions to decent work over the life course, with particular focus on young and older workers				Other elements of decent work: labour market and social protection are functioning properly

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Output 2.1.1 Training, skills development system and public education have improved to ensure that competencies of jobseekers match the needs of the industry (Output 2.2 UNSDCF)	Evidence of improved: 1) training and skills development system; public education to ensure competencies of job-seekers match the job market needs			Evaluation report, country programme, evaluation report	
ILO contribution ▶ Improved demand-relevance of skills development systems ▶ Enhanced inclusiveness of training programmes in order to promote decent work, especially among youth	Other indicators: ▶ Skills development center and employment service center are functioning ▶ Reliable and timely LMI for policy and programme development is available	▶ No data on employment service center that are functioning ▶ Employment projection is not reliable and timely ▶ Inventory and analysis of labour market policies is not available ▶ Sectoral LMI on priority sectors are not available	▶ At least 2 employment service center is improved and good practice guideline is produced ▶ Technical assistance in producing employment projection is provided ▶ Inventory and analysis of labour market policies is available for policy maker ▶ Sectoral LMI on ICT and maritime sectors are available	Project report, evaluation/ monitoring report	
Output 2.1.2 Women have increased skills and capacity in STEM, to participate in the job market and to promote policies that are in favour of their rights at the workplace (Output 2.7 UNSDCF)	Evidence of increased: Skills and capacity in STEM; % of participation in job market and promote policies in favour of their own rights at the workplace			Evaluation report, country programme, evaluation report	
ILO contribution ▶ Access to employment, especially to disadvantaged groups of people (such as women,	Other indicators ▶ Quality apprenticeship model is implemented ▶ Employment opportunity for marginal group is improved, including for person with disabilities	▶ National quality apprenticeship model (supported by ILO) implemented only in 1 sector ▶ Information on skills demand	▶ National quality apprenticeship model (supported by ILO) implemented at least in 3 sectors ▶ Information on skills demand		

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
youth, disabilities), is improved through reduced skills mismatch ▶ Employment opportunity for marginal group is improved, including for person with disabilities		in the ICT sector is partially available ▶ Job Fair are not inclusive ▶ No public training center is fully inclusive ▶ Participation of women in STEM-related vocational training is limited (no data available)	in ICT sector is available and analyzed ▶ At least 2 inclusive job fair are conducted, that could be replicated by the Government) ▶ Access for people with disability is improved in at least 3 public training centers ▶ At least 200 women receive training for STEM-related jobs		
Outcome 2.2 Promotion of sustainable enterprises through better access to resources, higher productivity and improved workplace practices	(SDG 8.2.1) Annual growth rate of real GDP per employed person (SDG 8.3.1) Proportion of informal employment in non-agriculture employment, by sex	SDG baseline indicator 8.3.1: Male: 32.30%, Female 37.90% (2015)	SDG target indicator 8.3.1: reduced by 2 percentage points by 2023	SDG National Voluntary report	
(UNSDCF Outcome 2. Institutions and people contribute more effectively to advance a higher value-added and inclusive economic transformation)	Other indicators: (P&B Output 4.2) Strengthened capacity of enterprises to adopt new business models, technology and techniques to enhance productivity and sustainability (P&B Output 4.1) Increased capacity of member States to create an enabling environment for entrepreneurship and sustainable enterprises (P&B Output 4.4) Increased capacity of member States and enterprises to develop policies and measures that promote the alignment of business practices with decent work and a human-centred approach to the future of work				

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Output 2.2.1 Enterprise and financial services, enabling business environment, and capability of local firms have improved to increase productivity and meet compliance (Output 2.5 UNSDCF)	Evidence of improved local firms capability to: 1) increase productivity; 2) meet compliance requirements of global market			Evaluation report, country programme, evaluation report	
ILO contribution: Improved access to resources in promoting sustainable enterprises	Other indicators: ▶ Improved access to financial resources, especially for MSMEs ▶ Working condition is improved, especially for MSMEs	▶ Capacity of MSMEs in financial management is limited (data is not available) ▶ Workers cooperatives initiated by trade unions are not functioning (data not available) ▶ Productivity measurement at the company level is not available ▶ Compliance with OSH regulations is modest and work-place safety programme in plantation sector is not effective	▶ At least 1 programme or project to improve the capacity of MSMEs in financial management ▶ SCORE training for 200 SMEs, 700 workers and managers ▶ Pilot programme for productivity measurement in company, company coaching and consultations are conducted ▶ At least 1 pilot programme or project to improve the compliance and work safety in plantation sector is implemented	Project report, evaluation/ monitoring report	

Priority 3 DWCP

Impact/National development priorities/Regional frameworks/SDGs and SDG targets:

Inclusive Human Development encompassing human capital and social development, fostering equality and social cohesion, as well as addressing gaps in health, food security and nutrition, water-sanitation and hygiene, education, skills development and social protection

Strategic Priority (UNSDCF Priority 1): Inclusive Human Development

Decent work focus (DWCP Priority 3): Enhancing protection for vulnerable groups of workers

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Outcome 3.1 Inclusive and better managed social security system for all workers	(SDG 1.3.1) Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, new borns, work-injury victims and the poor and the vulnerable			SDG National Voluntary report	- Programme and activities should be included in the medium-term planning and strategy of the Government of Indonesia - High economic growth are maintained for sufficient job creation - Other elements of decent work: labour market and social protection are functioning properly
UNSDCF Outcome 1: People living in Indonesia, especially those at risk of being left furthest behind, are empowered to fulfil their human development potential as members of a pluralistic, tolerant, inclusive, and just society, free of gender and all other forms of discrimination	(P&B Output 8.3) Increased capacity of member States to integrate social protection in comprehensive policy responses to support and protect workers and employers during their life and work transitions (P&B Output 3.4) Increased capacity of ILO constituents to promote peaceful, stable and resilient societies through decent work				

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Output 3.1.1 Government at national and sub-national level have strengthened their institutional capacities and commitment to implement well-resourced social protection systems with a particular focus on the most vulnerable and marginalized population groups (Output 1.1 UNSDCF)	Evidence of strengthened capacity of national and sub-national government to implement well-resourced social protection system			Evaluation report, country programme, evaluation report	
ILO contribution: ▶ Improved stakeholders capacities to formulate and implement social protection policies and programmes ▶ Enhanced tripartite capacities to improve workers' protection	Other indicators: ▶ Recommendation on unemployment insurance and maternity benefits submitted to national stakeholders based on consultative inputs from tripartite constituents ▶ Number of wage- and non-wage earners covered by BPJS Employment increased ▶ Number of policies of programmes to promote the transition from informality to formal	▶ National review on unemployment insurance, informal economy and maternity benefits are not available ▶ 50.5 million workers are covered by BPJS Employment in 2018	▶ Policy paper on maternity benefit is available ▶ A review on unemployment insurance is available ▶ A position paper on roadmap on transition from informality to formal economy is available ▶ BPJS Employment's target: 70 million workers by 2021 and 80% formal workers by 2022	Project report, evaluation/ monitoring report	

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
Outcome 3.2 Inclusive social protection and enhanced services accessibility	(SDG 10.7.2) Number of countries that have implemented well-managed migration policies (SDG 8.7.1) Reduced proportion and number of children aged 5-17 years engaged in child labour, by sex and age)			SDG National Voluntary report	
UNSDCF Outcome 1: People living in Indonesia, especially those at risk of being left furthest behind, are empowered to fulfil their human development potential as members of a pluralistic, tolerant, inclusive, and just society, free of gender and all other forms of discrimination	Other indicators: (P&B Output 7.5) Increased capacity of constituents to develop fair and effective labour migration frameworks, institutions and services to protect migrant workers (P&B Output 3.2) Increased capacity of member States to formulate and implement policies and strategies for creating decent work in the rural economy				
Output 3.2.1 Government at national and sub-national level have strengthened their institutional capacities and commitment to implement well-resourced social protection systems with a particular focus on the most vulnerable and marginalized population groups (Output 1.1 UNSDCF)	Evidence of strengthened capacity of national and sub-national government to implement well-resourced social protection system			Evaluation report, country programme, evaluation report	

Results	Performance Indicators (disaggregated)	Baseline (year)	Target (end of programme)	Source/ MoV	Assumption Statement
ILO contribution: ▶ Enhanced quality and quantity of accessible services for vulnerable workers ▶ Reduced the prevalence of child labour with the active participation of tripartite constituents ▶ Improved policies in promoting decent work in rural area	Other indicators: ▶ Number of labour migration policies to promote safe and fair migration, including women migrant workers, domestic workers and fishers ▶ Number of reduced child labours ▶ Number of government officials and social partners trained on effective policies and programmes on village/ rural development	▶ Law No. 18/2017 on the Protection of Indonesian Migrant Workers ▶ The government programme on the safe migration and reintegration named DESMIGRATIF in 100 piloted villages has been launched ▶ Roadmap on Child Labour Free by 2022 ▶ Child Labour Survey 2009, no updated child labour data is available ▶ Law No. 6/2014 on Village ▶ Government development decentralization policy into village level through Village Fund programme ▶ ILO Policy Resource Guide on Rural Development	▶ At least 4 policy instruments/ implementing regulations to the new migrant workers law issued ▶ 2 migrant resources centers established ▶ At least a review on existing child labour withdrawal models is available ▶ An updated child labour statistic is available ▶ At least 4 capacity building sessions for rural economic empowerment are conducted	Project report, evaluation/ monitoring report	

