

Protecting the garment industry in Indonesia in response to the Covid-19 crisis: compensation fund for garment and footwear workers who have lost their jobs

May 2021 - FINAL

Background

The German Federal Ministry of Economic Cooperation and Development (BMZ) funded a “wage subsidy programme to protect the garment industry in Indonesia in response to the Covid-19 crisis”. The programme aimed at encouraging employers to maintain employment by subsidising part of the wages paid to employees during furloughs. The programme was launched in January 2021 and provided wage subsidies to 7 factories in the BWI programme, covering 9,000 workers, and a total amount of USD 73,000,00 in wage subsidies.

Circumstances at factory level have, in the meantime, changed. Orders have picked up and most factories are producing at 60% to full capacity. As a result, the overall number of workers in furlough has substantially decreased. It is undeniable though that garment workers have been seriously affected by the crisis and many have permanently lost their jobs. Therefore, ILO and the Better Work Indonesia programme have agreed with the garment sector employers and workers ‘associations to create a compensation fund for workers who have lost their jobs in the period March 2020 - May 2021. This will target approximately 20,000 potential beneficiaries and provide a one-off payment, made directly to qualifying workers.

ILO is working closely with the tripartite constituents in operationalizing the scheme. Factories that participate in the Better Work Indonesia programme, the Indonesian Social Protection Agency (BP JAMSOSTEK), and garment sector trade unions will play a role in identifying and reaching out to workers. Trade unions in BWI’s programme advisory committee in particular (GARTEKS KSBSI, F SP TSK KSPSI & FSP TSK-SPSI) will have a role in supporting their membership in registering for the scheme.

Data collection is expected to start in June 2021 and payments to workers in July 2021. The scheme should last until funds are exhausted or September 2021 (whichever comes first).

Qualifying criteria and principles

The fund targets:

- ▶ Garment and footwear workers from BWI factories¹ who have lost their job between March 2020 and May 2021;
- ▶ Garment and footwear workers that have or can provide a bank account number under his/her own name.

Workers will receive a one-off benefit of IDR 1.200.000,00 (around USD 90) on a first-come-first serve basis. The programme is targeting approximately 20,000 workers.

Workers receiving benefits from the BMZ Fund shall not be discriminated against based on any grounds including age, race, religion, gender, sexual orientation, membership in a union or non-membership in a union, political opinion, national extraction or social origin. ILO and BWI will be avoiding or seeking to avoid “patterns of exclusion” among any targeted beneficiary groups.

Implementation strategy

The ILO, the ILO-IFC Better Work Indonesia programme and its main implementing partner in Indonesia, the Foundation Partnership at Work, are implementing this programme.

Step 1 (May-June 2021): Initial data collection & dissemination

ILO BWI/ Foundation will request data of workers who have lost their jobs from member factories, trade unions and BP JAMSOSTEK. This data will be cross-checked and used to identify workers and disseminate information about the fund. Member factories and trade unions (factory level included) will also have a role in disseminating information to workers. Information will be blasted through SMS/ WhatsApp and will be passed along from worker to worker. In this way, the project ensures a diversity of sources and increases the probability of a higher number of workers registering to the scheme

Step 2 (June to September 2021): Beneficiary registration

To ensure that the data is correct and updated, workers will be required to register or confirm their information through the BMZ Web Application, a purposely-developed website. F SB GARTEKS KSBSI, F SP TSK KSPSI & FSP TSK-SPSI will be available to support their members in registering or uploading their updated information in bulk into the BMZ Web Application

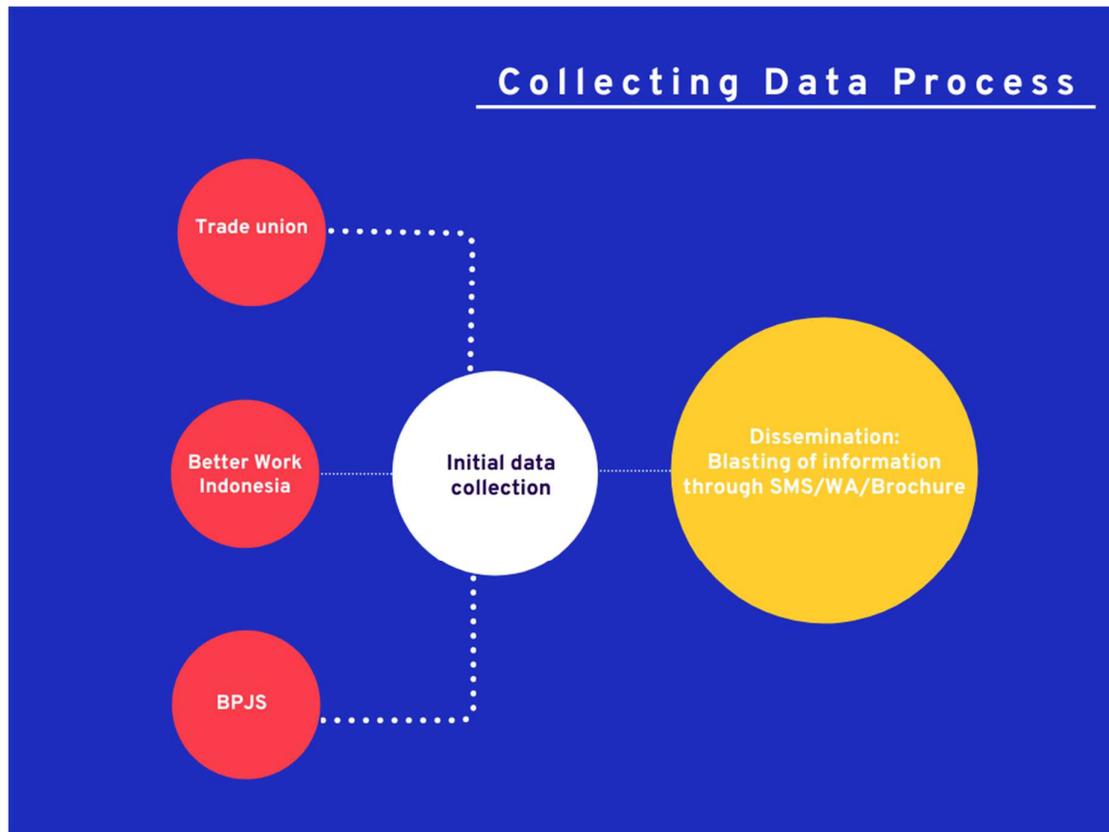
¹ This programme will cover workers in BWI factories that were active (enrolled in the ILO BWI programme) between March 2020 and May 2021. The programme covers all workers (production, management or otherwise), with any type of employment contracts who have lost their jobs between March 2020 and May 2021. This will cover workers that have been terminated, have seen their contract expire or have resigned, during this period.

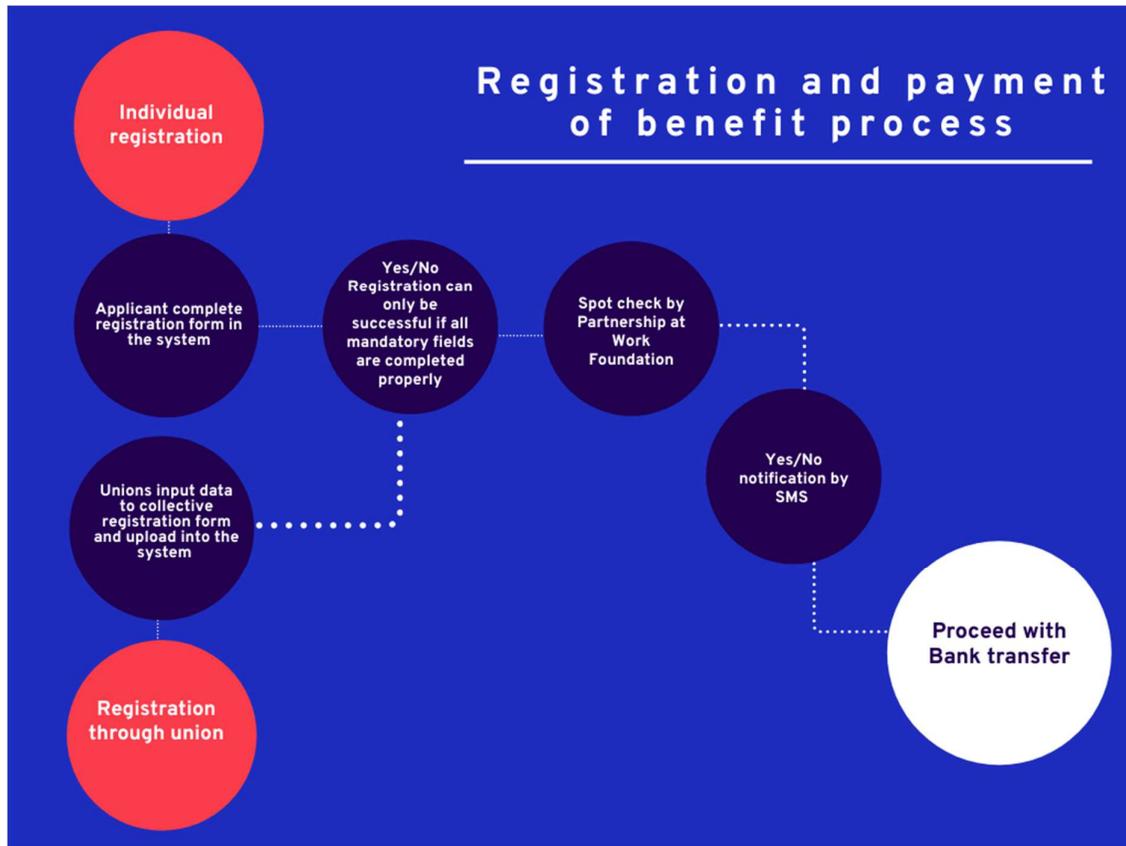
(more on this below). Other workers who have difficulties in accessing the link, fill out, or upload data can contact the Foundation Partnership at Work who will assist them.

Step 3 (July 2021 to September 2021): Spot checks and payment to bank account

The Foundation Partnership at Work will verify the accuracy of the data, on a spot check basis, and proceed with payment directly to the workers 'bank account.

The following shows the flow of the process:





Role of trade unions

Trade unions and/or workers representative in bi-partite committees at the national, branch and factory level will be asked to help disseminate information about the fund and incentivize workers to apply. BWI's trade union PAC members (GARTEKS KSBSI, F SP TSK KSPSI & FSP TSK-SPSI) will be collecting their members' data and sharing it with ILO BWI when possible, to support the dissemination process.

GARTEKS KSBSI, F SP TSK KSPSI & FSP TSK-SPSI will be able to upload their members' data in bulk or support the individual registration per worker, should workers require support. The ILO BMZ project will be supporting these trade unions financially in implementing this work. The project will also be holding a dissemination session with factories and workers and union representatives in June 2021 to introduce the scheme and the BMZ Web Application.

Role of ILO BWI and the Foundation Partnership at Work

ILO BWI and the Foundation will be reaching out to all member factories for data on workers who have lost their jobs and will request bi-partite committees and all union representatives to disseminate information about the fund to all eligible workers.

A dissemination webinar will be organized in June 2021, to BWI factories and workers and union representatives on the scheme and the process for registration. A wider dissemination campaign will follow with SMS and WhatsApp blasting among targeted beneficiaries and flyers placed in factories 'common areas, whenever permitted.

The Foundation will be creating a BMZ Web Application for the Beneficiaries 'registration that will automatically disqualify any incomplete applications or duplicative or erroneous data (e.g. two applications under the same name or ID card number).

As a final step, the Foundation will check for the accuracy of the data provided, on a random basis, in respect of 5 to 10% of the beneficiaries. This will be done following best practice and an agreed verification protocol with the ILO.

Beneficiaries Registration process

- ▶ To be eligible, workers need to register the following information in the BMZ Web Application: Name, gender, ID number and photo of ID card, mobile phone number, company name, date and proof of termination and union membership (if applicable).
- ▶ Workers that are members of F SB GARTEKS KSBSI, F SP TSK KSPSI & FSP TSK-SPSI can also register through or with the help of their unions. Any and all workers who have difficulties in accessing the link, fill out, or upload data can contact the Foundation Partnership at Work for support.
- ▶ The successful registration in the BMZ Web Application is not a guarantee that workers will receive any benefit. Workers successfully registered will receive an SMS notification confirming that their registration has been accepted and that a bank transfer has been made.
- ▶ Any knowingly false information provided will result in immediate exclusion.
- ▶ The benefit per worker is IDR 1.2 million.
- ▶ Payments can only be made to a recognized and valid bank account.
- ▶ Beneficiaries' data will not be shared with anyone in any form or shape and will be kept confidential and protected as per Indonesia's data protection laws.

Complaint system

Workers can play a vital role by reporting fraudulent claims to the ILO through the email jakarta@ilo.org. Fraudulent claims risks the provision of the compensation fund and the protection of workers. If workers (or any other concerned party) are concerned that the fund is being abused they should report to the ILO. The ILO reserves the rights of investigation.