



Tripartite National Launch Event of the Indonesia Decent Work Country Profile

Jakarta, 23 May 2012



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ILO COUNTRY OFFICE FOR INDONESIA
ILO/EC PROJECT “MONITORING AND ASSESSING PROGRESS ON DECENT WORK” (MAP)

Proceeding

**Tripartite National Launch Event of
the Indonesia Decent Work Country Profile**

**23 May 2012
Jakarta, Indonesia**

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“Monitoring and Assessing Progress on Decent Work” (MAP).

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Foreword

Monitoring progress towards decent work is a long-standing concern for the ILO's constituents. The ILO Declaration on Social Justice for a Fair Globalization recommends that member States consider "*the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate progress made*". In response to this, and with support from the European Union, the ILO in 2009 launched the project *Monitoring and Assessing Progress on Decent Work* (MAP), covering 9 countries in the world and aimed at strengthening national capacities to self-monitor and self-assess their decent work landscapes. Indonesia is one of the 9 countries to be participating in this project.

The following document is the official report of the national level launch event of the Indonesia Decent Work Country Profile –the main statistical and legal profile produced at the national level under the MAP project. Using most recent data from recognized and authoritative national sources and prepared jointly by a team of consultants from the University of Indonesia and the ILO Jakarta, the Decent Work Profile provides a first consolidated view of the decent work landscape in the country, as represented in the recent data trends, as well as a baseline assessment of recent progress made in the various components of decent work. The Profile is based on data compiled by our partners, BPS-Statistics Indonesia and the Ministry of Manpower and Transmigration. In this regard, we would like to take this opportunity to thank both agencies for working with us to produce this important document, without which none of it would have been possible.

Finally, we hope that the Profile to which this report pertains can act as a wakeup call for all parties in Indonesia on what we should do to reduce the deficits in Indonesia's decent work landscape. Furthermore, we would expect that this profile can be sustained and updated periodically by the relevant Government ministries and agencies and to be applied at the regional Government level, in that way we will be able to monitor the progress of the Decent Work Agenda in the regions.

Peter van Rooij

Director

ILO Country Office for Indonesia

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List of acronyms and abbreviations

ABADI	Asosiasi Bisnis Alih Daya Indonesia (Indonesian Outsourcing Association)
APINDO	Asosiasi Pengusaha Indonesia (Indonesian Employers' Association)
BAPPENAS	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BPJS	Badan Penyelenggara Jaminan Sosial (Social Security Administering Board)
BPS	Badan Pusat Statistik (Statistics Indonesia)
DEPNAKERTRANS	Departemen Tenaga Kerja dan Transmigrasi (Ministry of Manpower and Transmigration)
DWCP	Decent Work Country Programme
DWI	Decent Work Indicator
EC	European Commission
ECOSOC	Economic and Social Council
EU	European Union
GDP	Gross Domestic Product
ICLS	International Conference of Labour Statisticians
ICT	Information and Communication Technology
ILO	International Labour Organization
KSBSI	Konfederasi Serikat Buruh Sejahtera Indonesia (Confederation of Prosperous Indonesian Labour Unions)
KSPI	Konfederasi Serikat Pekerja Indonesia (Confederation of Indonesian Labour Unions)
KSPSI	Konfederasi Serikat Pekerja Seluruh Indonesia (Confederation of All Indonesian Workers Unions)
LFI	Labour Force Indicator
LFPR	Labour Force Participation Rate
MAP	Monitoring and Assessing the Progress of Decent Work
MDGs	Millennium Development Goals
MoMT	Ministry of Manpower and Transmigration
RENSTRA	Rencana Strategis (Strategic Plan)
RPJM	Rencana Pembangunan Jangka Menengah (Medium-term Development Plan)
SAKERNAS	Survei Angkatan Kerja Nasional (National Labour Force Survey)
SKKNI	Standar Kompetensi Kerja Nasional Indonesia (Indonesian National Occupational Competency Standards)
SME	Small and Medium Enterprise
SPSI	Serikat Pekerja Seluruh Indonesia (All Indonesian Workers Union)
SUPAS	Survei Penduduk Antar Sensus (Inter-censal Population Survey)
SUSENAS	Survei Sosial Ekonomi Nasional (National Socio-Economic Survey)
SUSI	Survei Usaha Terintegrasi (Integrated Establishment Survey)
TME	Tripartite Meeting of Experts on the Measurement of Decent Work
UI	Universitas Indonesia (University of Indonesia)

1. Opening session

Moderator: Mr Muhammad Tauvik - ILO Country Office for Indonesia

Speakers: Mr Peter Van Rooij - Director ILO Indonesia and Timor Leste

Mr Andreas Roettger – Head of Economic Cooperation and Good Governance Section, European Union

1.1. Opening speech by Mr Peter Van Rooij - Director of the ILO Country Office for Indonesia and Timor Leste

Mr Van Rooij greeted the guests: Chairman of Research, Development and Information of the Ministry of Manpower and Transmigration; Delegation, European Union for Indonesia and Brunei Darussalam; Officials of the Government Offices and Agencies (Bappenas, Kemenakertrans, BPS) and the International Organizations in Indonesia; Representatives of the Confederations of Trade Unions; Representative of APINDO; and all participants and also expressed gratitude to the participants for their involvement in the programme.

He emphasized that the cooperation between the International Labour Organization (ILO) and its tripartite constituents is longstanding and continually strengthening. This is reflected in the increasingly diversified activities that have been and are planned for the future, and the emergence of the Decent Work Agenda as a central focus of our collective efforts. This agenda is grounded in the 4 strategic pillars of the ILO: (1) employment creation and business development; (2) social protection; (3) promotion of fundamental principal and rights at work; and (4) social dialogue.

Mr Van Rooij reminded the audience that achieving decent work has become a widely shared goal, beyond the ILO and the EU. Developing and transition countries have endorsed the objectives of decent work and have developed or are in the process of developing their own country-owned decent work strategies. International endorsement of the decent work agenda was expressed at the 2005 World Summit, where Heads of State resolved to make the goals of full and productive employment and decent work for all “*a central objective of our relevant national and international policies as well as our national development strategies, including poverty reduction strategies, as part of our efforts to achieve the Millennium Development Goals*”. The 2006 Ministerial Declaration of the UN Economic and Social Council (ECOSOC) also underscored the importance of decent work and called for the global multilateral system to mainstream the goals of full employment and decent work in their policies, programmes and activities. Meanwhile, Europe Aid is actively contributing to raise awareness and enhance understanding of decent work and employment concepts among EC delegations worldwide.

Monitoring progress towards decent work is a long-standing concern for the ILO and its constituents. The ILO Declaration on Social Justice for a Fair Globalization recommends that member States consider “the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate progress made”. In response to this, the ILO in 2009 launched the “Monitoring and Assessing Progress” (MAP) Project with financial support from the European Union. The project works in 9 countries –of which Indonesia is one- to strengthen national capacities to self-monitor and self-assess progress toward decent work.

Mr Van Rooij noted that today is the official launch event of the newly published Decent Work Country Profile of Indonesia. The report was prepared jointly by a team of consultants from the University of Indonesia and the ILO Jakarta, and supported by the ILO Geneva and Bangkok. The profile was based on data compiled by BPS-Statistics Indonesia and the Ministry of Manpower and Transmigration. Mr Van Rooij thanked both agencies for their hard work and cooperation in this exercise.

He expressed his happiness that the participants of today's event were drawn from a wide range of Government ministries and agencies, representatives of trade unions and employers' association, representatives of other international agencies, multilateral and bilateral as well as research institutes.

In concluding, Mr Van Rooij expressed hope that the profile can act as a wakeup call on what the stakeholders' should do to reduce the deficits in Indonesia's decent work agenda. He noted optimism that this profile will be sustained and updated periodically by the relevant Government ministries and agencies, as well as hope that it can also be replicated at the subnational level through data collection and analysis within regional government units.

1.2. Opening speech Andreas Roettger - Head of Economic Cooperation and Good Governance Section, European Union

Mr Roettger expressed his regards to all participants and speakers. He noted that the Decent Work Country profile is part of a global EU-ILO Project to raise capacities for measuring decent work in developing and transition countries. Indonesia's participation in the project, he noted, has been a leading one, adding that the project's global nature will also provide important opportunities for knowledge sharing and learning between countries.

Mr Roettger noted the EU's support for the decent work agenda, noting that the term has become globally important as a basis for productive and dynamic economies. In the case of Indonesia, he reiterated the importance of looking at decent work characteristics – instead of merely growth indicators- as a means to broader assess developmental progress.

He also stressed the importance of collaborative developmental efforts that deliver a sustainable balance between capital, labour and the environment. Social dialogue, itself a key pillar of decent work, is key to ensuring this, he noted.

Mr Roettger expressed his pleasure that the Profile has been validated and finalised through a tripartite consultation process, which gives it particular authority and acceptance. He also noted that the profile underscores recent progress across a number of key areas in Indonesia, but also highlighted the fact that challenges do still remain. The Profile itself acts as a reliable baseline on which the government and other actors can build on in their decent work and developmental policies and programmes.

The European Union is supporting these important issues, he added, because prosperity alongside social equity and inclusiveness are essential components of sustainable development. Decent Work is also enshrined in the Millennium Development Goals, which the EU actively supports through this project and others.

2. Presentation Decent Work Country Profile

Presenters: Mr Tite Habiyakare – ILO/ROAP

Mr David Williams MAP Coordinator Asia

2.1. Mr Tite Habiyakare – ILO/ROAP

After expressing gratitude to the national participants, Mr Habiyakare introduced his colleague David Williams from Bangkok and said that the presentation is to provide a general overview of the process by which the Decent Work Country Profile has been developed, with a view to setting the context for later discussions, especially on the way forward.

Decent Work, in summary, is productive work that provides a fair income, in conditions of dignity and respect for fundamental rights, as well as a degree of security (i.e. social protection) and voice in the workplace (for example, through trade union membership). The goal of decent work is now well enshrined in global development discussions –the most pertinent example being MDG target 1b on full and productive employment and decent work for all, which is accompanied by four employment based indicators.

In this respect, Mr Habiyakare noted that the decent work agenda is no longer confined to the ILO but is accepted internationally as a framework through which countries can achieve wider poverty reduction and development goals.

Furthermore, beyond defining the concept, the ILO has since 2008 sought also to measure it: the ILO Declaration on Social Justice for a Fair Globalization set the ball rolling for ILO guidance on how to measure decent work. Under the Declaration, countries were recommended to establish appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate the progress made on decent work. This context provided the background for the current MAP project, through which the ILO is supporting Indonesia to develop, analyse, and sustain its decent work indicators at the national and regional levels.

Also in 2008, a tripartite meeting of experts was established in the ILO, its role being to establish global consensus over a general list of decent work indicators that may be adopted –and adapted- at the country level. This general list is today what countries base their own national DWIs on when developing decent work country profiles.

Mr Habiyakare then noted some of the key principles by which the ILO's 2008 guidance on measuring decent work was devised. Foremost among these principles was the vow not to rank countries or develop any kind of global indices of decent work performance. The purpose of developing decent work indicators, he stressed, was to enable countries to better assess their own status and where they are heading with regard to the core components of decent work. Whilst countries can certainly compare their progress with others at their own discretion, the current list of decent work indicators are intended to provide a standardized framework upon which they can build and adapt for their national needs. This is exactly what Indonesia has done in adapting the global list to the Indonesian context –adding and removing certain indicators accordingly.

Now that the decent work country profile is completed and launched, Mr Habiyakare noted that now was the time to start discussing the next steps. Important questions remain, such as how we can sustain this process, how can we overcome current data gaps to improve our understandings of decent work developments, and how can the profile be used in

policymaking and national development planning (defining priorities, setting targets, monitoring and evaluating implementation, and so on). Mr Habiyakare also noted his keenness to hear from social partners on how they would use the Profile (i.e. for work planning, advocacy and lobbying activities).

Mr Habiyakare noted that the profile for Indonesia provides a useful and important baseline and overview of recent achievements across the decent work landscape. Data availability for most DWIs is good, which has meant that trends have been observed in many cases since 1996.

With regard to the way forward, Mr Habiyakare noted that beyond the initial profiles produced in collaboration with the ILO, many countries are now taking on the process of continuation within their national statistical programmes. In Brazil, for example, the government has started developing regional decent work profiles. To date, 10 countries have produced profiles globally, with another 7 under development. By 2015, there will be 30 or more initial profiles, with several countries having taken the process of self-monitoring forward in their own national forms.

The MAP process has supported 9 countries to date: Bangladesh, Brazil, Indonesia, Niger, Peru, Russia, Ukraine, Cambodia and Zambia. Mr Habiyakare stated that decent work is not purely related to industrializing countries –it is equally suitable for low, middle and high income nations. It is fundamentally about self-assessment, for the purposes of effective, evidence based policymaking. Decent work is a universal aspiration regardless of development status.

To illustrate another example of a country taking the process of measuring decent work forward, Mr Habiyakare offered the example of South Africa. Here, the decent work country programme is demand driven by constituents and incorporates the nationally agreed decent work indicators (DWIs). Under the auspices of the National Economic Development and Labour Council (NEDLAC), a tripartite advisory body that takes the lead in various areas of economic and social planning (particularly related to decent work), the country defined its priorities and outcomes and set performance indicators (DWIs) accordingly. The ILO's role, therefore was merely to provide advice on how to refine and interpret certain indicators for the best results.

There are 11 chapter in decent work profile for South Africa, and there are 28 statistical DWIs against which progress in decent work is measured. NEDLAC has recommended the preparation of regular (yearly) decent work country profile (bulletin) for SA, using the identified 28 relevant indicators for the country's decent work agenda

2.2. Mr David Williams - MAP Coordinator Asia

Note: Continuing presentation slide: Measuring Decent Work. Developing Decent Work Countries Profile.

Mr Williams continued the presentation by providing an overview of the findings of the Profile for Indonesia. He noted that in addition to the national profile, the ILO is working together with MoMT and BPS to produce data and analysis on decent work in three provinces –East Java, Maluku, and East Nusa Tenggara.

Findings in brief:

- Since 1996: increases in incomes (and wages), declines in poverty, and rising labour productivity

-
- Fewer children out of school (and fewer in child labour), and literacy rates are improving (socio-economic context for decent work)
 - However, creating decent jobs for a growing population has proved challenging: EPR at 60 % for more than a decade and far lower among women
 - Unemployment is lower today than its peak in 2005; however it remains higher than in 1996. Young people disproportionately affected
 - Also a worryingly high proportion of youth that are simultaneously out of education and out of employment (NEET)
 - The situation of women in the workplace has improved:
 - Women make up a greater share of “prestigious” occupations (ISCO-88 groups 11 and 12)
 - Narrowing gender wage gap, although it is still a problem
 - Women also more likely found in “vulnerable employment.”
 - Quality of employment is still a major concern in Indonesia:
 - the informal employment still large (around 60% of employment)
 - the number of casual workers is on the rise
 - Indicators of social dialogue are hampered by a lack of data. Improving the data quality is something the ILO –and MAP project- is actively engaged in.

Mr Williams noted that this is just an overview of the findings of the profile, and encouraged participants to read the profile for a more in-depth view of the situation and recent progress. The profile, he noted, outlines clear areas of achievement and equally, key areas where progress is lagging and where data needs to be improved.

However, whilst important, Mr Williams also noted that having one baseline assessment in the form of one decent work country profile is not enough: what is needed is continual – and expanded- data collection, as well as analysis of that data with a more strategic policy-oriented view. As the country develops and new priorities and challenges emerge, we need to be able to identify them and adjust policies accordingly. Mr Williams also noted the need to take the process to the subnational level: to inform and improve local development planning.

In sum, he noted that the decent work country profile is an excellent start point to help us interpret the decent work situation and consider appropriate policies to bridge decent work deficits and encourage decent work as a development objective. The development of the next midterm plan in early 2013 provides a prime opportunity for decent work concerns to be taken up and incorporated into the national development planning process.

3. Comments from government and social partners

Speakers: Mr Djuharsa, MD, MM – Head of BALITFO, MOMT

Mr Djimanto - APINDO

Mr Said Iqbal – Presiden KSPI.

3.1. Moderator

The moderator said that from the country profile it can be seen that Indonesia has achieved some progress, but that clear gaps and deficits still remain. Despite falling unemployment and reducing poverty, issues of gender discrimination and segregation, as well as underemployment and child labour, remain prevalent. The moderator invited the resource persons to give some comments regarding the profile and whether the profile can be used for the development of the policy making.

3.2. Mr Djuharsa, MD, MM – Head of BALITFO, MOMT

Note: See presentation slide: Tanggapan Untuk Profil Pekerjaan Yang Layak Indonesia.

Mr Djuharsa stated that in the MoMT, the profile will become a resource for policymaking. By and large, he noted that the data in most chapters presents an accurate view of the situation in reality. However, there are some areas where data remains incomplete and insufficient to reflect the true situation. In other areas, he said that Indonesia has made good progress in meeting internationally agreed targets and standards.

Challenges exist particularly in terms of creating adequate job opportunities. Informality, for example, remains high, with many informal workers found in low wage, insecure employment in the agricultural and service sectors. The massive growth of outsourcing in recent years has also created new challenges and tensions in the labour market –many of which have stemmed from a lack of adequate regulation. This has become a foremost policy priority for the government.

Similarly, child labour and other forms of work that should be abolished remain too prevalent in Indonesia. In remote, rural, and less developed regions of the country, poverty and poor access to education are major hindrances to the reduction of child labour.

The DW Profile launched today highlights certain challenges, many of which the MoMT has solid action plans and programmes in place to tackle. In this respect, the profile offers an instructive baseline from which to work in these areas. However, there remain gaps between the coverage of the current Medium-term Development Plan (RPJM) and the decent work deficits identified in the Decent Work Country Profile. Although clear progress has been made in the area of equal opportunity and non-discrimination between men and women, for example, significant gaps exist.

With regard to policymaking, MoMT has a set of 11 national priorities under the current Medium-term Development Plan. Some of these overlap with the priorities of the Decent Work Agenda, including enhancing economic competitiveness, supporting mobility of labour, and enhancing labour competency and productivity. In addition, the MoMT also has a “triple track strategy” on transmigration, replicating the Governments’ “Triple

Tracks” approach of *Pro Poor*, *Pro Growth* and *Pro Job* development. The MOMT, meanwhile, has four major pillars guiding its work, supplementing the three-pronged approach of the government with an additional “pro-environment” component.

3.3. Mr Djimanto - APINDO

Mr Djimanto, representative of APINDO, greeted the audience, and introduced his colleague, Sri Martono (Nina). On behalf of APINDO Mr Djimanto thanked ILO and EU for developing the decent work country profile, which he noted contains credible and useful data on the decent work situation in the country.

When discussing the world of work, Mr Djimanto stressed that employers and employees both aspire and aim for the achievement of decent work –because it benefits both in equal measure. APINDO also need situation whereby they have a harmonious and productive work environment. Employers will thus interpret the new Profile from this perspective.

APINDO can see that Indonesia’s national competitiveness can be strengthened with improvements to management. The decent work country profile can be combined with Indonesian job pact. This pact is also a collaborative work, where in the pact includes employment social dialogue, social protection, and productivity.

Mr Djimanto noted his approval for the decent work country profile, but stressed that more attention be given to the linkages between investment, economic growth and employment creation. Furthermore, he noted the importance of social dialogue and effective tripartite bodies to ensure decent labour conditions of firms set up by new investors in the country.

He also voiced APINDO’s support for the idea of regional and provincial decent work profiles, which would help capture regional labour market variations and allow for more targeted regional policymaking and development planning. The national labour market picture, he noted, is not always the reality at the regional level; thus different policies are needed. Currently, Indonesia is divided into 6 so-called economic corridors, reflecting the government’s desire to see regions base their economic growth and development strategies around their respective comparative advantages (in agriculture, energy, industry, and so on).

In the coming years, Mr Djimanto noted that the government could consider developing Decent Work Profiles for these economic corridors (with ILO support), as well as for the provincial and district levels, where use of labour and employment data could also be applied to (decentralized) economic planning and policymaking.

Mr Djimanto also argued that Indonesia needs a national consultation on its national development plan. APINDO, he argued, would be willing to participate in such an event and provide contributions on the ways forward for decent work in the country,

From a management perspective, he noted that in order to strengthen the business environment and decent work conditions, team work and mutual trust is required between employers and employees. This will help ensure a peaceful work environment, which is also another essential condition for a prosperous business environment.

In closing, Mr Djimanto suggested that the profile should have greater reference to the potential impact of the on-going global economic slump on Indonesia, and also on the country’s pending accession to the Asean Economic Community in 2015. With regard to the latter, he questioned whether Indonesia’s economy and labour will be able to cope with the increased competition from neighbouring ASEAN states.

Mr Djimanto also encouraged policymakers present to consider more seriously the need for greater certification of profession competence across various industries. This, he argued, will help Indonesia stay competitive both globally and within ASEAN.

He said that he also heard that the World Bank will also support the development of SKKNI (Indonesian National Occupational Competency Standards) to increase the performance of low educated workers.

3.4. Mr. Said Iqbal – Presiden KSPI

Note: *See presentation*

On this occasion, Mr Said said he would like to provide another perspective on the decent work country profile –hopefully to enrich the document and our discussions.

Firstly, he noted that Indonesia is no longer a poor country; in GDP terms it is the 17th largest in the world. It is also a G20 country, signifying both political and economic importance. Income per capita is now close to USD 4,000 or about 38 million Rupiah per year –significantly higher than a number of ASEAN countries. Furthermore, with economic growth above 6 per cent, this is akin to those seen in the so-called BRIC countries of major developing nations (Brazil, Russia, India and China).

However, he noted that in reality, too many Indonesians remain poor, and from a labour perspective, far too few have adequate incomes and income security, and adequate access to social security. In addition, unionization rates are low (less than 1% of companies have a labour union, despite the relatively larger membership of the KSPI).

With regard to social protection, Mr Said referred to the ILO-backed concept of the social protection floor, which reaffirms the principles that children should be able to go to school, and all citizens should benefit from access to healthcare and a pension for old age and retirement. The reality in Indonesia, the 17th richest country in the world, is far from this, however. He expressed hope that this deficit is highlighted in the profile, and that policymakers take this on board as one of the biggest obstacles to decent work in Indonesia.

He added that under Jamkesmas millions of poor people have access to social security. However, he noted that discrepancies arise when one examines the fact that civil servants and the military enjoy social security coverage for life, whereas wage earners are only protected when they are employed. When they lose their job, they also lose their social security.

So in reality, social security is discriminatory in Indonesia. The labour unions, therefore, need to push the president and his government to change the legislation in favour of universal social security coverage. The instruction is clear; each and every citizen should have at least basic healthcare coverage. In this context, we have to assured there should be no more people who cannot access health protection in 1 January 2014. If the current government cannot deliver on this demand, Mr Said said that Indonesians should remove them from power and elect a government that can. The state should provide basic welfare for all (in effect, social justice for all Indonesians).

Mr Said then criticized the Ministry of Health’s “phased” approach to healthcare coverage. People’s health does not move in phases; everyone needs healthcare coverage now. He urged labour unions to demand their rights as citizens to healthcare, reasserting that this was the basis of a productive society.

He also emphasized the need for all formal employees to have a pension by 1st July 2015. Currently, out of 270.000 companies listed in the Ministry of Manpower and Transmigration (MoMT), only 500 provide pensions to their staff. This leaves many people who have worked their whole life in a vicious cycle of poverty.

Mr Said noted that he was not against the rich, but noted that investors in particular have a responsibility to the workers they employ –not to make them poorer than they already are. This is the basis of social justice for all. He proposed that on 1 June 2014 there should be no more PT or BUMN, because according to him, these companies only just care about profit.

Employee representatives don't trust the government, Mr Said argued. He noted that Indonesia's elected president did nothing for 7 years on social security. When the labour union applied to the high court, then they finally had their case heard.

In sum, he noted that decent work needs to be addressed not just in rhetoric but in reality. Currently, Indonesia ranks behind Ghana or Tanzania in terms of pension coverage.

On the issue of outsourcing, Mr Said said that this system needs to be eradicated if Indonesia is to achieve decent work for all. However, outsourcing is growing in the country, with 47% of hi-tech firms using outsourced labour (including global giants like Toyota and Panasonic). What's more, he also noted the practice of age discrimination which is common to outsourcing. Workers are typically released by these firms at the age of 27 –even before many are at their most productive. This is creating a lost generation of workers with no prospects for decent work. He noted stories whereby workers have married and settled with families, only to be released by their outsourcing company and left with only their families to rely on.

Decent work should eliminate exploitation in employment. KSPI research, for example, shows outsourcing wages are 20% lower than equivalent positions that are not outsourced (from the similar working position). He gave the example of manufacturing televisions at Panasonic. Regular workers and outsourced workers with the same level of experience and output receive different wages. This is exploitation: outsourced labour work for years with no pension, health insurance or future, and they receive lower wages. He questioned if this issue addressed in the decent work profile. This year, KSPI plan to fight outsourcing system and eliminate it from Indonesia.

He said the article 64, 65, 66 in UU no 13 year 2003 has a clear position on this, which effectively prevents outsourcing in Indonesia. However, while institutions like the Bank of Indonesia have now outlawed outsourcing, ministries like the MoMT continue to use it, not to mention countless state institutions like Telkom, Telkomsel, etc. To rid outsourcing from the private sector, the government needs to start with its own sector.

Talking about wages, Mr Said showed the data from 1985-1995, showing no actual increase in real wages. He said that all these challenges are breeding social unrest, and that with all channels for social dialogue closed, labour will have no choice but to shut down the highways. Social dialogue, he noted, needs to be built on a foundation of mutual trust and transparency.

3.5. Comments from moderator

The profile not only provides quantitative decent work data but indicators of the legal and policy framework across the full spectrum of decent work. The consolidation and analysis of this data is the result of the MAP project's collaboration between the government, University of Indonesia (Faculty of Economics) and the ILO.

4. Question and answer session

4.1. Questions

4.1.1. Agus Taliman - KSPI

Mr Agus, from KSPI, noted that documents such as the profile are often developed, but they are rarely, if ever, continued or followed up on. He questioned whether this would happen with this document.

In addition, Mr Agus also noted that for decent work to be really achieved, workers and employers need to engage in social dialogue in an environment free of mistrust and prejudice.

4.1.2. Baris Ritonga – FSPI

Mr Baris questioned how to realise decent work in Indonesia if the practice of “buying a job” (i.e. job applicants paying to secure employment through a third party intermediary) is still widespread. He stated that some people pay several million Rupiahs to secure a job for just 6 months using an agency, only to end up in jobs earning less than 300,000 Rupiahs each month, with little leftover for housing and basic living costs. Mr Baris noted pessimism with the “dream” of decent work, especially as so many multinational companies –and even state owned enterprises- are now engaging in outsourcing.

4.1.3. Dicky Zakaria - KSPI Ps. Minggu

Mr Dicky noted that the government was not, in his view, transparent about the efforts it is making to secure decent work in Indonesia. He illustrated the case of the minimum wage, which at Rp 1,250,000 in Jakarta is hardly sufficient to raise a family and survive above poverty. The person who ultimately answers to this situation, he argued, is the President.

On the issue of outsourcing, Mr Dicky noted that he didn't 100% agree with Iqbal. His view is that outsourcing is legitimate and suitable in certain circumstances, such as for cleaning contractors, or a time-bound project (i.e. under a year). At the same time, he recognized the need for better regulation of outsourcing to combat labour abuses.

Concerning the final question of labour inspection, Mr Dicky noted that there remain far too few labour inspectors to cover the country, and that the ultimate responsibility for this lies with the government, which must hire more professionals in this field.

4.1.4. Mr Hendrik S - Daai TV

Mr Hendrik noted that Indonesia appears to be somewhat uncompetitive compared with other regional economies, and that this is the reason major manufacturers have shifted their production bases to other countries. In this regard, he asked the government what should be done about this, and what is being done?

4.1.5. Ms Nina Tursinah

Ms Nina agreed on the importance of measuring decent work through accurate data, at both the macro and sub-national levels. Furthermore, from her perspective, it was the country's SMEs that face the biggest challenges in remaining competitive and prosperous. For many, she noted, small business owners have little alternative options, that is why they

set up businesses on their own. Many are working informally because they do not have the means to work in the formal economy.

She emphasized that Indonesia should be proud of its small and medium sized enterprises, and the fact many people are keen to simply work even if the financial reward is minimal. Supporting the growth of small enterprises is also key to job growth in the country, and thus, to the future achievement of decent work for all.

She asked labour union to help her to compete. She then questioned whether about the production cost for a simple fried tofu sometimes can be more than its price, but they have to produce it anyway. This is also not to mention the price of gas, which some people have speculated will increase by as much as 55% this year.

In sum, Ms Nina noted that there are many people in Indonesia struggling to keep their small businesses running and pay adequate salaries to themselves and their staff, despite a lack of support from the government and frequent criticism from trade unions.

4.2. Answers

The moderator asked resource persons to give comments regarding the questions and comments posed by audience members.

4.2.1. Mr Djimanto - APINDO

Mr Djimanto noted that competitiveness in Indonesia can be measured by the performance of its firms vis-à-vis those in other countries. He said that competitiveness gains are not always correlated with higher formal education levels, but work-related competency is also a major factor. Competencies for specific occupations and industries can be achieved (and certified) outside of the formal education system, meaning those with minimal education can still succeed in the labour market.

On the issue of outsourcing, Mr Djimanto stated that it is necessary to differentiate between outsourced workers and contract base employees, the latter of which can ultimately become permanent employees. APINDO, he noted, was in favour of a fair and orderly system for recruiting short term labour (to respond to legitimate business needs).

4.2.2. Mr Djuharsa, MD, MM – Head of BALITFO, MOMT

Mr Djuharsa noted that while he cannot answer all questions raised in this forum directly, participants should be assured that the MoMT takes all the mentioned challenges seriously and is working hard to resolve them.

On the issue of labour inspection, he conceded that there were simply not enough qualified inspectors in the country yet, and that raising sufficient funds to ensure a well-trained (inspector training takes 4 months) workplace of inspectors was the main challenge. Some provinces, he noted, were better than others, with regard to coverage of labour inspection. He noted the progress the MoMT is making in this area, under a new Letter of Agreement on integrated monitoring. He expressed agreement with Ms Nina on the importance of small and medium sized businesses to the country, and said that these firms too need to be covered by integrated labour monitoring/inspection.

4.2.3. Mr Said Iqbal – President KSPI

Mr Said agreed to keep promoting social dialogue and maintaining transparency throughout these processes.

Don't forget to differentiate the mandate between state and business provider. Which has responsibility to which?

Regarding informality, Mr Said said it was up to the government to regulate the informal sector and encourage the transition from informal to formal –for example, through better access to finance, to business permits, and to markets. Obstacles to formal employment need to be lifted, so that informal workers and businesses can fulfil their potential and attain decent wages (which are currently substandard for the majority of informal workers). He added that with political will and good policies, the vast majority of Indonesians could work in the formal sector with “decent” working conditions.

Mr Said proposed that future decent work country profiles should include data on social security coverage, for both informal and formal sector workers. He also noted that universal healthcare coverage of the population (including those in non-formal work settings) is a key aim and ambition of the union movement in Indonesia.

Mr Said noted the disparities between the wellbeing of most Indonesians and those in a country like Thailand, which despite having a smaller GDP [sic: Thailand's *per capita* GDP is actually higher), is richer in terms of average wages and coverage of healthcare and social security.

He said that labour unions are not against investors, however they do demand that investors take care of their workforces by not depressing wages and making people poorer than they are today. Economically, Indonesia is a successful country, yet huge shares of the population still do not benefit from this wealth.

4.3. Moderator

The moderator concluded the discussion, stating that decent work is an explicit national goal for Indonesia, as mandated in the constitution. Achieving this, he noted, was a question of how to make growth more inclusive and equitable.

5. Closing session

Moderator: Mr Muhammad Tauvik - ILO Country Office for Indonesia

The forum finished at 11.49am with closing remarks from the MC, greetings to the audience and invitations for a complementary lunch.

Annex 1: List of participants

No	Name	Gender	Institution
1	Nina Tursinah	F	APINDO
2	M. Aditya W	M	APINDO, ATC
3	FX Sri Martono	M	APINDO, Ketua
4	Thomas Pratomo	M	AusAID
5	Hariyadi	M	Bappenas
6	Chairul Rijal	M	Bappenas
7	Rizal Yamin	M	BNSP
8	M. Nashrul Wajdi	M	BPS
9	Rachmi Agustiyani	F	BPS
10	Al Huda Yusuf	M	BPS
11	Agustin Wahyu	F	BPS, Kasie Pemantauan & Evaluasi Publikasi
12	Bavi	M	CAHAYA
13	Tubagus M Iqbal	M	Coordinating Ministry of Economic Affairs
14	M. Edy Yusuf	M	Coordinating Ministry of Economic Affairs
15	Juan Casla	M	European Union
16	Beta Y.G	F	FE UI
17	Sudarto	M	FSP RTMM, Sek. Umum
18	M. Hasan H	M	FSP SPSI
19	Dadan Suhendar	M	FSP-ISI
20	Baris Silitonga	M	FSPMI
21	Henut Hendro	M	FSPMI
22	Nur Cahyo	M	FSPMI
23	Slamet	M	FSPMI
24	Maxie Ellia	M	FSPMI, Vice president
25	Coline Syller	F	ILO
26	Michele Tuccio	F	ILO
27	Gita Lingga	F	ILO, Media Officer
28	Suhermanto	M	ISI
29	Rohman	M	KSPI
30	Agus Toniman	M	KSPI
31	Sirlan	M	KSPI
32	Andi Hadiar Putra	M	KSPSI
33	E. Kustandi	M	KSPSI
34	Untung Riyadi	M	KSPSI
35	L.A. Zakaria	M	KSPSI
36	Betty Purba	F	KSPSI, Sek. Umum
37	Sri Moertiningsih A	F	Lembaga Demografi, UI
38	Fita Nurmayasari	F	Ministry of Finance

39	Nilam Rakhmawati	F	Ministry of Finance
40	Rasilu	M	Ministry of Industry
41	Zurlaini	M	Ministry of Industry
42	Darlina Darwis	F	Ministry of Industry, Head of Division
43	Purwina N. Astuti	F	Ministry of Industry, Head of Section of Foreign
44	Darwanto	M	Ministry of Manpower and Transmigration
45	Iwan Darmawan	M	Ministry of Manpower and Transmigration
46	Hennigusnia	F	Ministry of Manpower and Transmigration
47	Yayuk Hariyani	F	Ministry of Manpower and Transmigration
48	Henky Irzan	M	Ministry of Manpower and Transmigration
49	Saptarina	F	Ministry of Manpower and Transmigration
50	Roostawati	F	Ministry of Manpower and Transmigration, Kapus Litbang Naker
51	Betty W	M	Ministry of Social
52	Nuryati Lagoda	F	Ministry of Trade
53	Djunari I Waskito	M	Ministry of Trade
54	Atika	F	Ministry of Trade
55	Sukirmin	M	PP FSP PP KSPSI
56	Sunaryo	M	PP KSPSI
57	Slamet	M	PP SP TKI LN KSPSI, Head
58	Titik Handayani	F	PPK LIPI
59	Simson S	M	Pusdatinaker
60	Chris Manning	M	SEADI
61	Ivan A	M	SPKSI, Bendahara
62	Imam Djuweni	M	SPSI
63	Mitra	M	SPTSK-SPSI, Bendahara
64	Ricka Rosita	F	Vice President Office
65	Edgar janz	M	World Bank
66	Said Amin FSPMI		
67	Barda Yudistira	M	
68	Budi	M	
69	Rais	M	

Annex 2: List of resource persons and speakers

No	Name	Gender	Institution	Position
1	Djimanto	M	APINDO	Head
2	Andreas Roettger	M	European Union	Head of Economic Cooperation & Good Governance Section,
3	Peter van Rooij	M	ILO	Director
4	Diah Widarti	F	ILO	
5	Reti Dyah S	F	ILO	PO
6	Tauvik Muhamad	M	ILO	PO
7	Tite Habiyakare	M	ILO Bangkok	Statistician
8	David Williams	M	ILO Geneva	Technical Officer
9	Said Iqbal	M	KSPI	President
10	Djuharsa M Djajadihardja	M	MOMT	Kepala BALITFO

Annex 3: List of journalists

No	Name	Gender	Institution
1	Elly Burhaini Faizal	F	The Jakarta Post
2	Alina M	F	VOA Indonesia
3	Rafika	F	Tempo
4	Syamhudi	M	mediaprofesi.com
5	Roberto	M	Bisnis Indonesia
6	Talitha	F	Media Indonesia
7	Imam H	M	Hukum Online
8	Zulfi	M	Detik.com
9	Merlinda	F	Kontan
10	Rini Sutendi	F	SCTV
11	Agus Suwoto	M	SCTV
12	Arie	M	Antara
13	Prayitno	M	DAAI TV
14	Hendrik S	M	DAAI TV

Annex 4: Launching of Indonesia Decent Work Country Profile programme - Agenda



ILO/EC Project “Monitoring and Assessing Progress on Decent Work” (MAP)

ILO Country Office for Indonesia (CO-Jakarta)

Launching of Indonesia’s Decent Work Country Profile

23 May 2012
Hotel Le Meridien
Jakarta, Indonesia

Agenda

Time	Activity
08:30 – 09:00	Registration
09:00 – 09:20	Opening - <i>Mr Peter van Rooij, Director ILO Indonesia and Timor Leste</i> - <i>Mr Andreas Roettger, Head of Economic Cooperation & Good Governance Section, European Union</i>
09:20 – 10:05	Measuring Decent Work: “The Role of Decent Work Country Profiles” <i>Mr Tite Habiyakare (ILO/ROAP)</i>
10:05 – 10:15	Coffee Break
10:15 – 10:45	Comments from government and social partners: Mr Djuharsa M. Djajadiharja, Head of BALITFO, MOMT Mr Djimanto, APINDO Mr Said Iqbal, President KSPI
10:45 – 11:45	Q and A <i>Mr David Williams, MAP Coordinator Asia</i>
11:45 – 12:00	Closing
12:00 – 13:00	Lunch

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