



**Report of the Workshop on  
Employment Diagnostic Analysis  
Kupang, NTT  
18-20 January 2011**

## A. BACKGROUND

Following a request for cooperation in the field of employment analysis and employment planning from the Governor of Nusa Tenggara Timur (NTT), a workshop on employment diagnostic analysis focusing on NTT was jointly organized by the ILO and BAPPEDA NTT in Kupang, January 18-20.

The main objective of the workshop was to reach a shared understanding of the nature of the main constraints and challenges to productive employment generation in NTT as a basis for an effective policy making. The two and a half-day workshop was a highly interactive exercise where participants took active part in the analysis and identification of the main constraints, challenges and opportunities to increase the creation of productive employment in NTT through a joint structured analysis based on a methodology developed for this purpose by the ILO.<sup>1</sup> The conclusions from this joint analysis formed the basis for a discussion on priorities for policy making and other public interventions, with a view to promote productive employment creation in an inclusive and sustainable manner at both the provincial and the district level.

The main results of the workshop were:

1. A common understanding of the key constraints on and challenges for achieving inclusive, job-rich growth that would help prioritize the problems impeding employment growth.
2. A broad consensus on the policies and interventions needed to enhance the generation of productive employment in NTT
3. Hands-on training in employment analysis

## B. EXECUTIVE SUMMARY

The two and half day workshop saw active participations from government officers (NTT province and NTT districts), trade unions, KADIN (chamber of commerce), Bank Indonesia and academic representatives. As a basis for the discussions, presentations on relevant issues were delivered between and before group discussion sessions.<sup>2</sup>

The workshop was opened by the Deputy Governor of NTT and the Director of the ILO Office in Janarta. The opening session was followed by a series of brief presentation relevant to the workshop. The vision and main focus of the NTT Development Plan was presented by the Head of BAPPEDA NTT, Bapak Wayan Darmawa (see **Annex 4**). Bapak Per Ronnas, ILO Geneva, made a brief presentation of the conceptual basis and main features of the methodology for employment diagnostic analysis (see **Annex 5**), while Bapak Kazutoshi Chatani from the ILO Jakarta Office presented the main conclusions from an recent analysis of main constraints on inclusive growth undertaken by ILO, ADB and IDB (see Appendix 5).

In the second half of the first day the focus shifted a joint undertaking of an employment diagnostic analysis of NTT based on the methodology presented earlier during the day. During the afternoon of the first day and the whole second day, participants worked in groups to discuss and prioritize issues relevant to increasing productive employment in NTT, covering core areas such as human

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<sup>1</sup> *Conceptual and Methodological Guide to Employment Diagnostic Analysis / Panduan Konseptual dan Metodologi untuk Analisa Diagnostik*, (Geneva & Jakarta: ILO, 2010) Draft.

<sup>2</sup> For details see the agenda in Appendix 1.

resource and access to land, enhancing the rate and quality of economic development and addressing present and emerging sources of inequality. At the end of second day, four critical areas for enhancing productive employment were identified (Annex 9):

1. Human resource (mainly education)
2. Market development (specifically market failure)
3. Access to finance
4. Business environment

During the group work on sources and causes of inequality in access to productive employment three dimensions of inequality were found to be of particular importance:

- Inequality between rural and urban areas
- Gender-based inequality
- Inequality between different parts (districts) of the province.

In order to ensure development with equity all policies and interventions needs to be designed in a manner that ensures that development benefits everybody and not just some and effectively reduces inequality. To this end the final group work focused on identifying and addressing the key equity aspects along the three dimensions identified – rural-urban, gender based and geographic - with regard to the four critical areas for enhancing productive employment that had been identified earlier. The result of this exercise is presented in Appendix xx.

The last session in the third day resulted in the following summary conclusions:

1. Aspects and sources of inequality needs to be fully understood and mainstreamed into policies and other interventions aimed at addressing development challenges in the four priority areas identified..
2. The current quality of human resource in NTT is not sufficient to drive economic development. The shortcomings in the field of human resources range from the planners in government bodies to the technical agencies to the farmers. Some causes were identified e.g. while primary education existed in almost all regions in NTT, there is a lack of quality and availability of secondary education in NTT, especially in rural areas and notably in some remote districts. Inequality of access to education between the two sexes was also identified. For farmers, remoteness led to inequality of access to information and knowledge, holding back the intensification of agriculture.
3. Markets for agriculture products and inputs remain poorly developed and a constraint on intensification of agriculture. The lack of access to market information – especially prices, buyers, price trend both in external and internal market – has lead to inappropriate crop management in most areas. There is also a severe lack of agro-processing facilities and the backward and forward linkages to agriculture are generally poorly developed. The crop mix is also often poorly adapted to the natural conditions (soil, rainfall etc.) and this is one of the reasons for the low levels of production In some areas, land issues and lack of secure and clear property and user rights of land heighten the problems, creating an additional constraint on achieving sustainable and intensive agriculture as well as deterring potential investors. Poorly functioning of markets and the difficulties of intra-regional transport are also obstacles to the creation of a dynamic economy that integrates all parts of the province.
4. A lack of access by farmers to finance was identified as a major constraint on agricultural development. While collateral for credit was an issue amongst farmers, local banks and

financing agencies are also short of capital. One of the reasons was the low level of savings. Therefore, government needs to promote savings amongst farmers and villagers.

5. The business environment was considered as unfavorable; some issues like corruption, complex bureaucracy, poor incentives, lack of infrastructures has led a reduced interest amongst investors (both external and internal).

The above findings were extracted from participants' discussion especially in session 8. A more detailed account of the presentations, analysis and conclusions is provided below.

## **C. THE EMPLOYMENT DIAGNOSTICS ANALYSIS: CONCLUSIONS AND HIGHLIGHTS FROM THE DISCUSSIONS**

### **The Dynamics of Employment, the Labour Market and the Economy**

A review of the dynamics of employment, the labour market and the economy in NTT served as an introduction to the analytical sessions (**see Annex 7**). The review was based on a study undertaken by the ILO as an input into the workshop and to create a common understanding of the main features and challenges of developments in NTT over the past decade from the perspective of employment creation.<sup>3</sup>

NTT has a young and rapidly growing population implying a strong pressure on the economy to create productive employment opportunities for the large number of young people who enter the labour market year. The rapid population growth also results in increasing population pressure on land in the rural areas, which underscores the need for an intensification of agriculture and for creation of alternative employment opportunities in the non-agricultural sectors of the economy. However, the demographic structure also implies opportunities. As fertility starts to fall the dependency ratio is beginning to improve and the so called demographic window of opportunities is opening up in NTT. As the share of the working age population in the total population increases, each breadwinner will have fewer people to support, creating favourable conditions for increasing per capita income and savings, provided that the high activity rates can be maintained and that employment growth does not take place at the expense of productivity.

Activity rates in NTT are high, but appear to have fallen in recent years, partly because young people tend to enter the labour market at a later age. A more worrying aspect is that the activity rates for women are much lower than for men. While virtually all men in the 25-59 age group are economically active, a third of the women in this age group do not work. The trend of falling activity rates needs to be halted, while special efforts may be needed to increase the activity rates of women.

The deficit of productive employment takes two main forms: open unemployment and working poverty. Unemployment is comparatively low, reflecting the agrarian and rural nature of the economy and labour market. However, unemployment is high among the urban youth, not least

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<sup>3</sup> Miranda Kwong and Per Ronnås, *Dinamika Pekerjaan, Pasar Tenaga Kerja serta Perekonomian di Nusa Tenggara Timur (The Dynamics of Employment, the Labour Market and the Economy in NTT)* (Geneva and Jakarta: ILO, 2010). Draft

among young urban women, suggesting that many young people in urban areas find it difficult to enter the labour market. Still, the deficiency of productive employment takes mainly the form of working poverty rather than open unemployment. Poverty affects a quarter of the total population in NTT, which means that approximately half a million of the labour force are working poor. They also include those who work long hours but still do not earn enough to lift themselves out of poverty. A rough calculation suggests that by 2008/2009 approximately 27 per cent of the labour force of NTT, that is approximately 585,000 people, lacked productive employment. Some 23.3 per cent of the labour force were working poor, while 3.7 per cent were unemployed.

One way to address the issue of the working poor is to enhance human capital in NTT as the province is still lagging behind Indonesia as a whole. As half of the pupils drop out after primary school, the access to secondary education remains limited, particularly for women who face more difficulty in accessing higher education than men do.

Gender differences are also reflected in wages. Women receive lower wages than men at all educational levels. In addition, when looking at level of wages by educational attainment, a striking fact appears: those who reach Senior High School or more earn at least twice the salary of those who achieve Junior High School at most. On the other hand those with higher education are also more likely to be unemployed. This seems to point out a mismatch between supply of skills and the demand on the labour market together with a lack of attractive employment opportunities for the highly-skilled especially in rural areas.

The rural character of the province is clearly reflected in the composition of employment, with two thirds of the labour force employed in the agriculture sector, mainly in subsistence farming. Employment in services is mainly found in urban areas such as Kupang, and mostly involves those who work in government/public sector as well as in wholesale trade and retail trade. The manufacturing industry (primarily weaving) is lagging far behind both in terms of output and employment reflecting the undeveloped state of this sector.

The dominance of subsistence-based agriculture and the virtual lack of a modern manufacturing industry explain the importance of self-employment and of the informal sector, which absorbs more than 80 per cent of the labour force. As the informal sector is generally linked to poverty and implies vulnerability and lower wages, this specific issue deserves special attention for policy makers.

While agriculture remains the main source of employment, services are responsible for the largest share of output. Until 2006 employment in agriculture grew faster than production implying that labour productivity in agriculture was falling. Since 2006, the picture looks completely different. The growth of employment in agriculture seems to have stopped entirely and, while employment in services, in particular in trade, has increased very rapidly in recent years and has accounted for the entire increase in the labour force. Hence, there seems to be a start of structural change away from agriculture and into the services that become the main source of new jobs. This is not necessarily a positive development employment growth in services in recent years has been faster than the growth of value added produced in these sectors, implying a fall in labour productivity. Thus, push rather than pull factors may have driven much of the structural changes in employment in the past few years in the sense that people seem to be pushed out of the agriculture by low levels of income, rather than pulled to services by attractive employment opportunities.

From the study undertaken, some policy conclusions were also drawn feeding into the next presentations and group discussions of the workshop. The agriculture sector is the main source of livelihood for NTT, however production in this sector is still mainly subsistence-oriented and levels of technology and production remain low. There is a strong need to develop the agricultural sector aiming at increasing returns to land and labour, together with an increased market-orientation of production. At the same time, there is a need to diversify the economy through a development of the non-agricultural sectors to create more productive employment opportunities outside agriculture to create a basis for sustainable high rates of economic growth. Overall, these measures would allow a gradual shift of labour from agriculture to other economic sectors. In addition to these twin challenges, the development of niches for exports with a focus on high value added products should be considered.

Enhancing investment in human resources and physical infrastructure must be cornerstones for any strategy to increase the productive base of the economy. There is also a need to address issues related to inequities in order to achieve development with equity, such as the equal access to education in all parts of the province.

### **Highlights of discussions:**

Following this presentation, the facilitator asked the participants to deliberate on the following three questions:

1. What is the most important characteristic, issue or problem of economic development in NTT?
2. What is the most important characteristic, issue or problem of employment in NTT?
3. What is the most important characteristic, issue or problem of job market in NTT?

Generally speaking, participants agreed with the findings and conclusions highlighted in the presentation.

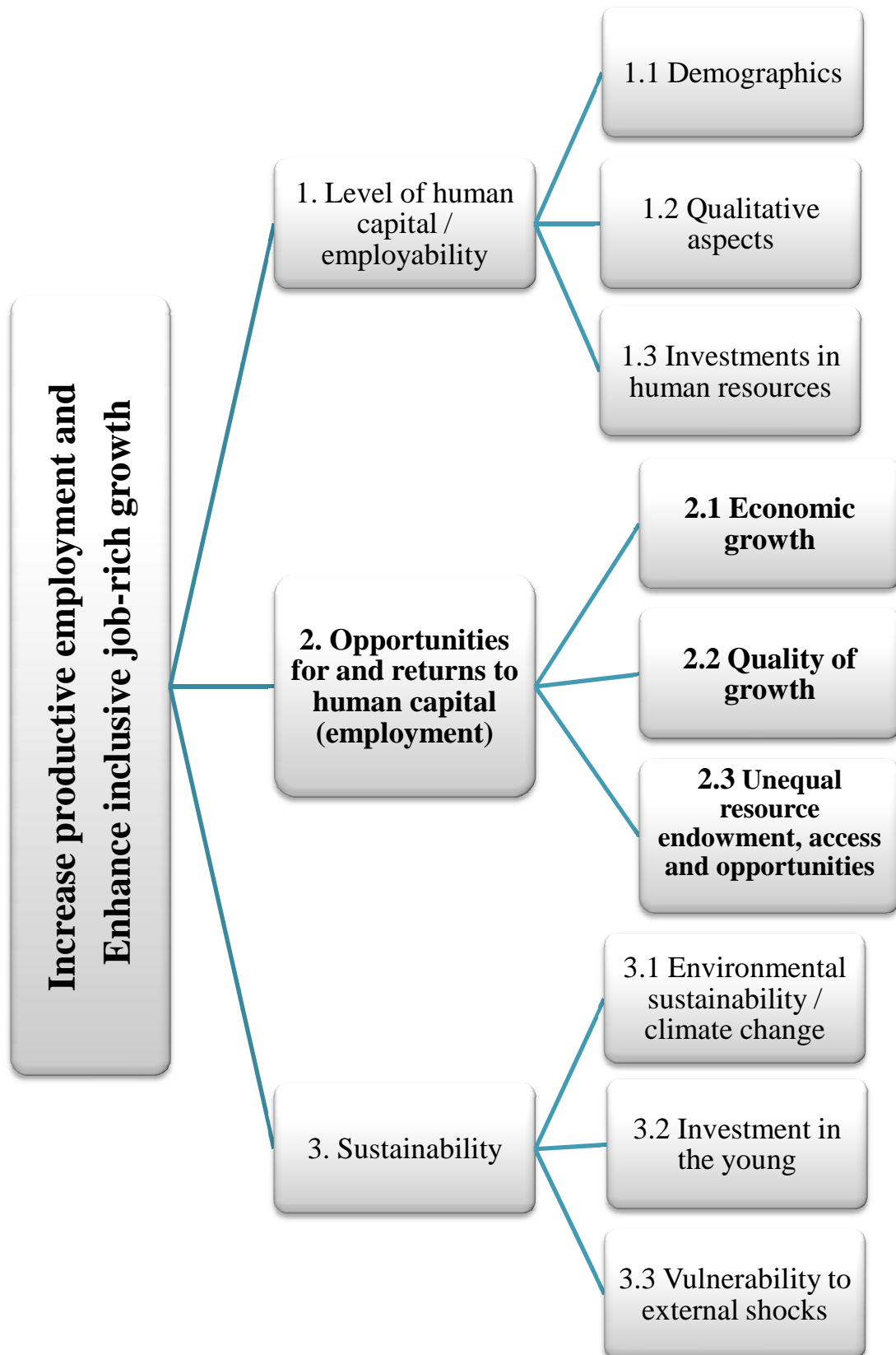
With regard to the first question related to economic development in NTT, the participants identified agriculture, low investment and incomes, high inflation, migrant workers, underdevelopment of industries, small scale of the economy, lack of local processing of natural resources and inequalities between districts as the most important issues.

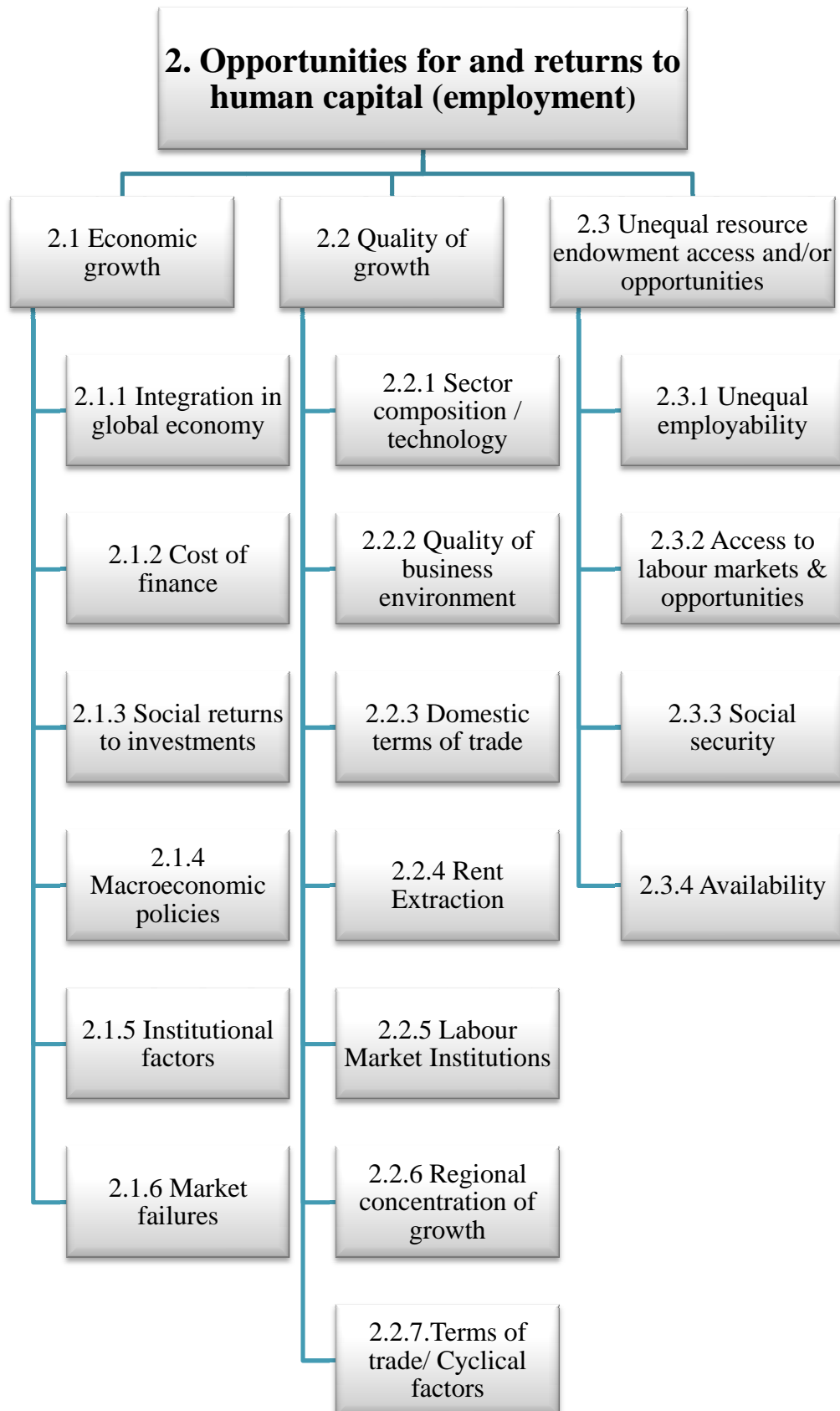
On the second question related to employment in NTT, the participants particularly emphasized the low level of education and skills of the labor force, particularly among those involved in agriculture and in the informal sector.

Finally, on the third question related to the job market in NTT, the participants mainly identified the lack of information and the limited access to the labour market, partly due to the low level of education and skills.

### **The joint employment diagnostic analysis**

The joint employment diagnostic analysis undertaken during the workshop followed a structured, stepwise approach based on the below employment diagnostic 'reference tree'. The first session focused on the productive resources available to the labour force, primarily in the form of human resources (education, health etc.), but also other productive resources such as land. This was followed by a session where the focus shifted to the rate and quality of economic growth with a view to explore constraints and challenges with regard to productive employment opportunities. A subsequent session focused on causes of inequality in access to productive employment. During the final session the conclusions and key findings were brought together.







## Human resources and other productive resources

An introductory presentation on human resources noted that NTT is trailing behind the rest of Indonesia in several important respects (**see Annex 8**). Although primary education is well developed and has reached almost full coverage, access to secondary education as well as to vocational training is limited and enrollment rates in secondary education are well below the average for Indonesia. It was also noted that there are large gender-based differences as well as rural – urban differences in access to post-primary education and vocational training. Another major cause of concern is the very high rates of malnutrition among children. This is particularly worrisome as severe malnutrition in the early years of life causes irreparable damage to the ability and capacity to learn and benefit from education. It was noted that public spending on both education and on health has increased significantly in recent years, but also that much remains to be done before NTT catches up with the rest of Indonesia. A subsequent presentation focused on the importance of skills to economic development in general and to intensification of agriculture and the development of value added chains linked to agriculture in particular. Examples from other parts of Indonesia were used to illustrate how a skills needs assessment can be undertaken and used.

During the following group work three main questions were discussed:

1. What are the 3-4 main problems/issues that need to be addressed to increase the level and quality of education of the present and future workforce in NTT?
2. Is spending on education/health sufficient in NTT compared to Indonesia as a whole?
  - If not, how to increase spending and what areas should be prioritised? (In education, health or other sectors).
3. What would be the most important measure to reduce malnutrition and to achieve food security for all?

Inequality in access to high quality education and health care was identified as a major problem. It was noted that rural areas in particular suffer from poor physical infrastructure (insufficient and low quality of school buildings and class rooms), a shortage of teachers and a low level of qualification among teachers (many teachers lack formal certification and the best teachers work in the towns). There are few secondary schools outside the main urban centres and as a result rural children have difficulty in accessing secondary education due to long distances. Indeed, it was concluded that children in rural areas are severely disadvantaged in terms of access to good education.

Gender inequality in access to post-primary education was also perceived to be a major problem. Cultural factors and conservative attitudes towards the role of women were seen to be main factors restricting the access of girls and young women to education.

Some general problems were also highlighted. Working conditions and remuneration of teachers are not very attractive. This problem is particularly severe in the rural areas. There is a general lack of vocational and skills training and what little exist is often not in tune with market demands. Despite recent increases in public spending on education and health public spending was still not perceived to be enough. The participants pointed to a lack of teachers in general and qualified teachers in particular, poor quality of school buildings, insufficient availability of scholarships and a lack of

private sector involvement in education. It was suggested that there is a need for a pro-education policy and increased budget allocations to education in order to both improve the quality of education and access to education. Improving working conditions for teachers and a substantial increase in the availability of scholarships for talented children from poor backgrounds were also very much needed.

The situation in the health sector has many similarities with that in the education sector. Qualified doctors and nurses are almost exclusively found in the main towns, as working conditions in rural areas are unattractive. In rural communities there is a general lack of information on health related issues and there is no system for disseminating such information in rural areas. In many areas access to medicine is also a problem and stocks of medicine are often depleted. The solutions to the poor provision of health care in rural areas were found to be quite similar to those in the field of education. The health care infrastructure in rural areas needs to be improved and strong incentives should be created to attract qualified health staff to work in rural areas. There is also a need to conduct regular health campaigns in rural areas.

Malnutrition was generally recognised to be a severe problem not only in its own right, but also as it impairs the mental and physical development and leads to poor health. Children who suffer from malnutrition are therefore less likely to be able to gain productive employment as adults. Malnutrition is a widespread seasonal phenomenon in NTT due to the long dry season. Improved crop mixes and crop diversification can improve the situation, but elimination of malnutrition will require both an intensification and a diversification of farming. It will also require a system for providing additional food for the poor, for instance in the form of a school lunch/milk programme, and a reactivation of the *posyandu* (community health services at the village level).

## **Increasing productive employment opportunities – A focus on the economy**

The creation of productive employment opportunities is closely linked to the rate and quality of economic growth. In order to create productive employment opportunities for the large number of young people who enter the labour market each year AND reduce the number of working poor and unemployed, the economy needs to grow at a high rate and the nature of growth must be such that it effectively increases productive employment in an inclusive and sustainable manner.

A brief review of the economic development in NTT (see **Annex 9**) over the past decades shows that the rate of economic growth has been lower than in Indonesia as a whole. Growth has stagnated at a level of 3-4 per cent per year and as a result NTT has increasingly fallen behind the rest of Indonesia in terms of economic development, productive employment and incomes. The low rate of growth is linked to the structure of the economy. The economy is still dominated by subsistence-oriented agriculture and a growing services sector, in which public sector services play a main role, while the role of manufacturing in the economy remains miniscule. To put the economy on a path of sustainable and rapid growth needed to ensure productive employment for all and an elimination of poverty will require:

- Intensification and increased market-orientation of agriculture.
- Diversification of the economy, with priority given to developing linkages to and from agriculture, strong domestic value added-chains and modern manufacturing.

- Intensification and development of export niches.
- Achieving growth with equity. Economic development must be inclusive and pro-poor.

The subsequent analysis focussed on an identification of the main constraints and challenges for achieving such a development.

The rate and quality of economic growth is influenced by a wide range of factors. The employment diagnostic reference tree was used to structure the analysis.

Broadly speaking the factors influencing growth could be divided into three categories.

- Factors beyond the control of the provincial authorities in NTT
- Factors presenting crucial challenges for achieving high rates of growth and rapid increases of productive employment in NTT.
- Factors of less importance to economic development and productive employment creation in NTT at present.

The first was found to include factors such as macro-economic policies, integration in the global economy, terms of trade and cyclical factors. These are all factors which influence the economic development in NTT, but over which the Provincial authorities cannot exercise any control.

The subsequent analysis and discussion focussed on an identification of the factors that presented the greatest obstacles and challenges to (i) intensification of agriculture and (ii) economic diversification and the development of manufacturing. The analysis resulted in an agreement that the main constraints and challenges belonged to three 'branches' in the 'employment diagnostic tree' which therefore needed priority attention by policy makers. Namely:

- Poorly functioning markets
- Access to finance / credits
- The quality of the business environment..

The problem of poorly developed and functioning markets takes many forms. The markets for agricultural products function poorly. Farmers often have difficulty in accessing markets to sell their produce. Because most markets are small and poorly integrated with each other local supply and demand can vary greatly, resulting in large price fluctuations, which creates uncertainty for both sellers and buyers. Farmers often get very unfavourable prices for their products because they are in the hands of monopoly buyers, who also often provide credits and inputs. Markets for providing inputs to agriculture were also found to be poorly developed. If markets were better developed farmers would benefit from more predictable as well as more advantageous prices. This, in its turn would create incentives for farmers to produce more for the market and to invest in more use of fertilisers, improved seeds and other yield-enhancing technologies.

Another cause of poorly functioning markets is the high cost and difficulty of transport between different parts and islands of the provinces. This was found to be an obstacle to the creation of an integrated and efficient economy comprising the entire province. One illustration of the low level of integration of the domestic economy is that much of the food sold in the shops in Kupang and other large towns come from Java and other parts of Indonesia although it could be supplied locally. NTT is an integrated part of the large Indonesian economy and could potentially benefit greatly

from exporting to this large market. However, this export potential remains largely untapped. NTT exports primarily raw materials, while it imports most of the processed goods and food consumed in the province. Most producers in NTT are small and lack the information and knowledge to export successfully.

A poorly functioning or non-existent land market was also found to be a main constraint and an important obstacle to attracting investments. Most land is collectively owned, so called customary or heritage (tanah ulayat) land. Buying of such land is complicated and the difficulty of obtaining secure property rights over land tends to discourage potential investors.

Poor access to finance and credits can in some ways be seen as another example of poorly functioning markets. There are many examples of how small businesses and farmers suffer because they do not have access to loans from banks and other financial institutions. The banking sector remains rather poorly developed and although the amount of bank loans has expanded rapidly, most of the loans are for consumption and there is still very little long term lending for investments. In agriculture, where large seasonal fluctuations in both incomes and expenditures create particular needs for credits, farmers find it difficult to access credit on reasonable terms. As a result, they often fall victim to local money lenders charging very high interest rates.

However, another aspect of poor access to finance and credits is the very low savings rate. According to official statistics the savings rate in NTT is only 4 per cent of the provincial GDP, which should be compared to 25 per cent for Indonesia as a whole. Low levels of savings result in lack of availability of capital for investments and a low capacity of the local banks to lend money. This is also reflected in the much lower level of investments in NTT as compared to the country as a whole. Addressing the problem of the low level of investments and of poor access to finance will need to go hand in hand with strong efforts to increase savings and to promote savings in banks and in credit cooperatives.

Shortcomings in the overall business environment were identified as a third main type of constraint on economic development. Some of the complaints had to do with corruption, 'unsupportive attitudes of bureaucrats' and unnecessarily complicated rules and procedures for setting up and running businesses. However, at least as important was found to be a lack of policies that actively promote business development in a coherent manner. There is a need for systematic mapping of local potentials, to improve physical infrastructure in support of economic development and for improved dialogue between government and the private sector. Many participants were also of the opinion that the planning and policy-making capacity of the provincial and local authorities needed to be improved and that there was a need for greater coherence and consistency over time of policies and plans.

The participants came up with a large number of proposals for actions needed to address the identified problems, some of which are listed below. They strongly point to the need for forceful policies to actively promote and steer economic development, to foster the development of well-functioning and integrated markets and for government to become a driving force of economic development rather than just a facilitator of development. Some of the main proposals to this end included:

- Mapping of local potentials and assistance with market identification.
- Development of technologies appropriate to NTT and dissemination of technology.

- Engaging the university to undertake research on critical development issues for NTT.
- Development of value added chains that create price stability, strong market linkages for farmers as well as employment and income opportunities outside agriculture.
- Promotion of cooperatives of farmers.
- Active support to the development of exports and the development of commodity and trade centres.
- Focus on regional development.
- Capacity development of policy makers
- Entrepreneurship training, training in setting up and running businesses.
- Organisation of study tours / benchmarking to learn from others, including interships in manufacturing firms elsewhere in Indonesia.
- Provision of soft loans for local entrepreneurs.
- Establishment of a regular dialogue between government and the private sector.
- Investments in infrastructure.
- Improving the incentive structure for government officials to actively support policy implementation.

Agro-processing, fishing and cultivation and exploitation of marine resources (e.g. fish, pearls, seaweed, salt), cash crops such as cocoa, vanilla and cashew nuts, tourism and mining (manganese and marble stones) were identified as niches with large development potentials. To exploit these potentials there would be a need for support with technology for farming and processing, the creation of an integrated feed industry (e.g. for cattle), promotion of GEMALA (Gerakan Masuk Laut = Let's enter the sea), improved infrastructure and a strengthened collaboration with external actors.

## **Achieving economic development with equity**

Throughout the workshop, inequality in various forms was raised in the discussions as an important aspect of the development challenge. Indeed, all the factors identified as critical challenges for development of human and other productive resources and for creating productive employment opportunities for growth were found to have important dimensions of inequality.

A brief presentation served as an introduction to the session on achieving growth with equity (**see Annex 10**). In this presentation four main sources of inequality were identified.

- Unequal access to productive resources (e.g. education, health, land)
- Unequal opportunities to access productive employment, for instance due to poorly functioning labour markets, gender discrimination, obstacles to geographic, occupational and social mobility and large geographic difference in economic development.
- Insecurity and vulnerability preventing people living in poverty from taking calculated risks.
- Little available time to work due to heavy and unequally shared responsibilities for household work and child care.

In the ensuing discussion, the participants identified three types of inequality as particularly serious.

- Inequality between rural and urban areas
- Gender based inequality
- Inequality due to regional differences in economic development, access to education, health and other public services and in productive employment opportunities.

## **Synthesis of conclusions and mainstreaming of key dimensions of inequality**

During the final day of the workshop the main findings and conclusions from the analysis were brought together, synthesised and structured based on the ‘employment diagnostic tree’.

The earlier discussions had identified important dimensions of inequality in access to productive employment and it was also found that most of the key issues and challenges in the fields of human resources development and the rate and quality of economic development had important equity implications. In order to address the objective of achieving development with equity, it was therefore decided that the final session should be devoted an effort to mainstream the three main dimensions of inequality – rural-urban, gender based and regional – into the proposals for addressing the four priority identified priority areas: Human resources development, improved functioning of markets, access to finance and improving the business environment.

The groups were asked to address the following question: “During the analysis we have identified four main problem areas for increasing productive employment in NTT – Human resources development (especially education and skills), improved functioning of markets, access to finance and improve business environment. We have also identified three key dimensions of inequality. Identify the key issues and problems that needs to be addressed in order to minimise inequality when addressing the four problem areas for increasing productive employment. Each group was asked to focus on one aspect of the three key dimensions of inequality. The results of this analysis and discussion strongly conveyed the message that inequality issues need to be tackled along with the four prioritised problem areas. The detailed result of this analysis is presented in the matrix below.



## MATRIX OF RESULTS

Priority Area	Rural vs Urban		Amongst Districts		Men and Women	
	Problems	Solutions	Problems	Solutions	Problems	Solutions
1	<b>Human Resource/ Education</b>	Education in rural areas only primary education, limited infrastructure (shared tables)	Improving infrastructure (building secondary schools in rural areas, improvement of infrastructure for learning-teaching)	Discrepancy in number and quality of instructors (for non-formal education)	Increasing the number of instructors and ensuring equal distribution of instructors in each rural area gradually  Training and education on entrepreneurship	In compulsory education, it was still balanced. However, in secondary and higher education still dominated by men.  Information dissemination (socialization) for gender mainstreaming
		Number of teachers & teachers' competency (teacher for religion subject was teaching math in school)	Increasing the number and improving the quality of teachers	Discrepancy in provision of education infrastructure & facility	Increasing budget and ensuring equal allocation of budget for development of education facility & infrastructure in every level of education Partnership with other parties in equal provision of education facility & infrastructure Increasing the type of vocational education facility that was based on market needs & potentials in NTT	More type of skills for men compared to skills for women  Specific training/skill for women drop out (school) and living in rural areas
		Access to school was difficult	Transportation	Discrepancy in the number and quality of teachers	Equal distribution on the number of teachers in elementary schools Increasing the number	



Priority Area		Rural vs Urban		Amongst Districts		Men and Women	
		Problems	Solutions	Problems	Solutions	Problems	Solutions
					of teachers in secondary schools Budget allocation to increase the welfare of teachers in isolated areas Provision of scholarship for teachers with Open University program Provision of education and training on learning methodology and development of competency-based curriculum		
		Implementation of KTSP (school-based curriculum)	Socialization and establishment of Education Committee in each school	Implementation of KTSP (school-based curriculum)	Socialization and establishment of Education Committee in each school		
		Low quality and competency of teachers	1. Activation of Education Committee in each school 2. Improvement of quality, competency and qualification of teachers				
		Low level of technology utilization	1. Socialization and training on utilization of efficient & appropriate technology in rural areas 2. Provision of efficient & appropriate technology according to the needs of community				

Priority Area		Rural vs Urban		Amongst Districts		Men and Women	
		Problems	Solutions	Problems	Solutions	Problems	Solutions
		Low quality of instructors / technical facilitator (farmers)	Training and internship for instructors (technical facilitator)				
		Lack of entrepreneurship mindset	1. Curriculum of local content with materials on entrepreneurship 2. Practice in implementing entrepreneurship Course on entrepreneurship with qualified mentor and assistance (facilitation)				
2	Market development	Unavailability of market information	Activating and optimizing the promotion activity in Districts/Cities and access to rural areas	Un-clarity of market for farmers and local entrepreneurs	A government policy to develop a local excelled-product and 'facilitate' market for local farmers & entrepreneurs in all over NTT	Women work in the market, but do not have entrepreneurship soul/ business management	Training on entrepreneurship with time selection according to condition (late afternoon to evening)
		Continuity of commodity	1. One district/ city one product according to its potential (competitive advantage) The role of private and cooperative in marketing of production villages	Limited land for business	Intensification of business by optimizing processing process to increase the selling value of the product	Women do not have technical skills in product processing (selling raw materials)	Technical training on processing as well as assistance in form of supporting equipment package (ex. salt, bar)
		Transportation	Improvement of	No continuity	Improvement of	Women sell	Government

Priority Area		Rural vs Urban		Amongst Districts		Men and Women	
		Problems	Solutions	Problems	Solutions	Problems	Solutions
			transportation facility from production ‘pockets’ in the rural areas to the market (land and sea)	of raw materials	technology for agricultural production Improvement of business scale	monotonous product (there was no product development)	provide instruction & facilitators (instructors) of business opportunity in village level continuously
3	Access to finance	Access to finance was difficult, there was no collateral & the practice of system ‘ijon’ (money lender)  Ijon system: the system by which a farmer mortgages the crop (for money) before it was harvested.	Establish micro-finance institutions Revitalizing and optimizing the role of KUD (Village Cooperative System) Socialization of ACCESS to KUR (kredit usaha rakyat – a loan package for SME )	Low access to bank loans	Easing the requirements for loan Empowering the credit guarantee institutions reaching to rural areas Provision of soft credit for business development	Limited capital and to apply loan, women have to get permission first from their husbands	Optimizing the community economic empowerment fund (PEM), adjusted to the type of government
						Women was smarter in managing finance than men, but men gain higher income from women	Training on entrepreneurship & skill to develop business

Priority Area		Rural vs Urban		Amongst Districts		Men and Women	
		Problems	Solutions	Problems	Solutions	Problems	Solutions
4	<b>Business Environment</b>	Infrastructure was not adequate in rural areas	Giving priority in development and infrastructure improvement (electricity, water, road, port, communication facility)	Limitation of infrastructure provision	Provision of 'basic infrastructure' which support the development of local economic centers	Lack of information on business thus products were made the same	There should be dissemination of information on business from the lowest level in villages/kelurahan (keluarahan: administrative area similar to village level, under sub-district)
				Regulations on industry were not in order	Develop regulations in supporting investment		Empowerment of the current institutions (PKK – Family Welfare Empowerment)

## Evaluation of workshop & Comments from participants

An evaluation form was distributed to participants to measure the outcome of the workshop. Participants were asked to indicate their opinion for each question by circling between 1 and 5: 1 if they were the least favourable, and 5 if they were the most favourable.

The workshop was received well by participants. 23 respondents rated the workshop an average of 4.43 on a scale of 1 - 5. The average note from all participants can be found below:

### The methodology

The methodology is useful for making policy decisions.	4.6
The methodology is helpful to structure an employment analysis.	4.7
I can use this methodology by myself.	4.2
I will utilize this methodology again	4.5

### The instruction

The methodology was conveyed well.	4.7
The presenters were knowledgeable.	4.7
The presentations were interesting and practical.	4.6
Group discussion and interaction were useful.	4.7

### The material

The material provided was useful.	4.7
The material provided was comprehensive.	4.5

### Time frame

The duration of the workshop was adequate.	3.8
The work load was not too hectic	4.1
Enough time was allotted for discussions.	4.0

### Organisation

The workshop was announced well in time.	4.2
Travel and living arrangements were satisfactory.	3.9
Organisation during the workshop was satisfactory.	4.3

### Translation (for those who speak Indonesian and English)

No information was lost in simultaneous interpretation.	4.5
No information was lost in text translation.	4.6

### Overall

How do you rate the workshop overall?	4.6
The workshop will help me in my work.	4.6
The training in employment analysis was useful.	4.7
After the workshop, I have a better understanding of employment challenges in NTT.	4.6
After the workshop, there was a joint understanding of the problems and policy measures needed for productive employment in NTT.	4.5

## List of Annexes

1. Agenda
2. List of Participants
3. Evaluation of workshops with comments
4. Presentation of the Development Strategy of NTT by Wayan Darmawa, Head of Bappeda NTT (in Bahasa Indonesian).
5. Presentation of the concepts and methodology for employment diagnostic analysis by Per Ronnas, ILO Geneva.
6. Presentation of the main findings of the ADB-ILO-IDB analysis on Constraints on Inclusive Growth in Indonesia by Kazutoshi Chatani, ILO Jakarta.
7. Presentation of the Dynamics of Employment, the Labour Market and the Economy in NTT by Miranda Kwong, ILO Geneva.
8. Presentation of Human Resources Development and Skills Needs Assessments by Miranda Kwong and Kazutoshi Chatani
9. Presentation of The Rate and Quality of Growth by Per Ronnas
10. Presentation of Achieving Growth with Equity by Per Ronnas

## Annex 1. Agenda

TIME	SESSION
Day 1, 18 January 2011	
08:30 - 09:00	Registration
09:00 - 10:00	<b>OPENING</b>
	Opening <i>Nirwan Gah, ILO NTTStaff</i>
	Opening Remarks <i>Peter Van Rooij, Country Director, ILO Jakarta</i>
	Official Opening <i>Frans Lebu Raya, Gubernur Provinsi Nusa Tenggara Timur</i>
	Photo Session
09:30 - 10:00	Pers Confrence (for Jornalists) Coffee Break (for Participants)
10:00 - 10:25	<b>INTRODUCTION</b>
	Introduction to the workshop: expected objectives and outputs. Agreeing on workshop schedule, methodologies and rule of the game. <i>Per Ronnas &amp; Facilitator</i>
10:25 - 11:00	<b>Session 1. Employment Diagnostic Analysis: Concepts and Methods</b>
	Presentation and QA on concepts and methods of Employment Diagnostic Analysis. <i>Per Ronnas</i>
11:00 - 11:35	<b>Session 2. Pembangunan Di Indonesia</b>
	Presentation and QA on “Main Findings of the ADB/ILO Development Constraints Analysis for Indonesia” <i>Kazutoshi Chatani</i>
11:35 - 12:10	<b>Session 3. Strategi Pembangunan NTT</b>
	Presentation and QA on “Strategy of NTT Development Startegy” <i>Head of BAPPEDA, Nusa Tenggara Timur Province</i>
12:10 - 13:10	Lunch Break
13:10 - 14:20	<b>Session 4. The Dynamics of Employment, the Economy and the Labour Market in NTT</b>
	Presentation and QA on “The Dynamics of Employment, the Economy and the Labour Market in NTT” <i>Miranda Kwong</i>
14:20 - 14:35	Coffee Break
14:35 - 17:10	<b>Session 5. Human Resources Development in NTT</b>
	Presentation and group discussion on “Human Resource Development, Education & Skills, Employability” <i>Miranda Kwong, Kazutoshi Chatani and Facilitator</i>
17:10 - 17:15	Closing Day 1

Day 2, 19 January 2011	
09:00 -	Recap of Day 1
09:10	<i>Facilitator</i>
09:10 -	<b>Session 6. Increasing employment opportunities - A focus on the economy</b>
10:15	Presentation and group discussion on “The Rate and Quality of Economic Growth” <i>Per Ronnas and Facilitator</i>
10:15 -	Coffee Break
10:30	
10:30 -	<b>Session 6. Increasing employment opportunities - A focus on the economy (contd.)</b>
12:20	
12:20 -	Lunch Break
13:20	
13:20 -	<b>Sesi 6. Increasing employment opportunities - A focus on the economy (contd.)</b>
13:50	
13:50 -	<b>Sesi 7. Achieving Development With Equality</b>
14:55	Presentation and group discussion on “Achieving Development With Equality” <i>Per Ronnas and Facilitator</i>
14:55 -	Coffee Break
15:10	
15:10 -	<b>Session 7. Achieving Development With Equality (contd.)</b>
17:30	
Day 3, 20 January 2011	
09:00 -	Recap Day 2
09:10	
09:10 -	<b>Session 8: Identification of Policy Recommendation and Further Studies</b>
10:30	Group discussion on “Analyse Results (Issues, Challenges, Opportunities), Propose Policy Recommendations, Possible Needs for Further Studies.” <i>Facilitator</i>
10:30 -	Coffee Break
10:45	
10:45 -	<b>Session 8: Identification of Policy Recommendation and Further Studies (contd.)</b>
11:15	
11:15 -	<b>CLOSING</b>
11:55	Evaluation
	Closing Remarks
	<i>Per Ronnas and Facilitator</i>



## Annex 2. List of participants

NO.	NAME	INSTITUTION
1	Ayub Tib	SBSI NTT
2	Ernest S Ludji	Bappeda Kota Kupang
3	Sherley Wila Huky	Bappeda
4	Endang S Lerich	Bappeda Prov. NTT
5	Yocha Nalle	Bappeda Prov. NTT
6	Mien R. Oedjoe	Undana
7	J. W. Kore Tuka	KSPSI
8	F. Amaral	Dinas Nakertrans
9	Donal Izaac	Bappeda Prov. NTT
10	Stanis Man	LPPEM UNIKA
11	Aminudin	FAO
12	Suhendra	FAO
13	Andrey Damaleda	Bappeda Prov. NTT
14	Adriani Lomi Ga	Bappeda Prov. NTT
15	Tonci Teuf	Bappeda Prov. NTT
16	P. Tambunan	Disperindag Prov. NTT
17	Yakobus Meja	Disnakertrans Prov. NT
18	Elias Mesakh*	Radio Madika FM
19	Stefanus Bullu	RC. Bappeda Prov. NTT
20	David Dami	Dinas Nakertrans Belu
21	Sriyanti Maria Bian	Bappeda Kab. Belu
22	Hary Lay	Setda Prov. NTT
23	Megy Oesoyo	Humas Setda Prov. NTT
24	Abraham Jumina	Disnakertrans Prov. NT
25	Yan P. Mella	Bappeda Kab. TTS

26	Oby Lewanmeru	Pos Kupang
27	Esron M. Elim	Bappeda Prov. NTT
28	Max Goldy*	Reporter Madika TV
29	Yohanes A. Kore	Bappeda Prov. NTT
30	Tato Tirang	BP3TKI Kupang
31	Wihujeng Ayu R.	Bank Indonesia
32	Padapotan Siallagan	Bappeda Kab. Kupang
33	Petrus Arifin*	Kameraman AFB TV
34	Toni Tangkur*	Reporter AFB TV
35	Terezinha de Carallo	Sekber Bappeda Prov. NTT
36	Roby Rawis	DPP Apindo NTT
37	J. A. Ninu	Kadin NTT

\* Participants from media who were there during the opening session

## List of resource persons

NAME	INSTITUTION
Per Ronnas	ILO Geneva
Miranda Kwong	ILO Geneva
Kazutoshi Chatani	ILO Jakarta
Janti Gunawan	Facilitator
Nirwan Gah	ILO NTT
Endro Catur	Facilitator
Alicia Ruth	Interpreter
Dewi	Interpreter

## Annex 3. Evaluation of workshop & Comments from participants

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**Methodology:**

- In designing and planning an activity to be able to really address the issue
- Training on entrepreneurship
- Poverty diagnostic analysis in Kupang City
- Planning
- Economic growth and employment
- In the context of planning in the future, particularly related to health issue
- Employment
- Seminar, training
- During socialization and monitoring in the villages (rural areas)
- Training and workshop
- Economic planning in NTT

**Instruction:**

- The quality of instruction needs to be maintained
- The quality of instruction is quite satisfactory
- Very good and very clear
- A lot of discussions, not too focus to the issues
- Very good
- Very high quality
- To be useful for decision makers in NTT
- Good
- Very good
- Focused and precise
- Several translations are not exact. For example: *daya kerja* (Employability) If there is no Indonesian translation then just explain it.
- Very good

**Material:**

- By participating in this workshop, I gain knowledge on how to prioritize main/ core issues in relation to employment in NTT
- How to respond to the macro and micro economic condition in relation to economic growth in the are
- The concept
- Market information
- Gender equality

**Duration:**

- Too brief (time) while there are many issues to be discussed
- Because this is related to the implementation of policy to the public
- Participants often late

**Organization of workshop:**

-

**Interpretation**

-

## Overall:

### Purpose of participating in the workshop & expectations:

- Expectation: there will be a useful follow up for the people in NTT
- Purpose: to know and understand the policies of local government in creating productive employment in NTT
- Purpose: to be able to diagnose crucial issues in relation to employment in NTT.  
Expectations achieved? → I feel that I have been able to understand issues on employment.
- Understanding the economic diagnostic method (not only in employment issue)
- Understanding the economic challenges and the effort to formulate solutions to the problems. The workshop has fulfilled my expectation.
- To add knowledge on how to increase employment. How far have the expectations achieved? Seen from the seriousness of workshop participants
- Purpose: to know about the condition of employment and its issues in NTT. Expectation: there will be a change of policy that is more pro to people. How far have the expectations achieved? Some policies are sufficient enough but implementation is lacking (not good)
- Purpose: to know the weaknesses and strengths of people in NTT. Expectation: for ILO to be able to help the NTT government in developing more sufficient skills for people of NTT. Expectations have not been achieved all because the lack of government attention and lack of information and training
- Purpose: to understand about the fundamental issues & how to address employment issue in NTT. Expectation: follow-up of the workshop
- Purpose: can understand the employment diagnostic analysis method. Expectation: support from expert in providing assistance in making an employment diagnostic analysis in NTT
- Purpose: receive interventions which are useful in implementations of tasks in the future. These expectations will soon be realized
- Purpose: to increase understanding on the importance of employment analysis. I hope this can be implemented in District/ City in NTT
- Purpose: to know the condition in NTT previously and what to do next
- Purpose: Additional knowledge, NTT will be advanced and prosperous. 45% of expectations have been achieved.
- Purpose: to know the result of employment diagnostic analysis. This result can be a reference for policy making in NTT. How far have the expectations been achieved: I haven't seen a clear formulation from this discussion because the interpretation on market, worker, and sources have not been discussed in in-depth manner
- Purpose: to know how far is the challenge and opportunity of employment in NTT, what are the solutions, and government interventions. Still far from expectations
- Purpose: to understand about employment diagnostic analysis and workers and other things that need to be developed and improved by the government and individuals. My expectation is that NTT can be better in the future. This expectation has not been achieved due to various policy including policies that are not in-line with the needs of the society
- Expectation: this workshop should be conducted in other areas also especially in NTT
- Purpose: getting understanding on the strengths and weaknesses, opportunities and challenges in searching for solutions on employment. 90% of expectations achieved
- Purpose: getting more knowledge in performing my duty
- Purpose: to be able to understand more on other issues in relation to employment
- Purpose: to know about the employment issue in NTT. Expectation: quality and capacity of workers in NTT can be increased. Expectation can be achieved if this workshop give this recommendation to

the head of regions in province level and also district/ city level (executive and legislative leaders)

**Additional comment:**

Material that you want to be added in the workshop:

- Training on business
- Nothing
- Trainings and how to solve (solutions) to the employment cases (issues)
- Regional economic development
- Add more time for the workshop
- Data presentation from *Dinas* (local offices) on the real condition in the field
- Health area need to be improved and also fishery and husbandry sectors
- Good materials on entrepreneurship and planning
- There need to be a compilation among provinces, national level and international thus we can develop this province according to its potentials
- Engaging the participants from government/ private that are relevant to the materials of the workshop
- Visits to offices and companies, market
- Discussion on workers and how big is ILO's role in addressing and handling the case of Indonesia Migrant Workers (trans-national)
- Economic empowerment of the community
- Basic knowledge on economics because participants have different background

What kind of assistance that you would like to receive after this workshop:

- Training to the community/ education on entrepreneurship
- Printed guidelines of the methodology
- Support to information dissemination to rural areas
- Direct assistance that can be received by the community who experience poverty
- Capacity building of workshop's participants
- Doing identification of the existing issues in relation to economic increase
- Program intervention in this province by ILO
- Recommendation of this workshop is given to the policy makers in NTT
- Certificate, books/ result of workshop, regular communication
- Data on areas including its potentials
- Skills trainings for men & women in village level, adjusted to the competitive advantage of the village
- Creating recommendation to the government for commitment with policies to get a more certain policy (don't be inconsistent with the policy)
- Updating the knowledge and information through our email
- Financial assistance to productive workers

The best aspect in this workshop:

- It is all good
- All aspect in this workshop is very good
- Training because it enrich our insights and knowledge through sharing of opinions
- Discussion process
- Add knowledge on productive worker, gender inequality
- Methodology and materials

- Training
- Methodology is very good and very interactive
- Knowledge on the material and interpreters
- To know about the condition in NTT from employment and economic aspect
- Human resource and market opportunity
- Identifying the weakness of the region and way out to be better in the future
- Selection of problems and most appropriate solutions
- Team work of facilitators is good, translators also good, stationery complete
- Excellent presented
- Group discussion

What should be better:

- Creation of new employment
- Reference data not only from statistic data
- Education and health: with the issue of welfare for workers
- Punctuality in starting the workshop (in the morning) but this is more directed to the participants and not to the instructors/ resource person/ facilitators
- Time addition for materials on macro-economy
- Human resource development
- Exploration of materials (more in-depth)
- Human resource and economy
- Need more energizer (ex: ice-breaker activities)
- Bad sound system really annoying
- Time needs to be added, not only three days but one week and participants is prepared and seats added

Other comments:

- Nice and good training, we hope that there will be follow-up activities to further enhance our knowledge and method in its application
- There is a need for follow up
- Need special attention from ILO on workers in NTT
- Government of NTT should not concentrate to certain areas only
- Need assistance from outside in regards to community development in NTT
- Hopefully workshop like this can be conducted more often thus all parties can gain information which will promote progress in all areas
- Infrastructure that supports education
- Workshop room should have writing tables
- Thank you for sharing knowledge
- There should be follow-ups and monitoring
- The purpose and substance of the material cannot be absorbed optimally because the workshop use interpreters
- Workshops to be conducted in district levels all over NTT
- Develop and empower local facilitators
- This workshop needs to be conducted again in NTT by involving DPRD (local parliament)/ District/ City in NTT