



International
Labour
Organization



The ILO in Indonesia

KEY FACTS AND FIGURES



Population (2018)

264 million



GDP per capita (2017)

US\$3,847

	Total	Male	Female
Labour force (2018)	134M	80M	76M
Labour participation rate (2018)	69%	55%	36.6%
Employment to population ratio (2016)	62.2%	77%	48%
Unemployment rate (2018)	5%	5%	5%

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

In the last three decades the development landscape of Indonesia has continued to improve with noticeable progress across various socio-economic dimensions. The country has seen a significant improvement in its human development index (HDI).

An improvement in human development has coincided with a significant decline in the proportion of people living below the poverty line in Indonesia. In 1998 more than 24 percent of the population was living in poverty. By 2017, the poverty rate had dropped to 10 percent.

Indonesia is considered as an attractive destination for foreign investment¹. The country possesses vast natural resources such as crude palm oil, thermal coal, gas, crude oil, and rubber. And, with a sizable working-age population, investors see Indonesia as a large market for consumer goods and services.

Since 2014, the Indonesian economy has been growing at a relatively modest rate of around 5 percent per annum². Considering the

1 http://ftp01.economist.com.hk/ECN_papers/2016ABOS
 2 Calculated using World Bank GDP database figures

global economy experienced a somewhat synchronized slowdown, Indonesia's growth can be characterized as moderately high.

Mirroring the structural changes in the economy, the composition of workers by sectors has also changed. Between 1996 and 2016, the share of employment in agriculture dropped from 55 percent to close to 32 percent. On the other hand employment in industry and services increased considerably. Trade and services (47 percent) together is the largest source of employment.

Unemployment has been trending downwards and was estimated at around 5 percent in 2017. Comparing combined averages for men and women, there was a steeper decline in unemployment rates among women. However, youth unemployment remains a long standing concern in Indonesia. Though declining, the unemployment rate among youth is still very high.

As the country moves forward, Indonesia, like other emerging and industrialized economies, is confronted by a new wave of rapid technological advancements which are likely to shape the economy and jobs of the future. Indonesia has witnessed rapid growth in online platforms creating opportunities for e-commerce, on-demand services and transportation. It appears that new work opportunities resulting from technological uptakes are much more widespread in the trade and services sectors. It is possible that this development may have contributed to lowering unemployment rates in Indonesia.

RATIFIED CONVENTIONS

Indonesia has ratified 20 ILO Conventions including eight fundamental ones:

- C.29 Forced Labour Convention, 1930
- C.87 Freedom of Association and Protection of the Right to Organise Convention, 1948
- C.98 Right to Organise and Collective Bargaining Convention, 1949
- C.100 Equal Remuneration Convention, 1951
- C.105 Abolition of Forced Labour Convention, 1957
- C.111 Discrimination (Employment and Occupation) Convention, 1958
- C.138 Minimum Age Convention, 1973
- C.182 Worst Forms of Child Labour Convention, 1999

THE ILO - WHO WE ARE

The International Labour Organization (ILO) is the United Nations agency for the world of work. Devoted to advancing social justice, it promotes a Decent Work Agenda based on four strategic pillars: rights at work, decent employment opportunities, social protection and social dialogue.

It is the only public international organisation which is tripartite, where workers and employers enjoy equal rights with governments in representation and decision making. Together they set labour standards, develop policies and devise programmes upholding decent and productive work, in conditions of freedom, equity, security and dignity for all.

Created in 1919 as part of the Treaty of Versailles that ended World War I, the ILO became the first specialized agency of the UN in 1946. It received the Nobel Peace Prize in 1969 and today is recognized as the world's authority on the world of work, offering over 100 years of knowledge, experience and achievements.

THE ILO IN INDONESIA

Indonesia and the ILO have collaborated very closely since the country became a member in 1950. The ILO Country Office for Indonesia is responsible for the ILO's programmes and activities in Indonesia and Timor-Leste. It also plays the role as the ASEAN Liaison Office, working to expand cooperation between the two organizations.

What we do

The ILO in Indonesia works to promote decent work for all. Indonesia has had three Decent Work Country Programmes (DWCPs). The accomplishments of the 2012-18 DWCP include:

- The ratification of the ILO Convention on Maritime Labour Convention through the Law No. 15 of 2016.
- The ratification of the ILO Convention No. 187 on Promotional Framework for Occupational Safety and Health through the Presidential Regulation No. 34 of 2014.
- Supported the recovery of regions affected by natural disasters in North Sumatra and West Sumatra, including organizing vocational, business and entrepreneurship training and capacity building for social partners.
- Promoted equal rights for people with disabilities to employment through the establishment of the Indonesia Business and Disability Network (IBDN) and the issuance of media guidelines.
- Improved labour compliance through the promotion of strategic labour inspection and joint protocols in the garment and fishing sectors.
- Promoted the rights of domestic workers through adoption of the Code of Conduct on the Placement of Domestic Workers, and supported the development of governmental regulations and skills certification trainings and the elimination of child domestic workers.
- Supported enterprises, particularly garment factories and small and medium-sized enterprises in increasing productivity and competitiveness through labour compliance as well as capacity building.

Based on the achievements of the second DWCP, the third one covering 2018-2022 has three priorities:

- Effective industrial relations to improve working condition and labour productivity.
- Job creation and youth employment.
- Realization of social protection for all.

To support these three priorities, the ILO is working in the following areas:

- Promoting social dialogue between the tripartite partners to address labour issues and socio-economic concerns.
- Improving job creation and employability of young people by supporting vocational and entrepreneurship training and working with social partners to mainstream youth employment in policy design.
- Improving productivity and competitiveness of small and medium sized enterprises as part of the national productivity programme.
- Supporting skills development for young people through apprenticeships and empowerment as well as supporting career development of women in science, technology, engineering and mathematics (STEM).



- Supporting labour administration and labour compliance programmes by facilitating labour inspection, including better implementation of occupational safety and health (OSH) at the workplace.
- Strengthening regional coordination and increasing collaborative approaches to combat trafficking in fisheries in South East Asia.
- Promoting sound industrial relations including the development of effective minimum wage systems, dispute settlement systems and collective bargaining mechanisms and contributing to the capacity building of tripartite partners.
- Developing and applying preventative safety measures against HIV/AIDS in the workplace, particularly through non-discriminatory workplace policies and the VCT@Work initiative.
- Supporting the formulation of policies for social protection reform, particularly for protecting unemployed workers and promoting maternity protection.
- Promoting sustainable development especially in rural areas through technological innovation, strategic investment and the creation of environmentally-friendly enterprises and quality jobs.
- Supporting the protection of migrant workers, particularly women migrant workers, through the establishment safe and fair migration mechanism in the ASEAN region; contributing to the eradication of violence and trafficking; and supporting ASEAN cooperation in labour migration efforts.

ILO partners Indonesia

The Ministry of Manpower is the government agency responsible for labour affairs. The main union confederations in Indonesia are the Confederation of Indonesian Prosperity Trade Union (KSBSI), the Confederation of All Indonesia Trade Unions (KSPSI), the Confederation of All Indonesia Trade Unions (KSPSI) and the Confederation of Indonesian Trade Union Congress (KSPI). The Indonesian Employers' Association (Apindo) is the recognized employers' organization in the country who has a mandate to represent business in the field of labour and employment. Social dialogue, gender equality, promotion of labour standards and the environment are cross cutting policy drivers for ILO works with the tripartite constituents and shall be integrated into all ILO objectives.

Decent work: a key to achieving the Sustainable Development Goals



“Decent work is not just a goal – it is a driver of sustainable development”

Guy Ryder, ILO Director General

By embracing the three dimensions of sustainability – economic, social and environmental, the 2030 Agenda for Sustainable Development provides a once-in-a-generation chance to make a change and improve the lives of billions, leaving no one behind.

At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while working to preserve our planet.

The importance of decent work in achieving sustainable development is highlighted by Goal 8 which aims to “promote inclusive and sustainable economic growth, full and productive employment and decent work for all”.

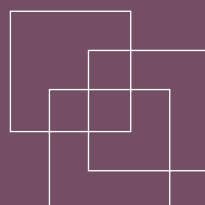
Putting decent work at the heart of economic policy-making and development plans will not only generate jobs but also lead to more robust, inclusive and poverty-reducing growth. It is a virtuous circle that is as good for the economy as it is for people, and one that drives sustainable development.

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