



# INDONESIA

## A TRADE UNION FOCUS ON THE SDGs

#HLPF2021

**WORKERS DEMAND A NEW SOCIAL CONTRACT FOR RECOVERY AND RESILIENCE**

### COVID-19: WORKERS NEED SDG-DRIVEN RESPONSES TO THE CRISIS

In response to the COVID-19 pandemic, the Indonesian government introduced a series of stimulus packages. In total, 43,45 billion euro were allocated to health (health workers' protection, purchase of medical devices, repair of health facilities, and incentives for doctors), social subsidies, fiscal and tax incentives, export-import simplification, support to SMEs, physical and social distancing policy, and compensation.

According to trade unions, these stimulus packages should have come earlier in time. Moreover, they have been rolled out too slowly and not adequately targeted to address the problems associated with the pandemic. Trade unions complain about government's approach, prioritising a business and economic recovery over public health. The Omnibus Law on Job Creation passed in late 2020 introduces labour market flexibility by allowing hourly pay, decreasing severance pay, liberalising flexible work, lowering minimum wages as well as making it easier to hire and fire workers, falling short of ILO standards and failing to sustain existing workplaces or improving the quality of employment. Trade unions are seeking a judicial review of this law, arguing that its contents and the way in which it was passed contravenes the Indonesian Constitution.

### ARE TRADE UNIONS AT THE TABLE?

The government of Indonesia has incorporated the SDGs into the current Long-Term Development Plan for 2005-2025 and the National Medium-Term Development Plan for 2020-2024. The SDGs are also set to be included into the upcoming Long-Term Development Plan for 2025-2045.

The Ministry of National Development Planning oversees the implementation of the SDGs, and a National SDG Coordination Team has been established to formulate a road map for implementing the SDGs over 2017-2030. The team ensures coordination at both horizontal (between ministries/agencies and non-state actors) and vertical levels (between the national and local governmental levels). The Indonesian government is working on all 17 SDGs. In the 2020-2024 period, the focus is on sustainability, economic resilience and growth, narrowing the income gap, improving public services, infrastructure, and competitiveness.

While civil society is usually consulted annually on the SDG implementation process, in 2020, due to the pandemic, this only took the form of online information provision.

While trade unions are usually invited to participate in consultations, their input is scarcely taken into consideration by the government, whose action seems not to go beyond reporting it in consultations records.

Trade unions are involved by the government in the implementation of the SDGs through the National SDG Coordination Team and its task force for the economy, which deals with SDGs 7, 8, 9, 10, and 17.

Trade unions report that the budgetary allocation towards the implementation of the SDGs is not sufficient. Even though the government introduced innovative financing instruments such as green bonds, the SDGs financing gap remains problematic. With Indonesia's graduation to middle-income country status and the subsequent decrease in official development assistance (ODA) received, greater efforts are needed through domestic resource mobilisation to address the resulting financial gap. However, no fiscal reform has so far been undertaken to promote this through progressive taxation.

#### TRANSPARENCY



Complete access to information

#### CONSULTATION



Informal or ad hoc consultation

#### SOCIAL DIALOGUE



Social partners submit joint contributions to the government's SDG national plan



# IS THE (DECENT) WORK GETTING DONE?

According to recent data in 2020, 9,78 per cent of population (26,42 million) is living under the national poverty line in Indonesia, which shows that **target 1.1 (eradicate extreme poverty for all people)** is far from being reached. The indicators on **target 1.3 (implement nationally appropriate social protection systems and measures)** are also far from satisfactory: in 2019, the proportion of population covered by at least one social protection benefit was 54 per cent, and while the proportion of the population above statutory pensionable age receiving a pension increased from six per cent in 2002 to 14.1 per cent, it remains low. Total social protection spending was 1.4 per cent of GDP in 2016, up from one per cent of GDP in 2007.

Significant challenges remain to reach **target 5.4 (recognise and value unpaid care and domestic work)**, as there were over 15 million domestic workers in Indonesia in 2018 paid under minimum wage. More efforts are needed to reach **target 5.5 (ensure women's full and effective participation and equal opportunities for leadership at all levels)**, as the proportion of women in skilled employment declined from 47.59 per cent in 2016 to 46.31 per cent in 2017. Female workers with tertiary education degrees earn substantially less than male counterparts. However, 46.8 per cent of women and girls in Indonesia have achieved at least a secondary level of education, and the proportion of women in single or lower houses of parliament increased from eight per cent in 2000 to 20.4 per cent in 2020.

**Target 8.3 (promote policies that support productive activities, decent job creation)** in Indonesia is far off being met, as the proportion of informal employment stood at 82.3 per cent in 2018. On average, women earn 23 per cent less than men. As for **target 8.5 (achieve full and productive employment and decent work)**, the total unemployment rate stood at 4.5 per cent in 2018; in 2020, underemployment stood at 7.8 per cent and at 21.5 per cent among those between 15 and 24 years of age. The number of persons not in education, employment or training (NEETs) mentioned in **target 8.6 (reduce the proportion of youth not in employment, education or training)** stood at 20.5 per cent in 2019, with a substantial disparity between the sexes: 26.2 per cent of young women compared

to 15.1 per cent of young men were NEET. Significant efforts are needed to reach **target 8.7 (eradicate forced labour, end child labour in all its forms)**, as 2017 indicators showed that 23.4 per cent of children 10-17 were working in the urban areas and 76.6 per cent in rural areas. Regarding **Target 8.8 (protect labour rights and promote safe and secure working environments for all workers)**, the number of labour inspectors is insufficient for the size of Indonesia's workforce, as the ratio of inspectors to companies in Indonesia in 2016 was 1:11,228. The number of cases for work-related accidents increased in 2018 compared to previous year. However, the number of collective bargaining agreements increased from 12,113 in 2013 to 13,829 in 2017, an increase of 14 per cent.

Further progress is still needed for Indonesia to reach **target 10.4 (adopt policies, especially fiscal, wage and social protection policies and progressively achieve greater equality)**, as the top 10 per cent of income earners had a 29.3 per cent share of GDP, with the bottom 20 per cent of income earners holding a 6.9 per cent share in 2018. The labour share of GDP had dropped from 38.6 per cent in 2015 and 2016 to 38.1 per cent in 2017.

To reach the objectives of **target 13.2 (integrate climate change measures into national policies, strategies, and planning)**, a revision of the country's Nationally Determined Contributions for 2020-2025 is underway led by Department of Environment. Thanks to the participation of trade unions in this process, the Ministry of Labour got involved as well, integrating the labour dimension into climate change and environmental sustainability. At the end of 2019, the Ministry of Labour created a national tripartite forum and issued the Bogor Declaration as the tripartite commitment to respond to climate change and secure a Just Transition. To continue with this process, trade unions were involved in designing the LTS-LCCR (Long-Term Strategy for Low-Carbon and Climate Resilience Development) on "Green Investment and Non-party Stakeholders Engagement".

Indicators on **target 16.10 (protect fundamental freedoms)** are highly worrying, as the 2020 ITUC Global Rights Index ranks Indonesia as a country with no guarantee of rights, where workers are exposed to arrests for their organising and recruiting trade union activities.

## TRADE UNION ASKS TO LEAVE NO ONE BEHIND

To ensure an SDG-led recovery and resilience from the crisis, trade unions are urging the government to:

- Align recovery and resilience financing with the SDGs, prioritising gender equality, climate change, social protection and decent work. These should be the government priorities together with supporting trade unions engagement.
- Prioritise a rights-based recovery, not only limited to economic terms: investments need to be oriented at creating and sustaining quality jobs and climate-friendly jobs.
- Ensure that measures introduced to combat the pandemic-induced crisis, such as support to SMEs and social protections, are maintained in the long term.
- Extend social protection coverage, including precarious workers and digital platform workers, and improve the protection of the migrant workers.
- Increase international cooperation to seek resources that could favour the implementation of a universal social protection system. Globally, trade unions are calling for the establishment of a Global Social Protection Fund that can catalyse social protection spending for the countries in need.
- Continue the comprehensive consultation process related to the formulation of the SDGs VNR, including the National Action Plan 2020-2024, including almost 500 multi-stakeholders.
- Keep involving trade unions as it happened in the recently launched consultation and enable them to effectively participate – also through supporting their capacity building and expertise.
- Domesticise the SDG and fully integrate them into the national development plan, rather than treating them as complimentary to it.
- Ensure budget availability to finance the implementation of the SDGs by strengthening the involvement of the parliament.
- Ensure coherent implementation of the SDGs and maintain coordination between the economic, social, environment and law task forces and local governments charged with implementation.



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