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## **PRESS RELEASE**

### **Promoting basic social protection in Indonesia**

JAKARTA (ILO News): In Indonesia, informal economy workers and employees without contracts are largely uncovered by social security benefits. It is estimated that 54 per cent of the total population does not have access to social health protection (most of the excluded are workers in the informal economy and their families) and 83 per cent of workers do not have access to other social security benefits (old age, death, work injury).

The extension of social insurance and health insurance to informal economy workers above the poverty line is challenging. However, the extension of social protection cannot be achieved without strong commitment and willingness from national and local governments. In the absence of an adequate social protection floor in place, people who manage to get out of poverty face the risk of falling again into poverty.

To further discuss the promotion of basic social security rights, including essential services in employment, health, water and sanitation, nutrition, education and family-support, the International Labour Organization (ILO) is conducting a four-day meeting entitled “Experts Meeting on Social Security and Social Protection Floor: Learning from Regional Experiences” from 12 to 15 December 2011 in Jakarta. The main goal of the meeting is to support the implementation of the Indonesian Jobs Pact on social protection and the Social Security Law No. 40/2004 by sharing information and knowledge on existing social protection tools and initiatives at the global, regional and national level.

The meeting is also in line with the recent report published by the ILO and the World Health Organization (WHO) titled “Social Protection Floor for Fair and Inclusive Globalization”, emphasizing the principles of the Social Protection Floor (SPF) Initiative. The report is also known as the Bachelet Report as the report was formulated under the chairpersonship of Mrs Michelle Bachelet, former President of Chile. The report was also used as a background and advocacy document for the G20 discussions on social protection

The SPF promotes income security through a basic set of guarantees including: (i) all residents have access to a nationally/provincially defined set of affordable essential health care services; (ii) all children enjoy income security through transfers in kind or in cash ensuring access to nutrition, education and care; (iii) all those in active age groups who cannot (or should not, in case of pregnancy) earn a sufficient income enjoy a minimum income security through social transfers in cash or in kind or employment guaranteed schemes; and (iv) all residents in old age and with disabilities have income security at least at the level of the nationally defined poverty line through pensions for old age and disability or transfers in kind.

Indonesia has recently made a significant move towards universal coverage of social protection by the enactment of the Social Security Provider Bill (BPJS). The Bill, in conjunction with the Social Security System Law of 2004, stipulates that the workers in the informal economy (63 million in 2009) will be included in the social security system in the coming years.

The ILO has conducted a comprehensive study on the implementation of the SPF in Indonesia. The study identified specific policy and implementation challenges of existing social protection programmes. Recommendations are translated into various scenarios of extension of coverage and/or benefits:

- A gradual universal coverage for health would cost between 1 to 2 per cent of GDP or 3 to 5 per cent of the central government expenditure (depending on the benefit package offered in the scheme).
- Extension of family benefits to all poor families with children (using the Family Hope Programme (PKH) scheme) by 2015 would cost around 1 percent of GDP.
- The government has a cash transfer program to severely disabled people, but the coverage is still low. Extending this cash transfer to all severely disabled people by 2015 would cost 0.007 per cent of GDP or less than half a percent of the central government budget.
- Universal pension (by gradually reaching all elderly by 2020), set at the level of the poverty line, would cost around 0.6 per cent of GDP or around 3 per cent of government expenditure.

President of the French Civic Service Agency, Martin Hirsch, who was a member of the SPF Advisory Group under Mrs. M. Bachelet, says, “Social protection is not charity. It is important to implement policies and programmes on social protection at the country level by linking it with job creation programmes rather than having separate policies and programmes. This would contribute to programme sustainability and poverty reduction.”

The meeting also presents lessons learnt from various Asian countries, including Thailand, China and Cambodia. Thailand, for example, shares its experiences in organizing the universal tax-financed 500 baht pension scheme; meanwhile, Cambodia presents its national social protection strategy, particularly in the agricultural and rural development.

In addition, the meeting includes sessions on comparative analysis with the ILO’s Convention No. 102 on Social Protection, income security for children, income security to the working age, including compensation for workers experiencing work injuries and disabilities and for working age population, particularly for the elderly.

The meeting targets policy makers from Government ministries. The workshop also involves representatives from employers’ and workers’ organizations, national and international organizations, UN agencies working on social protection issues as well as mass media.

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