

Policy Brief

EXPANSION OF SOCIAL INSURANCE FOR EMPLOYMENT PROGRAM: Efforts to Ensure Social Protection for Everyone Through Social Security

KEY MESSAGES

- **The membership rate of the social insurance for employment program in Indonesia is still low. Efforts to expand membership are needed**, however, there are a number of challenges, including:
 - (1) regulations related to social insurance for employment still tend to focus on wage earners (*Peserta Penerima Upah*: PPU) or formal workers, with limited program coverage for non-wage earners (*Peserta Bukan Penerima Upah*: PBPU)¹ or informal workers and other categories of workers;
 - (2) regulation governing fully subsidised beneficiaries (*Penerima Bantuan Iuran*: PBI) of social insurance for employment for at-risk workers is still absence;
 - (3) awareness raising and outreach efforts to non-wage earners are still limited; and
 - (4) compliance level by employers and wage earners in adhering to social insurance for employment regulations has not been optimal.
- **To encourage expansion of social insurance for employment programs, the Government of Indonesia (GoI) could:**
 - (1) revise regulations, especially those that could potentially inhibit membership expansion and program coverage—including by revising the non-wage earner membership age limits and changing the concept of retirement age in the old-age savings scheme;
 - (2) expand pension program membership to all worker categories;
 - (3) include at-risk workers in the PBI component of the social insurance for employment scheme as mandated in the 2020-2024 National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional*: RPJMN);
 - (4) encourage the Social Security Agency for Employment (*Badan Penyelenggara Jaminan Sosial*: BPJS Ketenagakerjaan) to optimise awareness raising and membership outreach efforts; and
 - (5) strengthen supervision and enforcement of employers/business entities to improve regulatory compliance.

BACKGROUND

The right of every person to social security is a mandate of the 1945 Constitution and, since the 1960s the GoI has embarked on developing a social security system. Initial coverage extended to civil servants, members of the military, and police. Through enactment of Law No. 3/1992 on Social Insurance for Employment, the government later sought to expand coverage of social security to private employees or formal sector workers. An important milestone was the passage of Law No. 40/2004 on the National Social Security System (*Sistem Jaminan Sosial Nasional*: SJSN). This law aims to integrate the previously fragmented social security programs and open opportunities for workers in the informal sector to register in social security programs. This law also became the foundation for the formation of the National Social Security Council (*Dewan Jaminan Sosial Nasional*: DJSN) that functions to formulate policy and synchronises the implementation of SJSN.

¹ The terms *Peserta Penerima Upah* (PPU) or wage earners and *Peserta Bukan Penerima Upah* (PBPU) or non-wage earners refer to Law No. 40/2004 on SJSN and its derivative regulations, such as Government Regulation No. 44/2015 and Government Regulation No. 46/2015. PPU is defined as every person who works and receives a salary, wage, or other form of remuneration from the employer. The category of PPU covers non-independent workers in the formal sector, such as civil servants, military/police officers, state-owned enterprises (*Badan Usaha Milik Negara*: BUMN)/regionally owned enterprises (*Badan Usaha Milik Daerah*: BUMD) employees, private employees, and foundations. PBPU defines workers who carry out economic activities or businesses independently to gain income from their activities or businesses. The category of PBPU covers employers/businessmen, workers who are employed outside the official industrial relationship, independent workers, non-wage earners, and informal workers.

More recently, the government passed Law No. 24/2011 on the Social Security Agency (*Badan Penyelenggara Jaminan Sosial*: BPJS) which became the basis for the formation of BPJS Kesehatan (Social Security Agency for Health) and BPJS Ketenagakerjaan (Social Security Agency for Employment). BPJS Kesehatan administers the social health insurance program and BPJS Ketenagakerjaan administers the social insurance for employment programs that consist of Work Injury Compensation Insurance (*Jaminan Kecelakaan Kerja*: JKK), Old Age Savings (*Jaminan Hari Tua*: JHT), Pension Insurance (*Jaminan Pensiun*: JP), and Survivor's Benefit Insurance (*Jaminan Kematian*: JKm) (Box 1). This law also stated that BPJS Ketenagakerjaan needed to start by 1 July 2015 at the latest. These are new programs with plenty of room for potential improvement. The implementation of the BPJS Ketenagakerjaan program applies to everyone within the productive age group, including women and men as well as people with disability.

Box 1. Social Insurance for Employment Programs

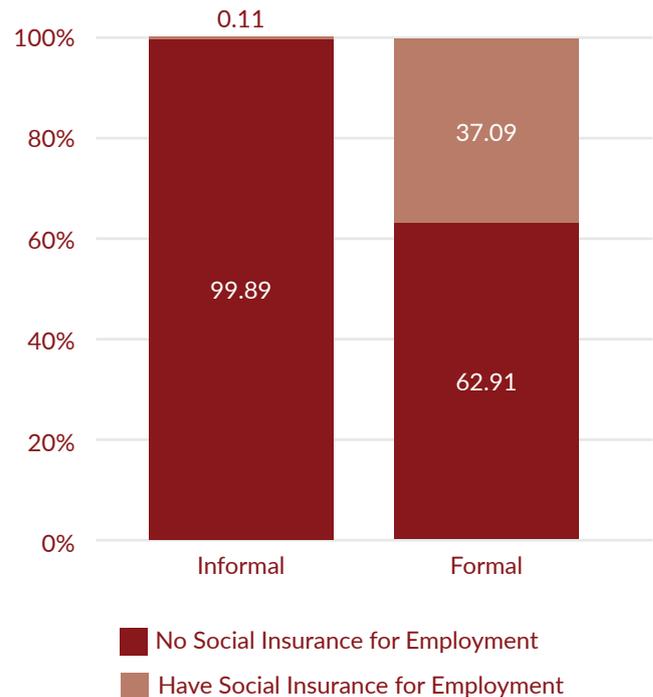
1. **Work Injury Compensation Insurance (*Jaminan Kecelakaan Kerja*: JKK)** aims to ensure members receive health and cash benefits when they experience work injury or sickness due to work.
2. **Survivor's Benefit Insurance (*Jaminan Kematian*: JKm)** aims to provide cash benefits to a member's heir when the member passes away due to causes not related to work injury.
3. **Old Age Savings (*Jaminan Hari Tua*: JHT)** aims to ensure members receive a one-off cash benefit when they enter retirement age, experience permanent disability, or die. The amount of cash benefits depends on the accumulated contributions and the return on contributions.
4. **Pension Insurance (*Jaminan Pensiun*: JP)** aims to maintain the decent living standards of members who experience a salary decrease or salary loss due to retirement age or permanent disability. JP consists of cash benefits paid on a monthly basis.

Source: Law No. 40/2004.

Over the years, social security membership in Indonesia continued to grow, although it was still below the government's target, especially for workers in the informal sector. According to BPS data (2020a), around 21.1 million formal sector workers (37.09 per cent of all workers in the formal sector) and

83,332 (0.11 per cent) informal sector workers were registered in BPJS Ketenagakerjaan (Figure 1). In the RPJMN 2020-2024, the government set the program target for formal sector workers to above 40 per cent and for informal sector workers to above 30 per cent, which means that efforts to expand membership in the future need to pay closer attention to informal sector workers whose membership numbers are currently still far below the government's target.

Figure 1. Social Insurance for Employment: Membership by Employment Sector



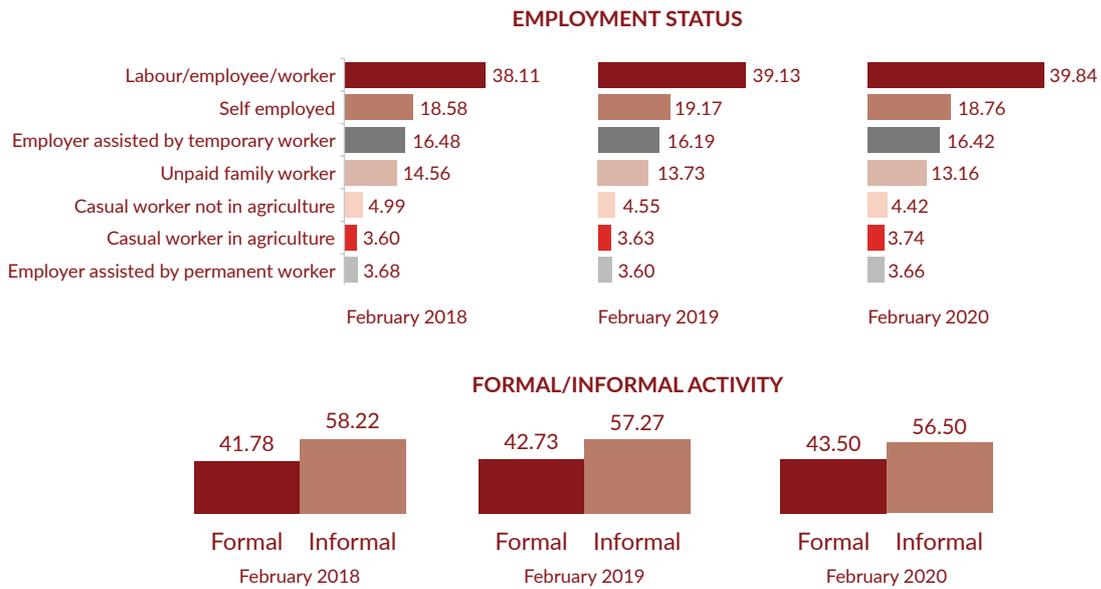
Source: BPS 2020a. Calculated by TNP2K 2020.

Note: The calculation of BPJS Ketenagakerjaan membership numbers utilising *Sakernas* data might underestimate/undercount numbers compared to the program administrative data.

The dominance of formal workers in social insurance for employment membership is inversely proportional to the dominance of informal workers in the total workforce. In 2020, the labour force² in Indonesia reached 137.91 million, with around 131.03 million (95 per cent) of them having employment status. Of the total workforce, 56.5 per cent work in the informal sector and 43.5 per cent work in the formal sector. Although the proportion of workers in the informal sector has fallen over the last three years, it is still higher than the proportion of workers in the formal sector (Figure 2). This condition underscores the importance of expanding social security membership amongst informal workers.

² Labour Force is the working age population older than 15 years of age who are working, or have jobs but are temporarily unemployed, and those who are unemployed.

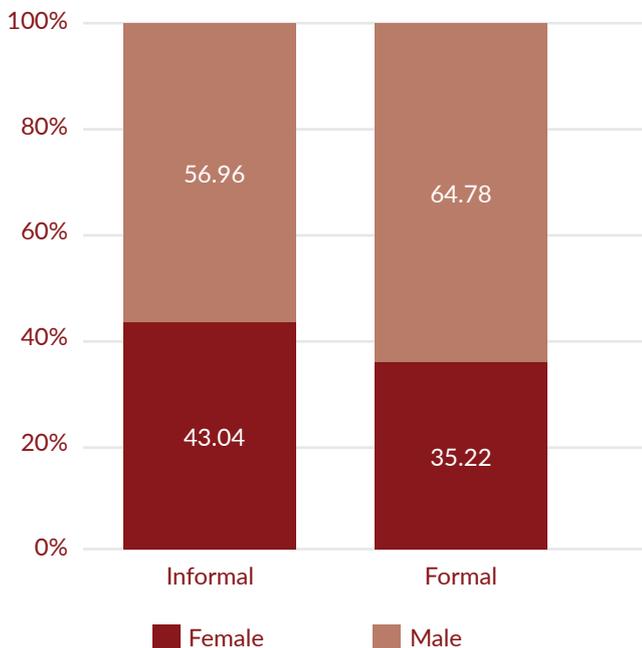
Figure 2. Working Population by Main Job Status and Formal/Informal Activity³ (February 2018–February 2020) (%)



Source: BPS 2020b.

BPS (2020a) data shows that males dominate jobs in both formal and informal sector, accounting for 64.78 per cent and 56.96 per cent respectively (Figure 3).

Figure 3. Job Status Formal/Infomal by Gender (%)



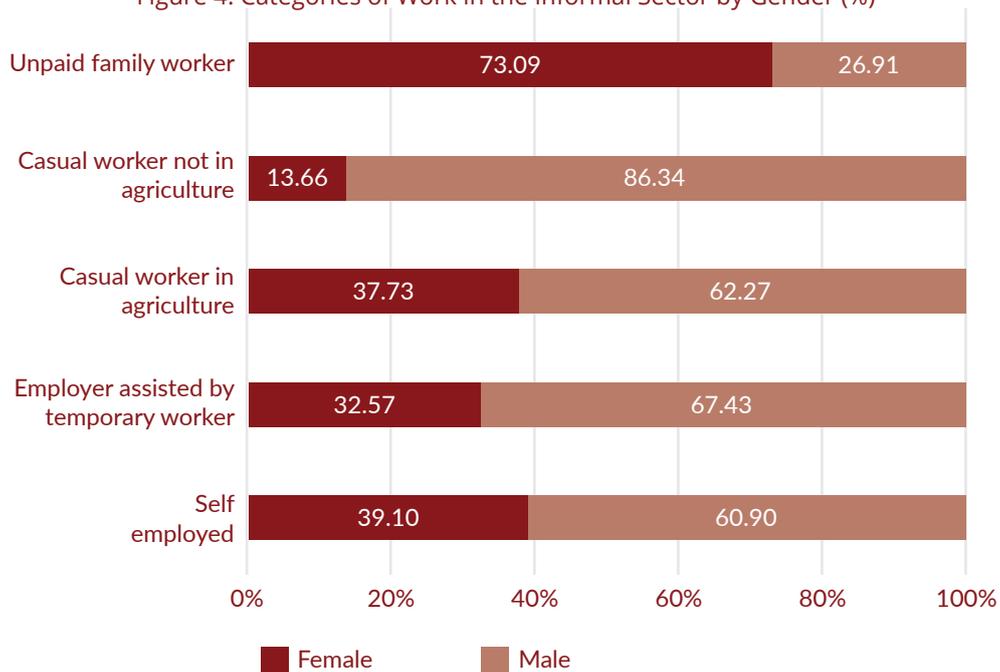
Source: BPS 2020a. Calculated by TNP2K 2020.

Informal workers generally have an irregular working relationship and uncertain wages that can hinder them from contributing to the social security schemes (ILO 2017). They are mostly employed in small or micro-scale economic activities that are not legal entities and are, therefore, not very well documented (BPS 2014). It is important to understand, however, that not all workers in the informal sector are classified as poor (Chen 2007). Employment relations in the informal sector tend to not follow labour regulations (ILO 2003), although Article 99, Paragraph (1) of Law No. 13/2003 on Labour regulates the right of workers and their families to obtain labour social security. This condition contributes to the lack of social security for informal workers.

Chen (2007) presented an interesting perspective on workers in the informal sector, illustrating wage and gender segmentation in the sector. Income-wise, informal entrepreneurs generally have the highest earnings followed by their workers, self-employed workers, and casual wage workers, while home-based workers are unpaid. In terms of gender, men generally occupy the highest-earning segment entrepreneurs in the informal sector, while women are dominant amongst home-based workers (73.09 per cent) (Figure 4).

³ BPS presentation entitled “Tenaga Kerja Formal dan Informal” (Formal and Informal Workers) (2019) explains that since February 2016, the definition of formal and informal worker adopts the concept from the 17th International Conference of Labour Statisticians in 2003. Based on the work status approach, formal work includes labourers/workers/employees and business activities supported by permanent workers, while informal work includes the self-employed, employers supported by temporary workers, unpaid family workers, casual workers not in agriculture, and casual workers in agriculture.

Figure 4. Categories of Work in the Informal Sector by Gender (%)

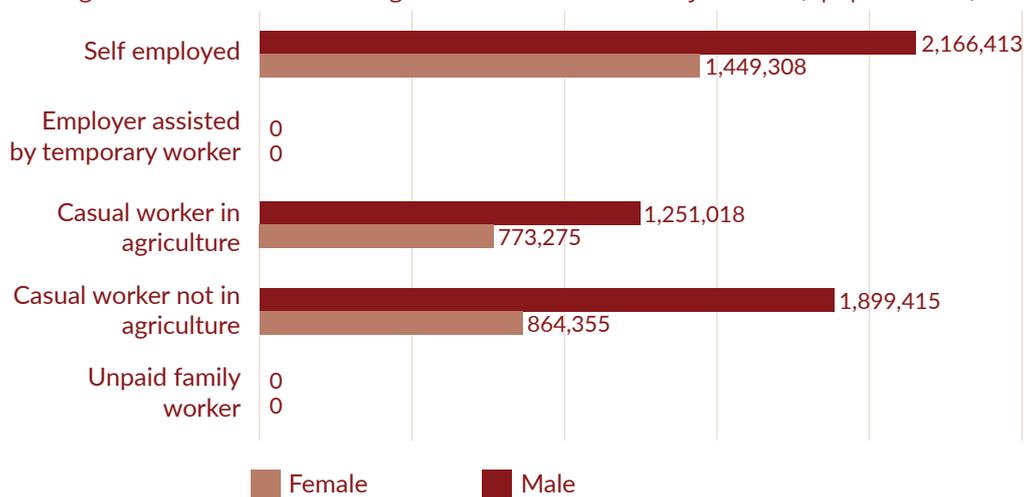


Source: BPS 2020a. Calculated by TNP2K 2020.

In terms of wages, there is a significant difference between female and male workers for the same type of work (Figure 5). Unfortunately, wage information for informal sector workers is not available for employers who

are assisted by temporary workers. The gender and wage aspects should be taken into account in developing the strategy for expanding membership in social insurance programs for the informal sector.

Figure 5. Difference in Earnings in the Informal Sector by Gender (Rp⁴ per Month)



Source: BPS 2020a. Calculated by TNP2K 2020.

⁴ Currency exchange US\$1 = Rp 14,602 as of 3 November 2020.

CHALLENGES AND PROPOSALS FOR EXPANDING SOCIAL INSURANCE FOR EMPLOYMENT

This section discusses the challenges of expanding social insurance for employment from two aspects—namely regulation and implementation—particularly those related to membership outreach, compliance, and awareness raising.

1. REGULATORY CHALLENGES

There are currently too many regulations on social security, particularly on social insurance for

employment, as well as inconsistencies between regulations. Some regulations also tend to focus on PPU or formal workers and limit access of PBPUs or informal workers and other workers' categories to the pension program. Moreover, the government is yet to regulate the PBI membership in social insurance for employment programs for at-risk workers,⁵ as already applied in social insurance for the health program. Table 1 shows the differences in the coverage of social insurance for employment programs for each category of workers based on current regulations, while Table 2 presents a detailed explanation of the regulatory challenges and proposals for remediating them.

Table 1. Social Insurance for Employment Program Coverage in Five Worker Categories

Worker Category	Program Coverage Challenge	Regulation
Wage Earner Member (PPU)	<ul style="list-style-type: none"> Wage earners in medium- and large-scale enterprises have the most comprehensive program coverage of social insurance for employment (JKK, JKm, JHT, and JP). Wage earners in small- and micro-scale enterprises still have limited access to the JP Program. These employers are not obliged to register their workers in the JP Program. Wage earners at all business scales can register themselves for all social insurance for employment programs, but contributions come from workers and employers. 	Government Regulation (Govt. Reg.) No. 44/2015; Govt. Reg. No. 45/2015; Govt. Reg. No. 46/2015; Presidential Regulation (Pres. Reg.) No. 109/2013; Minister of Manpower Regulation No. 26/2015; Minister of Manpower Reg. No. 29/2015.
Non-Wage Earner Member (PBPUs)	<ul style="list-style-type: none"> Non-wage earners only have access to JKK, JKm, and JHT Programs. Non-wage earners have not been able to access the JP Program as Government Regulation No. 45/2015 only regulates membership in the JP Program for wage earners. This conflicts with Presidential Regulation No. 109/2013 that stipulates that non-wage earners can participate in the JP Program as of 1 July 2015. Non-wage earners are only required to participate in the JKK and JKm Programs. JHT Program membership is voluntary. 	Govt. Reg. No. 44/2015; Govt. Reg. No. 46/2015; Minister of Manpower Reg. No. 21/2017; Minister of Manpower Reg. No. 1/2016.
Casual Workers in Construction Services Sector	<ul style="list-style-type: none"> Casual and/or seasonal daily workers in the construction service sector have not been able to access the JHT and JP Programs. Employers in the construction service sector are only obliged to register their casual daily workers in the JKK and JKm Programs. 	Govt. Reg. No. 44/2015; Pres. Reg. No. 109/2013; Minister of Manpower Reg. No. 44/2015.
Migrant Workers	<ul style="list-style-type: none"> Migrant workers have not been able to access the JP Program. Migrant workers are only required to participate in the JKK and JKm Programs. JHT Program membership is voluntary. 	Govt. Reg. No. 44/2015; Govt. Reg. No. 46/2015; Minister of Manpower Reg. No. 18/2018.
Fishers, Fish Farmers, Salt Farmers	<ul style="list-style-type: none"> Protection of fishers, fish farmers, and salt farmers is outside the BPJS <i>Ketenagakerjaan</i> scheme. Fishery and salt farming business insurance is carried out by state-owned enterprises and regionally owned enterprises in the insurance sector appointed by the central and local governments. Types of protection against risks include: work accident or loss of life and loss or damage to work facilities. 	Minister of Marine & Fisheries Regulation No. 18/Permen-KP/2016.

Source: TNP2K 2020.

All categories of members are required to take part in the JKK and JKm Programs, before participating in other programs (JHT and/or JP). Membership in the JHT Program remains voluntary for PBPUs and migrant workers. The ILO World Social Protection Report (2017) found that voluntary social security schemes that have been widely implemented in Africa

and Asia to target informal workers have not been able to significantly boost membership. It is hoped that these findings will stimulate discussions and studies on the impact of voluntary and compulsory membership in social insurance for employment programs in the informal sector.

⁵ Relevant ministries/institutions have held a series of discussions and are preparing a study to be used as a reference for a regulation on PBI members of social insurance for employment programs for at-risk workers.

Table 2. Regulatory Challenges in Social Insurance for Employment and Proposals for Improvement

Law/Regulation	Challenge	Proposal
Law No. 40/2004 on the National Social Security System tends to focus on PPU's or formal workers and hinders membership and coverage for PBPU's and other informal workers.		
<ul style="list-style-type: none"> • Chapter V on Membership and Contributions (Article 13, Paragraph 1): <i>Employers shall be required to gradually register themselves and their workers as members with the Social Security Agency, in accordance with the social security program being followed.</i> • The fifth section on Pension Program does not regulate PBPU's. It is different from other social insurance for employment programs. • Explanation of Law No. 40/2004, the principle of membership is compulsory which starts from workers in the formal sector, while simultaneously workers in the informal sector can become members voluntarily. 	<ul style="list-style-type: none"> • Article 13 on membership only regulates employers and their workers (PPU's). There is no membership rule for non-wage earners (PBPU's). • PBPU's do not have access to the JP Program. • Thus far, the obligation to participate in the social insurance for employment program is still focused on workers in the formal sector, while membership for workers in the informal sector is partly voluntary. This contributes to the low membership of informal workers. 	<ul style="list-style-type: none"> • Review and revise Law No. 40/2004. • Conduct studies on informal activities to identify worker characteristics, challenges, and strategies that can be developed to expand membership. The results of this study can be used as a basis for improvement of existing regulations or preparation of new regulations.
Law No. 40/2004 on the National Social Security System allows expansion of contribution payments coverage by the government for PBI members of social insurance for employment programs for at-risk workers.		
<ul style="list-style-type: none"> • Article 14 on Membership (Paragraph 1): <i>The Government shall gradually register PBIs as members with the BPJS.</i> Paragraph 2: <i>The PBIs as referred to in paragraph 1 (one) are the poor and disadvantaged.</i> • Article 17 on Contributions (Paragraph 4): <i>Social security program contributions for the poor and disadvantaged shall be paid by the Government.</i> Paragraph 5: <i>In the first stage, the contributions as referred to in paragraph (4) shall be paid by the Government for the health insurance program.</i> 	<ul style="list-style-type: none"> • Thus far, the government has only registered PBIs as members in the social insurance for health program (first stage). • PBIs have not been registered as members in the social insurance for employment program. 	<ul style="list-style-type: none"> • The RPJMN 2020-2024 lists PBI coverage for social insurance for employment totalling 20 million members. To achieve this, the government needs to conduct studies and compile regulations on PBIs for social insurance for employment.
<ul style="list-style-type: none"> • Government Regulation No. 44/2015 on the Implementation of JKK and JKm Programs; • Presidential Regulation No. 109/2013 on the Staging of Social Security Program Membership; and • Minister of Manpower Regulation No. 44/2015 on the Implementation of JKK and JKm Programs for Daily/Casual Workers and Specified-Time Work Agreements (<i>Perjanjian Kerja Waktu Tertentu: PKWT</i>) in the Construction Services Business Sector. 		
<ul style="list-style-type: none"> • Government Regulation No. 44/2015 Article 53; • Presidential Regulation No. 109/2013 Article 6; and • Minister of Manpower Regulation No. 44/2015 Article 2: Stipulate that construction services employers are required to register their workers in the JKK and JKm Programs. This refers to daily workers, casual workers, and PKWT workers. 	<ul style="list-style-type: none"> • Daily workers, casual workers, and PKWT workers are not entitled to be registered in the JHT and JP Programs so they do not have social security in old age. 	<ul style="list-style-type: none"> • Review and revise regulations to open access for workers in the construction services sector so they can participate in the JHT and JP Programs through self-registration.
<ul style="list-style-type: none"> • Government Regulation No. 45/2015 on the Implementation of the Pension Program; and • Minister of Manpower Regulation No. 29/2015 on Membership Registration Procedures, Payment, and Termination of Pension Benefits, limit membership, only regulate PPU's. • Presidential Regulation No. 109/2013 on the Staging of Social Security Program Membership. This opens access for PBPU's to register in the JP Program. 		

Law/Regulation	Challenge	Proposal
<ul style="list-style-type: none"> • Government Regulation No. 45/2015 Article 2, Paragraph 1. Regulates two types of members, namely members who work for the government (civil service apparatus, members of the military and police) and non-government workers. • Minister of Manpower Regulation No. 29/2015 Article 2, Paragraph 1: <i>Members are workers who work for non-government employers or PPUs.</i> • Presidential Regulation No. 109/2013 Article 8, Paragraph 2: Stipulates that non-wage earner members (casual workers and PBPUs) in addition to being required to take part in the JKK and JKm Programs no later than 1 July 2015, can participate in the JHT and JP Programs. 	<ul style="list-style-type: none"> • Government Regulation No. 45/2015 and Minister of Manpower Regulation No. 29/2015 limit the membership of the pension program to PPUs, thereby limiting access of PBPUs. • There is inconsistency between Government Regulation No. 45/2015 and Presidential Regulation No. 109/2013, which opens the opportunity for PBPUs to access the JP Program as of 1 July 2015. 	<ul style="list-style-type: none"> • Revision of Government Regulation No. 45/2015 and its derivative regulations to open access for all categories of workers in the pension program.
<ul style="list-style-type: none"> • Presidential Regulation No. 109/2013 on the Staging of Social Security Program Membership; and • Minister of Manpower Regulation No. 29/2015 on Procedures for Membership Registration, Payment, and Termination of Pension Benefits, limit access for PPU in small and micro enterprises to the pension program. 		
<ul style="list-style-type: none"> • Presidential Regulation No. 109/2013 Article 6, Paragraph 3: Staging of registration for: <ul style="list-style-type: none"> a. <i>Large and medium enterprises shall be required to participate in the JKK Program, the JHT Program, the JP Program, and the JKm Program.</i> b. <i>Small enterprises shall be required to participate in the JKK Program, the JHT Program, and the JKm Program.</i> c. <i>Micro enterprises shall be required to participate in the JKK Program and the JKm Program.</i> • Minister of Manpower Regulation No. 29/2015 Article 4, Paragraph 1: <i>Employers with small- and micro-scale business can register their workers as members in the pension program.</i> 	<ul style="list-style-type: none"> • Employers with small- and micro-scale businesses do not have the obligation to register their workers in the JP Program. This can potentially limit the membership of PPUs in businesses of this scale in the JP Program. 	<ul style="list-style-type: none"> • Ensure that workers in small and micro enterprises are registered or for those who are willing and are able to register themselves to contribute to the pension program.
<ul style="list-style-type: none"> • Minister of Manpower Regulation No. 21/2017 amending Minister of Manpower Regulation No. 1/2016 on Procedures for Implementing JKK, JKm, and JHT Programs for PBPUs, limits the age of JKK, JKm, and JHT membership for PBPUs. 		
<ul style="list-style-type: none"> • Article 5, Paragraph 1b on the requirements for PBPUs who have not reached the age of 60 years. 	<ul style="list-style-type: none"> • PBPUs aged 60 years and over cannot access JKK, JKm, and JHT Programs. • Economic and health vulnerability increases with age, making old age protection even more important. 	<ul style="list-style-type: none"> • Review the age limit for JKK, JKm, and JHT Programs.
<ul style="list-style-type: none"> • Minister of Manpower Regulation No. 19/2015 on Payment Procedures and Requirements of Old Age Savings, contains ambiguities in the concept of retirement age. 		
<p>Article 2: <i>JHT benefits are paid to members if:</i></p> <ol style="list-style-type: none"> <i>Members reach retirement age;</i> <i>Members have permanent total disability;</i> <i>Members die.</i> <p>Article 3, Paragraph 2: <i>Benefits of members reaching retirement age also include members who have stopped working.</i></p> <p>Paragraph 3: <i>Members who stop working as referred to in Paragraph 2 include:</i></p> <ol style="list-style-type: none"> <i>Members who resign;</i> <i>Members who are laid off;</i> <i>Members who have left Indonesia permanently.</i> 	<ul style="list-style-type: none"> • Ambiguity in the concept of retirement age results in early disbursement of JHT benefits. • Early disbursement of JHT benefits leaves members without protection at retirement age thus not getting optimal benefits from the accumulated contributions and the returns on accumulated JHT contributions. 	<ul style="list-style-type: none"> • Delete Article 3. • Develop other mechanisms that can help members who have been laid off, such as unemployment benefits.

Source: TNP2K 2020.

2. IMPLEMENTATION CHALLENGES

Data shows that PPU dominate membership across all programs and have the most comprehensive program coverage (JKK, JKm, JHT, and JP). The PBPU group has coverage in three programs (JKK, JKm, and JHT), while workers in the construction services sector have the lowest program coverage, namely two programs (JKK and JKm) (Table 3). This condition reflects problems at the regulatory level that tend to prioritise wage earners or formal workers.

Table 3. Active Membership by Program

Type of Membership	JKK	JKm	JHT	JP
Wage Earner (PPU)	19,380,812	19,380,812	15,413,654 ⁶	12,445,629
Non-Wage Earner (PBPU)	2,061,564	2,061,564	179,925 ⁷	-
Construction Services	8,119,478	8,119,478	-	-
Migrant Worker*	422,050	422,050	23	-
Total	29,983,904	29,983,904	15,593,602	12,445,629

Source: BPJS Ketenagakerjaan, 2020.

Note: *BPJS Ketenagakerjaan data as of September 2020.

In the early implementation stages of social insurance for employment, it was reasonable to give priority to formal sector workers because employers and workers in the formal sector are deemed to have the ability to contribute, are reachable by labour regulations, and are better documented than those in the informal sector. Nevertheless, challenges remain, including less-than-optimal regulatory compliance by employers/business entities and members. In its 2018 Integrated Annual Report, BPJS Ketenagakerjaan reported that, during 2018, there were only 16,071 large- and medium-scale employers/business entities in the category of Partial Listed Companies (*Perusahaan Daftar Sebagian*: PDS)⁸ for the JP Program (20.54 per cent of all employers/business entities participating in BPJS Ketenagakerjaan).

During 2018, 108,812 employers/business entities (or 19.41 per cent of all employers/business entities participating in BPJS Ketenagakerjaan) had outstanding

payments and were late in paying membership dues totalling Rp 2.13 trillion. On the member side, 3,350,567 members had not reported their actual PDS wages (17.95 per cent of all BPJS Ketenagakerjaan members). In addition, the 2019 BPJS Consolidated Financial Report showed that, out of 54,967,450 registered workers, only 34,166,257 (62.2 per cent) were active workers.⁹ In comparison with the unpublished administrative data of BPJS Ketenagakerjaan in September 2020, out of 36,421,062 PPU and PBPU registered in the JHT Program, only 15,593,579 (42.8 per cent) were active. The data shows the decline of active members of JHT which may be as a result of the layoff of waged workers during this Covid-19 pandemic.

To address compliance issues, the government has issued regulations governing sanctions, namely Government Regulation No. 86/2013¹⁰ and Minister of Manpower Regulation No. 23/2016. The latter was replaced by Minister of Manpower Regulation No. 4/2018 on Procedures for Imposing and Revoking Administrative Sanctions for Not Receiving Certain Public Services for Non-Government Employers. Administrative sanctions include written warnings, fines, and/or exclusion from receiving certain public services. This regulation will not be effective if enforcement remains less than optimal, including in supervision, inspection, and reporting by BPJS Ketenagakerjaan until sanctions are imposed by relevant government agencies. The implementation impact of those regulations has not yet been identified. Nevertheless, DJSN and BPJS Ketenagakerjaan supported by the central government (such as Ministry of Industry and Trade/MoIT and Ministry of Manpower/MoM) and local government need to find the causes of the employers' noncompliance in order to impose stricter sanctions.

Efforts to expand membership are also faced with limited information and lack of understanding about social security—particularly social insurance for employment. An ILO study (2019a) shows that lack of understanding and information regarding social security rights and obligations, program types and benefits, as well as registration and claim mechanisms, have hindered efforts to expand membership in many countries. In addition, lack of trust in the social security institution may also contribute to a reluctance to participate in the social security scheme (ILO 2019b). One of the challenges to disseminating information is related to the low level of education of the majority of workers in Indonesia. BPS data (2020b) shows that around 38.89 per cent or

⁶ The number of inactive PPU is 20,441,675 people. Inactive members are workers who are still registered as a member in BPJS Ketenagakerjaan but they do not contribute regularly or do not withdraw JHT benefits. If the employers/business entities had outstanding payments, the inactive members who were resigned or laid off would not be able to withdraw their JHT benefits (An explanation from E. Ilyas Lubis, The Director of Membership, BPJS Ketenagakerjaan cited in <https://ekonomi.bisnis.com/read/20160409/12/536072/bpjs-ketenagakerjaan-peserta-non-aktif-capai-2429-juta-orang>).

⁷ The number of inactive PBPU is 385,808 people.

⁸ There are three types of PDS: (1) PDS employees, where the employers only register some of their employees as BPJS Ketenagakerjaan members; (2) PDS wages, where the employers only report a partial amount of their employees' salary to BPJS Ketenagakerjaan; and (3) PDS programs, where the employers only register their employees to some social insurance for employment programs.

⁹ Workers who have not been reported as terminated by the employer or are still in the grace period (BPJS Ketenagakerjaan 2019).

¹⁰ Procedures for Imposing Sanctions on Non-Government Employers and Any Person, besides Employers, Workers, and PBIs in Social Security Administration.

50.96 million workers have elementary education levels or below. With such worker characteristics, it is important to develop awareness-raising strategies that are easily understood and accessible to employees/employers from diverse educational and economic backgrounds.

EFFORTS TO EXPAND MEMBERSHIP COVERAGE

To increase membership in social insurance for employment programs, BPJS *Ketenagakerjaan* has taken a number of initiatives, however, these initiatives have not, to date, succeeded in significantly increasing membership in the social insurance for employment programs:¹¹

- a. **Efforts to improve compliance:**
 - Formation of an integrated team to promote awareness and increase compliance involving various parties, namely BPJS *Ketenagakerjaan*, Ministry of Manpower, Local Manpower Office (*Dinas Tenaga Kerja: Disnaker*), Employers Associations, and Worker/Labour Unions.
 - Law enforcement efforts by BPJS *Ketenagakerjaan* supervisors and examiners (*Wasrik*) or in collaboration with the State Asset and Auction Service Office (*Kantor Pelayanan Kekayaan Negara dan Lelang: KPKNL*), the Ministry of Finance, *Disnaker*, and the Attorney General's Office.
- b. **Socialisation efforts:**
 - Socialisation through media and collaboration with various parties, including community leaders, to inform about the importance of social insurance for employment programs.
 - Inform employers/business entities about the risks that will be borne if they fail to meet their obligation to enrol their workers in the social insurance for employment programs.
- c. **Membership outreach efforts:**
 - Initiating the Indonesian Social Security Activator Program (*Program Penggerak Jaminan Sosial Indonesia: PERISAI*) to collaborate with social insurance for employment activating agents to reach PBPUs and MSMEs (Micro, Small, and Medium Enterprises). A total of 4,953 agents in 2019 recruited 555,497 workers (BPJS *Ketenagakerjaan* 2019). When compared to the potential membership of PBPUs and MSMEs, the number is certainly still small, but it can serve as a potential alternative to reach membership in this group.

RECOMMENDATIONS FOR EXPANDING MEMBERSHIP OF SOCIAL INSURANCE FOR EMPLOYMENT PROGRAMS

Along with the optimisation of these various efforts, there are several basic actions that the government can take:

- a. **Revise a number of regulations that potentially inhibit program membership and coverage expansion**, including reviewing the age limitations for social insurance for employment programs among non-wage earners and changing the retirement age concept in the JHT Program.
- b. **Expand membership of the JP Program for all categories of workers, taking into account the characteristics and contribution capacity of workers—especially for informal workers.**
- c. **Encourage expansion of social insurance for employment membership through the PBI scheme for the poor and disadvantaged groups** as part of achieving the RPJMN 2020-2024 target of 20 million members as well as encourage contributory members.
- d. **Assess the effectiveness and impact of voluntary and compulsory social insurance for employment program membership for all business scales and categories of workers** who have the willingness and ability to contribute, in line with the principle of the national social security system.
- e. **Assess the causes of employers/business entities' noncompliance** by DJSN and BPJS *Ketenagakerjaan* supported by the central government (such as MoIT and MoM) and local government. The study can be used as a reference to implement stricter sanctions.
- f. **Improve literacy, conduct massive and periodic campaigns and outreach that emphasise the importance of protection for workers and membership in social insurance for employment programs.**
- g. **Enhance law enforcement for employers/business entities that fail to comply with regulations.**

Some of the basic proposals above are expected to increase membership and expand the coverage of the social insurance for employment program for all workers in accordance with the mandate of the 1945 Constitution.

¹¹ Point a, b, and c originated from BPJS *Ketenagakerjaan* 2018.

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