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## Indonesia Country Gender Assessment:

# Investing in Opportunities for Women





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## Abbreviations and Acronyms

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ADB	Asian Development Bank
AIPEG	Australia Indonesia Partnership for Economic Governance
ASEAN	Association of Southeast Asian Nations
BPD	<i>Badan Permusyawaratan Desa</i> (Village Council)
BRICS	Brazil, Russia, India, China, and South Africa
BTS	Buy The Service
CBO	Community-based organizations
CGA	Country Gender Assessment
COVID	Novel coronavirus
CPF	Country Partnership Framework
CSO	Civil society organizations
DAK	<i>Dana alokasi khusus</i> (Special Allocation Fund)
DHS	Demographic Health Survey
DKI	<i>Daerah Khusus Ibukota</i>
DPR	<i>Dewan Perwakilan Rakyat</i> (House of Representatives)
ECED	<i>Early childhood education and development</i>
FHH	Female-headed household
FLFP	<i>Female labor force participation</i>
GDP	Gross domestic product
GNI	Gross national income
GOI	Government of Indonesia
HDI	Human development index
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
LBH APIK	<i>Lembaga Bantuan Hukum Asosiasi Perempuan Indonesia untuk Keadilan</i> (Indonesian Women's Legal Aid Institute for Justice)
MAMPU	<i>Maju Perempuan Indonesia</i> (Australia-Indonesia Partnership for Gender Equality and Women's Empowerment)
MHH	Male-headed household
MMR	Maternal mortality ratio
MOEC	Ministry of Education and Culture
MSME	Micro, Small, and Medium Enterprises
NEET	Not in employment, education or training
NER	Net enrolment rate
NTB	<i>Nusa Tenggara Barat</i>
NTT	<i>Nusa Tenggara Timur</i>
OECD	Organisation for Economic Co-operation and Development
OJK	<i>Otoritas Jasa Keuangan</i> (Financial Services Authority)
PAUD	Pendidikan Anak Usia Dini (Early Childhood Education)
PDR	<i>People's Democratic Republic</i>
PEKKA	<i>Perempuan Kepala Keluarga</i> (Women-Headed Family Empowerment)
PISA	Programme for International Student
PKH	<i>Program Keluarga Harapan</i> (Family Hope Program)

PKI	<i>Partai Komunis Indonesia</i> (Communist Party of Indonesia)
PKK	<i>Pembinaan Kesejahteraan Keluarga</i> (Family Welfare Guidance Program)
PODES	<i>Potensi Desa</i> (Village Potential Statistics)
RPJMN	<i>Rancangan Pembangunan Jangka Menengah Nasional</i> (National Medium-Term Development Plan)
RPP	<i>Rancangan peraturan pemerintah</i> (draft government regulation)
SAKERNAS	<i>Survei Angkatan Kerja Nasional</i> (National Labor Force Survey)
SCD	Strategic Country Diagnostic
SDG	Sustainable development goal
SME	Small and medium enterprise
SNAP	Social Norms and Attitudes Survey
STEM	Science, technology, engineering, and math
SUSENAS	<i>Survey Sosial Ekonomi Nasional</i> (National Social and Economic Survey)
TURC	Trade Union and Rights Centre
TVET	Technical and vocational education and training
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USD	United States dollar
WB	World Bank
WEF	World Economic Forum
WSME	Women-owned small and medium enterprises

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## Executive Summary

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In 2018, Indonesia's poverty rate fell below 10 percent for the first time; poverty rates had halved over the previous two decades, driven in large part by strong economic growth in the country. The rate of poverty decline has slowed in recent years, and, despite sustained growth, a fifth of households in Indonesia are still classified as vulnerable, living just above the poverty line. The emerging challenge for Indonesia is to translate economic growth more effectively into lasting household prosperity and resilience in order to achieve the Government's objective of becoming an upper middle-income country.<sup>1</sup> This is now more important than ever as COVID-19 and its economic fallout is putting Indonesia's hard earned gains in economic growth and poverty, and the Government's medium-term development goal, at risk.

Continued economic growth, rather than changes in distribution, will continue to be a key driver of poverty reduction in Indonesia. This development objective -- continued economic growth and poverty reduction -- is the overarching objective of the Government of Indonesia's new medium-term development plan (*Rencana Pembangunan Jangka Menengah Nasional* or RPJMN) (2020-2024). The RPJMN includes priorities on strengthening economic resilience for quality growth, increasing the quality and competitiveness of the country's human resources, and improving investments in infrastructure and enabling services. The RPJMN also includes specific priorities on gender, including targets on access to education, access to employment, health status, violence and access to politics.

As Indonesia endeavors to recover from COVID-19 and the economic downturn, policy makers must consider all options to ensure back-to-work transitions move beyond past rigidities and are more inclusive of women to drive stronger economic growth. Investments in gender equality to close specific gender gaps have the potential to contribute to greater economic growth for Indonesia, thereby contributing to further poverty reduction.<sup>2</sup> Indonesia has made significant progress on several dimensions of gender equality, including achieving gender parity in net enrollment rates, and expanding basic health services. However, these improvements have not yet translated into increased economic participation of women. Indonesia's female labor force participation (FLFP) rates have remained low and stubbornly stagnant over the last two decades, at around 52 percent (against labor force participation rates of men around 85 percent). Boosting women's economic participation to achieve parity with other East Asian countries is estimated to be able to contribute to between US\$125-135 billion in annual GDP by 2025, or around 0.67 percentage points in annual growth.<sup>3</sup> This growth potential is significant and will be key stimulating Indonesia's road to recovery.

The objective of this report is to provide a broad overview of the current state of gender equality and women's issues in Indonesia, including in light of COVID-19; and to provide an evidence base for the Indonesian Government on specific actions and priority responses needed to close gender gaps to drive the growth and human capital potential of the country. Specifically, the assessment focuses on areas where demonstrated improvements in gender equality can contribute to economic growth, both in the short term through improvements in economic participation, but also over the medium term through investments in human capital.

### Structure of the Report

The report starts by providing the assessment framework and context to understand patterns of gender equality in Indonesia (Chapter 1 and Chapter 2). It then moves to a discussion on women's economic participation to

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<sup>1</sup> Bappenas, Medium Term National Development Plan (RPJMN) 2020-24.

<sup>2</sup> See for example Kabeer and Natali (2013); and Elborgh-woytek et al. (2013).

<sup>3</sup> See McKinsey and Company (2018); and Cameron et al. (2019).

elucidate the key factors underlying these current trends (Chapter 3), before moving to a discussion of the current areas Indonesia would need to address to ensure the equivalent human capital accumulation of women across the country (Chapter 4). It then summarizes some of the early dual health and economic impacts of the COVID-19 pandemic (Chapter 5), before providing a set of strategic priority actions to advance the country's growth and poverty reduction objectives through investments in gender equality (Chapter 6).

## Key Findings: Growth and Women's Economic Participation

- **Indonesia has made some significant improvements in gender equality. However, these have not translated into increased economic participation for women, and marriage continues to be the biggest predictor of dropping out of the labor force.** FLFP has remained stagnant at around 52 percent for the last two decades – lower than male LFP at 85 percent, and much lower than rates in other East Asian countries. The key predictors of women's absence from the labor force are marriage and childbearing. Marriage reduces labor force participation for all women except those with tertiary education. A married woman in rural areas is 11 percentage points less likely to be working than a single woman. The difference is even more pronounced in urban areas where a married woman is 25 percentage points less likely to be working or looking for work than a single woman. When women leave wage labor for marriage or childbirth, they often do not return to wage work.<sup>4</sup> Instead they enter family business or self-employment as their children grow, with lower returns on their labor.<sup>5</sup> Improved policy and regulatory frameworks will remove barriers and provide incentives for married women to remain in the labor force.
- **Most women in the labor force remain predominantly in low productivity sectors and in informal work.** Structural changes to the economy in Indonesia have seen an overall shift in employment from the agricultural sector to manufacturing and services. Women's labor has broadly followed this trend, with significant declines in women active in the agriculture sector (although it continues to be the second biggest employer for women). Shifts in the economy have seen more women take up wage employment, with a twelve percent increase between 2001 and 2019, although this was offset by women moving out of unpaid family work (17 percent decline over the same period). Occupational segregation in terms of gender persists: in the services sector, women remain predominantly in low productivity sectors (retail trade, restaurants, and hotels), with the construction; electricity, gas, and water supply; transport; and finance and business services sectors continuing to be male dominated. While the gap between the informal and formal sectors have narrowed, more women are employed in the informal sector, with rural women making up the largest category of non-wage workers.<sup>6</sup> Women make up around half of the international migrant worker population with around nine million women working overseas in 2016.
- **Indonesia has a large pool of women entrepreneurs, but most are not fulfilling their growth potential.** Women-owned businesses make up around 60 percent of small businesses, but these tend to be primarily micro and informal home-based businesses. These businesses could be more productive with better access to capital, credit, technology and markets. Several factors underpin the smaller size and lower productivity of these businesses. First, women generally own fewer assets to use as collateral to access finance. Second, prevalent lending practices typically necessitate husbands or other male relatives to act as co-signatories on loans. Third, programs to boost small business productivity are reflective of an inherent bias towards male-owned businesses.

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<sup>4</sup> As Schaner and Das (2016) note: "Although women do appear to reenter the labor force as their children get older, they do so by performing family work or engaging in self-employment; there is no reentry into wage work as children age".

<sup>5</sup> Schaner and Das (2016).

<sup>6</sup> Badan Pusat Statistik (2018).

- **There are several root causes that shape women’s economic participation.** First, the gender gap in labor force participation occurs primarily during childrearing years, implying an unmet demand for childcare, and indicating that this is a significant constraint. Second, with few flexible or part-time work possibilities offered, many women opt to drop out of the labor force after marriage. Third, workforce protection in several areas—such as expanded and harmonized parental leave, worker protections, discrimination in hiring and sexual harassment—remain key gaps. Fourth, while the wage gap has been shrinking, women continue to see a wage gap of around 30 percent as compared to similarly qualified male colleagues, and much of these differences are attributed to discrimination, rather than differences in productivity.<sup>7</sup> Finally, social norms in Indonesia continue to see women as wives and mothers, roles that are often at odds with continued work, although there is some evidence that these are shifting.

### Key Findings: Enhancing Human Capital through Gender Equality

- **Indonesia has increased investment in delivering the services to improve human capital over the last few decades and has seen important human capital and gender equality improvements.** In recent years, Indonesia has achieved gender parity in net enrolment rates (NER)<sup>8</sup> at the national level, and Indonesian girls outperform boys, with PISA results showing higher average scores for girls in math, science, and reading. In terms of health, Indonesia has improved life expectancy; reduced fertility rates, child mortality, and to a lesser extent maternal mortality; and introduced landmark legislation that has helped provide a pathway for Indonesia to achieve universal health coverage (UHC). Boosting Indonesia’s growth in the medium term will be dependent on investments today supporting the effective accumulation of human capital. This will necessitate a continued focus to ensure that this accumulation is accruing with gender parity.
- **Indonesia has made progress on the expansion of social protection programs, streamlining different programs and simplifying access to social assistance programs.** Access to these programs is made simpler by an expansion of the civil registry system, with around 92 percent of the population now covered with national identification cards.<sup>9</sup> However, the coverage of civil registry remains much lower; only around thirty percent of the population has legally registered a marriage. This low rate of coverage impacts women, especially, in the event of a dissolution of an informal marriage, as without a legal registration for divorce, women cannot be legally identified as a head of household and are not able to access social assistance programs. While this affects about 15 percent of households,<sup>10</sup> this group is extremely vulnerable, and has a high dependency on social transfers and assistance.
- **However, Indonesia continues to exhibit large gender gaps in a few key areas.** Indonesia’s maternal mortality ratio (MMR), while slowly improving, continues to be one of the highest in the East Asia region, at 177 deaths per 100,000 live births. Indonesian women are more likely to suffer from malnutrition and obesity, and poor nutrition among pregnant women is closely linked to Indonesia’s stunting rates. Indonesia has the eighth highest number of child marriages in the world, with one in nine women married before they turned 18 years old.<sup>11</sup> Girls who marry below the age of 18 are six times less likely to complete upper secondary school than their peers, are more likely to work in the informal sector, and are more likely to face domestic violence and abuse. A 2015 survey found that one in three women in Indonesia has faced violence, with most facing

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<sup>7</sup> Schaner and Das (2016).

<sup>8</sup> Gender Parity Index (GPI) of NER is calculated by dividing the female NER by the male NER. Gender parity is indicated by a GPI of 1.00.

<sup>9</sup> World Bank (2018a).

<sup>10</sup> Schaner and Theys (2020).

<sup>11</sup> UNICEF Indonesia (2019).

domestic violence or abuse by their spouse or family member. Closing these gaps effectively will be critical to ensuring Indonesia achieves its full potential in human capital accumulation.

- **Underpinning the accumulation of human capital is the effective investment in infrastructure and services.** A 2019 study confirmed that intergenerational mobility in Indonesia was driven by educational attainment, formal jobs, water and electricity supply, land ownership and health investment, suggesting that investments in both the human capital as well as physical capital are linked to the expanding middle class in the country.<sup>12</sup> While much progress has been made on closing the overall infrastructure and service provision gaps, the remaining gaps have disproportionate impacts on women and girls. Indonesia still has one of the highest percentages of open defecation with 29 percent among the rural population and 14 percent among the urban population.<sup>13</sup> Poor sanitation and hygiene practices and unsafe water lead to high rates of infectious disease, which are in turn linked to chronic malnutrition,<sup>14</sup> estimated to cost Indonesia 2.3 percent of GDP.<sup>15</sup> Women are also the primary water collectors and providers for the household: two in five Indonesian households delegate women household members to carry water.<sup>16</sup> In many instances, this task is time consuming limiting women and girls' participation in more productive schooling and economic activities.
- **Several interrelated factors contribute to persistent gender gaps in Indonesia.** Fundamentally, persistent gender gaps are reflective of underlying gender inequality in society and are shaped by norms that continue to affect the low status of women in multiple spheres of life. This underlying gender inequality in society and low status of women can have serious consequences for some women and girls. Social norms limit opportunities for women and girls. This includes the fact that women shoulder the burden of unpaid care, social norms can influence choices around education, and that gender norms within institutions limit the opportunities for women and girls. Infrastructure and services rarely account for the different needs of men and women, thereby perpetuating gender-based disadvantages. Gender bias is perpetuated by low participation of women in leadership and decision-making; despite commitments and policies towards increasing the proportion of female representatives in parliament, the total number of seats is only 17.4 percent.<sup>17</sup>

## Impacts of the COVID-19 Pandemic

By August 2020, the Government's latest estimates are showing an economic contraction of 4.5 percent, with up to 3.6 million jobs lost, and 5.5 to 8 million Indonesians falling into poverty.<sup>18</sup> Early assessments of the COVID-19 pandemic highlight several areas that stand to erode the progress that Indonesia has made in closing gender gaps. Preliminary surveys of job loss indicated the pandemic was affecting men and women at relatively equal rates, although there is emerging evidence that this may underestimate the impacts on women's economic participation. Projections of the economic impacts indicate the service sector will bear the brunt of the crisis,<sup>19</sup> especially in sectors such as tourism. The garment industry, which employs 2.1 million workers (80 percent of whom are women) were sent home in response to the pandemic,<sup>20</sup> and Indonesia's Chamber of Commerce and Industry estimated job losses of 6.4 million with more layoffs expected. One key factor to continue monitoring is the potential gender gaps that may emerge as jobs are added back to the economy, and the specific sectors of

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<sup>12</sup> Dartanto et al. (2019).

<sup>13</sup> World Health Organization (WHO) and UNICEF (2017).

<sup>14</sup> Torlesse et al. (2016); and Cameron et al. (2017).

<sup>15</sup> World Bank (2020g).

<sup>16</sup> Irianti and Prasetyoputra (2019).

<sup>17</sup> Statista (2019).

<sup>18</sup> World Bank (2020e)

<sup>19</sup> The World Bank (2020e).

<sup>20</sup> Fairwear (2020).

employment. Women are also highly concentrated in the informal sector, and own predominantly micro and small enterprises, which were impacted since the outbreak of the COVID-19 pandemic.<sup>21</sup>

The COVID-19 pandemic is also seeing a sharp rise in poverty, with a potentially larger impact on women and female headed households. Prior to the crisis, female headed households (FHH) were more reliant on transfers, and faced a growing poverty gap, when using asset-based poverty measures.<sup>22</sup> Remittances from Indonesian migrant workers in first quarter of 2020 decreased by 7.5 percent compared to the same quarter the previous year, and over 90,000 migrant workers have returned home since the start of the crisis, either on their own accord or with government assistance.<sup>23</sup> Recent research finds the 74 percent of FHH received less or no remittance since the pandemic started.<sup>24</sup> The prevalence of food insecurity is higher amongst FHH.<sup>25</sup> There are also reports of gender-based violence increasing during lockdowns and as a result of economic stress at the same time as shelters and services for survivors have been forced to close.<sup>26</sup>

The COVID-19 pandemic is also impacting service provision, and the ensuing economic crisis may have disproportionate impacts on women and girls. With focus on the pandemic, health services are being diverted, impacting antenatal clinics and family planning services. As a result, Indonesia's National Population and Family Planning Board (BKKBN) estimates pregnancies could increase by 15 percent, resulting in around 420,000 additional, and in some cases unintended pregnancies.<sup>27</sup> This increases the risk of unsafe abortions, maternal and newborn deaths. BKKBN also reported that in March 2020, 10 percent of its 28 million family planning acceptors reported difficulties accessing contraceptives.<sup>28</sup> Further, the Indonesian Midwifery Association reported a decline in pregnant women and couples visiting health facilities for check-ups or to receive birth control.<sup>29</sup> Over 530,000 schools have closed amid the coronavirus outbreak (COVID-19), affecting 68 million students from pre-primary through tertiary levels. Despite attempts to compensate closures with online and distance learning, the expected negative impact on learning and skill accumulation is large. World Bank estimates indicate that Indonesian children have already lost 11 points on the Programme for International Student Assessment (PSIA) reading scale and US\$249 in future annual individual earnings due to the four-month school closures (between March 24 and end of July 2020) and that that these losses are expected to increase.<sup>30</sup>

## Way Forward: Strategic Priorities for Action

Indonesia's overarching development goals continue to be underpinned by the country's Medium-Term Development Goal. Achievement of these goals will not be possible without a strengthened focus on closing specific gender gaps to drive growth and support human capital development. Today, the impacts of COVID-19 will set these goals further back, because of the dual impacts of the pandemic on health and the economy. In Indonesia, the pandemic is still unfolding, and the final impacts—both in terms of human life and to the economy—are not yet clear. The actions identified in the priority areas below are meant to provide recommendations to policy makers with the objective of addressing measures to improve gender equality, which, in turn, is expected to further impact Indonesia's growth. Investing in gender equality to stimulate greater

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<sup>21</sup> Low-income, self-employed and informal workers are less amenable to work from home and less likely to have income protection scheme (Hayatama et al. 2020).

<sup>22</sup> Schaner and Theys (2020)

<sup>23</sup> Associated Press and Bloomberg (2020).

<sup>24</sup> World Bank (2020c).

<sup>25</sup> World Bank (2020c).

<sup>26</sup> United Nations Population Fund (UNFPA) Indonesia (2020).

<sup>27</sup> Rodriguez (2020).

<sup>28</sup> Rodriguez (2020).

<sup>29</sup> Cahya (2020).

<sup>30</sup> Yarrow et al. (2020).

economic growth today not only supports the country's development goal but can also help to ensure that gains made in gender equality are fully integrated into the country's path towards economic recovery.

Capitalizing on Indonesia's growth potential will require a coordinated set of programs that are targeted towards increasing women's opportunities in the labor force and public domain. Indonesia's RPJMN 2020-2024 has already laid out several goals related to closing gender gaps, along with targets to achieve these. Building on this foundation, and with a view to drive greater economic growth, the Government could develop a set of concrete actions and budget guidelines focused on women's economic opportunities to be integrated in the Macroeconomic Framework and Fiscal Policy Guidelines (KEM-PPKF). This would help to anchor the drive for gender equality in the economic growth agenda and support an integrated program for gender equality across the Government.

The set of priority areas and actions below could serve as suggested programmatic area of focus for the Government. These recommended priority areas are categorized thematically into six priority areas below:

- 1. PRIORITY AREA ONE: Stimulate labor force participation through addressing barriers and disincentives to work.** Boosting women's economic participation and productivity will necessitate a package of reforms at the policy level that would unlock the ability of women to participate more effectively in the economy. Recommended reforms could focus on, first, closing gaps in unmet childcare needs by expanding access to comprehensive, affordable, and quality childcare for working women and women searching for work. Options for the Government to achieve this could include expanding the provision (operating hours) of existing public childcare facilities, strengthening and expanding community-based childcare systems by allowing community and village government co-financing, and stimulating employer provided childcare through tax credits. Secondly, addressing the disproportional high tax burden for second income earners in households – which is typically women – could be addressed by interventions such as eliminating gender bias in second-earner income tax fillings and introducing a working family tax credit. Finally, nudging perceived social and cultural norms, which perpetuate discriminatory biases and influence girls' and women's behavior relating to participation in the labor market. The Government could achieve this by preparing and implementing a national-level campaign across relevant ministries that challenges and nudges social norms towards the concept of women being productive and working, fathers sharing childcare, and daycare facilities taking care of children and infants.
- 2. PRIORITY AREA TWO: Ensure gender equity in labor legislation and workforce regulations.** Workforce legislation provides the basis for leave policies as well as worker protections that are foundational to improving female labor force participation. Taking up amendments to the labor law are fraught with political realities outside of gender equality considerations and seeing through this priority objective will not likely come in the short term. However, given the foundational nature of the legislation, it is included here as a priority area. Should opportunities to amend this legislation be forthcoming, the Government should consider policy actions to remove gender biases to level the playing field between women and men in the labor market, such as actions to increase and equalize maternity and paternity leave, define and prohibit sexual harassment in the workplace, and strengthen options for flexible and part-time work.
- 3. PRIORITY AREA THREE: Support the growth of women-owned enterprises and female entrepreneurs** will necessitate interventions that specifically tailor products, services and information to women, as well as certain affirmative action principles being put in place. Recommended reforms could focus on, first, addressing financing constraints for MSMEs to enable female entrepreneurs to expand their business if they choose. This could be achieved by addressing gender bias in lending to improve women's access to

credit and financing products for growth and developing tailored financial products for women entrepreneurs. Secondly, supporting programs that target skills development for micro and small/informal workers to increase outreach for women by developing tailored curriculum and targeted outreach for existing government programs (e.g., *Kartu Pra-Kerja*), and supporting women's entrepreneurship programs that focus on disseminating information to support female entrepreneurs. Thirdly, strengthening market access for women MSMEs, including by instituting preferential government procurements for women-owned firms or firms with female-majority management. Finally, establishing high-level, coordinated, and evidence-based public and private sector commitment to support female entrepreneurs. This may be achieved by setting up a joint public-private task force on women's entrepreneurship to identify and track barriers to growth and adopting a gender disaggregated data policy to develop an evidence base to inform policy decisions.

4. ***PRIORITY AREA FOUR: Improve labor productivity by strengthening women's linkages with high growth sectors and opportunities***, is best facilitated by targeting women's training and education in high growth sectors of the economy, and by supporting school to work transitions. To improve women's opportunities to shift to higher productivity work and into higher growth sectors, the Government could consider actions to, first, widen girls' and women's access to education and skills training programs that challenge gender stereotypes and link to higher productivity work. This may be achieved by pursuing targeted programs in STEM and ICT, to improve the participation of women in these sectors. Second, strengthening existing employment and job-placement services to better support women's transition from education to employment in higher growth and in-demand sectors. This may be achieved by strengthening job market assessments through integrating gender objectives, and developing a job matching vocational education policy package that focuses on female-centered job placement services. Finally, strengthening protections for migrant workers in line with the new Migrant Workers Law will ensure improved labor outflows to relatively higher paid work.
5. ***PRIORITY AREA FIVE: Close gender gaps in essential services to support greater human capital development and economic participation***. Investments in infrastructure and essential services are key enablers to greater human capital accumulation, as well as labor force participation. To ensure improved responsiveness and efficiency of these services, the Government could consider, first, ensuring gender-sensitive infrastructure services by supporting subnational governments to strengthen gender and social inclusion principles in infrastructure design and planning, and to adopt evidence-based planning and monitoring systems to better track gender responsive interventions at the district level. Secondly, ensuring continued funding to essential services for women, especially during the COVID-19 pandemic, to continue to close critical gender gaps (e.g., in maternal mortality, adolescent fertility, stunting, child marriage and violence against women). These outcomes are important for gender equality in their own right, but they are also critical determinants of human capital and thereby growth. Finally, supporting women's access to legal identity and civil records to enable better access to health and education services, along with social protection programs. This may be achieved by enabling subnational governments to fund enrollment programs and partnering with civil society to ensure outreach, particularly in hard to reach areas.
6. ***PRIORITY AREA SIX: Empower women's voice and agency and strengthen leadership***. While Indonesia presents significant diversity in culture, attitudes and social norms in different parts of the country, several actions could be taken to support greater leadership of women. To achieve this, the Government can

leverage international and national commitments<sup>31</sup> to, first, provide targeted support and guidance to village institutions about raising awareness around ensuring greater female representation. Secondly, supporting actions to increase the number of female representatives in parliamentary bodies to Indonesia's commitment of 30 percent by improving outreach and capacity of female candidates, reducing costs to running for public office, and raising awareness on the commitment to women in parliament. Thirdly, demonstrating commitment to women's leadership in the public sector by increasing the number of women in higher leadership positions through targeted training and outreach program. Finally, in the private sector, improve visibility and positive rewards to increase women in management by encouraging Jakarta Stock Exchange reporting on gender targets of progress on certifications (e.g., EDGE certification) for any listed companies.

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<sup>31</sup> For example, the Beijing Platform for Action target to ensure 30 percent female representatives, and the Village Law No. 6/2014 that includes legal provision for female representatives in village governments.

# 1. Introduction

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In 2018, Indonesia's poverty rate fell below 10 percent for the first time; poverty rates had halved over the previous two decades, driven in large part by strong economic growth in the country. The rate of poverty decline has slowed in recent years, and, despite sustained growth, a fifth of households in Indonesia are still classified as vulnerable, living just above the poverty line. The emerging challenge for Indonesia is to translate economic growth more effectively into lasting household prosperity and resilience in order to achieve the Government's objective of becoming an upper middle-income country.<sup>32</sup>

Continued economic growth, rather than changes in distribution, will continue to be a key driver of poverty reduction. The objective of continued economic growth and poverty reduction is apparent in the Government of Indonesia's new medium-term development plan (*Rencana Pembangunan Jangka Menengah Nasional* or RPJMN) (2020-2024). This includes priorities on strengthening economic resilience for quality growth and increasing the quality and competitiveness of the country's human resources. The RPJMN includes specific priorities on gender, including targets on access to education, access to employment, health status, violence and access to politics.

Investments in gender equality to close specific gender gaps have the potential to contribute to greater economic growth for Indonesia, thereby contributing to further poverty reduction.<sup>33</sup> Indonesia has made significant progress on several dimensions of gender equality, including achieving gender parity in net enrollment rates, and expanding basic health services. However, these improvements have not yet translated into increased economic participation of women; Indonesia's female labor force participation rates have remained low and stubbornly stagnant over the last two decades, at around fifty percent (against labor force participation rates of men around eighty percent). Boosting women's economic participation to achieve parity with other East Asian countries is estimated to be able to contribute to between US\$125-135 billion in annual GDP by 2025, or around 0.67 percentage points in annual growth.<sup>34</sup>

## 1.1. Objectives

The objectives of this report are to review the current status of gender equality and women's issues in Indonesia; and to provide an evidence base for the Indonesian Government on specific actions and priority responses needed to close gender gaps to drive the growth and human capital potential of the country. Specifically, the assessment focuses on areas where demonstrated improvements in gender equality can contribute to economic growth, both in the short term through improvements in economic participation, but also over the medium term through investments in human capital.

## 1.2. Assessment Framework

The assessment is anchored in Indonesia's Medium-Term Development Plan (RPJMN) 2020-2024, which outlines the Government's overarching objective of becoming an upper middle-income country, as well as the priorities and actions needed to accelerate productive growth, attract investments that create jobs; and build high-quality human capital to compete in regional and global markets. In order to achieve these goals, the Government of Indonesia will need to improve gender equality to both boost short term growth, as well as to ensure that investments in human capital, through expenditures in infrastructure and services, will reach their full potential

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<sup>32</sup> Bappenas, Medium Term National Development Plan (RPJMN) 2020-24

<sup>33</sup> See for example: Kabeer and Natali (2013); and Elborgh-woytek et al. (2013).

<sup>34</sup> McKinsey and Company (2018) and Cameron et al. (2019).

(Figure 1). The RPJMN 2020-24 also includes specific priorities on gender including targets on access to education, employment, and politics; along with targets on health status and violence.<sup>35</sup>

**Figure 1 CGA assessment framework**

<b>GOI Goal: Indonesia becomes an upper-middle income country that is prosperous, fair and sustainable</b>			
<b>Gol priorities<sup>36</sup></b>	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>
	<b>Inclusive growth to reduce inequality; Economic resilience and quality growth</b>	<b>Strengthen institutions and transform public services; Infrastructure for growth and service delivery</b>	<b>Resilience to disasters and climate change</b>
<b>Why is this important?</b>	Low female labor force participation limits growth	Efficient, effective public services build human capital	Disasters and shocks erode growth and human capital
<b>Focus of CGA</b>	Area 1: Gender equality for inclusive growth	Area 2: Enhancing human capital through gender equality	

The assessment aligns with the World Bank Group’s Gender Strategy (FY16-23),<sup>37</sup> and draws on literature and global evidence, illustrating the potential transmission pathways through which gender equality enhances economic growth (see Annex 1).<sup>38</sup> The first assessment area focuses primarily on the relationship between gender equality, economic opportunity, and economic growth. It defines the specific transmission pathways of improving labor force participation and productivity to enhance macroeconomic performance. The second assessment area looks in more detail at endowments and voice and agency, given the longer term and enabling role that interventions in these areas play in building prosperity.

The two assessment areas are linked, mutually reinforcing, and both necessary for Indonesia to boost growth and reduce poverty. For example, more inclusive economic investments that increase women’s participation in the economy will expand Indonesia’s supply of labor and diversity of skills, increasing overall competitiveness and productivity. At the household level, increased female economic participation will increase a woman’s income, and bargaining power; sparking intergenerational human capital investments and benefits. Meanwhile, investments in human capital (for both women and men) – through health, education, nutrition, skills, and knowledge – brings returns to both the individual and the macro economy through enhancing the knowledge and skills of workers, prompting higher working productivity, and greater physical capital resulting from more productive work. Although the CGA acknowledges these linkages, for simplicity, the CGA presents the analyses for each assessment area separately.

Threaded throughout these assessment areas is a description of how interventions to improve gender equality take place in the context of evolving social norms. The relationship between policy, economic activities and social norms is complex, because such norms may act as barriers to women’s participation in the economy. Conversely, as women take a greater role in the economy, that can cause norms to evolve in favor of gender equality. The

<sup>35</sup> With the new RPJMN, GoI will monitor progress using the Gender Development Index and the Gender Empowerment Index.

<sup>36</sup> Adapted from RPJMN 2020-24.

<sup>37</sup> The World Bank Group’s Gender Strategy (FY16-23) focuses on four objectives: (a) improving human endowments; (b) removing constraints for more and better jobs; (c) removing barriers to women’s ownership and control over assets; and (d) enhancing women’s voice and agency and engaging men and boys. As the assessment uses the RPJMN as the assessment framework, these objectives are addressed across the two assessment areas, rather than as standalone sections.

<sup>38</sup> Kabeer and Natali (2013); and Elborgh-Woytek et al. (2013).

model of transmission pathways, exhibited in Annex 1, presents a definition of social norms and illustrates how the mechanisms whereby the recommendations in this report can bring about positive change.

### 1.3. Methodology

The report draws on primary and secondary information sources to present an analysis of the key gender gaps and analysis of root causes for these gaps. Secondary information consulted included relevant academic articles, field assessments, papers, studies, reports and research documents on specific topics related to the gender gaps identified and analyzed. The study also prepared twelve sector briefs highlighting key gender gaps and challenges that helped to shape and inform the assessment as background studies. The assessment also commissioned a background legal analysis of relevant laws and regulations related to employment and labor to inform the analysis on possible policy and regulatory barriers to women's economic participation.

The assessment also draws on quantitative data sources available through statistical agencies and international organizations. These included the World Bank World Development Indicators, United Nations Development Programme (UNDP), the World Health Organization, the World Economic Forum, the World Bank's Enterprise Survey Data, the World Bank Global Findex database, the Organisation for Economic Co-operation and Development's (OECD's) Programme for International Student (PISA) scores, and the Demographic and Health Survey (DHS), SUSENAS, and SAKERNAS. Specific indicators were compiled and analyzed to inform the assessment and support the analysis.

### 1.4. Limitations of the assessment

This assessment is concerned with how the impacts of gender inequality affects the lives of women and girls, which in turn has broader socio-economic impacts in Indonesia. It does not attempt to evaluate the way men may be disadvantaged by their gender, although it is acknowledged that recent studies of masculinity open up important areas of discussion for how gender stereotypes shape negative experiences for both women and men. Moreover, gender descriptions cover a wider array of identities other than just men and women, and transgender people often face harsh discrimination, despite their long cultural history in the country. This assessment does not specifically address these topics, which deserves to be the subject of a separate report.

### 1.5. Organization of the Report

The report starts by providing the assessment framework and context to understand patterns of gender equality in Indonesia (Chapter 1 and Chapter 2). It then moves to a discussion on women's economic participation to elucidate the key factors underlying these current trends (Chapter 3), before moving to a discussion of the current areas Indonesia would need to address to ensure the equivalent human capital accumulation of women across the country (Chapter 4). It then summarizes some of the early dual health and economic impacts of the COVID-19 pandemic (Chapter 5), before providing a set of strategic priority actions to advance the country's growth and poverty reduction objectives through investments in gender equality (Chapter 6).

## 2. Context and Background

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Indonesia is the world's largest archipelagic state, comprising over 17,000 islands across 1.9 million square kilometers, from Aceh in the Indian Ocean to Papua, on the edge of the Pacific. The country is the fourth most populous nation in the world, spread over 6,000 inhabited islands, and representing a high level of diversity in terms of culture, religion, customs and language. Indonesia is the tenth-largest economy in purchasing power parity terms. Indonesia continues to make progress on reducing poverty although progress is slowing, with sharp increases in poverty occurring in 2020 as a result of the COVID-19 pandemic.

In 2019, Indonesia ranked 85<sup>th</sup> out of 144 countries in the World Economic Forum (WEF) Gender Gap Index (with a score of 0.700)<sup>39</sup> While this is a slight increase from 2016,<sup>40</sup> overall the country's global gender gap score has not significantly improved since 2006. In comparison to other Southeast Asian countries, Indonesia ranked lower than Philippines (16<sup>th</sup>), Lao PDR (43<sup>rd</sup>), and Thailand (75<sup>th</sup>) in 2019. Gender gaps in the economy and politics continue to weigh on Indonesia's performance. In particular, low female labor force participation, a significant difference in male and female income distribution, and weak female representation in parliament and cabinet remain significant challenges.<sup>41</sup>

### 2.1. Legal and Institutional Context

Several international standards and domestic laws shape Indonesia's commitment to gender equality and women's empowerment. Indonesia has ratified the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) (1979) and committed to the Beijing Declaration and Platform for Action (1995), both of which provide guidance on eliminating obstacles for women to fully participate in social, economic and political life. Indonesia has issued a Presidential Decree (no 57/2017) as the legal basis for the implementation of the Sustainable Development Goals (SDGs), which includes a specific goal on gender equality and women's empowerment (SDG number 5). Indonesia's global commitments to UN Women include a focus on increasing the participation and representation of women in decision making processes, reducing maternal mortality by expanding access to reproductive health services, and eliminating all forms of violence against women.<sup>42</sup> In 2015, Indonesia committed to the G20 Development Commitments, which included a pledge to reduce the gender gap in labor force participation by 25 percent by 2025.

At the national level, Indonesia has adopted a policy and institutional framework that promotes women's rights. The Indonesian Constitution gives equal rights to men and women and several national laws and regulations support this. Indonesia was one of the first countries in the region to establish a separate Ministry for the Role of Women. The Government has also passed several laws and regulations to protect women and children from violence,<sup>43</sup> increase the number of women in politics,<sup>44</sup> and promote gender mainstreaming in planning and budgeting,<sup>45</sup> which is central to the Government's gender equality efforts. More recently, the Indonesian Government committed to improving gender equality in RPJMN 2020-2024, which includes targets on access to

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<sup>39</sup> World Economic Forum (WEF) (2019).

<sup>40</sup> In 2016, Indonesia ranked 88<sup>th</sup> out of 144 countries. World Economic Forum (WEF) (2016).

<sup>41</sup> World Economic Forum (WEF) (2019).

<sup>42</sup> Kalla (2015).

<sup>43</sup> These include the Law on Domestic Violence in 2004, the Victim Protection Law in 2006, the Law on Anti-Trafficking in 2007, and the Law on the Protection of Women and Anti Gender-Based Violence in 2009.

<sup>44</sup> The Law No.10/2008 regarding General Election stipulates that there must be at least 30 percent female representation in Parliament.

<sup>45</sup> The Gender Mainstreaming in National Development Policy (under Presidential Decree No. 9/2000) guides the inclusion of gender into the planning cycle. In 2008, the Ministry of Home Affairs issued Regulation No. 15/2008 on Guidelines for implementation mainstreaming gender at local government levels.

education, employment, health, violence, and representation in politics. However, the implementation of these laws and targets are often hindered by several factors, such as limited institutional capacity, no clear mandate, and the lack of a clear implementation strategy.

The Government of Indonesia does not currently have any overarching strategy on gender equality, although targets related to gender are included in the Medium-Term Development Plan 2020-2025. Indonesia's standing in the global gender gap index continues to highlight the need for action in areas such as economic participation and legal empowerment to close critical gender gaps.

## 2.2. Civil society as a stakeholder

The Indonesian women's movement has a long history of activism in Indonesia and played a key role in several historical events in the country, including the fight for independence. These vibrant civil society actors have been critical to advocating for responsive public services, women's political participation and plight of female migrant workers. The National Commission on Violence Against Women (*Komisi Nasional Perempuan or Komnas Perempuan*) was established in 1998 in response to an increase in violence against women that occurred during the economic and political crises at the end of the 'New Order' regime and helped highlight these issues. Indonesia is the only Asian country to have established such an institution. Several laws have been passed to protect women and children from violence.<sup>46</sup> Together, the Ministry for Women's Empowerment and *Komnas Perempuan* successfully brought about several legal and regulatory reforms, including passing the Law on Elimination of Domestic Violence in 2004. Women's participation in community-based organizations and the women's advocacy networks remain an important part of the landscape for gender equality in the country. A summary of the women's movement and organizations is provided in Annex 2.

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<sup>46</sup> For example, Law No. 23/2004 on the Elimination of Domestic Violence; Law No. 23/2002 on Child Protection; Presidential Decree No. 87/2002 on National Plan of Action on Eradication of Child Commercial Sexual Exploitation; and Presidential Decree No. 88/2002 on National Plan of Action on Elimination of Trafficking in Women and Children.

### 3. Assessment Area 1: Gender Equality for Inclusive Growth

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Global evidence demonstrates that closing key gender gaps and attaining greater gender equality contributes to economic growth.<sup>47</sup> Improvements in gender equality are transmitted through various pathways that enhance economic potential and performance. These transmission pathways are bound up with macroeconomic policy in a recursive way: as gender equality increases, so does economic performance, which in turn embeds new norms as social change accompanies economic progress. For example, global evidence shows that more women working increases the overall supply of labor, making the pool of available talent to employers more competitive. This, in turn, helps to improve the overall labor productivity. A 2018 academic study found that there is a positive growth differential of 1.7 percent in value-added terms (or 1.3 percent in labor productivity), between industries with high and low female share in total employment, when they are located in a low gender inequality country compared to a country with high gender inequality.<sup>48</sup> A country study from India also found that gender gaps in employment and in managerial positions were shown to reduce income per capita, distort the allocation of talent, and negatively impact growth.<sup>49</sup>

A second pathway to improved economic growth comes when women in the labor force enhance economic competitiveness by increasing the diversity in the skills available to the economy. Greater diversity helps the production of new ideas and enhances the range of tasks that can be performed. This in turn will result in higher productivity growth and competitiveness of firms. International evidence shows that gender diversity, particularly at senior levels, can dramatically improve business outcomes. For example, a recent International Labor Organization (ILO) survey found that 77 percent of surveyed Indonesian enterprises reported that gender diversity and equality initiatives improved business outcomes, reporting profit increases between 5 and 15 percent.<sup>50</sup> Similarly, a recent study by International Financial Corporation (IFC), found that companies with more females in their boards had better financial performance across six countries in ASEAN, including also Indonesia.<sup>51</sup> This is an important message as women are underrepresented in the boards of the top listed companies in Indonesia relative to the rest of the region.<sup>52</sup>

Global evidence has demonstrated that women who are economically productive have a higher propensity to invest their incomes into the health, nutrition and education of their family.<sup>53</sup> These include increased household savings and higher expenditures on human capital investments through better education and health care. These effects play out over the long term and can contribute to human capital improvements in the next generation.

Estimates for Indonesia show that increasing gender equality in economic participation could add an additional US\$135 billion annually to GDP by 2025, or nine percent above what was projected in 2018 (Figure 2).<sup>54</sup> Indonesia has committed to the G20 objective of an increase in female labor force participation by 25 percent by 2025 (i.e. to reach a female labor force participation of 58.8 percent). However, this target is unlikely to be met under the current policy settings. If Indonesia were able to achieve this commitment, GDP growth would increase by an estimated 0.67 percentage points annually, or an increase of US\$123 billion on GDP (equivalent to US\$432 per capita) in 2025. The majority of Indonesia's female population today is in the productive group of 15-64 years old

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<sup>47</sup> Kabeer and Natali (2013); and Elborgh-Woytek et al. (2013)

<sup>48</sup> Bertay et al. (2018)

<sup>49</sup> Esteve-Volart (2004).

<sup>50</sup> Bureau for Employers Activities, (2019)

<sup>51</sup> International Finance Corporation (2018).

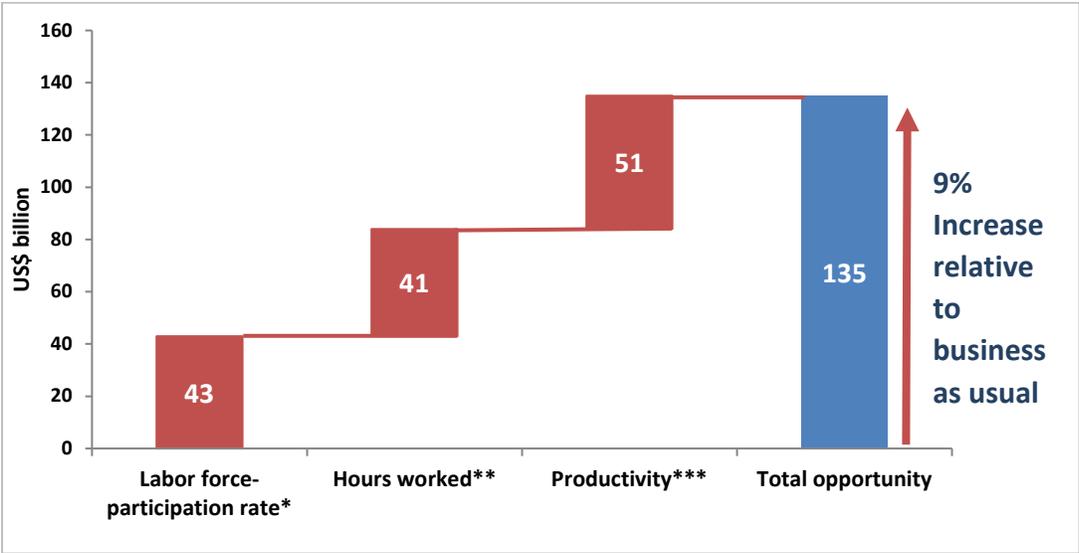
<sup>52</sup> Women make up only 5 percent of board members in Indonesia, lower than Philippines (15 percent), China (10 percent), and Singapore (8 percent). McKinsey and Company (2018).

<sup>53</sup> Lemmon and Vogelstein (2017).

<sup>54</sup> The analysis estimates growth above business as usual where gender inequalities remain as they are. McKinsey and Company (2018).

(66.2 percent) who have the potential for accelerating growth if gender gaps were closed and the barriers to their economic participation and productivity were removed.<sup>55</sup>

**Figure 2 Indonesia could add US\$135 billion to annual GDP by 2025—9 percent above business as usual**



Source: McKinsey and Company (2018)

As Indonesia endeavors to recover from the COVID-19 pandemic and economic slowdown, the role of women in the economy cannot be overlooked. New strategies to jumpstart growth will be needed to emerge from the current period of economic slowdown. By many accounts, the impact of this crisis will affect women more than men. While evidence so far points to women and men losing jobs at an equal rate, the burden of care—for children, sick and elderly—falls disproportionately on women. Female headed households, which were more vulnerable prior to the pandemic, are facing additional challenges accessing social assistance programs that compound these vulnerabilities. With Indonesia emerging from the impacts of the pandemic, a long and difficult road towards economic recovery remains. However, this period also presents an opportunity to “build back better”. In terms of the labor market, this means not just returning to the status quo, but facilitating back-to-work transitions that move beyond past barriers and rigidities and are more inclusive of women. Doing so will expand Indonesia’s pool of skilled labor, which will drive growth today and support Indonesia’s future development. and unlocking opportunities for women’s economic participation can support poverty reduction and strengthen Indonesia’s future development outlook.

### 3.1. Trends in women’s economic participation

Indonesia is currently not fulfilling its full growth potential because of barriers to women’s economic participation. Indonesia’s female labor force participation rates have remained stagnant over the past few decades, hovering around 52 percent. This overall participation rate remains one of the lower rates in East Asia, and has not increased despite improvements in education, declines in fertility and overall structural changes to the economy. While overall labor force participation rates are mostly unchanged, there are important shifts towards wage work, and

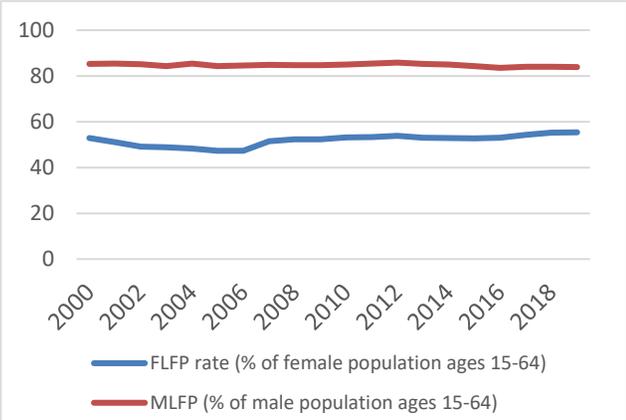
<sup>55</sup> Cameron et al. (2018).

indicating that younger and urban women are more likely to stay in the labor force even after marriage. However, most working women remain in the informal sector, and face wage gaps and other labor market discriminations.

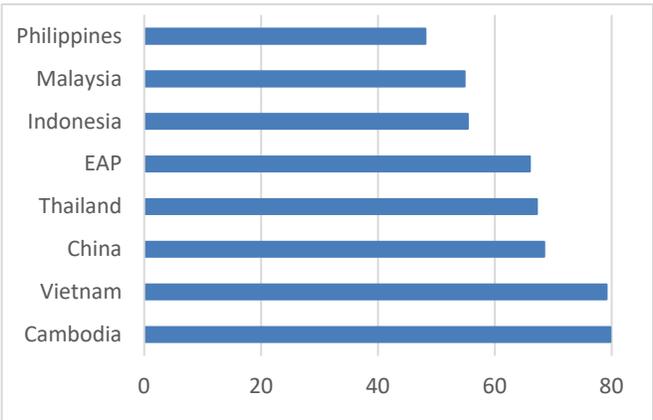
**Female labor force participation has remained stagnant**

Since 2000, Indonesia’s female labor force participation rate has hovered at around 52 percent, compared to 85 percent for males in 2018 (Figure 3). Figure 4 compares Indonesia with other East Asia Pacific countries and illustrates that the country’s female labor force participation rates are low compared to most of its peers: the East Asia and Pacific regional average is 66 percent, and there are more women in the workforce in Cambodia, Vietnam, China, and Thailand.

**Figure 3 Female vs. Male Labor Force Participation Rate in Indonesia (%)**



**Figure 4 EAP Female Labor Force Participation (%) (2019)**

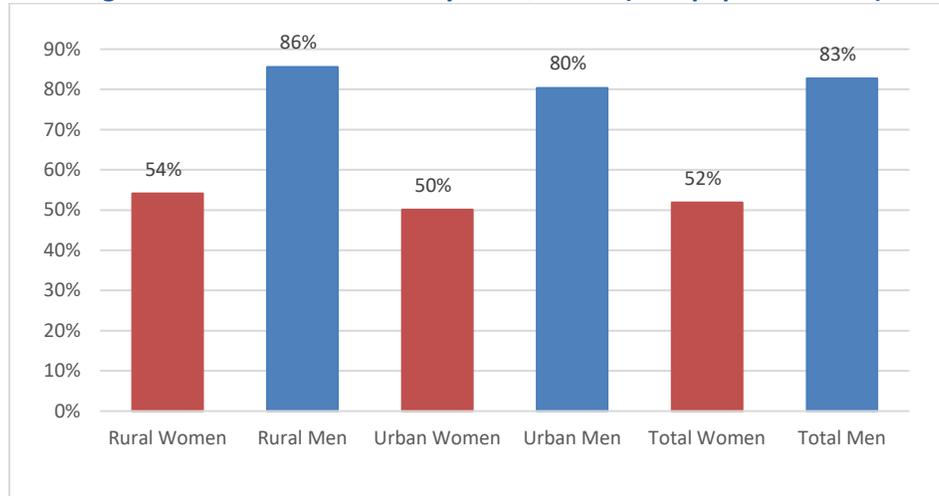


Source: World Development Indicators, WB staff calculations

Female labor force participation rates are influenced by location, marital status, education and the changing nature of work. Labor force participation rates tend to be slightly higher in rural areas than urban areas for both women and men (see Figure 5), although the ratio is almost the same (the female rate is around 62 percent of the male rate).<sup>56</sup> However, this masks the fact that in the younger cohorts the female participation rate has more than doubled to 60 percent in urban areas since 1996. Rural areas started from a higher base but FLFP still increased by over a third, to 62 percent among younger people.

<sup>56</sup> Cameron et al. (2018).

**Figure 5 Labor Force in 2018 by Rural/Urban (% of population 15+)**



Source: SAKERNAS 2018, WB staff calculation

## Marriage and children constrain women's economic opportunities

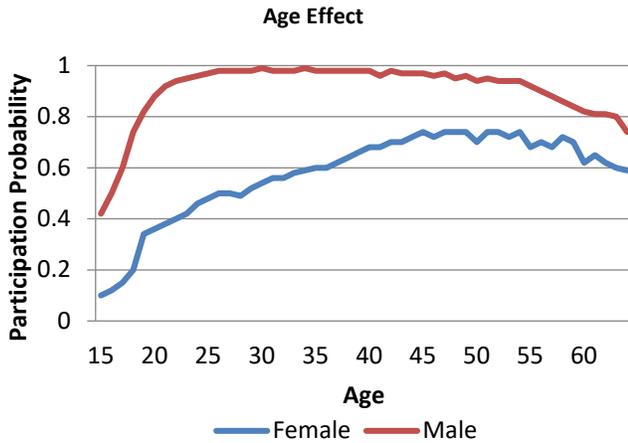
Marital status and the presence of young children are reliable predictors of women's presence in the workforce, with 40 percent of women working initially in wage employment no longer working after marriage and childbirth.<sup>57</sup> This trend is more pronounced in urban areas: a married woman in rural areas is 11 percentage points less likely to be working or looking for work than a single woman; and a married woman in urban areas is 24 percentage points less likely than a single woman.<sup>58</sup> The gender gap is greatest during childbearing years (ages 25 and 40), and peaks when women are in their forties, before beginning to decline at age 50 (see Figure 6). This is in contrast to men's labor force participation, which rises sharply in late teens and remains constant before declining from age 50 (see Figure 6). The figures below show the age effects on labor force participation, both for men and women, as well as between married and unmarried women.<sup>59</sup> Overall, married and women with children see lower labor force participation rates, contributing to an overall lower female labor force participation rate.

<sup>57</sup> Cameron (2018).

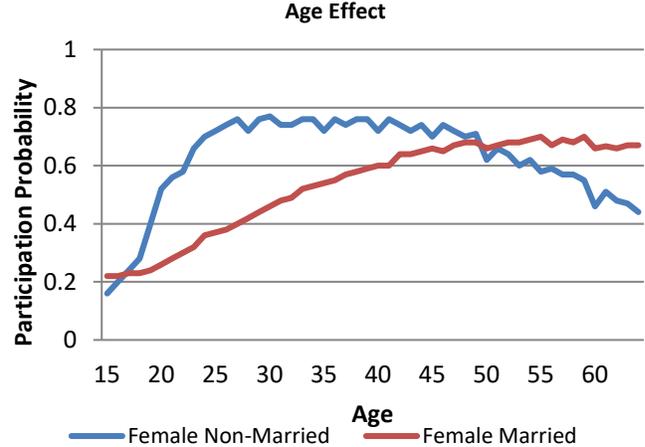
<sup>58</sup> Cameron et al. (2018).

<sup>59</sup> Australian Indonesia Partnership for Economic Governance (AIPEG) and Monash University (2017).

**Figure 6 Age effect on female and male labor force participation (%)**



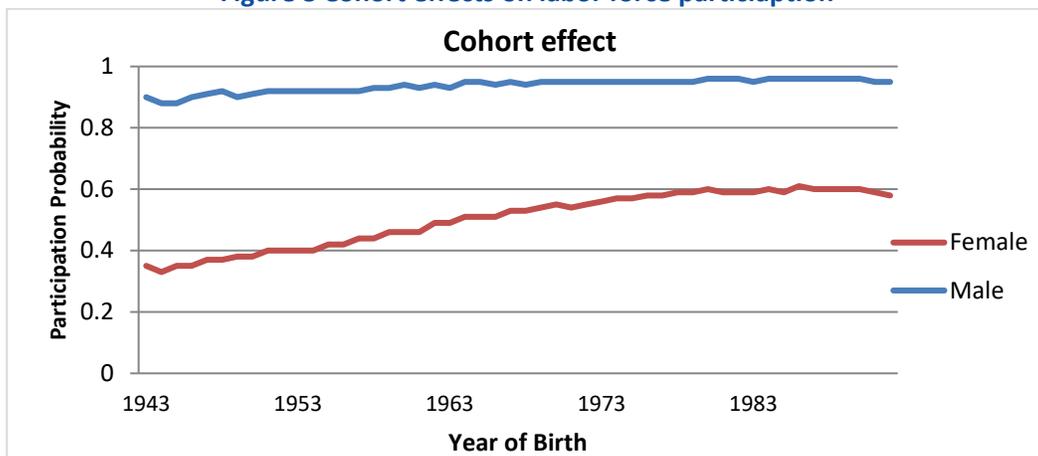
**Figure 7 Age effect on female participation (married vs. non-married females) (%)**



AIPEG and Monash University (2017). (Note calculations using Susenas and PODES.)

Analysis of the cohorts shows a promising trend: the propensity for female participation to increase over time. A 2017 study showed that young women today are more likely to be working than their older counterparts, with the same characteristics, were when they were the same age, especially in urban areas.<sup>60</sup> Meanwhile, male labor force participation is largely unchanged across cohorts. This analysis indicates that social norms may be in transition towards more acceptance of women having equal access to jobs, which would lead to a rise in female labor force participation over time.<sup>61</sup> However, as the Figure 8 shows, the cohort effect has not been sustained, as after the 1973 cohort (women aged 40 in 2013), the FLFP rate flattens again and even begins to decline after the 1983 cohort. This later decline may partly reflect that girls are staying in education longer than boys, but it does not wholly explain it. One possible explanation is the change in labour composition, whereby the increase in jobs in services and retail has been partly offset by the fall in women working in agriculture.

**Figure 8 Cohort effects on labor force participation**



AIPEG and Monash University (2017). (Note calculations using Susenas and PODES.)

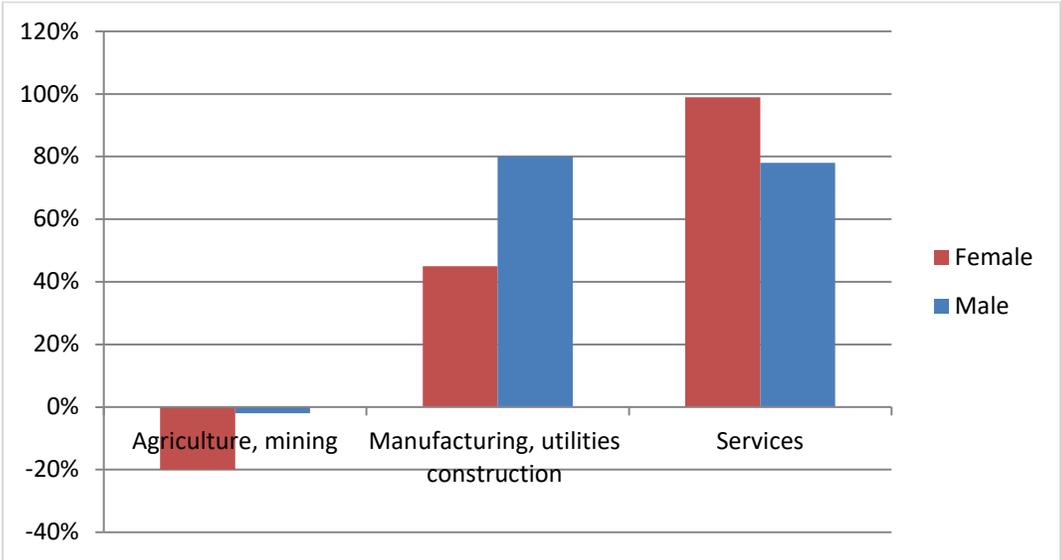
<sup>60</sup> Cameron et al. (2018).

<sup>61</sup> AIPEG and Monash University (2017).

### Women remain in predominantly low productivity sectors

In recent decades, the structure of Indonesia’s economy has shifted towards manufacturing and services and away from agriculture. This is evident in the figure below, that shows a shift away from employment in the agriculture sector for both men and women, and towards manufacturing and services (see Figure 9). However, as the figure below shows, in past two decades, far more women than men have moved out of agriculture. These women are more likely than men have found work in the services sector, but four times as many men found employment in the manufacturing sector; mainly due to the growing number of construction jobs (see also Figure 9).

**Figure 9 Percentage change in employment by sector from 2000-2017**

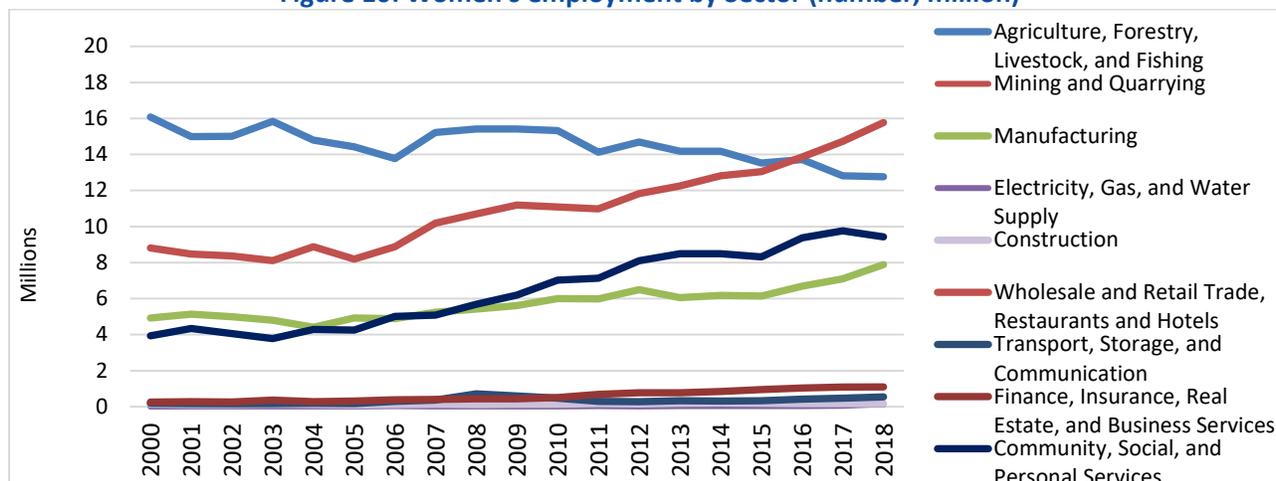


Source: SAKERNAS 2018, WB calculation

Occupational segregation by gender is prevalent in Indonesia, with women concentrated in lower productivity sectors. In 2016, the services sector overtook the agriculture sector as the largest employer for women. Figure 10 shows, the largest number of jobs were created in the retail trade, restaurants, and hotels category, employing nearly 16 million women in 2018. This represents about 52 percent of the total number of workers in this sector.<sup>62</sup> However, most women working in this category work in low productivity jobs, such as mobile phone shoppes and convenience stores. While the services sector now is the largest employer for women, agriculture remains significant, with an estimated 12.7 million women working in the sector.

<sup>62</sup> SAKERNAS 2018, World Bank calculation.

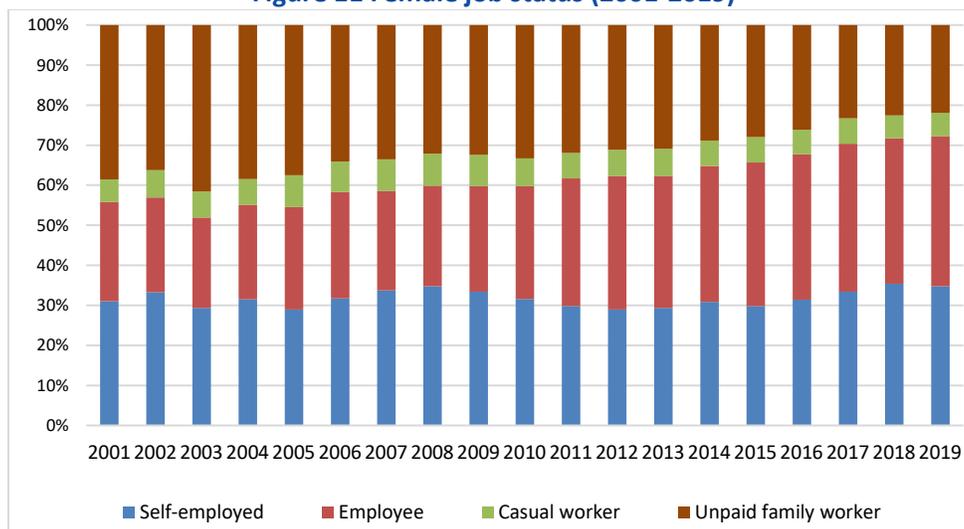
**Figure 10: Women's employment by Sector (number, million)**



Source: SAKERNAS 2018, World Bank calculation

Overall, the labor market for women in Indonesia is transitioning towards wage work. As Figure 11 below shows, women's participation in wage labor has been increasing, offset by women leaving unpaid family employment, especially in the rural areas. Between 2001 and 2019, there was a continuing trend of women moving out of unpaid family work and into wage employment. During this period, wage employment rose by 12 percentage points and unpaid family work declined by 17 percentage points (Figure 11). More women are moving out of the agriculture sector and into the services and manufacturing sectors. However, the supply of female labor outstrips the demand: a quarter of women who are out of the labor force declare that they would take a job if they could find one. Thus, while overall labor force participation rates remain unchanged, the trend towards better quality work is encouraging.

**Figure 11 Female job status (2001-2019)**



Source: SAKERNAS 2018, World Bank calculations

However, even within wage work and formal sector employment, women are poorly represented in senior management positions. In the workplace, women comprise 47 percent of entry-level professionals, but the

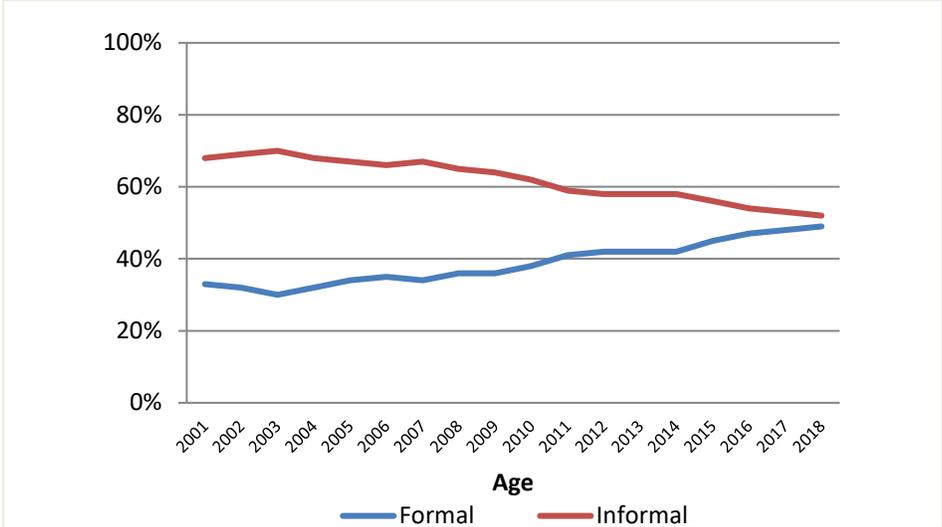
number decreases with middle and high-level management positions. Women make up 13 percent of senior management positions, 5 percent of board members, and only 2 percent of CEOs.<sup>63</sup>

**Women’s participation in formal labor is increasing faster than men’s**

The proportion of workers in formal and informal employment is almost the same for both men and women. Fifty-two percent of working men are in formal employment, compared to 48 percent of working women. However, the split between formal and informal employment has barely changed for men since 2011, whereas for women there has been a greater shift towards formal jobs (from 31 percent of all women working in 2001, to 48 percent in 2018) (Figure 12). As a whole, formal sector employment has grown by 80 percent since 2001, whilst the informal sector has barely changed in absolute terms. Of the new formal jobs created since 2001, women have taken 44 percent of them. In fact, the growth in formal sector employment since 2011 has favored women, who saw a 40 percent growth compared to 24 percent growth in formal jobs for men.

Most women in the informal sector work as self-employed, home-based (as part of a supply chain), casual, or family workers, which is often unpaid.<sup>64</sup> Rural women make up the largest category of non-wage workers (71 percent) compared to 57 percent for rural men, and 46 percent for urban women.

**Figure 12 Female employment by formal vs informal sector (percentage)**



Source: SAKERNAS 2018, World Bank calculation

Within the informal economy, women make up a large and growing share of businesses in Indonesia, which contributes significantly to GDP. Women own about 60 percent of Indonesia’s micro, small and medium enterprises (MSMEs). However, this is skewed towards micro enterprises, with fewer women than men owning small and medium enterprises.<sup>65</sup> Estimates show that women-owned MSMEs represent almost a quarter of the active labor force,<sup>66</sup> and contributed approximately IDR 864 trillion (US\$ 71.1 billion) to the Indonesian economy in 2012, equating to 9.1 percent of the country’s GDP.<sup>67</sup>

<sup>63</sup> McKinsey and Company (2018).

<sup>64</sup> Schaner and Das (2016).

<sup>65</sup> Tambunan (2019).

<sup>66</sup> Melissa et al. (2015).

<sup>67</sup> IFC estimated that women-owned small enterprises contributed Rp 443 trillion (US\$ 36.5 billion), and women-owned medium-sized enterprises Rp 421 trillion (US\$ 34.6 billion). International Finance Corporation (IFC) (2016).

Indonesia has a large pool of women entrepreneurs with high aspirations. Just over half (51 percent) of small business owners and 34 percent of medium-sized enterprise owners are women (against global averages of 35 percent for both).<sup>68</sup> Women tend to own smaller businesses than men and they are more likely to be informal; 30 percent of men-owned businesses employ paid workers compared to only 8 percent of women-owned businesses.<sup>69</sup> Instead, 91 percent of women-owned businesses rely on unpaid family labor (of which 84 percent is unpaid female workers) to sustain their business. In terms of aspirations, self-employed men are more likely than self-employed women to have plans to expand and/or formalize their business.<sup>70</sup> However, Indonesia ranks first out of 65 countries in 2016 on the female-to-male early-stage entrepreneurial activity ratio (published by the Global Entrepreneurship Monitor), and is one of few countries where there are more female than male entrepreneurs.<sup>71</sup> According to a study from the IFC, 15 percent of women who own small and medium enterprises have “high growth aspirations” (compared to only 5 percent globally). Many of these growth aspirations are hindered by lower access to credit and markets than male-owned businesses.<sup>72</sup>

## A large share of overseas migrant workers are women

Many Indonesian women work abroad as migrant workers, and this is a vital source of economic support, especially for rural families. A 2017 study by the World Bank summarized the evidence by indicating that remittances reduce the probability of an Indonesian household being poor by 28 percent, and that remittances were important sources of support for basic needs, including food, housing, education and health. In addition, the report found that female migration, in particular, helped to reduce child labor participation by between 17 to 32 percentage points, without discouraging labor force participation among remaining household members.<sup>73</sup> Remittances were also found to contribute to longer-term livelihoods for migrant workers, with around 40 percent of migrant households channeling their income from remittances into education, 15 percent investing into business capital, and 20 percent putting the money in savings accounts.<sup>74</sup>

A shortage of employment opportunities, especially in rural areas, contributes to the high rates of female migration. In 2016, there were approximately nine million Indonesian migrant workers,<sup>75</sup> half of which were women, of which about 40 percent are undocumented.<sup>76</sup> Women, especially those with young children, were more vulnerable to undocumented migration, with lower pay, less job security and fewer chances to upgrade skills. It is likely that the time constraints due to unpaid care work that these women face is a factor that limits their ability to travel and commit the time needed to complete the documentation process.<sup>77</sup>

Although most Indonesian female migrant workers are low skilled and tend to take up domestic-helper or home-care jobs, they make a major contribution to Indonesia’s economy. In 2018, overseas migrant workers sent approximately US\$ 8.9 billion back to Indonesia in remittances.<sup>78</sup> Where migrants come from poor districts and provinces, their remittances can make up a substantial portion of the overall district revenue as well as that of the family. For Indonesian migrants, there are several benefits to migration, including gainful employment for those with limited or no work experiences, and the potential to earn up to six times more than domestic wages for

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<sup>68</sup> McKinsey and Company (2018).

<sup>69</sup> Australia Indonesia Partnership for Economic Governance (AIPEG) and Monash University (2017).

<sup>70</sup> Ibid.

<sup>71</sup> McKinsey and Company (2018)

<sup>72</sup> International Finance Corporation (IFC) (2016).

<sup>73</sup> Nguyen and Purnamasari (2011) in World Bank (2017d).

<sup>74</sup> World Bank (2017d).

<sup>75</sup> Estimates vary: ADB (2018) suggests 4.5 million, with 6 million as upper range. But the 9 million figure is from World Bank (2017d).

<sup>76</sup> World Bank (2017d).

<sup>77</sup> Jarvis et al. (2019).

<sup>78</sup> World Bank (2017d).

similar work.<sup>79</sup> A World Bank 2017 study found that returning migrants acquire new skills and experience while working overseas, which could enable them to often find better jobs and be more productive on their return home, where such opportunities exist.<sup>80</sup> However, other studies have found that a high share of returning migrants slip back below the poverty line.<sup>81</sup>

Reported figures for outmigration have fallen in recent years, driven in part by the Indonesian Government's temporary bans on sending domestic workers to Middle Eastern and North African countries.<sup>82</sup> As a result of these temporary bans, individuals migrating abroad through the *Badan Pelindungan Pekerja Migran Indonesia* (BP2MI) dropped off, with the total number of women migrating through BP2MI dropping from 451,000 in 2010 to 167,000 in 2015.<sup>83</sup> However, several studies have shown that the restriction on migration has potentially led to increases in illegal or undocumented migration. A World Bank study (2017) found that up to 39 percent of female migrants were undocumented.<sup>84</sup> Another recent study found that 32 percent of women who reported migrating after October 2015 were working in the Middle East, using placement services offered by Indonesian agencies.<sup>85</sup>

In 2017, the Government passed the Protection of Indonesian Migrant Workers Law (18/2017) that outlines pre-employment protection, protection for migrant workers abroad, including strengthening systems for oversight and placement, and support services for returned migrants from overseas. The effective implementation of this law will necessitate guidelines and regulations to ensure the guarantee protection of migrant works. The Government is deliberating over lifting the moratorium on labor migration to the Middle East.

## 2.2 Factors contributing to gender gaps in economic participation

Several factors work together to lower female labor force participation and productivity in Indonesia. This gap is only partially explained by cultural and social norms around gender-based roles and responsibilities in the household, as participation rates remain low even by comparison to other and similar countries in the region. Instead, discrimination in the workforce—including laws and practices, as well as the wage gaps—seem to explain part of the persistently low figures. Another key area is related to the unmet need for care, especially childcare, but also increasingly elder care. This section outlines several of the key factors that act as barriers to women's economic participation. The section is by no means an exhaustive list, and a variety of local contexts and additional factors shape each women's decisions differently. However, the ones identified here are assessed to both affect the largest number of women in their decisions over economic participation and impacting their productivity.

### Burden of Care

As the previous section showed, the largest gender gap is between married women in childbearing years and men, and marriage remains one of the biggest predictors of women dropping out of the labor force. Low female labor force participation is linked with unsatisfied childcare needs in Indonesia.<sup>86</sup> Women are often burdened with unpaid care work and household responsibility, which limits their available time to participate in other economic productive work. Consequently, marriage and childbearing are key predictors of women's absences from the labor force for all women, except those with tertiary education.<sup>87</sup> Further, when women leave wage labor for marriage

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<sup>79</sup> World Bank (2017d).

<sup>80</sup> World Bank (2017d).

<sup>81</sup> Pratomo and Jayanthakumaran (2016).

<sup>82</sup> Schaner and Theys (2020).

<sup>83</sup> Schaner and Theys (2020).

<sup>84</sup> World Bank (2017d).

<sup>85</sup> Bazzi et al. (2020) in Schaner and Theys 2020).

<sup>86</sup> Halim et al. (2017).

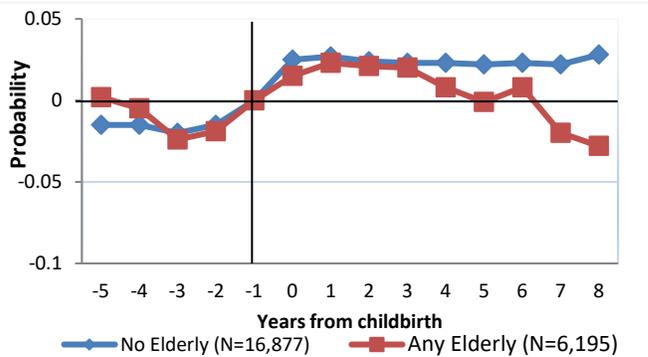
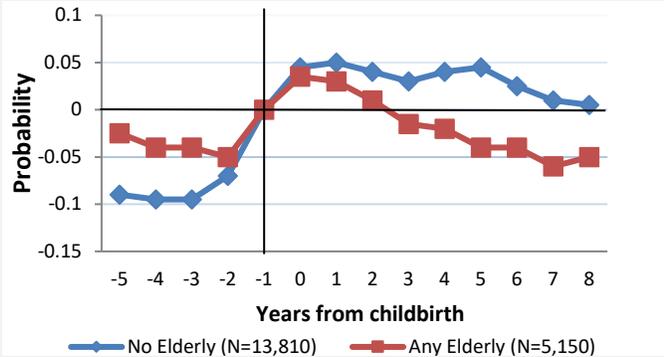
<sup>87</sup> Cameron et al. (2018).

or childbirth, they tend not to return due to family commitments and few flexible or part-time work opportunities offered. Instead they enter family business or self-employment as their children grow, which has lower returns on their labor.<sup>88</sup>

A World Bank study found that low female labor force participation is linked with unsatisfied childcare needs and that women without access to informal childcare are more likely to switch to and remain in unpaid family work (Figure 13 and Figure 14).<sup>89</sup> Urban women in Indonesia without access to informal childcare forego approximately US\$1,300 in earnings due to extended absences from the labor force. For women that can return to work, childcare constraints are associated with a switch to less lucrative work (e.g., from manufacturing to agriculture in rural areas and to retail services in urban areas), which is associated with reduced earnings.<sup>90</sup> A subsequent World Bank study found that an additional preschool per 1,000 children raises employment of mothers of eligible aged children by 13 percent or 6.9 percentage points.<sup>91</sup> There are also socio-economic dimensions to this burden, with less wealthy families unable to take advantage of dedicated care, leading to more women dropping out of the labor force in lower income categories. Greater coverage of childcare (Box 1) and more provisions to enable flexible and part-time work would help families to balance work and home responsibilities and reduce the significant loss in income borne by families with children.

**Figure 13 Probability of being an unpaid family worker compared to year before childbirth (rural areas)**

**Figure 14 Probability of being an unpaid family worker compared to year before childbirth (urban)**



Source: Halim et al. (2017).

<sup>88</sup> Australia Indonesia Partnership for Economic Governance (AIPEG) and Monash University (2017).

<sup>89</sup> Halim et al. (2017).

<sup>90</sup> Halim et al. (2017).

<sup>91</sup> Halim et al. (2018).

### Box 1 Provision of early childhood education and childcare in Indonesia

Indonesia's system of early childhood education and childcare provision is highly decentralized, with provision mainly taking place through communities, religious institutions and private providers. As of 2018, around 196,000 early childhood facilities (*Pendidikan Anak Usia Dini* or PAUD) were registered with the Ministry of Education and Culture, while approximately 28,000 Islamic kindergartens were operational under the Ministry of Religious Affairs (MoRA). The MoEC encourages PAUD providers to provide at least 15 hours of programming each week for children ages 4-6, at least six hours for children 2-4, and at least two hours for children 0-2.<sup>a</sup>

**Table 1: Types of PAUD Facilities in Indonesia<sup>b</sup>**

Type of PAUD Facility	Intended Age	Primary Ministry Responsible	Number of PAUD Facilities	Sample Timing/Duration	Notes
<b>Playgroups (KB)</b>	2-4	MoEC	81,523	3 hours/day, 3 days/week	Can be center-based or home-based
<b>Kindergarten (TK)</b>	4-6	MoEC	89,680	3 hours/day, 5 days/week	Center-based
<b>Islamic kindergarten (RA)</b>	4-6	MoRA	27,999	3 hours/day, 5 days/week	Center-based
<b>Quranic kindergarten &amp; playgroups (TKQ/TPQ)</b>	0-6	MoRA	Not known	Variable	TPQ typically operate in afternoons; children can attend after KB/TL/ RA in the morning
<b>Childcare facilities (TPA)</b>	0-6	MoEC	3,059	8 hours/day, 5 days/week	Care for children of working parents
<b>Other early childhood units (SPS)<sup>c</sup></b>	0-6	MoEC	22,545	Variable	Some SPS integrate PAUD with existing community services (e.g. Posyandu, parenting classes, TPQ)

Currently, MoEC regulations allow for any number of legal entities to establish and operate PAUD facilities, with funding for registered facilities available from the district and village governments. These legal entities include non-profit organizations, village governments, district governments, individual Indonesian citizens, or groups of individuals who establish a "civil alliance", provided these legal entities are able to finance the startup costs for PAUD facilities.<sup>d</sup> The focus of these centers is on teaching the national MoEC curriculum for early childhood development. These same facilities often do not provide additional childcare services around the operational learning hours. With social norms strongly favoring women to take care of children, the limited hours in the day do not leave adequate time to engage in full time employment, leading to many women dropping out of the labor force.

<sup>a</sup> MoEC Regulation No. 146/2014 on 2013 National Curriculum

<sup>b</sup> World Bank (unpublished).

<sup>c</sup> Forms of SPS (*Satuan PAUD Sejenis*) include Pos PAUD, Taman Posyandu (TP), Taman Anak Anak Muslim (TAAM), PAUD Taman Pendidikan Al Qur'an (PAUD TPQ), PAUD Bina Iman Anak (PAUD BIA), PAUD for Christian Child Development (PAUD PAK), and Nava Dhamma Sekha.

<sup>d</sup> MoEC Regulation 84/2014.

## Institutional Constraints to women's labor force participation

Several barriers to female labor force participation and productivity can be grouped into institutional constraints and market failures. Institutional constraints arise from legal restrictions, customary practices, social norms, or other formal or informal institutional arrangements that perpetuate gender inequality. On the institutional side, several regulatory provisions exist (or are absent) that affect women's decisions to work in Indonesia. For example, the World Bank (2020) Women, Business and the Law (WBL) highlights that although Indonesian law mandates nondiscrimination in employment based on gender and allows men and women to pursue a trade or profession in the same way, the country scores 50 (out of 100) for the 'Workplace' indicator<sup>92</sup> due to the absence of legislation and criminal penalties/civil remedies for sexual harassment in employment. This score is lower than its regional peers – Vietnam, Thailand, Cambodia, and Philippines – which all score 100.

A gender analysis of Law No. 13/2003 on Labor (Manpower) identified several provisions, which create an unequal playing field for women in the labor market.<sup>93</sup> First, differential parental leave policies, and the lack of worker protections for women returning from maternity leave make it difficult for working mothers. Additional elements in the law, designed to offer specific protection for female employees, can actually exacerbate gender differences, and perpetuate the notion that women are the weaker sex (see Box 2). Differential leave policies and relatively limited maternity leave negatively impact a woman's ability to stay in the labor force.<sup>94</sup>

While Indonesia's income tax provisions do not explicitly disadvantage women relative to men, there are some hidden gender impacts of the current tax code given the range of institutional constraints that women face in the labor market. Specifically, family-based taxation systems mean that second earners—typically women—will face a disproportionately high tax burden. A review of nine OECD countries found that the net personal average tax rate of second earners is 40 percent, seven percentage points higher than a single individual at the same wage level.<sup>95</sup> A 2017 review of the Indonesian Tax Law found that, while married women are able to register for a Tax Identification Number (TIN), they face a higher tax burden when using a separate tax liability for annual income

### Box 2 Gender discrimination analysis and employment protection

A recent World Bank gender policy analysis of Law No. 13/2003 on Labor found several gender gaps, points of discrimination, and opportunities to adjust the Law to ensure women and men have equal access to, and benefits from, the labor market. Key recommended revisions for consideration include:

- Harmonizing employment protections and benefits provisions to level the playing field between men and women in the labor force (e.g., Article 82 on maternity leave and Article 93 on paternity leave).
- Amending or removing all legislative provisions that are discriminatory towards women and perpetuate gender stereotypes about women being the weaker sex (e.g., Article 81 on menstruation leave).
- Adding a new article on prohibiting sexual harassment in the workplace.
- Revising and strengthening subsections (3) and (15) of Article 1 (definitions) to encompass employment relations in the informal sector (where the majority of women work).

<sup>92</sup> The 'Starting a Job' indicator analyzes laws affecting women's decisions to work in a country and considers the following questions: (a) can a woman legally get a job or pursue a trade or profession in the same way as a man? (b) does the law mandate nondiscrimination in employment based on gender? (c) is there legislation on sexual harassment in employment? (d) are there criminal penalties or civil remedies for sexual harassment in employment?

<sup>93</sup> World Bank technical paper to analyze gender aspects of the Labor Law (unpublished)

<sup>94</sup> In the World Bank BWL 2020, Indonesia scored 40 (out of 100) for the Parenthood Indicator, which analyzes laws affecting women's work after having children. Although Indonesia makes paid leave available to fathers (two days) and prohibits the dismissal of pregnant workers, the omission of several other provisions contribute to its score (e.g., less than 14 weeks paid leave for mothers, the government does not administer 100 percent of the maternity leave benefit, and there is no paid parental leave). In terms of the parenthood indicator, Indonesia performs better than some peers (Cambodia and Thailand both scored 20) and below other (Vietnam and Philippines scored 80).

<sup>95</sup> Harding et al. (2020).

tax returns was than if the married woman chose to file income taxes jointly under the husband's TIN (NPWP), as the individual filing is subject to the progressing income tax filing rates. As per the Marriage Law (1/1974), only the man is recognized as the head of household (*kepala keluarga* or KK) for the family.

Throughout Indonesia there are also examples of sub national laws that directly or indirectly limit the scope of economic opportunities open to women. According to *Komnas Perempuan*, as of August 2016, there were 422 discriminatory laws and regulations across Indonesia.<sup>96</sup> While these bylaws are sometimes created to help protect women, in practice they often limit and restrict women's choice, mobility, and other human rights.<sup>97</sup> Sharia Law is also applied in some regions of the country (e.g. Aceh Province) and forms the basis for criminal and family law, which constrict the roles of women.

## Constraints to growth of MSMEs

For those women seeking to expand their business, limited access to capital and credit remain key challenges, which limits their potential to improve productivity and increases their vulnerability to shocks. The World Bank (2020) WBL scores Indonesia 75 (out of 100) on the Entrepreneurship Indicator.<sup>98</sup> In Indonesia, women can sign a contract, register a business, and open a bank account in the same way as men. However, Indonesian law does not prohibit discrimination in access to credit based on gender, which contributes to the lower score. Indonesia scored the same as Thailand (75), but below other regional peers – Vietnam, Cambodia, and Philippines – which all scored 100. Similarly, a World Bank 2016 study estimated three to four million women entrepreneurs are capable of expanding their business, but face a series of financial and nonfinancial constraints.<sup>99</sup> In 2016, IFC estimated that Indonesian female entrepreneurs' financing needs, to build and expand their businesses, total US\$6 billion.<sup>100</sup>

Women and men have the same legal right to own land and other forms of property under the Marriage Law (No. 1/1974) and the Basic Agrarian Law (No. 5/1960). However, conflicting administrative processes and implementation, biased customs, and limited awareness about the benefits of joint titles mean that few land titles are held jointly.<sup>101</sup> Data from the 2017 Demographic and Health Survey shows that 50 percent of married men own land independently or jointly opposed to only 29 percent of women.<sup>102</sup> Without productive assets, women-owned businesses are unable to use collateral to access finance, which limits their ability to expand their businesses. According to the Global Financial Inclusions Database (Findex) (2017), Indonesia has high female involvement in savings activities. However, women continue borrow money at a lower rate than men. The World Bank Enterprise Survey data showed that in Indonesia only 41 percent women-owned firms had an account at a formal financial institution, compared to 56 percent of men-owned firms. Similarly, 13 percent of women-owned firms had accessed loans from a formal financial institution, compared to 21 percent of men-owned firms.<sup>103</sup> To date, financial institutions have also been slow to develop instruments and services tailored to the needs of women entrepreneurs, which has compounded these barriers.

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<sup>96</sup> *Komnas Perempuan* found that these laws predominately focus on: (a) limitations to the right of freedom of religion; (b) criminalization of women; (c) morality and religion; (d) control over women's bodies; and (e) employment discrimination.

<sup>97</sup> In particular, "women of minority religions or indigenous beliefs, women with disabilities, and women of diverse sexual orientations".

<sup>98</sup> The Entrepreneurship Indicator analyzes the constraints to women starting and running a business and considers the following questions: (a) does the law prohibit discrimination in access to credit based on gender? (b) can a woman sign a contract in the same way as a man? (c) can a women register a business in the same way as a man? (d) can a women open a bank account in the same way as a man?

<sup>99</sup> The Asia Foundation (2013).

<sup>100</sup> International Finance Corporation (2016).

<sup>101</sup> Asian Development Bank (ADB) (2006); and Mahfiana (2016).

<sup>102</sup> National Population and Family Planning Board et al. (2018).

<sup>103</sup> World Bank (2016).

Other barriers facing women entrepreneurs in Indonesia include limited access to business skills development services, networks, and markets.<sup>104</sup> The Indonesian Government has made efforts to address some of these barriers, including supporting women entrepreneurs in public procurement, and most recently prioritizing skills development of informal workers via *Kartu Pra-Kerja* (Box 3). However, opportunities exist to ensure these efforts better target women entrepreneurs to improve their productivity and growth opportunities.

### Box 3 *Kartu Pra-Kerja*

In 2020, the Jokowi administration launched the *Kartu Pra-Kerja* (Pre-Employment Card),<sup>a</sup> which aims to support skills development and increased worker competency of informal workers to boost the productivity and competitiveness of Indonesia's labor market. The program provides unemployed workers and job seekers in the informal sector with vocational training assistance to skill and re-skill.<sup>b</sup> In response to COVID-19, the Indonesian Government is accelerating the program's rollout and has doubled the allocation for the program. The program, which is expected to benefit 5.6 million informal workers, is part of the government's broader commitment to support life-long learning and respond to the dynamic labor market.

Early estimates (from May 2020) show that *Kartu Pra-Kerja* is not being accessed equally by men and women: 61 percent of people registered for pre-employment cards are male and 39 percent female.<sup>c</sup> Several barriers may lead to this unequal access, including the program's prerequisite requirements. To access the program, all applicants must pass an 18-question online skills test prior to accessing the training assistance support. However, women working in the informal sector and running micro-enterprises may not have the digital literacy or internet access required to complete this test, limiting their ability to access the scheme. Monitoring the rollout of *Kartu Pra-Kerja* will be important to identify the gender dimensions of inadvertent exclusion errors, and any administrative obstacles to women's access.

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<sup>a</sup> *Kartu Pra-Kerja* was launched based on Presidential Regulation No. 36 of 2020.

<sup>b</sup> *Kartu Pra-Kerja* recipients receive subsidized non-cash vouchers, which total between Rp. 3 to 7 million per person and may be used to support training costs over one year.

<sup>c</sup> Idris (2020).

## The economy is not creating enough good quality jobs

Prior to the COVID-19 pandemic, Indonesia's economy was creating many new jobs, but was not creating enough good jobs to broaden the pathway to middle-class for all Indonesians. The need is for jobs that pay well and have some benefits and stability of tenure associated with them. Over the past two decades, Indonesia's economy has undergone a structural transformation, with two-thirds of jobs being created in community, social, personal services and wholesale/retail trade. These are among the lowest-wage and lowest productivity sectors, while manufacturing and high-value-added services accounted for just one-quarter of all new jobs.

The transformation required to generate more good quality jobs will form part of the step change in Indonesia's growth strategy, as the country moves away from commodity-based growth, recognizing the need to diversify,

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<sup>104</sup> Dea (2019).

increasing the complexity and value added to exports. This will require both a more skilled workforce and a more dynamic employment market. Improving the participation of women in both training and employment can help bring about the necessary change, but only if their needs are taken into account. The Indonesian Government's strategy aims to improve the quality of technical and vocational education and training (TVET). However, this strategy does not yet identify the specific training needs of women, nor is the data of training attendance disaggregated by gender. This makes it hard to draw conclusions about the extent to which the system meets the needs of women that want to move up into higher paid skilled jobs.

The private sector could benefit from incentives to invest in vocational training for women. The legal and fiscal framework could do more to nudge employers towards investment in skills. For instance, by reducing the disincentives for firms to employ female workers on long-term, permanent contracts, which could increase their interest in providing training to raise productivity. Ensuring firms see a return on the investment in training is essential if women are to have the same opportunities improving their skills as men.

Rural women are especially disadvantaged by lack of opportunities to improve skills. The ongoing process of urbanization entices families to move out of the agriculture sector and into urban or peri-urban areas. However, rural women are at a disadvantage as they often have lower educational status and limited transferable skills that are relevant to the urban labor market. This partly explains why female labor force participation rates are higher in rural areas. Until this group is given the opportunity to increase their skills, there will be an ongoing drag on both female labor force participation and overall worker productivity.

## The Wage Gap is mainly due to discriminatory practices

Within both the formal and informal sectors there is a substantial gender gap in earnings. A 2017 study found that a woman earns about 30 percent less than similarly qualified man in Indonesia.<sup>105</sup> The study highlighted that the gap is most prominent and continues to worsen in the informal sector (where most women participate): the gender wage gap is 34 percent in the formal sector and 50 percent in the informal sector. The wage gap also differs across industries and sectors. The largest gap is found in the agriculture and informal services sectors where wages are low, and women earn about 64 percent of the average wage of men. However, in the highest paying sector – finance – women earn almost the same as men, whilst in the construction and transport sectors women earn significantly more than men. This illustrates how women's educational attainment can help to reduce the wage gap when more productive jobs are available, and they are able to fill management positions.<sup>106</sup>

### Box 4 The need for more “good quality jobs”

Although Indonesia's economy is creating many new jobs, it is not creating enough good jobs needed to broaden the pathway to the middle-class for all Indonesians.<sup>a</sup> Over the past two decades, Indonesia's economy has undergone a structural transformation, with two-thirds of jobs being created in community, social, personal services and wholesale/retail trade. These are among the lowest-wage and lowest productivity sectors, while manufacturing and high-value-added services accounted for just one-quarter of all new jobs.

Although Indonesia's growth has been largely commodity-based, the latest economic strategy recognizes the need to diversify, increasing both the complexity and value added to exports. This goal will only be possible if the creativity and skills of both its male and female workforce are mobilized to meet this challenge.

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<sup>a</sup> These are jobs that pay well, have some benefits and stability of tenure associated with them.

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<sup>105</sup> Australia Indonesia Partnership for Economic Governance (AIPEG) and Monash University (2017).

<sup>106</sup> Ibid.

While the wage gap has been shrinking, much of these differences are attributed to discrimination, rather than differences in productivity. Less than 40 percent of the wage gap can be explained by observable differences such as years of experience, and different occupations and sectors. The rest of the wage gap is unexplained and is likely due to discriminatory practices in the labor market.<sup>107</sup> Other studies found similar levels of unexplained differences.<sup>108</sup> This gap serves as a disincentive for women to work and compounds the social norm that views women as the secondary income earner in the household.

## Social and cultural norms limit women's economic opportunities

The role of women as wives, mothers, and carers, has been reinforced through both formal and informal institutions and perpetuated the social norms that continue to restrict women's participation (Box 5). The marriage law in Indonesia states that women have responsibility for family welfare while men are the breadwinners. Women have also played an important role as volunteers for example village health posts (*Posyandu*) and running the preschool centers (PAUD). While this has contributed to the significant gains in health and welfare, it has also reinforced a gender norm for married women to take care of their home and family as a priority. The labor force participation figures for married women given above demonstrate the impact of this social norm. Those doing more care work are most likely to be involved in less productive informal employment.<sup>109</sup> Good quality, affordable childcare has been shown to have a significant impact on women's participation in the labor force by reducing the care burden. Gendered beliefs about the role of men and women in families and in society are the primary social norm constraining women's economic empowerment. Even where a woman earns the larger share of household income, she is likely to see herself – and be seen by others – as a secondary earner.<sup>110</sup>

### Box 5 Attitudes towards women's roles, capabilities, and rights in Indonesia

Results from the World Values Survey highlights several entrenched gender views about Indonesian women's roles, capabilities, and rights. Results from two waves of surveys ( 2005-2009, and 2017-2020) showed that:

- Participants that agreed with the statement “when jobs are scarce, men have more right to a job than women” increased from 54 percent to 76 percent.
- Participants that agreed/strongly agreed with the statement “being a housewife is just as fulfilling as working for pay” decreased from 84 percent to 73 percent.
- Participants that agreed/strongly agreed with the statement that “on the whole, men make better political leaders than women do” increased from 44 percent to 72 percent.
- Participants that agreed/strongly agreed that “on the whole, men make better business executives than women do” increased from 41 percent to 63 percent.
- Participants that indicated that woman having the same rights as men is *definitely* an essential characteristic of democracy decreased from 46 percent to 33 percent.

Source: Inglehart et al. (2014).

However, norms are evolving in Indonesia and the institutions that define the legal and policy frameworks are increasingly out of step with the changes. Shifts in cultural norms are evident in the cohort analysis cited earlier that showed younger women are more likely to be working than older counterparts were at a similar age with similar characteristics. A Social Norms and Attitudes Survey (SNAP) conducted in 2018, found that among young

<sup>107</sup> Ibid.

<sup>108</sup> Schaner and Das (2016)

<sup>109</sup> Utari (2017).

<sup>110</sup> Ford (2018).

urban people, women have similar professional ambitions to men, and men were starting to share housework and childcare.<sup>111</sup> The ongoing trend of evolving social norms governing women's role in the economy illustrates how conditions in Indonesia are more promising for gender equality in employment than the headline data suggests.

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<sup>111</sup> Investing in Women (2019).

## 4. Assessment Area 2: Enhancing Human Capital through Gender Equality

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Global evidence shows that reductions in gender gaps in human capital accumulation need to translate into improvements in gender equality in economic and political participation to create a virtuous cycle of economic growth and development. Economic benefits are largely driven by higher worker productivity, and indirect effects of greater physical capital that results from having more productive work.<sup>112</sup> Equitable service provision (public services and quality infrastructure) is an essential condition for improving human capital and reducing gender gaps in health and education. Over the medium-term, when this translates into increased scope for economic participation of women as well as men, it expands the productive capacity of the economy, and enables women and their families to flourish.<sup>113</sup> Additionally, evidence shows that political empowerment of women promotes the provision of public goods (such as health, education and public transport), enhanced human capital, and lower child mortality.<sup>114</sup>

Investing in human capital is the only route to long-term economic growth.<sup>115</sup> Human capital refers to the attributes of a population that, along with physical capital such as buildings, equipment, and other tangible assets, contribute to economic productivity.<sup>116</sup> Enhancements in human capital are correlated with improved gender equality,<sup>117</sup> through education, health, nutrition leading to improved female labor force participation and productivity over the medium and long term. This is reinforced by the effects of smaller families, improved child welfare, household investment choices that favor education and thus intergenerational advances as future generations of workers are better equipped to take advantage of economic opportunities. The rate of public investment must be maintained in times of crisis, to create the conditions for an economic recovery that is inclusive over the short, medium and long term.

### 4.1. Trends in Indonesia's Human Capital Development

Indonesia has increased investment in delivering the services to improve human capital over the last few decades. Education spending has increased to 20 percent of the state budget with expansions of services from early childhood development to tertiary education. Health spending is now 5 percent of the state budget and the Universal Health Care scheme, introduced in 2014, is the world's largest single-payer healthcare system. Increased budgets for health and education have been accompanied by innovative social protection schemes and cash transfer systems that complement Indonesia's investments in human capital.<sup>118</sup>

Human capital improvements have been significant. Enrolment rates for girls have increased at all levels with 39 percent now going on to post-secondary and tertiary education.<sup>119</sup> Under-five mortality has halved since year 2000,<sup>120</sup> and the total fertility rate in Indonesia has fallen from 3.7 children per woman in 1985 to 2.4 children per women in 2017.<sup>121</sup> Maternal mortality has also more than halved since 2000.<sup>122</sup> Overall, between 2010 and 2020

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<sup>112</sup> World Bank (2019d).

<sup>113</sup> World Bank (2019d).

<sup>114</sup> Klasen (2018).

<sup>115</sup> Various sources, e.g., World Economic Forum (2017); and World Bank (2017a).

<sup>116</sup> Becker (1964).

<sup>117</sup> World Economic Forum (2016).

<sup>118</sup> World Bank (2020d).

<sup>119</sup> UNESCO (2020).

<sup>120</sup> World Bank (2020h).

<sup>121</sup> National Population and Family Planning Board et al. (2018).

<sup>122</sup> Indonesia is the largest economy in ASEAN, is a member of the G20 largest economies in the world, and is often compared with the BRICS countries (Brazil, Russia, India, China, and South Africa).

Indonesia’s Human Capital Index (HCI)<sup>123</sup> value has increased from 0.50 to 0.54 (i.e., a child born in Indonesia today will be 54 percent as productive as he/she could be if he/she enjoyed complete education and full health) . The female human capital index for Indonesia is 0.56, slightly higher than the male HCI of 0.52 (Table 1). However, despite some improvements, Indonesia’s HCI is lower than the average for the East Asia and Pacific region, and upper middle-income countries.<sup>124</sup>

**Table 1 Human Capital Index for Indonesia by Gender**

<i>Component</i>	<i>Boys</i>	<i>Girls</i>	<i>Overall</i>
<i>HCI</i>	0.52	0.56	0.54
<i>Survival to Age 5</i>	0.97	0.98	0.98
<i>Expected Years of School</i>	12.3	12.5	12.4
<i>Harmonized Test Scores</i>	388	402	395
<i>Learning-adjusted Years of School</i>	7.6	8.0	7.8
<i>Adult Survival Rate</i>	0.82	0.88	0.85
<i>Not Stunted Rate</i>	0.72	0.73	0.72

Source: World Bank (2020k)

**4.2. Progress has been particularly good in achieving gender parity in health and education.**

Girls have seen the biggest improvement in school enrolment, with indicators on educational attainment showing advantages for girls. On international assessments and in the classroom, girls outperform boys in Indonesia, with PISA results showing higher average scores for girls in math, science and reading. A World Bank study found that girls have higher levels of cognitive skills in test scores of language and mathematics in the early years of primary school.<sup>125</sup> The same study found that girls perform significantly better than boys in non-cognitive skills, which evidence suggests affects academic performance and labor market outcomes in later years.<sup>126</sup> However, some gender gaps in education and skills still exist, which limit women’s ability to participate in current and future labor markets. In Indonesia, the proportion of women represented in higher education in STEM fields is notable. However, a UNESCO 2015 study indicates that women tend to be concentrated in certain disciplines within STEM (e.g., pharmacy and biology), and underrepresented in others, such as physics and chemical engineering.<sup>127</sup> Consequently, women are predominately employed in jobs that require low levels of STEM skills.<sup>128</sup> Gender gaps in digital literacy and skills also exist. Indonesian women are less likely to use technology than men; often citing lack of confidence and knowledge as key obstacles.<sup>129</sup> For example, a GSM Association (GSMA) 2018 survey found

<sup>123</sup> The World Bank HCI measures the amount of human capital that a child born today can expect to attain by age 18, given the risks of poor health and poor education that prevail in the country where she lives. It is designed to highlight how improvements in current health and education outcomes shape the productivity of the next generation of workers, assuming that children born today experience over the next 18 years the educational opportunities and health risks that children in this age range currently face.

<sup>124</sup> World Bank (2020).

<sup>125</sup> Nakajima et al. (2016).

<sup>126</sup> Cunha and Heckman (2008).

<sup>127</sup> UNESCO (2015).

<sup>128</sup>International Labour Organization (ILO) (2020).

<sup>129</sup> OECD (2019).

that 34 percent of Indonesian women said they do not know how to use a mobile phone, compared to 22 percent on men.<sup>130</sup> Improving women’s digital literacy and skills will enable them to harness digital technologies to improve access to markets and boost productivity. Gender inequality impedes development of human capital

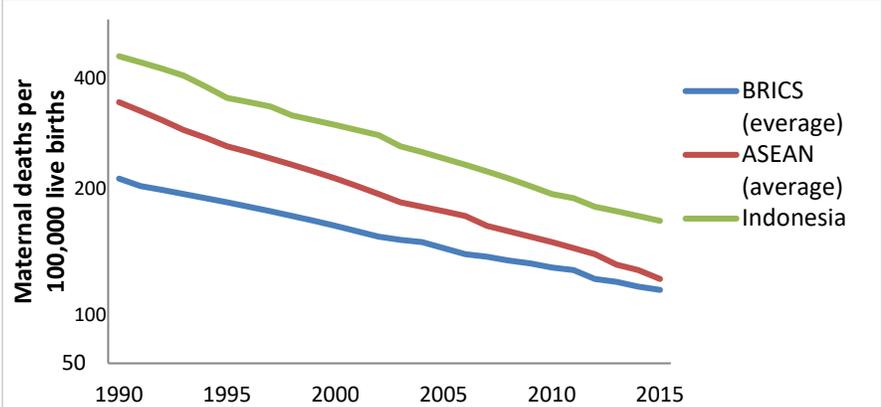
### 4.3. Indonesia continues to stand out on several metrics related to gender

Despite recent progress, Indonesia continues to stand out in a few areas where gender inequality continues to affect the life chances of girls and women, constraining the country’s ability to enhance human capital effectively. Closing these gender gaps will be critical to ensuring all Indonesian people are given the opportunity to achieve their full potential, contributing to sustained higher growth and further reductions in poverty and disadvantage. Further, recognizing the intersectionality of issues and programs affecting women and children will be necessary to address key gender gaps in human capital, such as child marriage, stunting, and maternal mortality.

#### Maternal mortality rates are comparatively high

Indonesia’s maternal mortality ratio (MMR) has more than halved since 2000, however at 177 deaths per 100,000 live births it is high relative to the country’s income level, and compared to regional and economic peers (Figure 15).<sup>131</sup> There are also significant sub-national variations in maternal mortality rates; for instance, the MMR in Papua is six times higher than West Java. While there are health service delivery issues that contribute to the high maternal mortality rate, women suffer disadvantage due to their gender, placing them and their children at risk. A 2019 study of 11 Indonesian hospitals found that 90 percent of maternal deaths were preventable.<sup>132</sup> Among the many factors contributing to the stubborn maternal mortality rates are poor nutrition and adolescent fertility. Adolescent pregnancies are at higher risk of morbidity and mortality for both them and their infants, yet a recent survey showed 10 percent of adolescent women (age 15–19 years) in Indonesia had begun childbearing, with rates highest in rural areas and among teenagers who have completed primary level education or less.<sup>133</sup> Maternal mortality and morbidity present significant intergenerational development costs, such as increased financial burdens on households and reduced human capital investments in the next generation. It also presents several economic costs, including reduced productivity and labor supply, and foregone earnings.<sup>134</sup>

Figure 15 Maternal Mortality Rates in Indonesia, ASEAN Average and BRICS (Average): 1990-2015



Source: Cain et al. (2017).

<sup>130</sup> GSM Association (GSMA) (2018).  
<sup>131</sup> Indonesia is the largest economy in ASEAN, is a member of the G20 largest economies in the world, and is often compared with the BRICS countries (Brazil, Russia, India, China, and South Africa)  
<sup>132</sup> Baharuddin et al. (2019).  
<sup>133</sup> Cain et al. (2017).  
<sup>134</sup> Grepin and Klugman (2013).

## Early marriage is widespread and harmful

Early marriage for girls is widespread and has significant negative impacts for both the girls and their children in terms of their human capital and productivity potential. Girls in Indonesia who marry below the age of 18 are six times less likely to complete upper secondary school than their peers, and they are also more likely to work in the agricultural sector and be part of the informal economy.<sup>135</sup> Indonesia has the eighth highest number of child marriages in the world, with one in nine women married before they turned 18 years old. This compares with one in 100 boys in Indonesia who marry before they are 18.<sup>136</sup> Child marriage rates vary widely across the country and are more than 1.5 times higher for girls in rural compared to urban areas. In September 2019, Indonesia amended the Marriage Act and raised the age that girls can get married from 16 to 19 years old. This harmonizes the law so both boys and girls need parental permission to marry before the age of 21. This is a sign that attitudes towards child marriage are changing but implementing the law consistently will depend on further evolution of the social norms that condone and accept child marriage. Furthermore, the amendment to the 45-year old Marriage Law does not alter the fact that there is still no absolute minimum age of marriage set by legislation in Indonesia, because parents are still able to apply to the Indonesian courts for dispensation to marry sons or daughters under the age of 19 years.

### Box 6 The Need for Contraceptives

From the 1970s to 2002, Indonesia has experienced remarkable gains in contraceptive use. However, since then contraception prevalence has been relatively stagnant, and remains low across some regions (e.g., Papua)<sup>a</sup> and particular social groups, such as adolescents and unmarried couples. The Indonesian Demographic and Health Survey (DHS) (2017) reports that one in four Indonesian adolescents are sexually active. However, contraceptive use is low among adolescents and unmarried couples due to legal barriers,<sup>b</sup> conflicting regulations,<sup>c</sup> and cultural and religious stigma around premarital sex. Consequently, the DHS (2017) revealed only 45 percent of married or sexually active adolescents aged 15-19 said they used contraceptives.<sup>d</sup> This indicates an urgent need for contraception and a huge gap in reproductive health in Indonesia.<sup>e</sup>

<sup>a</sup> WHO (2015) reports that Papua's modern contraception prevalence was more than 35 percentage points below the national average.

<sup>b</sup> The Criminal Code (KUHP) (under Article 283) and the 2009 Population Growth and Family Development Law (under Article 26) prohibits the provision of contraceptives to unmarried couples and adolescents.

<sup>c</sup> For example, multiple Articles in the Ministry of Health Regulation 61/2014 contradict each other and fail to recognize the right to reproductive health, irrespective of marital status (UPR Info, 2017).

<sup>d</sup> National Population and Family Planning Board et al. (2018).

<sup>e</sup> Marcoes (2018)

## Poor nutrition and high adolescent fertility contribute to the high child stunting rate

Indonesia's adolescent fertility rate of 46.9 births per 1,000 women aged 15-19 years is more than double the average for East Asia and Pacific and has not changed since 1997.<sup>137</sup> This lack of progress is partly due to the absence of sexual and reproductive health services to those women who need it most, since access to such services for adolescents and unmarried couples is still illegal (Box 6).<sup>138</sup> Almost a third of girls entering pregnancy are undernourished and have micronutrient deficiencies. Therefore, while boys and girls suffer stunting at similar

<sup>135</sup> UNICEF Indonesia (2016).

<sup>136</sup> Badan Pusat Statistik (BPS) et al. (2020).

<sup>137</sup> This lack of progress is partly due to the absence of sexual and reproductive health services to those women who need it most, since access to such services for adolescents and unmarried couples is still illegal. The rate is 46.9 births per 1,000 women ages 15-19, compared to 21 in EAP region (World Bank, 2020g).

<sup>138</sup> The Indonesian Criminal Code (KUHP) (under Article 283) and the 2009 Population Growth and Family Development Law (under Article 26)

rates, girls face higher health risks during pregnancy and they are more likely to deliver a low-birth baby.<sup>139</sup> Stunting affected nearly a third (30.8 percent) of children in 2018, putting Indonesia at the same average stunting level as Cambodia, despite having double the income per capita.<sup>140</sup> Stunting limits physical and cognitive capacity at the individual level, which can lead to losses in earnings and human capital<sup>141</sup> wealth and hamper labor market productivity and economic growth at the national level.

## Women and girls experience violence in all spheres of life

Gender based violence can have significant economic costs in terms of increased expenditures on service provisions, reduced productivity, lost income for women and their families, and negative effects on future human capital formulation.<sup>142</sup> Violence against women and girls including early marriage, domestic violence, and harassment, is prevalent in Indonesia. Indonesian women are experiencing violence in all spheres of their life: at home, at school, at work and in public spaces. According to the 2016 Indonesian National Women's Life Experience Survey, one in three Indonesian women (15-64) have experienced violence in their lifetime, inflicted mostly by their spouses and those who are closest to them.<sup>143</sup> The survey also found that 9 percent of respondents had experienced violence in the last 12 months.<sup>144</sup> More than 400,000 cases were reported in 2019, a 39 percent rise from 2016 figures, with the majority of the abuse faced by women behind closed doors through domestic and dating violence.<sup>145</sup> The increase in reported cases may be due, in part, to increased violence, and to increased willingness to report cases of violence.<sup>146</sup> A recent survey found that women were 13 times more vulnerable to sexual harassment in public transport than men, with most of the female respondents stating buses and public minivans (*angkot*) were the means of transportation where most sexual harassment took place.<sup>147</sup> This leads women to limit the hours or distance of travel, circumscribing their personal freedom and economic participation. There is emerging evidence that women are sexually harassed in the workplace both physically and verbally, and they are not reporting the abuse for reasons including: fear of revenge and the risk of being fired and humiliated.<sup>148</sup> Beyond interpersonal violence, Indonesian women are also subject to structural violence whereby social structures and institutions perpetuate conservative norms that prevent them from meeting their basic needs and full potential (see section 5.3 – Social and gender norms limit opportunities for women and girls).

## Gender inequality persists in the poorest households and marginalized districts

Girls and women, especially those in the poorest households, still suffer disadvantage. Between 2011 and 2018, men experienced larger reductions in poverty than women at the individual level, and this phenomenon is more pronounced in rural areas, where overall rates of poverty are higher. Moreover, female-headed households continue to be more vulnerable to poverty than male-headed households. They remain disadvantaged in terms of access to resources, they are more likely to be 'asset poor' – compared to male-headed households, and they have made limited progress out of poverty over the past seven years.<sup>149</sup>

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<sup>139</sup> Black et al. (2013).

<sup>140</sup> Chaparro et al. (2014).

<sup>141</sup> Wodon et al. (2020).

<sup>142</sup> Duvvury et al. (2013).

<sup>143</sup> Ministry of Women's Empowerment and Child Protection (2017).

<sup>144</sup> Schaner and Theys (2020).

<sup>145</sup> Fierdha and Vasandani (2018).

<sup>146</sup> Schaner and Theys (2020).

<sup>147</sup> National Commission on Violence Against Women (*Komnas Perempuan*) (2019).

<sup>148</sup> Connell (2019).

<sup>149</sup> Schaner and Theys (2020).

National data for gender differences in health and education mask important sub-national and rural-urban variations. In South Buton, Sulawesi, for example, twice as many boys than girls are enrolled in school and across rural areas, twice as many females aged 10 and older had never attended school than their urban counterparts.<sup>150</sup> Of the girls not attending school, half of them are held back because of financial reasons: they must earn money, or families have insufficient funds to cover school costs.<sup>151</sup> Girls and women from the poorest households are especially disadvantaged as household income along with a mother's educational status are key determinants of access to public services critical in determining the life chances of women and those of her children (see Box 5: intersectionality in public services). Indonesian research also shows that girls from households with the lowest quintile of expenditure are four times more likely to be married before the age of 18 years.<sup>152</sup>

## Absence of legal documents especially affects women

Indonesia has made significant progress in expanding the national identification card, and it is estimated that around 98 percent of the population is registered. However, the presence of civil and vital records is much lower. This currently impacts both men and women in different ways. Currently, approximately 47 percent, of Indonesian children aged below 17 years, almost 40 million individuals, do not have a birth certificate.<sup>153</sup> While there is no estimated gender difference, a 2013 study found that lack of a birth certificate is overwhelmingly linked to child marriages in Indonesia. Most child marriages impact girls, and schools currently discourage married boys and girls from continuing their education. Legal identity, starting with birth registration, is a critical element in linking individuals to their parents and broader family networks and ensuring that they can benefit from a range of public services. For example, children with birth certificates were found to have better access to health services and better education outcomes. Legal identify documents are also necessary to enroll to vote, for employment, to obtain a passport to work overseas, and to access social protection programs.<sup>154</sup>

While Indonesia has made progress on the expansion of social protection programs, access to these programs is dependent on the country's unified database system (DTKS) and national and civil registration systems. However, the coverage of civil registry remains much lower; only around 30 percent of the population has legally registered a marriage. This low rate of coverage impacts women, especially, in the event of a dissolution of an informal marriage, as without a legal registration for divorce, women cannot be legally identified as a head of household and are not able to access social assistance programs. While this affects less than 10 percent of the population, this group is extremely vulnerable, and has a high dependency on social transfers and assistance.

## Poor infrastructure has a disproportionate impact on women

Underpinning the accumulation of human capital is the effective investment in infrastructure and services. A 2019 study confirmed that intergenerational mobility in Indonesia was driven by educational attainment, formal jobs, water and electricity supply, land ownership and health investment, suggesting that investments in both the human capital as well as physical capital are linked to the expanding middle class in the country.<sup>155</sup> While much progress has been made on closing the overall infrastructure and service provision gaps, the remaining gaps have disproportionate impacts on women and girls. For example, inadequate WASH facilities is one of several (but not the main) reasons for girls missing school during menstruation cycles.<sup>156</sup> Consequently poor water and sanitation

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<sup>150</sup>Afkar et al. (2020); Organization for Economic Co-operation and Development (OECD) and Asian Development Bank (ADB) (2015).

<sup>151</sup> Afkar et al. (2020).

<sup>152</sup>Sumner (2020).

<sup>153</sup> Sumner (2015).

<sup>154</sup>Australia Indonesia Partnership for Justice (AIPJ) (2013).

<sup>155</sup> Dartanto et al. (2019).

<sup>156</sup> Burnet Institute et al. (2015).

can impact girls' educational attainment. Indonesia still has one of the highest percentages of open defecation with 29 percent among the rural population and 14 percent among the urban population.<sup>157</sup> Poor sanitation and hygiene practices and unsafe water lead to high rates of infectious disease, which are in turn linked to chronic malnutrition,<sup>158</sup> estimated to cost Indonesia 2.3 percent of GDP.<sup>159</sup> Women are also the primary water collectors and providers for the household: two in five Indonesian households delegate women household members to carry water.<sup>160</sup> In many instances, this task is time consuming limiting women and girls' participation in more productive schooling and economic activities.

## Natural disasters and shocks disproportionality impact women

Natural disasters and shocks erode people's ability to earn an income, and invest in human capital (via health and education). Without adequate social protection, individuals are forced to resort to negative coping mechanisms that can have detrimental long-term development effects and undermine human capital accumulation, such as liquidating savings and assets, reducing nutrition levels, withdrawing children from school, child marriage, and neglecting health needs.<sup>161</sup> For example, following the Asian Financial Crisis, household spending on health and education fell by 37 percent.<sup>162</sup> Like elsewhere across the globe, Indonesian women are more vulnerable shocks, and susceptible to injury or death from natural disasters. Estimates from the 2004 Indian Ocean earthquake and tsunami show that up to four times as many women as men died in surveyed villages in Aceh.<sup>163</sup> In the aftermath of shocks or disasters, when household income is limited, women are also more likely to prioritize other members of their family for food and health, which negatively impacts their own health and nutrition. For example, the Food and Agriculture Organization (2008) reported that during the Asian Financial Crisis women from poor households, including pregnant women, reduced their food intake to feed their children.<sup>164</sup> Experiences from past disasters and shocks in Indonesia show that they can also disrupt or divert funds from key reproductive health services for women. For example, after the 2004 Indian Ocean earthquake and tsunami and the 2018 Lombok earthquake, medical and contraceptives supplies were disrupted, and midwives reported difficulties in getting around due to closed roads and disrupted travel services.<sup>165</sup> Emerging analyses indicate similar disruptions to accessing reproductive health services due to COVID-19 (see Section 5 for further details). Such disruptions erode gains in maternal health by increasing the risk of unwanted pregnancies and complications resulting from a lack of ante-natal care, and ultimately undermine women's resilience capacities and human capital accumulation.

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<sup>157</sup> World Health Organization (WHO) and UNICEF (2017).

<sup>158</sup> Torlesse et al. (2016); and Cameron et al. (2017).

<sup>159</sup> World Bank (2020g).

<sup>160</sup> Irianti and Prasetyoputra (2019).

<sup>161</sup> World Bank and GFDRR (2013).

<sup>162</sup> In education this was caused by a combination of young children not attending primary school and parents cutting back on school expenditures (including paying fees). There was a dramatic reduction in use of health care during the year after the onset of the financial crisis relative to before the crisis. Frankenberg and Thomas (2017).

<sup>163</sup> Oxfam International (2005).

<sup>164</sup> Block et al. (2004) in Food and Agricultural Organization (FAO) (2008).

<sup>165</sup> Cole (2018).

## 4.4. Factors Contributing to Gender Inequality

Several interrelated factors contribute to persistent gender gaps in Indonesia. Fundamentally, persistent gender gaps are reflective of underlying gender inequality in society and are shaped by norms that continue to affect the low status of women in multiple spheres of life. This underlying gender inequality in society and low status of women can have serious consequences for some women and girls. These factors are examples of ‘intersectionality’, whereby socio-economic status, mother’s education, access to opportunities and public services, and social norms intersect to contribute to gender gaps. The intersectionality between women’s and children’s issues must also be recognized when addressing key gender gaps in human capital, such as child marriage, stunting, and maternal mortality.

### Box 7 The importance of intersectionality in public services

No single factor singlehandedly explains the gender gap in access and services. Instead, several factors work together to impact the effectiveness of public services on women, including socio-economic status, intergenerational impacts, and the physical access to service providers. Shaping these intersecting factors are prevalent social norms related to the role of women in society. The chart below illustrates this concept. Almost all women receive at least one antenatal care visit, and 77 percent receive at least four, meeting the national target for 2015-2019. However, women with no education and those in the poorest households are less likely to access maternal and child health services compared with more educated and richer households. Services such as antenatal visits, delivery by a skilled provider, postnatal care in the first 48 hours, full basic vaccination, and access to safe water and improved sanitation are critical in determining the life chances – and future productivity – of children. Closing the gender gap will require integration of these realities into service delivery.

#### Good access to key services at the national level masks wide variation by socioeconomic status

Access to services (%) by mother's education and income (top and bottom quintiles)



Source: World Bank (2020a).

## Service delivery does not tackle gender-based disadvantage

The design and performance of public services determines the extent to which they can support human capital development. Therefore, the design of service provision must account for the differences in ways that men and women access and use these services. Global evidence shows that investment in effective public services and quality infrastructure is an essential condition for improving human capital. Over the medium term, this strategy increases the scope for economic participation, expands the productive capacity of the economy and thereby enables women and their families to flourish.<sup>166</sup> Investments in public services are more effective when integrated with appropriate infrastructure that connects households to electricity, water and sanitation, and enables families to take advantage of health facilities and schools. Evidence from Indonesia shows that the level of investment in human capital by subnational governments is reflected in their economic growth rates. This illustrates the importance of investing in health services,<sup>167</sup> education facilities and cognitive skills.<sup>168</sup>

Better quality health and education services, connected by well-designed infrastructure, can reduce gender-based disadvantage and thereby tackle barriers to economic progress. Investing in human capital requires a long-term view of the interdependency of education, training, skills, and health in a population. Women influence the household decisions about education choices and how long children remain in schooling. Public transport, in many areas, is predominantly used by women. Furthermore, the way women experience these services has mutually reinforcing effects: for instance, lower educational attainment leads to lower uptake of health services, even if they are available, which in turn is correlated with poorer outcomes for their children, in terms of cognitive ability, education and capacity to enjoy skilled employment.<sup>169</sup>

### Box 8 After Dark- Encouraging safe transit for women travelling at night

Pulse Lab Jakarta and UN Women conducted research to understand the mobility patterns and perceptions of safety among urban women workers who regularly travel at night. Findings revealed that perceptions of safety were influenced by a range of factors including quality of public infrastructure, efficiency of transportation services, and women's own sense of familiarity with their surroundings. Instead of limiting their mobility due to security concerns women try to find ways to continue traveling, such as building their own protection mechanisms.

In February 2020 Medan City Government announced plans to implement some of the After Dark recommendations as part of their new Buy The Service (BTS) program. Women workers make up roughly half of the small retail labour market in Medan, a major contributor to the local economy, with many businesses operating beyond normal office hours. The research stimulated recognition of the need to consider public transportation holistically, for example envisioning bus stops as part of a broader public safety ecosystem — instead of being merely physical, pick up points.

*Source: Pulse Lab Jakarta and UN Women (2019).*

## Poor quality and design of infrastructure creates an uneven playing field for women

The economic benefits of good quality infrastructure projects include better services to citizens, enabling people to better participate in, and benefit from, economic growth by increasing access to markets, reducing risk and

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<sup>166</sup> World Bank (2019).

<sup>167</sup> Muhyiddin (2009).

<sup>168</sup> Affandi et al. (2019).

<sup>169</sup> Australia Indonesia Partnership for Economic Governance (AIPEG) and Monash University (2017).

vulnerability, and improving health and education outcomes. For example, access to safe, gender sensitive transport options can enable women to travel to places of work or business, reducing women’s vulnerability to violence and facilitating greater economic empowerment. Similarly, public health is intertwined with infrastructure, for instance access to water and sanitation determines the likelihood that children will stay healthy enough to attend school regularly. Reliable electricity enables women and girls to be safe in their homes and in the neighborhood. Children who live in areas with electricity in Indonesia achieve higher test scores than children in under-developed areas.<sup>170</sup> Electrification is also an enabling factor for investments in water and sanitation to be effective, for instance by powering pumps, thus enabling automation of tasks that consume time and energy, such as collecting and storing water.<sup>171</sup> Applying the G20 principles for quality infrastructure could accelerate Indonesia’s progress towards Sustainable Development Goals (SDGs) whilst also closing gender gaps (Box 9).

### Box 9 Summary of G20 Principles for Quality Infrastructure

As a member of the G20, Indonesia shared the 2019 Declaration that endorsed the Principles for Quality Infrastructure Investment. This recognizes the need to not only increase the quantity of infrastructure investment globally to drive economic growth, but also the quality of infrastructure investment, to ensure that that growth and development is inclusive and sustainable. Gender equality is a consistent theme through all the principles.

- 1: Maximizing the positive impact of infrastructure to achieve sustainable growth and development
- 2: Raising economic efficiency in view of life-cycle cost
- 3: Integrating environmental considerations in Infrastructure Investments
- 4: Building resilience against natural disasters and other risks
- 5: Integrating social considerations in infrastructure investment
- 6: Strengthening infrastructure governance

## Social and gender norms limit opportunities for women and girls

Social norms regarding gender roles limit the opportunities available to women and their capacity to contribute to human capital development. Indonesia’s state discourse and social norms dictate that women are first and foremost responsible for family welfare. Meanwhile men are viewed as the primary family providers with little expectation to look after domestic matters. These norms limit women’s sphere of influence and opportunity. For example:

- **Women shoulder the burden of unpaid care and family work.** The expectations placed on women increases their time poverty, reflecting the low value that society places on their time, which in turn contributes to the large wage gap between men and women. They also limit the way that women can participate in and influence decisions outside the home, for example, on the targeting and allocation of public resources for further human capital development.
- **Social norms can influence education choices of families.** For instance, according to a 2019 World Bank study<sup>172</sup>, many parents decided to send their daughters to *madrasah* following completion of primary school, citing a preference for religious education and the perception that Islamic schools provide values-

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<sup>170</sup> Wu (2013).

<sup>171</sup> Asian Development Bank (2016).

<sup>172</sup> Afkar et al. (2020).

based moral education, which is thought appropriate for producing ‘good mothers’, while academic and vocational education is seen as more useful for equipping boys to become breadwinners.<sup>173</sup>

- **Gender norms within institutions limit the opportunities for women and girls:** Within schools, the different expectations of teachers of boys and girls and gender stereotyping in schoolbooks can influence subject and future career choices for girls. Nutrition programs targeted at mothers reinforce norms about household roles. Family support components in some social protection program have been simplified into parenting programs and predominately target women, which further reinforces the “domestication” of women. Enterprise development programs often exclude women from skills training and credit opportunities for non-traditional businesses, thus limiting the opportunities for women to increase their incomes. The low priority given to supporting and funding childcare, is influenced by institutional gender norms that focus on women’s role in the domestic sphere.
- **The prevailing assumption that heads of household are men disadvantage the many women that fill that role.** Unlike men, women need documents such as marriage and divorce certificates to prove they are heads of household and enable them to access a range of social service. Female heads of household who are unable to get divorce certificates, for example if their marriage was not formally recognized, or they have been deserted by their husband, are especially disadvantaged. Procedures to obtain legal identity documents are daunting, whereby obtaining a marriage certificate requires a birth certificate, obtaining a divorce certificate requires proof of marriage and so forth.<sup>174</sup>

However, there is some evidence that social norms are slowly changing, especially for young people and in urban areas, presenting opportunities to nurture this evolution. Cohort analysis and other evidence discussed in the previous chapter give early indications of shifts. A recent survey indicated that a large proportion of Indonesian urban millennial women are highly motivated in their career and have similar professional ambitions to their male counterparts, while men are starting to share some of the unpaid work in the home.<sup>175</sup> Increasing female labor force participation, as discussed in the previous section of this report, primes the pump for changing social norms, as women are increasingly seen to occupy non-traditional roles until it becomes the new norm. Social attitudes are often changed primarily through the experience of the workplace, but institutions delivering social programs can also incorporate features that challenge gender norms in the household and civil society. For example, by including men in nutrition programs, integrating family-friendly interventions, acknowledging the reproductive rights of adolescent girls and promoting non-traditional work opportunities for women.

## **Gender bias is perpetuated by the low participation of women in leadership and decision-making**

Female representation in parliaments bodies remains low. Despite a quota system to reserve 30 percent of candidacies for women, the proportion of women in parliament (17 percent) is still well short of the Beijing target of 30 percent.<sup>176</sup> Since the quota system was implemented, the proportion of women candidates has increased steadily to around 40 percent in the 2019 legislative election. But the proportion of seats *won* by women parliamentarians has only grown gradually to 17.4 percent in 2019.<sup>177</sup> This figure masks sub-national disparities. For example, seven of Indonesia’s 34 provinces failed to send a single female member to the 2019 national parliament (DPR), whereas North Sulawesi has the highest level of female representation of any provincial

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<sup>173</sup> Jackson and Parker (2008).

<sup>174</sup> Australia Indonesia Partnership for Economic Governance (AIPEG) and Monash University (2017).

<sup>175</sup> Investing In Women (2019).

<sup>176</sup> UN Women (2014).

<sup>177</sup> Statista (2019).

parliament, with almost a third of seats held by women, and the assembly for the capital city of the province, Minahasa, has the highest number of women members of any parliament in Indonesia, boasting 43 percent representation. At the village level, women's leadership of village institutions is lower than 10 percent. The law requires that women are reserved a place in Village Council (BPD) membership, yet around 40 percent of villages have no female representatives.<sup>178</sup>

The high costs associated with running for office and political parties' limited investments in female candidates mean that few women are successfully elected and those that are, are increasingly well-connected elites. For example, 41 percent of women who won People's Representative Council seats in 2019 had links to political dynasties, up from 36 percent in 2014.<sup>179</sup> Apart from some high-profile ministerial positions, women's representation in senior management roles in government sectors is also low. The overall representation of women in management positions in other sectors, and at sub national level is low.

Female civil servants are clustered at lower levels of responsibility. World Bank research shows that over 70 percent of Indonesia's national government echelon position are held by men. This imbalance is even greater at the subnational level with men holding 91 percent of Echelon 1 positions and 86.2 percent of Echelon 2 positions.<sup>180</sup> Further, the majority of teachers are female, while most school principal positions are held by men.<sup>181</sup> At Ministry of Religious Affairs (MoRA) schools, women make up half the teachers, but only a fifth of *madrasah* directors.<sup>182</sup> The lack of role models in leadership positions influences aspirations and can entrench social norms. Decentralization has the potential to lead to better services and improved productivity, but this will not be fully realized without gender equality. An increasing body of evidence indicates the quality and responsiveness of public services, and public goods in general, is enhanced when women and minorities have an increased profile within local and national government, and the public sector.<sup>183</sup> Efficiency gains from decentralizing public service delivery rest on the assumption that the investment patterns and resource allocations are closer to local needs. One study found that the presence of a female village head positively impacted the provision of roads and junior high schools, suggesting that gender-differentiated preferences in public goods allocations depended on women in locally elected positions<sup>184</sup>. However, women's leadership of village institutions is lower than 10 percent and around 40 percent of villages still have no female representatives.<sup>185</sup> More female role models in leadership positions will encourage the next generation of girls to aspire to become leaders in their own communities.

Increasing women's individual and collective agency leads to better outcomes, institutions, and policy choices, which ultimately enhances economic efficiency and improves other development outcomes.<sup>186</sup> Conversely, the absence of women's voice and perspective in policymaking and service delivery is reflected in the difficulties women face in using their voice and influence in all levels of society, such as involvement in decisions on how village funds are spent, or how land is allocated. Ensuring women have voice in the process of design and implementation can nurture leadership experience, which in turn can be brought to bear to improve service delivery, build businesses, and invest public funds in the best way to enhance human flourishing and grow the economy. At the village level women have been most effective when they have been supported by an NGO or

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<sup>178</sup> World Bank (2020i).

<sup>179</sup> White and Aspinall (2019).

<sup>180</sup> World Bank (2018b).

<sup>181</sup> Afkar et al. (2020).

<sup>182</sup> World Bank staff calculation using EMIS 2018 data.

<sup>183</sup> Duflo (2012); and Clayton and Zetterberg (2018).

<sup>184</sup> Chowdhury et al. (2009b).

<sup>185</sup> World Bank (2020i).

<sup>186</sup> World Bank (2012).

women's organizations.<sup>187</sup> Women's organizations have developed several tools and approaches to empower village women and increase their influence in decision-making (See Box 10). This became increasingly important as more money was channeled to the village level following the passing of the Village Law. Since the COVID-19 crisis, village authorities have been requested to prioritize Employment Intensive Cash for Work schemes (PTKD) in their allocations of the Village Funds (*Dana Desa*), which is expected to reach 10-12 million rural people not covered by those other schemes. Women will need to be vocal to ensure that this support also reaches women.

#### **Box 10 Paradigta, “a woman who stands tall and strong.”**

The Paradigta Academy, established by PEKKA, is designed as an educational and applied learning process to prepare local women for organizing and leadership in the public domain, including village budget processes. The Academy has been conducted in 10 provinces across more than 400 villages, and its 2,500 strong alumni – and growing – have successfully advocated for over Rp 1 billion in increased funding to basic services, and more than 50 local regulations focused on pro-poor and gender-inclusive development, including raising the minimum age of marriage.

*Source: KOMPAK (2019).*

### **Indonesia's efforts at gender mainstreaming fall short of delivering gender equality**

The Government of Indonesia has put in place a policy framework to promote gender mainstreaming in planning and budgeting (Box 11). This includes guidelines and ministerial regulations to provide frameworks and implementation guidelines for these regulations. To date, only around half of local governments have gender mainstreaming working groups (*pokja PUG*).<sup>188</sup> A 2020 World Bank Public Expenditure Financial Accountability (PEFA) of Indonesia's gender responsive budgeting (GRB) found that the current policy framework has had limited impacts on ensuring gender responsive budget allocations and closing gender gaps. The PEFA identified several opportunities to improve GRB efforts and results, such as strengthening the capacity of all institutions engaged in GRB work, reviewing the impact of tagging for gender equality, and establishing a clear system that strengthens monitoring and evaluation and reward and sanction functions. Despite these challenges, GRB continues to provide an important mechanism for engaging civil society and women's organization to scrutinize government budgets at a subnational level.

#### **Box 11 Policy framework for mainstreaming gender in planning and budgeting**

Indonesia promotes gender mainstreaming in planning and budgeting through several laws, guidelines, and regulations:

- Presidential Instruction No. 9/2000 on Gender Mainstreaming in National Development directs all ministries and agencies to men and women's needs and interests in planning, implementation, and M&E of policies and programs.
- MoWECP guidelines on mainstreaming gender in national development (planning and budgeting), which were issued in 2002.
- Ministry Regulation of MoF No. 105/2008 provides a framework for gender-sensitive budgeting and requires implementation of gender-responsive budgeting within the national budget system.
- MoF Decree 104/PMK.02/2010 provides new directions for preparing a gender budget statement.

Underlying the challenges for gender responsive budgeting is the current complex budgeting system in Indonesia. The institutional framework for many services decentralized, yet local governments rely predominantly on fiscal

<sup>187</sup> Diprose et al. (2019).

<sup>188</sup> World Bank (2011).

transfers from the national government and have varying levels of capacity. Budgeting remains a highly political process, and performance-based budgeting, although officially adopted in 2003, remains weak.

Ultimately, the success of gender responsive budgets is linked to their ability to change budgets and policies so that gender equality goals are achieved.<sup>189</sup> Given the current budgeting process and the weak institutional environment, gender responsive budgeting is unlikely to be effective when linked to the objectives of changing public resource allocations for gender equality. However, under the current policy framework, continued support to gender responsive budgeting could serve to raise awareness among different stakeholders on the gender impacts embedded in budgets and policies through the development of different data systems and analysis tools. This would necessitate foundations be strengthened, including systems for collecting sex disaggregated data, training budgetary officials, and developing gender-sensitive program analysis. While this is a necessary condition to improving gender responsive budgeting, it is insufficient to lead to consistent outcomes where budgets and policies are used effectively for gender equality, and to hold governments accountable for their policy commitments.<sup>190</sup>

Greater awareness of budgeting processes among civil society actors has provided an effective avenue for changing government budgets towards greater gender equality. Women's coalitions have actively engaged at the sub national and village level to advocate for changes in budgeting and policy reforms related to a wide range of topics. For example, in several districts, the government office responsible for implementing the Domestic Violence Law and supporting survivors of violence has only been funded after extensive lobbying by women parliamentarians and women's organizations using budget tools to help their argument. Growing evidence at the village level has also demonstrated that when women's groups are trained in the budgeting process, they are able to more effectively engage in lobbying for resources to be allocated towards programs that benefit women (see previous section). Thus, training the public and civil society actors in budgeting can help to strengthen accountability and improve gender responsive budgeting.

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<sup>189</sup> Sharp (2003).

<sup>190</sup> The growing commitment at the local government levels towards the Sustainable Development Goals provide a possible entry point to orient policy and budget discussions towards achieving SDG-5 on Gender Equality. However, without the strong evidence base, capacity, and discretions in budget allocations, this will be difficult to realize

## 5. Emerging Impacts of COVID-19

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This section seeks to summarize the current and emerging evidence on the differential impacts of the pandemic and economic fallout on men and women. It then seeks to put forward an initial response plan for the Government of Indonesia that focuses on minimizing impacts that erode past gains Indonesia has made in closing gender gaps, and to remove barriers and take opportunities to facilitate a growth-oriented recovery. By August 2020, the Government's latest estimates are showing an economic contraction of 4.5 percent,<sup>191</sup> with up to 3.6 million jobs lost, and 5.5 to 8 million Indonesians falling into poverty.<sup>192</sup> Overall, many of the job losses have occurred in sectors of the economy where women's employment is concentrated. Recent estimates also show that around 90 percent of non-farm small and medium enterprises reported loss in incomes, and women are disproportionately concentrated in the informal economy.<sup>193</sup> Female headed households, who are more dependent on transfers, are likely being impacted by the contracting economy. And the social assistance programs often miss de facto female headed households due to database inclusion and exclusion errors.<sup>194</sup>

### 5.1. Women's economic participation

Early figures looking at employment indicated that men and women were losing jobs at relatively equal rates.<sup>195</sup> However, these figures seem to underestimate the emerging impacts on both women's economic participation. As the pandemic continues to cause widespread economic closures, women are disproportionately affected by the crisis. According to World Bank modelling, the service sector will bear the brunt of the crisis.<sup>196</sup> As this sector accounts for 41 percent of total female labor force, the impact on women will be severe. In the tourism sector, which employs 58 percent women,<sup>197</sup> tourist figures for May fell by over 85 percent, compared to the same period last year.<sup>198</sup> Hotels across Indonesia have also recorded prolonged low occupancy rates with many temporarily closed, resulting in unpaid leave and termination of some employees.

More than 2.5 million workers are employed in the Indonesian garment industry, most of which are women. The Indonesian Textile Association reported that 2.1 million garment and shoe workers (80 percent of the workforce) had been sent home, with many orders cancelled due to the lockdowns in importing countries and the closure of retail outlets.<sup>199</sup> Indonesia's Chamber of Commerce and Industry estimates job losses of 6.4 million with more layoffs expected. In addition to job losses, workers are experiencing reduced hours because of the crisis. In the manufacturing sector, which employs 16.5 percent or 7.9 million women,<sup>200</sup> an estimated 10 million workers lost half of their work hours since the beginning of the economic impact of the coronavirus crisis.<sup>201</sup>

As previous sections of this assessment have shown, women are highly concentrated in the informal sector and own predominantly micro and small enterprises. Women entrepreneurs were already facing legal and structural barriers in accessing finance before the crisis, and these same barriers may prevent them from accessing the emergency funding programs. The weaker economic activity and restrictions on travel is likely to affect workers

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<sup>191</sup> MOF newest figures August 2020.

<sup>192</sup> World Bank (2020e).

<sup>193</sup> World Bank (2020c).

<sup>194</sup> MAMPU (2020).

<sup>195</sup> World Bank (2020c).

<sup>196</sup> World Bank (2020e).

<sup>197</sup> World Bank Tourism Project

<sup>198</sup> Mufti and Akhlaq (2020).

<sup>199</sup> Fairwear (2020).

<sup>200</sup> Badan Pusat Statistik (BPS) (2018).

<sup>201</sup> Clean Clothes (2020).

in the informal sector more than those in formal sector.<sup>202</sup> Homeworkers and domestic workers may also find their jobs are vulnerable, but may face challenges in accessing social assistance or protection programs, due to the informal nature of their jobs and absence of an employment contract. As 60 percent of total female employment is in the informal sector, the possible job losses from this crisis for women could reduce the female labor force participation rate.

Almost three-quarters of Indonesia's doctors and nurses, and 63 per cent of frontline health sector staff are women.<sup>203</sup> Working on the front line of the fight against COVID-19 exposes them to infection through contact with patients and other health workers. These health workers, including village health cadre, will be at risk if there are shortages of personal protective equipment.

## 5.2. Migrant workers, remittances and poverty

At least 90,000 migrant workers have returned home since the start of the crisis, either on their own accord or with government assistance.<sup>204</sup> Migrant workers still in placement countries face challenges including increased workload, increased risk of violence, and the threat of job loss due to the pandemic. An estimated 30 percent of overseas female migrants are 'undocumented' and therefore face greater challenges accessing support.<sup>205</sup>

A 2020 study showed that the poverty gap between female and male headed households had increased, when looking at asset-based poverty measurements, and that female headed households were more reliant on transfers, including social transfers and remittances.<sup>206</sup> Remittances from migrant workers are important for many Indonesian families to support their basic needs (such as food, housing and education), and many households that are dependent on these remittances are now more exposed to poverty, with female headed households (FHH) in this category emerging as especially vulnerable. Remittances across Southeast Asia are predicted to fall by 13 percent due to the pandemic,<sup>207</sup> and data released by Bank Indonesia shows that remittances from Indonesian migrant workers in first quarter of 2020 decreased by 7.5 percent compared to the same quarter the previous year. The largest contraction (10.6 percent) was from migrant workers in the Asian region.<sup>208</sup> Recent research finds the 74 percent of FHH received less or no remittance since the pandemic started.<sup>209</sup>

The prevalence of food insecurity is higher amongst female-headed households.<sup>210</sup> This is most likely because male-headed households tend to have more than one household member working and thus have more than one source of income. Recent research finds that the Indonesian economy was already leaving female-headed households behind before the crisis as they remained disadvantaged in terms of access to assets and had made little progress out of poverty.<sup>211</sup>

## 5.3. Essential services

The COVID-19 pandemic is impacting service provision, and the ensuing economic crisis may have disproportionate impacts on women and girls. With focus on the pandemic, health services are being diverted,

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<sup>202</sup> Low-income, self-employed and informal workers are less amenable to work from home and less likely to have income protection scheme. Hayatama et al. (2020).

<sup>203</sup> Sakernas, August 2019, Calculated by Prospera

<sup>204</sup> Associated Press and Bloomberg (2020).

<sup>205</sup> World Bank (2017d).

<sup>206</sup> Schaner and Theys (2020).

<sup>207</sup> World Bank (2020b).

<sup>208</sup> Migrant Care (2020)

<sup>209</sup> World Bank (2020c).

<sup>210</sup> World Bank (2020c).

<sup>211</sup> Schaner and Theys (2020).

impacting antenatal clinics and family planning services, with unwanted pregnancies estimated to increase in the coming months by 15 percent. Reported cases of domestic violence have increased by 12 percent since COVID-19 first appeared in Indonesia, with the total extent of cases likely to be much higher, and the support services for victims affected.

The COVID-19 crisis has impacted on the delivery of services threatening to undo some of the progress. Over 530,000 schools have closed amid the coronavirus outbreak (COVID-19), affecting 68 million students from pre-primary through tertiary levels.<sup>212</sup> Despite attempts to compensate closures with online and distance learning, the expected negative impact on learning and skill accumulation is large: World Bank estimates indicate that Indonesian children have already lost 11 points on the Programme for International Student Assessment (PSIA) reading scale and US\$249 in future annual individual earnings due to the four-month school closures (between March 24 and end of July 2020) and that these losses are expected to increase.<sup>213</sup> Although nearly 47 million households (66 percent) have access to the internet, online distance learning presents a challenge<sup>214</sup> with a recent UNICEF study reporting that many adolescents, especially girls, felt that they lacked digital skills.<sup>215</sup> This is in line with the broader digital gender divide in Indonesia whereby women tend to be less confident with technology and tend to use it less often than men.<sup>216</sup> For example, an OECD 2019 study highlighted that in Indonesia 34 percent of women versus 22 percent of men indicated that they do not use a mobile phone as they do not know how to use it.

The number of hours that many health centers have been operating has been reduced, and by the beginning of June 2020, 974 antenatal clinics across the country had been closed temporarily due to a lack of resources and personal protective equipment. Health centers have also seen a reduction in the number of patients, including pregnant women or women seeking other sexual and reproductive health services due to Covid-related restrictions on movement. As a result, BKKBN estimates pregnancies could increase by 15 percent, resulting in around 420,000 additional, and in some cases unintended pregnancies.<sup>217</sup> This increases the risk of unsafe abortions, maternal and new-born deaths. There are reports of gender-based violence increasing during lockdowns and as a result of economic stress at the same time as shelters and services for survivors have been forced to close.

Emerging evidence during initial months of the COVID-19 pandemic is that gender-based violence has increased and essential sexual and reproductive services have been disrupted, increasing risks for women and hindering their human capital development. According to the National Commission for Violence Against Women (*Komnas Perempuan*) gender-based violence cases have increased by 12 percent since COVID-19 first appeared in Indonesia.<sup>218</sup> However, the real extent of cases is likely to be much higher due to the lack of access to services for victims confined in their homes with perpetrators under social movement restrictions. Essential sexual and reproductive services are also increasingly affected by COVID-19. Since the beginning of June 2020, 974 antenatal clinics across the country have temporarily closed due to a lack of resources and personal protective equipment. Indonesia's National Population and Family Planning Board (BKKBN) reported that in March 2020, 10 percent of its 28 million family planning acceptors reported difficulties accessing contraceptives.<sup>219</sup> Further, the Indonesian

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<sup>212</sup> Yarrow et al. (2020).

<sup>213</sup> Yarrow et al. (2020).

<sup>214</sup> Badan Pusat Statistik (BPS) (2019).

<sup>215</sup> UNICEF Indonesia (2020).

<sup>216</sup> OECD (2019).

<sup>217</sup> Rodriguez (2020).

<sup>218</sup> United Nations Population Fund (UNFPA) Indonesia (2020).

<sup>219</sup> Rodriguez (2020).

Midwifery Association reported a decline in pregnant women and couples visiting health facilities for check-ups or to receive birth control.<sup>220</sup>

## 5.4. The pathway to recovery

Indonesia faces a long and difficult road towards economic recovery, and risks reversing some of the significant gains made in gender equality over the last several decades. In the short term, efforts should be made to integrate specific actions to ensure that the impacts of the pandemic and economic crisis do not continue to disproportionately fall on women. Supporting Indonesia in the economic fallout from the COVID-19 pandemic will necessitate facilitating relief and recovery efforts to address the dual health and economic impacts. While the pandemic continues to spread, the full impact on the economy and wellbeing will not be clear. However, emerging recommendations, based on the early findings from studies looking at the impacts of COVID-19, highlight the need to integrate gendered needs fully into the Government's relief and recovery programs. In the short term, the focus should be on minimizing the fallout from the pandemic, ensuring that women and girls are not disproportionately and negatively impacted by the virus and the growing economic crisis. Once the pandemic has subsided, efforts could focus on facilitating women's back-to-work transitions, easing several of the barriers identified in Assessment Area 1, including reforms to employment legislation, childcare regulations, tax codes, and lending practices. Alongside this, Indonesia can focus on continued investments in essential services, particularly health services for sexual and reproductive health, digital literacy for girls, and continued support services for violence, so as to ensure that women and girls do not fall further behind.

Some specific recommendations directed at improving the gender responsiveness of the Government's recovery program is provided below. A strategic set of priority actions to address a broader set of gender inequalities are provided in the subsequent section.

- **Support micro and small enterprises.** Many women are concentrated in the informal sector running micro or small enterprises. While no official statistics exist, it is widely assumed that these businesses have been the first to become insolvent or suspend trading in the face of widespread social restrictions. To mitigate the impacts especially on women-owned micro enterprises, the Ministry of Cooperatives and Small and Medium Enterprises (SMEs) could ensure that the current COVID-19 stimulus for SMEs businesses in the amount of IDR 123.46 trillion (US\$8.4 billion) include options for micro enterprises to access relief funds. This could offer a simplified registration process for micro and small businesses that may be operating informally to access small grants towards supporting business costs through temporary closures. To encourage more online trading, microbusinesses could be exempted from the recent regulation that online sellers must register as formal businesses and get a permit.<sup>221</sup> Further outreach around the *Kartu Pra-Kerja* program to increase the total number of female beneficiaries could be initiated.
- **Expand coverage of social safety programs to include all vulnerable groups.** Current household definition practices often overlook *de facto* female headed households, leading to difficulties in accessing social assistance programs. Services are also complicated to access and often require traveling far from home to be interviewed by officials. The Government could consider expanding and deploying programs to complement those receiving social assistance via the beneficiary lists on the unified database (DTKS) with other programs. Examples of such programs already include cash assistance programs through the Village Funds (*BLT Desa*) as well as other locally administered cash assistance programs, where the

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<sup>220</sup> Cahya (2020).

<sup>221</sup> Center for Indonesian Policy Studies (CIPS) (2020).

beneficiary selection is determined by village governments or other means. Programs such as these can be extended, with specific monitoring tools put in place to mitigate against perceived inequities in the distribution. To address this, the Ministry of Social Affairs, Ministry of Home Affairs, and Ministry of Villages could coordinate village level inputs for a dynamic updating of beneficiary lists, that also includes complementary social assistance programs initiated from the district or the village. The Ministry of Finance has announced an extension of the BLT *Desa*, which could include specific guidelines to target *de facto* female headed households, and with improved monitoring and complaint handling to ensure full coverage. The Ministry of Villages could also expand the eligible categories of work in the current cash for work scheme (PTKD) to balance the access to women who face barriers in accessing physical labor work (current monitoring continues to show that the program continues to favor male beneficiaries). The Ministry of Villages could develop clear guidelines on the inclusion of women in cash-for-work initiatives, including designing schemes that offer flexibility of job types and timing of work, or that target work such as horticulture or community farming that can also support local feeding programs and household nutrition. Finally, BPS can finalize proposed changes to the definition of “household” (*rumah tangga*) to “family” (*keluarga*), thereby recognizing *de facto* female headed households.

- **Ensure continuity of funding for essential services.** With the impact of COVID-19, Indonesia’s health sector has reoriented much of the health spending to containing the pandemic. This is already resulting in lower funding available for other essential health services, especially those for women such as reproductive and health services. Subnational transfers were cut in the budget reallocations to prioritize the Government’s Covid-19 response. This will affect local health centers, offering basic immunizations and women’s health services, as well as local level response services for domestic and gender-based violence, as these are primarily funded at the district level. The Ministry of Health could continue to prioritize sexual and reproductive health services during the Covid-19 pandemic, by, for example, initiating partnerships with civil society to support these services in the short term to mitigate the impacts of funding cuts. Information campaigns, delivered through social media, could help to broadcast public health messages to the target groups.
- **Continued support to girl’s enrollment.** Indonesia closed all schools in early March 2020, impacting 60 million students in the country. Schools moved to home-based learning, focusing on providing free distance and online learning opportunities. However, recent studies showed that many adolescents, especially girls, felt they lacked digital skills, and this may lead to girls falling behind or dropping out of school as they are not able to keep up with learning opportunities. To ensure continued participation in learning, particularly for households with no internet access, the Ministry of Education and Culture can accelerate programs focused on alternative learning modalities, such as TV, radio, and printed materials.<sup>222</sup> In addition, the Ministry of Education and Culture can continue to develop and publish learn from home guidelines, that follow international standards. These guidelines should also guide local education agencies to integrate perspectives on gender differences in accessing online tools, as well as focusing on outreach to disabled and learning disadvantaged students.

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<sup>222</sup> United Nations Children's Fund (UNICEF) Indonesia (2020).

## 6. Way Forward: Strategic Priorities for Action

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Indonesia's overarching development goals continue to be underpinned by the country's Medium-Term Development Goal. Achievement of these goals will not be possible without a strengthened focus on closing specific gender gaps to drive growth and support human capital development. Today, the impacts of COVID-19 will set these goals further back, because of the dual impacts of the pandemic on health and the economy. In Indonesia, the pandemic is still unfolding, and the final impacts—both in terms of human life and to the economy—are not yet clear. Investing in gender equality to stimulate greater economic growth today not only supports the country's vision, but can also help to ensure that gains made in gender equality are fully integrated into the country's path towards economic recovery.

The actions identified in the priority areas below are meant to provide recommendations to policy makers with the objective of addressing measures to improve gender equality, which, in turn, is expected to further impact Indonesia's growth. These draw on global evidence and insights from research, which takes stock of evaluated policy interventions that have either directly or indirectly affected women's employment (i.e. finding a job when actively looking) or labor participation (i.e. getting women to enter the labor force) (Box 12). The priority actions, if taken together and carefully coordinated, could significantly advance key areas of gender equality to advance growth. Several of the root causes for the current patterns of labor force participation and human capital outcomes have been outlined in this study. While perhaps not all areas will be able to be equally addressed in the short term, the set of priority actions outlined below form part of a broader and integrated approach. To address the root causes, a comprehensive and integrated program to address the bottlenecks and unlock Indonesia's growth is suggested. Capitalizing on Indonesia's growth potential will require a coordinated set of programs that are targeted towards increasing women's opportunities in the labor force. Indonesia's RPJMN 2020-2024 has already laid out several goals related to closing gender gaps, along with targets to achieve these. These include specific priorities on gender, including targets on access to education, access to employment, health status, violence and access to politics. The achievement of these goals is proposed to be measured through the Gender Development Index.

Building on this foundation, and with a view to drive greater economic growth, the Government could develop a set of concrete actions and budget guidelines focused on women's economic opportunities to be integrated in the Macroeconomic Framework and Fiscal Policy Guidelines (KEM-PPKF). This would help to anchor the drive for gender equality in the economic growth agenda and support an integrated program for gender equality across the Government.

The set of priority areas and actions below could serve as suggested areas of focus for the Government to set programs and concrete actions that could then be translated into budget guidelines and support. This list is by no means exhaustive and tends to focus the priority on enhancing women's opportunities in the labor force, although some actions to close gaps in enabling services are also offered for consideration.

## **Box 12 Insights from a systematic review of policy interventions to increase female labor force participation**

The World Bank conducted research to systematically review the role that different public policy interventions have on increasing female employment and labor participation. The review covers research from 1990 to 2019 and looks at several policy interventions, such as childcare and early education interventions, income tax reforms, credit programs, maternity and parental leave policies, and active labor market policies (including skills training, job search support, and public works programs, etc.). Insights from the research reveal mixed results among different policies and their ability to increase female labor force participation:

### **Childcare policies**

Childcare policies seem to have a more notable effect in promoting women's employment rather than promoting women's labor force participation. This may be due to the fact the women face several barriers to entering the labor force beyond childcare. Insights from the research (Reimao, Munoz Boudet, Revenga, forthcoming) indicate that the effect of childcare policies and programs is generally positive in developing countries and more muted in wealthier countries. Experiences from Colombia, Mexico, and Brazil indicate that effects tend to be positive among programs that share several similar features, such as the childcare being free or subsidized (if paid), locally based (in the community or in close proximity to the workplace), offer a full-day schedule, target women for whom paid care is not an option, and include a strong focus on care-related elements (e.g., nutrition).

### **Tax incentives**

Evidence from high-income countries in Europe and North America show that different tax incentives (e.g., childcare credits, child credits, income credits, and changes in the tax structure) can have a positive effect on female employment and labor participation. Although, in general, such tax credits and incentives do not explicitly target women or seek to raise female employment and participation, they target parents with young children (a key demographic for labor force participation policies) and appear to encourage female employment.

### **Maternal and paternal leave policies**

Results from high-income countries, indicate that maternal and parental leave policies can have a wide range of effects on female employment and labor force participation (e.g., negative, null, or positive). However, leave entitlement policies that include shorter leave periods (up to a year), a clear in-system return date, declining payments, and shared leave between men and women (parental) had the strongest likelihood of women returning to formal employment after maternity leave.

### **Active labor market policies**

Evidence shows that active labor market policies, which combine training with labor market insertion, appear to improve women's chances of entering and staying in the labor force. Although these programs do not always work, they are more likely to be effective if the programs are broader in design; cover technical, job-search, and/or life skills; include job-placement support (e.g., internships, on-the-job training, intermediation services, etc.), and offer a financial incentive to both jobseekers and employers.

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<sup>a</sup> World Bank (2020j)

## 6.1. PRIORITY AREA ONE: Stimulate labor force participation through addressing barriers and disincentives to work

Removing barriers to female labor force participation is projected to have an impact on economic growth and GDP. Currently, several institutional constraints and market failures limit the effective participation of women in the labor force. Boosting women's economic participation and productivity will necessitate a package of reforms at the policy level that would unlock the ability of women to participate more effectively in the economy. Support in this area requires shifting the burden of care away from women who seek outside work, stimulate and encourage female labor force participation through tax incentives, and reduce tradeoffs between women's household and labor market roles. The following are a set of proposed recommendations and policy actions that, taken together, could stimulate women's economic engagement:

- **Close gaps in unmet childcare needs by expanding access to comprehensive, affordable, and high-quality childcare for working women and women searching for work.** To achieve this the Government could:
  - *Expand provision of public childcare facilities* through the country's network of roughly 250,000 early childhood development centers by facilitating changes to the education policy that would extend the school day in early childhood development centers, and also support the use of early childhood education facilities for supplemental childcare services outside ECED programs' usual operating hours.
  - *Strengthen and expand community-based childcare systems* by amending Government regulation to enable community financing and co-financing with village governments and developing models of cooperative childcare.
  - *Stimulate employer provided childcare* through introducing tax credits for corporations who provide on-site and full-time childcare services for employees.<sup>223</sup>
- **Address the disproportionality high tax burden for second income earners in households, which are typically women, to stimulate labor force participation.** To achieve this, the Government could:
  - *Introduce a Working Family Tax Credit*, or other tax credit, to families with two working parents and children. This has the advantage of offsetting some of the costs of childcare services and could further stimulate labor force participation.
  - *Eliminate gender bias in second-earner income tax filings* by reducing income tax filing rates for second income earners to harmonize these with filings that are made jointly.
- **Nudge perceived social and cultural norms, which perpetuate discriminatory biases and influence girls' and women's behavior relating to participation in the labor market.** To achieve this, the Government could pursue developing a national level campaign across all relevant ministries to challenge and nudge social norms towards the concept of women being productive and working, fathers sharing childcare, and daycare facilities taking care of children and infants.

## 6.2. PRIORITY AREA TWO: Ensure gender equity in labor legislation and workforce regulations

Improving labor force participation and productivity will necessitate measures to enhance and enforce labor legislation to ensure gender equality and to level the playing field between men and women, such as equalizing paid maternal and paternal leave policies (Box X). Workforce legislation provides the foundation for leave policies

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<sup>223</sup> The IFC (2017) highlights the business case for employer provided childcare services, supported by cross-country evidence

as well as worker protections that are foundational to improving female labor force participation. However, it is worth noting that many women currently fall outside workforce legislation under informal work relations that are not enforced in the current legislation. Taking up amendments to the labor law are fraught with political realities outside of gender equality considerations and seeing through this priority objective will not likely come in the short term. However, given the foundational nature of the legislation, it is included here as a priority area.

**Should opportunities arise to amend workforce legislation, the Government could remove gender bias in labor related legislation to level the playing field between men and women in the labor market.** To achieve this, the Government may consider the following policy actions:

- *Increase and equalize paid parental leave* by amending Article 82 to increase paid maternity leave for female workers from 12 weeks to 14 weeks in line with the International Labor Organization’s Maternity Protection Convention 2000.<sup>224</sup> In addition, it is recommended that Article 93 is amended to increase paid paternity leave for fathers from two days to a comparable 14 weeks of paid leave, which is to be available at any point within the first year of a child’s life. Harmonizing available paid leave between men and women would also support shifting social norms in favor of sharing the burden of care of child-rearing.
- *Define and prohibit sexual harassment*<sup>225</sup> by adding a new article in Indonesia’s Labor Law (13/2003) to protect against sexual harassment. Alongside this, criminal sanctions should be introduced (e.g. fines, imprisonment) for sexual harassment within the labor law or in the criminal code.<sup>226</sup>
- *Facilitate more flexible and part time work* by revising current legislation (Articles 77-79) to enable flexible working options in the formal sector, strengthen worker protection for freelance and self-employed workers, and allow for part-time work. In addition, regulations related to the minimum wage could be revised to strengthen enforcement and to provide a framework for hourly, instead of monthly, calculations, thereby facilitating greater part-time options. Finally, the Ministry of Manpower can issue regulations for home-based entrepreneurs that allow a business to be registered at a residence. With the additions of part-time work arrangements, pension and worker insurance schemes could be adjusted to accept prorated contributions.
- *Remove discriminatory statements* and enhance comprehensive anti-discrimination acts, equal opportunities acts or executive orders on women’s equality, including revising statements to strengthen anti-discrimination language in training programs, skill development, or introduce a new Article on Affirmative Action intended to close the gap in labor force participation, retention, skill development, and recruitment.

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<sup>224</sup> Female workers are entitled to three months of paid maternity leave at full wages under Article 84 and Regulation No.78/2015 on Wages Article 24 (5)(d) of which guarantees the full payment during the maternity leave). Female workers are entitled to a 1.5 month period of rest before the time when they are estimated by an obstetrician or a midwife to give birth and 1.5 months after the birth. A female worker who has a miscarriage is entitled to a period of rest of 1.5 months or a period of rest as stated in the medical statement issued by the obstetrician or midwife who treats her. This falls short of ILO’s maternity protection norms, which require 14 weeks’ leave. According to the ‘Elucidation’, a worker’s period of maternity leave under Article 82(1) may be extended as required by a written statement from the obstetrician or midwife, but it is not clear whether female workers are entitled to full wages for such an extension period. Moreover, it is not clear that an employer must return the female workers to her former post (or equivalent in remuneration) when she has completed her statutory maternity leave, which is a requirement under the unratified Maternity Protection Convention, 2000 (No. 183). (World Bank Technical Note 2020: unpublished)

<sup>225</sup> Several treaty body comments call for the Manpower Act to specifically ban sexual harassment. Indonesia’s Act on Disabilities No. 8/2016 already provides in Article 5(2)(c) & (d) that women with disabilities shall have the rights to extra protection from multiple discrimination and any act of violence, including sexual violence and exploitation. Noting also the definitions and scope of Indonesia’s Act on the Elimination of Domestic Violence No.23/2004, additions to capture the world of work dimension of violence against women could therefore be made to the Manpower Act (13/2003).

<sup>226</sup> Ibid.

### 6.3. PRIORITY AREA THREE: Support the growth of women-owned enterprises and female entrepreneurs

Supporting the growth of women-owned enterprises will necessitate interventions that specifically tailor products, services and information to women, as well as certain affirmative action principles being put in place. These actions are designed to address systemic bias against women-owned enterprises and to overcome structural barriers to accessing programs and services for entrepreneurs. Many small businesses in Indonesia would benefit from targeted support to improve their productivity, and interventions designed to support these businesses would also help improve productivity for women-owned businesses. However, women-owned businesses also face bias and discrimination that further undermines their capabilities for growth. Thus, in addition to overall improvements to the support systems for micro, small, and medium enterprises (MSMEs) in Indonesia, the Government of Indonesia could consider:

- **Address financing constraints for MSMEs to enable female entrepreneurs to expand their business if they so choose.** To achieve this, the Government could:
  - *Address gender bias in lending to improve women’s access to credit and financing products for growth* by issuing guidance to financial services sector (banks, insurance companies, etc.) on mitigating gender bias in lending and improving the capacity of bank staff to support outreach to women borrowers.
  - *Develop specific and tailored financial products for women entrepreneurs* that use alternative and emerging credit scoring techniques, flexible repayment terms, and bundle financial services with business development or technical assistance.
- **Support programs that target skills development for micro and small/informal workers to increase outreach for women,** including:
  - *Develop tailored curriculum and targeted outreach programs* in public Business Development Centers (PLUT KUMKM) for skill development programs, designed to address key barriers and constraints for female entrepreneurs and offered with flexible timing to balance childcare or other needs.
  - *Support women’s entrepreneurship programs* that focus on disseminating and targeting relevant information to support business development, entrepreneurship development training and mentoring, and strengthening trade associations and networks.<sup>227</sup>
- **Strengthen market access for women MSMEs,** including instituting preferential government procurement for goods and services offered by women-owned firms or those with female-majority management.
- **Establish coordinated, high-level, and evidence-based public and private sector commitment to support female entrepreneurs** by setting up a task force on women’s entrepreneurship, made up of public sector and women’s business networks, to identify and track barriers related to growth; and adopting a gender disaggregated data policy to develop an evidence base to inform policy decisions.

### 6.4. PRIORITY AREA FOUR: Improve labor productivity by strengthening women’s linkages with high growth sectors and opportunities

Linking women better with higher productivity work is best facilitated by targeting women’s training and education in high growth sectors of the economy, and by supporting school to work transitions. Currently,

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<sup>227</sup> IFC (2016).

although women attain higher education levels than men, fewer of them transition to work, and many end up in lower productivity sectors outside their skill levels. While some of these challenges may be addressed through policy interventions outlined in the previous two areas, additional interventions targeted at recruiting more women into high productivity and high growth sectors can also address these challenges. To improve women's opportunities to shift from school to higher productivity work and into higher growth sectors, the Government could consider the following policy recommendations:

- **Widen girls' and women's access to education and skills training programs that challenge gender stereotypes and link to higher productivity work**, including:
  - *Strengthen STEM outreach programs* from introduction of STEM education in schools, to vocational training programs that target recruitment of girls and women, and promote STEM subjects, particularly those that are still male-dominated, and STEM careers for females linking them with job opportunities in these sectors.
  - *Target digital literacy, ICT and communications training* for women and girls, with a view to strengthen digital skills for women, and to improve employment opportunities in the ICT sector.
  - *Financial sector jobs* that exhibit high growth and high productivity potential
- **Strengthen existing employment and job-placement services to support women's transitions from education to employment:**
  - *Update labor market assessments* to identify the high growth sectors, and to identify the differential opportunities and constraints for male and female job seekers.
  - *Develop Job matching* vocational education policy package that focuses on female-centered job placement services.<sup>228</sup>
- **Encourage employment seeking** behavior among women outside of traditional areas of female employment through targeted outreach programs, training, and role models.
- **Sensitize employers** to consider hiring women by leveraging women's business coalitions and civil society to work with trade unions and sector specific coalitions where there may be greater gender bias.
- **Strengthen support services for female migrant workers** by issuing guidance to subnational governments on the implementation of the Migrant Workers Law (18/2017). International migration offers an important pathway for employment for women, and there is some evidence that migrants upgrade their skillsets.

## 6.5. PRIORITY AREA FIVE: Close gender gaps in essential services to support greater human capital development and economic participation

Infrastructure investments are a key enabler to greater labor force participation, as well as human capital accumulation. Public infrastructure, such as transportation and communications technologies, affect mobility and labor force participation. Investments in health and education services form the foundations for human capital, that are accumulated over a lifetime. Household infrastructure, such as water, sanitation systems, and electricity, support health and wellbeing of women and men, but also specifically support women in time savings where the women's role is predominantly to perform household work. Continued access to priority health services for

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<sup>228</sup> Schaner and Das (2016).

women—especially reproductive healthcare—and accessing services in the face of violence remain critical priorities during the COVID-19 pandemic. Underlying these gaps are access to civic and vital records that are fundamental to accessing social programs and participating in the economy.

To enable the continued investments in essential services, the Government could consider the following actions:

- **Ensure gender sensitive infrastructure services so they better serve women and enable greater human capital development and economic participation.** To achieve this, the Government could:
  - *Issue guidelines and strengthen capacity of district governments* to integrate gender into infrastructure planning (including transportation, WASH facilities, etc.), with a particular focus on identifying and designing services for different needs.
  - *Support district governments to adopt evidence-based planning and monitoring systems* that track sex-disaggregated data and identify gender responsive interventions and improve definitions of households.
  - *Ensure continuity of subnational fiscal transfers* to enable district and village governments to finance community-based and local government investment programs in critical infrastructure and services.
- **Strengthen frontline services delivery for maternal health and reproductive services and family planning** by improving access to family and midwifery services and supporting access to contraception services for all women.
- **Improve support systems for at risk children and women.** To achieve this, the Government could:
  - *Issue subsidiary regulations and strengthen monitoring tools* to support the implementation of the Marriage Act amendment (2019) (e.g., enforcement the minimum age for marriage as 18 years) and monitor children at risk of early marriage and school dropout.
  - *Increase the numbers of shelters and relief services* for victims of violence against women, including training programs, as specified in the 2004 Domestic Violence Law.
- **Support women’s access to legal identity and civil records to enable better access to health and education services, along with social protection programs.** This may be achieved through pursuing and enabling subnational governments to fund targeted enrollment programs’ and partnering with civil society to ensure outreach, especially in hard to reach areas.

## 6.6. PRIORITY AREA SIX: Empower women’s voice and agency and strengthen leadership

Achieving greater women’s participation—whether in the boardroom or in political representation—is shown to lead to greater efficiency gains, and subsequently to greater growth. Greater female share in employment has been linked to higher growth, and greater share of women in managerial positions was shown to increase income per capita, reduce distortions in the allocation of talent and positively impact growth. Women representatives are linked with improved responsiveness and quality of public services, as broader viewpoints are integrated into deliberations and decision making. Increasing the number of women in leadership in the public and the private sector also has important impacts on future generations, by shaping social norms and attitudes of the role of women. Evidence from Indonesia shows that social norms and attitudes are shifting towards greater parity in professional ambitions between men and women, as well as social norms trending towards sharing the burden of care, primarily among urban and younger generations. While Indonesia presents significant diversity in culture,

attitudes and social norms in different parts of the country, several actions could be taken to close the gaps towards SDGs, the Beijing Commitment, and social norms around women's employment.

To strengthen women's voice, agency, and leadership, the Government could consider the following recommended actions:

- **Increase the number of women in leadership of village institutions** by issuing guidance to village governments on fulfilling the requirement for female representation and supporting information campaigns aimed at increasing awareness around female representation.
- **Support actions to increase the number of female representatives in parliamentary bodies** to Indonesia's commitment of 30 percent. This Government could achieve this by improving outreach and capacity to female candidates, reducing costs and barriers to running for public office, and raising awareness on the commitment to women in parliament.
- **Demonstrate commitment to women's leadership in the public sector** by increasing the number of women in higher leadership positions through targeted training and outreach programs; these programs could start with leadership roles for women in public positions in the health and education sectors (administrators, principals) to enforce positive role models.
- **Improve visibility and positive rewards for private sector to increase women in management** by encouraging Jakarta Stock Exchange reporting on gender targets or progress on certifications (e.g. EDGE certification) for any companies listed.

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## 7 Annexes

### 7.1 Annex 1 – Conceptual Framework

The CGA draws on literature and global evidence that lays out the specific transmission pathways for gender equality to impact economic growth (see Table 2).<sup>229</sup> These transmission pathways are bound up with macroeconomic policy in a recursive way: as gender equality increases, so does economic performance, which in turn embeds new norms as social change accompanies economic progress. Specifically, improvements in human capital (education, health, nutrition) lead to improved female labor force participation and productivity. This is reinforced by the effects of smaller families, improved child welfare, household investment choices that favor education and thus intergenerational advances as future generations of workers are better equipped to take advantage of economic opportunities.

Further gains are made by reducing and redistributing unpaid care work to free up women’s time to engage in economic activities, increasing diversity in the workforce, and promoting women in leadership and decision-making. These pathways in turn translate into both short-term economic benefits, such as GDP growth, and long-term resilience through enhanced human capital. This framework assumes satisfactory conditions are in place to facilitate the transmission of enhanced household endowments into macroeconomic benefits. This envisages supply side factors such as infrastructure, macroeconomic stability, trade policy and economic transition towards demand for higher skilled labor.

**Table 2 Transmission pathways for gender and growth**

Transmission Pathways	Evidence of macroeconomic benefits of gender equality	Building productive capital and endowments	Long term structural change
<b>Labor Force participation</b>	Gender equality increases labor force participation and thus stimulates long term economic growth. <sup>230</sup> Macroeconomic policies influence household dynamics in ways that affect domestic violence, as higher female LFP may be correlated with lower gender-based violence.	Women build stake in the economy, attain more autonomy and bargaining power. Families become accustomed to women active in all parts of the economy, breaking stereotypes for next generation, shaping new social norms.	Women enter leadership roles, reforming and shaping institutions and social norms that govern markets and economy, thus embedding gender equality in the system. Women bring new skills to the workplace. Male and female labor are complementary in production; narrowing the gender gap boosts wages for both men and women. <sup>231</sup>
<b>Labor Productivity</b>	Removing gender discrimination in	Investment in skills for both women	Increased capacity of economy to grow GDP per

<sup>229</sup> Kabeer and Natali (2013); and Elborgh-Woytek et al. (2013).

<sup>230</sup> Ostry et al. (2018).

<sup>231</sup> Ostry et al. (2018).

<b>Transmission Pathways</b>	<b>Evidence of macroeconomic benefits of gender equality</b>	<b>Building productive capital and endowments</b>	<b>Long term structural change</b>
	employment grows the pool of talent from which employers can draw, thus bringing more productive people into the workplace. Reducing skill shortages constrains inflationary pressure, protecting the spending power of poorer households.	and men enhances human capital, and thereby increases potential GDP per capita growth. <sup>232</sup>	capita. Enlarged fiscal space enables more investment in services that support women and build human capital, thus accelerating structural reform, with further benefits for both women and the economy
<b>Unpaid labor in the home</b>	Promotes human capacities (by nurturing next generation), thus labor productivity. However, as women do the bulk of unpaid work in the household, it impedes progress to gender equality. Introducing policies to reduce and redistribute unpaid work could increase GDP by at least 4% <sup>233</sup>	The positive inter-generational effects of women’s increased labor force participation and productivity need to be achieved without undermining the value of the unpaid labor.	Increasing the bargaining position of women in the household, through learning skills and finding flexible employment, erodes family stereotypes, constructing new social norms. Professionalizing care services opens new economic opportunities, allowing both women and men to specialize in jobs that best match their skills. Together, these changes serve to rebalance the division of unpaid labor in the home.
<b>Education opportunity and quality</b>	Gender equality in education – at all levels - stimulates the economy. (approximately 1% additional annual growth in per capita GDP) <sup>234</sup> .	Indirect positive effect on children, as educated women have higher earnings opportunities and more influence over household resource allocation. Education reduces adolescent childbearing, lowers maternal and child mortality and reduces childhood stunting.	Enhanced household endowments improve education and health for next generation of girls, also erodes social stereotypes held by both men and women, altering social norms. Educational and employment equality are mutually reinforcing (both negatively and positively).
<b>Health &amp; nutrition</b>	Better nutrition - for both mother and child - eliminates stunting that impairs cognitive ability.	Women have greater propensity to allocate household resources to children. Next generation is strong, healthy and more likely to benefit from education.	Good maternal and child health services, and reproductive rights, become baseline expectation of all women. Politically empowered women advocate for public goods (such as health, education and public

<sup>232</sup> Wodon and de la Brière (2018).

<sup>233</sup> Alonso et al. (2019).

<sup>234</sup> Seguino (2019).

Transmission Pathways	Evidence of macroeconomic benefits of gender equality	Building productive capital and endowments	Long term structural change
<b>Demographics</b>	Lower fertility rates improve the quality of labor, as more resources are invested in fewer children, thereby raising economy-wide productivity. Demographic dividend comprises skilled and healthy labor force instead of future burden on economy.	Women stay in education longer, defer marriage and childbirth and then have fewer children. Next generation likely to follow suit, as new social norms take hold. <sup>236</sup>	transport), improving life chances and health of children, thereby enhancing human capital. <sup>235</sup>

<sup>236</sup> Savadogo and Wodon (2018) suggest that child marriage leads to a loss in earnings for women in adulthood of 9% on average.

<sup>235</sup> Stephan (2018).

## Social Norms

Social norms are the social rules, either explicit or implicit, that shape the shared expectations held by a community of how people – or different groups of people – should behave. [ref: based on WDR 2012 and others] Gender norms are a subset of social norms, indicating how the community's expectations of behavior are based on a person's sex, instead of other characteristics.

In Indonesia, the social norms of gender roles are embedded in how state institutions are guided by declarations that women are first and foremost responsible for family welfare. Meanwhile men are viewed as the primary family providers with little expectation to look after domestic matters. These gendered perceptions mean that women are often burdened with unpaid care work, limiting their available time for other productive economic activities. They have also driven imbalances in participation in decision-making the household, community, and local levels.

However, general definitions of social norms, often in the form of stylized facts about what is, and is not, acceptable behavior for women in Indonesia conceal the diversity of norms across the country. Historically, Indonesia had rich and intricate traditions of diverse gender roles, which were partly erased by colonialism. The evolution of social norms in respect of gender does not follow a linear pathway of progress towards an endpoint of objective equality, but experience ebb and flow, shaped by culture, religion and economic forces. The lesson is that social norms are not set in stone in any community or society.

Furthermore, the social norms often disguise the actual lived experience of men and women. For instance, Indonesia has many households, especially female headed families, where women are the primary breadwinner. Women own a majority of small enterprises. In politics, the country has seen women occupy powerful leadership roles, such as and finance minister. Therefore, social norms are more a description of idealised expectations, instead of a description of how things work. Nonetheless, unless social norms evolve to reflect the changing roles of women, they can lead to barriers that inhibit women from reaching their potential and acts of discrimination that undermine women's rights to dignity and autonomy.

Achieving greater gender equality does not necessarily start with formal actions to challenge social norms. Changing laws, or constitutional definitions of gender roles, may come long after social norms have already evolved, instead of being the levers by which social norms were forced to adapt. Attempts to use law and policy as a blunt instrument to change how people perceive gender roles can even lead to patriarchal counter-revolution that makes lives harder for women and girls. Because social norms are shaped by economic forces as much as by cultural habits, broadening the economic space for women to thrive will set in motion a process of evolution, rather than revolution, in perceptions of gender roles. As more women work in skilled jobs, they gain autonomy over resources and more voice in the way the household is managed. Their children grow up accustomed to a new vista of gender roles. Adolescence is the age when lifelong aspirations are moulded and when boys and girls become blinded to social norms.<sup>237</sup>

Interpreting social norms can inform our understanding of how successful different pathways are likely to be in changing the long-term evolution of societal expectations towards gender equality. Even as norms

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<sup>237</sup> World Bank (2012).

evolve, they may stand in the way of equality. For instance, greater acceptance by employers of women in the workforce may be informed by vestigial perceptions of women as biddable and compliant, and willing to accept lower wages than men. Therefore, interventions to improve FLFP need to anticipate the paradoxes inherent in social norms, and design ways to equip women with the skills, support networks, role models and motivation to stake their claim in the economy and society.

## 7.2 Annex 2 – Gender in Indonesia Context

### Indonesia's commitment to gender

**The Gol has shown commitment to addressing gender inequality and women's empowerment at the multiple levels.** Indonesia has ratified the UN Convention on the Elimination of All Forms of Discrimination against Women 1979 and the Beijing Platform for Action of the World Conference on Women 1995. The Gol has shown enthusiasm for achieving the Sustainable Development Goals (SDGs), including SDG 5 – achieve gender equality and empower women and girls. In 2015, Indonesia also signed up to the G20 commitment to reduce the gender gap in labor force participation by 25 percent by 2025.<sup>238</sup> At a national level, Indonesia has adopted a policy and institutional framework that promotes women's rights. The Indonesian Constitution gives equal rights to men and women and several national laws and regulations support this. The Gol has also passed several laws and regulations to protect women and children from violence,<sup>239</sup> increase the number of women in politics,<sup>240</sup> and promote gender mainstreaming in planning and budgeting, which is central to the Gol's gender equality efforts (see Box 13). More recently, Gol committed to improving gender equality in RPJMN 2005-2024, which includes targets on access to education, employment, health, violence, and representation in politics.<sup>241</sup>

**However, to date, the government's policy and institutional framework has largely prioritized protecting women and improving women's contribution to family welfare** through their role as wives and mothers. In 2016, a *Komnas Perempuan* review found that the majority of national and regional policies that were conducive to fulfilling women's human rights focused on protecting women rather than removing restrictions to empower them.<sup>242</sup> Further, although the policies and bylaws focused

#### Box 13 Indonesia's gender mainstreaming framework

Indonesia promotes gender mainstreaming in planning and budgeting through several laws, guidelines, and regulations:

- Presidential Instruction No. 9/2000 on Gender Mainstreaming in National Development directs all ministries and agencies to men and women's needs and interests in planning, implementation, and M&E of policies and programs.
- MoWECP guidelines on mainstreaming gender in national development (planning and budgeting), which were issued in 2002.
- Ministry Regulation of MoF No. 105/2008 provides a framework for gender-sensitive budgeting and requires implementation of gender-responsive budgeting within the national budget system.
- MoF Decree 104/PMK.02/2010 provides new directions for preparing a gender budget statement.

The World Bank's 2020 Public Expenditure Financial Accountability (PEFA) found that to date Gol's gender responsive budgeting efforts have had little impact on ensuring gender responsive budget allocations, and closing gender gaps. The PEFA also identified several opportunities to improve GRB efforts and results, such as strengthening the capacity of all institutions engaged in GRB work, reviewing the impact of tagging for gender equality, and establishing a clear system that strengthens monitoring and evaluation and reward and sanction functions. Despite these challenges, GRB continues to provide an important mechanism for engaging civil society and women's organization to scrutinize government budgets at a subnational level.

<sup>238</sup> In other words, to reach a female labor force participation of 58.5 percent.

<sup>239</sup> Law No. 23/2004 on the Elimination of Domestic Violence; Law Number 23/2002 on Child Protection; Presidential Decree No. 87/2002 on National Plan of Action on Eradication of Child Commercial Sexual Exploitation; Presidential Decree No. 88/2002 on National Plan of Action on Elimination of Trafficking in Women and Children.

<sup>240</sup> Law No. 12/2003 on General Election in which each political party participating in a general election should consider at least 30% of women representation in the nomination of its members of national, provincial and local representative council

<sup>241</sup> Improvements in gender equality will be measured by progress in GDI and the Gender Empowerment Measure.

<sup>242</sup> *Komnas Perempuan* classified the conducive policies into 11 categories: (a) services provided for women victims of violence; (b) migrant workers; (c) children's rights; (d) reproductive rights; (e) livelihood for married women; (f) protection of women; (g) right to education; (h) gender mainstreaming; (i) human trafficking (of women); (j) human trafficking and services for victims; and (k) prevention of sexual violence and crimes.

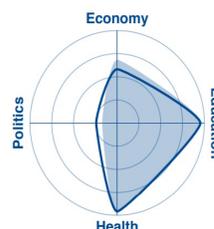
on protection, in practice they often limited and restricted women’s choice, mobility, and other human rights. Sharia Law is also applied in some regions of the country (e.g., Aceh Province) and forms the basis for criminal and family law, which restrict the roles of women.

## Performance on global development indexes

**Indonesia ranked 111<sup>th</sup> out of 189 countries and territories in the UNDP’s 2018 Human Development Index (HDI).**<sup>243</sup>

Between 1990 and 2018, the country’s HDI value increased from 0.525 to 0.707 or approximately 35 percent. This put the country in the high human development category for the first time ever. Indonesia’s performance was largely driven by improvements in life expectancy at birth, mean years of schooling, expected years of schooling, and GNI per capita.<sup>244</sup> In 2018, Indonesia ranked higher than Lao PDR (140<sup>th</sup>), Myanmar (145<sup>th</sup>), and Cambodia (146<sup>th</sup>). However, remained lower than Malaysia (61<sup>st</sup>), Thailand (77<sup>th</sup>), and the Philippines (106<sup>th</sup>). In 2018, Indonesia’s UNDP Gender Development Index value was 0.937,<sup>245</sup> which is lower than most of its Southeast Asian peers: Philippines (1.004), Thailand (0.995), Malaysia (0.972), and Myanmar (0.953).<sup>246</sup>

### Box 14 Indonesia Gender Gap Index Performance



	2006 score	2020 score
<b>Global Gender Gap Index</b>	<b>68</b>	<b>85</b>
Economic participation and opportunity	67	68
Educational attainment	81	105
Health and survival	88	79
Political empowerment	63	82

**In 2019, Indonesia ranked 85<sup>th</sup> out of 144 countries in the**

**World Economic Forum (WEF) Gender Gap Index (with a score of 0.700) (Box 14).**<sup>247</sup> While this is a slight increase from 2016,<sup>248</sup> overall the country’s global gender gap score has not significantly improved since 2006. In comparison to other Southeast Asian countries, Indonesia ranked lower than Philippines (16<sup>th</sup>), Lao PDR (43<sup>rd</sup>), and Thailand (75<sup>th</sup>) in 2019. Gender gaps in the economy and politics continue to weigh on Indonesia’s performance. In particular, low female labor force participation, a significant difference in male and female income distribution, and weak female representation in parliament and cabinet remain significant challenges.<sup>249</sup>

## A brief history: Women’s organizations, rights, and political discourse

**The Indonesian women’s movement has a long history, predating independence.** Women’s organizations – both religious and nationalist – began emerging in Indonesia in the early 20<sup>th</sup> century. The first Indonesian Women Congress, held in 1928, attracted a thousand participants from 30 women’s organizations, whereby the participants identified the three critical challenges faced by women as lack of rights within marriage, the practice of polygamy, and barriers to education. The women’s movement in Indonesia still exhibits the energy and commitment of its antecedents, but it is notable that some of the issues discussed by the 1928 congress almost a century ago have still not been entirely resolved. The

<sup>243</sup> The HDI is a composite index measuring achievement in three basic dimensions of human development – a long and healthy life, and a decent standard of life.

<sup>244</sup> United Nations Development Programme (UNDP) (2019).

<sup>245</sup> The Gender Development Index (GDI) is the ratio of HDI calculated for males and females. It uses the same components and methodology as HDI.

<sup>246</sup> United Nations Development Programme (UNDP) (2018).

<sup>247</sup> World Economic Forum (WEF) (2019).

<sup>248</sup> In 2016, Indonesia ranked 88<sup>th</sup> out of 144 countries. World Economic Forum (WEF) (2016).

<sup>249</sup> World Economic Forum (WEF) (2019).

intervening period has seen both high and low points for the women's movement, as political upheaval, nationalist ideology and competitive piety has led to the role of women being reinterpreted to suit the purposes of powerful men.

**Women's organizations were active in the fight for independence.** The mass-based grassroots women's organization Gerwani (previously Gerwis)<sup>250</sup> was particularly active in the country's struggle for independence and in shaping the newly independent country. However, Gerwani's affiliation with the Communist Party of Indonesia (*Partai Komunis Indonesia*, or PKI) led to the organization's demise following the anti-communist movement and the coordinated campaigns against, and brutal massacre of, communists including Gerwani members in 1965. This organized campaign to discredit Gerwani linked Communism with *fitnah*, the Islamic concept of sexual disorder, and set back feminist activism and women's rights in Indonesia by several decades.

**Under the New Order (1966-1998), women's rights were acknowledged in various laws, but through a well-articulated patriarchal and paternalistic gender ideology.** For example, women were defined as wives and mothers who were responsible for family health, education and moral values, and men as the head of, and primary providers for, households. These gender ideologies are enshrined in the Law No. 1/1974 on Marriage, and through the principles and programs of several state-sponsored mass organizations, including the wives of military (*Pertiwi*), wives of civil servants (*Darma Wanita*), and wives of regional and local leaders (PKK).<sup>251</sup> Revisionist history was also used on several occasions to weaken and undermine the women's movement in Indonesia and support the political narrative of positioning women in the home (see Box 15).

#### Box 15 The Reframing of Kartini

Every April 21st, Indonesia celebrates Kartini Day, to commemorate Raden Ayu Kartini, a national hero and symbol of Indonesian womanhood. To mark the day, women and girls dress up in the traditional *kebaya*. Yet this image of Kartini is at odds with her life and work as a pioneer of women's empowerment in the Dutch colonial days. Kartini, who wanted to see nationalist emancipation through women's education, opened her first primary school for native Indonesian girls in 1903, and her letters have since come to symbolize the Indonesian independence movement and the country's feminism. However, her legacy was manipulated by Suharto so that she would be celebrated as a role model of an obedient daughter and wife rather than as a radical thinker. This was a political act, because of the way feminism had become associated with communism, the national heroine could no longer be a feminist, she had to be reframed as an embodiment of a new nationalist ideology that derived its symbolism from nostalgia for pre-colonial patriarchy. This allows women to be 'strong' within circumscribed boundaries of domesticity and modesty.

**By the 1980s, new independent women's organizations emerged, many with a strong human rights bent.** Their work was important amid continued government suppression of civil society. However, their power to influence government policy remained weak and government policies continued to emphasize the importance of women's role in the domestic sphere. Key women's non-government organizations during this period included: Kalyanamitra, which focused on developing a centre of information and communication for women; the legal rights organization for women LBH APIK; the Annisa Swasti Foundation, which organized women workers; Rifka Annisa, which worked on reproductive health issues;

<sup>250</sup> By 1965, Gerwani claimed to have three million members.

<sup>251</sup> PKK is a state-organized mass-based organization of the Suharto era, which is made up of the wives of regional and local leads. Although organization's reach was significantly weakened after the fall of the New Order, the organization did not disappear and in recent years it received a boost and strengthened mandate. PKK's vision states that families should be faithful and devoted to God; have a notable character; and be healthy, virtuous and have spiritual well-being.

and Solidaritas Perempuan (Women's Solidarity), which worked to empower and organize women migrant workers.

**The fall of Suharto's 'New Order' regime in 1998 marked a turning point for women's rights and gender equality.** The *Reformasi* period that followed saw a growth in civil society organisations and activities. Increased access to information and media coverage also helped women's advocacy groups to expand their work, gain influence, and achieve major wins in gaining new legal protections for women. Women's rights remained at the forefront of these organizations' agenda. However, new issues also emerged, such as violence against women, more responsive public services, women's political participation, and more recently the plight of female migrant workers. For example, in response to an increase in violence against women that occurred during the economic and political crises at the end of the 'New Order' regime, the National Commission on Violence Against Women (*Komisi Nasional Perempuan or Komnas Perempuan*) was established.<sup>252</sup> Together, the ministry and *Komnas Perempuan* lobbied for several legal and regulatory reforms, including the Law on Elimination of Domestic Violence, which was passed in 2004.

**The end of the New Order regime also heralded a process of democratization and decentralization of Indonesia's governance arrangements, creating the space for women's groups to re-emerge and strengthen their presence and voice.** The relationship between international women's movements and national and subnational women's movements in Indonesia also grew stronger. These links have influenced national gender debates in Indonesia and continue to play an important role in influencing the Indonesian government's position on gender and development policies in forums such as ASEAN and other global organizations.<sup>253</sup>

**However, decentralization has also posed several barriers for women's participation in the public domain.** The need to engage with a multitude of state authorities and their competing priorities; the strengthening of 'ethnic kinship systems in which power is held by an elite with family connections'; and the co-existence of a national legal system, customary laws and religious laws have presented significant barriers to women exercising their voice. Further, as the politics of religion and culture have strengthened, customary and religious laws at the sub-national level have also been used to 'control women's sexuality and to criminalize women under the guise of morality.'<sup>254</sup>

## Social norms and attitudes

**Despite decades of advocacy and efforts to improve women and girls' access to health and education, deep gender inequalities and discrimination persist in Indonesian society.** Indonesia's state discourse and social norms dictate that women are first and foremost responsible for family welfare. Meanwhile men are viewed as the primary family providers with little expectation to look after domestic matters. These gendered perceptions mean that women are often burdened with unpaid care work, limiting their available time for other productive economic activities. They have also driven imbalances in participation in decision-making the household, community, and local levels. However, these norms do not apply to all

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<sup>252</sup> The name of the Ministry for the Role of Women was also changed to the Ministry of Women's Empowerment (MoWE) (now the Ministry of Women's Empowerment and Child Protection).

<sup>253</sup> In an example of the women's movement working collaboratively with the state, between 2000-2004, the National Commission for Women identified more than 28 new national and sub-national laws oriented towards women, and the establishment of multiple institutions, both by the state and NGOs, to support victims of violence against women. Eddyono et al. (2016).

<sup>254</sup> Eddyono et al. (2016).

segments of women, such as female headed and poor households where women are required to work, but still face challenges with limited support.

**The rise in conservative interpretations of religious beliefs and the influence of Islamic preachers, leaders, political parties, and laws is increasingly shaping gender norms in Indonesia.** Across the country, intolerant and extremist interpretations of Islam are on the rise, spreading conservative and patriarchal interpretations of religious text that directly impacts women’s position in the family and society.<sup>255</sup> At the grassroots level, the movement utilizes social media, local political leaders (some whom stood as candidates for the Islamic parties in the 2019 election), and Islamic study meetings (*majelis taklim*) to promote conservative views.<sup>256</sup> There is also a growing movement among millennials that supports religious conservatism: an Alvara (2019) study found that Indonesians aged between 14-19 are more likely to hold ‘ultra-conservative’ religious views than their elders.<sup>257,258</sup> In recent years, Islamic political parties have also rallied and effectively blocked laws promoting gender equality and justice being passed, such as the Law on Sexual Violence.

**However, attitudes are shifting, particularly among urban millennials.** A recent Australian Aid supported survey indicated that a large proportion of Indonesian urban millennial women are highly motivated in their career and have similar professional ambitions to their male counterparts. The survey results also indicated that a degree of gender-equal attitudes exists among urban women and men in Indonesia.<sup>259</sup>

## Voice, Agency, and Participation

### Strength from participation

**Women’s participation in community-based organizations (CBOs) has created an important space for women’s exercise of voice and agency across different arenas**—access and control of community resources, enhanced decision-making power in the household and community, and chipping away at social and cultural norms that constrain women’s exercise of agency.<sup>260</sup> For example, *Perempuan Kepala Keluarga* (PEKKA, Women-Headed Family Empowerment), a CSO founded in 2001, has been successful in expanding access of women and children include to Indonesia’s court systems, and enabling them to obtain vital legal documents such as marriage, divorce, and birth certificates. These activities have helped to advance the legal status and right to identity

### Box 16 The counter-revolution

As a counterpoint to the organised and effective women’s movement, some organisations have been set up to advocate for rolling back women’s rights. These often arise from the conservative religious organisations, which have seen their power and influence grow in recent years.

For instance, AILA was founded in 2013 by a number of Islamist organisations including MIUMI (The Council of Indonesian Muslim Intellectuals and Young Ulemas), KMKI (Muslimah Community for Islamist Studies), and INSISTS (Institute for The Study of Islamic Thought and Civilizations). AILA opposed the draft law to outlaw rape in marriage. They argued that it was ‘derived from a radical form of feminism that allows homosexuality, abortion, and pre-marital sex. Furthermore, it indicates that the wife could sue her husband for practicing non-consensual sex, and parents could be jailed for pushing their daughters to wear hijab.’<sup>a</sup>

<sup>a</sup> Kartika (2019).

<sup>255</sup> Hasyim (2018).

<sup>256</sup> Kartika (2019).

<sup>257</sup> Such groups are also highly effective at using social media, with Instagram ‘influencers’ promoting arranged marriages and subjugation of women by men.

<sup>258</sup> The Economist (2020).

<sup>259</sup> Investing In Women (2019).

<sup>260</sup> Evans and Nambiar (2013).

of women-headed families, increasing access both to the family court system and to the government's anti-poverty programs.<sup>261</sup> However, women are active in CBOs but they are still underrepresented in leadership positions, and entrenched traditional views and cultural practices continue to restrict their public roles.

### Increasing women's voice and agency in the household and in society

**Women's groups and CSOs are working hard to ensure women have an effective role in village decision-making, facilitating a process whereby women have voice and influence over deciding how village funds are spent.**

For example, CSOs are working at the grass-roots level to inform and empower women from across the archipelago about gender inequality and instil in them the confidence to convey how it affects them in all aspects of their life. For example, *Kapal Perempuan*, a CSO founded in 2000, established a community-based informal education initiative called *Sekolah Perempuan*, to empower poor women and develop local leaders who can advocate for women's rights and policies and budgets that support women's access to services. As women become more involved in civic life, they take on more leadership roles and see themselves and other women differently. Their experience of advocating for the rights of women and girls in their own communities is self-reinforcing. As they see how things can change, they (and their peers) increasingly believe in the power of taking control of their own lives. This has triggered what Diprose calls a social 'butterfly effect' that starts small at the village level, but in the aggregate is beginning to change Indonesia. The women's movement has been successful in embracing these women into their networks, which in turn has given the CSOs more legitimacy at the national level to advocate on behalf of all women.<sup>262</sup> A challenge however is how to achieve this in areas where CSOs are not present as findings from the World Bank's Sentinel Villages Study, indicate without CSO activity, village meetings were not always inclusive, with women less likely to attend.

### Voice needs representation as well as aggregation

**In 2003 the Indonesian women's movement, successfully lobbied for an electoral quota system to reduce the imbalance in its main legislative body, the House of Representatives (DPR). In the 2019**

#### Box 17 Gender stereotypes as an election strategy

In the 2019 Presidential election, the Jokowi-Amin campaign coined the term 'Ibu Bangsa' or 'mothers of the nation' for their women supporters during their campaign. The women's movement regarded this term as reductionist, as it condensed the role of women in society only as mothers.

Meanwhile, the opposing Prabowo-Sandi campaign used the term 'Emak-emak' to refer to their female supporters. This was presented as a way to reclaim a pejorative term for middle-aged housewives with lower socioeconomic status, but it was criticised by the Indonesian Women's Congress (Kowani). The image of women as dowdy housewives played on the patriarchal norms that discourage women to go beyond their roles at home. It excluded groups of young female voters, professionals, and other groups of women.<sup>a</sup>

It was disheartening for gender activists in Indonesia that these political campaigns echoed Suharto's propaganda from decades before, which was designed to permanently exclude women from the political stage or public space with the slogan "dapur – sumur – kasur" (kitchen, washroom and bedroom).

<sup>a</sup> Mariska (2019).

<sup>261</sup> Zulminarn et al. (2018).

<sup>262</sup> Diprose et al. (2019).

legislative election there was a record 3,200 women standing in a field of 7,985 candidates. But the proportion of seats *won* by women parliamentarians has only grown gradually.<sup>263</sup> Further, although well intentioned, the introduction of the quota system for shortlists has led to an increase in women with dynastic connections being selected to run as candidates. For instance, 41 percent of women who won DPR seats in 2019 had links to political dynasties, up from 36 percent in 2014 and some of Indonesia's most accomplished female politicians failed to consolidate their positions.<sup>264</sup>

### Confronting stereotypes in political discourse

**The paradox of winning a political voice for women is that until society at large sees women as capable leaders, it will be harder for women to break into the system.** But until they win political representation, the prevalence of men in leadership positions reinforces the socio-cultural tendency to assume men are best suited to fill these roles. A national survey in 2019 found that 'many Indonesians hold deeply patriarchal attitudes when it comes to women's participation in politics.' The majority of respondents believed men are more capable political leaders, and almost 90 percent agreed with the proposition that 'Men (not women) must be the heads or leaders of the community, and women must support them.' Clearly, this is not a case of men alone perpetuating these gender stereotypes, many women admit that they defer to men as leaders. This is a self-reinforcing problem, because if women do not see other women as leaders, then they are unlikely to ever see themselves as leaders, or indeed possessing meaningful agency in any sphere of public life. The challenge for the women's movement is to encourage women to hold the state accountable for service delivery, and through this process to reach towards their own conclusions about the flimsiness of the socially constructed and politically perpetuated gender roles that deny them voice and influence.

Public attitudes are slow to change even when politicians lead by example. In Indonesia such leadership is hard to find, and stereotypes are reinforced by the patriarchal political system whereby it is assumed the only way to win votes is by emphasising the conservative and nationalist credentials of the candidate, often enveloped in a barely plausible cloak of piety (see Box 17).

### Networks and coalitions

**Women's organisations have long realised that they are fighting a battle on multiple fronts, in an ever-changing context that can mean hard-won gains can be easily reversed.** Progress towards gender equality will not be achieved if only a small urban elite get to experience the fruits of emancipation. Winning political representation is an important condition, but experience has shown that this does not translate automatically into more gender-aware legislation. The organisations in the women's movement have spent the last decade upgrading their organisational capacity, working together to use evidence to advocate for policy change. They have also mobilised their grass roots networks to use social accountability mechanisms that hold the government at each level to account for service delivery. For example, upon the release of The Draft Government Regulation (*Rancangan Peraturan Pemerintah*, RPP) on Village Law in 2014, the Indonesian Women's Movement, through 55 representatives from nearly all regions across Indonesia, organized a workshop and focus group discussion to analyse the implications of

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<sup>263</sup> Statista (2019)

<sup>264</sup> White and Aspinall (2019).

the law for women and provided recommendations to government. While not all recommendations were accepted, the regulations do support the goal of including women's voices in decision-making.

The Village Law was introduced in 2014 whereby villages are encouraged to identify their own development priorities and carry out projects using the Village Fund (*Dana Desa*) allocated by the central government. Although the Village Law is trying to improve the design of participatory policy in Indonesia, it has a substantial limitation regarding the aspect of gender equality and women's empowerment. A criticism of its gender-mainstreaming approach is that 'mainstreaming strategies often fail to improve gender equality, and state's affinities with developmentalism tend to ignore gender progressive policies.'

#### **Box 18 Indonesia has pioneered community-driven development**

Indonesia has pioneered the design, management, and expansion of projects that give communities more control over the plans and resources that shape their towns and villages. The Kecamatan Development Project (KDP), which began in 1997, gave significant attention to women's empowerment. After being piloted in 25 villages, in 2007 it was scaled up nationwide and renamed the National Program for Community Empowerment (*Program Nasional Pemberdayaan Masyarakat Mandiri* or PNPM Mandiri). Although the projects were not specifically aimed at women's empowerment, they had a significant number of components that advocated for more participation for women in public decision-making, entrepreneurship, capacity building, and networking. This was among the first development projects in Indonesia that implemented gender affirmative policies in its design.

SMERU's 2018 baseline report on the implementation of the Law found that, in practice, 'Village Fund decision-making focuses on infrastructure and village economy and often steps around addressing sensitive issues of traditional gender roles.'

#### **Strength in diversity**

**The effectiveness of the women's movement arises from its diversity;** it has been able to encompass different religions – and different shades of opinion within religions – as well as providing a platform for marginalized people and ethnic minorities. Different parts of the movement defy stereotypes. For instance, Aisyiyah was founded in 1920 and is Indonesia's largest mass organization for Muslim women, with values that promote piety and adherence to

doctrine. Yet it has been influential in promoting women's economic and political rights. CSOs encompass both religious and non-religious; national and sub-national; mass-based organisations and localised ones; organisations founded to address specific elements of gender inequality (e.g. Migrant Care, Komnas Perempuan, others with a broader remit such as (TURC Trade Union Rights Centre, Kapal Perempuan) different approaches and styles can come together as a coalition for change.

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<sup>265</sup> Syukri (2019).

The challenge for women's organisations now is to capitalise on their recent success in changing policies and laws, whilst continuing to be relevant for their members and users. In the policy arena, the CSOs have learned from experience that no battle is ever really won; policies can be reversed or simply not implemented, and the advocacy messages need to be continually repeated and supported by evidence. Meanwhile, maintaining sufficient funding is a challenge in the face of declining donor engagement in Indonesia. MAMPU has worked with partners to help them identify potential funding sources and income streams (see Box 19). As many of them are delivering services that support the government's welfare effort, there is a case for the state budget to cover some of the costs of such services. Nonetheless, in the medium term, most of these organisations will still be dependent on donors, philanthropists or contributions from their own members.

#### **Box 19 DFAT's MAMPU Program**

Launched in 2012, MAMPU works with civil society organisations, strengthening networks and building coalitions of women-centred organizations, to shape government policy in order to improve the access of poor women to essential services and other government programs.

The insight of the MAMPU program is that an effective coalition for change needs both horizontal and vertical networks. The horizontal networks are formed between the CSOs, helping them to pool resources, learn from each other and collaborate on shared issues. The vertical networks are those that the organisations have built up over time, some of them as member based CSOs, or as service delivery agencies. Their understanding of the challenges facing women arises from their attention to the needs of their users, and learning from their stories of the daily reality they face. Furthermore, these CSOs derive their legitimacy from their members and users. The combination of these forms of networks enables the organisations to convey an authentic voice to policy makers, with a more powerful message for advocacy at the national and sub-national level.

