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## Social protection policy reform

# ILO calls for the policy reform on old-age income security system in Indonesia

The ILO emphasizes the urgency of the policy reform on old-age income security system to prevent poverty as well as vulnerability among older people and their household during social protection dialogues.

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An old woman in the informal economy. (c) Deloche P./ILO

The ILO presented and shared relevant international standards and practices as well as options for policy reform on old-age income security system in Indonesia at the social protection dialogues organized by the Ministry of Manpower. With a total of 200 participants, the dialogues were conducted in Bali and Makassar, South Sulawesi in June and July, respectively.

The ILO was represented by Christianus Panjaitan, ILO's National Project Officer for Social Protection in Bali and Ippei Tsuruga, ILO's Social Protection Programme > Manager in Makassar. Both representatives presented international standards and practices of pension system in selected countries, existing schemes in Indonesia and the need of system reform.

They also encouraged participants to actively engage in meaningful consultations regarding the reform of the pension system in Indonesia considering the country is gradually becoming an ageing society. According to the 2019 National Economy Social Survey (Susenas), the number of citizens with 60 years of age or older has reached 25.7 million people or equivalent to 9.6 percent of the total population.

They reminded the participants the importance of realizing universal coverage and increasing benefits of the pension scheme. They also argued that the society should no longer relied on the cultural norms that children are mandated to take care of their elderly parents or savings for old age are adequate to support their lives during old age.

They concluded the presentation by emphasizing the urgency of the policy reform to provide adequate protection in the future and to prevent poverty as well as vulnerability among other older people and their household.



Ippei Tsuruga, ILO's Social Protection Programme Manager, presents international standards and practices of pension system in selected countries, existing schemes in Indonesia and the need of system reform. (c) ILO

Other panels in the dialogues included Sumirah, Coordinator at the Directorate of Social Protection of the Ministry Manpower and Ahmad Anshory, Expert of Social Protection. Sumirah presented legal framework of existing social protection programmes in the country and highlighted improvement of benefits of employment injury and death benefits according to Government Regulation No. 82 of 2019.

Meanwhile, Ahmad presented existing legal framework and implementation of old age and pension schemes, namely old-age savings (JHT) and pension benefits (JP) as well as potential changes of the old-age income protection system with reference to the newly enacted Law No. 4 of 2023 on development and strengthening of financial sector (P2SK). The new Law stipulated establishment of main and additional account of JHT as well as the harmonization of different schemes in the pension system, including JHT.

The dialogues concluded with a set of joint recommendations on composition of main and additional accounts of JHT contribution, increase of benefits and contribution of JP, as well as expansion of JP's coverage to workers in informal economy, non-wage workers, domestic workers and farmers.

**Tags:** social protection, disability benefits, employment accident benefits, maternity benefits, old age benefits, social security policy, unemployment benefits, partnerships

**Regions and countries covered:** Indonesia

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### Project

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