

One year in Aceh and Nias

**February 2005 – February 2006
Progress Report**



**International Labour Office
Banda Aceh & Jakarta, March 2006**

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1 Background

From its early emergency response activities, ILO's Tsunami Response programme has grown into a full-fledged integrated development programme centered around relevant parts of ILO's core mandate. The focus is on "*Getting people back to work, empowering the socially disadvantaged, and recovering the Acehese and Nias economy*". The programme is built on the principles of local ownership, sustainable and equitable socio-economic development, and institutional capacity building, the starting point being the needs of the people and their communities. The ILO Programme aims to leave behind sustainable institutions and enhanced capacities of partners.

In partnership with ILO's constituents (the Ministry of Manpower and Transmigration and local Manpower Offices, Trade Unions and Employers' Organizations) as well as a range of other partners, the ILO Programme is grounded in an analysis of the labour market as well as community and individual employment interests. The programme's different components interlink with one another both at the planning and delivery process to create an enabling environment for economically reintegrating people and at the same time enhances the absorption capacity of local economies.

Programme components include 1) employment services, 2) vocational and skills training, 3) enterprise development and microfinance, 4) labour-based infrastructure rehabilitation, 5) child labour prevention and 6) local economic development. Gender equality and the participation of ILO's social partners are the cross cutting issues.

Throughout the programme there are provincial-level initiatives as well as local activities concentrated primarily in Banda Aceh, Aceh Besar and Nias. The various ILO programme components endeavor to work together to the greatest extent possible to enhance impact and the internal coherence of the programme. Work in other districts also takes place, for instance as part of larger joint UN programmes. Beyond Banda Aceh there is an ILO presence in Calang, Meulaboh, Lhokseumawe and Nias.

ILO's main institutional partners are the BRR, the Provincial Government, as represented by the Manpower provincial and district offices. Collaboration exists with a range of government agencies, NGOs and, as part of the UN System, ILO works closely with many UN agencies.

The ILO Aceh Programme has received funding in excess of US\$ 12 million, coming from ILO's own resources as well as from a range of donors. Substantial funding has been made available by the United Nations Development Programme (UNDP) under its Emergency Response and Transitional Recovery programme. Other donors include Australia (AusAID), New Zealand (NZAid), United States (Department of Labour), Finland, the Netherlands, Ireland, Canada (CIDA), OCHA, the International Confederation of Free Trade Unions -

Asian and Pacific Regional Office, the British Trade Union Congress, and two private sector companies namely Migros and ADDECO. At the end of 2005, the Multi Donor Trust Fund for Aceh and Nias approved further funding of US\$ 6-million to extend the work on labour-based infrastructure rehabilitation. Currently the overall programme is fully-funded until end of June 2006. Beyond that, the ILO has already received requests and funding to sustain certain components. For other parts of the programme discussions with BRR and local government are ongoing to see what the requirements are for further ILO assistance. On this basis further funding will be mobilized.

At present the ILO has around 35 staff in Aceh, of which 7 are international staff.

2 Progress report's purpose and structure

ILO's real interventions in Aceh started in February 2006, after initial assessments in January. This progress report presents achievements, challenges, and lessons learned of the ILO Aceh programme during the period of February 2005 - February 2006. As such the report has three main purposes:

Firstly, it presents the outcomes of the implementation of the ILO Aceh Programme for submission to the different stakeholders. This includes a specific progress report in the format requested by BRR and a presentation to the ILO's constituents in Indonesia (Government as represented by the Ministry of Manpower and Transmigration, the Trade Unions and the Employers Organization). For this a summary report will also be prepared in Bahasa Indonesia. It also includes reporting to the different donors on the utilization of their funding, some of which was earmarked for specific components, others being more general support to the overall programme.

Secondly, the report identifies key challenges, gaps, and opportunities to be addressed as the ILO Aceh Programme is moving away from an immediate-crisis response programme. As such it is the basis for the workplan for the coming period, allowing the ILO team and partners to reflect on the achievements and challenges to adapt strategies, re-direct efforts etc. The basis for this was an internal programme review in October that confirmed the need for a transition from 'emergency response' to more medium term livelihood rehabilitation and development, while at the same time recognizing there are still unmet short-term needs of the tsunami victims.

Lastly, the report seeks to document good practices and lessons learned for the ILO to consider in its future crisis-response operations.

The report consists of 7 sections:

- ILO Contribution to Damage Assessment and Initial Strategy
- First 3 Months: ILO Early Response in Aceh
- Livelihood Recovery: April - September 2005

- Current Issues: October 2005 - February 2006
- Monitoring and review of ILO Aceh Programme
- Overview of work and achievements by each technical component
- A list of all relevant documents and publications, tools and training materials used and/or developed by ILO Aceh Programme.
- Overview of funding for the ILO Aceh Programme

3 Contribution to Damage Assessment and Initial Strategy

Immediately after the Tsunami, ILO joined a group of international agencies that assisted the government in assessing the damage and mapping out an initial strategy for emergency response, rehabilitation and reconstruction. This was undertaken under the leadership of BAPPENAS and the World Bank and mobilized a team of ILO specialists in the fields of employment, skills and livelihoods. Estimations on the impact of the disaster on the labour market were difficult given the relatively poor quality and lack of detail of 2004 labour force survey results.

ILO estimates more than 600,000 people in Aceh and Nias - about one fourth of the total working population - lost their job as a result of the disaster and about 60,000 jobs were lost because of death. The true figure may be higher since the disaster hit the busy urban district of Banda Aceh particularly hard.

The fishery sector, which accounts for over 130,000 jobs and ensures the livelihood of almost 70 % of the coastal population, was dramatically affected. Large job losses occurred in agriculture, where about one fourth of cash crops areas and rice fields appear to have been damaged. A similar percentage of all farmers and their employees are likely to be unoccupied, for an estimated total of around 300,000 people.

The impact on modern manufacturing activities was relatively minor in employment terms, a few thousands jobs, given the limited size of this sector. At the same time, it is estimated that more than 100,000 unregistered small businesses employing over 170,000 people in all sectors may have been destroyed.

This comes on top of a labour market situation that was difficult prior to the disaster. Almost 70 % of those at work were self-employed or engaged in the informal economy. The open unemployment rate in NAD was higher than the national rate: 11.2 per cent versus 9.5. Unemployment was a special concern for the youth - almost one third of the unemployed were in the 15-24 age bracket.

Open unemployment rate in affected districts reached 30% but job recovery can be fast in some sectors, particularly through infrastructure rehabilitation. Nevertheless the mismatch between the demand for labor and the large number of unemployed people may pose a major problem to the recovery process. Also, the mismatch between skills that will be required and those available locally may represent a distinctive bottleneck, as the capacity of local training institutions, which was already thin as a consequence of the conflict situation, was further undermined by the damages caused by the disaster.

Box 1 Damage Assessment (Employment) by ILO

Further the ILO team worked with government agencies and other partners to put together the Chapter 2, 'Getting Back to Work' of the 'Notes on Reconstruction' report published by BAPPENAS for the Consultative Group on Indonesia, 19-20 January 2005. ILO recommended the following guiding principles:

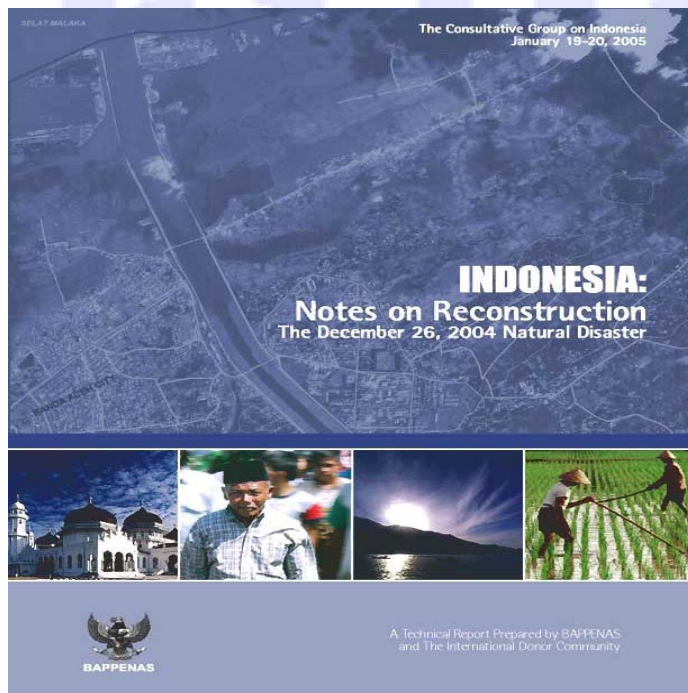
- There should be a concerted attempt to maximum local benefit and make maximum use of local human and physical resources;
- Jobs, in particular those generated in the post-rehabilitation phase, should be sustainable and lead to further inclusive economic and social development.
- Rehabilitation and reconstruction programmes should comply with international core labour standards, national labour regulations and occupational health and safety standards.
- There should be mechanisms for social equity and gender mainstreaming.
- Special attention should be paid to the needs of those who have the most vulnerable positions in the labour market, and who are likely to face greater exploitation in the post-disaster situation (women, youth, children, elderly, displaced, homeless, disabled, very poor households, women-headed households).
- Mechanisms should be in place for the participation of local stakeholders in programme formulation and implementation, ensuring equal representation by traditionally underrepresented population groups.
- Specific efforts should be made to enhance the capabilities of local planners, business associations, trade unions, civil society organizations, youth networks, women's groups and community organizations to participate in decisions about their livelihood and the future of their community.

- Finally, policies and programmes should have a positive impact on armed conflict in Aceh.

On the basis of these principles, the employment and human resources policies in the rehabilitation phase were suggested to aim to re-establish conditions for people to earn their minimum livelihood. ILO proposed 5 critical areas where programmes should be developed right away:

1. Promotion of Emergency Employment Services
2. Employment intensive investment in infrastructure
3. Community based training and short cycle training programmes
4. Encouraging entrepreneurship
5. Addressing the special needs of children

ILO suggested that on the basis of these immediate priorities for action, a transition starting from 6-12 months later into:



1. Building institutional capacity for the delivery of employment services
2. Employment and local resources based infrastructure work
3. Setting up a demand-driven skills training system
4. Creating a supportive environment for entrepreneurship
5. Social safety nets and social protection mechanisms

4 The first 3 months: ILO early response in Aceh

The ILO participated in the United Nations Flash Appeal in December 2004 / early January 2005. A preliminary proposal focusing on the core-areas of ILO's mandate in a post-crisis context was put together, having only very limited data from Aceh. From 13 January, upon the request of the Minister of Manpower and Transmigration, ILO started initial

assessments in Aceh through joint missions with Ministry officials leading to specific proposals on ILO's contribution in emergency response and early recovery.

On the basis of the assessment, ILO initiated the following activities in the first 3 months of 2005:

4.1 *Emergency Employment Services*

Building on the experience of earlier post-crisis situations, ILO adapted a manual on the provision of Emergency Public Employment Services, translated this into Bahasa Indonesia, designed forms and a database and signed agreements with the Provincial Manpower Office (DISNAKER) and the district Manpower Office in Calang, Lhokseumawe and Meulaboh for the establishment of the Employment Services for the People of Nanggroe Aceh Darussalam Province (ESPNAD).

Operations started on 7 February in Banda Aceh and as of 21 February approximately 4,100 people had registered themselves as job seekers, of which about 120 managed to find a job through the centre. Professions such as nurses and carpenters were in high demand. Initially a relatively low number of women were registering as job-seekers but this was addressed by organizing 'women-only' registration exercises. Three satellite centers were established in Lhokseumawe, Meulaboh and Calang. Each of these centres had unique challenges.

The centre in Lhokseumawe was established in joint collaboration with the Head of the District and the Manpower Office. Since the vocational training centre was destroyed during armed conflict the past few years, premises had to be hired in town to establish the centre. Disnakertrans agreed to provide three staff on a rotation basis to the centre.

The centre in Meulaboh was established in collaboration with the Manpower Office and the MOU entered into with them was countersigned by the Head of the District. The centre is established within the Vocational Training Centre (KLK) premises in a building provided by the Manpower Office, who also provided two staff members and a cleaner.

In Calang, all buildings were destroyed and the Manpower Office operations had been badly disrupted. Under an MOU with the district government a small temporary office was provided.

Capacity building of newly-recruited staff and Manpower Officials was given high priority so that they could establish linkages with potential employers and promote the services offered by the Emergency Employment Services (EES). An electronic database was designed and implemented to capture data of work seekers registering with the Employment centres. An international 390-job classification system was employed. Standardised vacancy registration and job seeker registration forms were translated and

applied linking work seekers with potential employers

Registration of skilled work seekers have been supported very enthusiastically by the local communities and during the first three months in excess of 14 000 work seekers registered of which approximately 28% were female and 65% younger than 28 years of age. It was concluded that Aceh has a young, well qualified, but inexperienced workforce. In excess of 800 work seekers were placed in jobs, predominantly with aid agencies operating their offices in Aceh.

A major area of concern was the raising of expectations with the people of Aceh who were desperate for income generating opportunities. Care was taken to ensure that no promises were made regarding jobs, but that the people understood that the EES were preparing for the reconstruction of Aceh, a phase that would follow the initial relief phase that was in operation at that time.

One of the obstacles faced at that time was the insistence of agencies only to employ people with a basic understanding of the English language. Since Aceh had very little access to international agencies and thus the need to master English, the number of Acehnese with a working knowledge of English was limited, curtailing the EES placement initiatives.

4.2 *Short-cycle Training*

One of the strategies the ILO followed in getting construction workers ready for participation in the reconstruction phase of Aceh was to support a number of short cycle training interventions.

A major area was the skills upgrading of construction workers to increase their employability. Construction teams were mustered to undertake rehabilitation of public infrastructure like training facilities that could be used by the ILO in the future to further enhance the skills base of Aceh. The construction teams consisted of a range of crafts, depending on the type of rehabilitation work to be conducted and also a range of skills levels from artisan to people that have just mastered a basic construction skill. The purpose of the construction teams was to rehabilitate public assets and in the process apply an on-the-job training approach where more skilled workers would support and guide less skilled workers so that their skills level and productivity could improve, leading to a higher level of employability. During the first three months following the disaster, two projects were successfully completed with the Manpower vocational training centre in Meulaboh and the Cooperatives Service training centre in Banda Aceh. In the process over 50 worker's skills were upgraded.

In response to the dire need for workers with basic English communication skills, classes were launched at the Vocational Training Centre in Banda Aceh. From the start the classes were over subscribed with long waiting lists developing, despite the fact that a commitment

fee of Rp10 000 was applied. In response, 8 classes were started per day. The basic English communication courses lasted for 21 days with 20 participants per class. Classes were also divided between drivers and office workers to cater for the needs expressed by the market.

One of the areas of concern for the ILO was the fact that the reconstruction process of Aceh provided very few opportunities for women to participate and benefit. As response to this situation, the ILO piloted an approach whereby women are provided with the skills and means to manufacture building material that could be sold into the reconstruction process of Aceh. Initially a course in cement tile production was launched and later supplemented with a course in cement building block course. Local women were trained to present these courses in a number of sub-districts. The demand was very high, since women now had the opportunity to share in the benefits of the reconstruction process, but more importantly, that they could establish and run their businesses from home without having to neglect household duties that are traditionally ascribed to them. Another important factor was that funds for the reconstruction of Aceh remained within Aceh, rather than being spent outside Aceh to procure the needed building material.

4.3 Entrepreneurship Development

It became evident that for many people, rebuilding their livelihoods would occur through self-employment and the creation or re-starting of small and micro businesses. To assist people wishing to re-start or start for the first time their own small businesses, a first Training of Trainers (ToT) for 'Start and Improve Your Business (SIYB)' took place from 14 February 2005 for 6 days. In total 22 participants from different areas in Aceh (Banda Aceh, Simeulue, Aceh Besar, Biruen, Meulaboh, Sigli, and Lhokseumawe) joined the training.

The SIYB materials had earlier been tested and used elsewhere in Indonesia and due to a large demand, the first SIYB ToT was followed by a series of training targeting both young people and women entrepreneurs. To respond to requests for basic entrepreneurship awareness, a Training of Trainers on 'Know About Business (KAB)' was launched on 28 February 2005 for technical and vocational teachers from SMK vocational schools and the BLK vocational training centre in Banda Aceh.

4.4 Child Labour Programme

As part of its national programme on the elimination of child labour, the ILO also identified the need to prevent children in Aceh to work in exploitative or hazardous situations. To address the specific needs of children at risk, the ILO provided skills training (furniture making, sewing/embroidery and basic computer skills) for vulnerable children aged 15 - 17 in collaboration with the Manpower Office in Banda Aceh. ILO further supported a Children Recovery and Creativity Centre (CRCC) and Mobile Library Unit with Anak Bangsa Foundation.

4.5 Debris Clearing and Infrastructure Rehabilitation

Many organizations set-up 'cash-for-work' schemes to provide Tsunami-victims short term jobs and some income while starting to address the enormous challenge of debris clearing and subsequent infrastructure rehabilitation.

To support the 'Cash-for-Work' programmes ILO implemented a crash course on concrete works and masonry skills training and a crash course for supervisors on debris clearing, training staff of participating organization in the organisation of labour-based schemes, issues of productivity etc.

4.6 General Activities

In terms of direct support, ILO made a cash-donation to the Provincial Manpower Office to help them restore operations. Similar support was extended to the Employers Organisation and the Trade Unions. A limited number of contributions in kind or in-cash were made to initiatives that created immediate jobs with the promise of sustainability.

To raise local public awareness and build capacity with partner organizations as well as to promote employment strategies, the ILO published manuals, brochures and leaflets. As a contribution to knowledge sharing and coordination by the many actors involved in livelihoods recovery, ILO published a series of bilingual basic guidelines with 'Do's and Don'ts' in the following areas:

Building a basis for employment and enterprise development

- Vocational and skills-training
- Local economic development
- Emergency public employment services

This group contains general strategies that can be used in combination with strategies below in order to promote individual and communal economic development.

Short-term employment options

- Cash-for-work
- Food-for-work
- Labour-based infrastructure projects
- Community contracting

These areas concentrate on the creation of temporary jobs that can inject cash into a community rapidly. These jobs are not meant to provide sustainable livelihoods, but are designed to revive the local economy, provide a boost to household economies, either in refugee hosting areas or in the reconstruction phase of a post-conflict situation, in order to create the means for further development.

Business development options

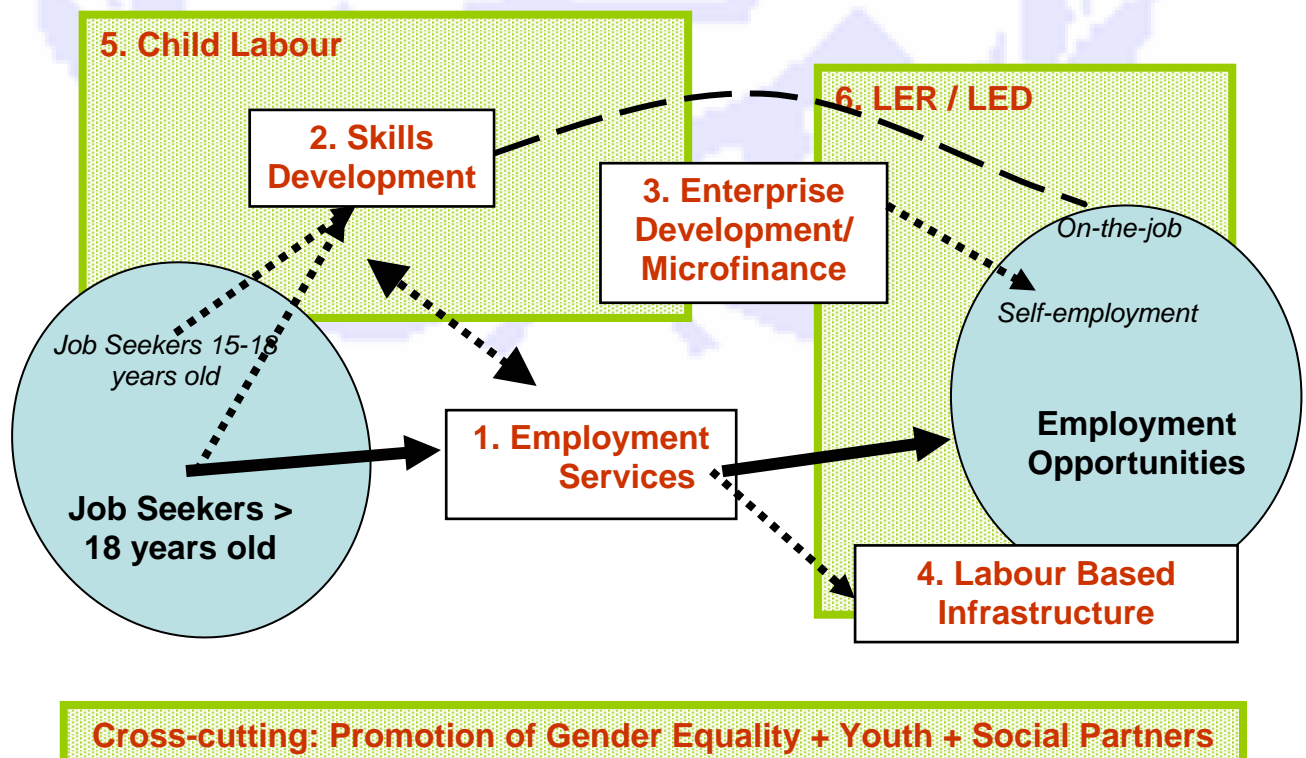
- Micro and small enterprise promotion
- Microfinance
- Business development services
- Entrepreneurship Training
- Women entrepreneurship development

This group concentrates on building sustainable self-employment, and on micro- and small-enterprise support and development.

5 Livelihoods Recovery, April – September 2005

After the initial 3 months, ILO developed a programme for livelihoods recovery through employment for approval by Government (BRR Concept Notes) and ILO's Constituents, building upon initial results in Aceh and taking into account to the extent possible what was known in early April about the Rehabilitation and Reconstruction Masterplan and the plans of the many other actors. This programme, "*Getting people back to work, empowering the socially disadvantaged, and recovering the Acehnese and Nias economy*" was described in a series of project documents that were presented to donors for funding support.

The programme is part of the larger U.N. System response, especially through the UNDP's Emergency Response and Transitional Recovery programme. Other parts are specifically targeting ILO mandate areas and work with the constituents. Below an overview how this programme seeks to link people to jobs:



6 Current Issues: October 2005 – February 2006

As the reconstruction process has moved from immediate relief response into a transition-cum-development phase, emerging challenges directly address the ILO's mandate. In the last quarter of 2005, the ILO has strengthened its knowledge base on key issues in the livelihood/employment sectors which affect the delivery and efficiency of reconstruction efforts. Working with the Bureau of Statistics and the Manpower Office, the situation of the labour market in December 2005 was analyzed, using both the job seekers' database of the Employment Services Component as well as employment-related data from the 2005 population census.

These are some of the key characteristics of the Aceh labour force:

- 340,000 people are looking for job
- youth are likely to enter the labour market prematurely
- women have higher economic inactivity than men but represent a relatively bigger share of job seekers; and the situation in Aceh is more pronounced than the national average.

Data from the Job Seekers' database confirms these findings. It shows Acehnese job seekers are relatively young and inexperienced. Women are looking for jobs in high number possibly out of necessity. Men and women's skills and employment preferences fall into a traditional gender division in the labour market. A large scale investment in the construction sector in 2006 will most likely give men more and better employment opportunities than women. Special attention and employment support for youth and women are critical to close the gender gap in the labour market.

In many districts labour relations issues have delayed the speed of recovery and construction work. Against the back drop of the rising living cost in Aceh and competition for skilled labour, wage inflation is a threat against the competitiveness of Acehnese labour. Employers, workers, and local communities have difficulties negotiating wage and employment conditions. This is further constrained by the low density of workers' organisations in the province, and the lack of knowledge of the Indonesia industrial relations system and the role the tripartite plays in its effective implementation. The Manpower Office (DISNAKER) has requested ILO's support for improved application of national labour laws in Aceh and issued the "*10 Guidelines on Priority of Employers in the Reconstruction of Aceh*". A series of tripartite forums to facilitate dialogue among key stakeholders on recruitment, employment and wage issues was commenced in December 2005 and will be continued during the first quarter of 2006.

As the reconstruction efforts is gathering pace, one general challenge is to manage the labour market well so that it creates the optimal opportunities for the people of Aceh and Nias to be gainful employed. This required an adequate labour market information analysis based on reliable data. Only then will it be possible to make informed decisions of the need

for and numbers of workers needed for the reconstruction of Aceh and as a last resort to import skilled workers from outside Aceh, in which field etc. Having a good grasp of demand and supply of labour in specific trades also provides the basis for vocational training and skills policies and programmes. To address the absence of reliable labour market information in Aceh the ILO has put forward to BRR a proposal to strengthen the labour force survey and advocate informed labour market policy.

In the field of vocational training, better training for workers in the construction sector as well as improvement in occupational safety and health is in high demand. The ILO has restructured its construction skills training and recently developed a model training on construction skills providing guidelines, trainers' competency, and post-training follow-up and support to key clients in the construction sector. The delivery of services will be based on employers' needs. In addition, the ILO is working with workers' organisations in providing skills development and vocational training to union members, and members of their families, to assist in the regeneration of livelihoods, as well as local economy.

Apart from creating a large number of jobs, the construction boom also provides business opportunities. The ILO Start and Improve Your Business training programme targets specifically women and youth, and as much as possible, people living with disabilities. Business support is made available in particular to those catering to the needs of the construction sector. To assist new entrepreneurs recover and/or expand their businesses, the ILO, in collaboration with other agencies, gives technical support to local financial institutions to set up a micro-loan programme. The ILO collaborates with other agencies in this work. However, more interagency coordination on business development and microfinance will be key to engender more capacity in local institutions to serve the employment needs of women, youth and other socially vulnerable groups such as people living with disabilities.

Rural infrastructure rehabilitation is a key area in economic recovery, especially roads that provide access to markets and social services. While the absence of good roads will inhibit local economic growth, road rehabilitation is not enough. Given that the capacities and maintenance budgets of local authorities are limited, comprehensive support in the short and medium term is required. Also there must be attention to the overall network, connecting communities through feeder-roads to the main roads now being targeted by large-scale projects. Another dimension is the opportunity to create large scale temporary employment when engaging in local resource based rural road rehabilitation works. ILO couples this in the districts it works in with small-scale contractor development so that a local private sector capacity is build up that can ensure future maintenance requirements.

7 Monitoring and Review of ILO Programme

Towards the end of 2005, the ILO has conducted internal reviews of the progress made by each technical programme component as well as an analysis of the level of integration of the

overall programme, the partnership relations etc. The review confirmed that the overall programme design was sound but that there was a need to redirect some of the work of the programme components in light of the transition to longer-term development issues.

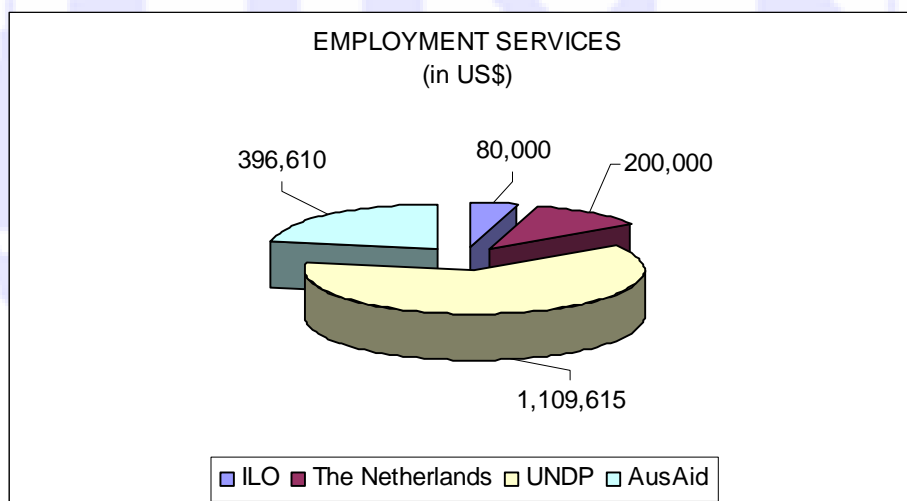
The rapidly changing context of the reconstruction process and weak institutional capacity within DISNAKER offices and its vocational training networks have posed a challenge to the employment services and vocational training components. These two components are being redirected towards a 'key client' model, offering enhanced services to a selected number of key clients in the reconstruction sector, while aiming to maximize the number of Acehnese receiving direct services.

The need to better capture data in terms of beneficiaries was identified and a consolidated database was put in place. Further opportunities to maximize the integration between programme components were the basis for the workplans for 2006. Cooperation with other UN agencies and the wider network of partners was made a strong priority.

Results and challenges for the six programme components are as follows:

8 Overview of Work and Achievements per Technical Component

8.1 Employment Services



Key activities:

- Registration of job seekers, skills assessment, employment referrals, and enhancing job seekers' employability
- Identify strategies to enhance jobseekers' employability
- Labour Market Information Database/Job Seekers Database and technical support to BPS in the conduct of employment-related data in the 2005 population census
- Cash for work & skills upgrading programme

- Internship programme for young unemployed engineering graduates
- Workers' education programme on international labour standards, occupational safety and health, collective bargaining, workers' rights, trade union rules and function

Geographic coverage: Satellite offices in Banda Aceh, Calang, Lhoksumawe, and Meulaboh.

Institutional Partners: Local DISNAKER offices and DISNAKER Provincial Offices in Banda Aceh, Bireuen, Calang, Lhoksumawe, Pidie, Aceh Besar, Meulaboh, and Sabang

Achievements:

- **Registration:** 48,119 job seekers, 32% women; 68% men.
- **Placement of construction related workers:** 9,410 job seekers (31% women; 61% men)
- **Placement of office workers:** 3,794 job seekers (25% women¹; 75% men)
- **Skills upgraded:** 386 construction workers (28% women; 72% men)
- **Union education:** 378 union members (18% women; 82% men)
- **Organization clients:** 81 organizations in Aceh assisted to secure staff for their operations
- **Training facilities and buildings rehabilitated:** UNDP facilities in Calang; Dinas Koperasi Training Facilities in Banda Aceh; BLK training facilities in Meulaboh, Dinas Koperasi and BLK training facilities in Sabang and Disnaker office facilities in Banda Aceh.

The ILO collaborated with UNDP in the cash for work programme in Calang. Three buildings were to be built by workers identified and supervised by the ILO. UNDP provided building design and construction materials. The completion of the building was delayed and repair work necessary. Several factors contributed to this situation. First, delivery of timber was delayed and some portion missing. Second, the poor timing between the delivery of the materials and work progress did not allow for adjustment in the construction process. Both agencies worked closely to address the problems and identify necessary and appropriate resolutions. The buildings will be completed in March 2006.

Publications:

- *Emergency Employment Services operating guidelines (ILO publication translated into Bahasa Indonesian)*
- *The 10 Guidelines on Priority Responsibilities of Employers in the Reconstruction of NAD* (published by DISNAKER--NAD, 2006)

¹ Including 4 women from the Internship Programme for newly engineer graduates

The 10 Priority Guidelines on Employers' Responsibilities have been developed and validated at a tripartite forum in Banda Aceh in December 2006. As labour relations and employment-related issues do have effects on the speed of reconstruction and its quality, DISNAKER and ILO will continue organizing such fora to educate workers and employers on workers' benefits and roles of employers in several districts affected by the Tsunami. The Guidelines are instrumental in promoting better employment conditions in workplaces, and thus efficiency in work performance. In the construction sector, in particular, misunderstanding between workers and employers in employment conditions, difficulties in wage rate negotiation as well as labour shortage in some skill areas have delayed the start-up of house construction. DISNAKER with support from the ILO will continue to conduct tripartite forums in selected districts to facilitate better understanding among employers, workers, community leaders and local authorities about provisions in the labour laws pertinent to their respective roles. Issues discussed include wages, social security provision for workers, training opportunities, and gender equality in workplaces.

Key Challenges: Labour administration and relations; Availability of reliable labour market information and analysis; institutional capacity of DISNAKER offices

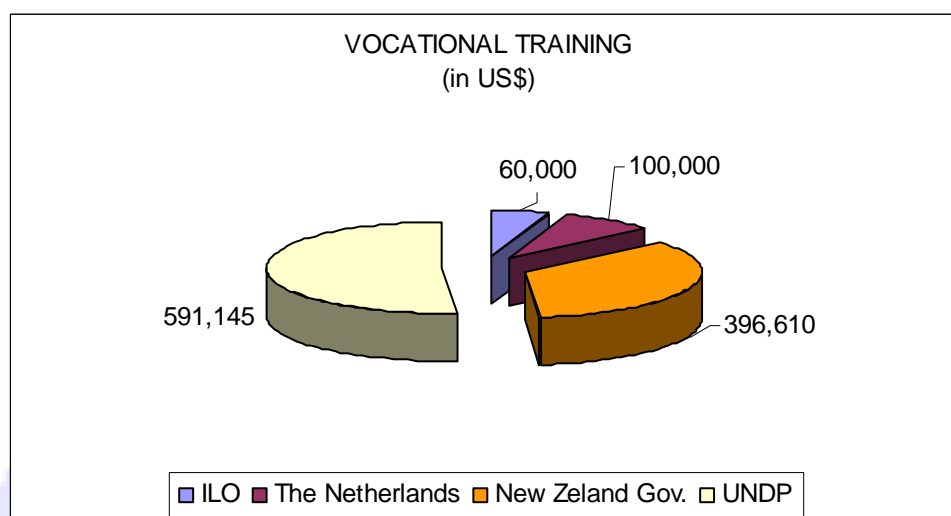
Resources mobilization efforts undertaken:

- A Proposal on Labour Market Information and Analysis System has been submitted to BRR for direct funding in December 2005.
- Labour relations dialogues to promote better understanding on the ILO's Principles and Fundamental Rights at Work and thus better productivity and efficiency in the reconstruction to be funded by the ILO's Declaration Project

Direction to be addressed by the ILO in 2006:

As the construction boom heats up, the demand for labour in construction trade is rising fast. Sharing the same goal of providing people with permanent or semi-permanent houses as soon as possible, different agencies adopt various approaches to house construction. Many target the affected people directly. Others involved local communities in the distribution of fund and house construction. The Employment Services Component will focus its limited resources on certain key clients to meet their labour needs and minimize delays caused by labour shortage in the construction sector. The service package is expected to be comprehensive and negotiated based on the client's labour needs in terms of number of workers and skills in demands. The ILO will work closely with local DISNAKER offices and community leaders in labour mobilization. If appropriate, workers may receive training in identified key skills before being referred for placements.

8.2 Vocational Training



Key activities:

- Vocational Training Capacity Building Workshop in June 2006
- Technical guidance on training design and delivery of ILO-funded training programme
- Assessment of the quality of skills training as provided by the ILO and other agencies
- Work-site survey of skills demands by employers and employers' associations
- Technical support to BAPPENAS on economic reintegration of ex-combatants
- Training of trainers in key construction skills to create a team of 10 mobile trainers (in progress)
- Competency-based training for trainers in preparation for community-based training (to take place in March 2006)
- Workers skills development and vocational training programme

Geographical coverage: Banda Aceh, Aceh Besar, Calang, Meulaboh, Sabang, Aceh Tamiang, Aceh Timur

Achievements:

- **Medan Agreement between ILO, DEPNAKER, DISNAKER, BLK, and KKK on Vocational Training System Development in the Reconstruction of Aceh**
- **73 training programmes organized** in construction skills, basic computer skills, automobile repair, welding, concrete mixing, masonry, sewing, food processing, concrete block and tile making
- **Vocational Skills Trainees:** 3,085 workers (45% women; 55% men)
- **Children in prevocational training programme:** 764 receiving prevocational training (68% girls; 32% boys)²
- **198 Teachers (70% women; 30% men)** receiving capacity building in remedial education
- **English language training graduates:** 1,278 workers (39% women; 61% men)

² USDOL provided funding for prevocational training programme for children.

- **80 persons trained** under the workers skills development and vocational training programme.

As for the general workers, an English training programme was operational since February 2005 - January 2006. A total of 33 classes, each with 20 students, were offered. Most of them took place in Banda Aceh. During November - December 2005, trial classes in Calang, Meulaboh, Pidie, and Lhoksue mawe were held. The English training programme attracted a lot of interest from job seekers as well as organizations operating in NAD. The students had to pay a nominal registration fee of Rp 15,000 to cover the cost of learning materials. 2,039 workers registered for class, 1,248 men and 791 women. Completion rate is 62%--1,278 workers, 784 men and 503 women, completed the course. Reasons for dropping out include receiving employment during the training and family responsibilities. The English training programme was reviewed by two external reviewers in May 2005 and January 2006. Both reviewers commended the quality of the training and suggested development of the standard training materials and training of English teachers to service the English training courses many organizations are organizing for their own staff.

Key Institutional Partners: BLK and KKK systems, UPLINK, UN-Habitat, local workers' unions including KPSI, KSBSSI, KSPPP, and teachers' union, BAPPENAS

Challenges: Limited technical capacity within the government training system and lack of trainers in key skills, recent restructuring within DISNAKER, BLK, and KKK, mobility of trainees hence difficulties in follow-up support

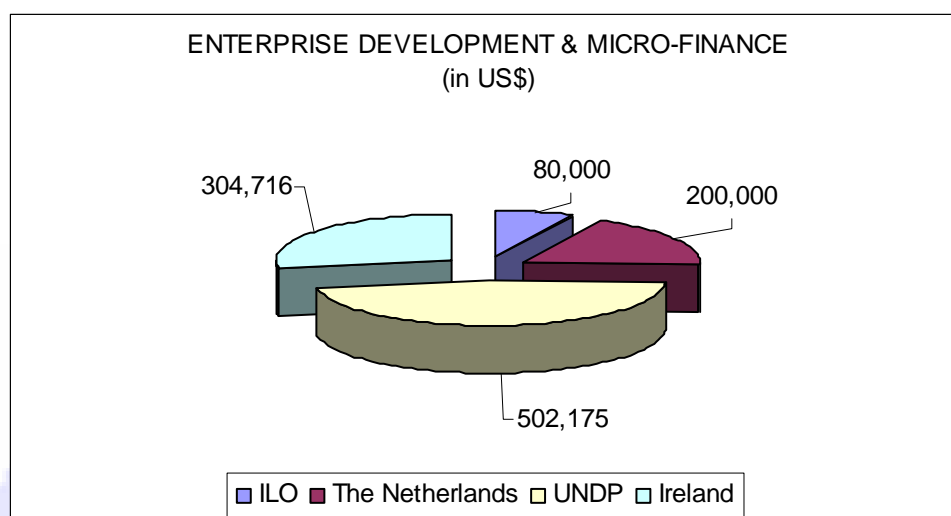
Resource mobilization efforts undertaken:

- Concept notes on Economic Reintegration of Ex-Combatants integrated into UNDP proposal, February 2006

Direction to be addressed by the ILO in 2006:

To support the construction boom in 2006, efforts are being made to increase and improve the quality of construction skill in NAD. As part of the upgrading of skill training quality in NAD, training in high-level skill are planned for 2006. This include OSH training, competency-based training, and standard construction training material development for trainers. A construction skill training model has been developed and will be delivered to ILO key clients during the validation period of March - April 2006.

8.3 Enterprise Development and Microfinance



Key Activities:

- Start and Improve Your Business Training Programme:
- 3 Training of Trainers and 45 Training of Entrepreneurs, 8 of which for women's entrepreneurs
- SYB impact assessment
- Specific women's enterprise development in concrete block making businesses
- MicroFinance Conference in July 2005
- USD 50,000 guarantee fund deposited with Mercy Corps
- Micro Finance Survey
- Translation and publishing of MicroFinance Manual
- 2 Capacity Building Training on Microfinance to representative of local financial institutions in NAD
- Institutional Capacity Analysis of BQB (a local women-led Islamic finance cooperation in Meuraxa, Aceh Besar)
- Active involvement in the microfinance related working groups in NAD, particularly the AMFF

Geographic coverage: Banda Aceh, Aceh Besar, Semelue, Sabang, Pidie, Aceh Utara, Aceh Timur, Aceh Barat, Aceh Jaya

Institutional Partners: IWAPI, BLK Sabang, HMI, KNPI, KSBSI, SPA, and WALHI, BQB, BRR, Ministry of National Education, UNFPA, UN Habitat

Enterprise Development implemented a Start Your Business Training programme in Aceh since March 2005. The training programme was part of the ILO Youth Employment Project YE, a partnership programme between the ILO and the Ministry of National Education (MONE), which contributes to the objectives of the Indonesia Youth Employment Network (IYEN).

In support to people's wish to restart or create new businesses, two Training of Trainers (TOR) for the Start and Improve Your Business (SIYB) took place in mid February, March, and August 2005. A total of 51 participants from (Aceh Besar, Banda Aceh, Bireuen, Calang, Lhoksuemawe, Meulaboh, Sigli, and Simeulue attended the training programmes. Thereafter, a series of training of entrepreneurs (TOEs) targeting young and women entrepreneurs followed. A number of SYB training programmes were conducted in partnership with other agencies including OXFAM, UNFPA, SMK, and BLK.

The demand for SIYB training in Aceh is large. As a quality control assurance, the ILO keeps close monitoring of all SIYB training activities. Based on the feedbacks received from the various training programmes, the SYB materials and trainers guide have been revised and adapted to better suit the social and cultural context of NAD in November 2005

Achievements:

- 22 active SYB trainers
- 731 SYB trainees (46% women; 54% men)
- 34.6% of SYB participants started enterprises after the training
- BQB branch office in Meuraxa opened up
- 10 women's enterprises established: 4 in Simeulue; 5 in Aceh Besar, and 1 in Banda Aceh

The Women Enterprise Development sub-component organized skills training for women in concrete block and tile making and business support. 26 training programmes, 8 of which were SYB training, were organized during 2005. The ILO provides support to product development, market access, and association building. Twelve trainers actively provide training to different groups of women, amounting to 164 women. Starting in 2006, the ILO support in market access and advocacy for women's entrepreneurship started to pay off: These businesses have received purchase orders from reconstruction organizations including IOM, BLK, and other key agencies. Their products and enterprises contribute to relief pressures on construction materials in certain locations.

Publications:

- SYB training package including trainers' materials (Bahasa and English)
- MicroFinance Manual (Bahasa and English)

Challenges: Sustained support for youth and women in business start up and operations; expansion of women's construction-related business; coordination among key agencies in the delivery of microfinance services;

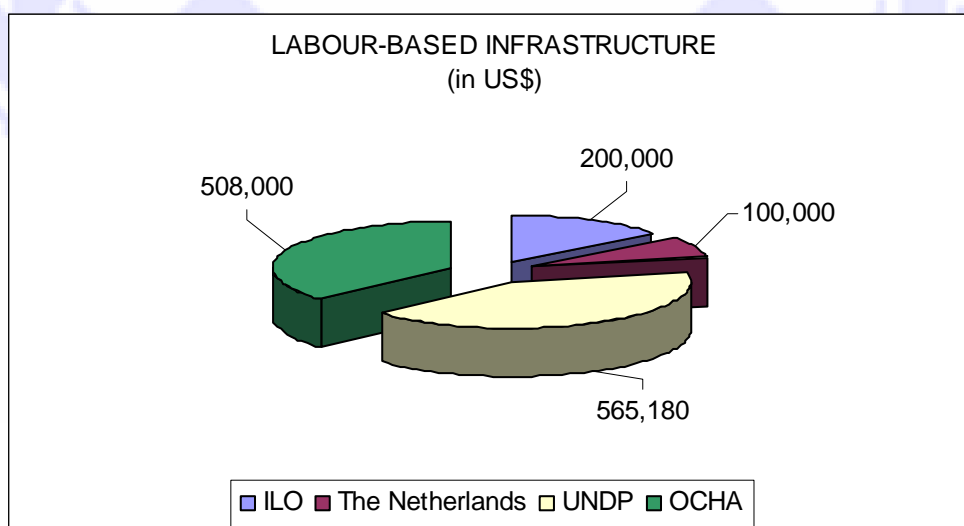
Resources mobilization efforts taken:

- Microfinance component as ILO part in the UN Joint Programming exercise in Meuraxa
- Local economic development and entrepreneurship programme in the UN Joint Programming exercise in Nias
- Women's Entrepreneurship Development
- Start & Improve Your Business for youth employment in NAD

Direction to be addressed by the ILO in 2006:

Starting in April 2006, the ILO will begin implementation of a 2-year Start & Improve Your Business (SIYB) programme for youth in Aceh with a focus on strengthening institutional capacity and providing business development support to youth. This will include the introduction of additional entrepreneurship start-up and business improvement services. The women's enterprise development sub-component will further strengthen the association building of women's concrete block making enterprises, raising public awareness on the need to support women's economic activities, and supporting the expansion of women's enterprises.

To sustain enterprise creation support, the microfinance sub-component will be developing a variety of microfinance products for adoption by local banking institutions. Technical support will be given to selected local banks in their outreach activities to respond to the credit needs of small and newly created enterprises. The ILO services to the reconstruction community at large will continue through development of guidelines and relevant policy analysis.

8.4 Labour Based Infrastructure Rehabilitation**Activities:**

- 5.1 km road rehabilitated in Aceh Besar generating 5,300 working days for 140 workers.

- 3.2 km road in Aceh Besar being rehabilitated and additional 4.1 km scoped and bid
- 2 km roads in Nias being rehabilitated
- 5 km roads in Nias identified for LBES
- Technical training on labour based methodology and labour-based contract management provided to public works officials and small scale contractors
- 7 contractors receiving technical and financial support in the use of LBES (Labour-based Equipment Supported) in road rehabilitation
- 15 supervisor engineers from Aceh Besar Public Works Department and Nias Public Works Department undergoing on-the-job training in supervising use of LBE in road rehabilitation
- A proposal to scale-up the pilot demonstration in Aceh Besar consulted with key stakeholders and submitted for funding from the MDTFAN and was approved in December 2005

Geographical Coverage: Aceh Besar, Nias

Institutional partners: Public Works Department in Aceh Besar and Nias

Achievements:

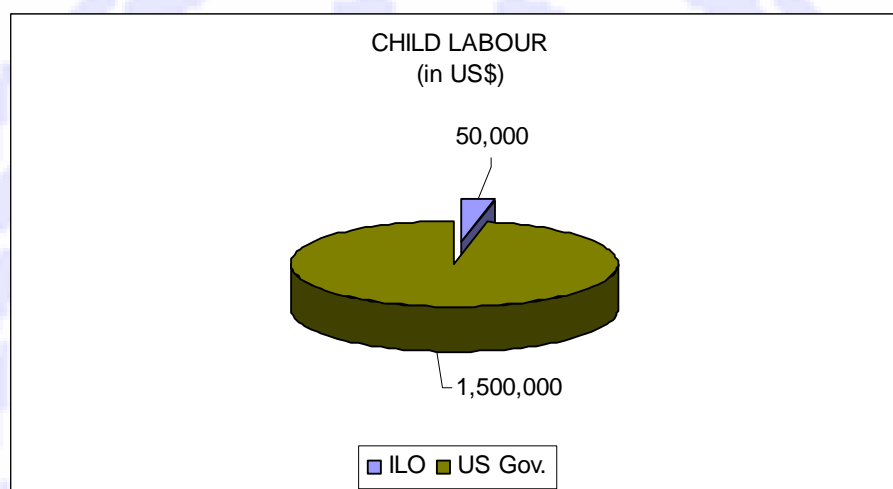
- A proposal on Job Creation: approved by the MDTFAN and expected to begin in April 2006
- 19 Engineers and Technicians from Public Works of Aceh Besar district and contractors received LBES training. Out of 19 Engineers and Technicians 7 are women.
- 15 Supervisors from 5 contractors of Aceh Besar district received LBES training
- 18 Engineers from Public Works of Aceh Besar district and contractors and Directors of 5 selected contractors received Contract management training.
- 15 contract supervisor engineers of Public Works receive on-the-job training
- 5.03 km road rehabilitated in Aceh Besar
- 5,300 working days for 140 workers generated during the 5.03 km road rehabilitation in Aceh Besar
- 7 small scale contractors received technical support in use of labour based methodology in rural road rehabilitation

Challenges: The implementation of the project faced some delays due to the need to align the ILO and public works' administrative regulations; a high volume of road contract available, the lack of equipment in Aceh, Public Works contract supervisors engineers' workloads, rising material costs and high tax rates. Contractors are more interested in getting the contracts rather than improving their skills. Quite often they submitted inflated pricing when tendering their bids. The planning and maintenance of roads is also without good coordination support from the Public Works Department. As many agencies now start construction work, heavy traffic causes premature road deterioration. Yet, district office of the Public Works received far too small annual budgets to cover road maintenance.

Direction to be undertaken by the ILO 2006:

The ILO will continue to implement the labour-based methodology (Local resource based) in rural road rehabilitation. The on-going work in Aceh Besar and Nias will address shortcomings in the first batch of road work in Aceh Besar. Particular emphasis will be given to creation of "women workers only" road work site and integration of occupational safety and health. The demonstration efforts on use of labour based methodology and local resources will be expanded to three additional sites including Pidie, Bireuen, and South Nias when the MDTFANS-supported project starts.

8.5 Prevention of Worst Forms of Child Labour



Activities:

- Prevocational training programme model development and pilot implementation by Ministry of National Education
- Remedial education for 15-18 year children who failed national examination
- Skills training for 15-18 year age-group in gardening, automobile repair, sewing, furniture making, screen printing, handy-craft, hair-cutting, English and computer class
- Capacity building training for district-school teachers
- Children creativity center to organize psychosocial healing for children affected by the Tsunami
- Support to the National statistical Bureau to conduct census on education and others aspects in Nias and Aceh as a basis information to redevelop program strategies in Nias and Aceh
- Programming and preparation to develop district team consist of various department to address issues of child protection in Nias.
- Mobile library and additional feeding in 7 barracks
- Children rehabilitation and creativity centre

Geographic coverage: Aceh Besar, Aceh Jaya and Banda Aceh, expansion to Nias is in progress

Institutional partners: Provincial and district offices of the Ministry of National Education, Ministry of Manpower and Transmigration, UNESCO, SPMAA, PKPA, Save the Children, and PKBM

Achievements:

- 1,015 children (64% girls, 36% boys) trained on mattress making, carpentry, hair cutting, screen printing, automotive and handy-craft, computer, gardening, and sewing
- 20 children (50% girls, 50% boys) who already followed vocational trainings followed SYB training
- 15 Managers and supervisors (50% men, 50% women) of 5 community learning centers have followed field visit to the Chevron Polytechnic to learn the mechanism and system to deliver vocational trainings.
- Prevocational training model development participated by 26 schools (5 supported by Save the Children)
- Mobile library have regular visit to 7 camps and reached out to 680 children (69% girls and 21% boys)
- 701 (69% girls, 21% boys) children access to additional feeding
- 1 Creative Recreational Children center established
- Village leaders in 5 villages committed to prevent the children entering worst forms of child labors.
- 198 teachers supported in remedial teaching (71% women, 29% men) and 10 teachers have followed training on computers
- 1,000 (60% girls and 40% boys) children supported to re-sit national examination

Challenges

The existing community learning centers (PKBM) have weak capacity to develop training modules and vocational training and . Thus, intensive technical support from project staff is required. However, children were preferred to come to these centers because they could follow apprenticeship in small business run by PKBM. Programme development in Nias needs significant investment in terms of budget allocation and technical support. Nias-based local government agencies do not have much experiences to deliver non formal education and vocational trainings due to limited budget received from central government.

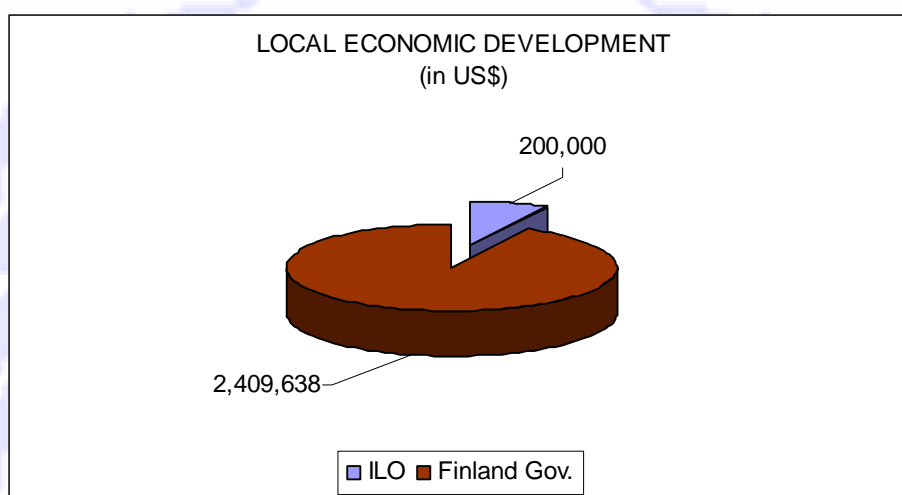
Direction to be undertaken by the ILO in 2006

The ILO will expand its child labour programme to the Island of Nias where there are indications of children trapped in worst forms of child labour and lack of access to schools for economic and practical reasons—many schools are 10 kilometers away from home and there are no appropriate roads or transportation between the school and their communities. Closed programme development will be done with other ILO component particularly the labour-based rural infrastructure rehabilitation, local economic development, and entrepreneurship programme.

The prevocational training model will be expanded to other non-project areas in Aceh as well as a model for piloting in other parts of Indonesia where the ILO is currently operating its International Programme to Eliminate Worst Forms of Child Labour.

To sustain the achievements already gained, the ILO will focus its efforts in policy advocacy and strengthening the programme management capacity of its institutional partners.

8.6 Local Economic Development/Recovery



Key activities:

- Translation of post-crisis Manual
- Institutional mapping and economic survey for Aceh province in collaboration with APINDO
- Two local economic recovery initiatives to restart key small economic activities in Sabang and Aceh Besar
- Refresher training for local entrepreneurs and small grants to restart businesses
- Analysis of the economic comparative advantage of target communities in Aceh Besar
- Revision of the KDP manual to reflect more on employment-related issues
- Development of the Aceh Besar Yellow Pages
- Responding to BAPPEDA request for technical support in the development of programme options in the employment dimensions of the reintegration of ex-combatant
- Formulating ILO strategy to contribute to the peace process in Aceh

Geographical coverage: Banda Aceh, Aceh Besar, Sabang, and Nias

Institutional partners: HMI, APINDO, KDP (World Bank Programme), UN HABITAT, FAO, BAPPEDA

Achievements:

- ILO post-crisis manual translated into Bahasa and circulated
- ILO-APINDO survey report on the needs of businesses affected by the Tsunamis
- 100 jobs created and 35 enterprises recovered in one target sub-districts
- A DDR Manual in English and Bahasa
- Memorandum of Understanding between ILO and KDP/World Bank implemented
- Draft KDP manual available in English and Bahasa

Resource mobilization efforts undertaken:

- Local economic development initiative as part of the ILO activity in the UN Joint Programming exercise in Meuraxa, with a specific focus on the housing sector
- Local economic development and entrepreneurship programme in the UN Joint Programming exercise in Nias, with a specific focus on the fishing sector

Challenges:

Local economic development and recovery uses a participatory process and thus requires a long process of planning and consultation with stakeholders. At the implementation level, technical inputs from all technical components of the ILO Aceh Programme is required. There is limited technical and organizational capacity within Aceh for the conduct of background studies and research. The ILO Aceh Programme has been able to draw technical supports from its international network and thus able to translate its international experiences in local economic development/recovery in post-crisis situation into action in Aceh. A weak civil society sector in Aceh will make close monitoring and management support from the ILO a necessity.

Direction to be undertaken by the ILO in 2006

Starting in March local economic development/recovery activities will be implemented in 6 villages aiming to create 300 enterprises. Integration of programme activities with and technical support to other ILO components will continue. KDP community facilitators will receive capacity building. The partnership with the World Bank will expand to private sector development at the district level. Depending on successful resources mobilization, LED/R will integrate ILO technical expertise with its international experience to contribute to the reintegration of ex-combatants.

Annex 1 List of selected publications, tools and training materials

Technical Document

- Building Local Government Capacity for Rural Infrastructure (ILO Bangkok, 2003)
- Compilation of Indonesia Labour Laws (ILO Jakarta, 2005, English and Bahasa)
- Guiding Principles: Disarmament, Demobilization and Reintegration in Aceh, The Case for Sustainable Economic Reintegration (Government of Indonesia, December 2005, English and Bahasa)
- ILO Crisis Response Modules (ILO Geneva, October 2001, English)
- ILO Guide on Responses to Support the Recovery & Reconstruction Efforts in Crisis-Affected in Indonesia (ILO Jakarta, 2005, English and Bahasa)
- ILO Guidelines: Emergency employment Services (ILO, 2003, English & Bahasa)
- Introduction to Microfinance in Conflict-Affected Communities (ILO-UNHCR, 2002, English and Bahasa)
- Leasing for Small & Micro Enterprises (ILO, 2004, English)
- Local Economic Development in Post-Crisis situations: Operational Guide (ILO, 2004, English and Bahasa)
- Maintenance Management of Village Roads (Indonesian Government-ILO, March 2005)
- Practical Orientation (Safety & Health in the Construction Sector) (ILO, 2005, English and Bahasa)
- Start & Improve Your Business (Revised Edition) (ILO, September 2005, Bahasa)
- Ten Priorities Guidelines for Employers in the Reconstruction of Aceh (DISNAKER-NAD & ILO, 2006, English and Bahasa)
- Tools for Gender Mainstreaming (ILO, 2005, English and Bahasa)
- Workplace Bipartite Cooperation (ILO Jakarta, 2003)

Assessment Report & Studies

- Impact of Tsunami & Earthquake on 26 December 2004 to Enterprise Members of APINDO in NAD Province (ILO-APINDO, Banda Aceh 23 March 2005)
- Start Your Business Impact Assessment Aceh Province (ILO, 2006, English)
- Report on the External Assessment of the English Language Training Programme (Andrea Prince, 2006, English)
- Towards Decent Work in Aceh and Nias (ILO, 2005, English)

Programme Overview Document

- Back to Work (CD-ROM) (ILO Jakarta, 2005)
- Working out of Disaster (ILO Bangkok, 2005, English)
- ILO Jakarta Bulletin (Special Edition on Aceh & Nias) (ILO, November 2005)
- Trade Union Roles in Aceh Reconstruction Leaflet (ILO-KSBSI-SPSI-KSPI, 2005)

9 Annex 2: Overview of current funding for ILO Aceh Programme

