

PROVIDING PENSIONS FOR INFORMAL EMPLOYMENT IN DEVELOPING COUNTRIES

**CHALLENGES AND OPPORTUNITIES FOR
POLICY MAKERS**

Bali Tradisional Weaver

FORMAL & INFORMAL EMPLOYMENT SECTOR IN INDONESIA

■ Informal Workers ■ Formal Workers



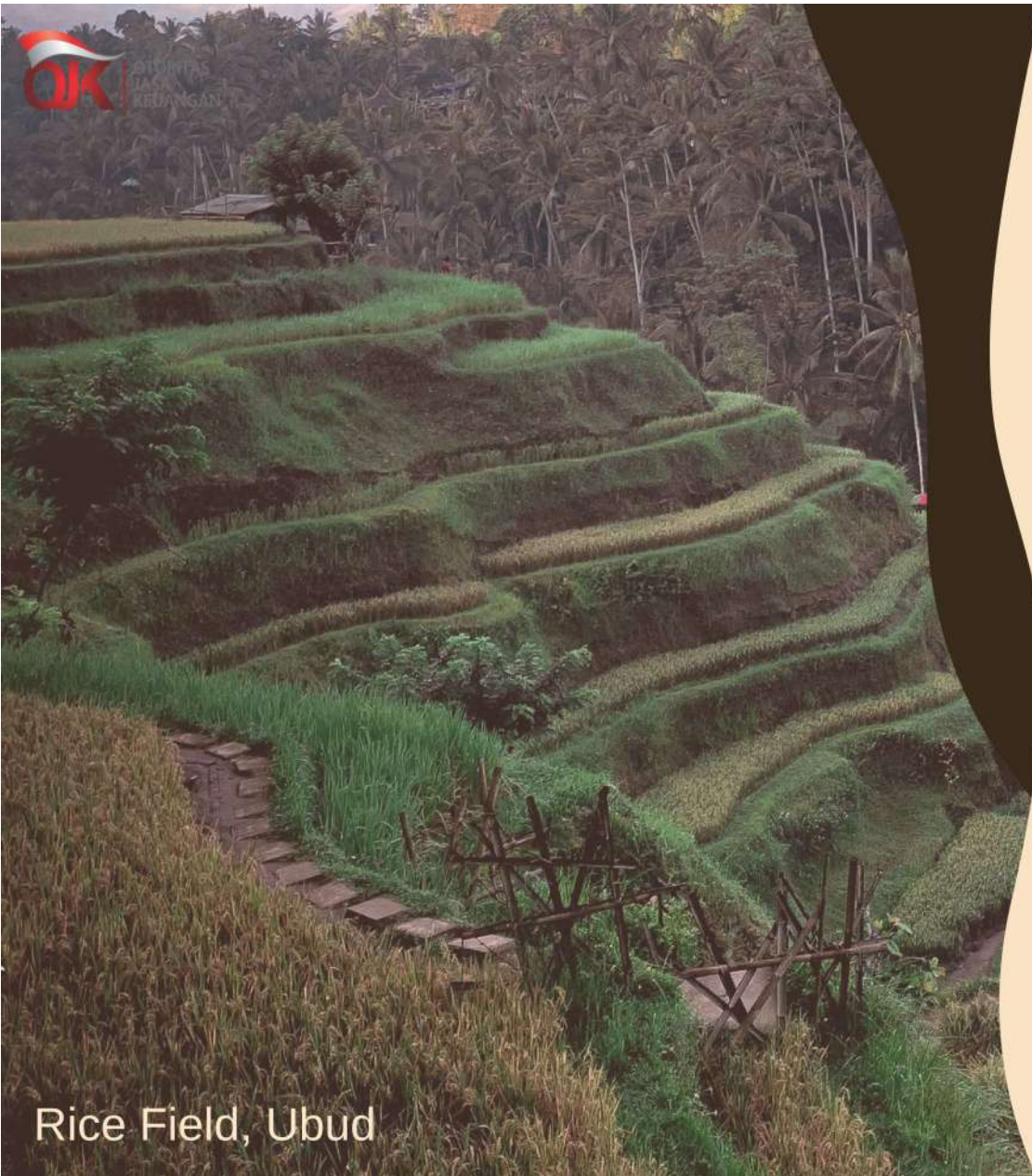
Endek weave for Dior



Diamond Beach, Nusa Penida

MANDATORY PENSION

- Mandatory pension program was enacted through National Social Security System Law in 2004 and came into operation in 2011 when the Law of Social Security Administrator was passed.
- The Employment Social Security Administrator managed 5 programs, namely: (1) Death Insurance, (2) Work Accident Insurance, (3) Unemployment Insurance, (4) Old-age saving, and (4) Pension.
- As part of the mandatory pension plan, Indonesia also established pension plan for the civil servant (TASPEN), the army dan the police force (ASABRI) fully funded by the State Budget
- A mandatory contributory program served as income replacement after retirement and partially funded by the State budget.

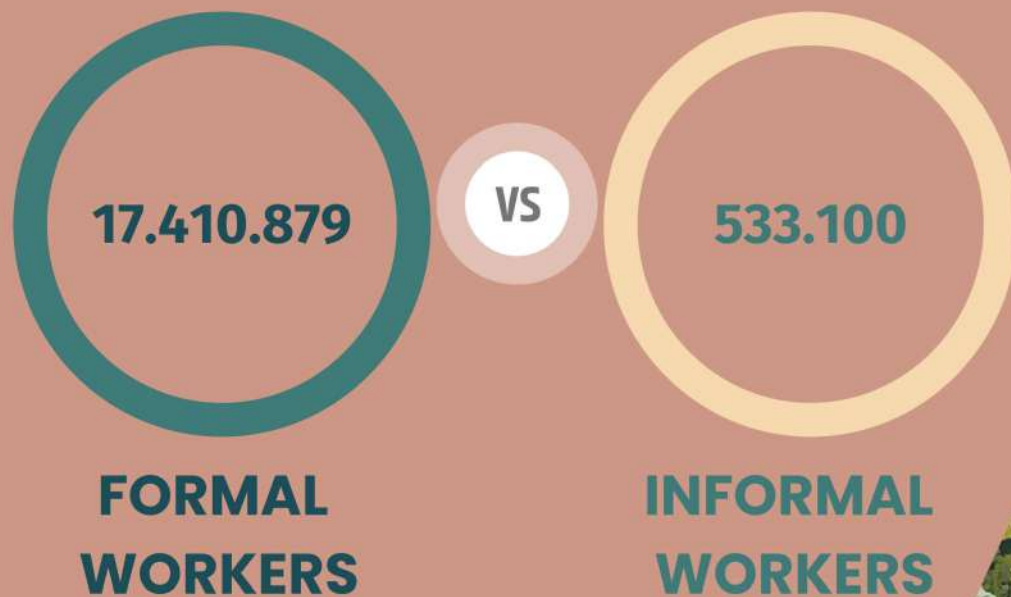


Rice Field, Ubud

VOLUNTARY PENSION

- Voluntary Pension Program has been operated since 1992, pioneered by Employer Pension Fund such as pension program for state-owned enterprises' employees, pension program for banks' employees or pension plan for universities lecturers and employees.
- Voluntary pension program can be administered using Defined Benefit Pension Plan or Defined Contribution Pension Plan
- A voluntary pension program expected to acts as an extra income after retirement and funded with allocated financial assets of employers and participants.

MANDATORY PENSION PROGRAM



VOLUNTARY PENSION PROGRAM



The Tirta Empul, Gianyar

CAPITAL MARKET'S ACTIVE INVESTOR

Retail

99,7%

Corporate

0,2%

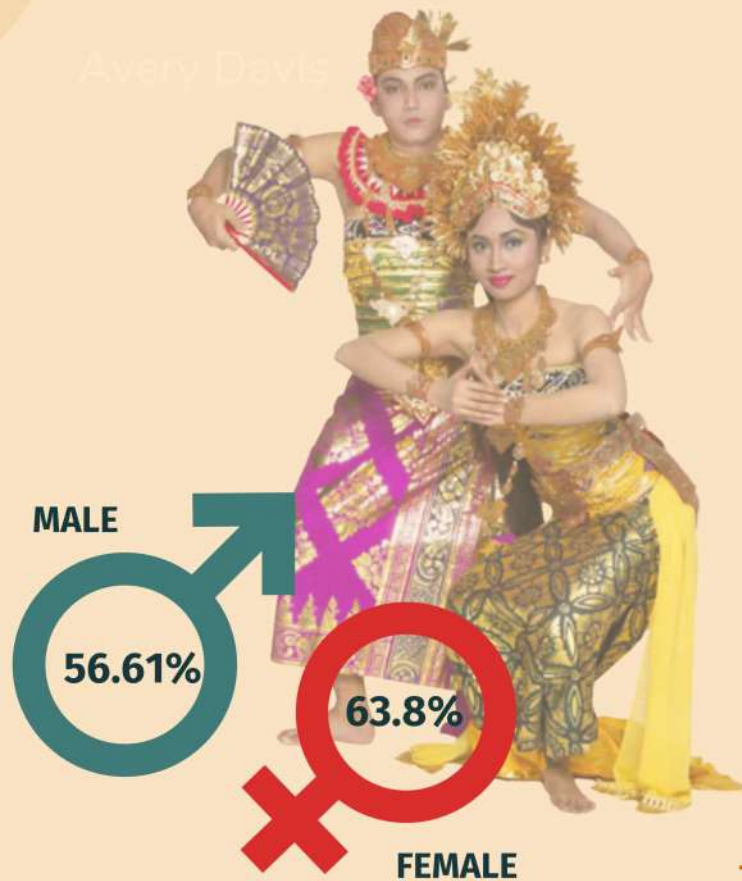
Others

0,1%

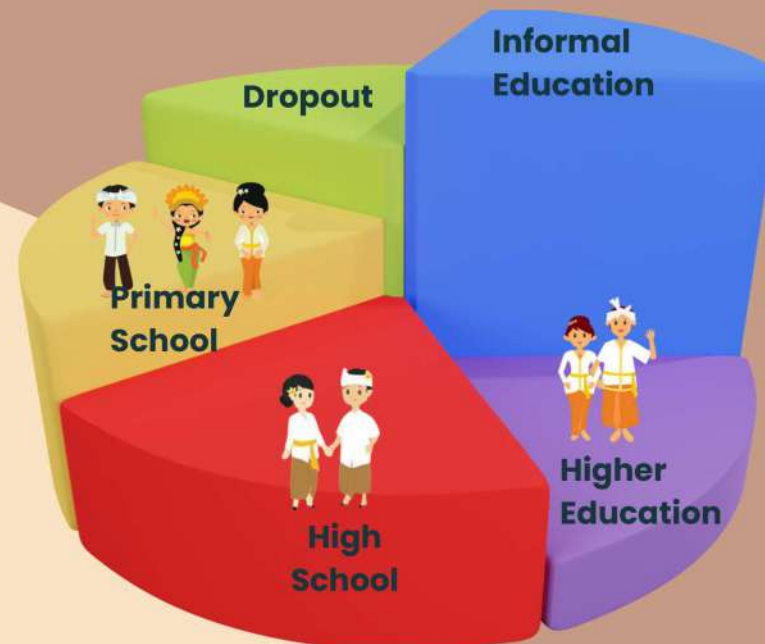
The Sea Temple, Tanah Lot Tabanan

PROFILE OF INFORMAL EMPLOYMENT

SEX (% of total employment)



EDUCATION (% of total informal employment)





Handara Gate, Buleleng

Population Pyramid





Digital Nomads



Job Hopping

GEN Z
UNLOCKED



OPPORTUNITIES

- EXPANSION TO DIGITAL MARKETING
- COLLABORATION WITH E-COMMERCE PLATFORM



Legong Dance

RECOMMENDATION

OPERATIONAL ENHANCEMENT WITH “ADAPTING TO CHANGE” STRATEGY

- Simplifying the procedures for example in participants registration and other administrative processes through digital innovation
- Increase flexibility by creating tailor made schemes with flexible contributions arrangement
- Creating ease of access by bundling the scheme with other familiar financial services products.



POLICY INTERVENTION AS CATALYST TO EXPAND PENSION COVERAGE

Introducing financial incentives. As mandated in the Financial Sector Omnibus Law, Indonesia currently working on the tax incentives for pension sectors including but not limited to its investment return and benefit payment.



Thank you and
we welcome you to

Bali

Ulun Danu Beratan Temple, Bedugul Tabanan