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Participation of Women in the Economy and Reform: Indonesia Country Assessment

Final Report

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LIST OF ACRONYMS

AAFLI	Asian-American Free Labor Institute
APIKRI	Foundation for the Development of the Indonesian People's Handicrafts
BAPPEDAS	Regional offices of the Ministry of Home Affairs
BAPPENAS	National Development Planning Board
BPD	Provincial Development Bank system
BPS	<i>Biro Pusat Statistik</i> (Central Bureau of Statistics)
BRI	<i>Bank Rakyat Indonesia</i> (People's Bank of Indonesia)
CBI	Cooperative Business International
CEDAW	Committee on Elimination of Discrimination Against Women
CIDA	Canadian International Development Agency
DPR	<i>Dewan Perwakilan Rakyat</i> (House of Representatives)
EIU	<u>Economist Intelligence Unit</u>
FID II	Financial Institutions Development Project II
FY	Fiscal year
GDP	Gross domestic product
GOLKAR	<i>Golongan Karya</i> (Functional Groups)
ILO	International Labor Organization
IMF	International Monetary Fund
INFID	International NGO Forum for Indonesian Development
IWAPI	<i>Ikatan Wanita Pengusaha Indonesia</i> (Association of Indonesian Women Entrepreneurs)
KADIN	<i>Kamar Dagang dan Industri</i> (National Chamber of Commerce and Industry)
KADINDA	Provincial branches of KADIN
KOWANI	<i>Kongres Wanita Indonesia</i> (Indonesian Women's Congress)
LAIDS	Legal Aid for Industrial Disputes Settlement Project
LBH	<i>Lembaga Bantuan Hukum</i> (Legal Aid Foundation)
LIPI	Indonesian Institute of Sciences
MBA	Master of Business Administration
MM	<i>Magister Manajemen</i> (Master of Management)
MPR	<i>Majelis Permusyawaratan Rakyat</i> (People's Consultative Assembly)
MSED	Micro- and Small-Enterprise Development Program
NCBA	National Cooperative Business Association
NGO	Non-government organization
NIC	Newly industrialized country
P2W	Enhancing the Role of Women Program
PKK	Applied Family Welfare Program
POWER	Participation of Women in the Economy and Reform
PDI	<i>Partai Demokrasi Indonesia</i> (Indonesia Democracy Party)
PPM	<i>Institut Pendidikan dan Pembinaan Manajemen</i> (Institute for Management Education and Development)
PPP	<i>Partai Persatuan Pembangunan</i> (Development Unity Party)



SAKERNAS	National Labor Force Survey (quarterly)
SDI	Strengthening Democratic Initiatives Project
SMRW	State Ministry for the Role of Women
SO	Strategic objective
SP	<i>Solidaritas Perempuan</i> (Solidarity for Women's Rights)
SBSI	Indonesian Workers' Welfare Union
SPSI	All Indonesia Workers' Association
UGM	University of Gadjah Mada
UN	United Nations
USAID	U.S. Agency for International Development
WID	Women in development
YASANTI	<i>Yayasan Anissa Swasti</i>
YLKI	<i>Yayasan Lembaga Konsumen Indonesia</i> (Indonesia Consumers' Association)

SECTION I

**KEY ENTRY POINTS FOR STRENGTHENING
WOMEN'S ECONOMIC PARTICIPATION**

A. THE CONTEXT

1. The POWER Project

The Center for Economic Growth is in the process of designing a new project, the Participation of Women in the Economy and Reform (POWER), to improve the ability of women to participate in the economy and in the economic reform or restructuring process that is taking place throughout the developing world. POWER aims to enable and strengthen women's economic participation.

The project design process has been structured in four consecutive phases, each of which builds on the activities, dialogue, and ideas of the previous phases. Phase I consisted of three inter-related activities which formed the analytical foundation for POWER: (i) a comprehensive review of the literature pertaining to women and economic policy change, legal and regulatory issues, business development, and institutional support and representation; (ii) a review of selected institutions that focus on women's economic issues; and (iii) an initial concept paper, which outlines the parameters of the POWER project in terms of its overall scope and possible activities.

This report is a product of Phase II of the POWER project design. In this phase, country assessment teams conducted field work in four countries: Egypt, El Salvador, Indonesia, and Uganda. Following completion of the four field assessments, the project team will produce a synthesis of findings from the four countries and develop a modified concept paper. Subsequently, the project team will begin Phase III, full project design, and Phase IV, implementation of pilot activities.

2. Methodology

The Indonesia POWER Country Assessment team worked in Indonesia in January-February 1995 for approximately five weeks. Their complete scope of work is contained in Annex C. The Indonesia team consisted of four members: Henny Buftheim, consultant to Coopers & Lybrand LLP; Kay Calavan, consultant to Coopers & Lybrand LLP; Jerre Manarolla, USAID/Asia Bureau economist; and Lynne Manrique, staff member of Coopers & Lybrand LLP. The objectives of the field work were to inform the POWER design process by:

- Gathering country-specific data and information on the opportunities and constraints to women's economic participation;
- Addressing relevant questions and issues left unanswered by the literature review;
- Identifying critical "entry points" for strengthening women's economic participation; and

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- "Testing" the demand for various initiatives under the POWER project with the objectives and parameters outlined in the POWER concept paper.

Section II (Country Analysis) of the report addresses the first two objectives. Section I, particularly Part B, responds to the latter two issues.

During field work, the team gathered both quantitative and qualitative information on women's economic participation. Accordingly, the team interviewed approximately one hundred individuals representing various disciplines and perspectives, including USAID/Indonesia, the Indonesian government, universities and training institutions, local and international NGOs, business associations, banks, workers, business owners, and international donors. Important primary documents were obtained from many of these sources as well as directly from the Central Bureau of Statistics (*Biro Pusat Statistik*, BPS). The team spent approximately half of its time in Jakarta, one quarter in Yogyakarta (Indonesia's fifth largest city) and surrounding towns and villages, and one quarter in Bali. While the majority of Indonesia's population lives in the areas visited, the team notes that these areas do not present a complete picture of Indonesia. The Outer Islands (including the islands of Sumatra, Kalimantan, Sulawesi, Irian Jaya, Nusa Tenggara, Maluku, and East Timor) differ in terms of population density, levels of income, and other factors, from the Inner Islands of Java, Bali, and Madura (which account for 62% of the country's population [EIU, 1993a, p. 10]).

3. Key Findings

During field work, the team observed several factors that led to the identification of the entry points for strengthening Indonesian women's economic participation through POWER activities. These issues fall into the following categories: opportunities arising from economic reform and growth; women's role in the economy; gaps in information regarding women's economic participation; women and institutional support and representation; and USAID/Indonesia initiatives in support of women.

a. Opportunities Arising from Economic Reform and Growth

One of POWER's conceptual premises is that the process of political and economic reform creates the potential for women to contribute to economic growth and to share in the benefits of growth in more egalitarian and significant manner. In Indonesia, a series of economic reform and restructuring efforts have sparked brisk economic growth. This growth has resulted in or may be correlated with significant socio-economic changes, including: vigorous growth of jobs, particularly in formal sector manufacturing; significant changes in the sectoral composition of the economy; an increase in trade as a percentage of GDP; rapid growth of female labor force participation rates; declining poverty and population growth rates; and increasing education levels. Despite these changes, and the involvement of women in these changes, the Indonesian government has not focused attention on women's economic, as opposed to domestic or reproductive, roles. POWER, through the entry points described later, can help the Indonesian

government and general public to recognize the role women play in promoting economic growth -- and the roles they may be able to assume in the future.

b. Women's Role in the Economy

• Women in the Labor Force

As demonstrated by the labor force participation rate of 39%, Indonesian women have taken advantage of job opportunities created by overall economic growth. Women workers are considered particularly important in certain manufacturing sub-sectors (and especially in export-oriented manufacturing), in services, and in trade, all of which comprise significant (and in the case of manufacturing, rapidly growing) sectors of the economy. In some sectors, such as services, women have entered high quality jobs in knowledge-based services industries (e.g., consulting and accounting) or in tourism-related activities. In manufacturing, by contrast, less-skilled or unskilled women appear to be concentrated in low wage, low security jobs. POWER can work toward ensuring that lack of skills or other barriers to advancement do not limit women's job opportunities to certain sectors or certain types of jobs.

• Women in Business

Comprehensive information on Indonesia's private sector, and on women within this sector, is scarce. What is known, however, has important implications for POWER activities. For example, well-educated urban women have made in-roads as entrepreneurs. Indeed, Indonesian women can be found as presidents and managers of medium- and large-scale companies. However, the presence of women owners and managers of larger-scale enterprises is still somewhat unusual. Moreover, for a woman to build a larger-scale business or to reach the upper realms of the Indonesian private sector, it often takes not only intelligence, creativity, and hard work, but also family or personal connections and high socio-economic status. Women who are poised to compete in this arena belong to an already relatively privileged group and, within the total working population, comprise a relatively small number. A larger, and more disadvantaged, group includes women who operate micro- or small-enterprises, often in traditional sectors and sub-sectors and with inadequate informational, financial, and technical resources. Thus, POWER's challenge is to address the myriad concerns that affect the latter group of Indonesian women, i.e., those who run small enterprises, and to assist those who desire to develop and expand their businesses beyond the microenterprise level.

c. Gaps in Information Regarding Women's Economic Participation

There are critical gaps in information and research regarding a number of issues related to women's economic participation. These gaps make the analytical foundation for action in these areas insufficient. Accordingly, the team suggests that POWER interventions include targeted, action-oriented policy research and analysis, linked to policy discussions, agenda setting, and follow-on interventions and direct action. Any research proposed under POWER should detail the manner in which these three components -- policy research and analysis, policy-making, and

policy implementation or intervention -- will be linked and pursued, and the entities to be involved in the three stages should be identified preliminarily.

d. Women and Institutional Support and Representation

Another factor affecting identification of entry points for potential POWER activities is the country's organizational framework. As described in Section II's country profile, the overall "space" for organizations is limited in Indonesia. The government has established nominally independent, but closely controlled, organizations in a wide variety of areas, including business and labor. In such areas, the government-authorized organizations are supposed to serve as the official, and only, voices in their respective areas. This situation pre-empts development of independent organizations that are able to challenge conventional thinking or represent underserved constituencies.

Nevertheless, small, independent non-governmental organizations have flourished at the local level. However, because of tight regulation and the perceived threat of punitive action by the government, such NGOs' activities are circumscribed. For instance, they cannot operate at the national level (which prevents, for instance, national flows of information, concerted nation-wide action on common concerns, etc.); they cannot raise funds through membership fees or collection of donations; and they must obtain government approval (often a difficult task) if they wish to receive funds directly from foreign donors. Despite these constraints, the team encountered many vibrant, committed NGOs. The existence of such entities, which have demonstrated technical capabilities and abilities to work within Indonesia's organizational "space", offers significant opportunities for POWER.

Accordingly, to build on the established foundation, the team recommends that, in general, POWER work with existing organizations rather than create new groups.¹ While numerous organizations already exist, they may -- given the context outlined above -- lack capacity, funding, or focus. Thus, POWER should work with organizations that exhibit commitment to improving women's economic participation, demonstrate strengths in one or two areas, but need improvement in other areas to achieve their goals.

e. USAID/Indonesia Initiatives in Support of Women

USAID/Indonesia's interest in POWER was generally high. Indeed, the mission already incorporates gender issues into all but one of its five strategic objectives and implements several projects, mainly in the Office of Civic and Community Participation, that target women or involve substantial numbers of women participants. However, as detailed in Section II and

¹ An exception to the generalization of working with existing organizations may be found in the area of small business, for which organizations appear lacking. However, the team has not identified as an entry point the development of an organization to represent small businesses owned by women because it was not possible to determine if such an organization is desired or necessary. Instead, the team has identified several related entry points that greatly affect women-owned small businesses and outlined possible interventions in these areas.

outlined in the entry points that follow, many additional issues related to women's participation in the economy remain unaddressed.

The potential for POWER to address such issues is bolstered by the strong base established by the mission. Over the past forty years, USAID has collaborated closely with and served as a key advisor to the Indonesian government regarding economic development policies. While its funding levels have declined recently and most likely will continue to decline, the USAID mission continues to enjoy strong relationships with its Indonesian counterparts and, as a result of its long history in Indonesia, commands influence beyond that which might be suggested by its budget levels. Accordingly, USAID/Indonesia is in a position to promote interest in and attention to issues, such as women's role in the economy, that may be otherwise overlooked.

As a result of the mission's interest, on-going initiatives, and established relationships in Indonesia, the team recommends that POWER work with USAID/Indonesia projects, as well as centrally-funded initiatives, to maximize financial and informational resources. As outlined in the entry points that follow, POWER's role can be to take complementary activities the "next step further" in incorporating women or addressing their specific requirements in order to participate.

B. ENTRY POINTS

The objectives of the POWER project as outlined in the concept paper are (i) to create an enabling environment for women's economic participation through development of laws, regulations, policies and institutions that encourage -- rather than restrict -- women's participation; and (ii) to strengthen women's access to skills, resources and information that will make them more competitive in a liberalized economy and, therefore, provide women greater choice in how and where to participate. In the Indonesian context, seven entry points emerged for achieving these objectives. These entry points include:

- Improving informational channels and resources regarding women's economic participation;
- Strengthening women's ability to access higher quality jobs;
- Promoting regularized worker-management labor relations;
- Improving access to financial services for women owners of small businesses;
- Alleviating regulatory obstacles to small businesses, particularly women-owned enterprises;
- Addressing *de facto* and *de jure* legal barriers to women's participation in the economy;

- Utilizing the strengths and alleviating the weaknesses of existing women-focused or business-oriented organizations.

The sections that follow will describe these entry points in more detail and present potential POWER activities, as identified in the field work. It is important to note that the interventions/approaches delineated under each entry point do not constitute the entire range of possible activities that POWER could undertake in support of women in the Indonesian economy. Rather, these interventions are those that, at this time, appear to be most in demand, most feasible, and likely to have the greatest impact on women's economic participation. Other interventions (some of which are listed, but not described in detail below) will require greater study of aspects such as local demand and vehicles, in order to better assess their potential as POWER activities.

Entry Point #1: Improving informational channels and resources regarding women's economic participation.

Background: The Indonesian government has developed relatively sophisticated information gathering and dissemination processes. However, as in many developing countries, data deficiencies -- particularly with regard to gender-disaggregation -- still exist. In some cases, BPS (*Biro Pusat Statistik*, or Central Bureau of Statistics) has collected important gender-disaggregated data, but not compiled, published, or analyzed the data. Other data simply have not been collected.

Purpose: The purpose of this entry point is to improve the information base regarding women's economic participation in key sub-sectors.

Approach: Many businesspeople and economists in Indonesia surmise that women comprise a majority or large proportion of workers in certain sub-sectors. However, gender-disaggregated data at the sub-sector level is scarce, though such information is critical to analyze the role of women in the labor force, to determine the factors that affect their labor force participation, and to design appropriate strategies and activities. Some data on employment, wages, and worker characteristics (such as age and education) at the sub-sector level may be available from SAKERNAS (the quarterly National Labor Force Survey) or from the census. If BPS (which conducts SAKERNAS and the census) already has collected such data, POWER could support efforts to analyze and disseminate the information, utilizing a combination of local university researchers and expatriate technical assistance. If such data has not already been collected, POWER could work with BPS to develop and include gender-specific questions in the quarterly survey. Alternatively, POWER could support a sample survey in, for instance, companies in rapidly-growing export manufacturing industries (such as textiles, garments, footwear, electronics, and toys) to develop a "snapshot" of the numbers of male and female workers and their wages, ages, and education levels.

In addition, POWER should encourage collection and analysis of data on women in the work force in an up-coming data gathering effort. Specifically, BPS soon will conduct an industrial

census, which generates extensive data on large-, medium-, small- and cottage manufacturing enterprises at the sub-sectoral level. This census will allow researchers to compare women's current participation in industry with their participation in 1986, when the last industrial census was conducted. Following completion of the industrial census, POWER might support collaborative Indonesian-U.S. research to analyze the changes in women's participation in manufacturing, to disseminate the results of this research, and to design appropriate strategies in "problem" areas.

Results: The results of such information gathering and analysis would be a more solid foundation from which a variety of entities could pursue targeted activities to strengthen women's participation in critical economic sectors and sub-sectors.

Entry Point #2: Strengthening women's ability to access higher quality jobs.

Background: Although educational levels in Indonesia have improved dramatically over the past twenty years, businesspeople consistently mention the lack of adequately skilled workers as a constraint to operations. For instance, at the professional and management levels, Indonesia's universities and business schools cannot produce enough graduates to keep up with the demands of the growing economy. At the other end of the spectrum -- unskilled workers -- businesspeople contend that primary schools are not providing adequate background for rudimentary tasks. At middle educational levels, e.g., semi-skilled workers, businesspeople remark that the plethora of government technical and vocational training institutes teach skills that have little relation to those needed by the private sector. Given this educational and training context, as women enter the work force in increasing numbers, lack of private sector oriented skills -- and lack of institutional resources to improve their skills -- may inhibit their access to higher quality jobs.

Purpose: The purpose of this entry point is to support efforts to improve women's access to training and education that will strengthen their economic participation.

Approach: While Indonesia still faces shortages of professionals, managers, and technicians, Indonesian universities and business schools are attempting to address these gaps. Moreover, it appears that educated women form a large proportion of students taking advantage of these opportunities to move into professional and managerial positions in the private sector. Thus, at this time the team does not propose any POWER initiatives at this level of skills training. By contrast, women's access to occupations that require vocational or technical training -- particularly training that is oriented towards private sector needs -- is more limited. Accordingly, POWER could encourage organizations such as KADIN (the Chamber of Commerce and Industry) -- which has advocated that the government permit private consortia to assume the training functions of various government training institutions -- to target women in such training efforts.

As a critical part of its national development efforts, Indonesia plans to complete its strategy to achieve universal graduation from primary education, to launch a program to work towards

university secondary education, and to improve educational quality, particularly at the primary level. These on-going efforts enjoy significant public and political support. Thus, to improve job opportunities for low-skilled and less-educated women workers, POWER could add or expand the gender "angle" of current efforts and plans. Specifically, POWER could examine the barriers to girls' enrollment and graduation at both the primary and secondary levels and develop strategies to alleviate these barriers. In addition, POWER could analyze constraints to girls' participation in vocational (rather than general) courses at the secondary level and design means to address such constraints. Finally, to improve educational quality (which will be pursued through up-grading skills of primary school teachers, who are mainly women), POWER could examine training plans with the objective of ensuring that the plans consider women teachers' dual roles and that plans for skills upgrading accommodate these roles. If necessary, POWER could then recommend alternative strategies to provide re-training in a manner that will reach women teachers.

Results: The approaches outlined above would enable women to obtain skills needed by the private sector, to upgrade girls' overall educational levels, and to improve women teachers' skills.

Entry Point #3: Promoting regularized worker-management labor relations.

Background: Worker-management relations in Indonesia are often tense. Workers are supposed to be represented by the single government approved union (SPSI), but SPSI leaders include prominent industrialists, military leaders (who frequently have significant business interests), and few labor leaders of the type that head U.S. or European unions. This situation often leaves workers without means to engage in constructive dialogue with employers regarding issues such as wages, contracts, benefits, and occupational health and safety. As a result, Indonesia has witnessed increasing incidents of (sometimes violent) strikes or protests; although strikes are normally the last step in the process of labor-management negotiation, in Indonesia they may be the only step available to workers. These strikes and protests often occur as a result of employers' failure to comply with minimum wages, particularly after the government raises the minimum wage. Continued strikes, many of which involve women working in export-oriented companies, threaten continued economic growth and stability, an outcome that would be negative for all.

Purpose: The purpose of this entry point is to support the efforts of labor-oriented NGOs to teach workers cooperative negotiations skills, provide workers with information regarding their legal rights, and explain areas of mutual interest and the importance of minimizing confrontational tactics.²

² Ideally, POWER would also work with employers on the same issues. However, the team did not encounter a group that appeared receptive to introducing this type of approach to employers. The possibility of working with members of KADIN, such as the manufacturers' association, might deserve further investigation.

Approach: USAID/Indonesia currently works on labor issues through two main vehicles: the Strengthening Democratic Initiatives (SDI) project (which supports NGOs focusing on labor rights, including those of women) and the Asian-American Free Labor Institute (AAFLI) projects (for which SPSI is the only counterpart allowed by the Indonesian government). POWER could assist organizations not covered by SDI or AAFLI to continue on-going efforts to inform workers of their legal rights, train them in negotiation skills, and help them organize solidarity groups that can negotiate with employers. One such organization is *Yayasan Anissa Swasti*, YASANTI, which works primarily with women workers in Central Java and Yogyakarta. In particular, POWER could support, with finance and technical assistance, YASANTI efforts to organize training for like-minded, but smaller or less skilled, organizations in order to disseminate the effective techniques it has developed. POWER could also assist YASANTI to introduce to workers important non-wage means of improving job quality (such as better sanitation and eating facilities, additional training, etc.).

Results: In the immediate term, the results of this approach would be better informed and organized workers capable of engaging in non-confrontational discussions and negotiations with employers. In the longer term, such activities would contribute to greater labor stability and thus enhance economic growth.

Entry Point #4: Improving access to financial services for women owners of small businesses.

Background: As will be described in the detailed country analysis that follows, small-scale entrepreneurs in Indonesia face constraints to obtaining financial services. Many of the constraints faced by women owners of small businesses are similar to those faced by men: a banking system that is unfamiliar with lending to small-scale businesses; lack of credit history; and inability to comply with the formal banking sector's application requirements, such as financial statements and business plans or projections. In addition, businesswomen face difficulties not faced by their male counterparts, including, for example, the need for a husband's co-signature even for if the husband is not involved in the business, lack of collateral (because land titles are often held by the male head of household, even though legally women can own property), and socio-cultural constraints such as lower levels of education (which make it more difficult to comply with the loan application process).

In addition to these constraints, small-scale businesses face a gap in financing between the microenterprise and the medium- and large-scale enterprise levels; that is, small scale enterprises face a critical lack of finance. As detailed in Section II, Part C, Indonesia has developed microenterprise finance programs that have reached literally millions of borrowers (and savers) throughout the country. At the other end of the lending spectrum, funds for medium- and large-scale businesses are available through the private and state banking systems. Small-scale businesses appear to be "caught" in between. On one hand, microenterprise lending programs have lending limits (or historical average loan amounts) that are lower than typically needed by small businesses. On the other hand, due to the diseconomies of scale related to handling numerous small loans versus fewer larger loans, private and state banks are unwilling to extend

loans less than \$50,000, which is usually greater than that needed by small-scale businesses. This situation stymies existing small-scale businesses and may hinder microenterprises from graduating to higher levels of productivity and profitability. Women may be particularly affected by the gap in financing because they are reportedly concentrated at the micro- and small-enterprise levels.

Purpose: The purpose of this entry point is to increase women's access to financial services. To do so, the interventions described below will focus primarily (though not exclusively) on the supply side of the financial equation, i.e., on the availability of finance for small enterprises and on the willingness of the formal private sector to direct loans to such entities.

Approach: The team recommends that POWER work in cooperation with existing financial services initiatives, such as the USAID/Washington Micro- and Small-Enterprise Development (MSED) program (in which several Indonesian banks currently participate) and through follow-on efforts related to the former USAID/Indonesia Financial Institutions Development II (FID II) project.

Specifically, POWER could work with the private Indonesian banks currently participating in the MSED program. The MSED program provides guarantees to private banks in order to encourage lending to micro- and small-enterprises. Because the program is managed from Washington, USAID/Indonesia's role consists of backstopping USAID/Washington personnel and contractors during compliance visits to the banks and of serving as the liaison between the banks and USAID/Washington, particularly with regard to reporting requirements. One USAID employee suggested that an on-the-ground presence within USAID/Indonesia would help to encourage banks not only to target women for lending within the portfolio guarantees but also to expand lending to smaller enterprises. (Loans by Indonesian banks under MSED have averaged between \$75,000 and \$95,000 during the past five years).

POWER could build on MSED efforts by helping banks identify and target women owners of small businesses and perhaps working with borrowers to improve their loan application materials. Currently banks do not have time and resources to search out potential small business clients on their own; rather, they accept the MSED facility and apply it to those qualified borrowers who hear of the program or approach the bank without knowledge of the program. On-the-ground support via POWER combined with the existing MSED program could encourage banks presently participating in the program to more actively seek female small business clients and to identify additional private banks that view lending to small businesses as a potential niche client group in the increasingly competitive private banking system.

Another approach to addressing the lack of finance for small businesses (and, thus, many women-owned businesses) is collaboration with the *Bank Rakyat Indonesia (BRI) Unit Desa* Program (People's Bank of Indonesia Village Unit Program), which USAID/Indonesia assisted through its Financial Institutions Development II (FID II) project until January 1995. The *BRI Unit Desa* program supports financial services for microenterprises. Although USAID/Indonesia assistance has ended, POWER could work with BRI to use the lending program to target

microenterprises that are ready to graduate to the small business level. Given that BRI's upper lending limit is \$12,170, the program already extends into lending levels that would be appropriate for some small enterprises. However, the fact that its average loan size is \$636 raises a number of questions regarding the feasibility of incorporating small business lending into the BRI program. On the demand side, and most broadly, what does the average loan size imply about the demand for small business loans? Can the average loan size be explained by the way the program is targeted or marketed? On the supply side, could the loan appraisal techniques currently utilized by BRI staff be modified to fit the risk of larger loan sizes? While these and other questions would need to be resolved, the existing program may provide an entry point for encouraging graduation of microenterprises.

Results: Through these two approaches, POWER would build on existing resources to: (i) address the apparent gap in lending between \$5,000 and \$50,000; and (ii) to provide an incentive (i.e., continued access to finance) for microenterprises to graduate beyond the micro level.

Entry Point #5: Alleviating regulatory obstacles to small businesses, particularly women-owned enterprises.

Background: Though deregulation and simplification efforts have begun, such efforts have been directed primarily toward trade- and export-related procedures, rather than regulatory processes for the domestic economy. Accordingly, a complex, opaque regulatory environment continues to plague most business operations in Indonesia. The complexity and lack of clarity burdens both government officials involved in the regulatory process (because they must respond to numerous, repetitive questions from businesspeople) and businesspeople (because of the time and expense involved in interacting with numerous government offices). It may also open opportunities for corruption.

As outlined in Section II, Part C, such obstacles confront all businesspeople, both female and male, as they attempt to formally register their businesses. These informal costs particularly affect small businesses because such enterprises generally have less capital than larger businesses. Moreover, according to interviewees, businesswomen face greater obstacles in the business registration process than do businessmen, mainly because men typically interact with the "outside" world, including government officials, more than women, whose role in economic activities traditionally has been less public.

Purpose: The purpose of this entry point is to streamline the business registration process and support efforts to publicize the reformed procedures, with particular emphasis on information media that reach women.

Approach: As described in Section II's "mission context", USAID/Indonesia already conducts activities that support NGO interventions in the regulatory arena, though not specifically in regulations governing businesses. For instance, USAID/Indonesia currently supports NGO activities to make public instances of corruption, abuse of power and collusion -- some of the obstacles encountered by owners of small businesses as they attempt to formalize their

enterprises. As a follow-on or parallel activity to identifying instances of corruption, abuse of power and collusion in the business registration process, POWER could work at the local level (preferably with an established NGO) to identify the multitude of steps legally required to register a business and the points at which corruption impedes the formal process. Subsequently, POWER could support development of a streamlined, more transparent business registration system and efforts to disseminate widely information on the new procedures in media that reaches women.

POWER could also work with existing media efforts directed towards small businesses, such as the television series developed by the *Institut Pendidikan dan Pembinaan Manajemen* (Institute for Management Education and Development), described in Section II, Part C; as noted in that section, this television series has proven to attract a wide female audience. For instance, POWER could develop standard or tailored "pieces" that could be inserted into television, radio or print media efforts concerning small businesses.³

Results: The results of this activity would be a more welcoming regulatory environment for small businesses -- owned by both men and women -- and increased knowledge among women regarding the steps necessary to establish a business.

Entry Point #6: Addressing *de facto* and *de jure* legal barriers to women's participation in the economy.

Background: The formal legal situation of women in Indonesia is relatively good. However, as in many countries, application and enforcement of existing laws is poor, dissemination of information regarding laws or conventions affecting women is insufficient, and *adat* (customary law based on religious principles) coexists with and often is used to override statutory law, even though the latter legally should prevail in the event of conflict between the two systems. In addition, as will be described in Section II, Part C, the Marriage Law of 1974 assigns gender-based roles within the household and thereby presents not only the most important *de jure* barrier to women's economic participation but also significant *de facto* barriers because the principle the law establishes is reiterated and amplified in other government policies and programs. The marriage law's stipulation affects women economically (by lessening their control over income and property) as well as socially (by establishing a formal cultural standard of conduct).

On the other hand, the fact that Indonesia is a signatory of the Committee on Elimination of Discrimination Against Women (CEDAW) Convention offers an opportunity to improve women's legal status. However, legal issues, particularly regarding women, are sensitive because they can involve confrontation with long-standing cultural norms and/or policies and practices established at the highest levels of government and society. Accordingly, the

³ Similar media efforts could also be undertaken with regard to increasing access of small businesses to financial services, as described in the previous entry point.

approaches outlined below expand upon existing or planned local NGO efforts to address legal issues affecting women's economic rights.

Purpose: Activities under this entry point will take advantage of local NGO's current efforts to amend the marriage law and of the opportunity provided by Indonesia's signing of the CEDAW convention.

Approach: One local organization, *Solidaritas Perempuan* (Solidarity for Women's Rights), focuses primarily on the economic barriers constructed by in the marriage law. POWER support to this relatively new group could include, for instance: technical assistance in developing the case for changing the marriage law and for designing strategies to encourage the government to do so; partnering with relevant regional or U.S. organizations (such as the Asia and Pacific Women, Law and Development Organization in Kuala Lumpur) that have experience with gender-based economic and legal rights issues and campaigns; and development of outreach and information dissemination efforts to reach a broad audience.

Following Indonesia's signing of the CEDAW Convention, a group of university professors, researchers, and NGO members (among others) formed a CEDAW Convention Watch Working Group. The working group's initial activity was to develop booklets describing the convention and its relation to women. POWER could build on this effort by providing assistance in disseminating this information booklet. Likewise, POWER might provide assistance in advocacy techniques to bolster the working group's interaction with policy-making bodies, to which it has access due to the prominence of its members.

Results: The result of this approach would be heightened awareness among the public and government of the role of law as both a constraining and promoting factor in women's economic participation.

Entry Point #7: Utilizing the strengths and alleviating the weaknesses of existing women-focused or business-oriented organizations.

Background: Although their "space" for activity is constrained by the government, Indonesian organizations address a broad array of issues, some of which intersect directly with POWER focuses. In the team's view, the institutions offering the closest match to POWER's objectives and the greatest potential for influencing women's economic rights and participation lie primarily (but not exclusively) outside of the government system. Some of the stronger, more established institutions provide excellent opportunities to utilize indigenous resources and strategies in order to strengthen emerging organizations that focus on similar issues. Other institutions could benefit from linkages with comparable overseas organizations. Examples utilizing both approaches are provided below.

Purpose: The purpose of this entry point is to upgrade the capacity of existing Indonesian organizations to address successfully the gender-related issues the organizations have chosen as their emphasis.

Approach: A potentially important resource for introducing creative, analytical approaches to addressing women's economic issues is the network of Women's Studies Centers established by the Ministry for the Role of Women and located in each province. These Women's Studies Centers are mandated to: engage in policy research, analysis, and dialogue on issues that affect women; work with local and provincial government development planning entities; and conduct training on gender issues. Although they vary greatly, the Women's Studies Centers often are under-funded, under-staffed, lack research and analysis capabilities to respond to government inquiries and requests for information, and lack skills in communicating women's concerns to policy-makers and the general public. While it would be difficult for POWER to address directly overall funding and staffing issues, POWER could play a key role in strengthening the technical capacity and communications techniques of selected Women's Studies Centers.

With regard to research and analytical capacity, POWER could link selected centers with U.S. or third country university departments that focus on women's work force issues. Likewise, POWER could support training of center staff by Indonesian university departments that teach and research related areas such as economics or business management. In order to improve the caliber of dialogue and develop a "common language" between the centers and their respective local or provincial governments, POWER could introduce the centers to policy-oriented institutions in the United States or third countries, such as public policy schools, selected "think tanks", private research organizations, or government research organizations (such as the General Accounting Office, the Congressional Research Service, or the Congressional Budget Office). Alternatively (or additionally), POWER could link the Women's Studies Centers with local organizations that have developed advocacy and dialogue techniques that have proven effective in interacting with the government. One such indigenous organizations is *Yayasan Lembaga Konsumen Indonesia* (Indonesia Consumers' Association), a consumer advocacy NGO that has influenced national government policies on a number of issues.

In a very different arena, USAID/Indonesia's Enterprise and Trade Development Project, implemented through the National Cooperative Business Association (NCBA) and its for-profit subsidiary, Cooperative Business International (CBI), offers a possible framework for developing profitable, agriculture- or natural resource-based businesses in rural areas, where the majority of Indonesia's population lives. Such activities offer the potential for improving rural women's economic opportunities, although the NCBA/CBI project does not provide a complete "model" in that it did not highlight women's roles. Nevertheless, the cooperatives assisted by NCBA/CBI are unique repositories of skills and contacts related to developing profitable small- and medium-sized businesses (mainly in agribusiness and craft production) that produce for both the domestic and international markets. The team recommends that this established source of information be "tapped" by less market-familiar organizations that also aim to assist rural families, particularly women, to develop higher value-added products. One method for doing so would be to support internships or exchanges among such organizations to disseminate the entrepreneurial approach and underlying financial, legal, technological, and market expertise developed by NCBA/CBI-assisted cooperatives.

Results: The two above-mentioned activities would result in: augmented capacity of Women's Studies Centers to introduce gender issues into and influence the outcome of provincial and local public policy debates and decisions on matters that affect women's economic participation; and improved access of rural women to ideas and technology that enhance the marketability of locally-produced goods and thus improve women's incomes. The types of linkages established within these two scenarios could also be adopted to assist other local organizations.

SECTION II
COUNTRY ANALYSIS

A. RECENT TRENDS AND DEVELOPMENTS AFFECTING WOMEN'S ECONOMIC PARTICIPATION

1. The Country Context

a. Economic Profile⁴

In the early 1960s, Indonesia was one of the poorest countries in the world, and Indonesian economic growth was stagnant. Since 1966, Indonesia has made impressive economic progress. Per capita GDP has grown almost as fast as in the rapidly growing countries of East Asia -- an average annual rate of 4.5%, compared to 5.5% in East Asia. As a result, per capita GDP increased from \$50 in 1967 to \$730 today. Whereas 60% of the population (approximately 70 million people) lived in absolute poverty in 1970, today only 14% do (approximately 27 million people). The country's growth record has been matched by similar improvements in the quality of life: a dramatic increase in life expectancy, halving of the infant mortality rate, and nearly universal primary school enrollment.

Indonesian history since Independence has two major periods -- the "Old Order" (1948-65) under President Sukarno and the "New Order" (since 1967) under President Suharto. The Sukarno government implemented a number of inward-looking economic policies (such as government control of the financial sector, extensive licensing requirements, nationalization of businesses, and establishment of state enterprises, among others) in the early 1960s, provoking stagnant economic growth, high inflation and debt service requirements, and dwindling foreign exchange.

The "New Order" (which followed a violent abortive coup in 1965) can be divided into three sub-periods: the initial years (1967 to 1973); the oil boom years (1973 to 1982); and the adjustment period or non-oil export boom (1982 to 1993). The initial years of the New Order saw macroeconomic stability restored, aided by the 1967 "balanced budget" law, which prohibited domestic financing of budget deficits. The government sharply curtailed monetary growth (lowering the inflation rate to under 20% by 1969), allowed the exchange rate to depreciate (enabling a revival of export growth), liberalized the trade and external payments regimes, and took a more favorable view of private investment.

During the oil and commodity boom of the 1970s, Indonesia enjoyed significant earnings, enabling the government to intensify its development efforts. Compared with other oil-exporting developing nations, Indonesia used its enhanced revenues wisely (World Bank, 1993a, p. 137), investing heavily in physical infrastructure and human capital development. Resources were channelled into rural infrastructure, which contributed significantly to the tremendous growth in agricultural productivity, and into expanding education, health services and family planning. The government also transferred regional development funds to the Outer Islands. These investments were instrumental to Indonesia's success in reducing the incidence of poverty.

⁴ This section draws heavily on Bhattacharya and Pangestu (1993) and the USAID/Indonesia Country Program Strategy (1994).

Rapid growth during the 1970s, however, obscured the need to pursue market-oriented economic policies, and throughout the 1970s the state came to play an increasingly dominant role in the economy. The trade regime turned inward and restrictions were placed on foreign investment which reduced overall economic efficiency. Indonesia's over-reliance on oil earnings became a liability when the oil boom ended in the early 1980s. In addition to a drop in oil and other commodity prices, world interest rates also rose. These external shocks led to a sharp reduction in exports and fiscal revenues and corresponding external and budgetary imbalances.

From a macroeconomic perspective, the Suharto government responded quickly and effectively to these external shocks. The government quickly restored macroeconomic stability by cutting fiscal expenditures, launching tax and customs reforms to restore revenues over the medium term, and in 1983 took important steps to deregulate the financial sector by freeing up interest rates. By 1985, these policies brought down the current account deficit and reduced the country's dependence on oil exports. Throughout the period, the government continued to pursue its long-term development objectives, protecting human capital expenditures even as the investment budget was cut in real terms. On the downside, the government made trade and investment policies even more inward looking and subject to government control during 1982-85.

After the even sharper decline in oil prices in 1986, combined with increasing debt (due to appreciation of the yen with respect to the dollar, since much of Indonesia's foreign debt was denominated in yen), the government had to implement a second round of stabilization measures. More importantly, the government became convinced, as it had in the early years of the New Order during the late 1960s, that liberalization of trade and investment were necessary in order to ignite a new phase of growth based on non-oil exports. At first, the trade and investment deregulation was cautious. However, in 1988, trade and investment deregulation accelerated, and was accompanied by a more thorough financial sector deregulation (a necessary step toward attracting new investment in non-oil export manufacturing enterprises). Also during the late 1980s, Indonesia received foreign capital from Japan and the Asian "tigers", which were looking for sources of cheaper labor to produce labor-intensive textile and other export goods.

Entering the mid-1990s, important imbalances persist. However, today's imbalances derive from problems of managing an increasingly complex and dynamic private sector rather than those associated with the government-dominated economy based on oil/gas, as was the case in the 1970s, or one mired in recession as in the 1980s. The government now must refine its macroeconomic management policies to cope with surging private sector investment and consumer demand and with the greater volatility of a deregulated financial system. Most disturbing, however, is the decline of non-oil export growth over the past two years: non-oil/gas export growth fell from 28% in 1992 to 16% in 1993 (Pangestu and Azis, 1994). Incomplete data through September indicate near zero growth in non-oil exports for the first nine months of 1994. Within manufactured exports, the textile and garment industry experienced 2% growth, down from over 30% in previous years (textiles account for nearly one-third of manufactured exports), but other manufactured exports continued to perform well.

Although world demand for Indonesian exports may explain part of the decline in growth, a more important cause is the decline in export-related investment since 1991. However, other factors may have contributed to the decline in investment climate, e.g., more problems in using the already-complicated duty drawback mechanism and some retrogression in the 1993 investment deregulation package. Other factors may continue to restrain non-oil export growth, such as the creeping appreciation of the real exchange rate since 1992 and repeated increases in the minimum wage. As a result, investors may increasingly be turning to lower-cost labor economies such as China. For textiles and garments, the main problem has been sharply declining prices for exporters at the low end of the market. Those at the high end say they can still compete, but that their main problems are related to the trade bureaucracy, which can add 25% to firms' overhead (Pangestu and Azis, 1994, p. 20).

To summarize, major structural transformations from 1960 to 1993 included the following:

- Trade (the sum of exports and imports) now exceeds 50% of GDP, up from 14% in 1965. This increasing openness was initially spurred by the liberalization of economic policy in the late 1960s, strengthened by the oil and commodity boom of the 1970s and, more recently, by the non-oil export boom.
- Investment and savings rates have increased steadily, reaching extraordinarily high rates in 1980, near the end of the oil boom, but since then have declined to more moderate rates.
- As is typical during a period of rapid economic growth, agriculture declined dramatically as a share of GDP -- to 40% of its 1965 share. Oil and mining dominated during the 1970s, with manufacturing emerging as the most dynamic sector since the early 1980s.
- The sharp decline in oil prices during the 1980s, along with negligible growth in output, has led to a sharp decline in the importance of oil as a source of foreign exchange earnings and fiscal revenue. These trends were aided by tax reform in the early 1980s and non-oil export growth in later years of the decade.
- Following the reforms of the 1980s, the private sector has begun to play an increasingly important role in the economy: the private sector's share of total investment has increased, as has its share of total external borrowing, and the private sector is estimated to have contributed almost three-fourths of overall growth since 1983.
- External debt was significantly reduced between 1965 and 1980, with large oil exports during the 1970s making foreign borrowing unnecessary. Heavier borrowing in the 1980s, in response to falling oil exports, was compounded by appreciation of the yen which raised the dollar value of Indonesia's yen-denominated debt. The external debt burden has reached worrisome levels in the 1990s, although most of the debt is owed by

the private sector. Indonesia is now among the five largest developing country borrowers in the world. These major structural changes in the economy are mirrored in the growth rates in the table below.

TABLE II-1: GROWTH TRENDS IN KEY ECONOMIC AGGREGATES
(real growth, in percent per annum)

	1960-67	1967-73	1973-81	1982-88	1988-93
GDP	1.7	7.9	7.5	3.3	6.8
Per Capita GDP	-0.5	5.5	5.2	1.3	5.0
Non-Oil GDP	1.7	7.3	8.0	4.3	7.0
Agriculture	1.6	4.1	3.4	2.9	3.1
Manufacturing	1.0	9.5	14.1	5.2	10.4
Services	2.0	9.0	10.0	5.0	7.3
Fixed Investment	1.1	23.5	11.7	-0.5	8.8
Public	--	--	11.0	-2.0	9.9
Private	--	--	12.3	0.7	8.1
Non-Oil Exports	2.1	25.6	0.0	7.6	17.6

Sources: Central Bureau of Statistics (BPS) and World Bank Staff Estimates.
World Bank, Trends in Developing Economies.
World Bank, World Tables.
World Bank, Indonesia Sustaining Development, Report no. 11737-IND, May 25, 1993.
IMF, Government Financial Statistics.
IMF, "Fiscal Adjustment in an Oil-Exporting Country: The Case of Indonesia," PPAA/94/21.

Within this macroeconomic context, the government's regional development policy has become increasingly oriented toward addressing regional income disparities, especially as they relate to the eastern islands where the poorest provinces are located. Though official Bureau of Statistics figure for 1993 show a country-wide incidence of poverty slightly under 14%, the incidence of poverty varies widely among provinces -- with the lowest incidence of poverty at 6% in Jakarta and the highest at 36% in East Timor (Pangestu and Azis, 1994, p. 33). The incidence of poverty in other provinces ranges between 9-12% for Sulawesi and Bali, 12-16% for Java (excluding Jakarta), 11-15% on Sumatra, and 19-25% in the eastern islands. Since the early 1980s income inequality has changed little at the national level. Nor have regional income disparities worsened, although the differences in per capita income between provinces remain large -- a factor of six between East Timor and East Kalimantan.

b. Political and Administrative Profile⁵

• Political Structure

In principle, Indonesia's political structure is democratic. The Constitution of 1945, which formally governs the political process, holds the president accountable to an elected parliament. In practice, President Suharto, Indonesia's leader for over twenty-five years, dominates the country's political structure, in conjunction with the military. Since assuming power in 1967, President Suharto has developed a system called *pancasila* democracy, which in practice differs significantly from democracy as commonly defined in liberal or Western terminology.

Pancasila democracy is based on the five philosophical tenets established at independence as the foundation for an independent and unified republic: belief in God, humanitarianism, nationalism, democracy and social justice. While *pancasila* in theory provides a broad framework for a participatory political system, in practical terms *pancasila* is firmly associated with the government of Suharto (and how it operates) rather than a clear, transferrable "blueprint" for government by any other individual or group. Thus, the requirement that "all political parties and mass organizations must acknowledge *pancasila* as their sole ideology ... [precludes] the possibility of a 'loyal opposition'" (EIU, 1993, p. 6) and limits discourse to implicitly prescribed boundaries.

Pancasila democracy depends on several key organizations, the most important of which is the military. The military, which has been a key political force since independence, is present at all levels of the political system, ranging from parliament to sub-district and municipal governments. President Suharto "employs [the military] ... to coerce actual and potential political opponents" (USAID, 1994 [draft], p. 4); in return, the armed forces receive "high social status and easy access to economic resources" (USAID, 1994 [draft], p. 14). In addition to working with the military, Suharto has also developed civilian bases of support, including "technocrats" within the government bureaucracy, the wealthy owners of business conglomerates, and some state enterprises that benefit from regulatory or other protection. As implied by the military's access to economic resources and the involvement of wealthy businesspeople, President Suharto's strategy meshes the political with the economic.

Indonesia has two national-level legislative bodies -- the House of Representatives (*Dewan Perwakilan Rakyat*, or DPR) and the People's Consultative Assembly (*Majelis Permusyawaratan Rakyat*, or MPR). Consisting of 500 members (400 of whom are elected every five years under a system of proportional representation and 100 of whom are military officers appointed to the body), the DPR is mandated to serve as the working level legislative body, analogous to the parliament in western democratic terminology. As such, the DPR approves and enacts legislation which is developed by the sectoral ministries; the DPR has never initiated its own

⁵ This section draws heavily on the "Indonesia Democracy Assessment," USAID/Indonesia, November 1994 (draft).

legislation. The MPR consists of 1,000 members, including the 500 DPR members plus 500 individuals appointed by the government, some from the three political parties (described below) in proportion to the results of general elections and some from the armed forces and provincial governments. Meeting every five years (following the general elections), the MPR formally elects the president and vice president and approves guidelines for state policy for the next five year period.

The Indonesian government permits three political groups: *Golongan Karya*, GOLKAR (Functional Groups); *Partai Persatuan Pembangunan*, PPP (Development Unity Party); and *Partai Demokrasi Indonesia*, PDI (Indonesian Democracy Party). Technically not a political party but a "political organization representing the interests of the whole people, ... GOLKAR is the partisan political face of the military and the civilian bureaucracy" (USAID, 1994 [draft], p. 6). Closely controlled by President Suharto, GOLKAR in turn manages and monitors political processes through its officials, who are present even at the village level. Though officially independent, the PPP and PDI were crafted by the government, with the former uniting four Islamic parties and the latter joining five nationalist and Christian parties. While the two parties exhibit some democratic and independent characteristics, both depend on government funds, allow their leaders to be screened by the government, and operate only above the district level.

- Administrative Structure

In addition to its influence on the political realm, *pancasila* democracy has entailed development of an administrative structure that closely regulates and confines economic and social activities. It is this aspect of Indonesia's political structure that most affects the economy, businesses, associations, and the relationship of all three to women. The reach of government is particularly apparent with respect to voluntary organizations, professional associations and interest groups, which in Indonesia often have been initiated from the "top" (the government) rather than from the "bottom" (practicing professionals, concerned individuals, etc). As a result, groups that in other countries often are independently organized -- such as business, labor, farmers, students, women, journalists, and lawyers -- have been organized, and in some cases (such as the chamber of commerce) legislatively mandated, by the Indonesian government.⁶ Only government-sponsored organizations in such areas can operate nationally. Thus, any alternative, locally-based group dealing with the issues or constituencies similar to those of a government-inspired organization are considered by the state to be, at best, redundant, or, at worst, suspect.⁷ Nevertheless, independent NGOs have proliferated in Indonesia -- but they cannot operate nationally and they face restrictions or monitoring of their activities.

⁶ Such groups are often termed, derogatorily and with deliberate irony, government-organized non-government organizations (GONGOS).

⁷ Alternative organizations would be considered suspect because the government-sponsored group by definition supports the principles of *pancasila*; any alternative group, by contrast, must have other goals and motives.

In a less formal manner, the administrative structure affects the private sector and, correspondingly, women in the private sector. Specifically, the largest and most lucrative business activities are said to be jointly controlled by the military, wealthy businesspeople (especially Sino-Indonesian), and the President's family, all of whom are seen to be profiting handsomely from the current political-economic-administrative structure. While the President firmly rejects such assertions, particularly regarding profit-seeking by his family, international and domestic observers routinely link large private ventures to the various military or business associates and/or to relatives of the President.⁸

c. Legal System

• Overview

Probably more than the legislative branch of government, the judicial system has been neglected under the Suharto government. In general, the legal and judicial systems are perceived as complex, confusing, and corrupt. The system is complex because it involves four kinds of courts: military; religious; civil and criminal; and administrative. Where a particular case falls is open to interpretation; thus, a plaintiff or a defendant can press for a case to be held in the court where the laws (or traditions) are perceived to be more favorable.

The system is confusing because of the lack of available information regarding the laws themselves. For instance, with regard to commercial laws, the World Bank reports, "inadequate legal information raises barriers for private businesses (especially small businesses less able to pay for a costly private search for legal information). Even experienced lawyers spend costly hours trying to unravel or assimilate details ..." (World Bank, 1991, p. 70). Adding to the confusion is the fact that in civil matters, different laws apply to different groups because the government formally recognizes customary law (*adat*) and Islamic law as part of the legal system. In theory, customary law and religious law are invoked only where they do not conflict with constitutional principles; in practice, however, judges, plaintiffs and defendants may not be familiar enough with constitutional principles to use them to override customary or Islamic laws.

However, even if one knows the laws, it is not certain that they will be implemented or enforced. As Daniel S. Lev states, "not only is corruption in [the judicial system] widespread and deeply ingrained, but the judicial process is long and expensive, and decisions are hard to execute, easy to evade, and lacking in authority" (Lev, as quoted in USAID, 1994 [draft], p. 13). Nevertheless, the government finds itself under some degree of pressure to improve the judicial system -- if only because the current situation may deter foreign investment -- and the most recent five year development plan included (for the first time) a section on law.

⁸ For instance, the Wall Street Journal, describing the last-minute financing obtained for a \$2.5 billion private power project, noted that the head of the Indonesian company involved in the venture is "Hashim Djojohadikusumo ... whose brother is an army colonel married to Mr. Suharto's daughter" (Borsuk, 1995, p. 2).

29

- Legal Status of Women

On paper, Indonesian women enjoy relatively high legal status: the Constitution of 1945 sets forth the principle of equality of men and women; and in 1984, Indonesia ratified the convention of the Committee on Eradication of Discrimination against Women (CEDAW). The Marriage Law of 1974 also affords women some benefit in that it codifies their status as adults (previously women were considered minors), and thereby legally permits women to own property, sign contracts, etc. Nevertheless, the marriage law, along with gender-specific labor legislation, also define what are often termed "the special rights and duties of women" (KADIN, 1994, p. 163). The "special rights," enshrined in labor legislation, include protective legislation, such as regulations regarding night work and hazardous occupations, and legislation based on biological functions, such as maternity leave, nursing leave and menstrual leave. Specifically, women are entitled to three months paid maternity leave, one hour per day for nursing leave, and two days per month for menstrual leave, and are prohibited from working from 6 p.m. to 6 a.m. without permission of the Ministry of Manpower, and from working in mines. However, many of these "special rights" can be circumvented merely by hiring women on a daily basis without a contract. The laws thus may provide employers incentive to employers to hire women on a casual basis.

The "special duties," contained in the marriage law and echoed throughout government policies and practices, demonstrate how tradition interacts with codified "equality" in the area of women's status. Specifically, the marriage law defines the husband as head of the household and the wife as keeper of the household; that is, the husband is responsible for decision-making and (primary) income generation, while the wife is responsible for managing the household, including care of its inhabitants, management of its finances, and contribution to its income. The marriage law's emphasis on women's domestic role is repeated and indeed intensified in other government policies. For instance, "the government guidelines on family policy emphasize the important role of women in bringing up the next generation, and underline the fact that women must reconcile their economic and social activities outside the house with their overriding duties as wife and mother" (KADIN, 1994, p. 171).

In addition to government guidelines that subvert statutory principles of equality, the rights women legally enjoy often are not enforced or implemented and are not understood or known by either women or officials of the legal system. For example, the marriage law specifies that women are entitled to inherit equal shares of land; in practice, these rights may be overridden. A similar gap between law and practice arises regarding property brought into a marriage. Legally, property brought into a marriage by either party remains that person's property; in practice, control of the property may be assumed by the husband, due to his role as head of the household. Property acquired during marriage is, by law, to be shared equally. However, protection of these rights, and women's own efforts to pursue their rights, are strongly affected by the state of the judicial system, particularly the lack of knowledge of the law (even by court officials), uneven application of the law (even when the laws are known), and corruption.

d. Demographic and Social Profile

- Population Growth

Indonesia had a total population of approximately 200 million today, making it the fifth most populated country in the world. The annual rate of population growth reached a peak of 2.4% during the 1970s, but declined to 1.8% during 1985-90 and now stands at 1.6%. Three socio-economic developments since the late 1960s account for the decline in fertility underlying these population growth figures: rapid economic growth, rapid expansion of girls' primary education, and expansion of family planning services. Females account for 13% of all heads of household in both urban and rural areas.

The decline in population growth rates have important implications for a stable school-age population through the first few decades of the next century, and a declining growth rate of the working-age population starting around the year 2000. Nevertheless, the labor force growth rate will continue to exceed the rate of population growth into the middle of the next century; the population "bubble" of men and women must pass through the working years, and female labor force participation rates for women over 25 continue to rise.

- Religious and Ethnic Factors

With 156 million Muslims recorded in the 1990 Census (87% of the total population), Indonesia has the largest Muslim population in the world. Indonesia's religious minorities include Christians (3.6% of the population professes Catholicism and 5.5% consider themselves Protestants or other Christians), Hindus (less than 2%), and Buddhists (slightly over 1%). Christians predominate in Sulawesi and Hindus in Bali.

The Indonesian population is diverse ethnically. Although Malays constitute the major ethnic group, over 300 separate ethnic groups and 250 distinct languages exist throughout the archipelago. BPS (the Central Bureau of Statistics) does not include a question regarding ethnicity on its census questionnaires, so precise categorizations are not available.

- Regional Distribution of Population

Sixty percent of Indonesians live on Java (a proportion that represents a decline since 1900, when an estimated 70% of the population lived on the island). Through continuing transmigration programs, the government has encouraged redistribution of the population from Java to other islands. Nevertheless, migration to Java increased dramatically during the 1980s due to the rapid growth of the non-oil sector since 1982 and its concentration on Java. As a result, net outward migration from Java is becoming negligible.

The changing demographic pattern within Java is also noteworthy. Although Java's share of total population has been falling, West Java's share has been increasing while Central and East Java (along with Bali, just off the East Java coast) have posted the slowest population growth

rates among all Indonesian provinces. Again, this is due to the dynamic economic growth of the greater Jakarta metropolitan area.

- Migration and Immigration

The official count of overseas migrants has increased dramatically through the early 1990s, to 150,000 in 1993. The majority of overseas migrants are women providing maid service in Saudi Arabia. The flow of expatriate workers into Indonesia has accelerated since 1990. Expatriate workers numbered 38,000 in 1992, up from 21,000 in 1990. From 1984 to 1990, the number had hovered around 19,000. Expatriate workers are mainly highly skilled workers -- half were managers or professionals in 1992, the other half technicians and foremen. They play an important role in filling the gap created by the Indonesian education and training system, which is unable to prepare an adequate cadre of highly qualified technical and managerial personnel.

- Urbanization

As is the case throughout the world, Indonesia has undergone a process of urbanization during most of this century. Urban population grew at around 4% per year during 1930-71 and has grown at well over 5% per year since then. As a result, the urban population increased its share from 7% in 1930 to 31% in 1990. Indonesia's rural population will continue to decline as a share of the total and it is expected that the absolute number of Indonesians living in rural areas will begin to decline early in the next century.

- Education

Primary school, covering the first 6 years of schooling, was made compulsory in 1987. Secondary education, which is not compulsory, lasts for an additional 6 years -- 3 years of junior high school and 3 years of senior high school. There are relatively few public schools at the junior and senior high school level, and private schools at these levels are costly. Both levels of secondary school are divided into general and vocational systems. After finishing senior high school, some students go either to academy (levels I, II and III) or the university, either of which can lead to a bachelor degree. In the late 1980s there were 48 state and 744 private universities. Postgraduate work is carried out at the university level.

In 1990, 85% of the boys and 83% of the girls aged 15-19 had completed primary school, up significantly from 1980 when only 58% of the boys and 49% of the girls aged 15-19 had graduated from primary school. However, large numbers of primary school graduates are not going on to attend high school. Indeed, at present, only around 64% of children aged 13-15 are attending school, significantly less than the 92% of children aged 6-12 attending school. The biggest gap in attendance and graduation rates is between the secondary and tertiary levels. Once at the university level, male students outnumber women in the public education system by nearly two to one, with few women pursuing technical fields like engineering, mathematics and computers. Instead, women are channeled, or channel themselves, into fields like psychology, education and teaching, arts and mass communications. Male/female graduation rates from

diploma and academy programs are about equal because of the large numbers of women that pursue teaching careers, but significantly fewer women than men graduate from the university: 40% fewer in urban areas and 60% fewer in rural areas.

TABLE II-2: SCHOOL ATTENDANCE RATES -- 1990
in percent of age group cohort

Age Group	Urban		Rural		Nationwide	
	Male	Female	Male	Female	Male	Female
6-12 year olds	95.1	95.1	89.9	90.1	91.4	91.6
13-15 year olds	83.0	75.8	60.0	56.2	66.9	62.5
16-18 year olds	64.2	54.6	33.0	27.0	43.7	37.3
19-24 year olds	26.0	18.0	8.2	4.2	15.1	9.3

Note: Jr. and Sr. secondary graduates include general and vocational tracks.

Source: Indonesia Census of Population -- 1990, Table 23

2. Mission Context

a. Program Goal and Budget

USAID/Indonesia's overall goal is to promote broad based and sustainable economic growth. Contributing to this goal are mission activities in five strategic areas, which correspond to the agency's four pillars. Specifically, USAID/Indonesia's strategic objectives (SOs) are: sustained economic growth in the transition from economic development assistance to development cooperation (SO1); improved health and reduced fertility (SO2); decentralized and strengthened natural resources management (SO3); strengthened urban environmental management (SO4); and increased effectiveness of selected institutions which support democracy (SO5).

Including P.L. 480 funds, USAID/Indonesia's budget request for fiscal year 1996 (FY96) totaled nearly \$60 million. Reflecting overall Agency cutbacks and an anticipated phase-out of the USAID mission in Indonesia, this budget request represents a slight decrease from fiscal year 1995's budget of \$62 million.⁹ The request includes: \$14 million for SO1¹⁰ (including \$1.5 million in P.L. 480 Title II funds); \$13 million for SO2; \$18 million for SO3; \$8 million for

⁹ It should be noted that, although the FY96 budget request does not reflect a dramatic decrease over FY95, the mission did expect significant cutbacks in the near future and, for instance, developed one budget scenario for FY97 that included a 20% decrease in funding.

¹⁰ In line with Agency guidelines, this budget figure includes funds for health, child survival, Vitamin A, and AIDS activities. A breakdown between these activities and other economic growth activities was not provided in the country program strategic plan.

SO4; and \$7 million for SO5. In the event that this budget request is not fulfilled, the mission provided budget cutback scenarios in each of the strategic objectives, i.e., activities related to each objective would be scaled back rather than eliminated.

Additional FY96 resources requested to achieve the five strategic objectives include: \$28 million in loans and budgeted credit subsidy for the USAID/Washington-managed Housing Guaranty Program; \$90 million in grant and loan support from the Enhanced Credit Authority; and \$200,000 in Project Development and Support (PD&S) funds.

b. Relation of Program Components to POWER

Based on evaluation criteria defined in the Indonesia Country Program Strategic Plan, women are incorporated in all but one of the mission's strategic objectives.¹¹ Given POWER's objectives and focus, the following are particularly relevant:

- Under SO1, the mission has developed targets for women's participation: (i) in training for development institutions; (ii) as clients receiving loans from selected financial institutions in underserved areas; and (iii) as students employed or obtaining internships through utilization of Job Placement Centers;
- Under SO5, the mission will monitor the extent to which: (i) grantee NGOs develop advocacy campaigns that address women's concerns; (ii) women participate in community groups in politically sensitive areas (i.e, East Timor); (iii) grantee NGOs reveal cases of corruption, abuse of power, and collusion in which women were targets or victims; (iv) women attend seminars by grantee NGOs that publicize consumer, environmental, labor, land, and civil rights laws; (v) grantee NGOs initiate legal proceedings on behalf of women; (vi) grantee NGOs develop lobbying campaigns that address women's particular concerns with respect to even enforcement of laws across all sectors of society; and (vii) women participate as trainees in efforts to strengthen the management and planning capabilities of grantee NGOs.

Other "performance indicators" under SO5 that are not monitored by gender are nevertheless related to the participation of women in the economy, particularly as businesspeople. Specifically, efforts by NGOs to monitor and report cases of corruption, abuse of power, and collusion to the public or appropriate government representatives will affect businesswomen (and men) who find their business operations impeded by such activities. Likewise, NGO efforts to publicize laws in media available to the public or relevant professional associations will help to clarify some of the legal issues that cloud women's participation in the economy as workers, managers, and owners. Potential interventions that would augment or complement these on-going mission activities are the subject of the next section.

¹¹ The exception is SO4, strengthened urban environmental management.

B. THE LABOR FORCE FROM A GENDER PERSPECTIVE¹²

1. Overview of Gender-Based Differences in Labor Force Participation

- Labor Force Participation Rates

According to census data, 2.2 to 2.5 million persons were added to the labor force in the year 1990, yielding a total labor force of 74.4 million (ILO, 1993, Table 3.1).¹³ Between 1980 and 1990, the total working age population grew by 29.6%, significantly faster than the 21.5% increase in total population over the same ten year period. That is, even though population growth has slowed, the momentum of population growth during the 1960s and 1970s is now affecting the growth of the working age population. In addition, the total labor force grew by 41.9% over the intercensal period, significantly faster than the working age population and almost twice as fast as the total population.

This even faster growth of the labor force was due to the increase in labor force participation rates of both men and women, but especially women. Over 1 million of the new labor force participants were women, resulting in a total 1990 female labor force of 26.8 million, or 36% of the total. In the past two decades, Indonesia has witnessed substantial increases in women's labor force participation rate. The overall female labor force participation rate increased only slightly during the 1970s, increased more dramatically during the 1980s¹⁴, and exceeded 39% in 1990. This compared to a male labor force participation rate of 71%.

Data from the National Labor Survey (SAKERNAS) indicate a slight decline in the female labor force participation rate between 1987-91. Hence, it would appear that the entire increase in female labor force participation during 1980-90 occurred prior to 1987 -- during the recession of the mid-1980s. One possible explanation for this phenomenon is that women may have had to work in greater numbers in response to economic hardship caused by the mid-1980s recession. What seems clear is that this 1980s increase in female participation was not a response to increased demand for workers created by rapid economic growth, since growth did not accelerate until the end of the decade, in response to the deregulatory policy reforms in 1989.

¹² The censuses of population and housing (1961, 1971, 1980 and 1990) provide most of the data for the analysis of the labor force. However, because of methodological differences, only the 1980 and 1990 censuses can be rigorously compared. Wage and employment data are drawn from the quarterly labor force survey (known by its Indonesian acronym, SAKERNAS). Both the census and SAKERNAS, conducted by the *Biro Pusat Statistik*, or BPS (Central Bureau of Statistics), provide considerable gender-disaggregation. This section also draws on two main secondary sources, the Ministry of Manpower's 1993 report, Manpower and Employment Situation in Indonesia, and the ILO's 1993 report, A Comprehensive Women's Employment Strategy, both of which compiled and organized census and SAKERNAS data to meet the needs of each report's sponsoring organizations.

¹³ All data in this paragraph are from ILO, 1993, Table 3.1.

¹⁴ The increase in female labor force participation between 1980 and 1990 is partly a real phenomenon and partly the result of an improvement in BPS's enumeration of unpaid female family workers in 1990 census.

- Age of Women Workers

With respect to age, female labor force participation follows an inverted U shape, with participation rates low for younger and older women and high for middle-aged women, reaching a maximum of 55% for those aged 45-59 (ILO, 1993, Table 3.2).¹⁵ Comparing 1980 to 1990, age-specific female labor force participation rates decreased slightly only for 10-14 year old girls in 1990, reflecting the fact that more girls in this age group were attending school. In spite of the increasing school attendance of older teenage girls, their labor force participation rates increased slightly, a phenomenon that is supported by the increased average marriage age for young women and delay in child-bearing. This is relevant because women tend to temporarily withdraw from the labor force when they have children under the age of five¹⁶. For all women aged 20 and above, participation rates were significantly higher in 1990 than in 1980. For instance, among those women aged 65 or older, the participation rate rose 6% (the smallest rise of all age groups), while among those 20-24 years and 25-29 years, the participation rate jumped 10% (the largest rise of all age groups). During the same period, the absolute numbers of women working increased significantly, ranging from 25% (for women aged 40-44) to 97% (for women aged 30-34). The pattern of participation for men follows a similar inverted U shape; participation rates increased for males 25 years old and older, but they did not increase for 15-24 year old males, probably because boys were receiving more secondary and tertiary education than previously.

- Educational Levels of Women Workers

With respect to educational attainment, female labor force participation follows a standard U-shape, with the lowest participation for junior secondary graduates (Pernia & Wilson, 1989, p. 32). Possible explanations for this U shape include the following:

- Women with no or little education are poor and are forced to work to supplement family incomes, or are, themselves, heads of poor households;
- Women attaining junior secondary education get just enough education to marry into higher socio-economic circumstances; they may face less pressing economic needs to enter the labor force, yet are faced with more intense social pressures to remain in the home;¹⁷ and/or,

¹⁵ All data in this paragraph is taken from ILO, 1993, Table 3.2.

¹⁶ Interview with Diah Widarti, Research Department of Ministry of Manpower.

¹⁷ In her study of rural Central Javanese families, Wolf (1990, p. 68) found that better-off families that sent their daughters to middle school, and in rarer cases to high school, had hopes for the children to become low level civil servants and tended to not allow daughters to work in the factories. The sanction of parental control over a future inheritance influenced daughters (and sons) to follow their parental wishes. By contrast, poorer households had less control over daughters, who frequently left home to work in the factories.

- Women who obtain a secondary education, and even more so those who obtain a university education or advanced diploma, have access to higher-quality jobs, which offer higher salaries and social status.

- Urban/Rural Differences in Women's Participation

With respect to the urban/rural breakdown, female labor force participation rates are much higher in rural than in urban areas -- 41% compared to 28% in 1985 -- with rural rates higher for all education levels except university graduates (Pernia and Wilson, 1989, p. 32). Data on urban labor force participation rates are, however, more reliable than rural rates because of the problem of maintaining a consistent treatment of unpaid family workers (who are mostly rural) from one census to the next.

- Regional Variations in Women's Labor Force Participation Rates

Female labor participation also varies widely among the regions. Central Java and Other Islands (i.e., all islands except Sumatra, Kalimantan, and Sulawesi and except the other provinces on Java) have the highest female participation rates, which approach 50%; Sulawesi and West Java, including Jakarta (because it is entirely urban) have the lowest female participation rates, at around 30% (ILO, 1993, Table 3.3). At the provincial level, Bali, East Nusa Tenggara and Yogyakarta have the highest female participation rates, at around 60% (Ministry of Manpower, 1993, p. 148). Not only do the Other Islands have the highest female participation rate among the regions, they also experienced the highest intercensal increase in participation rates for both men and women (Ministry of Manpower, 1993, p. 146).

* * *

Five major points emerge from the above overview of gender-based differences in labor force participation:

- Thirty-nine percent of women now are counted as workers by BPS, a rate that has increased substantially in the last two decades.
- With respect to age, Indonesian women's work patterns coincide with global trends, in that women's participation is highest during prime working years, and lower at younger and older ages.
- Education, or lack of education, appears to influence women's work participation, in that Indonesian women with no education and women with greater than secondary level education have the highest labor force participation rates.
- Women's participation rates are higher in rural areas than in urban; and
- Participation rates vary widely across Indonesia's provinces.

2. Gender-Based Differences in Sectors

a. Formal/Informal Sector Breakdown¹⁸

For the economy as a whole, formal sector employment grew by 76% during the intercensal period 1980 to 1990, compared to 29% for informal sector employment (ILO, 1993, Table 3.10). Despite the more rapid growth of formal sector employment, the informal sector still employed over 63% of the total Indonesian labor force in 1990, with 60% of male workers and 68% of female workers defined as having informal work status (ILO, 1993, Table 3.10). The vast majority of agricultural employment is informal in nature, with a steady 83% of agricultural workers considered informal in both 1980 and 1990 (Ministry of Manpower, 1993, Table 53).

- Female Formal/Informal Sector Employment

Female employment grew faster than male employment between 1980 and 1990, in both the formal and informal sectors and among family workers. Female informal sector workers increased by 42% during the intercensal period, but much of that increase was due to an 80% increase in unpaid female family workers.¹⁹ Calculations based on SAKERNAS data reveal that over 90% of unpaid female family workers live in rural areas (ILO, 1993, Table 3.12). Although the SAKERNAS estimate of family workers is much higher than the census estimate, it nevertheless implies that, to the extent improved enumeration techniques are responsible for the intercensal increase in unpaid female family workers, this was mainly a rural phenomenon, mostly in agriculture and secondarily in trade. A much smaller portion of the increase is attributable to better coverage of unpaid female family workers in urban areas, mainly informal urban trade.

The number of female formal sector employees doubled during the period 1980 to 1990 -- from 3.8 million to 7.6 million -- yet female formal sector employees still total considerably fewer than the 8.8 million female family workers (ILO, 1993, Table 3.10). Women's participation in formal sector activities increased most rapidly in manufacturing and trade, although "other services", which includes the civil service, accounted for over one-third of formal sector female labor force participants (ILO, 1993, Table 3.11). The share of women in formal trade nearly doubled and that in formal finance more than doubled, although the latter is still small, at 1.7% of total female formal sector workers (ILO, 1993, Table 3.11).

¹⁸ BPS uses five terms in two categories to describe economic roles. Within the category of formal sector employment, there are two employment terms: "employee" and "employer." Within the category of informal sector employment, BPS uses three employment terms: "self-employed", "self-employed assisted by temporary help," and "family worker."

¹⁹ As noted earlier, enumeration of unpaid family workers was significantly improved in the 1990 Census.

- The Concept of "Earning Workers"

Pernia and Wilson (1989) pay special attention to what they call "earning workers," defined as employed workers less unpaid family workers.²⁰ They argue that the concept of "earning workers" presents a better picture of Indonesia's labor market conditions than does labor participation. Participation rates as "earning workers" for men reached 60% in 1976 and have remained stable even during both the boom period through 1981 and the 1982-86 recession (Pernia and Wilson, 1989, p. 26). For women, participation rates as "earning workers" increased slightly from 1976 to 1982, then remained stable at nearly 22% through 1986, as increasing numbers of female labor force participants moved into unpaid work or were better counted in their unpaid work. The 1990 Census updated this data, indicating that participation as "earning workers" remained fairly stable through 1990.

- Education and Formal/Informal Employment

As one would expect, better educated individuals tend to work in the formal, rather than the informal, sector (Ministry of Manpower, 1993, p. 106). The 1990 census showed that fewer than a quarter of those with no schooling were employed in the formal sector, whereas 72% of secondary school graduates and 87% of those with tertiary education were formal sector employees. The World Bank (1990, p. 16) notes that laborers experience a lower incidence of poverty than the self-employed, implying that laborers (i.e., formal sector employees) are, on average, better-off than (informal sector) self-employed workers. However, exceptions can be found. For example, curb-side "hawkers" selling a wide variety of simple fare are estimated to earn approximately 15% more than manufacturing sector production workers.²¹ In spite of the exceptions, a reasonable conclusion is that policies that promote the rapid growth of wage labor, those that draw workers out of self-employed status in the informal sector (and certainly out of unpaid family worker status) will reduce poverty; to the extent that women engage in such wage labor, it is reasonable to assume that poverty among women will be reduced similarly.

b. Sectoral Breakdown of Employment

The most pronounced long-term trend in Indonesia's employment is the continuing decline in the share of agricultural employment, from almost three-quarters of total employment in 1961 to half of total employment by 1990 (ILO, 1993, Table 3.4). This decline has been dramatic for both men and women. Specifically, the percentage of men employed in agriculture declined from 74% in 1961 to 51% in 1990, while the percentage of women employed in agriculture decreased from 71% to 49% in the same period (ILO, 1993, Table 3.4). Nonetheless, the absolute number of those employed in agriculture continued to increase for both men and women.

²⁰ Family workers are not unpaid in the strict sense (e.g., they no doubt receive room and board), but because of this "in kind" form of remuneration, family workers should not be considered as fully integrated members of the labor force. A disproportionately large share of all family workers are women.

²¹ From an interview with staff of the USAID-funded Development Studies Program.

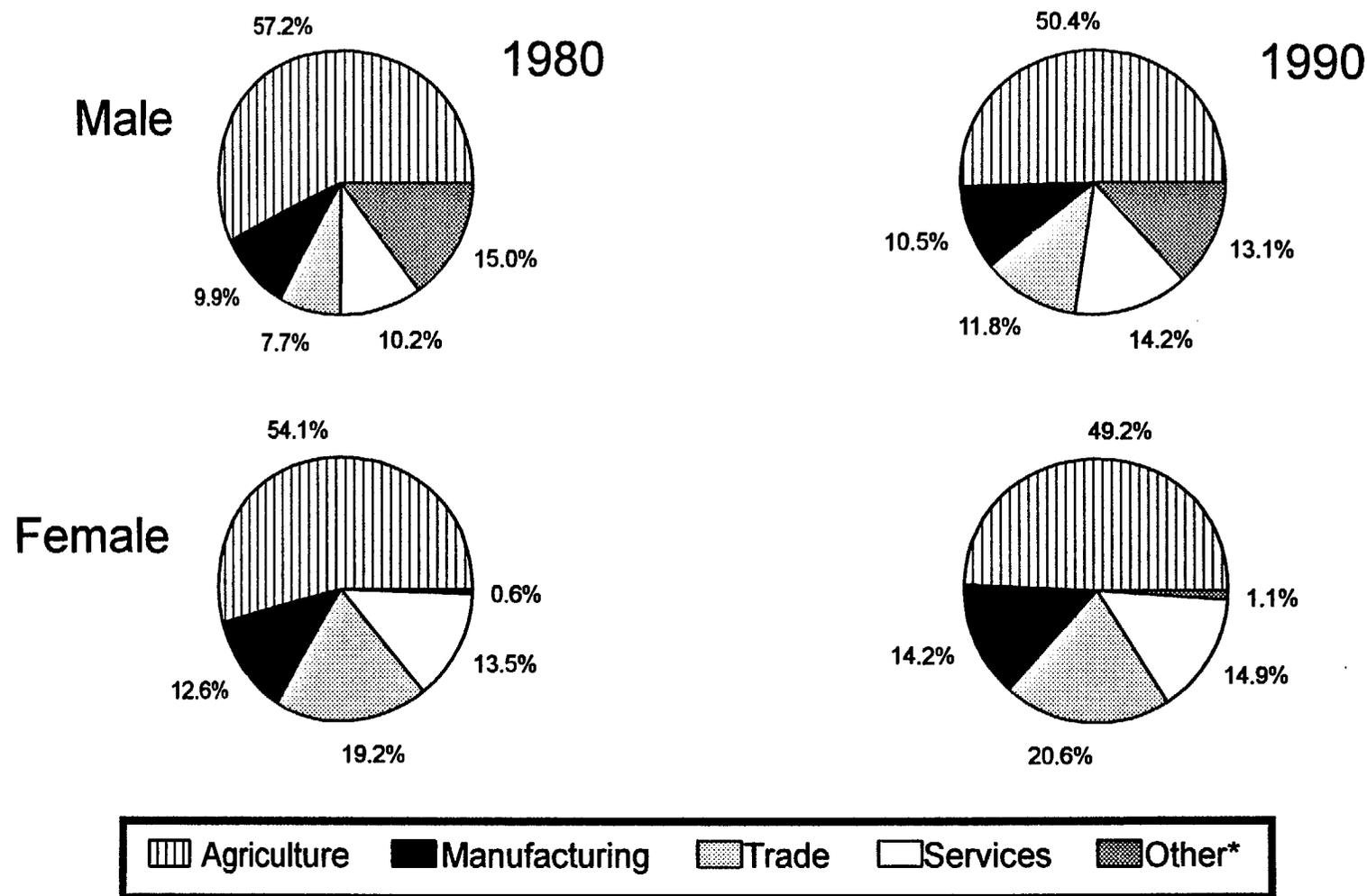
In contrast to the continuing decline in agriculture's share of total employment, all other sectors increased their share during 1980 to 1990. At the beginning of this period, the oil boom reached its peak; this was followed by a recession, and then the non-oil export boom. This combination of boom, bust, and boom transformed the structure of employment. Figure II-1 illustrates the changes in the sectoral distribution of male and female employment during this period. Figure II-2 illustrates the change in women's share of sectoral employment.²² The sectors of primary importance for women are outlined below.

- Manufacturing. Census data show that men's employment in manufacturing grew faster than women's employment over the intercensal period (ILO, 1993, Table 3.4). This phenomenon is explained in greater detail below in the section devoted to manufacturing. Nevertheless, SAKERNAS data for 1987-91 indicate that this trend has been reversed; women's employment in manufacturing has increased faster than men's during the early years of the recent non-oil export boom (Ministry of Manpower, 1993, Table 41). However, over the period 1971 to 1990, the number of women workers to men workers declined from 97 per 100 to 77 (Manning, 1992, p. 42).
- Trade. By 1990, the share of women's employment in trade, including restaurants and hotels as well as petty trade, exceeded 20% nationwide (ILO, 1993, Table 3.4), and in 1991 exceeded 37% in urban areas (Ministry of Manpower, 1993, Table 41). Total trade sector employment was about evenly divided between urban and rural areas in 1991, with slightly more women working in rural than urban trade and the reverse true for men (Ministry of Manpower, 1993, Table 41). Whether urban or rural, the trade sector is dominated by the informal sector employment; as much as 85% of trade employment is defined as informal (Ministry of Manpower, 1993, Table 53).
- Services. By 1990, the services sector (which includes government, commercial, and personal services) employed over 14% of economically active women and almost the same proportion of economically active men (ILO, 1993, Table 3.4). Increasing their share of services sector employment from 31% to 38%, the number of women workers increased faster than the number of men workers in the services sector (ILO, 1993, Table 3.4); likewise, the rate of growth was 7.0% for women versus 2.6% for men in this sector (ILO, 1993, Table 3.4). Services sector employment became increasingly formalized, with more women entering the government, possibly also commercial services, and according to the ILO (1993, p. 33), "a corresponding decline in personal services housemaids [normally informal sector workers]." The services sector also has

²² Indonesian census data refers to nine major industrial sectors, plus an "others" category. These sectors are: agriculture, forestry, hunting and fishing, or agriculture; mining, petroleum and quarrying, or mining; manufacturing; construction; transport, storage and communication, transport; wholesale and retail trade, restaurants and hotels, trade; financing, insurance, real estate and business services, finance and business services; 'public services,' which includes government, personal services and housemaids, or public services. The term services often groups finance, business, and public services, and sometimes may include transport and trade.

Figure II-1

Sectoral Distribution of Employment

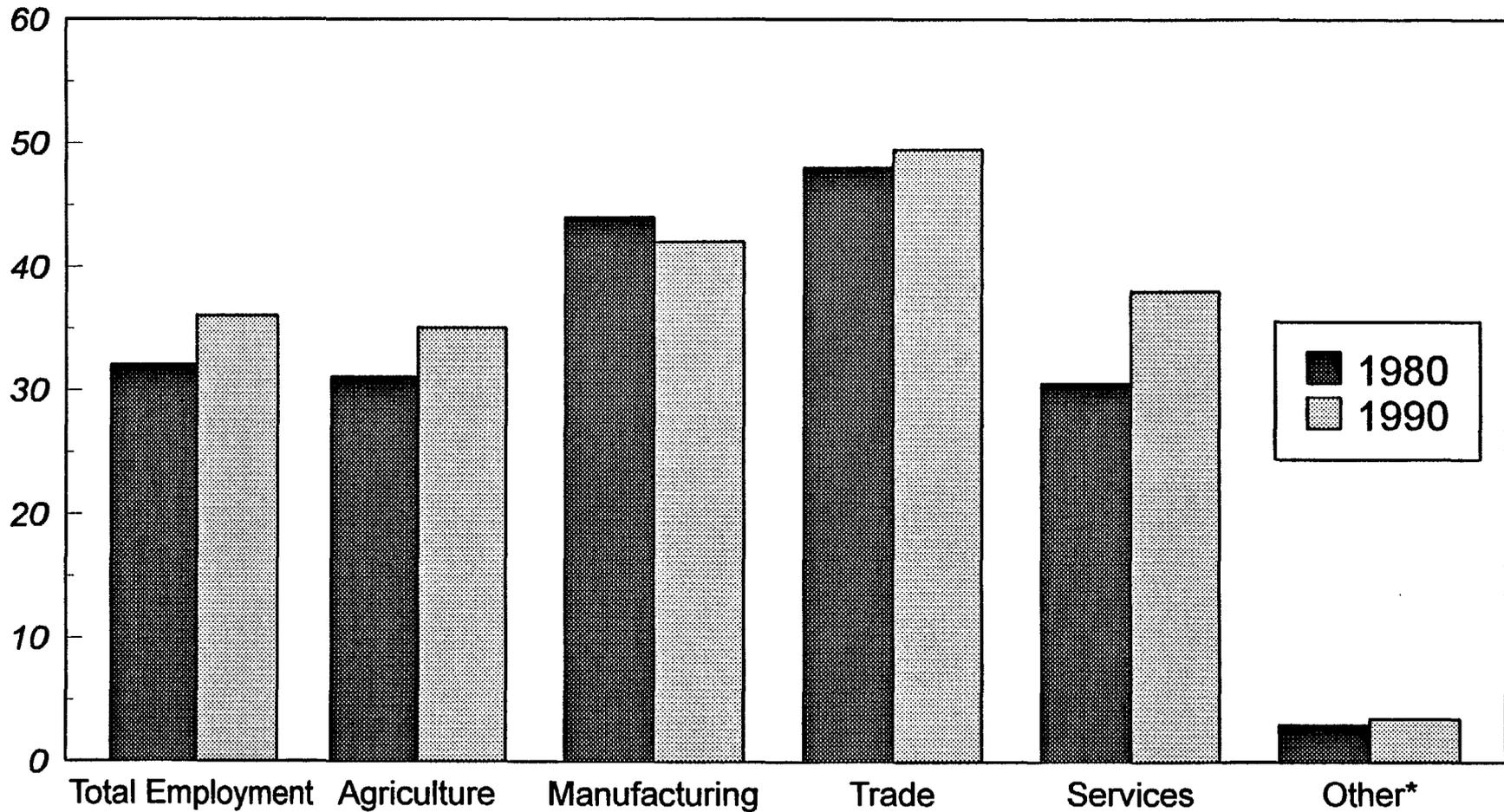


Source: ILO, 1993, Table 3.4

*Other = Mining, Construction, and Transport

Figure II-2

Female Share of Employment in the Major Economic Sectors



Source: ILO, 1993, Table 3.4

*Other = Mining, Construction, and Transport

become increasingly feminized, with 63 women workers for every 100 men workers in 1990, up from 48 to 100 in 1971 (Manning, 1992, p. 42).²³

- Other sectors. Finance and business services, a sub-sector of services, employs small numbers of people, accounting for less than 1% of total employment in 1990, but its growth was dramatic over the intercensal period. So was employment growth in the sector of mining, petroleum, and quarrying, which accounted for 1% of total employment. Both sectors have witnessed extremely rapid growth of female employment. The degree of formalization is high in both sectors: 96% in finance and business services and 87% in mining.

In summary, women's non-agricultural employment has been strongest in trade (which, along with agriculture, is the sector most dominated by informal work status). Although to a lesser extent, women's employment has also grown strongly in services and manufacturing. Most services and manufacturing, along with mining, finance and tourism (mostly part of the services sector), provide women with the best opportunities for improving the quality of jobs they get, mainly because they are often formal sector jobs. By comparison, growth of men's employment has been more evenly distributed across all sectors of the economy, including transport and construction.

c. Manufacturing Sector Employment

The manufacturing sector has been the driving force for Indonesia's recent non-oil export boom. Anecdotal evidence as well as data from some micro studies indicate that female workers constitute a large share of employment in these (labor-intensive) export manufacturing industries in Indonesia. This is similar to the role women played in export manufacturing in the development of NICs such as Taiwan, Korea, Malaysia and Thailand. Manufacturing activity is heavily concentrated on Java, with nearly 77% of manufacturing employment located there in 1990 (Ministry of Manpower, p. 78). Since 1990, even more manufacturing industries have located their operations on Java. Within Java, these industries are based primarily in Jakarta and surrounding areas of West Java.

Urban manufacturing employment is growing quickly. Nevertheless, as of 1991 more than half of manufacturing employment was still located in rural areas (Ministry of Manpower, 1993, Table 41).²⁴ Male manufacturing workers are evenly divided between rural and urban. Female

²³ For the trade, restaurants and hotels subsector, the 1990 sex ratio (the number of female per 100 male workers) was 97 (up from 70 in 1971); for the banking and finance subsector, the ratio was 34 (up from 21); and for the communications and personal services subsector, the ratio increased to 61 from 38 (Manning, 1992, p. 42).

²⁴ Rural, as used by the Central Bureau of Statistics, includes peri-urban areas; much of what is registered as rural manufacturing employment locates in these and other rural areas where the electricity grid has been extended. Indeed, White (1993: p.131) argues that "... the rural-urban distinction is neither precise enough nor particularly relevant to characterize the environment of the new factories or of the complexes where industrial workers live, which are largely best characterized as 'urban-fringe' or 'peri-urban' areas ... While the new and primarily export

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manufacturing workers are relatively more concentrated in rural areas, but the rural bias of female manufacturing employment has narrowed markedly since 1987. In urban areas, manufacturing employment for women more than doubled during the four-year period 1987-91, while manufacturing employment for men increased by 60% (Ministry of Manpower, 1993, Table 41). This compares to relatively equal (36% versus 32.6%, respectively) growth rates of total female and male urban employment over the same period (Ministry of Manpower, 1993, Table 41). The rapid growth of manufacturing employment for women in urban areas has probably continued through the early 1990s because it is assumed that the great majority of non-oil export firms have located in urban areas.

Manufacturing employment increased faster in large- and medium-sized firms during the intercensal period than in small enterprises (117% to 63%) (Ministry of Manpower, 1993, p. 78). As one would expect, employment in large and medium-sized manufacturing firms is concentrated in and around urban areas, with 72% in the major cities and surrounding districts (Jones and Manning, 1992, p. 392). In spite of this rapid growth in the large- and medium-sized firms, small firms and cottage industries still employed 60% of total manufacturing employment in 1990, a result consistent with rural bias of manufacturing employment.

It is important to note, however, that the rapid growth of large- and medium-sized manufacturing firms (the modern manufacturing sector) has not translated into as rapid growth in overall manufacturing employment. In fact, the growth of modern manufacturing often displaces cottage (informal) manufacturing enterprises that compete in the same or similar products, such as textiles. Jones and Manning (1992, p. 391) hypothesize that many of the small manufacturing firms, and all of the cottage industries, are informal and located in rural areas, and that female unpaid family workers constitute a large share of their displaced employment (such as the female-dominated cottage industries of Central Java and Yogyakarta). If the female family labor displaced from cottage manufacturing turned to the agricultural and trade sectors, it would help explain why women's employment increased so much faster than men's in the agriculture and trade sectors during 1980-90, and why agriculture and trade absorbed the lion's share of family workers during the same period (Ministry of Manpower, 1993, p. 100).

Manufacturing employment became much more formal over the period 1980 to 1990 (Ministry of Manpower, 1993, Table 53). Within the formal manufacturing sector, the number of employers declined while the number of employees nearly tripled (Ministry of Manpower, 1993, p. 100). Both of these trends are consistent with the increasing urban nature of manufacturing employment and the increasing share of manufacturing employment in large- and medium-sized firms. Women's employment in the formal manufacturing sector increased faster than men's, whereas women's employment in informal sector manufacturing grew slower than men's (ILO, 1993, Table 3.11). This helps to explain the overall decline in the women's share of manufacturing employment during 1980 to 1990.

oriented factories may be peri-urban, their labor force generally comes from rural areas, either local on a commuting basis or distant on a circular-migration basis."

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d. Employment in the Trade and Services Sectors

Trade and services are even more important employers of Indonesian women than manufacturing. During the 1970s and 1980s, trade and services absorbed much of the increase in the female non-agricultural labor force: trade absorbed 40% and services 31% (ILO, 1993, Table 3.4). Although most of the trade sector employment consists of low-productivity activities, this is less true for service sector employment, and the latter is 'modernizing' faster than the former. However, even the trade sector shows signs of modernization, with the boom in tourism (hotels and restaurants) and urban shopping centers.

The modernizing service sector has particular importance for women in urban areas. Banking employment, although small, grew rapidly over the period, and women's employment in banking grew even faster; real estate and insurance, along with other business services, also seem to be growth sectors for women.

* * *

From the above discussion, two central points emerge: the large majority of women (and men) in Indonesia work in the informal sector, in which workers generally receive lower wages than workers in the formal sector; and as the share of workers (both men and women) employed in agriculture has declined markedly, the trade and services sectors, along with the manufacturing sector to a lesser extent, have become more important employers of women.

3. Gender-Based Differences in Occupations

a. Occupational Breakdown of Employment²⁵

Figure II-3 illustrates the change in the occupational breakdown of male and female employment during the intercensal period 1980 to 1990. Half of Indonesian workers, both men and women, are farmers. It is interesting to observe how occupations cross with industrial categories. The

U.S. Census Bureau (1993, Table I-H4) developed a detailed cross tabulation of occupations and industrial sectors in Indonesia. The highlights of this tabulation include the following:

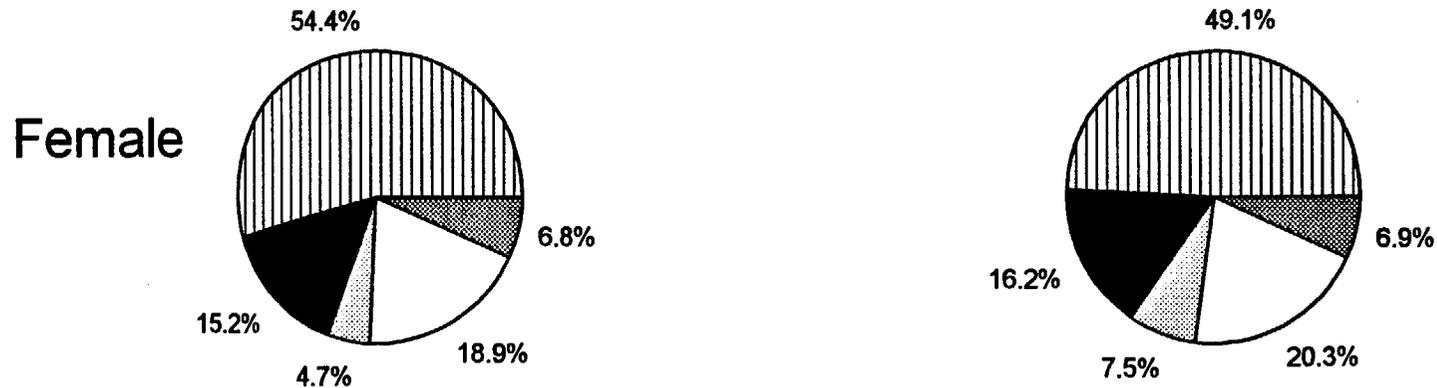
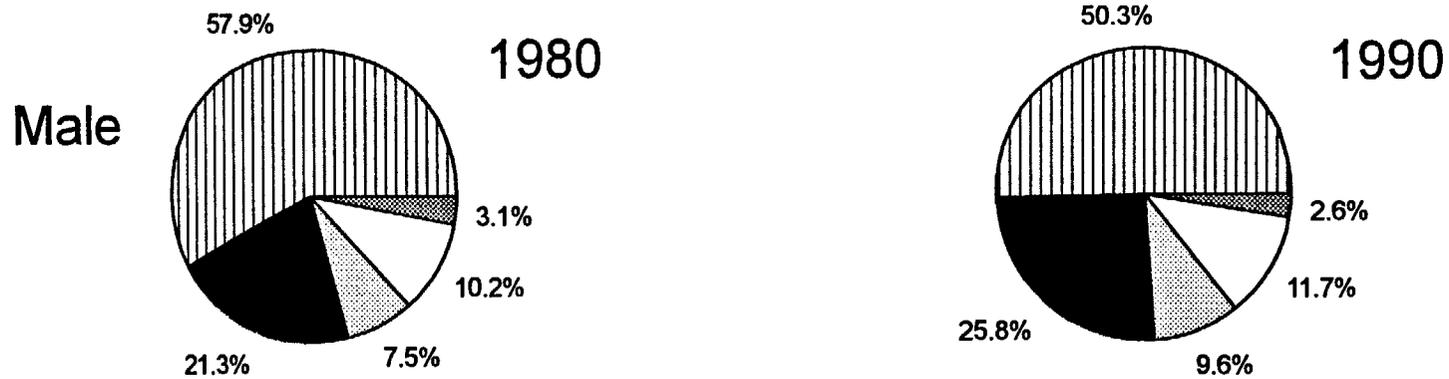
- The sales occupation is essentially equivalent to the trade industry, with the intersection comprising over 95% of both categories.

²⁵ The Indonesian Census of Population and Housing identifies seven occupational groups, plus an Others. They are defined as follows: professional, technical and related workers -- professionals for short; administrative and managerial workers -- administrative for short; clerical and related workers -- clerical for short; sales workers; service workers (an extremely vague term); agriculture, animal husbandry and forestry workers, fishermen and hunters -- agricultural workers for short; and production and related workers, transport equipment operators and laborers -- production workers for short.

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Figure II-3

Occupational Breakdown of the Indonesian Workforce



Professional/Administrative/Clerical
 Sales
 Service
 Agriculture
 Production

Source: U.S. Census Bureau, 1993, Table I-H3

- The large number of men employed as production workers are spread broadly among the manufacturing, transportation, construction, and public service industries. In contrast, most of the women categorized as production workers are employed in manufacturing.
- More than 90% of all the female service workers are employed in public services.
- Almost all professionals and three-quarters of clerical workers of both sexes work in public services. These are mainly government employees, since the 4 million civil servants constitute about half of public services, and within government, over 1.6 million civil servants were teachers in 1992 (BPS, 1992, p. 38). Most of the remaining female clerical workers are employed in manufacturing and finance, with a few in sales. Most of the remaining male clerical workers are employed in transportation (8%), manufacturing (6%) and finance (5%).

b. Educational Attainment by Occupation

Educational attainment varies widely among occupations. Farmers have the lowest education level of all occupations: almost one-quarter of all farmers, and over one-third of women farmers, have no education at all; only 3% of all farmers and 1.5% of women farmers have received a senior secondary degree; and less than 0.1% of farmers have a university degree.

The most highly educated workers gravitate toward three occupational categories: professionals, administrative and clerical workers. Within these categories, the higher proportion of female administrative workers with university education and the higher proportion of female clerical workers with senior secondary degrees may suggest that women must be better educated to compete for such jobs.

The other three occupational categories -- sales, services and production -- have education levels in between farmers and white collar workers. Men in these three occupations have higher average educational attainment than the women. Key statistics in these three occupation areas include:

- Less than 0.5% of all workers in each of these three occupations have university degrees.
- For those who work in sales or as production workers, approximately 16% of the men but only 8% of the women have graduated from secondary school.
- Among service workers, 24% of the men, but again only 8% of the women, have degrees from senior secondary school.
- Approximately 20% of the female production workers have no education at all.

* * *

Three broad generalizations can be made regarding occupations and education: highly educated workers (both men and women) enter professional, administrative, and clerical occupations, mainly in public services (which includes government); sales, services, and production workers have less education than professional, administrative and clerical workers, and women in sales, services and production generally have less education than men; and farmers have the lowest education levels of all occupations, and half of Indonesians (both men and women) are farmers.

4. Gender-Based Differences in Management Positions

Administrative personnel numbered only 110,000 in 1990 and are predominantly male -- 86%. Of those women who do occupy such positions, more than one-third work in manufacturing, 20% in finance and banking and 25% in public services (government and business and personal services) (U.S. Census, 1993, Table I-H4). From another angle, of the over 1 million formal sector workers categorized as employers in 1990, 240,000 were women (ILO, 1993, Table 3.10). More importantly, the number of female employers increased by 35% over the intercensal period 1980-90, while the number of male employers increased by 15% (ILO, 1993, Table 3.10).

5. Gender-Based Differences in Job Quality and Remuneration

a. Job Quality

Job quality cannot be defined in terms of a single factor; it has a wide variety of dimensions -- job security, benefits, health and safety, stress, opportunities for upward mobility, and training. However, earnings are one of the main factors in determining job quality. At the low end of the job quality spectrum is unpaid family work in agriculture and trade. For women, this form of employment is large and growing (or at least better counted).

Compared to unpaid family work in informal trade and agriculture, increasing numbers of poor women are finding (arguably) higher quality jobs in the labor-intensive, low-wage export manufacturing sector. Although the number of male manufacturing workers increased faster than female manufacturing workers during 1980 to 1990 (as well as during 1971 to 1980), growth of women workers predominates in the labor-intensive export sub-sectors of garments, textiles and footwear due to Indonesia's deregulation efforts over the past seven years.

Although factory jobs may be preferred for a number of reasons to other extremely limited employment available to women with less education, several micro-studies of factory work conditions emphasize that these jobs are generally not "high quality" jobs in terms of work

conditions, earnings, and job security. In a summary of the findings of the studies of export-oriented factories in West Java, White (1993) made the following conclusions:²⁶

- Working hours were generally long and included compulsory overtime (10 hours/day in footwear, and frequently more than that in garments).
- Wages were generally low, often lower on a daily or hourly basis, than those in available agricultural wage work or other small-scale rural non-farm activities, particularly when the extra living costs faced by migrant workers are taken into account.
- Factory earnings do not cover the basic living expenses of migrant workers, even young, single workers, such that they still depend on varying degrees of support (cash or food) from their parental households (also reported by Wolf, 1990).
- Researchers noted "what seemed quite unnecessarily degrading conditions, both those relating to work discipline (rough treatment by overseers, including sometimes physical punishment) and those relating to workers' health and welfare (lack of adequate ventilation and poor quality of drinking water) or safety (lack of safety clothing for machine work)." Also, workers were not allowed to bring food or water flasks to the workplace, or to wear shoes.

Employment opportunities in the service sector vary widely but this sector includes most of the highest-quality jobs available to women. As noted above, housemaids, at the low-quality end of service sector jobs for women, are declining in importance. In contrast, women are moving into higher-quality jobs in the civil service, business and financial services, personal services, including real estate, and trade, including tourism. This is where many of secondary and higher educated women seek and find work.

Educational levels of men and women employed in the different sectors reflect differences in the quality of jobs provided by these sectors. Pernia and Wilson (1989, p. 39) cite evidence from 1985 to show that the service sector has the highest mean years of schooling, with urban manufacturing second. That men still predominate in the service sector is at least partially explained by men's higher average educational attainment -- mean years of schooling for women was 79% that of men in urban areas and 70% in rural areas in 1985.

²⁶ Other researchers (e.g., Kusyuniati and Kemp, 1994; *Yayasan Pengembangan Pedesaan* Report to the ILO, 1992; Suryakusuma, 1992; Mary White, 1990) have presented detailed findings on the frequently poor job conditions in export-oriented factories. In addition, various researchers have noted that women workers are particularly vulnerable to exploitation because they lack information about health hazards and their rights as workers. Nor do they have genuine worker representation to negotiate with employers. Lack of job security is another major problem for women factory workers because women often work on a non-permanent basis and in some cases may be fired if they marry or become pregnant (Kemp, 1991; Suryakusuma, 1992).

b. Wages and Earnings

• Wage Trends

In Indonesia, real wages declined during the slow-growth years prior to 1965; recovered in the early years of the New Order; sustained real growth during the oil boom period; stagnated during the recession years of the 1980s; and began to rise again in the 1990s (Manning, 1994, p. 75). In other words, real wages have increased during periods of economic growth. The upturn in real wages since 1991 is due to three main factors: (i) a decline in fertility since the late 1960s, which began to reduce the supply of new entrants into the labor force by the mid-1980s; (ii) renewed growth of the Indonesian economy starting in 1989, based on the export-led boom in labor-intensive manufactured goods; and (iii) increased government attention to minimum wages, especially in manufacturing.

• Minimum Wages

Indonesia has an extremely complicated system for setting minimum wages. In fact, different minimums are set for every province and even for sub-regions within provinces. Because the system is complex -- and far from transparent -- enforcement of the minimum wage appears to be a major problem. A survey (INGI, 1991) showed that 72.6% of factories in North Jakarta, where many textile firms are located, pay below the legal minimum. Other employers, taking the minimum wage as a guideline, pay 75% of it as the basic pay (a practice which is allowed by the Ministry of Manpower) and define the other 25% as a package of allowances, including food, fees, and incentive payments for meeting compulsory overtime and perfect attendance requirements. The employers can and do subtract from this 25% of the minimum wage (Suryakusuma, 1992). The practice of hiring women as temporary piece-rate workers also allows factories to pay them below the minimum wage and to avoid providing benefits such as maternity leave, medical care, and pensions.

SAKERNAS survey data provides a five-year time series (1987 to 1992) of average wages for unskilled (defined as graduates of primary school) male and female manufacturing workers, disaggregated for West, Central and East Java. Results for East Java raise two important points, though the results from one province may not reflect trends across the country.

- Women's manufacturing wages in East Java are lower than men's wages, but both move in unison. The minimum wage is at or near the average wage for women workers but well below the average men's wage.
- Although some firms tend to increase wages over time, reducing the share of workers earning less than the minimum, the wage corrections are becoming incomplete. That is, more firms in East Java are breaking the minimum wage law.

• Wage Differentials

Skill-based Wage Differentials: Skill-based wage differentials²⁷ have declined since 1977, probably due to the growing supply of secondary school graduates during the 1970s and 1980s. The decline in skill-based differentials was most pronounced for male workers; one implication of this phenomenon is that higher skilled female workers maintained a greater wage premium over unskilled counterparts. Despite the overall decline in differentials, some categories of employees in the modern private sector -- especially secretaries, accountants, financial analysts, engineers and managers -- receive relatively high wages, suggesting that a shortage of highly-qualified personnel is a major problem in this segment of the economy. These skill shortages are reflected in the inward migration of highly-skilled foreign workers and illustrate the continuing inability of the Indonesian educational system to provide sufficient qualified graduates, both men and women, in these technical areas.

Gender-based Wage and Earnings Differentials: While comprehensive information on wage and earnings differentials in Indonesia is not available, scattered data exist on different sectors and occupations. For instance, the ILO reports that women's wages in manufacturing rose slightly faster than men's over the period 1982 to 1990, but still were only about 50% of the men's manufacturing wage (ILO, 1993, Tables 4.1 & 4.2). Likewise, the ILO indicates that real agricultural wages on Java for "women's" work (planting) increased by 1-2% over the period 1985 to 1993, but remained approximately constant, on average, for "men's" work (hoeing) (ILO, 1993, Tables 4.1 and 4.2). Wage differentials are also available for unskilled manufacturing workers in eight manufacturing sub-sectors, as detailed in Table II-3 below. Wage differentials, defined as women's wages as a percent of men's wages, are -- at 42% -- greatest for the food, drinks and tobacco industry (which in Indonesia is a classic protected industry catering to domestic consumers). No differential exists in the mining industry (99%), where very few women work. Wage differentials are moderate for two of Indonesia's most important export industries -- textiles, clothing and footwear (82%) and timber and furniture (76%). The average female/male wage differential for unskilled manufacturing workers is nearly 64% (ILO, 1993, Table 4.4).

USAID/Indonesia developed a gender-differentiated time series on hourly wages and weekly wage earnings over the period 1987 to 1992, for men and women working throughout the Indonesian economy, without controlling for the sector in which they worked. From this data, the average ratio of female to male hourly wage over the five-year period was 67%, with the ratio increasing over the period to 69% in 1992. Since women worked on average 4-5 hours fewer per week than men, women's average weekly earnings over the five-year period were 58% that of men; the earnings ratio also increased over the period and stood at 61% in 1992.

²⁷ Skill-based wage differentials are defined here as the difference in wages between unskilled workers and various levels of skilled workers. For example, in Indonesia during the 1970s, wage differentials were 3:1 for blue collar to unskilled workers, 4:1 for supervisory to unskilled workers, and 5-10:1 for professionals compared to unskilled workers (Manning, 1992, p. 104).

**TABLE II-3: WAGE DIFFERENTIALS FOR UNSKILLED WORKERS
IN EIGHT MANUFACTURING SUB-SECTORS**

Type of Manufacturing Industry	Daily Wages (November 1990)		Women's Wages as Percent of Men's Wages
	Men	Women	
Food, Drinks, Tobacco	4,441	1,874	42.2
Textiles, Clothing, Leather	2,842	2,319	81.6
Timber and Furniture	3,476	2,648	76.2
Paper, Publishing, and Printing	4,328	2,848	65.8
Chemicals, Rubber and Plastics	4,173	3,054	73.2
Mining and Quarrying Non-Metals	3,876	3,853	99.4
Iron and Steel Industry	5,256	--	--
Metal Products, Machinery, etc.	4,876	2,944	60.4
Other Industry	4,130	4,022	97.4
AVERAGE	3,850	2,455	63.8

Source: ILO, 1993, Table 4.4

Education and Wage Differentials: SAKERNAS wage data for the period 1987 to 1993 indicates that male-female wage differentials, averaged over the six-year period, follow an inverted U-shape as a function of education level through secondary school. Specific findings are:

- Wage differentials are greatest for primary school graduates. Women workers who have graduated from primary school earn an hourly wage only 57% that of men with the same education level. Wage differentials decline for those with some primary school, and for those with no education at all the differential is even less. This implies that the returns to girls of a primary education are less than the returns to boys.
- Moving to higher levels of education, i.e., junior and senior secondary, the gender-based wage differential decreases even faster. Specifically, the wage differentials averaged sixty-eight percent for junior secondary graduates and eighty-four percent for senior secondary (USAID, no date, Table 3). Most importantly, this means that, for those boys and girls who have graduated from primary school, the benefit for girls who graduate from junior or senior secondary school is the probability of more equal wages compared to their male counterparts.

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- University education is the anomaly with regard to the inverted U-shape, because the hourly wage differential is higher for men and women university graduates than it is for senior secondary graduates. Thus, the return to women of a university education is less than the return to men. This lower return could reflect the fact that men are more likely to get degrees in technical fields with higher earnings potential.

6. Gender-Based Differences in Unemployment and Underemployment

a. Unemployment

While overall unemployment is still low in Indonesia by international standards, the rate of unemployment nearly doubled (from 1.7% to 3.2%) during 1980 to 1990 (ILO, 1993, Table 3.13). This is probably explained by the economic downturn of 1982 to 1986, during which time fewer jobs were generated. At over 6% compared to 2%, unemployment rates are three times higher in urban than in rural areas (ILO, 1993, Table 3.14). However, SAKERNAS data indicate that urban unemployment declined over the period 1987 to 1991, as might be expected in light of rapid economic growth since the late 1980s (Ministry of Manpower, 1993, p. 88).

From a gender perspective, the national unemployment rate is higher for women than for men - 3.9% compared to 2.8% in 1990 (ILO, 1993, Table 3.13). Unemployment rates are higher for women than for men in both urban and rural areas. Regionally, women's urban unemployment rates are higher in the Outer Islands (ILO, 1993, p. 39). Unemployment is concentrated among the young school-leavers (aged 10-24), especially young women, with still high rates among those aged 25-29 (ILO, 1993, Table 3.13).

Turning to unemployment as it relates to gender and education, for those with a primary education or less, female and male unemployment rates were equally low. At higher levels of education, unemployment rates were systematically higher for women than for men (with the minor exceptions of urban junior high vocational graduates and rural diploma I/II graduates) (ILO, 1993, Table 3.14). Unemployment rates were almost twice as high for women with a secondary education or beyond as for their male counterparts, making the problem of unemployment twice as pressing for well-educated, young adult women (ILO, 1993, Table 3.14).

The strong relationship between unemployment and education level can be explained in a variety of ways:

- Men and women with no education are usually among the poorest, and therefore must work to survive;
- Secondary schools may not be producing graduates with the right skills for the job market, especially women graduates who take fewer mathematics and science classes;
- The same could be said for higher education, where women rarely pursue engineering and other technical fields in high demand;

- Secondary school graduates may have unrealistically high job expectations, given the poor quality of education provided; or alternatively,
- Many secondary graduates may come from well-to-do families and can afford to stay unemployed longer in order to wait for jobs that maximize lifetime earnings.

b. Underemployment

BPS defines underemployment as working fewer than twenty-five hours per week. According to this definition, almost one-quarter of all those employed in 1990 were underemployed (Ministry of Manpower, 1993, p. 92). The gross underemployment rate for women was over twice the rate for men (35% compared to 16%) in 1990, although the difference declined slightly from the 1980 census (Ministry of Manpower, 1993, p. 92). Gross underemployment is concentrated among: younger and older working ages; in the agricultural sector, where almost half of workers work fewer than twenty-five hours per week; and in the trade and manufacturing sectors, where approximately one-quarter of those employed work fewer than twenty-five hours per week (Ministry of Manpower, 1993, p. 92).

This measurement of underemployment does not explore whether those working fewer than twenty-five hours per week want to work additional hours. That is, it does not explore the extent to which the "underemployment" is voluntary or involuntary. If involuntary underemployment is defined as working fewer than 25 hours per week and seeking more work, the problem of involuntary underemployment appears much less severe than the gross figures indicate. Specifically, in 1990, involuntary underemployment stood at around 7-8%, compared to the 23% gross figure, and involuntary underemployment rates were lower for women than for men -- by around 40% (Ministry of Manpower, 1993, p. 95). Therefore, although more women work fewer than twenty-five hours per week, most are not looking for additional work, perhaps because increased working hours would conflict with their multiple roles.

At the opposite end, in 1990, about the same proportion of men as women worked long hours (11% compared to 9%), defined as more than sixty hours per week (Ministry of Manpower, 1993, p. 92). The incidence of long working hours declined slightly from the 1980 census. Long working hours are especially prevalent for the poorly educated, among employers, and for workers in the transport and trade sectors. Women are almost as likely as men to work long hours in the trade sector; they are less likely than men to work long hours in the manufacturing sector.

7. Opportunities and Constraints to Women in the Labor Force

The Indonesian economy presents several important opportunities for women to improve their participation in the labor force.

- The rapidly growing economy generates large numbers of jobs, namely, low-paying, labor-intensive manufacturing jobs for young women with little experience and higher-quality jobs in the service sector for better-educated women.
- Expansion of the educational system toward universal junior, then universal senior secondary, education will benefit more young girls than young boys.
- Improving the quality of education, which is primarily a matter of better teacher training, could benefit existing teachers, and women constitute a large share of the teacher corps and a majority of public sector primary school teacher corps.

Constraints that still limit women's full participation in the Indonesian economy include:

- Existence of some policies that limit the growth of job opportunities (such as protective legislation and minimum wages).
- Educational inequalities based on gender at the secondary level.
- Traditional attitudes regarding what jobs are acceptable for women, which limit the occupations and sectors in which women obtain jobs, their ability to move laterally within firms, and their ability to be promoted.
- Multiple roles that women must fulfill and the priority Indonesian society places on the non-economic roles, which impede the pace and depth of experience women can accumulate in the work place.
- A plethora of institutional constraints to growth of output, which are especially onerous for smaller enterprises. Although the deregulations since 1983 have eased some constraints (though mainly in trade and export), licensing requirements remain difficult.

8. Conclusions

a. Increasing the Quantity of Employment for Women

The pace at which the Indonesian economy generates overall employment opportunities is the most important factor in determining how many jobs will be available for women. The pace of employment generation achieved over the past seven years must be maintained (or, if possible, accelerated). To accomplish this, the Indonesian economy must continue to grow at a rapid pace, and the government must continue to follow a labor-intensive growth strategy.

In addition to the aggregate number of new jobs created, the sectoral distribution is also important from the perspective of employment opportunities for women. Three sectors are of prime importance: the rapidly expanding formal manufacturing sector; the formal service sector, especially trade, tourism and banking (but not the civil service, where employment levels are unlikely to grow much because of central government fiscal restraint on new hiring); and off-farm employment in rural areas, through dynamic growth of agro-industries. The latter would be especially helpful in order to compensate for the release of labor from the agriculture sector as a result of increases in agricultural productivity projected by some analysts over the medium-term planning period.

b. Improving the Quality of Women's Employment

An effective way to improve upward mobility of female workers is to close the education gap between men and women. This will involve a multi-pronged effort over the long term (Indonesia's second 25-year indicative planning period), including the following:

- Complete the plan to achieve universal graduation from primary school, where girls still lag behind boys (and poor children lag behind the rest);
- Pursue the objective of universal secondary education, with the medium-term objective of reaching universal junior secondary education within fifteen years;
- Direct more female students into technical areas of study, at the secondary and tertiary levels, that lead to higher-paying jobs; and
- Improve the quality of teachers and curriculum at all levels.

Two tradeoffs will constitute the major strategic issue over the 5 and 25 year planning periods. One tradeoff is between the pace of expansion of secondary and tertiary education and the pace of improvement in the quality of education at all levels, especially as both expansion and quality improvement relate to the education of girls. The other tradeoff is between the use of public funds for education or other investments.

C. BUSINESS DEVELOPMENT FROM A GENDER PERSPECTIVE

In Indonesia, women traditionally have participated actively in economic activities ranging from trading to handicrafts production to agriculture. As Indonesia's economy has grown over the past twenty years, women's economic participation has increased further. Women's participation as formal sector workers has increased even more with economic growth, as discussed above. However, little data exists regarding women business owners and managers and, more specifically, how economic growth has affected women's opportunities to enter managerial positions or expand businesses. For the benefits of growth to be equitably distributed, it is important to consider if women and men have similar opportunities to participate in

entrepreneurial activities created by economic growth and to identify differing characteristics and constraints of woman-owned businesses. The discussion below centers on these issues.

1. Characteristics of Women-owned or -managed Businesses

a. Background Data on Indonesia's Private Sector

Indonesia has witnessed tremendous economic growth over the past twenty years, and the private sector, along with public enterprises in some sectors, has been integral to this growth. Despite its importance, statistics on the private sector are very limited. The data that are available are collected by Indonesia's Central Bureau of Statistics (*Biro Pusat Statistik*, or BPS), which conducts occasional surveys of manufacturing firms (termed the *Sensus Ekonomi*, or Economic Census). Accordingly, data on cottage/household, small, medium and large manufacturing enterprises are available, as of 1986 when the last economic census was completed. Enterprise surveys are not conducted for other sectors.

Correspondingly, there are few statistics on women in business. Even within the manufacturing surveys, gender disaggregated data on firm ownership are not published, although this information was gathered in the BPS questionnaire (SSRC, 1992, p. 128). Nevertheless, several sources give an indication of the number and characteristics of women's business. For instance, Indonesia's 1980 and 1990 censuses reveal that from 1980 to 1990 the number of women who characterized themselves as "employers" in the formal sector jumped from 180,593 to 243,636 (ILO, 1993, Table 3.10). This increase represents a growth rate of nearly 35% for women employers. During the same period, the increase in the number of men's businesses was less than 15% (ILO, 1993, Table 3.10).²⁸ While the absolute number of women employers remains small both in absolute terms and in comparison to men, the percentage increase may indicate that women are taking advantage of opportunities, presumably afforded by the country's overall economic growth, to establish their own businesses.

The censuses also contain rough indications of women business owners' presence in the informal sector. Specifically, 68% (or 17,594,607 individuals) of the female labor force works in the informal sector (ILO, 1993, Table 3.10). Close to half of these women consider themselves either "self-employed" or "self-employed with temporary assistance". These are the two categories in which women business owners in the informal sector would fall. However, it is not possible to determine how many of these women are self-employed (with or without assistance) by necessity or by choice.

Because of the scarcity of quantitative national data on the private sector in general, and women in the private sector in particular, throughout this section the team relies heavily on information

²⁸ In 1990, 828,795 men characterized themselves as employers (versus 723,239 in 1980), indicating that in absolute terms, there are over three times as many male employers than female.

gathered through interviews with businesswomen, representatives of business organizations²⁹, representatives of business-oriented education and training institutions, bankers, households involved in home-based production, and workers at several medium- and large-scale establishments. Interviews were conducted in Jakarta, Yogyakarta, and Bali. These interviews, along with the secondary sources cited within the text (including local surveys and studies), form the basis of the characterizations that follow.

b. Size of Women-owned Enterprises

For consistency with data gathered from Indonesian sources, in discussing the size of women-owned enterprises, the team uses the categories adopted by BPS.³⁰ BPS categorizes enterprises using the following criteria:

- 1-4 workers: Cottage/Household Enterprise (Microenterprise);
- 5-19 workers: Small-scale Enterprise;
- 20-99 workers: Medium-scale Enterprise;
- 100-499 workers: Large-scale Enterprise; and
- More than 500 workers: Very Large-scale Enterprise.

Because of the lack of data on the private sector as a whole, it is not possible to determine precisely the distribution of women-owned businesses within these categories. However, team interviews and secondary sources indicate that women-owned businesses range in size from large- to micro-enterprises. Women-owned large- and medium-sized enterprises are reportedly found mainly in major cities, especially Jakarta. Tanumihardja (1989), for instance, reported that 48% of the sixty women entrepreneurs surveyed in her study owned large-scale enterprises while 32% owned medium-scale businesses.³¹ However, because of its sampling methodology, this study undoubtedly overstates the proportion of large women-owned businesses.

Despite the existence of some large businesses owned by women, it is likely that many women-owned businesses are micro- or small-enterprises, as is typical around the world. For instance, the president of the Yogyakarta branch of the Association of Indonesian Women Entrepreneurs (*Ikatan Wanita Pengusaha Indonesia*, IWAPI) estimated that 62% of member businesswomen owned micro- or small- enterprises, while 8% owned large businesses. As will be discussed in Part D (regarding organizations), IWAPI's members, for various reasons, may not be representative of the larger community of businesses owned by women. Nevertheless, the

²⁹ In addition to their involvement with business organizations, all of these individuals also run their own businesses.

³⁰ BPS definitions differ from USAID categorizations at the smaller end of the enterprise scale. USAID employs a definition of microenterprise (i.e., 1-10 workers) that overlaps with BPS's small-scale enterprise.

³¹ This study attempted to identify and describe "successful" women entrepreneurs and their businesses. The sampling method for the survey therefore was not a random sampling but a purposive quota sampling, meaning that surveyors chose respondents on the basis of several criteria for success (one of which was number of employees). Through government departments, mass media, private organizations and associations, literature, and private individuals, 270 women entrepreneurs were identified, from which 60 were surveyed.

estimates of the size of businesses owned by IWAPI members in Yogyakarta, a city of one million, supports the proposition that women-owned businesses are micro- or small-enterprises. BPS surveys corroborate this assertion for the manufacturing sector. Specifically, according to BPS data, nationwide, women operate 43% of cottage/household industry units (BPS, 1993a, p. 96). Likewise, USAID estimates that 29% of small scale enterprises are owned by women (USAID/Indonesia, no date[a]).

c. Level of Education of Enterprise Owners or Managers

The team's interviews relayed two hypotheses correlating business owners and managers with education levels. First, women business owners generally can be divided into two categories: those with higher levels of education own medium- or large-scale businesses, while those with lower levels of education own small- or micro- enterprises. Women who are able to continue their education to higher levels enjoy the traditional merits associated with education, e.g., literacy, numeracy, analytical skills, and introduction to the world outside of Indonesia. As important as these education-based advantages, however, women who are able to attain higher education also are more likely to come from a higher socio-economic status and thus can access the "facilities" that such a status entails. Such facilities typically involve personal connections (i.e., "networks") or knowledge of how to work within the system. Either (or both) connections/networks or "system" knowledge were considered integral to success in medium- or large-scale businesses, in addition to the tangible skills acquired through higher education.

By contrast, women with less education and from lower socio-economic levels were perceived not only to possess fewer skills but also to lack connections or "system" knowledge. Because of their relatively poorer socio-economic circumstances, such women also generally lack access to facilities that could help them expand their business and lack easy access to capital (e.g., through a relative or through inheritance) to invest in a business. Thus, according to interviewees, women with less education generally owned smaller, simpler businesses.

Interviewees also hypothesized that: women who become managers in enterprises not owned by a relative³² almost universally possess high levels of education, with at least university, and sometimes graduate, degrees. Among the well-educated women who pursue managerial positions within medium- or large-sized companies, hiring and advancement opportunities for men and women are perceived to be equal (though women's domestic role was often noted as a reason that women managers may not be able to take advantage of "equal" opportunities for advancement). Because proportionately few women achieve such high levels of education, however, opportunities for women to move into management positions or management tracks currently represent a realistic goal for a only select pool of women.

³² The distinction between women managers in non-family-owned businesses was made repeatedly in interviews, mainly because women traditionally have participated in management (particularly day-to-day or financial management) of companies nominally owned by parents, husbands, or other relatives. Thus, women managers in non-family-owned businesses are in non-traditional positions because such positions take them outside of the family circle.

It is impossible in this report to prove or disprove these two hypotheses linking education and business ownership and management because statistically significant samples of businesswomen have not been surveyed. However, the businesswomen and managers the team interviewed (a sample which is neither large nor randomly selected) exhibited greater than average levels of education: seven had attended or completed university, while the remaining four had attended or graduated from high school. Within this group, contradictions to the hypotheses also arose. Namely, two of the women with some university education owned micro-enterprises, while two of the women with high school education or less owned medium- or large-sized businesses.

In a larger survey of sixty women entrepreneurs, Tanumihardja (1989) found that 3% of the businesswomen surveyed held post-university graduate degrees, 45% of respondents had graduated from university, 23% had attended post-high school diploma programs, 22% graduated from senior high school, and 7% had less than a senior high school education. However, as described above, this survey's results cannot be considered to comprehensively represent women-owned businesses in Indonesia.

d. Formality of Women's Enterprises

According to those interviewed by the team, women's businesses in Indonesia are concentrated in the informal sector. As mentioned earlier, an indication of this concentration is revealed by the 1990 census. Again, of the 17,594,607 women who work in the informal sector, close to half consider themselves either "self-employed" or "self-employed with temporary assistance" (ILO, 1993, Table 3.10).³³ However, as mentioned earlier, these figures include women who work in the informal sector as a means of survival in addition to the (probably fewer) women who are businesswomen in the sense that they "get an idea (hers or someone else's), develop it and organize resources to implement, with a view to making a profit ... " (Macharia in Mungai, 1992). In contrast, only 3% of the formal female labor force (which totals 7,894,481 women) reports being an "employer" (ILO, 1993, Table 3.10). (Of the 18,209,252 in the male formal sector labor force, 4.5% categorized themselves as employers [ILO, 1993, Table 3.10]).

Accordingly, the women interviewed by the team are atypical in this regard: all but two managed or owned formal sector businesses. However, as will be discussed below, the process of formalizing the business for these women often entailed significant obstacles or costs, both in terms of time and financial resources. For example, one woman entrepreneur indicated that she spent more than two years trying to complete the registration process on her own; in the end, she resorted to informal means (i.e., paying a "facilitator" to obtain necessary approvals from government offices). Likewise, the monetary costs are also high: one estimate is that a small businessperson may be required to devote 3-4% of total investment in order to obtain the

³³ It should be noted that the percentage of the male informal sector workforce which categorizes itself as either "self-employed" or self-employed with temporary assistance" is even higher than that for women, indicating that establishing enterprises in the informal sector is not a gender-based phenomena in Indonesia. Specifically, over eighty percent of the 27,767,290 men in the informal sector workforce in 1990 fell into these two categories (ILO, 1993, Table 3.10).

thirteen to seventeen different permits necessary to formally register a business (A. Pekerti, interview, February 9, 1995). Because of these time and resources costs, many businesspeople decide to operate in the informal sector and thus avoid the difficulties associated with formalizing a business. According to interviewees, registering a business is worthwhile only if the nature of the business -- e.g., direct exporting, working with some types of multinationals, the need to take advantage of government- or KADIN-sponsored events, such as trade missions - demands that the owner operate in the formal sector.

It should be noted that, in Indonesia, the status of the business in terms of formality may not provide reliable indications of an enterprise's level of success. For example, an analysis of 1986 *Sensus Ekonomi* (Economic Census) data concluded that:

Stereotypes of non-formal sector enterprises themselves as representing largely haphazard and intermittent activities are, to a large degree, misplaced. In fact, there appears to be a relatively high degree of stability, both in terms of enterprise longevity and in terms of timing of operations. As an example ... between 60% and 80% of [enterprises in the different sectors covered] reported themselves as having been in operation for more than three years, with the greatest stability being shown for cottage industry and trade (SSRC, 1992, p. 130).

e. Sectors and Sub-sectors

Given the numbers of women workers found in the services, trade and manufacturing sectors, it is not surprising that businesses owned or managed by women reportedly are concentrated in services and in the manufacturing sub-sector of textiles, garments and leather products. For instance, on the basis of her survey, Tanumihardja (1989) reports that slightly less than 70% of women entrepreneurs operated services-oriented businesses, while another 27% managed manufacturing enterprises, mainly in "traditional" areas such as garments, pharmaceuticals and cosmetics. Likewise, of the thirteen enterprises operated or owned by the eleven businesswomen the team interviewed, eight were in services, four in manufacturing, and one in construction.³⁴

Services and manufacturing also represent two of the three sectors that women business owners and managers themselves emphasized as providing opportunity for women entrepreneurs. Banking, finance, and insurance, the third sector typically mentioned, was also considered an area of significant opportunity for women managers, though the sector itself is relatively small in terms of employment. Crossing several sectors, the tourism industry also was perceived to offer potential for women-owned or -managed businesses. The role of each of these areas in Indonesia's economy and the potential for businesswomen's involvement in these areas is discussed below.

³⁴ Two of the women owned and operated two businesses, leading to the figures of thirteen enterprises and eleven businesswomen. Information on the second businesses is not included in the previous sub-section regarding size of business, because the team focused on obtaining detailed information on the primary business.

- Services

Traditionally, the driving forces of Indonesia's economy were natural-resource based, specifically, oil, natural gas, and forestry. Since the 1980s, Indonesia has focused on diversifying the economy, with efforts mainly directed toward industry. However, the services sector comprises, and is expected to continue to comprise, a significant proportion of gross domestic product. For instance, the services sector represented 40% of GDP in 1980, 47% in 1990, and is projected to contribute 50% or slightly more of GDP from 2000 to 2020 (World Bank, 1994, p. 179). Further, "within the services sector, the structure [will] shift to more knowledge based services and away from informal activities" (World Bank, 1994, p. 178).

According to the team's interviews, as a significant economic sector and a sector in which Indonesian women already participate extensively, the services sector thus appears to present opportunities for women business owners and managers. Within this sector, interviewees identified: (i) a number of areas in which women are currently participating as owners and (ii) areas that should grow in conjunction with the country's overall economic growth. These areas include:

- Consulting and Market Research;
- Accounting;
- Communications/Publications (including advertising and public relations);
- Real Estate (including property management as well as real estate sales and rentals); and
- Hotels and Restaurants.

The box on the next page describes one woman-owned business services firm that exemplifies the anticipated movement in the services sector towards "more knowledge based" activities. In addition, however, it can be expected that women will continue to operate or own more traditional service-oriented enterprises such as beauty salons, bakeries, and photocopy shops, mainly because not all women will be able to attain the education and skills necessary to participate in knowledge based services.

- Manufacturing

The government's policy of transition from a natural resource based economy incorporates a commitment to developing "an efficient and competitive industrial sector" (World Bank, 1994, p. 177). Indonesia's manufacturing sector already has achieved significant growth, increasing from 9% of GDP in 1980 to 15% in 1990; the percentage of manufacturing GDP is projected to rise to 24% in 2000 and 34% in 2010 (World Bank, 1994, p. 178). With the growth in manufacturing, Indonesia has experienced substantial increases in female employment in manufacturing, a phenomenon often associated with manufacturing, particularly export-oriented production. Indeed, in 1990, manufacturing absorbed the second largest proportion of the

WOMEN IN BUSINESS SERVICES

On December 22, 1980, Yanti Sugarda and two female partners formally registered Surindo Utama, a marketing research and management consultancy firm. Since 1980, the company has grown and changed significantly. Yanti, as president director, now holds primary responsibility; her two partners are no longer active in the company's operations, although they remain shareholders. In addition to a (female) director of operations and a (male) director of finance, the company employs sixty persons on a full time basis as well as numerous part-time consultants. The realm of its work also has expanded; currently, Surindo Utama has on-going projects in all twenty-seven of Indonesia's provinces, and has developed an inter-Asian "name" through collaboration with research firms in Malaysia, the Philippines and Singapore.

In the early years, seventy percent of the company's employees were women, not necessarily by intent, but because women's university backgrounds generally prepared them with skills in research and information-gathering through interviews. As the company and the field of research and consultancy grew, more men entered; today, the ratio within Surindo Utama is approximately sixty percent men and forty percent female. The business community's perception of the firm changed along with its gender composition: originally the company was perceived as a qualitative research firm (because women stereotypically were better at such research), while today the company is acknowledged to have capabilities in quantitative research (because the company has hired men). Yanti herself does not perceive a difference in men's and women's quantitative skills, and believes that from the beginning Surindo Utama possessed quantitative research capabilities.

She does perceive a difference in men's and women's abilities to work in a demanding field such as research and consultancy, not because of intellect or skills but because of women's other responsibilities. She contends that as undergraduate and graduate students (many of whom work part time at Surindo Utama), women work harder than men, but the situation changes after students graduate and enter the work force. Yanti attributes this change to the fact that as students, women typically are single; after graduation, many women marry and assume time-consuming domestic responsibilities in addition to continuing full-time employment outside the home. As a mother of three, Yanti understands these pressures and how they can conflict with working in a deadline- and client-oriented business services company.

formal sector female workforce³⁵ -- nearly 29% -- up from approximately 19% in 1980 (ILO, 1993, Table 3.11). By contrast, the percentage of the formal sector male workforce involved in manufacturing rose only from 14% in 1980 to 20% in 1990 (ILO, 1993, Table 3.11). Gender disaggregated data on the workforce of manufacturing sub-sectors is not available. However, women are perceived to comprise the bulk of the labor force in the manufacturing sub-sectors of textiles, garments and leather products.

In contrast to their participation as workers, women's participation as owners or managers of manufacturing enterprises typically is less common. However, in Indonesia, women traditionally have been involved in the production of batik cloth (which falls into the manufacturing sub-sector of textiles, garments and leather products), and some Indonesian women now own such facilities or participate as managers in family businesses in this area. The team interviewed two

³⁵ The largest proportion of women in the formal sector labor force (nearly thirty-six percent) work in "Other Services", the residual category used in the Indonesian census to capture those who do not work in any of the nine industrial sectors. The largest proportion of men in the formal sector labor force (nearly twenty-seven percent) also work in "Other Services."

women owners of manufacturing firms, one of whom is profiled in the box to the right. Reportedly, women who own or manage manufacturing enterprises frequently work in collaboration with their husbands, with women typically responsible for day-to-day operations and financial management and men responsible for marketing and other external relations, such as interaction with government officials.

- Banking,
Finance and
Insurance

With deregulation of the financial sector, the Indonesian commercial banking system has changed considerably. While five state banks still dominate the sector, their share of outstanding bank loans has dropped from 80-90% in the late 1980s to 55% in 1992 (EIU, 1993, pp. 61-62). The private banking system consists of 171 banks (141 domestically owned, 20 joint ventures, and 10 foreign owned), with over 2,800 branches (EIU, 1993, p. 62). In addition, Indonesia enjoys "twenty-nine state, provincial and development banks, three savings banks, more than 8,500 rural banks, and a host of other financial institutions including insurance companies, leasing firms, venture-capital funds, factoring enterprises, credit-card companies and state-run pawnshops" (EIU, 1993, p. 62).

Banking was cited frequently as an area where educated women faced good opportunities to gain entry-level positions and to rise to managerial levels. For example, one female banker stated that she believed banks choose employees entirely on the basis of the candidates' performances on bank-administered exams, a gender-blind practice that opens a window of opportunity for women, like herself, who are able to score well. The reason given for women's apparent ability to rise within banks was consistent -- simply that the supply of educated managers has not kept pace

**BATIK PRODUCTION: WOMEN AS OWNERS,
WORKERS, AND SUB-CONTRACTORS**

Following the tradition of her grandparents and great grandparents, Ibu Utari started a batik production facility, called Surya Kencana, in 1967 in the central Java city of Yogyakarta. From the beginning, Ibu Utari and her husband have worked together to build the business, and now she serves as owner and operations manager while her husband serves as director for export. She started with ten employees; today, the factory employs approximately 150 people, mostly women. In the factory, women work on the design, wax, and dying processes. She also works with another 2,000 to 3,000 village women, many of whom at one time worked in the Yogyakarta facility but moved back to their villages after marriage. In their homes, women complete the intricate task of applying wax to the design already sketched on the material.

During nearly thirty years of operation, Ibu Utari has faced two major problems. First, with increasing western influence in Indonesia, many women stopped wearing the sarong, made of batik cloth, a change that forced Ibu Utari and other batik producers to develop new batik products, such as dresses, table ware, and shirts. Second, under the International Multifiber Agreement, batik is now considered a textile product, a classification that has eliminated Surya Kencana's ability to export, since decisions regarding which producers are chosen to fill Indonesia's designated quota under the agreement are made in Jakarta. As a result, batik producers, many of whom are women, have had to cut production and re-think their marketing strategies.

One way to reach the foreign market without directly exporting is to maintain a presence in popular tourist locations. With two outlets in Yogyakarta, the second most visited tourist destination in Indonesia (after Bali) and one store in Bali (plus one smaller store in Kalimantan to serve the local market), Surya Kencana has followed this strategy.

with overall demand. The reason that women were being "accepted" into the field was, according to several interviewees, that private banks began the practice of hiring women (sometimes as roving loan and deposit officers who visited markets where women worked as traders), and that state banks have followed the private banks' lead as a means to imitate the private banks' relative success.³⁶

Other evidence also demonstrates that women are seizing the opportunities presented by change in the banking industry. For example, between 1980 and 1990, the percentage of the formal female workforce involved in banking and finance almost doubled (i.e., it rose by 98%), while the percentage of men in the sector rose by 64% (ILO, 1993, Table 3.11). These statistics reflect the team's interviews, in which, for instance, a female branch manager in Yogyakarta reported that when she started her banking career as a clerk ten years ago, only two of twenty employees were women. Today, approximately 30% of branch employees are women, with approximately 10% of management positions filled by women. Likewise, supporting the proposition that women can rise to high positions in today's banking system, the president director of Bank Niaga, a private bank, is a woman.

Also in the area of finance, Indonesia has witnessed efforts to expand the Jakarta stock exchange, which was established in 1977, but constrained by government regulations until the 1980s, when declining oil revenues forced policy-makers to look for alternative sources of investment funds. While still relatively modest even by developing country standards (the number of companies listed at the end of September 1993 was over 160 [EIU, 1993, p. 66]), the exchange also was mentioned as a potential area of opportunity for enterprising, educated women, due again to the lack of qualified individuals in the field versus the needs of the economy as a whole. Similarly, the insurance sub-sector was mentioned by some as an area of opportunity for women.

- Tourism

Prior to 1969, when it established a special department dedicated to the industry, the Indonesian government awarded little attention to tourism. Since that time, tourism gradually has assumed greater prominence as an economic growth sector, particularly after the country experienced two crises in the 1980s prompted by declining oil prices. Highlighting the growing importance of the industry, President Suharto declared 1993 the first year of the "Visit Indonesia Decade." Even before the campaign, in 1992 tourism ranked as Indonesia's third largest export earner, attracting revenues of \$3.2 billion (Far Eastern Economic Review, April 22, 1993, p. 58). In addition, the number of tourists visiting Indonesia has grown sharply, averaging over 24% growth per year from 1986 to 1992 (EIU, 1993, p. 52).

³⁶ Thirty-two percent of the state banks' loans are said to be non-performing, versus 15% bad debt for the system as a whole (Economist Intelligence Unit, 1993, p. 62).

Many of the largest hotels are foreign-owned, either partially or wholly: 48% of the \$8.8 billion in foreign investment approved in 1990 was directed toward hotels (Far Eastern Economic Review, April 22, 1993, p. 58). However, linked to development of large hotels is an increased need for a variety of business services, such as travel agencies, communications/publications, and public relations/advertising, all of which present opportunities for local businesswomen.

Likewise, the overall increase in the numbers of tourists has opened opportunities for women entrepreneurs to establish small hotels, guest houses, restaurants, and handicrafts production and marketing facilities. Echoing interviewees' emphasis on opportunities related to tourism, of the thirteen enterprises owned by the eleven women interviewed, eight enterprises were tourism-related.³⁷ The box to the right contains an example of the opportunities open to women through tourism.

2. Opportunities and Constraints to Women Business Owners and Managers

a. Culture

While cultural constraints were not a specific focus of this study, this issue was the one constraint mentioned almost universally regardless of the interviewee's gender, education, marital status, age, educational background, and socio-economic status. The emphasis on cultural constraints appears to stem from the afore-mentioned fact that although women possess legal equality, they nonetheless

WOMEN IN TOURISM: MADE'S WARUNG

The success of restaurateur Made Masih, owner of Made's Warung, parallels the growth of the tourism industry in Indonesia. In 1969, Made and her mother opened a food stall close to Kuta Beach, in Bali. Because the stall was literally steps from the beach, it became a popular gathering place for the tourists who began to arrive in Bali in significant numbers during the late 1960s and early 1970s.

Originally serving coffee, tea and traditional Indonesian dishes such as nasi campur and nasi goreng, Made learned from her international customers how to cook the dishes they missed (such as pancakes), and the tourists spread the word that Made's Warung served a variety of foods. The restaurant's extensive (and still expanding) menu now offers cuisine from around the world -- pan-Asian, western, even Tex-Mex -- much as tourists now come to Bali from around the world.

Made is the legal owner of the business, partly because her husband is a Dutch citizen and thus cannot own a business in Indonesia. (In Bali, where adat coexists with and often overrides statutory law, a woman's property, along with any income or property acquired during marriage, may fall under the de facto control of her husband unless prior to marriage the couple agrees in writing to divide ownership of assets.) Along with her husband and sister, Made runs the business and supervises the approximately sixty employees who work the two eight-hour shifts that comprise the restaurant's hours.

With one restaurant thriving in the heart of Kuta Beach (the most bustling and developed beach in Bali), Made now is poised to embark on her second venture -- also a by-product of Indonesia's increased attractiveness to tourists. She intends to open a second restaurant -- in a site catering to locals, who are less enamored than the tourists of 1990s Kuta.

³⁷ This concentration in tourism-related fields is also linked to the field sites the team visited -- namely the first and second most visited tourist areas (Bali and Yogyakarta, respectively) as well as the nation's capital city. Nevertheless, tourism-related opportunities may be present in other parts of the country, such as East Java (due to its proximity to Bali) and Sumatra (due to its proximity to Malaysia and Singapore).

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are accorded "special rights and duties." With their emphasis on domestic roles, these duties present cultural obstacles to women's participation in the economy because they define the acceptable terms for women's behavior. One of the key cultural constraints is the government's "regulation",³⁸ in the words of one businesswoman, that the wife support and stand behind her husband. Standing behind a husband, according to several interviewees, may entail running a business out of the home (in order to reduce the woman's public presence) or simply ensuring that a wife is not perceived as being more successful than her husband.

Likewise, taking care of the family is still perceived as women's most important responsibility, to which all other activities are secondary. As one businesswoman remarked, today it is alright for a woman to be in business -- if she takes care of her family; similarly, another woman noted that her business activities were frowned upon by the extended family until her children began to attend university, which demonstrated (in the family's opinion) that she had managed to not only work outside the home but also be a good mother to her children. Within this context, however, some types of jobs or businesses -- those that do not involve travel, have regular working hours, etc. -- are viewed as acceptable for women because they allow women to balance work and family responsibilities.

b. Economic Policies

It is not possible within this study to prove cause and effect between Indonesia's economic policies (and corresponding economic growth) and opportunities for women to establish businesses. As mentioned earlier, however, between 1980 and 1990 (a period in which Indonesia enacted significant economic reforms) the number of women employers grew at a rate of nearly 35%, versus a growth rate for men of less than 15% over the same period (ILO, 1993, Table 3.10).

By contrast, the relationship between economic growth rates and opportunities for some women to enter professional and managerial positions in private businesses was perceived to be clearer, though no comprehensive quantitative data supporting the purported relationship is available. Specifically, according to many of those interviewed by the team, economic growth has opened opportunities for well-educated women to enter professional and managerial positions in business, simply because the country is not producing qualified professional managers -- male or female -- fast enough to meet the demands of the growing economy. Thus, the high economic growth rates engendered by Indonesia's economic policies have opened substantial opportunities for women with high levels of education to enter (and reportedly to move up in) professional and management positions in private businesses.

³⁸ Rather than one specific regulation, the term "regulation" was used in reference to the 1974 Marriage Law which, because it defines the roles of husband and wife, has been adopted, modified and expanded in other policies and programs, such as the family planning policy, as mentioned in Part A.4. Because the emphasis on women's domestic role and responsibilities appears in government policies, it apparently is often viewed as a government "regulation."

c. Financial Services

Two central issues were raised with regard to financial services: (i) the availability of funds for different size enterprises; and (ii) the accessibility of such funds, in terms of the procedures used by financial institutions in allocating funds. Several major actors in the Indonesian financial system are described below to illustrate the opportunities and constraints that different size enterprises may encounter as they pursue financial services. Following this background is a discussion of accessibility constraints described by interviewees.

- Availability of Financial Services

Indonesia enjoys a relatively broad range of financial services, from microenterprise lending programs run through government or NGO channels to state and private banks, each of which provides funds for different segments of the business community. The different levels of financial services are discussed in turn below.

Microenterprise Credit.³⁹ Supported by the government and donors (particularly USAID/Indonesia), lending and savings facilities for microenterprises have expanded greatly since the early 1980s. The two major vehicles for channeling microenterprise financial services -- the *Bank Rakyat Indonesia (BRI) Unit Desa* Program (People's Bank of Indonesia Village Unit Program) and the Provincial Development Banks (BPD) program -- have reached literally millions of borrowers and savers.⁴⁰

The BRI program operates nationwide at the sub-district level through 3,195 BRI units, 614 village posts, and 5,345 village banks supervised by BRI. Under the BRI program, 1.8 million borrowers had outstanding loans of \$802 million, of which an estimated 24% were women. Through this program, microentrepreneurs could apply for loans up to \$12,170, but the average loan size was much lower, at \$636. Reflecting the importance of appropriate, readily available savings instruments, the number of savers in the BRI system totalled 10 million people -- more than 5% of the country's population -- and savings in the system totalled \$1.7 billion, more than double the amount of loans disbursed.

Conducted in seven of Indonesia's twenty-seven provinces through 1,994 local financial institutions and 9,818 village posts,⁴¹ the BPD program also reached significant numbers of

³⁹ Unless otherwise noted, figures and statistics for the BRI and BPD programs are taken from "Financial Institutions Development (FID) Project Summary, USAID/Indonesia, March 4, 1994."

⁴⁰ The BPD program operates through financial institutions located in each of the seven provinces. These local financial institutions are as follows: West Sumatra -- *Lumbung Pitih Nagari*, LPN; West Java -- *Bank Karya Produksi Desa*, BKPD, and *Lembaga Perkreditan Kecamatan*, LPK; Central Java -- *Badan Kredit Kecamatan*, BKK; East Java -- *Lembaga Kredit Usaha Rakyat Kecil*, LKURK; Bali -- *Lembaga Perkreditan Desa*, LPD; West Nusa Tenggara -- *Lembaga/Lumbung Kredit Pedesan*, LKP; and South Kalimantan -- *Badan Kredit Kecamatan*, BKK.

⁴¹ Approximately fifty-eight percent of the local financial institutions are concentrated in the three provinces of Java, which comprises sixty percent of Indonesia's population. Information on the regional distribution of the village posts was not available.

borrowers and savers. With a balance of \$92.4 million in loans, the BPD program served 1.1 million borrowers, an estimated 55-72% of whom were women. Loan sizes under BPD were noticeably smaller than under the BRI program, with average loans of \$130 and maximum loans of \$2,500. In terms of savings, BPD banks held \$50.2 million for 1.3 million savers.

These figures indicate that the BRI and BPD systems have indeed placed credit for microenterprise lending within reach of many male and female microentrepreneurs. However, given Indonesia's size and the number of microenterprises in the country, existing programs have not been able to reach all potential borrowers. For instance, 34% of cottage or household manufacturing enterprises surveyed in BPS's Economic Census cited lack of capital as a constraint, making it the most common difficulty among such enterprises (BPS, 1993a, p. 72). Nevertheless, the sheer volume of credit available through and number of participants -- including women -- involved with BRI and BPD is noteworthy.

Credit for Medium- and Large-Scale Enterprises: At the other end of the lending spectrum, businesspeople seeking loans for medium- or large-scale companies generally meet these needs through either the state or private banking systems. In Indonesia, \$50,000 typically marks the division between loans for small-scale businesses and for medium- or large-scale companies. Within this context, the sub-manager of one private bank branch described the branch's commercial loan portfolio as consisting of: 50% loans to large businesses (i.e., a few loans in large amounts, ranging from \$250,000 to \$500,000); 20% to "small" businesses through the BPD system;⁴² and the remainder, 30%, for loans from \$50,000 up, most of which would be directed toward medium-sized businesses. The precise proportion and range of loans of this branch's loan portfolio may or may not be typical of private or state banks in Indonesia. However, the loan amounts cited by businesspeople and bankers were consistent, particularly with regard to the \$50,000 minimum loan size that private or state banks would consider, with the cost of administering loans less than \$50,000 noted as the reason for the minimum.⁴³

Within the context of these loan levels, interviewees did not view credit as a constraint for women who own medium- or large-sized enterprise. Indeed, three of the five women interviewed who owned medium- or large-scale enterprises had applied for, and received, loans from either state or private banks. As sources of credit for medium- or large-sized firms, including those owned by women, interviewees mentioned state and private banks almost interchangeably. Nevertheless, differences between the two types of banks were perceived. Broadly speaking, state banks were described as providing funds under more attractive terms -- longer maturities, lower interest rates -- but also as taking longer than private banks to process loan applications and provide loan approvals. Conversely, private banks were characterized as

⁴² As will be discussed in the next section, the government requires that private banks devote 20% of their portfolio to "small" business loans.

⁴³ The bank observed lower minimums (\$5,000) and maximums (\$50,000) for consumer loans, which comprised 30% of the total portfolio.

operating under more professional procedures⁴⁴ and offering faster loan approval processes. However, loans through private banks generally carried higher interest rates and shorter maturities.

Credit for Small-Scale Enterprises: In between lending for microenterprises and for medium- and large-scale enterprises, the sources of finance become less clear. As mentioned above, state and private banks typically have a lower limit of \$50,000 for commercial loans. By contrast, other financial institutions such as BPD and BRI have maximum lending limits of \$2,500 and \$12,170, respectively, but actual average loan sizes are much lower. Thus, there appears to be a gap in lending between these two levels. This apparent gap is substantiated at least for the manufacturing sector through the BPS Economic Census, in which 48% of small manufacturers cited lack of capital as a constraint, making capital the greatest difficulty faced (BPS, 1993b, p. 92).

As indicated previously, precise data regarding the number of small businesses in Indonesia, and thus the number of small businesses owned by women, is not available. However, if women business owners in Indonesia are concentrated at the small business level, as they often are around the world, women would be significantly affected by the apparent lack of availability of small business loans. In other words, women business owners who work at the small business level probably face finance constraints that are greater than those faced by microentrepreneurs, simply because microenterprises have been targeted by the above-mentioned programs. By contrast, small businesses (perhaps because of their invisibility in government statistics) have not been the object of lending or savings programs, even though, as their relatively larger size demonstrates, they have the capacity to develop and expand income- and employment-generating activities.

- Accessibility of Financial Services

Among the women and men interviewed, a consensus emerged that gender *per se* played little role in ability to apply for and obtain a loan from the formal banking system. Rather, level of education was mentioned most frequently as central to whether or not an individual would be able to complete required paperwork and to interact effectively with bank personnel. Indeed, women with higher levels of education reported little or no difficulty obtaining information on financial services or on obtaining loans if they applied for them.⁴⁵

At the same time that they professed no difficulty in working within the formal banking system to obtain loans, better educated women and men nevertheless noted that bank procedures and requirements may be confusing or burdensome to those unfamiliar with the banking system and that bank forms may be difficult to complete for those with less education. For instance, the

⁴⁴ For example, private banks were said to be less likely to use non-financial criteria in appraising a loan or to be captured by a small number of large, influential borrowers.

⁴⁵ Regardless of age, level of education or socio-economic background, all businesswomen interviewed exhibited a marked preference for financing investments through savings and great hesitation to assume debt.

president of IWAPI-Yogyakarta remarked that many of the association's members, a large percentage of whom possess a high school education or less, found it difficult to obtain loans. Moreover, among women who owned small businesses, lack of sufficient collateral was perceived as a significant obstacle. The box below illustrates how some bank requirements force businesswomen to weigh time and financial costs related to obtaining a loan versus the benefits of the loan itself.

However, while education, confusing bank procedures and forms, and lack of collateral were described as the main constraint to accessing finance, interviewees also mentioned a gender-specific practice that affects women's ability to obtain loans. Specifically, to apply for and receive a commercial loan, banks typically require women to obtain their husband's co-signature, even for businesses registered in the woman's name. While the precise basis for the practice was unclear, the most common reason cited was maintenance of family harmony. This practice unnecessarily constrains women's independent operations of their businesses. Conversely, within the last five years, some banks reportedly have begun to require the wife's co-signature prior to extending personal loans to the husband, also for the sake of family harmony.

**MICROENTERPRISE FINANCING NEEDS AND
BANK REQUIREMENTS: AN EXAMPLE**

As owner of a formal sector microenterprise (perhaps an anomaly in Indonesia) called Creative Communications, Tya Singgih presents an interesting example of how bank loan appraisal requirements can inhibit even a sophisticated potential borrower from pursuing a business loan -- and provides insight into the difficulties that less savvy businesswomen may experience.

The daughter of a pair of Indonesian diplomats, Tya was educated in international schools around the world. After attending but not graduating from an Austrian university, she embarked upon a career in the hotel industry, first in Austria and subsequently with a major multinational hotel in Jakarta, where she managed the printed materials component (i.e., development of a new logo, brochures, etc.) of a major public relations campaign. Later, she transferred these public relations skills to a position with the Jakarta office of an international advertising agency. The type of business that she established in 1991 -- a graphics communication firm specializing in printed materials for hotels, travel agents, and tour operators -- stems directly from this previous experience.

After having run the business for several years, Tya inquired about obtaining a loan from a bank. She was told that, in addition to completing standard bank forms, she would need to supply two years of financial records and a two-year sales forecast. Both requirements presented obstacles for this microentrepreneur. To develop bank-presentable financial records, she would have to hire an accountant -- costing one half million rupiah (approximately \$250). Moreover, as the business owner and principal marketer of the company's services, she believed she could not afford to expend the time to develop a reliable two-year sales forecast -- when what she really needed to do was continue to bring in clients. For Tya, these time and financial costs, combined with a general reluctance to assume debt, convinced her not to pursue the loan application. For other businesswomen, lack of education and experience might be added to these constraints as factors to consider before approaching a bank.

c. Business Education and Training

Indonesia currently is not producing managers and technicians in sufficient numbers to keep up with the needs of its growing economy. In efforts to fulfill this demand the number of education and training institutions devoted to developing managerial skills has multiplied in recent years. Apparently, no such institutions dedicated to developing entrepreneurial skills (i.e., skills necessary to develop and operate one's own business, rather than serve as a professional manager within a larger organization) have been developed. Indeed, "teaching" entrepreneurial skills is perceived (in Indonesia as elsewhere) as a difficult undertaking, especially since skills are only one aspect of the entrepreneurial equation. Thus, education and training for entrepreneurs is more difficult to find. The first sub-section below describes some of the managerial training now available, followed by a sub-section that outlines examples of training for business owners. The final sub-section summarizes how the lack of appropriately trained workers affects the businesswomen interviewed as they search for prospective employees.

- Managerial and Professional Education and Training

Long-term Programs: In Indonesia's major cities, universities and independent institutions have developed education and training programs corresponding to the American master of business administration (MBA) degree. Designed to address the needs of the private sector, the best-regarded of these programs seem to do so, if the demand for the graduates of the program is a good indication. Brief descriptions of the two institutions with which the team had interviews are provided below.⁴⁶

- Institut Pendidikan dan Pembinaan Manajemen (Institute for Management Education and Development), or PPM. Founded in Jakarta in 1967 as a private entity, PPM is the country's oldest management institute. Since 1984, PPM has offered a degree-granting program in business administration, and now conducts two MBA programs, one for students who come directly from undergraduate programs to the MBA program and one for executives, 85% of whom are sponsored by their companies and who work part-time while attending classes three days a week.

In the Pre-experience MBA Program, women comprise approximately 20% of students (though this percentage reached 30% for the last class accepted). PPM does specifically work to ensure that a "fair proportion" of women are accepted into the program. However, the program's two central criteria are merit (i.e., academic excellence and potential) and socio-economic background (PPM's recruitment regulations require that

⁴⁶ The institutions and activities outlined in this section are meant to be illustrative, not comprehensive. For instance, because of time constraints, the team was unable to interview faculty or staff at the University of Indonesia's master in business administration program or at the *Institut Pengembangan Manajemen Indonesia* (IPMI), though they are also highly regarded programs. Likewise, the team was unable to explore the nature or extent of such programs in major cities other than Jakarta and Yogyakarta.

60% of students come from underprivileged backgrounds). To permit students with this background to attend, financial aid or scholarships are provided for 60-70% of students.

In the Executive MBA Program, women represent an estimated 10% of students. The percentage of women participating in the program has decreased since the program began. While the reasons for the decline in female participation have not been analyzed, PPM's director, Dr. Anugerah Pekerti, noted that there are still relatively few women in upper level managerial positions. Thus, in Dr. Pekerti's opinion, higher percentages in the program's early years may have represented a "rush" on the part of existing high level women managers to attend the new program, while current figures may represent or indicate the percentages of women (without MBAs) who manage to move into upper level management in the companies that send their workers to PPM.

- University of Gadjah Mada. Founded in 1945, the University of Gadjah Mada (UGM), located in Yogyakarta, is Indonesia's largest and one of the oldest public institutions of higher education. Since 1988, UGM has offered the *Magister Manajemen* (Master of Management, MM) Program, equivalent to an MBA. While UGM is a state university, the MM program enjoys significant autonomy, mainly because it is expected to be self-supporting. Indeed, while the government (through UGM) granted the MM program the land on which its facilities stand, MM program organizers solicited and raised funds for buildings and equipment directly from the private sector. Likewise, the government does not subsidize the MM program's tuition; consequently the MM program is more than four times as expensive as other UGM masters programs (approximately \$10,000 per year). With the exception of company-sponsored students (described below), whose tuition is paid by their employer, most UGM-MM students finance their studies through savings or through loans or other assistance from family members. UGM-MM offers few scholarships, and those that it does offer are directed towards members of UGM's economics faculty.

UGM-MM holds two types of classes: "regular", for students who apply to the program and are admitted on a fully competitive basis; and company-sponsored, in which an individual company's employees compose the entire population of the class. Approximately half of UGM-MM's students are enrolled in the latter. Overall, the percentage of women students reaches approximately one-third of the student body, with higher proportions in some company-sponsored classes.

Other institutions also offer MBA or equivalent degrees; indeed, the UGM-MM program director noted that in Yogyakarta alone three other private institutions offered evening and part-time MBA programs to fill the demand from students who could not afford to enter school full-time. What the programs described above demonstrate is that not only is long-term business education available in Indonesia, but also women do participate in such education in substantial proportions

(roughly equivalent to women's participation in top U.S. business schools).⁴⁷ However, it should be noted that opportunities to enroll in such programs may be limited to a relatively small proportion of women, who, by virtue of their ability to continue their education beyond primary school, may belong to an already privileged group.

Short-term Programs: Like MBA-type programs, short-term, business-oriented education and training programs are readily available in Indonesia's major cities. For instance, one of the women managers who the team interviewed noted that information on training is readily available in a major city's newspapers; in this manner, she located and enrolled in short-term training courses on marketing and on management. As with MBA programs, however, these courses mainly cater to better-educated and generally better-off women, because such women are able to find or receive information on such courses and are able to attend such courses.

As with MBA programs, training programs in Indonesia have been developed in response to the growing needs of the economy for managers. For example, during its first twenty-three years, PPM has served over 100,000 individuals and 3,000 client organizations through its short-term training programs. Currently, PPM offers nearly seventy short-term training courses, in areas such as strategic planning, human resources management, marketing management for various sectors, operations/production management, and management for secretaries. The length of the courses ranges from a minimum of sixteen hours to a maximum of sixty hours, demonstrating that the classes are intended to fit the time constraints of working professionals and their companies. Cost ranges from 550,000 rupiah (\$250) to 1,900,000 rupiah (\$860). In addition to public courses, PPM provides "in-house" courses, i.e., courses comprised entirely of a company's employees, at either PPM's or the company's premises. Other institutions, including IPMI, offer similar short-term training courses, although PPM (as the longest-running training organization) is reputed to offer the widest variety.

- Training for Business Owners

In addition to the long- and short-term managerial education and training outlined above, other institutions also offer training (or are developing plans to do so) to business owners, even though the institutions' main focus may not be education or training. One such organization is the national network of chambers of commerce (*Kamar Dagang dan Industri*, or KADIN). For example, the Jakarta headquarters of the national chamber, KADIN Indonesia, has worked with donors and government on several different kinds of training programs, including entrepreneurship development, business apprenticeship, and overseas training (in Australia). For the overseas training, one-third of the participants were women.

KADINDA Yogyakarta (the Yogyakarta provincial branch of the national chamber) recently formed a Business Education Center, the purpose of which is to provide business-related information and training for KADINDA members and other entrepreneurs. Since operations

⁴⁷ Women's participation in the top twenty U.S. business schools ranges from 20% to 34% (Business Week, October 24, 1994, p. 54-55 .

began in September 1994, the center has provided management and technical training for one hundred small scale entrepreneurs; estimates of women participants were not available. Other KADINDA reportedly offer training in conjunction with other business organizations. For instance, according to Business Advisory Indonesia (1991), the East Java KADINDA and IWAPI East Java held three joint training seminars in 1990. These seminars covered marketing, small business management, and organizational training.

Likewise, PPM has developed a television series, aired on Indonesia's public television network, devoted to providing information on small business development. Although it is not "training" in the strict sense, this series is educational in that it focuses on profiles of successful small businesses, including obstacles encountered and solutions developed. Notably, the network asked PPM to design more episodes directed toward women, because women comprised a majority of the viewers during the time period when the show is aired. PPM considers the series (and television in general) as a good means to reach populations that might not be reached through other media, such as newspapers, and yet may be engaged in or may want to improve business activities.

Undoubtedly, other training activities for business owners exist. However, the training provided may not meet the needs of many women business owners, who, according to the chairperson of the Yogyakarta branch of IWAPI, often require less advanced or complicated training than is available, e.g., in bookkeeping, small business management, etc. Moreover, training that does exist may not reach owners of smaller businesses, including women. For instance, 87% of small manufacturers surveyed by BPS reported that their staff had not participated in any skills training (BPS, 1993b, p. 104).

- Training Needs

Despite the existence of business training such as that outlined above, nearly all the businesspeople interviewed felt the need to train their own workers to provide skills that are not produced or learned in schools. For some businesses, training is a relatively simple matter. For instance, for production facilities (such as batik and shoes), businesswomen reported that they provided on-the-job training for as little as three days, after which a worker would have learned enough of the "basics," with greater facility and skill obtained through practice and experience. Companies in other areas, such as more specialized business services fields, considered training to be a greater dilemma. One market research company, for example, routinely trained the university graduates it hired in research methodology, a subject which most universities teach, but not in the format or to the standards required for research in the private sector. Likewise, another company in a more specialized area -- graphics communications -- found it necessary to bring in an expatriate to train staff. The same company, a micro-enterprise, also noted the difficulty finding secretarial staff that meet its needs, particularly for English capabilities.

While many government training institutes exist (for instance, the Ministry of Industry operates 160 training institutes, while the Ministry of Manpower runs 140), many businesspeople interviewed believe that such institutes do not meet the needs of today's economy. For example,

an owner of a garment factory describes government-sponsored vocational training in this area as essentially useless because students practiced on obsolete manual machines and thus have to be re-trained by companies to work on the more modern equipment used in the factories. Accordingly, this businessperson contends that industry associations are better placed than civil servants in government training institutes to identify training needs and to design appropriate training courses; thus, he suggested that the government maintain funding for but devolve operations of training institutes to the relevant private sector association.

To address the issue of aligning training more closely with the continuing needs of the private sector for skilled workers, KADIN Indonesia is currently working with GTZ to develop a "dual system" training model (in which training is divided between classroom and company settings) and trying to organize a national council for vocational training, the purpose of which would be to integrate the resources of and improve the services of the myriad training institutions run by separate ministries and agencies.

d. Marketing and Business Information

One central generalization can be made regarding the means through which the businesswomen interviewed received or gathered marketing and business information. Namely, most businesswomen reported using informal channels, particularly word-of-mouth, to gain information on business opportunities and to market their businesses' services or products. For many businesswomen, such networks sufficed. More broadly, however, evidence exists that marketing does present a problem for some businesspeople. For instance, 21% of small manufacturers who reported experiencing business difficulties cited marketing as a constraint (BPS, 1993b, p. 75), while approximately 16% of cottage/household industries reported that they had experienced marketing difficulties (BPS, 1993a, p. 72). The only formal, woman-targeted, marketing and business information channel that the team encountered was IWAPI, which receives information from various government ministries and from KADIN and transmits this information to its members. While IWAPI members may benefit from this formal information channel, this group represents a small number of businesswomen and thus leaves most businesswomen reliant on other sources of market and business news. The box on the next page describes how one businesswoman used informal means both to gather international market information and to market her products.

One group that may be particularly affected by lack of formal information flows is cottage manufacturing enterprises. As mentioned in Section B, growth in the manufacturing sector has meant change in the composition of enterprises that produce manufactured goods. Specifically, growth in the manufacturing sector as a whole represents the net result of the growth of medium- and large-sized enterprises and the contraction of cottage/household level enterprises. Because women own or operate 43% of cottage/household industry (BPS, 1993a, p. 96), it is important to consider if these women have access to information and technology that might help them compete with newer, larger factories. If women do not have access to such inputs, women may face a loss of income as their cottage industry becomes less profitable or the choice of working outside the home in a larger factory while continuing to complete their domestic responsibilities.

e. Laws and Regulations

As described in Section A.1. (Legal and Regulatory System), except for parts of the Marriage Law of 1974 and for protective legislation, Indonesia's formal legal framework provides for equality between women and men. However, the *de facto* legal situation in Indonesia is unclear due to the interplay between statutory and customary or religious laws, and is particularly unclear on some issues related to women's ownership and management of businesses, such as property rights and inheritance. These legal issues have been outlined in Section A.1.

In addition to confusion among laws, many interviewees also expressed the opinion that some non-gender specific regulations significantly affected women business owners. Many businesspeople remarked that such regulations, or more accurately the number of regulations, may be more daunting for women business owners than for their male counterparts. For instance, to formally register a business, the owner must complete more than a dozen regulatory steps involving as many government offices. Both women and men businesspeople face the cost and time involved with completing this process, but many of those interviewed believed that the process may pose a greater hindrance to businesswomen than businessmen, mainly because women had less experience dealing with the often unclear procedures of government bureaucracies.

With respect to the time required to complete the registration process, interviewees explained that the primary difficulty is that the steps required to register a business are unclear. No readily available guidelines describe the sequence of steps and government offices that a businessperson must complete or visit, so businesspeople spend valuable time going from one office to another, waiting in each office, finding out what each office needs, then returning with required documentation, and perhaps repeating the cycle again. Because written guidelines are not easily available, businesspeople are often uncertain

**DEVELOPING MARKET KNOWLEDGE
THROUGH EXPATRIATES:
IBU JERO'S ART SHOP**

Ibu Jero entered the business world gradually. As a young married woman, Ibu Jero worked out of her home as a seamstress, often for her neighbor Linda Garland, an Irish interior designer who was married to a Balinese. Ibu Jero explained that, as a young woman, she considered herself a tailor, not a designer. Accordingly, working with her neighbor -- who relied almost exclusively on Ibu Jero to produce fine textiles (such as pillows, tablecloths, and quilts) to complete her designs -- broadened the realm of products that Ibu Jero could make. Indeed, Ibu Jero stated that although Linda would provide a basic outline of the product she wanted, Linda encouraged Ibu Jero to use her imagination to fill in the details. Without Linda's international product knowledge and personal encouragement, Ibu Jero believes she would not have begun to make items that are not traditionally Indonesian, such as floor and sofa pillows.

Today, Ibu Jero owns her own shop located between Denpasar and Ubud in Bali. She no longer sells products to Linda Garland, because Linda has moved out of the interior design business. As a result, Ibu Jero's business responsibilities have changed considerably. For instance, she employs ten full time employees (all women) and brings on temporary workers when she receives large orders. Another change involves supplies and marketing: today Ibu Jero interacts directly with her batik supplier in Java and with clients from America, Italy, Australia and Japan, among other countries, whereas previously Linda had supplied raw materials and had marketed the products. However, Ibu Jero still sells many of the designs first commissioned by Linda -- and still finds a vibrant international market for the products.

why the registration process might be delayed in any given office, but suspect that the delays are related less to official procedures than to corruption. Whether or not allegations of corruption are true, the perception that registering a business requires involvement in unfamiliar terrain, perhaps involving bribery, presents an impediment to business formalization.

3. Current Initiatives in Support of Women Entrepreneurs

Indonesian government projects targeted toward women are few outside the social services areas (health, population, etc.). The central gender-related program in Indonesia is operated by the Ministry of the Role of Women and technical assistance to the program funded by the Canadian International Development Agency (CIDA). However, this program does not focus on women as workers, business owners, or managers. Programs in the economic ministries (such as the Ministry of Manpower, Ministry of Industry, Ministry of Trade, and Ministry of Agriculture) as a rule are not targeted toward women nor do they specifically encourage women's participation.⁴⁸ Two prevalent justifications for the lack of attention to gender issues include: the perception that such issues should be handled by the Ministry of Role of Women and its program, not other ministries and programs; and the fact that much spending in government social services programs is targeted toward women, and that therefore, women are receiving their "share."

Donor assisted projects related to business development also generally are gender neutral. For instance, several USAID/Indonesia projects involve women but are not "WID" projects *per se*. Examples of such projects include: the former Financial Institutions Development projects (FID I and FID II), which assisted in the development of the BRI and BPD financial systems outlined earlier; and assistance to Puskowanjati, a cooperative credit NGO based in East Java which with USAID support has begun to work in Indonesia's outer islands.⁴⁹ However, most donor projects in business-related areas (such as the UNDP's Self-Employment and Microenterprise Development, SEMED, program) focus on self-employment and microenterprise, neither of which were central focuses of this study. The Indonesian government also supports programs to assist small businesses, though such programs do not specifically target or emphasize women business owners. Two of these programs are: the Small Industries Development program (*Program Pembinaan dan Pengembangan Industri Kecil*, BIPIK), which was initiated in previous incarnations in the 1950s, is presently run by the Ministry of Industry, and provides technical assistance to clusters of small enterprises; and the "Foster Father-Business Partner Linkage" program (*Program Kemitraan dan Keterkaitan Bapak Angkat-Mitra Usaha*, more commonly known as the *Bapak Angkat*, or Foster Father, program), through which large enterprises are linked to micro- or small-enterprises to help the latter access domestic and export markets, to

⁴⁸ An exception to this "rule" is one of the Ministry of Agriculture's four major programs. This program supports the development of housegardens, which are important in Java and Bali, are large income earners, and are mainly under the control of women. The program provides a package of assistance, including vegetable seeds, training and either chickens or fishponds, depending on location.

⁴⁹ USAID Indonesia also provides assistance to a number of NGOs that work on gender issues but do not focus on support to women business owners.

provide capital or loan guarantees, and to provide technical assistance in such areas as management and technology (Wie, 1994, p. 106).

4. Implications for POWER

From the discussion above, three areas emerge as holding the most important implications for POWER. These areas include: managerial opportunities; woman-owned small businesses; and business registration processes. The implications for POWER in each of these areas is outlined below; possible interventions related to these implications have been discussed in Section I.

Managerial Opportunities: As outlined above, opportunities for well-educated women to enter managerial paths and attain managerial positions are opening as a result of the shortage of highly skilled workers *vis-a-vis* the needs of the growing economy. Moreover, long- and short-term training is available for urban-based, educated women, and women do participate in such training. However, women who are poised to go into professional and managerial positions are neither the most numerous nor the most needy group of women in business, as they already have achieved higher than average education. The implication for POWER, therefore, is that working to improve women's opportunities as managers or as participants in long- or short-term managerial training or education is not a priority target group at this time given USAID/Indonesia's focus on less fortunate groups.

Women-owned Small Businesses: In Indonesia, information regarding the private sector -- by size, sector or sub-sector, or gender of owner -- is scarce. However, if global patterns hold in Indonesia, small businesses (along with microenterprises) may be a segment of the economy where women entrepreneurs are concentrated. While better information is necessary before determining specific interventions that POWER might undertake, it appears that support to women-owned small businesses, such as credit, basic management training, and financial management, may reach an underserved and potentially dynamic group of entrepreneurs.

Business Registration Processes: As mentioned above, business registration processes in Indonesia are time- and resource-consuming for businesspeople of both genders. This factor, in addition to the benefits of remaining in the informal sector (particularly tax evasion), contributes to the existence of a large informal sector. However, remaining in the informal sector may slow enterprise growth or limit the scope of enterprises' activities because informal status, for instance, may impede access to credit through the formal financial system (which may require tax identification numbers) or may prevent enterprises from exporting directly. The complexity and (perceived or actual) corruption of the business registration process inhibits both men and women from formalizing their businesses. However, interviewees argued that businesswomen faced greater obstacles in the process than did businessmen, mainly because men traditionally interacted with the "outside" world, including government officials, more than women, whose role even in economic activities has been less public. While more information on the business registration process is necessary, the implication for POWER is that efforts to streamline the process, and efforts to publicize the reformed procedures, would benefit all businesspeople, including and perhaps especially businesswomen.

Legal Constraints: As described above, formal legal inequalities in Indonesia are limited to protective legislation and to the gender-differentiated intra-household roles specified in the Marriage Law of 1974. The former probably affects women's participation in the labor force because, in theory, it raises the cost of hiring women versus men; as mentioned previously, though, employers can avoid this cost by engaging women on a temporary basis. Because it cannot be similarly avoided, the marriage law presents a serious legal obstacle in two key respects. First, the law provides a basis for discriminatory actions that differ from established statutory principles, e.g., through replication and strengthening of the assigned gender roles within the strategies and implementation of various ministries' programs and through *de facto* withdrawal of women's rights to control property and income due to the designation of husbands as household heads. Second, the assigned roles reinforce cultural stereotypes held by some of Indonesia's ethnic groups about the proper conduct of men and women and promote the stereotypes on a national level. Changing the marriage law would be an extremely sensitive and difficult undertaking. However, the current situation is noted because it holds important implications for Indonesian women and thus for POWER.

D. INSTITUTIONAL DEVELOPMENT FROM A GENDER PERSPECTIVE

In Indonesia, women generally have not played a strong role either as a separate interest group or in mainstream interest groups, despite their numbers and their economic needs. Two factors have contributed to this situation. First, the New Order government adopted the patriarchal norms present in some regions of the country, thereby reinforcing the belief that women's domestic roles are more important than any outside activities such as participation in or leadership of organizations. Second, New Order government policy has actively limited the freedom of women, as well as many other groups, to create independent institutions.

Accordingly, the largest and best-funded organizations that focus on or incorporate women have been founded or sponsored by the government or have demonstrated that they can work harmoniously with the government. As a result, none of these organizations have challenged the government's narrowly defined role for women in development, which focuses largely on family concerns. Independent NGOs have adopted a broader view of women's roles (including economic roles), but are regulated by the government in ways that restrict their size, geographic representation, and ability to raise funds.

1. Organizations Addressing Women's Interests and Concerns

This section summarizes the activities of selected government and non-government organizations in Indonesia and highlights their achievements and constraints in addressing gender issues, particularly in relation to women's economic empowerment. First, the government and government-sponsored organizations are discussed, followed by the independent NGOs. The assessment team interviewed representatives of twenty organizations located in Jakarta, Yogyakarta, and Bali, as well as consultants and project officers familiar with other organizations in areas the team was unable to visit or whose leaders were not available.

Although no written analysis of the entire NGO system is available, the team had access to two NGO directories and a number of case studies describing the development of the Indonesian NGO movement. Through the field work, the team developed insights regarding the climate for government institutions and NGOs and an understanding of the visions and programs of particular NGOs and institutions, as described below.

a. Government Agencies, Programs, and Political Parties

• Participation of Women in Government

Women in the Legislature: Women's representation in government institutions is often assumed to be necessary, although not always sufficient, for the policymaking and lawmaking processes to include women's issues and concerns. In the case of Indonesia, the legislative and judicial branches are relatively weak compared to the executive branch. Indeed, as mentioned previously, the ministries (part of the executive branch) initiate legislation that the DPR (the Indonesian parliament) then formally approves; the DPR has never initiated its own legislation. Women total fifty-nine of the 500 parliamentarians (Notosusanto, 1993). They have not formed a women's caucus, presumably because such a caucus would cross party lines; since the parties appoint their parliamentary representatives, women (like all representatives) owe their positions to party selection. Only a few women hold positions as committee chairpersons (four of sixty-five positions) or heads of political factions (nine of eighty-six positions). The leadership of the three political parties is also primarily male: women hold six of fifty-six PPP leadership positions, two of eighteen GOLKAR positions, and six of fifty-six PDI positions.

Women in the Civil Service: Although by 1990 a third of all civil servants in Indonesia were women, women tend to be concentrated in the lower ranks of the civil service system. Higher percentages of women are found in the second and third echelons. In 1989, women made up 11% of the top echelon of the civil service (Oey-Gardiner, 1991, p. 47, note 1). Table II-4 illustrates the uneven distribution of men and women in the three echelons and in selected ministries. As indicated, women have achieved the greatest representation in the upper echelons in the Ministry of Education and Culture and the Ministry of Health. However, in several ministries that control access to key resources (e.g., Agriculture, Justice, Industry, Trade, Information, Manpower, and the National Development Planning Board known as BAPPENAS) women are not represented in the highest decision-making positions at all, reducing the probability that women's needs and concerns are introduced into critical policy and budget discussions. While this table does not include ministers, currently only two women serve at this level, in "traditional" cabinet positions for women -- namely, Minister of Social Affairs and State Minister for the Role of Women.

At the regional government level, women fill less than 6% of the total positions (BAKN, 1993, p.79). No women have been appointed to the powerful positions of governors or vice-governors in any of the twenty-seven provinces, and few women are appointed to any high positions in regional governments. In fact, many of these positions are assumed by military and ex-military officers.

Table II-4: HIGH LEVEL OFFICIALS IN SELECTED MINISTRIES/INSTITUTIONS
(As of May 1993)

Ministry or Institution	First Echelon		Second Echelon		Third Echelon	
	Men	Women	Men	Women	Men	Women
Education	153	138	503	57	1481	168
Health	26	8	117	12	572	172
Family Planning	1	1	18	2	383	53
Social Affairs	5	0	44	4	252	24
Agriculture	16	1	119	1	446	11
Industry	8	0	53	2	226	6
Justice	13	0	135	17	820	77
Manpower	6	0	44	4	490	47
Information	7	0	55	0	514	25
Trade	5	0	66	1	419	28
Development Planning Board	4	0	12	1	4	1
Bureau of Statistics	4	0	15	2	104	13
National Science Institute	49	4	12	1	4	1
TOTALS	297	152	1,193	104	5,715	626

Source: National Civil Service Board, 1993, presented in Notosusanto, 1993, Table 1A, pp.5-7.

Notes: The above data were collected before the formation of the 1993 cabinet.

The first echelon officials do not include ministers/heads of institutions.

The data do not include ministers without portfolios such as the State Minister for the Role of Women.

• *Government Defined Development Role for Women*

During pre-independence and early independence in the 1940s and 1950s, Indonesian women were active in public life through the medium of women's organizations. However, under the New Order, the government officially defined women's role as domestic, not public, in effect narrowing women's freedom to independently organize and participate in the public domain. The state ideology emphasizing women's role in domestic life has been incorporated into many government mechanisms.

Nevertheless, responding to the United Nations Decade for Women initiatives in the 1975-1985 period and to internal pressures, the Indonesian government: established the State Ministry for

the Role of Women (SMRW) in 1978; increased recruitment of women into civil service positions; included some women in political parties; created a development program targeted to women; and included government approved women's organizations in some policy discussions and in implementation of government programs targeted to women. However, also beginning in the mid-1970s, the government introduced its official definition of the role of women in development into its National Guidelines of State Policy (GBHN) which then is incorporated into five year development plans (REPELITA) and annual programming budgets. The state paradigm described five major roles for women as the agent that fosters healthy and prosperous families: supporter of her husband; caretaker of the household; producer of future generations; child-rearer; and citizen in local self-help programs (Sullivan, p. 148-9).

The government operationalized this gender paradigm by creating the Applied Family Welfare Program (PKK) to organize and train women at all levels to help meet state-defined social welfare and development goals (e.g., health, family planning, and education). In the mid-1980s, this program was expanded, assumed an inter-sectoral orientation, and was renamed the Enhancing the Role of Women Programs (P2W). P2W is funded by the State Ministry for the Role of Women (SMRW) in coordination with the sectoral ministries. The government believes that through its family planning and health programs, the P2W and PKK programs, and the establishment of the State Ministry for the Role of Women, it has taken care of its public sector responsibilities for women. These programs have absorbed most of the government resources available for women. Nonetheless, they account for less than 1% of total government spending, and this small amount of money is spread out thinly among the twenty-seven provinces.

As a result of the changing socio-economic environment and rapid industrialization, the last two five-year plans exhibited evolving recognition of Indonesian women's economic roles and constraints to their participation in the economy. Although they continue to emphasize women's primary responsibilities in maintaining social and family welfare, the latest national guidelines and five-year plan place some emphasis on a stronger economic role for women through: promoting women's access to all fields of formal and informal employment; encouraging more women to enter the fields of science and technology; and providing more opportunities for women to become decision-makers, policymakers, planners and beneficiaries of development. These documents also place also more emphasis on poor women and younger women entering the labor force (Oey-Gardiner, 1991, pp.37-39). However, mechanisms for implementing these objectives have not yet been developed.

- State Ministry for the Role of Women

The State Ministry for the Role of Women (SMRW) has a broad mandate, a very difficult role and limited resources (approximately ninety staff members and a US\$600,000 annual budget) to carry out its objectives. Included in SMRW's mandate are the following objectives (Oey-Gardiner, 1991, pp. 40-42; ADB, 1994):

- Coordinate the PKK and P2W women's development programs;
- Help integrate women into mainstream programs/systems;

- Expand education and training on the role of women and gender sensitivity;
- Provide women with access to credit through cooperatives and small-credit schemes;
- Expand employment opportunities and increase job protection for women;
- Improve laws/regulations to enhance the status and welfare of women;
- Increase research and development on the role of women in development, develop MIS systems, and strengthen the integration of public and community institutions.

The SMRW has carried out some major achievements. For example, a former SMRW Minister and her staff, stimulated by the Nairobi discussions ending the UN Decade for Women, worked to incorporate some of these ideas into Indonesian government program planning and implementation. The minister's actions included: mobilizing other ministries to initiate women's programs; regularly visiting the provinces with officials from other ministries to discuss women's issues; and persuading the government to assign responsibilities to the provincial Vice-Governors to chair P2W management teams and hold meetings twice yearly to review the status of women in the region and to address women's development needs in the regional development plan.

The second SMRW achievement is the establishment of a network of Women's Studies Centers in each region. The Women's Ministry helped to legitimize Women's Studies Centers and to justify provincial government support for them in exchange for their: doing research on the status of women in the local area; identifying women's problems and proposing policy and program recommendations to BAPPEDAS (the regional offices of the Ministry of Home Affairs) and to BAPPENAS; and providing gender training on request. The SMRW also promotes awareness in the line ministries about women's needs through gender sensitivity training and dialogue.

Despite these achievements, interviews and assessment documents (e.g., ADB, 1994; Oey-Gardiner, 1991, pp.44-48; ILO, 1993a) highlight the fact that the SMRW's institutional position weakens its ability to translate its laudable objectives into effective activities. In Indonesia, the sectoral ministries generally have staff and offices in both Jakarta and the provinces, with the local staff playing a key role in implementing ministries' programs. The SMRW, by contrast, is a state ministry, meaning that: (i) it does not have staff at the provincial level to implement activities; and (ii) it does not have separate programs, but rather "adds" its (limited) funds to programs run by certain units in the sectoral ministries (usually training or human resources development departments). Consequently, it relies on the Vice Governor and the head of the Provincial Planning Board (all men in these positions) to head the local teams that manage P2W and on the extension staff of the line ministries and government sponsored women's organizations to implement P2W. Secondly, interviewees suggested that the line ministries give low priority to P2W and PKK programs because they are not part of the ministries' "main" programs and because they represent extremely small proportions of many ministries' total budgets (e.g., less than .05% of the multimillion dollar programming budgets of the Ministries of Agriculture, Industry, Training, and Manpower). In addition to these institutional constraints, interviewees also noted that the sectoral ministries' staff often do not understand gender issues and thus have limited will to expand women's development activities.

Many specialists (e.g., World Bank, 1992; ADB, 1994) argue that women need to be included as specific targets in Indonesia's mainstream development programs, which receive the bulk of public investment. In this scenario, women would be treated as equal beneficiaries in, for example, the Department of Manpower's many training programs or the Ministry of Agriculture's programs rather than being treated separately in special women's programs. As described in the box below, such separate programs may not be optimal for women.

SMRW coordinates policy and program planning through small interdepartmental working groups (*pokja*). These groups include SMRW staff and designated officials (those who work on the P2W program) from the sectoral ministries. The departmental representatives are generally lower level female officials with less experience and without sufficient authority to make bold policy and program planning decisions (ADB, 1994, pp. 4-5). SMRW provides gender sensitivity and awareness training to those designated officials in order to help them implement P2W in their sectors. However, the training is limited to a small number of officials, mainly in planning or education and training units, in the seventeen ministries, and thus has limited impact in changing the thinking and approach of large-scale ministries, which may have more than 4,000 officers per ministry. No gender sensitivity training is provided to field extension staff, and SMRW faces the constant need to retrain its sectoral counterparts because of frequent personnel changes.

**LIMITED IMPACT OF SECTORAL AND
TARGETED PROGRAMS ON WOMEN**

A World Bank assessment of the impact of Indonesian government extension programs on women (1992, p.31; 47-48) included the following points:

- *Agricultural programs are targeted to "lead farmers," who generally are not women, with the result that women farmers are often excluded from direct access to services.*
- *Special agricultural extension programs targeted to women deliver low quality programs and provide limited coverage compared to regular extension training.*
- *The major agricultural extension program targeted to women focuses on home gardens and is presented as family nutrition program and not a market-oriented program.*
- *The Department of Manpower's P2W training program for women only provides traditional female skill training such as food processing; the mainstream training and job creation programs are open to women, but no specific effort is made to attract women to these programs.*

A review report on the SMRW's development programs stated that a key problem is that the limited funds of P2W projects mainly provide personal capability training or human resource development activities for leaders of village women's groups; the programs do not provide technical training or significant resources, such as credit or equipment, to women (ADB, 1994). This contrasts with many mainstream activities, targeted to men, which must provide substantial resources in order to attract their participation in programs.

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- Government Sponsored Women's Organizations

There are two types of NGOs in Indonesia: (i) those that are independent of the government, generally have limited funds and are legislatively prevented from having large-scale, nation-wide programs; and (ii) those that are closely affiliated with the government, receive government programming funds and are national organizations. The independent NGOs will be discussed in later sections. Because the second type have a different legal status and often are closely tied with government programs, they are discussed below.

With independence in 1945, many women's organizations joined together to form the Union of the Women of the Indonesian Republic. This organization was later brought within the fold of a large umbrella grouping, the Indonesian Women's Congress (*Kongres Wanita Indonesia*, or KOWANI), one of several government-sponsored women's organizations. KOWANI has a federation structure with seventy-three separate national women's organizations as members and multiple local branches. The members of these organizations include middle and upper class women who are wives of government employees, professionals, religious leaders, and intellectuals, as well as women working in many fields. In the mid-1970s with the government's initiation of the PKK program and programs in family planning, health, and nutrition, KOWANI leaders were invited to sit on state committees and act as advisors on issues relating to women and the family. In response, KOWANI endorsed these state development programs and adopted them as part of its own agenda. KOWANI has been involved in educating lower class women about family planning and family welfare programs, in persuading the government to pass a reformed Marriage Law in 1974, and educating women about legal issues including those in the Marriage Law (e.g., increased age of marriage and polygamy only with the consent of the first wife).

During the New Order period, the government has encouraged development of wives' auxiliary organizations, i.e., organizations comprised of wives of government and military officials, with separate organizations for each branch of the government and military. In 1974, all of these wives' organizations were integrated under one umbrella, called *Dharma Wanita*. In *Dharma Wanita*, the wife's position parallels that of her husband's position in the government or military hierarchy; for example, a deputy minister's wife would be second-in-charge for the *Dharma Wanita* group related to that ministry. Women who refuse or neglect to participate in the organization's activities do so at the risk of social criticism and possible detrimental effects on their husbands' careers. *Dharma Wanita* primarily organizes family social welfare activities such as cooperatives, charity events, lectures on family planning, women's and children's health activities, and basic home economics courses. In 1983, *Dharma Wanita* was a main force behind passage of the Government Regulation No. 10, which regulates marriage and divorce for civil servants.⁵⁰ Similar to *Dharma Wanita*, *Dharma Pertiwi* is an organization of the wives

⁵⁰ This law states that a male civil servant has to seek permission from the head of his department or institution before he can enter a polygamous marriage or get a divorce. The wife has the option of asking the supervisor's wife in *Dharma Wanita* either to prevent the divorce or second marriage or to ensure she gets support for herself and the children.

of armed forces personnel and Ministry of Home Affairs officials. *Dharma Pertiwi* implements the PKK or Applied Family Welfare Program, described above.

b. Research Institutes and Universities

Of the nineteen research departments in the Indonesian Institute of Sciences (LIPI), two are headed by women. Women, however, comprise approximately 50% of LIPI employees, though they are concentrated at the lower levels. This percentage is a substantial increase from previous years. According to one woman professional interviewed, in 1969, two women worked at LIPI, by 1977 six women were employed, and after 1980 the percentage increased to half. One department with many women researchers and headed by a woman is that of the Center for Population and Manpower Studies.

The University of Indonesia (UI) offers the country's only masters degree in women's studies. Established by UI in 1990, the masters program has attracted approximately fifteen students per year from the government, NGOs, and academia. However, during the first four years that the course has been offered, only six students have graduated, some of whom have returned to teach and strengthen women's studies at their universities or institutions. UI also houses a Women's Studies Center at the Faculty of Social Sciences. This Women's Studies Center (part of a nation-wide effort to establish such centers, as described below) provides short courses on feminist research and analysis methodology to members of other centers around the country. The UI Women's Studies Center is linked with a variety of donors and resource organizations. For instance, the University of Newfoundland and several donors (e.g., CIDA and the Ford Foundation) support the center with resources or technical assistance. In addition, the Dutch government and UNIFEM have financed training of staff from various centers through UI's Gender and Development Program. The training involved a two to four month course in Holland for thirty-four participants, followed by training for a similar program held at UI for sixteen individuals. Because extensive training in research and analysis could not be undertaken within the limited resources available, these programs emphasized the informational aspect of gender issues.

While no other universities have formal women's studies programs, a number of universities or university-based research institutions conduct research on women's economic and demographic conditions. Foreign donors are a primary source of funding for such research. For example, the Gadjah Mada University's Population Studies Center (in Yogyakarta) has completed a series of studies on women's work. Under a grant from the Ford Foundation, the Bogor Institute of Agriculture conducted research on household economics and female labor utilization (producing twenty-five masters theses). In collaboration with the Institute of Social Studies at The Hague, the Development Studies Center at Bogor Agricultural University and the Center for Environmental Studies at Bandung Technological Institute completed numerous policy-oriented studies during the four-year West Java Rural Non-farm Sector Research Project, a project which

tried to encourage all researchers to examine gender issues in their work and included some studies that focused solely on women.⁵¹

c. Women's Studies Centers

Indonesia's sixty-one Women's Studies Centers are located in or linked to a variety of institutions, including public and private universities and religious schools, and were established under myriad different circumstances. However, the State Ministry for the Role of Women institutionalized the centers as a national network. Today, the centers operate under a three part mandate -- education, research, and community service -- all of which aim to strengthen incorporation of gender issues into the planning process and thereby improve women's status at the local level. Through their research mandate, the centers provide data collection, analysis, and recommendations to provincial and national planning entities. For instance, based on analyses completed at the provincial level, the National Planning Board (BAPPENAS) conducts an annual "Analysis of the Situation of Women".

Some of the Women's Studies Center staff have introduced new courses at their universities, incorporated gender perspectives into their courses, or provided gender training to community members. However, overall, it appears many Women's Studies Centers have had difficulty carrying out their mandate given their limited resources (both human and financial) available to carry out such activities. For instance, center staff cannot always provide research findings to guide implementation of regional level programs and projects due to: limited staff research and analysis skills; staff inexperience in articulating policy-related research issues and interacting with government officials about such issues; government officials' lack of experience with using local data to shape local programs; and lack of initiative on both sides in establishing productive working relationships (Oey-Gardiner, 1994). In addition, some Women's Studies Center staff remarked that it is not easy to introduce gender issues at the village and subdistrict levels since, in doing so, trainers directly confront cultural and Islamic values. These staff members, including one who had received two months of training in Holland, believe that they need more advanced training in gender analysis before they can effectively teach such issues to a wider audience.

d. Unions and Other Labor Organizations

As mentioned earlier, the Indonesian government has controlled tightly the formation of many civic organizations. Among the organizations sponsored, and therefore controlled, by the government is the single government-approved labor union, the All Indonesian Workers' Association (SPSI). SPSI is authorized as the sole representative of workers in the private

⁵¹ The project director noted, however, that some researchers failed to absorb the relevance, concepts, and methodology of gender-aware research (White, 1991, pp. 27-31).

sector.⁵² Its functions, funding, and leadership differ greatly from the unions in, for example, the United States or Europe. Specifically, workers and labor activists form a minority of the leadership of SPSI, with 60% of SPSI's local and provincial leadership and most of the national level leadership assumed by retired military officers or GOLKAR party members appointed by the government (Interview with Valentin Suazo, February 1995); moreover, SPSI's senior leaders includes prominent industrialists. Rather than collecting dues from workers, SPSI receives its funds from the government, a factor which critically limits its autonomy and ability to respond to the workers it is mandated to represent. In addition, under SPSI auspices, companies may also organize "yellow unions" or the Ministry of Manpower may organize "paper unions". However, because some workers do not trust SPSI to represent their interests, they have formed a second, unauthorized, labor union -- the SBSI (Indonesian Workers' Welfare Union). Local NGOs have also organized small, independent workers' groups to negotiate plant specific employer-employee agreements and to deal with violations at the local plant level.

The lack of autonomous worker representation has resulted in an unstable environment for labor and industrial relations. For instance, rather than deal directly with union leaders, factory managers frequently call in the local military authorities (who often have a financial interest in business concerns) to handle labor negotiations or protests. Indeed, even after the government revoked a decree allowing military involvement in industrial disputes (issued January, 1994, partially in response to General System of Preferences negotiations), security forces continue to intervene in some strikes and reportedly monitor, harass, and occasionally jail independent labor activists in order to stop union activities. Despite the threat of possible military intervention to suppress such activities,⁵³ the number of strikes and protests against working conditions have increased -- reaching at least 343 in 1993 (Jakarta Post, 1994). Such strikes reportedly have occurred because employers have failed to comply with established labor standards, especially the legislated minimum wage, or because of misunderstanding about minimum wages. In order to ameliorate this situation and develop a more regularized system of industrial relations, a number of organizations have begun labor-oriented activities, as described below.

- AAFLI-SPSI Projects

Supported by USAID/Washington and USAID/Indonesia, the Asian-American Free Labor Institute (AAFLI) has conducted a number of projects in conjunction with SPSI.⁵⁴ In Indonesia, AAFLI's general objectives are: to educate workers and union leaders about

⁵² Civil servants are not permitted to organize labor organizations. Employees in any enterprise with more than 5% government investment automatically belong to KORPRI, a government association that collects dues but does not have elected leaders to represent its members.

⁵³ Military and police in some instances have violently suppressed labor disputes. For example, in a highly publicized case, a young female watch factory worker, Marsinah, was killed following a May 1993 labor dispute in Eastern Java. Likewise a series of SBSI worker demonstrations in Medan in April, 1994, was met by policy and military intervention that left one dead and twelve injured, and led to the arrest and detention of approximately forty-eight SBSI officers, including Dr. Muchtar Pakpahan, the chairperson.

⁵⁴ Because SPSI is the only recognized labor union in the country, the Indonesian government allows donors to work solely with SPSI in projects focussing on labor.

international labor rights and standards; to develop more effective models for worker negotiations, agreements and appeals; to identify and work with pro-worker elements of SPSI; to expand union membership; and to reach out to non-traditional worker organizations and human rights groups addressing labor issues.

Although AAFLI's work in Indonesia started in 1985, the project that most affects women workers -- the Legal Aid for Industrial Disputes Settlement (LAIDS) Project -- began in 1992. Implemented jointly by AAFLI and the Women's Institute of SPSI, LAIDS focuses on conducting surveys in non-unionized factories to collect data on wages and work conditions and, through the surveys, to disseminate basic information about unions and worker rights. The surveys have covered 150,000 workers at 554 companies at approximately ten industrial sites, mainly on Java. Women comprise 48% of the surveyors and 57% of the survey respondents. The surveys indicate that a high percentage of workers do not know what the term "minimum wage" mean, much less their rights in this regard. The AAFLI work has also found that appointed women union leaders do not speak up on women's issues, but elected women leaders contribute more.

Following the surveys, 176 new plant unions have been organized with 86 more in process. AAFLI has assisted 142 of these new union groups to negotiate collective agreements with their employers. This collective bargaining and employer-employee negotiation represents a new type of industrial relations for Indonesia, which previously had been characterized by "sweetheart contracts" signed by company union officials working in conjunction with company owners. Thus, as part of the survey process, the LAIDS project is teaching workers that collective bargaining involves only employers and employees -- and that government officials and military or police should not be present during negotiations, contrary to frequent practice in Indonesia. However, because of the reality of continuing police and military involvement, AAFLI and SPSI were forced to suspend the survey process in three locations (Surabaya, Tangerang, and Bandung) during one period; local union leaders were fired from their jobs and intimidated by local authorities.

- NGOs Involved in Workers' Rights and Labor Issues

A number of Indonesian NGOs focus on issues related to workers' rights. Three such organizations are discussed in this section.

One of the oldest and most well-known organizations that supports workers' rights is the Legal Aid Foundation (*Lembaga Bantuan Hukum*, LBH). LBH was established in the 1970s and now has local offices in twelve regions. Its main focuses are: education regarding workers rights and provision of legal aid services to those who believe their rights have been violated. LBH has concentrated on land rights, labor rights, environmental issues, and civil rights. The organization continues to receive substantial support from USAID and other donors.

A second NGO, which has taken a lower-profile approach to labor issues and worker rights,⁵⁵ is *Yayasan Anissa Swasti*, or YASANTI. Established in Yogyakarta twelve years ago by a group of university students, YASANTI currently has twelve full-time staff and four volunteers. YASANTI receives limited funding (mostly tied to specific activities) from a variety of donors, such as the Asia Foundation, the Ford Foundation, CIDA, and Bread for the World. While YASANTI originally worked mainly as an advocate of rural women's rights to land and control over agricultural production, in 1987 the organization shifted its focus to factory workers, particularly women workers. YASANTI's program priorities today include: (i) training workers about worker rights, occupational health issues, gender issues and leadership; (ii) organizing worker solidarity groups; (iii) providing legal assistance on dispute cases; and (iv) carrying out research.⁵⁶

YASANTI's strategy has centered on creation of informal labor groups, called "groups for labor prosperity," within factories or divisions of factories. These groups are not affiliated to any formal labor unions but instead are local factory groups with fifteen to twenty workers (often mainly women) per group. In conjunction with a group's elected leader (called a "motivator"), a YASANTI staff person provides group members with information regarding labor laws and rights, means for establishing dialogue with employers, the legal steps of the grievance process, and, finally, procedures for peaceful strikes. In Central Java (YASANTI's target area), the organization has worked with fifty three labor groups.

YASANTI encourages the groups to use strikes only after all other possible negotiation mechanisms have been exhausted, and YASANTI staff do not get involved in a group's decision to strike or not strike. However, when strikes or protests have occurred in factories where YASANTI has worked with labor groups, the groups often have forced factories to comply with legally mandated rights, such as maternity leave, menstruation leave, and minimum wages.

YASANTI endeavors to link its activities to other organizations in order to obtain the broadest impact. For instance, YASANTI has linked group "motivators" from different factories, and is now trying to develop a broader network between workers YASANTI supports and those supported by other similar NGOs such as HUMANIKA in Surabaya and LIPS in Bogor. In addition, since its inception, YASANTI has developed close links with LBH in order to provide legal training and legal aid for groups organized by YASANTI, with the mass media for coverage of disputed issues, and with other worker support groups such as university students.

A third, emerging NGO is *Pusat Informasi Perburuhan* (PIP) which seeks to establish a Workers' Legal and Welfare Development Fund to support labor leaders who are fired from

⁵⁵ YASANTI has taken a low profile approach because it perceives a significant threat from local authorities. Because of their support for worker rights, YASANTI leadership and staff are occasionally interrogated and warned about their activities by local authorities.

⁵⁶ For example, YASANTI collaborated with the Population Studies Center at Gadjah Mada University to conduct a Ford Foundation-funded study of women factory workers, and subsequently to publicize and disseminate information regarding the condition and problems of women workers.

their jobs after they negotiate collective agreements with factory owners or after they file appeals or grievances against companies on behalf of workers.

d. Business and Professional Associations

Business and professional associations operate within the same context as other organizations in Indonesia in that those that have permission to operate at the national level have been approved or initiated by the government. Thus, the professional community has access to a sole official representative for each profession (e.g., one association for doctors, another for journalists, etc.). Likewise, the business community's main representative *vis-a-vis* the government is the legislatively-mandated national chamber of commerce, KADIN, while the official national representative of women entrepreneurs is the Indonesian Association of Women Entrepreneurs (IWAPI).⁵⁷ These two organizations are described below.

- Indonesian Association of Women Entrepreneurs

The Indonesian Association of Women Entrepreneurs (IWAPI) is an independently established organization of businesswomen founded in the capital in 1975 by a Jakarta businesswoman. With government approval, IWAPI gradually expanded its membership and operation to other urban areas. The organization's central purpose is to develop and strengthen the abilities of Indonesian women entrepreneurs to participate in and enhance the country's economic development. IWAPI's members represent a range of mainly small-scale industries, such as clothing and leather, food, chemicals, furniture, metals, handicrafts, and tourist facilities. Though linked in a national network, each IWAPI branch operates independently, with branch programs, membership, and resources significantly dependent upon local leadership and initiative. As the basis for the discussion that follows, the team interviewed the president of the Yogyakarta branch of IWAPI and obtained a document describing the East Java branch.

East Java IWAPI: A case study of the IWAPI branch in East Java (Business Advisory Indonesia, 1991b) indicates that this is a dynamic branch with nearly 1,800 members in 22 branches. Approximately 50% of the members are involved in handicraft production, generating a great deal of employment in rural areas. IWAPI East Java works closely and effectively with the provincial government both formally and informally in programs committed to enhancing the profitability and professionalism of the cottage industries, especially those with strong export potential. For example, each year the regional government gives Rp 25-40 million to IWAPI and to the local branch of the chamber of commerce and industry (i.e., KADINDA) to conduct small business training. In addition, the local government has granted IWAPI control over the sugar and flour allocation program in East Java, with revenues to be used to encourage the growth of small businesses. In 1990, IWAPI earned Rp 27 million from sugar and flour

⁵⁷ Indonesia does have branches of international business organizations, such as Rotary Club International. However, the branches of such organizations with which the team met (namely, a women-only Rotary Club in Bali and the International Businesswomen's Association of Bali) focused on implementing charitable activities for the community rather than on providing business-related services to their members.

auction proceeds, which it used for administrative expenses to organize and attend conferences, meetings, and product exhibits or fairs. This IWAPI branch also works closely with the East Java KADINDA, and the director of IWAPI acts as chairperson of the KADINDA's Education and Training Compartment.

IWAPI East Java has developed a number of programs to support its members. For instance, the organization is actively working to help its members enter and meet the demands of highly competitive international markets. Specifically, it provides training, participates in trade exhibitions and missions, and supports development of international trade linkages. IWAPI East Java has also established a credit cooperative which funds start up costs for small businesses.

Its future plans (as of 1991) included: establishing a handicraft center in Surabaya so that local entrepreneurs could display and sell regional handicrafts and regional food products; and fostering more linkages with international business associations and foreign importers.

IWAPI Yogyakarta: IWAPI Yogyakarta appeared similar in several respects to IWAPI East Java. For instance, of its 400 members, IWAPI Yogyakarta estimated that only 8% own large-scale businesses, 30% own medium-sized businesses, and the large majority -- 62% -- own micro- or small-enterprises. The types of businesses owned also were similar, including, for example, guest houses, boarding houses for university students, small cafes, beauty salons, and handicraft production (e.g., leather, batik, silver, etc.). In addition, IWAPI Yogyakarta has embarked upon activities similar to those sponsored by its counterpart in East Java. These activities include organizing IWAPI exhibits in Indonesian trade missions to foreign trade fairs and forwarding to members announcements of management training provided by the Ministry of Manpower and of small business training provided by the KADINDA (and funded by GTZ). Despite these activities, it should be noted that none of the businesswomen the team interviewed were active in IWAPI (and most were not members), mainly because they did not believe that membership would benefit their businesses or because they did not believe they would be welcomed as a member.

- *KADIN--Chamber of Commerce and Industry*

The Indonesian Chamber of Commerce and Industry (KADIN) was established in the late 1960s to serve as the private sector's representative and voice, particularly with respect to the government. In 1987, KADIN became "the formal partner of government", per a government act. KADIN functions as an umbrella organization for the private sector, with individual companies holding membership in a relevant business and professional association or federation, which then in turn is a member of KADIN; companies need to be registered with an association or federation if they want to access KADIN services. Today, KADIN Indonesia counts 182 such associations or federations as its members, many of which were also formed with government sponsorship or at government request. While KADIN does collect fees from its members (as well as from its provincial or local branches, called KADINDA), the chamber also receives government monies and functions much like a government bureaucracy. With this funding, KADIN coordinates seminars, supports trade delegations and receives visiting trade missions, and assists its members in completing government paperwork. On some issues, KADIN also

tries to provide input into government policy discussions, but chamber officials question the extent to which its input is considered by the government.

While KADIN is open to businesspeople of both genders, at the national level, the chamber clearly has not made specific efforts to encourage women members or to develop services targeted toward them. Although they could not provide estimates of female membership, KADIN officials note that the number of women present at the chamber's meetings has increased visibly in the recent past; the officials attribute the increase to women's greater involvement as professionals and managers in medium- and large-scale companies and to women's increasing role in family businesses, particularly as husband-wife management or owner teams. KADIN official also noted that foreign trade delegations (which KADIN often hosts and which is one of the most attractive services the chamber offers) occasionally request specifically to meet with businesswomen during their visits to Indonesia. For instance, an Australian delegation had recently made a specific request of this nature. While statistics regarding Indonesian businesswomen's overall interaction with trade delegations were not available, it appears that businesswomen are more likely to be invited to these activities if trade missions and donors specifically request that women participate.

Businesswomen also can access KADIN Indonesia through IWAPI, which is one of the 182 associations that fall within the KADIN umbrella. However, one KADIN official noted that IWAPI and KADIN function very differently, with the former's activities primarily social and members mainly involved in small-scale production and services, while the latter's activities are more "business" oriented and tend to attract businesspeople in larger scale enterprises.

The provincial-level KADIN branches, called KADINDA, appear to vary in their inclusion of businesswomen as participants. The Yogyakarta KADINDA branch was dominated by a core of businessmen, but did have some active women members, who chaired the Real Estate Association and the Cottage Industry Association. In addition, the Yogyakarta KADINDA and IWAPI branches shared activities, such as training. KADINDA Yogyakarta leadership also interacted frequently with the local government in order to assist in regional economic and business development planning and with the national government to advocate for resources and services critical to expanding tourism and handicraft-related businesses. However, women were not key participants in this leadership group. In the East Java region, as noted above, IWAPI and KADINDA also shared training activities, and the chairperson of the KADINDA training programs was the president of IWAPI.

e. Cooperatives and Small Trader/Microentrepreneur Support Organization

• Cooperatives

For ten years, through the mission's Indonesian Enterprise and Trade Development Project, USAID has supported development of profit-making cooperatives, with the assistance of the Washington-based National Cooperative Business Association (NCBA) and its for-profit subsidiary, Cooperative Business International (CBI). Through this project, NCBA and CBI

have helped to change the definition of cooperatives, which now function along business lines by focusing on profit requirements, quality control, and production for export. Such cooperatives also operate as "bottom-up" organizations which incorporate the members' input.

Working with the Ministry of Cooperatives and Small Industries, the NCBA project director (a long-term, expatriate resident of Indonesia) selected a number of cooperatives with which the project would work to try to transform the cooperatives into profitable, export-oriented businesses (producing, for example, furniture, cinnamon, vanilla, seafood) and domestically-oriented enterprises (producing, for instance, flour, dairy and beef products, and leather materials). Most of the cooperatives, however, have focused on export markets, a focus which has been supported by: selection of products with good returns in the international market; access to Indonesian and off-shore capital at competitive rates; hiring of long-term expatriate technical assistance to ensure marketable design, proper use of improved technology, quality products and timely production; and aggressively seeking foreign market linkages. Most of these businesses have become profitable after a couple of years. Overall, ninety-seven new cooperative or joint cooperative/private investor business enterprises have been developed and twenty-six enterprises have significantly expanded their scope of business and markets.

APIKRI: A NEW EXPORT FACILITATION FACILITY

The APIKRI Foundation, a non-profit Foundation for the Development of the Indonesian People's Handicrafts, located in Yogyakarta, a traditional handicrafts center of Indonesia, is a young organization acting as a facilitator in design, export marketing, and credit for small handicraft producers. This organization is currently working with the alternative handicraft trade organizations run by international NGOs. However, it could use additional skills in financing, design and export marketing to increase the profitability for the producers by expanding its product design and its network of buyers. This might be the type of organization that could profitably make use of some of the skills and the approach of the NCBA/CBI organizations.

Of the more than 20,000 jobs that have been created, more than half are filled by women, although most women are in the lower skill jobs, mainly as contract farmers or workers in processing plants.⁵⁸ Thus, while the project is not a "complete" model for POWER purposes, it offers a framework and source of information regarding means to transform locally-based, labor intensive cooperatives into profitable, growing businesses and to link such enterprises with outside markets. This entrepreneurial approach and expertise could be tapped by any project promoting exports by micro- or small-enterprises in Indonesia (see the box above).

- *Small Trader and Microentrepreneur Organizations*

Numerous Indonesian NGOs focus on assistance to microentrepreneurs (which were not a central focus of the field work) and to small-scale traders. One such NGO is Dian Desa, which (among

⁵⁸ It should be noted that the Indonesian NCBA/CBI office employs several women in senior management positions, that women work as banking field officers in the finance organization, KPI, with which NCBA/CBI works for the project, and that women fill most food technology positions.

other activities) has successfully helped organize street vendor associations in the Yogyakarta area. Dian Desa now has approximately 3,800 members, including 20% women traders. Dian Desa's collaboration with small traders centers on: working with the association leaders to teach them negotiating skills so they could more effectively deal with local government officials; provision of a limited number of small loans to these traders and, subsequently (when individuals had established a good credit history and sound business) assistance in linking them with the formal banking system, namely the Bank Rakyat Indonesia (BRI); and assistance in identifying new markets for products; training producers in new technology and facilitating the marketing of the products in foreign and domestic marketplaces. The Dian Desa activities offer possible models for: (i) linking microentrepreneurs in an NGO credit program with formal credit institutions; and (i) NGO facilitation of design, quality production, and creation of export and domestic markets for new production items.

f. Grassroots Organizations and NGOs

Independent NGOs began to emerge in Indonesia in the early 1970s and have flourished since then, despite a 1987 law that gives the government wide latitude to close down any mass organization that it might perceive as a threat to domestic security. It is widely believed in the NGO community that the government initially saw development-oriented NGOs as relatively benign (compared to, for instance, profession associations or business groups) and thus did not exert the same control over NGOs as it did over other civic organizations, such as the chamber of commerce, described above. Thus, the 1987 law is widely perceived by NGOs as an expression of the government's emerging realization that NGOs not only have developed direct links and service to large portions of the Indonesian populace which are not served, or are served inadequately by the government-organized groups, but also, because of these linkages, have developed considerable influence. Because many NGOs have proved capable of adapting themselves in order to fall outside the boundaries prescribed by the 1987 law, the government is considering a new bill that would provide greater control over NGOs. However, it is not certain whether the government will promulgate the bill -- or if the bill would have the desired effect -- since NGOs have demonstrated "a remarkable capacity to reorganize, rename, restructure and resize in response to government pressures" (USAID, 1994, p. 9).

Because the independent NGOs do not have a seat at the table in formal policy-making, they have sought indirect mechanisms of influencing the definition of policy issues and calling for policy changes. Specifically, NGOs have conducted independent data collection, frequently followed by skillful presentation of the facts and the issues to various public audiences. In addition, independent NGOs have established strong networks of support among their organizations and with elements of the media, foreign PVOs and foreign donors. This solidarity is important in shaping public opinion to bring pressure on the government and military to reconsider efforts to repress their policies and activities.

Although there are estimated to be more than 3,000 NGO groups operating across the Indonesian archipelago, it appears that relatively few of these groups target women's economic and legal concerns. Instead, the great majority of NGOs operate programs open to all participants (i.e.,

A SURVEY OF GENDER-SENSITIVITY AMONG WEST JAVAN NGO'S

In their four year West Java Rural Non-Farm Research project, the Institute of Social Studies (The Hague) and two Indonesian counterpart research institutes (The Development Studies Center at Bogor Agricultural University and the Center for Environmental Studies at Bandung Technological Institute) completed a comprehensive survey of a carefully-chosen sample of eleven NGOs and twenty-six of their projects. Though they surveyed a small number of NGOs, the results suggest cause for concern for those who thought gender-awareness was well-established in the Indonesian NGO movement. The findings of this survey (reported in White, 1991, pp. 25-26) include the following:

- *The NGO attitude was that all activities are open equally to men and women, and if women's participation is low, it is due to "cultural factors" which NGOs cannot alter.*
- *NGOs assume that activities directed to the head of the household (men in 80 - 90% of the cases) automatically benefit women household members.*
- *All contacts go through the heads of household, resulting in a total absence of women in some project meetings and training sessions.*
- *In an NGO project that established a new enterprise, the NGO introduced wage discrimination (i.e., different pay for men versus women for the same work).*
- *Donor agencies' "push" to increase attention and activities for women have sparked the increase in such NGO projects, rather than an philosophical commitment or understanding of such activities.*
- *Contributing to the failure of projects to reach the female target group, the NGOs surveyed exhibited a critical lack of expertise on women and development issues.*

not targeted to women in particular) or, if they do target women, focus on family planning and social welfare concerns. Among the former, some NGO programs have exhibited a serious lack of attention to encouraging women's participation as beneficiaries in their programs, as exemplified in the box above. However, as this section demonstrates, a number of NGOs specifically addressing women's economic concerns have emerged.

- *CEDAW Convention Watch Working Group*

In 1984, Indonesia ratified the Committee on the Elimination of Discrimination Against Women (CEDAW) Convention. In 1994, a group of approximately fifteen women social scientists, lawyers, and economists from various organizations (including the University of Indonesia, the National Institute of Sciences, and advocacy groups) formed the CEDAW Convention Watch Working Group, which is located in Jakarta and focuses its efforts on the national policy-making context. With funding from the Asia Foundation, the working group has conducted research to assess what has happened in Indonesia in the ten years following the ratification of the Convention for the Elimination of Discrimination Against Women (CEDAW) and to disseminate the results of this research. Focusing on CEDAW Convention item number 11, which concerns discrimination against women workers, the group found that although the government enacted

a number of regulations to operationalize item 11, the regulations are not generally enforced. The Convention Watch Working Group's specific findings include the following:

- The CEDAW Convention and Indonesia's follow-up regulations are not well-known;
- Women mainly occupy lower-level job, partially because women do not get training that would allow them to enter more higher-level or more technical jobs;
- Women are hired as "single persons", which denies them the worker and family benefits provided to men, who are assumed to be heads of households;
- The government and other organizations discriminate against women in hiring and in career promotions because they say they can't post women outside Jakarta due to husbands' objections;
- Employers frequently fire women when they become pregnant⁵⁹; and
- Labor agreements to structure employer-employee relations are few.

The Convention Watch Working Group is now trying to increase public and Ministry of Manpower awareness of the issues through seminars, presentations through the media and distribution of pamphlets. They have met with the Minister of Manpower and have urged the Ministry of Manpower to be more vigilant in ensuring that the ministry's local offices monitor the situation. However, the working group clearly does not have a broad constituency that understands and supports their issues and requests for reform. To have a major impact on enforcement of the anti-discrimination regulations and on changing daily employer practices, the group will need to take addition steps, such as linking with advocacy organizations with field bases throughout Indonesia, initiating an action program of legal literacy for women workers and managers in the private and public sector, and developing a program to monitor practices and deal with grievances.

- *Kalyanamitra--Women's Communication and Information Center*

Begun in 1984 as a student research and study group at the University of Indonesia, *Kalyanamitra* is one of the few openly feminist organizations in Indonesia. This orientation stems from its roots in the university, where the founding members first began to research issues specific to women and found that they could not find adequate information on such subjects. Accordingly, they began to undertake such research themselves -- on topics such as conditions of prostitutes, domestic workers, international migrants, AIDS, and the incidence of violence against women.

⁵⁹ The group presented anecdotal evidence of one practice, noting that women who have applied to work at some banks are asked if they are married or planning to get married. If the answer is yes to either question, they are asked to sign an employee agreement not to have a child for two years after beginning work.

Today, with limited funding from CUSO, USAID, CIDA, and Dutch organizations, *Kalyanamitra*'s fifteen staff members continue to raise critical issues such as these, but focus on expanding the definition of appropriate women's roles and on fighting violence against women. To promote broader definitions of women's roles, *Kalyanamitra* uses a number of mechanisms. For instance, the organization: manages a library and documentation center; prepares and distributes a regular newsletter (with circulation to approximately 1,000 NGOs) on gender issues and NGO activities; translates feminist books and distributes these to interested audiences; and continues its research on issues important to women. *Kalyanamitra* has developed effective relationships with the media and regularly provides the media with articles, interviews, and press releases about gender issues and women's advocacy efforts.

Responding to requests, *Kalyanamitra* has also developed a training unit, which sends organizes seminars and workshops involving NGOs, traditional women's organizations, women worker groups, university student groups, and Muslim secondary school groups. Focusing on expanding the parameters for "women's" activities, the training provided covers: alternate paradigms for the role of women; economic, legal, political and cultural constraints women face; and suggested actions women can take to improve their situation. They find that women (and men) participants generally appreciate the opportunity to receive an alternative point of view and to discuss gender issues that are emerging in everyday life.

Kalyanamitra has addressed violence against women, an issue area that the organization was inspired to confront following a 1990 Conference of the Asia Pacific Women Law and Development Society in Yogyakarta, through establishment of two women's crisis centers and through close collaboration with LBH (the Legal Aid Foundation). The group has also provided legal literacy training for women, in particular, training organizers at the women's crisis centers in procedures for taking women's cases to the police and to the court.

Because it tackles issues that the government and public are reluctant to discuss, *Kalyanamitra* is perceived as challenging both political authority and social norms. Accordingly, its activities have been constrained. For instance, the government recently banned *Kalyanamitra* from publishing its newsletter, on the basis that the organization did not have permission to sell this type of publication; however, *Kalyanamitra* contends that, with circulation of 1,000 and with no charge levied, the newsletter does not fall within the realm of the regulation that was used to shut the newsletter down -- namely, that organizations must obtain permission to print publications with circulation of more than 5,000 and for which the customer pays a fee.

- *Solidaritas Perempuan (Solidarity for Women's Rights)*

Solidaritas Perempuan (SP) was founded in 1991 by a group of experienced women activists⁶⁰ who established SP to focus on women's rights related to their economic roles. SP currently has three full-time and five part-time staff with limited donor support.

SP currently concentrates on three areas:⁶¹ (i) changing social norms from what it views as a patriarchal system to a more gender-neutral, egalitarian system; (ii) improving women's work status; and (iii) strengthening the women's rights movement by establishing new women's networks such as a Women and Work Network, an Indonesian NGO federation for women, a women's group on the freedom of the press, and expanding the CEDAW Convention Watch Working Group. SP also aims to educate women, the general public, and legal authorities about statutes or laws that discriminate and to organize lobbying efforts to promote both legal reform and enforcement of laws. A basic strategy in all of these efforts is probing, clarifying, and improving women's legal status through use of the courts.

In the view of SP's leadership, one of the most important social and legal impediments to women's participation in the economy is Indonesia's marriage law, particularly Articles 33 and 34 of the Marriage Law. These articles state that the man is head of the household and the woman is the keeper of the household, thereby legitimizing the sexual division of labor and differential control over resources by husband and wife. SP believes that it will be difficult to change the marriage law because of government endorsement of the law. However, the marriage law is high on the list of SP's targeted issues.

SP asserts that this law is the basis for an overall state ideology regarding women that has led to regulations that discriminate against women workers (though they may be intended to "protect" women) and creates disincentives for women to join the workforce. For example, because the marriage law assigns men the role of household head and primary breadwinner, women are viewed as supplementary workers. On this basis, employers often deny women benefits accorded to male workers. Some government policies serve as a significant disincentive for women to work; for example, tax rates are much higher for couples if the wife works compared to male breadwinners whose wives do not work, again because female work is

⁶⁰ This group includes the former executive director of the Legal Aid Foundation, LBH, a woman lawyer with substantial experience with women's rights and the legal process and a solid reputation in advocacy.

⁶¹ Though it was originally founded in 1991, SP's shape and emphases are still evolving, mainly because the organization has been involved in changing its official status from a foundation to an association. While most NGOs in Indonesia are foundations, SP decided to become an association in order to challenge some of the constraints thus placed upon NGOs, such as prohibitions against soliciting membership fees and working together in a federation. With association status, SP's director hopes to establish formally a national federation of women's organizations focused on the economic status of women. Currently, SP has identified thirty-five individuals and NGO representatives of the federation; this group planned to hold their first meeting in March to decide membership fees and develop program plans.

considered supplementary. Single women, by virtue of their gender, can never be considered breadwinners so they pay the higher tax rate. In addition, the government has enacted several protective laws, stating, for instance, that women can work night shifts, but that employers who hire women for night shifts must provide transportation, security, and extra food. However, employers routinely violate these provisions and in doing so may prevent women from working the (often more lucrative) night shift.

SP also plans to support improved regulatory protection in order to reduce exploitation of unskilled women workers. SP particularly emphasizes that these women, who often migrate from rural areas and possess limited education, become concentrated in some of the least regulated occupations, such as domestic workers (either in Indonesia or abroad), microentrepreneurs, or prostitutes. SP has also worked to educate and link Indonesian women who migrate outside the country regarding the legal mechanisms that protecting them as workers in other countries. This strategy has shown success in Hong Kong (one country where Indonesians often migrate) but not in other areas.

Finally, SP is trying to establish a "Women and Work Network" to demonstrate the importance of women to the economy, clarify the problems they face in economic participation, and address these problems. Eighty local NGOs have expressed interest in participating in this national network. SP is developing a proposal for funding several types of activities including: (i) collection and dissemination of information about women's work activities and related economic rights issues; (ii) organization of seminars or workshops to discuss these issues with parliament and government agencies and as a forum to provide information to the public; and (iii) taking key cases to court or using other legal procedures to get legal hearings on violations and the issues. However, SP has not yet secured funding for these activities; indeed, funding is a major issue for this emerging NGO.

- YLKI -- Indonesian Consumers' Association

Founded in 1972, the Indonesian Consumers Association (*Yayasan Lembaga Konsumen Indonesia*, YLKI) is an experienced, well-regarded, Jakarta-based NGO established and run predominantly by women. With a staff of thirty (mainly recent, idealistic university graduates) and funding from several donor organizations, YLKI has set up three branches of the consumer organization in three other cities. Originally focusing on product safety and consumer education and awareness, YLKI was initially perceived by the government as anti-authority and, thus, a trouble-maker. Today, however, the government frequently requests information and technical advice from YLKI and provides the organization with testing facilities for YLKI products tests (e.g., of food and condoms) In addition, YLKI interacts frequently with a new government agency that sets consumer product standards and certifies consumer products from an environmental point of view. The supporters of this organization are the urban, educated middle and upper classes mainly in Jakarta.

YLKI's central tool in pursuing its agenda is skillful use of the media to shape public opinion. For example, YLKI: periodically conducts training workshops on consumer protection issues

for reporters; produces a newspaper column and a consumer magazine; and participates in interviews and discussions on radio, television, and group meetings. YLKI is also active on the steering committee of the major independent umbrella NGO organization, the International NGO Forum for Indonesian Development (INFID) and acts as an intermediary NGO by providing sub-grants and management oversight to smaller NGOs. Finally, YLKI has a donor funded small enterprise development project targeted mainly to women microentrepreneurs; as part of this project, YLKI insists that women sign relevant papers and have their names on business and land titles.

While it does not focus particularly on women or gender issues, YLKI has achieved several successes from which other NGOs may be able to learn. Specifically, YLKI has: (i) disseminated information to the general public in order to build their knowledge, understanding, and support on particular issues; and (ii) developed mechanisms to interact with and influence decisions of the government.

- *Environmental Bamboo Foundation*

The Environmental Bamboo Foundation (*Yayasan Bambu Lingkungan Lestari*) aims to use technological improvements in bamboo production and preservation to improve simultaneously environmental and economic conditions of villagers in areas where bamboo can be grown. The foundation's objectives and activities include these inter-linked components: increased availability of seedlings; use of large-scale bamboo plantings to repair watershed environmental damage; involvement of villagers in labor intensive production, harvesting, treatment, and manufacture of quality products; support of necessary training and production by the business community; improved design and technology for bamboo products; and linking bamboo products to high value interior design markets in other countries and for Indonesian hotels. Key market ideas include the production of bamboo furniture components, with distinctive Indonesian design elements, that can be assembled by buyers and the production of high quality bamboo flooring. This vision is based on the director's experience in successfully designing other high quality interior design products in Bali, developing village level manufacture of these and marketing these through her extensive overseas marketing contacts.

The bamboo foundation currently conducts one month courses, supported by USAID and AIDAB, on bamboo cultivation, watershed management issues, treatment of harvested bamboo, and use of bamboo in construction and craft manufacture. Participants, mainly from the NGO community, are asked to prepare action plans for the regions or villages where they work. Foundation staff will follow up with field visits to assist in implementing the action plans. The foundation's second major up-coming activity is a "Designers for the Environment Conference" planned for June, 1995, in Bali in which forty designers from around the world have each been invited to present a new product made from bamboo. The conference will include businesspeople, government officials, donors, and buyers.

The foundation has not thought out potential roles of women in these economic activities, except they note that women are generally responsible for planting and care of bamboo and for

production of small crafts (Eng, 1993). A larger role in the treatment of harvested bamboo and the manufacture and export of high value products will depend on whether women are given early and equal access to critical training, credit and contract opportunities. This type of pioneer project could help define bamboo cultivation and production as an economic niche for women as well as men.

2. Implications for POWER

As the description above implies, Indonesian organizations address a broad array of issues, some of which intersect directly with potential POWER activities. Even when their activities do not coincide exactly with POWER aims, nearly all of the organizations, particularly the NGOs, that are profiled offer lessons for development of Indonesian organizations that focus on women in the workforce. The conclusions drawn from this section are summarized below.

- Organizations that focus on women in the workforce face the same two constraints encountered by all organizations in Indonesia, namely: the government either exercises control over NGO formation and operation (or threatens to do so); or the government precludes development of independent NGOs by establishing government-sponsored organizations that are expected to serve as the sole voices for their respective issues. For POWER, this means that support to NGOs whose activities differ from those of government-established or -approved "women's" organizations (which are supposed to "take care of" all women's issues) may be viewed as redundant or confrontational.
- In the team's view, the institutions offering the closest match to POWER's objectives and the greatest potential for influencing women's economic rights and participation lie primarily outside of the government system. An exception to generalization is the network of semi-autonomous Women's Studies Centers, some of which might benefit from partnerships with experienced gender-focussed policy research, training and advocacy organizations located outside Indonesia.
- Besides government-sponsored or -approved organizations (i.e., IWAPI and KOWANI), women's business and professional organizations appear to be non-existent or to focus less on serving members than on community service. The single business organization (i.e., KADIN), which is open to both men and women, recognizes that women professionals are entering private businesses in increasing numbers but does not appear to be making significant efforts to target or reach women. Moreover, KADIN members consist mainly of medium- or large-sized companies, while women entrepreneurs tend to own micro- or small-enterprises. Thus, in the best case, KADIN would reach only women managers and professionals, not women entrepreneurs.
- The NGOs that target women or that (by virtue of their organizational focuses) include large numbers of women can be found primarily in two categories: worker rights and microenterprise development. In the Indonesian context, NGOs that focus on the area of worker rights clearly work toward strengthening women's economic participation (one

of POWER's central aims) in that they help women to articulate and fight for existing (i.e., mandated but not enforced) and expanded rights. Microenterprise development is not a main focus of POWER; however, some Indonesian NGOs that work with microenterprises may be potential POWER targets due to, for instance, their interest in helping microenterprises graduate to greater levels of profitability or in working to alleviate institutional disincentives to graduation (e.g., the relative availability of credit for microenterprises compared to that available for small enterprises).

- NGOs that do not necessarily target women may have developed expertise, skills, and strengths that could be adopted or learned by NGOs that work in areas more directly linked to POWER. For instance, YLKI has developed a multi-pronged approach to advocacy which could be emulated by other NGOs that wish to influence government decisions. Likewise, the cooperatives with which NCBA works have developed an approach that is both profit- and people-oriented; NGOs such as APIKRI (which works in local communities to improve income-generating opportunities for all, including women) might benefit from NCBA-initiated cooperatives' expertise in matching indigenous production capabilities with international market demands.

ANNEX A
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BIBLIOGRAPHY

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ANNEX C
SCOPE OF WORK

SCOPE OF WORK

A. Background

The Center for Economic Growth is in the process of designing a new initiative, the Participation of Women in the Economy and Reform (POWER) Project, that aims to strengthen women's economic participation. The design process has been a collaborative process with significant input from the Regional Bureaus, the Women in Development Office and the USAID field missions.

The design of the POWER project is being carried out in three phases. The first phase consisted of Washington-based research and analysis in order to establish the analytical foundation for the project; the second phase will involve field work in Egypt, El Salvador, Indonesia and Uganda; and the third phase will involve the actual design of the project.

As part of establishing the analytical foundation for the POWER project, the design team conducted an extensive review of the literature on women's economic participation. The literature review focused on four main areas: gender *vis-a-vis* economic policy reform, legal and regulatory issues, business development, and institutional support. The review revealed several key questions and issues that have not yet been fully addressed. Moreover, the literature review was not able to gather or analyze country-specific data.

This scope of work outlines the objectives and parameters of the country assessments to be carried out in the second phase of the POWER project design. Similar assessments of women *vis-a-vis* economic reform have already been conducted in Poland and Hungary under the aegis of the PEDS II project. Using a similar approach, the POWER country assessment teams will gather comparable data and information on the opportunities and constraints to women's economic participation. However, the POWER country assessment teams will move a step beyond the studies conducted in Poland and Hungary in order to identify "entry points" for strengthening women's economic participation in the four selected countries. This in turn will assist USAID's Center for Economic Growth in defining the types of interventions to be carried out under the POWER project.

B. The POWER Project

During the first phase of the project design, the POWER team prepared a concept paper in addition to the literature review mentioned above. The concept paper aims to define a vision for the project, including its objectives and potential types of interventions. It is intended to be a "working document" that will be revised following the completion of the country assessments. The objectives of the project, as described in the concept paper, are outlined below.

1. The Goal of the POWER Project

The goal of the POWER Project is to strengthen women's economic participation and their role in the process of economic policy-making. This goal statement reflects several important dimensions of the POWER Project. Of foremost importance is the emphasis on women's economic participation, as opposed to political participation or other forms of participation. This means that the POWER project will focus largely on strengthening the productive capacity of women and their ability to generate income -- be it as employees in the workforce or as owners of businesses.

A second important dimension of the project is the focus on **strengthening**, as opposed to merely increasing, women's economic participation. As demonstrated in the case of Central and Eastern Europe and the former Soviet Union, the number of women in the labor force is not necessarily a good indication of the strength of their economic participation or their range of opportunities. In strengthening the economic participation of women, the POWER project aims to:

- Improve the quality¹ of women's employment in those sectors where women comprise a large percentage of the workforce and where there is potential for growth;
- Expand and diversify women's range of occupational choice so that women have the opportunity to move into new areas of economic growth; and
- Strengthen women's participation in business so that women can create and expand businesses in growth areas, with a particular focus on expanding businesses beyond the microenterprise level.

A third dimension of the goal statement focuses on strengthening women's role in the **process of economic policy-making**. This means that POWER is not merely concerned with the impacts of economic policies on women; this would imply a passive role for women vis-a-vis economic policy. In contrast, POWER seeks to encourage women's active involvement in influencing how economic policies are formulated and administered so that they too are recognized as critical stake-holders in the process. In order to achieve this objective, POWER will seek to strengthen women's capacity to advocate for economic change.

2. The Purpose of the POWER Project

The purpose of the POWER project is to identify and implement interventions that enable and strengthen women's economic participation. This statement also captures several important dimensions of the project. First, the focus of the project is on identifying and

¹ What "quality" employment means is open to interpretation. The term "quality" here means the potential for growth and advancement, for wages above subsistence level (at a minimum), benefits befitting the circumstances of employment, safe working conditions, and some degree of job security.

implementing interventions. As such, this is not a project geared toward studying the status of women; nor is it about studying the panoply of constraints women face. Rather, it is about **taking action** and carrying out initiatives that have a direct impact on women's economic participation.

Secondly, the POWER project aims to enable and strengthen women's economic participation. As noted above, this does not necessarily mean increasing the numbers of women in the labor force. Nor does it mean increasing women's economic participation through quotas or targets. Rather, POWER seeks to:

- create an enabling environment for women's economic participation through the development of laws, regulations, policies and institutions that encourage -- rather than restrict -- women's participation; and
- strengthen women's access to skills and resources that will make them more competitive in a liberalized economy, and therefore, have greater choice in how and where to participate.

C. The Country Assessments

Working from the base established by the literature review and the concept paper, the POWER field teams will investigate the opportunities for increasing women's participation in four countries: Egypt, El Salvador, Indonesia and Uganda. These countries are by no means the only countries in which POWER will operate. Rather, they are intended to be "case examples" from which the design team can determine the types of interventions POWER should support.

The purpose of the country assessments is four-fold:

- to gather country-specific data and information on the opportunities and constraints to women's economic participation;
- to address relevant questions and issues left unanswered by the literature review;
- to identify critical "points of entry" for encouraging women's economic participation; and
- to "test" the demand for various initiatives under the POWER project within the objectives and parameters defined in the Concept Paper.

D. Methodology

Prior to travelling to each of the countries, the field teams will review the literature in order to collect country-specific data on the issues outlined below. The teams will then conduct field research for a three week period in the selected countries. The field research will enable the team to collect up-to-date information, as well as address gaps in the data provided by the literature review.

The field teams will gather information primarily through focused interviews, as well as recent studies. The teams will conduct interviews with a variety of sources representing diverse perspectives including, but not limited to: public sector officials, including members of legislatures; leaders of women's groups and other business, professional, labor, and advocacy organizations; USAID and other donor staff; businesswomen and other private sector actors such as corporate or industry managers; women workers; and bankers.

The field work will be divided into three phases as follows:

Days 1 - 3: *Phase I: Establish Country Economic and Political Context:* This phase will bring the team members up to speed on the recent and current economic and political developments in the country, as well as USAID's program and objectives in the country. Specific activities include: a review of the mission portfolio and strategy; planning sessions with the local consultant; briefings with USAID mission and embassy staff such as the private sector officer, women in development officer, and chief economist; working with mission staff and the local consultant to set up appointments and begin seminar preparations.

Days 4 - 15: *Phase II: Field Interviews:* The team will use the majority of their time in the field to conduct interviews with relevant people as described above and recommended by the mission and local consultant. The purpose of these interviews will be to gather information in the four areas most relevant to POWER as described below in part D. Interviews should be conducted in at least two regions outside of the capital city, and attempt to incorporate urban, peri-urban, and rural perspectives where time permits.

Each team should aim to interview a broad range of individuals in each of the following categories: (i) public sector (civil service and legislature); (ii) private sector (business and industry, both employees and managers); (iii) civil society (NGOs, professional associations, labor organizations, etc., both gender-specific and integrated); and (iv) donors (USAID and others).

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Days 16 - 18: Synthesis and Debriefing: During the final three days, the field teams will begin to synthesize their initial findings. The teams may choose to hold a seminar for about ten key players in the country to discuss the team's preliminary findings and brainstorm ideas for POWER interventions. The teams will also provide a debriefing for the USAID mission.

During the two-week period following field work, the teams will analyze and synthesize the information collected in the field; they will also prepare a detailed report outlining their findings, conclusions and recommendations.

E. Key Issues

As noted previously, the POWER team conducted an extensive literature review during the first phase of the project design. At the end of review, the team identified a number of the "gaps" in the literature, in addition to areas with inconclusive data and areas with particular need for country-specific data. These "gaps" define some of the key issues to be examined as part of the country assessments. Consistent with the presentation of the literature review, these issues fall into five broad categories: economic policy reform, the labor force, legal and regulatory issues, business development, and institutional support.

It is important to note that the issues outlined below should be considered "guidelines" for the field teams, understanding that the specific issues will vary from country to country. Moreover, given that not all of these issues can be examined in depth in a short period of time, the country assessment teams should focus on those issues that are most relevant and important in the context of their specific country. It is most important that the teams **focus on identifying the key entry points for increasing women's economic participation and their role in the process of economic policy-making.**

1. Economic Policy Reform

■ Opportunities that Arise from Economic Reform: What new opportunities for economic participation have been created by economic reform?

- in business, including opportunities for entrepreneurship as well as employment in micro, small and medium-scale enterprises and the informal sector;
- in agriculture, including non-traditional crop production, agro-industry, export-oriented agriculture, and micro and small agro-enterprises; and,
- in industry, for wage employees and managers.

To what extent are women taking advantage of these new opportunities? Is the lack of information regarding benefits for women of economic reform a "gap" in the literature,

or does the lack of information reflect a true disparity between the benefits of economic reform on the broader economy versus its effects on women?

What are the barriers preventing women from accessing the new opportunities? What specific interventions could assist women to overcome these barriers and fully benefit from the new opportunities? What are USAID and other donors currently doing to overcome these constraints?

- Sectors not Addressed by the Literature on Economic Reform: The literature on economic policy reform provides little information concerning gender-specific effects of certain sectoral reforms such as financial sector reform and reforms oriented towards or affecting the services sector. Do such reforms have different impacts on women than men?; and is there evidence to support the hypothesis that such reforms will benefit women, or is it too early in the reform process to tell?
- Effects of Economic Reform on Women's Businesses: The literature regarding the impacts of economic reform does not specifically address a key issue -- the effects of reform on women-owned businesses. Nevertheless, since women's businesses tend to be concentrated in different sectors and subsectors than men's, then their businesses and their viability may be affected differently, especially since reform policies often take a sectoral approach.

Has economic reform -- for example the development of new industries and contraction of others, privatization, or deregulation -- affected women-owned businesses differently than men's?

How are women's roles in the business community changing as a result of political and economic reform? How are the opportunities and constraints facing women in business likely to evolve as a result of the reform process?

- Impacts of Economic Reform on Women in the Public Sector: The literature is inconclusive on the impacts of economic reform on women employed by the public sector. The questions remain:

Have women been squeezed out of the public sector in numbers disproportionate to men? To what extent have women's salaries been affected as a result of economic reforms such as reductions in public spending? How have women coped with public sector job loss? Are retraining or other employment services available?

2. Participation in the Labor Force

The scope of the literature review did not include detailed descriptions or analysis of women's participation in the labor force. The teams should examine women's labor force participation,

with an eye toward identifying opportunities for (i) improve the quality of women's employment in those sectors where women comprise a large percentage of the workforce; and (ii) expanding and diversifying women's range of occupational choice. The team will examine:

- gender-disaggregated trends in labor force participation, including employment, unemployment, and re-employment rates
- gender-based differences in sectors of employment
- gender-based differences in occupations
- gender-based differences in income
- social benefits, such as maternity leave and child-care allowances benefits

3. Legal and Regulatory Issues

- Country-Specific Information: The literature reveals that many types of laws -- for example, personal status laws and protective legislation -- have broad impacts on women's participation in economic life. However, the literature review also reveals the difficulty of making analytically-sound, cross-country generalizations regarding legal and regulatory issues. Instead, it appears that analysis of legal and regulatory systems lends itself better to a country-specific approach. Thus, the field work will be particularly important to develop possible POWER interventions in the legal and regulatory arena.

Describe the legal system vis-a-vis women, particularly (i) laws put in place to promote women's equal participation, but are not implemented or fully understood at all administrative levels (e.g., U.N. conventions) and (ii) specific laws, regulations, or practices that directly limit women's economic participation. Are there any laws or policies that restrict women's ability to organize or participate in public discussions?

- Business and Market Regulations and Laws: The literature provides little information about the impacts of government regulations and procedures governing business on women entrepreneurs. Do such regulations and procedures affect women differently than men? If so, how do women deal with the situation?

4. Business Development

- Status of Women in Business: What is the role of women, as opposed to men, in the ownership of businesses?

- Sectors and sub-sectors of involvement
 - Capitalization
 - Status within the business, e.g., owner, co-owner, manager, etc.
 - Formal and informal sectors
 - Multiple activities to generate income
 - Numbers and gender of employees
- Women in the Formal Sector: The literature presents very little information about women in formal small-scale business (as owners, operators, or workers) and even less regarding women in medium- or large-scale business (except as workers in export processing zones). Several inter-related questions regarding women in business remain:
- to what extent do women participate in the formal sector and in small-, medium- and large-scale businesses?; does the lack of documentation of their participation in such areas accurately reflect women's participation, or does it instead reflect the interests of researchers and donors?
 - if the lack of documentation is a result of the latter (rather than a reflection of women's true involvement), what are the factors that propel women toward or enable women to enter more formal or larger enterprises?
 - what are the gender specific opportunities and constraints to women's involvement in the business community? Examine issues related to women's entry into business as well as the viability of their enterprises.
 - Relations with the government
 - Access to market information
 - Access to financial markets and services
 - Socio-cultural considerations
 - Physical mobility and time constraints
 - Control over income
 - what government and donor efforts are underway to promote women's entrepreneurship beyond the microenterprise level? are they effectively serving the needs of local businesswomen? what else is needed?
- Appropriate Business and Management Training: One of the literature's recommendations concerns improving women's access to and participation in business and management training as well as career advisory and job placement services. The literature notes that the training offered often does not address or improve skills demanded by the market.
- Describe the business and management training programs available and women's participation in them. Has any business training been developed in light of local

economic conditions (perhaps, for example, in collaboration with local businesses) as well as in response to women's specific needs? If such training exists, what are the factors that promoted its development and can similar training be replicated elsewhere?

- What institutions support business development and, in particular, women in business? How are they perceived by women entrepreneurs? How do business associations regard women in business?

5. Institutional Support and Representation

- Women's Organizations and Economic Policy-Making: Women participate as actors and founders in a wide variety of organizations, although their influence and extent of involvement varies greatly by type of organization and by country. One issue particularly pertinent to POWER is the degree to which women's organizations -- the fledgling professional and business groups, the alternative labor organizations, and the government and political institutions in which women are active and influential -- are involved in the economic policy-making process.
 - Have new institutions/associations emerged as a result of economic and political reform? What institutions and resources are needed to ensure that women are able to participate fully in economic growth and opportunities offered by the reform process? Examine opportunities for providing assistance that are conducive to on-going or planned USAID activities in each country or region.
 - What institutions in the country support women's economic participation or represent women's economic concerns?
 - Have any of these groups developed advocacy or lobbying strategies to reach economic policy-makers or to ensure that organizations that recognize gender concerns are included when key economic and business policies are discussed, developed, and implemented? If so, what factors have contributed to effective representation in the policy-making process? what are the constraints?
 - What is the role of women in law and academia? Have any of these women used their expertise to enhance women's economic participation?
 - To what extent do women participate in integrated organizations such as labor unions and chambers of commerce? Are any such non-gender specific organizations directly supporting women's economic participation?
 - How conducive is the cultural climate of private business and the bureaucracy to women's participation in decision-making positions?

- Services Provided by Organizations: The literature notes that the organizations in which women participate provide a number of services, including, for example, training, finance, and social services. However, detailed examples of the types of services provided are rare.
 - What specific types of support services do organizations supply?; what additional types of support do women workers and entrepreneurs need?; and what support, if any, will organizations need in order to supply such services?

- Women in Politics and Government: There does not appear to be a direct correlation between women in top policy and decision-making positions and the status of women in general.
 - What opportunities do women have to influence political and economic reform? How are these opportunities changing as a result of the reform process?
 - To what extent have women in politics and government pursued a women-oriented agenda?
 - How do women and men view women leaders, managers, and politicians?

F. Deliverables

Prior to departing the country, the country assessment teams will present their initial findings and conclusions to the USAID mission in an oral debriefing. The teams will then return to the U.S. to prepare and submit their draft report. The draft report will be reviewed by the Center for Economic Growth and the USAID mission. Following receipt of comments, the team will finalize the report. The country assessment teams will also provide a presentation of its findings and recommendations to the Center for Economic Growth in Washington.

In order to ensure consistency, each of the country assessment reports will follow a similar outline and format, as described on the following pages. This outline may be revised during the team planning sessions in Washington.