



DEWAN JAMINAN SOSIAL NASIONAL

Social Security Implementation in Indonesia: Challenges and Way Forward

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31 May 2022

- Universal Declaration of Human Rights 1948
- ILO Convention No. 102/1952

BUT, NO SOCIAL SECURITY SYSTEM IS UNIVERSAL

Must take into account

- Country demographic and historical context
- Social structure and practices regarding family support of the elderly
- Labor market
- Extent of informal sector
- Political system and fiscal situation

And consider combination of policy options that

- Optimize coverage, benefits being adequate, and optimal methods of financing

- Law No. 40/2004 concerning National Social Security System and Law No. 11/2020 concerning Labor Creation
 - Health
 - Work-accident
 - Old-age savings
 - Pension
 - Death benefit
 - Unemployment benefit

Basis

- Humanitarianism
- Benefit
- Social justice for all citizens of Indonesia



Principles

- Mutual assistance
- Non-profit
- Transparency
- Prudence
- Accountability
- Portability
- Mandatory Participation
- Trust Fund
- Return on management of the Social Security Fund to be used entirely for developing programs in the best interests of participants

Objectives

- Aim to smooth consumption
 - Provide reliable income to older people
- Reduce poverty among the elderly
 - Redistribution
- Insure against longevity risk – running out of funds
- Promote fairness and equity

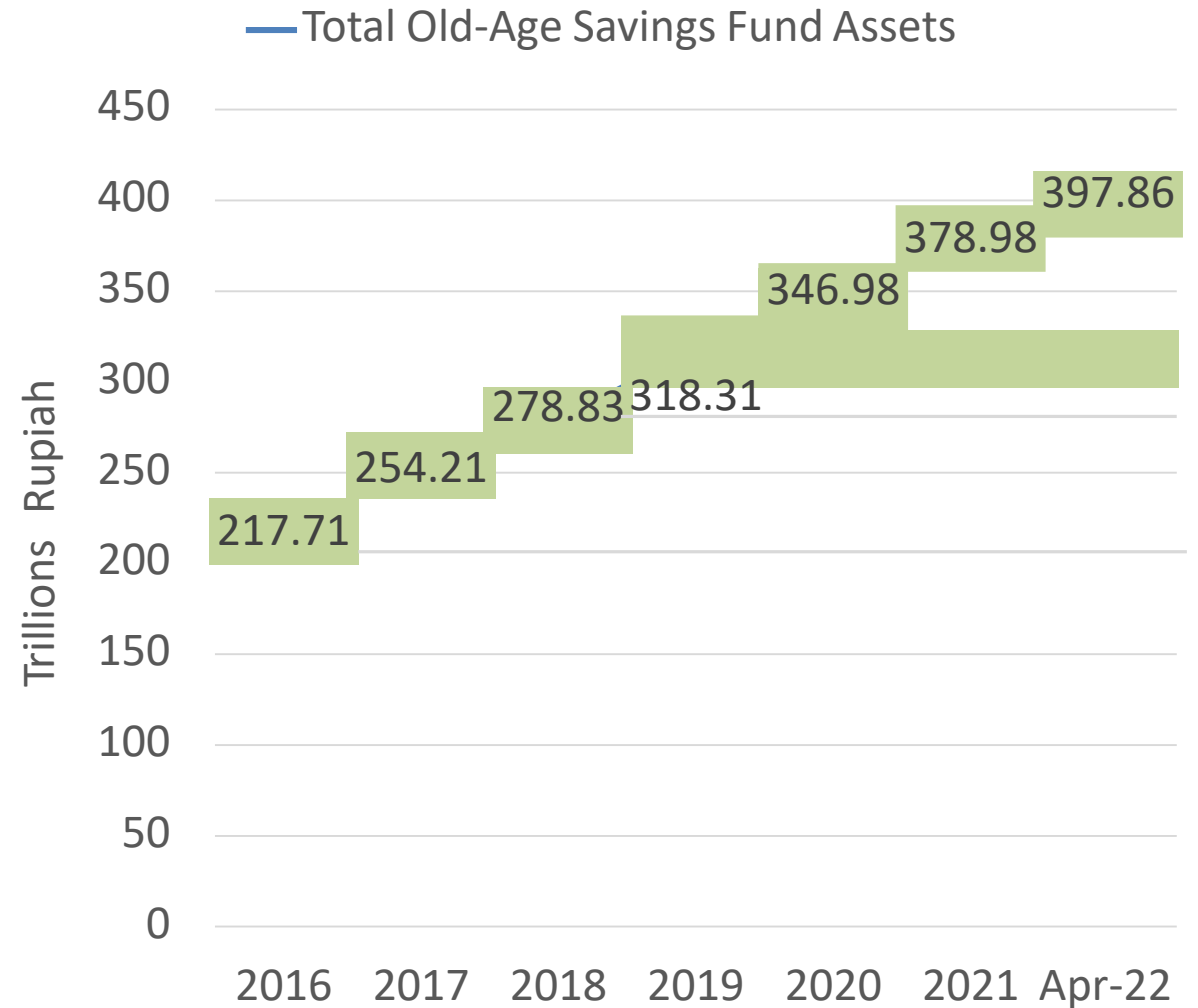
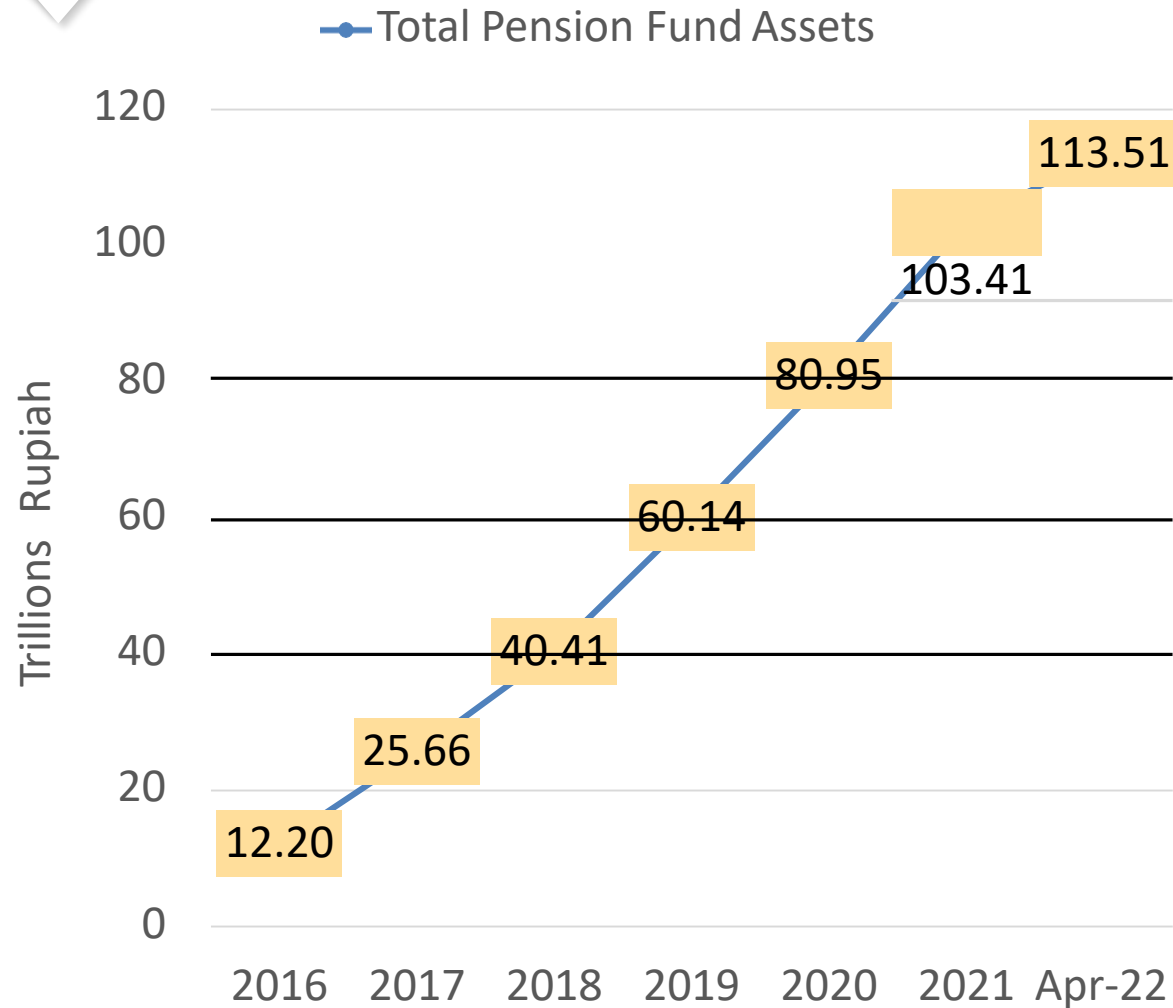
Adequacy

Affordability

Sustainability

- BPJS Employment
 - 30.67 million workers in work-accident and death benefit programs or 21.28% of labor force (BPJS Ketenagakerjaan 2021, BPS February 2022), in which 11.58% of them are informal workers
 - 16.57 million active members in old age savings (JHT) or 11.5% of labor force; in which 1.65% of them are informal workers (BPJS Ketenagakerjaan 2021, BPS February 2022)
 - 13.25 million active members in pension (JP) or 21.11% of formal labor force
- BPJS Health
 - Total 235.72 million members or 86.96% of total population (Sismonev DJSN, 2021)
- 177 Employer Pension Funds (DPPK) and 25 Financial Institution Pension Funds (DPLK) (OJK Statistics, March 2022)
 - 4.35 million members as of 2020 (DPPK 1,321,771 and DPLK 3,023,967)

Old-Age Savings and Pension Fund Assets



- Social welfare policy continues to evolve, needing comprehensive policy approach
- Indonesia slowly moves towards becoming an aging country
 - By 2050, 25% of Indonesia's population is expected to enter old age (approximately 74 million individuals) (UN 2017)
- Large number of informal sector workers: 81.33 million workers or 56.44% of labor force (BPS, February 2022), yet low coverage of informal sector workers
- Increasing numbers of inactive members in social security programs
 - 20.26 million members in old-age savings program (BPJS Ketenagakerjaan Report, 2021)
 - 3.89 million members in pension program (BPJS Ketenagakerjaan Report, 2021)
 - 48.72 million members in health program (Sismonev DJSN, 2021)
- Increasing early withdrawal in old-age savings program
 - 284,488 cases (June 2020) paid dominantly to workers under age 30 (46.86%) and worked less than 5 years (56.15%)

Necessary benefits at affordable costs

Coverage

Fiscal Sustainability

Asset Management and investments

Contribution collection

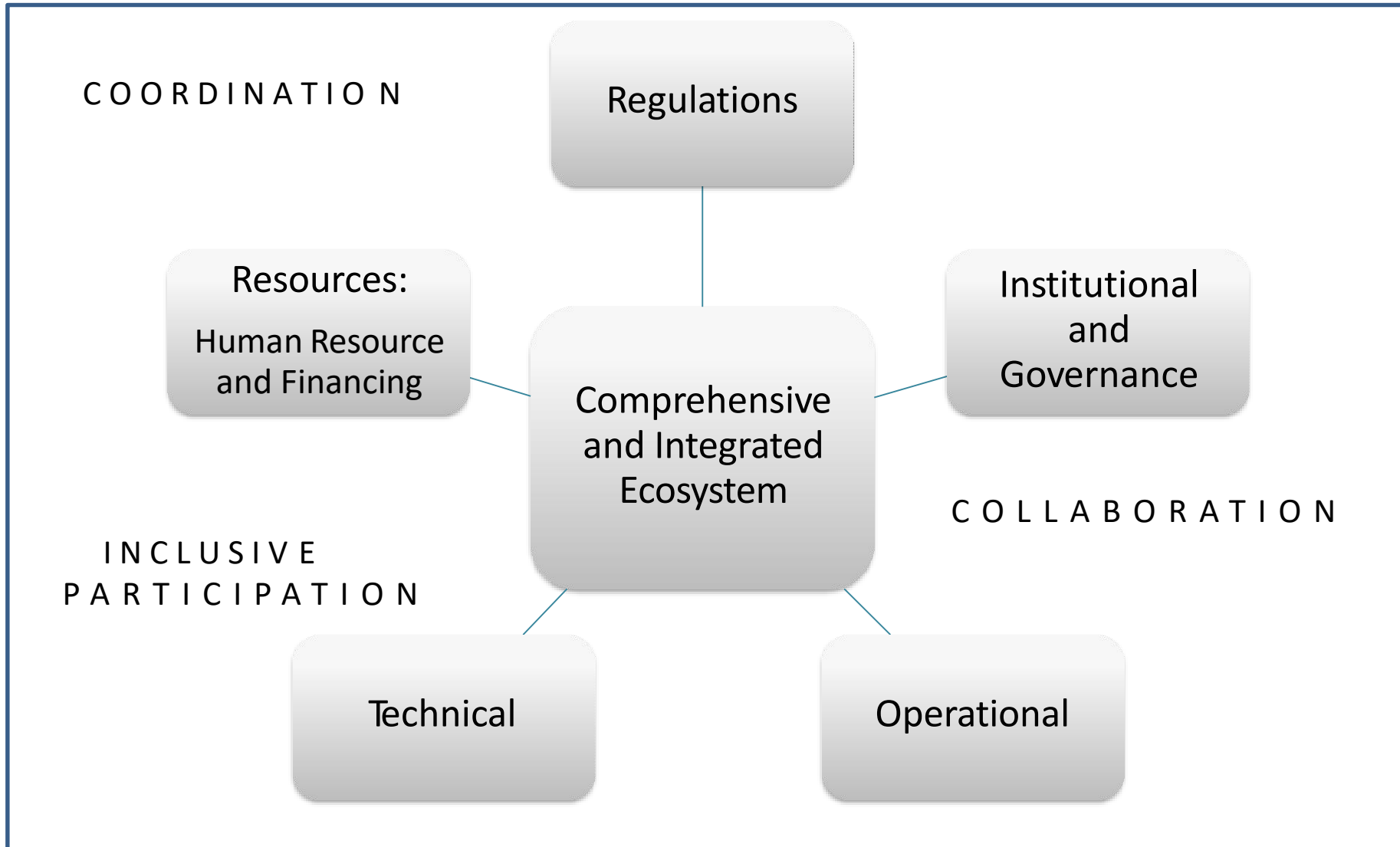
Compliance

Good governance

Administration and quality of services

Public education and socialization

Local government role



Thank You



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