

# OVERVIEW



IFC, a member of the World Bank Group, has a holistic approach to promoting the competitiveness of Indonesia's garment sector—one of the country's top-six industries.<sup>1</sup> Apparel accounts for 7 percent of the nation's exports.<sup>2</sup> A middle-income country, Indonesia has about 2.2 million citizens employed in the sector; about 83 percent of these workers are women.<sup>3</sup>

While strengthening the position of the Indonesia's garment sector in global supply chains, Better Work, an IFC–ILO partnership, helps to improve working conditions in the sector.

IFC also works with banks and other financial intermediaries in Indonesia to increase access to finance for small- and medium-sized enterprises (SMEs), including those in the garment sector.<sup>4</sup> In March 2016, IFC issued a market study of the capital needs of the country's women-owned SMEs, which contribute 9.1 percent of its GDP. Many of these enterprises are active in garment production and retail.<sup>5</sup>

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3. BetterWork.org, "Better Work Indonesia: Garment Industry 5th Compliance Synthesis Report," accessed May 1, 2017. <http://betterwork.org/blog/portfolio/better-work-indonesia-garment-industry-5th-compliance-synthesis-report/>
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5. IFC.org, Women-owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions," accessed May 31, 2017. [https://www.ifc.org/wps/wcm/connect/677906e9-398d-45c1-8f87-84e503292f50/SME+Indonesia+Final\\_Eng.pdf?MOD=AJPERES](https://www.ifc.org/wps/wcm/connect/677906e9-398d-45c1-8f87-84e503292f50/SME+Indonesia+Final_Eng.pdf?MOD=AJPERES)
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7. BetterWork.org, Progress and Potential: Indonesia," accessed May 11, 2017. <http://betterwork.org/blog/portfolio/indonesia-country-brief/>
8. Ibid.

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## IFC's Engagement in Indonesia's Apparel Sector

How IFC Supports Indonesia's  
Position in the Global Apparel  
Supply Chain



## Better Work Indonesia

Better Work Indonesia—an IFC–International Labour Organization (ILO) partnership—mobilizes factories, buyers, and brands in the apparel industry to boost competitiveness through improved working conditions. In Indonesia, 185 factories take part, representing 32 international brands and retailers and assisting 400,000 workers by providing labor assessments and training and advisory services.<sup>6</sup>

In the fall of 2016, Better Work released the results of a five-year Impact Assessment—conducted independently by Tufts University—of its interventions in Indonesia. Some of the partnership's achievements, which promoted the safety and health of workers, proved to benefit factories' competitiveness. These investments included the following:

- Training for line supervisors, especially for women, resulted in a 22 percent increase in productivity.
- Eliminating mistreatment, such as sexual harassment and verbal abuse, improved factories' performance.<sup>7</sup>



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Several of the Impact Assessment findings show how Better Work helps employees while also achieving development impact—such as the following:

- Employees had greater job stability leading to more consistent incomes.
- Women employees had greater access to pregnancy-related health care.
- Children of Better Work employees were more likely to be enrolled in school.<sup>8</sup>

Better Work Indonesia has also empowered workers to speak out. As employees are most intimately familiar with factory conditions, Better Work has involved them in risk-mitigation activities to reduce accidents, labor disputes, and interruptions in factories' production schedules. The activities have included dialogue between management and employees and training in communicating risk.

