

# Pre-Employment Card Program (Program Kartu Prakerja)

Year of inception: 2020



INDONESIA

The Pre-Employment Card Program combines temporary social assistance with skills development to help laid-off workers and job seekers. Originally, it was one of President Joko Widodo's campaign promises in the 2019 election. The design and purpose of the program has then been adapted and it has then been initiated in 2020 as part of an extensive economic stimulus package to support the economy in the wake of the COVID-19 crisis. For these purposes, the budget has been raised to IDR 20 trillion (US\$1.3 billion) from initially planned IDR 10 trillion and it has been especially tailored to people affected most by the crisis, including (informal) workers and small business owners. The program is jointly implemented by the Coordinating Ministry of Economic Affairs and the Ministry of Labour.

## 🎯 Program objectives:

- To develop new and improve skills of the active workforce
- To increase their productivity and competitiveness in the labour market
- To support entrepreneurship development

## Coverage:

The main target group of the program are:

- Formal workers recently laid-off or sent home without or with reduced wage payment due to the COVID-19 pandemic
- Informal workers affected by the crisis, such as own-account workers

The following persons are explicitly excluded from the program:

- State officials, leaders and members of regional legislatures,
- state apparatus, military and police officers
- village heads and officials
- directors, commissioners and supervisory board members of state or region-owned firms



**5.6 million participants across the country in 2020 selected out of 36.6 million online registrants**

## Program design and implementation features:

Participants receive the following benefits:



training fee in the form of digital money amounting to **IDR 1,000,000**



monthly assistance of IDR 600.000 per month for 4 months to provide subsistence



incentive fee of IDR 150,000 in the form of digital money for filling evaluation surveys

The program works in three steps:



**Registration:** eligible participants sign up online.



**Enrolment:** qualified participants receive non-cash credit that can be used to buy an online course of their choice on several digital platforms, which the government has partnered with.

A variety of courses are available ranging from learning a new language, graphic design, computer science to how to become a coffee barista, hairdresser and hotel receptionist.



**Completion:** After completing a course, the participant receives a monthly payment of IDR 600,000 for four months in their bank account, which can be used to buy basic necessities.

## Success stories:

According to the director of the program:



Kartu Prakerja has prompted **728,000 underbanked people** to board e-wallet platforms and create a bank account for the first time, hence aiding financial inclusion in the country.



**11 percent of the first 1.2 million participants** of the program participants found a job after finishing it, mostly as small and medium entrepreneurs.

## Key success factors and challenges:



With the extension and adjustment of the Pre-Employment Card Program in the wake of the COVID-19 crisis the government reacted in a timely manner to tackle the worst socio-economic consequences for laid-off and informal sector workers affected by the crisis.



Due to the emergence of a number of controversies, the program had to be suspended after a few months of operation and the government had to revise the rules before resuming it.



The program management held consultations with tech companies, researchers, labour unions, the Indonesian Chamber of Commerce and Industry (Kadin), the Indonesian Employers Association (Apindo) and representatives from more than 50 companies to select the start-ups that have been contracted to deliver the trainings and other services related to the program.



The program is currently highly reliant on digital platforms and the Internet, whereas the technology needed to access these trainings remains out of reach by many Indonesians due to the digital divide.



Despite improved skills, participants might find it difficult to find jobs after the completion of their training within the program as many businesses have been hit hard by the crisis and cannot hire new workers at the moment.



With a limited budget of IDR 20 trillion and a maximum participant quota of 5.6 million people, the program can currently not meet the constant high demand for the program indicated by the high number of registrants.



### Further readings:

- Official website of Karta Prakerja: <https://www.prakerja.go.id/tentang-kami>

### Newspaper and online media articles:

- <https://www.thejakartapost.com/news/2020/04/23/government-in-partnership-talks-with-more-start-ups-amid-preemployment-card-controversy.html>
- <https://www.thejakartapost.com/news/2020/10/14/preemployment-card-program-helps-boost-financial-inclusion-director.html>
- <https://www.thejakartapost.com/news/2020/05/04/preemployment-card-draws-criticism-as-workers-need-cash-aid.html>
- <https://en.tempo.co/read/1363630/jokowi-introduces-new-perpres-on-pre-employment-card-program>
- <https://observerid.com/simplifying-wage-subsidy-aid-and-pre-employment-card-requirements/>

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