

Backgrounder

Disability in Indonesia



Introduction

With more than 23 million people with disability (or 9 percent of the population),¹ disability inclusion is an important priority of the Indonesian Government (GoI). In 2016, Law No. 8 on disability was ratified and since then work is underway to develop a national action plan (Rencana Aksi Nasional) which translates the seven long-term strategic goals of the Master Plan for Persons with disabilities (RIPD) into five-year goals. Among other commitments, it provides for equal opportunities and non-discrimination for access to jobs and business opportunities, sanctions for government institutions and businesses that do not meet requirements, and a minimum quota for employment of people with disability (1 percent for private sector and 2 percent for public sector and state-owned enterprises). GoI investments into disability inclusion are timely and critically important to ensure equitable and inclusive growth, as Indonesia is currently ranked 115th on the inclusion index, behind several peer countries.² The current lack of inclusiveness is reflected in the fact that people with disability in Indonesia have lower educational attainment, worse health, less access to public services and fewer economic opportunities compared to people without disability.

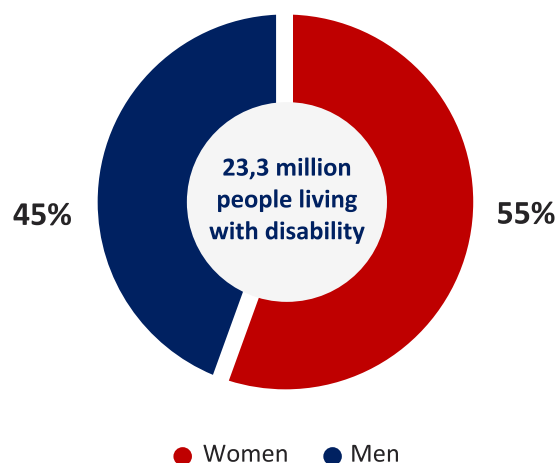
Closing the inclusion gap will have positive social and economic impact, including the potential to boost trade in assistive technologies. Greater inclusion is associated with enhanced social cohesion. It is also associated with more productive economies. Global evidence suggests that the exclusion of people with disability can negatively affect a country's gross

domestic product by as much as 3 to 7 percent.³ A significant barrier to social and economic participation is the lack of access to assistive technologies. A recent study estimates that 60 percent of the population with moderate to severe disabilities in Indonesia are not using any form of assistive technology.⁴ Hearing aids, glasses and prosthetics are the products with the highest levels of unmet demand. This significant unmet demand suggests there are important bilateral trade opportunities.⁵

Disability prevalence rates and demographics

Indonesia has a sizeable population of people with one or more disability. An estimated 23.3 million⁶ Indonesians are living with one or more disability of which nearly half (45.8 percent) have more than one disability.⁷ For comparison, Australia's total population is 26.2 million.⁸

Figure 1. Estimated number of people living with disability in Indonesia (million)



Source: ILO. 2022 (using Sakernas 2020)

1 Sakernas, 2019

2 [2020 Inclusiveness Index: Measuring Global Inclusion and Marginality](#).

3 World Bank. Disability Inclusion in Latin America and the Caribbean: A Path to Sustainable Development. 2021.

4 BKF-Prospera, 2021.

5 Forthcoming research from Katalis on Medical Devices and Assistive Technologies.

6 Please note that this is an estimate based on 2018/19 data from Susenas. Actual numbers may be lower or higher depending on the data source.

7 Susenas, 2018, 2019

8 <https://www.abs.gov.au/statistics/people/population>

Indonesians with disability are more likely to be female, older and live in urban areas. In Indonesia, women comprise 55.46 percent of the total workforce population with disability.⁹ People with disability in Indonesia also tend to be older. Nearly 42 percent are 60 years old or older and just over half (51.3 percent) live in urban areas.¹⁰ Approximately 11.2 million (48 percent) people with disability are within the productive age group of 19-59 years old.

Vision, mobility, and hearing are the most prevalent forms of disability. Visual impairment is the most common (11.29 per cent), followed by mobility (7.79 per cent), and hearing (5.67 per cent). Other forms of disability include mobility (hand/finger) and speech.

Access to essential services and assistive technologies

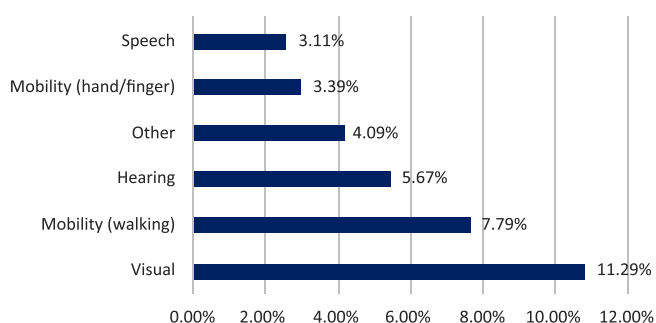
Despite proximity, people with disability in Indonesia have less access to essential services such as education. Less than half of people with disability in Indonesia complete junior secondary certificates and fewer than a third complete senior secondary school. The educational attainment of people with disability is important. A recent study by Bappenas showed a positive correlation between education and employment status. People with disability who have completed high school are twice as likely to move into permanent, full-time employment with better salary. Those with post-secondary qualifications were 3.5 to 4.5 times more likely to move into such employment than those with junior high school or below.¹¹

People with disability in Indonesia also have less access to social protection schemes including health insurance. Compared to the national population, people with disability have lower rates of health insurance: 37.6 percent of people with disability do not have health insurance, compared to 34.1 percent of the national population who are not insured. Related to the challenges in accessing basic services is the fact that people with disability are less likely to have national identification cards or other government

issued paperwork such as birth certificates.¹² Though disability is integral to the human experience, it remains stigmatized and many people with disability in Indonesia face discrimination as evidence by their lower levels of access to services and economic opportunities.

There are low levels of assistive technology use among people with disability. Use of assistive products are low and ranges across type of impairment. For people with limited vision, 80 percent report not having access to glasses. Access to prosthetics is also very low. More than 75 percent of people who could benefit from having a prosthetic are unable to access one.¹³ Low levels of assistive technology use are associated with a lack of awareness, high cost, limited product availability and shortages of trained professionals to prescribe appropriate products and services and offer specialized support for fitting and aftercare. As shown in Table 1: hearing aids, glasses and prosthetics are the assistive technology products with the highest levels of unmet need.

Figure 2. Distribution (%) of disability population by type of disability



Source: ILO Calculation. 2022 (using Sakernas 2020)

Table 1. Unmet demand for assistive products

| Health impairment | Assistive technology needed | % unmet need |
|-----------------------|-----------------------------|--------------|
| Vision | Glasses | 80% |
| | Blind stick | 28% |
| Hearing | Hearing aid | 91% |
| Speaking | Sign language | 54% |
| Using arms and finger | Prosthetic | 60% |
| Using legs (walking) | Prosthetic | 75% |
| | Wheelchair | 24% |
| | Walking aid | 28% |

Source: Cameron and Suarez, 2017, calculations using Susenas 2006 data

9 ILO Calculation. 2022 (using Sakernas 2020)

10 ILO, 2022 (using Susenas 2020).

11 Staf Ahli Menteri Bidang Sosial dan Penanggulangan Kemiskinan, Kementerian Perencanaan Pembangunan Nasional (BAPPENAS). 2021. Kajian Disabilitas, Tinjauan Peningkatan Akses dan Taraf Hidup Penyandang Disabilitas Indonesia: Aspek Sosioekonomi dan Yuridis. Laporan Rekomendasi Kebijakan Kementerian Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional. BAPPENAS. Jakarta, Indonesia. UNDP. 2023. Fostering Disability Inclusion & Business Integrity in ASEAN. UNDP. Bangkok, Thailand.

12 Siyaranamual, Martin and Larasati, Dyah. 2020. Disability Situation Analysis: Challenges and Barriers for People with Disability in Indonesia. TNP2K & Australian Government. Available at <https://www.tnp2k.go.id> accessed on 29 July 2023

13 Cameron and Suarez, 2017, 'Disability in Indonesia', Disability-in-Indonesia.pdf (monash.edu)

Workforce participation

Considering the ‘access’ challenges, it is unsurprising that people with disability’s participation in the labour market is low and concentrated in the informal sector.

Less than half (46 percent) of people with disability aged 15 years and older participate in the labour market.¹⁴ Women with disability participate at even lower levels (34 percent), though in line with national trends of female labour force participation. A large majority (75.49 percent) of the people with disability labour force works in the informal sector. Agriculture (including livestock and fisheries) and forestry are the biggest employers of people with disability. Trade, restauration, and hotels are other sources of employment for people with disability. Among people with disability, there is an increasing trend of self-employment. As of 2020, 58.25 percent of people with disability reported being self-employed, a nearly four-point increase from 54.66 percent in 2017.

People with disability are less connected. While cell phone ownership fluctuates in this group, they have in general lower levels of handset ownership rates (averaging around 36.7 percent) than people without disability (59.4 percent).¹⁵ Similarly, internet utilization rates are lower for people with disability. In 2020, just 18.9 percent of people with disability were connected to the internet. The lower level of connectivity has important implications for the inclusion of people with disability in the workforce including the gig economy.

Demand and supply of assistive technology

The Indonesian market for assistive technology is large and expected to grow steadily. In 2023, the market for assistive technology was estimated to be valued at USD 180-200 million. Factors such as the progressive rollout of the Gol’s comprehensive health insurance program which is on track for full coverage by 2024 and growing willingness to make out of pocket healthcare expenses indicate that there will be sustained growth in demand for assistive technologies.

Accessibility and affordability are major barriers to accessing assistive technology. Cross country comparisons with ASEAN countries and Australia show that Indonesia’s assistive technology prices are far higher than comparable countries and unaffordable for all but the richest 20 percent of households.¹⁶ Prices are high because most assistive technology products are

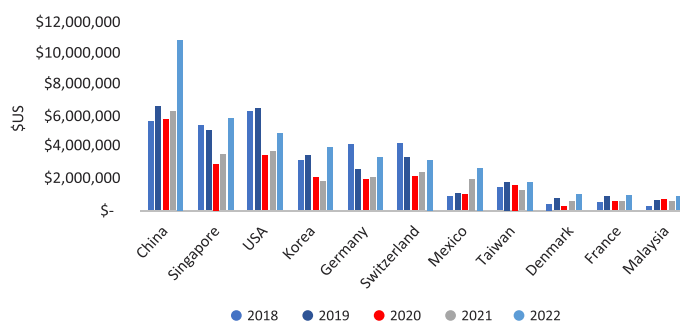
imported, either as intermediate inputs or stand-alone products and face a 5-30 percent import tax (depending on product category), in addition to the 10 percent VAT and shipping and handling fees. Most assistive technology products are either made or imported by providers operating in Java and as a result customers outside of Java face additional transport fees for fitting and shipping.

In addition to import taxes, local content requirements have further affected the supply of assistive technology products.

In the concerted effort to boost local manufacturing of medical devices and assistive technology products, the Gol requires that only locally manufactured medical devices and assistive technology certified to have at least 40 percent local content be included in the government online procurement system.¹⁷ Local production is partly hindered by a reliance on imports of intermediate inputs, largely from China.

China is the largest supplier of assistive technology products to Indonesia. Indonesia sourced a quarter of its imports of assistive technology products from China in 2022 valued at USD 10.9 million. Imports from China have grown by 16 percent since 2018.¹⁸ The second largest supplier was Singapore, accounting for 14 percent of imports, followed by USA (11 percent), Korea (9 percent), Germany (8 percent) and Switzerland (8 percent). Imports from Australia were non-existent in 2022 and peaked at USD 13,000 in 2019.¹⁹

Figure 3. Indonesian imports of AT: Top 10 suppliers, 2018-2022, \$US



Source: Trade Map, 2023, using HS code 9021

14 Subdirektorat Indikator Statistik, BPS. 2020. 'Indikator Kesejahteraan Rakyat 2020: Kesempatan Penyandang Disabilitas Terhadap Pendidikan dan Pekerjaan'.

15 Source: Bappenas, 2021.

16 Prospera, 2023, 'An analysis of Assistive Technology for persons with disability under JKN: preliminary results'.

17 In practice, if domestic demand is greater than local supply, imports are allowed via an 'unfreeze' mechanism.

18 HS 9021 – category broadly covers hearing aids, artificial limbs, pacemakers, orthopaedic appliances, and appliances which can be implanted into the body.

19 Trade Map, 2023, using HS code 9021.

Conclusion: opportunities & challenges

There is growing awareness within Gol and the business community of the social and economic importance of disability inclusion. The Gol's Disability Law and national action plan are evidence of this increasing awareness and commitment. These investments are timely as people with disability in Indonesia still face significant structural and societal barriers to full participation in economic and social spheres. Lower levels of access to basic services including education and health have significant, long-term, negative impacts on lives and livelihoods of people




with disability and their families resulting in poorer health, education and economic outcomes compared to people without disability.

Increasing access to assistive technologies and support services is one way in which the Gol can reduce barriers and facilitate greater inclusion of people with disability. There is a large unmet need in assistive technology products. By addressing issues of access, affordability, and quality, the Gol may be able to ensure greater and more equitable participation of people with disability while also seizing a significant trade opportunity.



The economic return on disability inclusion

Increasing the participation of people with disability in the work force is estimated to have a positive impact on GDP. Further, there is emerging evidence from the region that adds weight to the argument that disability inclusion makes business sense.

-  In China, each additional year of schooling for people with disability resulted in a 5 percent (rural) and 8 percent (urban) wage increase.
-  In Nepal, the inclusion of people with sensory or physical impairments in education led to an estimated 20 percent increase in wages.
-  In Pakistan, rehabilitation of people with incurable blindness led to gross aggregate gains in household earnings of USD 71.8 million per year.

Source: Banks, Morgan Lena and Polack, Sarah. The Economic Costs of Exclusion and Gains of Inclusion of People with Disabilities: International Centre for Evidence in Disability, London School of Hygiene & Tropical Medicine. CBM.

Key takeaways

- More than 23 million Indonesians with disability (2022).
- Disability inclusion is a Gol priority and codified under Law No.8 (2016).
- Indonesians with disability are more likely to be female, older and live in urban areas.
- Indonesians with disability have lower educational attainment, worse health, less access to public services and fewer economic opportunities.
- A majority of people with disability do not have access to assistive technologies such as glasses, hearing aids and wheelchairs.
- Cross country comparisons with ASEAN countries and Australia show that Indonesia's assistive technology prices are far higher than comparable countries and unaffordable for all but the richest 20 percent of households.
- Vision, mobility, and hearing are the most prevalent forms of disability.
- The Indonesian market for assistive technology is estimated to be valued at USD 180-200 million (2023).
- Exclusion of people with disability can negatively impact GDP by as much as 3-7 percent.

As a program designed to boost bilateral trade between Indonesia and Australia and contribute to disability inclusion and gender equality by operationalizing the IACEPA, Katalis has commissioned research on the trade in medical devices and assistive technologies and is facilitating a series of public dialogues to raise awareness around the identified opportunities and challenges.

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