

Indonesia's Global Workers

A WORLD BANK
INDONESIA
REPORT

Juggling Opportunities & Risks

NOVEMBER
2017

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

The World Bank Office Jakarta

Indonesia Stock Exchange
Building Tower II/12th Floor
JI Jend Sudirman Kav 52-53
Jakarta 12910

P (6221) 5299-3000

F (6221) 5299-3111

W www.worldbank.org/id

The World Bank

1818 H Street NW Washington,
DC 20433, USA

T (202) 458-1876

F (202) 522-1557/1560

W www.worldbank.org

Indonesia's Global Worker: Juggling Opportunities and Risks is a product of the staff of the World Bank. The findings, interpretations, and conclusions expressed herein do not necessarily reflect the views of the Board of Executive Directors of the World Bank or the Government they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of the World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

For any questions regarding this report, please contact:

Ririn Salwa Purnamasari
(rpurnamasari@worldbank.org)

Printed in November 2017

Photo Credits World Bank

Copyright Statement

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The International Bank

for Reconstruction and Development/The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly. For permission to photocopy or reprint any part of this

work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA, telephone 978-750- 8400, fax 978-750-4470, <http://www.copyright.com/>. All other queries

on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA, fax 202-522-2422, e-mail pubrights@worldbank.org.



A Word from the Country Director

Rodrigo A. Chaves
Country Director, Indonesia and Timor-Leste
The World Bank

Over the past decade, Indonesia has achieved remarkable development results. From 2006 to 2016, growth averaged 5.6 percent, poverty was reduced from 17.8 percent to 10.9 percent, and 23 million new jobs were created. Nearly 83 percent, or 19 million, of these new employment opportunities were quality jobs with high wages. For many Indonesians, these significant developments have meant more prosperous lives and a transition to higher levels of economic security.

However, despite the fast pace of job creation and rising wages, many Indonesians are at risk of being left behind in the quest for better livelihood opportunities. And recent trends are worrying - since 2015, Indonesia's labor market has driven increasingly inequitable outcomes, creating lower productivity jobs and less formal work. While the number of non-agricultural self-employed and unpaid workers grew by 14 and 3 percent respectively since 2015, the number of formal wage workers increased only 2 percent. This primarily affects low-skilled workers, of which Indonesia has many: around 60 percent of current workers have not completed high school and cannot compete for the limited number of high-productivity jobs.

The Government of Indonesia is increasingly focused on improving opportunities for all its citizens to thrive and to benefit from the country's remarkable economic growth. In 2017, President Joko Widodo declared that his main priority is to address inequality and ensure that Indonesia's prosperity is shared by all. This is an encouraging and welcome step for Indonesia.

In the meantime, with limited work at home, low-skilled Indonesian workers turn to job opportunities abroad. Neighboring countries such as Malaysia, Singapore and the Republic of Korea, have translated economic growth into more employment, and with increased economic integration and reduced barriers to mobility, it is easier

for Indonesians to obtain work overseas. Thus, more than 9 million Indonesians are today employed abroad. More than three-quarters of them are low-skilled workers.

While the increased labor migration reflects limited opportunities at home, migration can also have significant economic impacts both for individuals and for the Indonesian economy. Indonesian migrant workers earn up to six times more than they can at home, and for 70 percent of migrants, working abroad is a positive experience that helps them improve their welfare. Migration also provides workers with an opportunity to gain skills and experience and, for nearly 80 percent of female migrants, an entry point into paid work. The impact of migration also extends to Indonesia's economy: in 2016 migrant workers remitted more than IDR 118 trillion (US\$8.9 billion), equivalent to 1 percent of Indonesia's total GDP.

The issues concerning migration are complex, and to date empirical knowledge on migration has been limited. Indonesia still has ways to go to better facilitate efficient migration and to ensure both safe and more effective migration practices. This report, Indonesia's Global Workers: Juggling Opportunities and Risks, provides a solid foundation for action. It is based on the first ever nationwide survey of migrant workers, carried out in collaboration with BPS-Statistics Indonesia and with the generous support of the Government of Australia. The World Bank stands ready to support the Government of Indonesia, under the leadership of the Ministry of Manpower, to pursue policy reforms that better facilitate migration to reap its potential and make it safer. This will make a difference not only to improving the lives of these workers and supporting economic growth, but also contribute to Indonesia's goals of creating a country where the benefits of growth and prosperity are shared with all.

Acknowledgements

Indonesian Global Workers: Juggling Opportunities and Risks was prepared by the World Bank's Poverty & Equity Global Practice team in the Jakarta Office. The team provides technical and policy advice based on sound empirical research and analysis to the Government of Indonesia to support its efforts in reducing poverty, vulnerability and inequality. Creating more and better work opportunities is one of the key strategies towards these ends, which includes addressing the specific concerns surrounding international migrant workers.

This report would not have been possible without the support and guidance of Hanif Dhakiri, Minister of Manpower, and the many useful comments and insights from our government counterparts, more specifically Nusron Wahid, Head of National Agency for the Placement and Protection of Indonesian Migrant Workers (Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia, or BNP2TKI), Hery Sudarmanto (Secretary General, Ministry of Manpower), Maruli Apul Hasoloan (Director General of Labor Placement and Employment Opportunity Expansion), Edi Purnama (Secretary of Director General of Labor Placement and Employment Opportunity Expansion), Budi Hartawan (Secretary of Directorate General of Labor Inspection and Occupational Health and Safety, Ministry of Manpower), Soes Hindharno (Director of Placement and Protection of Indonesian Overseas Workers, Ministry of Manpower), Sri Setiawati (Division Head of Regional Cooperation, Bureau of International Cooperation, Ministry of Manpower), Aris Wahyudi (previously Director of Center for Labor Research and Development, Ministry of Manpower) and team at the Center for Manpower Research and Development, Elia Rosalina (Deputy of International Cooperation and Promotion, BNP2TKI), Teguh Hendro Cahyono (Deputy of Protection, BNP2TKI), Agusdin Subiantoro (Deputy of Placement, BNP2TKI), Maliki (Director of Population Planning and Social Protection, National Development Planning Agency [Badan Perencanaan Pembangunan Nasional, or Bappenas]), and Mahatmi Parwitasari Saronto (Director of Labour and Employment Opportunities Development, Bappenas).

This report was produced under the overall guidance of Salman Zaidi (Practice Manager, GPVo2), Truman Packard (Lead Economist, GSPo4), Vivi Alatas (Lead Economist, GPVo2). It was prepared by a core team led by Ririn Salwa Purnamasari (Senior Economist, GPVo2), and consisted of Edgar Janz (Senior Knowledge Management Officer, GPVo2), Peter Milne (Consultant, GSUID), Astrid Rengganis Savitri (Consultant, GPVo2) and Taufik Indrakesuma (Economist, GPVo2). Research and data analysis were invaluabley executed by Hamidah Alatas (Consultant, GPVo2), Kara Parahita Monica (Research Analyst, GPVo2) and Talitha Chairunissa. Contributions to analytical works of this report also came from Mattia Makovec (Economist, GSPo3) and Matteo Sandi. Additional technical support was also provided by Bagus Arya Wirapati (Research Analyst, GPVo2), Michaelino Mervisiano, Rizky Reza Fauzy and Tita Naovalitha (Consultant, GPVo2).

Strategic guidance and key comments were provided by Rodrigo Chaves (Country Director, EACIF), Cristobal Ridao-Cano (Lead Economist, GSPo5, previously with EACIF) and Camilla Holmemo (Program Leader, EACIF). Valuable comments were provided by peer reviewers: Ahmad Ahsan (previously Lead Economist, EAPCE), Soonhwa Yi (Senior Economist, GSPo2), and Pablo Ariel Acosta (Senior Economist, GSPo2). Useful inputs and suggestions were also received from Ndiame Diop (Practice Manager, GMF10), Tatiana Nenova (Program Leader, SACSL, previously with EACIF), Gillian Brown (previously Principal Advisor, Australia Indonesia Partnership for Economic Governance), Maesy Angelina (previously Research & Innovation Manager, MAMPU), staff from the Australian Department of Foreign Affairs and Trade (DFAT), Matthew Grant Wai-Poi (Senior Economist, GPVo5), Obert Pimhidzai (Senior Economist, GPVo2), Christopher Juan Costain (Lead Financial Sector Specialist, GFMo2), Isaku Endo (Senior Financial Sector Specialist, GFMo2), Neni Lestari (Financial Sector Specialist, GFMo2), Iene Muliati (Senior Social Protection Specialist, GSPo2), Ilsa Medina (Social Protection Specialist, GSPo2), and Indra Budi Sumantoro (Consultant, GSPo2). The report has benefited greatly from these comments.

The analysis presented in this report were mainly based on the World Bank Survey on Indonesia International Migration and Remittance 2013/2014. This survey was conducted in collaboration with BPS-Statistics Indonesia, in particular Wynandin Imawan, Razali Ritonga, Teguh Pramono, Nona Iriana, Rini Savitridina, Gantjang Amanullah, Krido Saptono, Tri Windiarto, Raden Sinang, Satriana, Eridawaty, Ika Luswara, Widaryatmo, Idha Sahara, and Piping Setyo Handayani. Valuable inputs and suggestions to the improvement of survey questionnaire were provided by Cynthia Clarita Kusharto (Financial Sector Specialist, GFMo2), Yulia Herawati (Survey Specialist, GSUID), Chitrawati Buchori (Consultant, GFMo2), Sudarno Sumarto, Special Advisor of the National Team for the Acceleration of Poverty Reduction (Tim Nasional Percepatan Penanggulangan Kemiskinan, or TNP2K), Lenny Rosalin, Deputy of Child Growth and Development, the Ministry of Child Development and Women's Empowerment, Ricky Adriansjah and Arini Rahyuwati from BNP2TKI, also by the Balance of Payments Statistics Team, Directorate of Economic and Monetary Statistics, the central bank (Bank Indonesia). Administrative data were provided by Muhammad Hidayat, Ricky Adriansjah, and Indarji Hermawan from BNP2TKI.

Financial support for this report was generously provided by the Government of Australia's Department of Foreign Affairs and Trade (DFAT), through the Partnership for Knowledge-based Poverty Reduction (PKPR) trust fund. During the preparation of this report, the trust fund was under the strategic oversight of Bambang Widianto, Executive Secretary of TNP2K, and Rahma Iryanti, Senior Advisor to the Minister of National Development Planning on Social Affair and Poverty Alleviation, previously the Deputy of Population and Employment of Bappenas.

Contents



ES

1

2

3

4

5

6

Executive summary	P. 01
Introduction	P. 11
Who Are Indonesia's Migrant Workers? Why Do They Migrate?	P. 19
Protecting Female Migrant Domestic Workers	P. 29
Encouraging Documentation Compliance	P. 37
Sustaining the Benefits of Labor Migration	P. 45
Recommendations	P. 53

List of Figures

Figure 1.1	Share of current Indonesian migrants by destination country and legal status	13
Figure 2.1	Share of migrant workers by highest educational attainment (%)	22
Figure 2.2	Economic benefits of migration (current migrants)	23
Figure 2.3	The incidence of negative experiences is in decline	26
Figure 3.1	Decreasing trend in total documented migrants, particularly women (thousand and %)	31
Figure 3.2	Economic benefits of migration (current female domestic worker)	32
Figure 3.3	Monetary costs of migration (current female domestic worker)	32
Figure 4.1	Negative experiences of male migrant workers in Malaysia during migration	39
Figure 4.2	Duration of migration preparation (current male migrants in Malaysia)	40
Figure 4.3	Monthly net benefit by type of job (male migrants in Malaysia)	41
Figure 4.4	Average monetary migration cost (male migrants in Malaysia)	42
Figure 5.1	Economic benefits of migration by profile (current migrants)	47
Figure 5.2	The main remittances channels used by migrant workers	52
Figure 5.3	Distribution of migrant households by top three highest remittance uses (current migrants)	53
Figure 5.4	Returning migrants engaged in paid work for former migrants	54
Figure A.I.1	The 15 selected provinces in the WB-IIMR Survey	72
Figure A.I.2	Quantitative survey of Indonesia's International Migration and Remittances	73
Figure A.I.3	Compositions of migrant workers by province of origin	75
Figure A.I.4	Proportion of migrant worker households by province	76
Figure A.I.5	Gender composition of migrant workers by province	77
Figure A.I.6	Composition of current and former migrants by province	77
Figure A.I.7	Composition of migrant worker's area of origin by province	77

List of Boxes

Box 1.1	The World Bank Survey on Indonesia International Migration and Remittances.....	17
Box 3.1	Roadmap towards zero domestic workers by 2017.....	33
Box 3.2	Bilateral agreement on domestic workers between the Philippines and Saudi Arabia.....	35
Box 4.1	The Philippines' efforts to streamline migrant documentation	44
Box 6.1	Short-term Priority Actions.....	56

List of Tables

Table 2.1	Incidence of negative and traumatic experiences encountered by current migrant worker (%)	26
Table 2.2	Current migrant workers' characteristics, by profile (%)	27
Table 3.1	Current migrant workers' activity prior migrating (%)	31
Table 3.2	Incidence of negative and traumatic experiences by current female domestic workers (%)	33
Table A.I.1	Questionnaire structure	74

Abbreviations & Acronyms

BNP2TKI	<i>Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia</i> (National Agency for the Placement and Protection of Indonesian Migrant Workers)
BPJS	<i>Badan Penyelenggara Jaminan Sosial</i> (Social Security Provider Agency)
BPS	<i>Badan Pusat Statistik</i> (Central Bureau of Statistics/Statistics Indonesia)
CoC	Code of Conduct
Desmigratif	<i>Desa Migran Produktif</i> (Productive Migrant Village)
DFAT	Department of Foreign Affairs and Trade (Australia)
Diyagnet	Department of Religious Affairs (Turkey)
DJSN	<i>Dewan Jaminan Sosial Nasional</i> (National Social Security Council)
DOLE	Department of Labor and Employment (Philippines)
EPS	Employment Permit System
FDI	Foreign Direct Investment
G2G	Government-to-Government
GDP	Gross Domestic Product
IDR	Indonesian Rupiah
ILO	International Labor Organization
IME	Institute of Mexicans Abroad
IOM	International Organization for Migration
J-PAL	Abdul Latif Jameel Poverty Action Lab
KNOMAD	Global Knowledge Partnership on Migration and Development
KTKLN	<i>Kartu Tenaga Kerja Luar Negeri</i> (Overseas Worker's Card)
KUR	<i>Kredit Usaha Rakyat</i> (People's Business Credit)

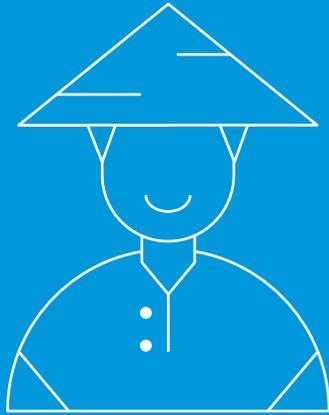
LTSA	<i>Layanan Terpadu Satu Atap (Integrated One Gate System)</i>
M&E	Monitoring and Evaluation
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
OFW	Overseas Filipino workers
OJK	<i>Otoritas Jasa Keuangan (Financial Service Authority)</i>
OWWA	Overseas Workers Welfare Administration (Philippines)
PAP	<i>Pembekalan Akhir Pemberangkatan (Pre-Departure Briefing)</i>
PNPM	<i>Program Nasional Pemberdayaan Masyarakat (National Program for Community Empowerment)</i>
POEA	Philippines Overseas Employment Administration
POLO	Philippines Overseas Labor Offices
PPTKIS	<i>Pelaksana Penempatan Tenaga Kerja Indonesia Swasta (Private Placement Company for Indonesian Migrant Workers)</i>
Sakernas	<i>Survei Angkatan Kerja Nasional (National Labor Force Survey)</i>
SJSN	<i>Sistem Jaminan Sosial Nasional (National Social Security System)</i>
SLBFE	Sri Lanka Bureau of Foreign Employment
Susenas	<i>Survei Sosial Ekonomi Nasional (National Socio-Economic Survey)</i>
TNP2K	<i>Tim Nasional Percepatan Penanggulangan Kemiskinan (National Team for the Acceleration of Poverty Reduction)</i>
UN	United Nations
WB-IIMR	World Bank Indonesia's International Migration and Remittances Survey

Main job types of Indonesian migrant workers



Maid / Baby Sitter

32%



Farm Worker

19%



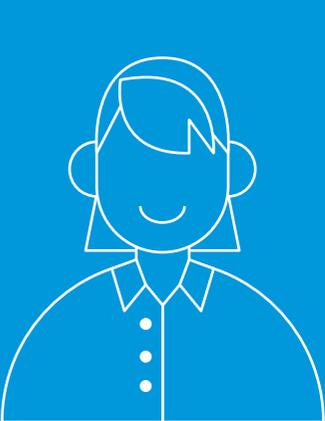
Construction Worker

18%



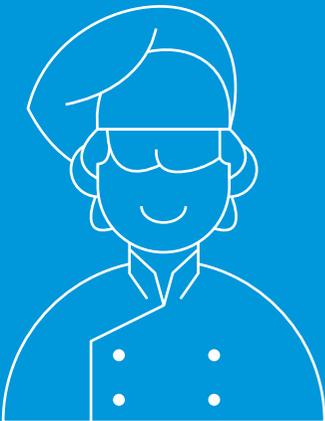
Factory Worker

8%



Caregiver for elderly

6%



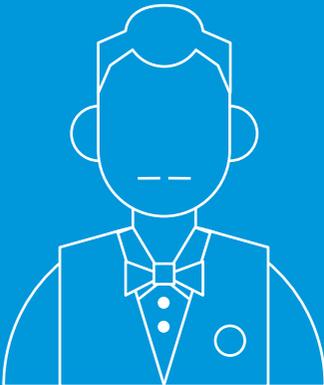
Store/Hospitality staff

4%



Driver

2%



Cruise Ship Crew

0.5%

P . 0 1

Executive Summary

P . 0 5

Developing a Longer-term Migrant Worker Reform Strategy

P . 0 7

Kick-starting Reform with Short-term Priority Actions

P . 0 8

Embedding Migrant Worker Reform into a Broader Indonesian Jobs Creation Strategy

P . 0 9

Conclusion



Indonesian overseas labor migration makes a major contribution to the lives of many ordinary workers, their families, and the economy as a whole. More than 9 million Indonesians are now working overseas, equivalent to almost 7 percent of Indonesia's total labor force. Only China and the Philippines have more migrants working overseas than Indonesia in the East Asia region. International migration makes a major contribution to the economy; in 2016, migrant workers sent over IDR 118 trillion (US\$8.9 billion) back to Indonesia in remittances.¹ Also, recent research² shows just how much labor migration contributes directly to improving people's lives.

¹ Using IMF average exchange rates in 2016 (US\$1 = IDR 13,330).

² During 2013-14, the World Bank, in collaboration with BPS-Statistics Indonesia, conducted the first ever nationwide household survey on international migration and remittances, across 104 districts in 15 provinces identified as the main sending provinces of Indonesian migrant workers. These rich and comprehensive data of 4,660 Indonesian migrant workers and their families—estimated to represent about 70 percent of total migrant workers—have made rigorous research on the topic possible, helping to inform and guide policy discussions concerning labor migration issues. As a result, we now have a much better understanding of the characteristics of Indonesians who seek work overseas, where they come from, where and why they go, the problems they encounter, and the economic benefits they enjoy.



The benefits of migration

1

Gainful employment

Many of those without work in Indonesia have found gainful employment overseas, often for the first time in their lives. About 56 percent of migrant workers were primarily engaged in housekeeping or unpaid work before migrating, leaving just 44 percent with experience of a paid job before working abroad.

2

Higher earnings

Indonesian workers who already had jobs in-country before migrating typically earn up to four to six times more when working overseas. Recent survey data show that migrant workers are able to earn an average monthly wage of IDR 3.7 million (US\$281),³ about four times their average wage prior to migrating. Meanwhile, female migrant workers going to the more developed Asian countries (Chinese Taipei, Hong Kong SAR, Singapore, etc.) are able to earn up to six times as much as they earned in their previous jobs in Indonesia.

3

Acquiring skills & experience

Low-skilled workers acquire new skills and experience while working abroad and, as a result, often find better jobs on their return home. The majority of former migrant workers (77 percent) state that they obtained new skills during migration. Moreover, among those who had unpaid jobs before migrating, more than half find paid employment on their return to Indonesia.

4

Relieving financial strain on households

Remittances from Indonesian migrant workers make an important contribution to poverty reduction. Research shows that remittances reduce the probability of Indonesian households being poor by 28 percent (Adams and Cuecuecha, 2011). Families at home benefit financially by covering the costs of basic needs, including food, housing, education and health. Over 80 percent of surveyed migrant worker households report "daily needs" as being one of their top three uses for remittance income. This relieves the strain on poor families. In the case of female migration, it helps to reduce child labor participation by between 17 to 32 percentage points, without discouraging labor-force participation among remaining household members (Nguyen and Purnamasari, 2014).

5

Lasting benefits

Finally, remittances also contribute to improving longer-term livelihoods for migrant workers and their families. About 40 percent of migrant households channel their income from remittances into education, 15 percent invest that income into business capital, and more than 20 percent report putting the money into savings accounts.

Migrant workers
earn up to

6x

more when work-
ing overseas

Remittance reduce
the probability of
Indonesian house-
holds being poor by

28%

³ Monthly wage after
deducted by (monetary)
migration costs.

But at times, working abroad can be a risky proposition. Stories of abuse of Indonesian migrant workers abroad have created a body of opinion that feels too little is being done to protect them. Reported cases, in particular among female domestic workers, highlight the risks involved, such as physical and sexual abuse, forced labor and unpaid wages. The government responded to these concerns by placing a moratorium on migration to Malaysia for two years from 2009 and banning female domestic migrant workers from going to Saudi Arabia in 2011. In 2015, moratoria were extended to 21 countries across the Middle East, North and East Africa, and Pakistan. However, moratoria can also have unintended negative consequences. Not only in Indonesia's experience of its moratorium on sending migrant workers to Malaysia in 2011, but also in the Philippines' experience of a moratorium on sending workers to Saudi Arabia, there was a rise in undocumented migration to those countries that exposed migrant workers to greater risks.

Over time, however, the profile of Indonesian migrant workers has changed, and Indonesian migrant workers can no longer be represented by a single profile. Previous migration policies have been largely driven by efforts to protect one specific group of migrant workers—female domestic workers, especially in Middle-Eastern countries—who are the most likely to be mistreated. Today, however, this group only comprises 13 percent of total Indonesian migrant workers. There are now two other major categories of migrant workers that outnumber migrant workers to the Middle East. The first category is men working in Malaysia without the documentation required by the government (26 percent of current migrant workers). The other major category of current migrant workers is those working in the more developed countries of East Asia, in particular in Chinese Taipei, Hong Kong SAR and Singapore (27 percent). These three profiles comprise two-thirds of all Indonesian migrant workers, but face distinctly different problems and challenges, each of which requires policy responses that protect workers without endangering their livelihoods and the positive impact of international migration.

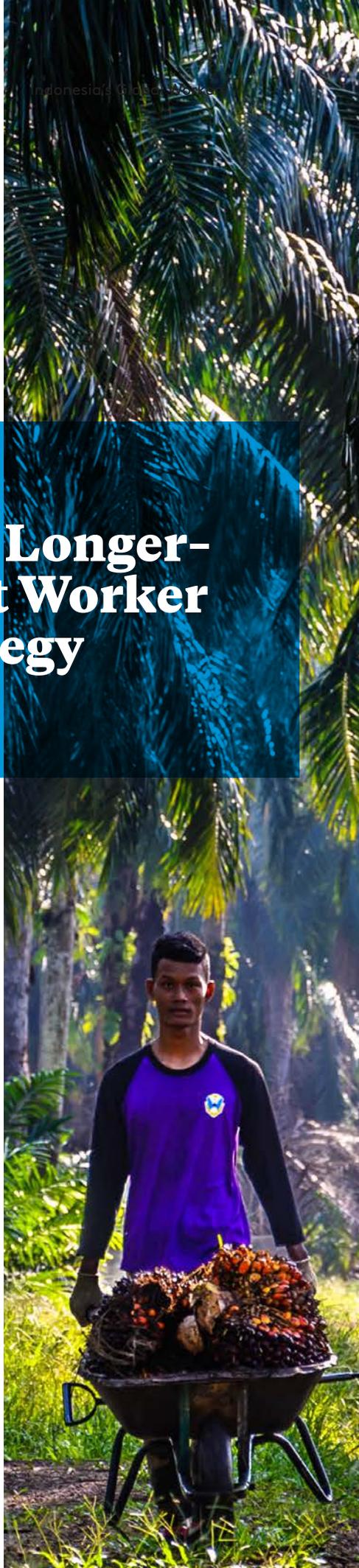
Indonesia's migration labor policies and programs need to benefit all types of migrant workers, by maximizing the benefits of migration in general while minimizing the risks. This is best done by professionalizing and modernizing the sector so that migrant workers, regardless of type of job and destination, gain higher earnings and receive better protection. This requires a coherent and medium/long-term strategy that pulls together all relevant government agencies and civil society organizations that also play an important role in developing skills, providing protection services and support to migrant workers and their families. Indonesia already has the political will, the knowledge, and the resources to develop and implemented a coherent strategy. Overall, three core objectives should underpin the guiding principles of the strategy: (i) providing more access to higher-income jobs for Indonesian workers, in particular low-skilled and female workers who lack good domestic employment opportunities; (ii) promoting and protecting the rights of migrant workers throughout the migration cycle; and (iii) improving reintegration of returning migrants into the Indonesian economy.



Professionalize and modernize labor migration so that migrant workers, regardless of type of job and destination, gain higher earnings and receive better protection

Developing a Longer-term Migrant Worker Reform Strategy

Five reform priorities will support the professionalizing and modernizing of Indonesia's migrant labor sector. The government recognizes the importance of international labor migration and the resulting remittances for many Indonesians, including migrant families, especially those with low skill levels who have few opportunities for work in Indonesia. To harness development impacts of migration, a comprehensive strategic reform will be required to incorporate international labor migration into the national development agenda, and build labor migration into a professional and modern sector on a par with other sectors of the economy. Although policymaking in this area is politically sensitive and complex, new empirical findings that draw on the recent data on Indonesian labor migration provide the government with important inputs to formulate evidence-based medium- and long-term policy reforms and program innovations.



1

Creating a professional jobs marketplace for international migrant workers

International labor migration is an important sector of the Indonesian economy in its own right, requiring commensurate efforts to improve its professionalism as a sector and instill modernization across its various components to maximize its potential for the benefit of all stakeholders. The following three reform initiatives could help to spur this process of professionalization and modernization: (i) better linking Indonesia's migrant workers to international work opportunities by ensuring skills development is in response to overseas demand and standards; (ii) introducing modern information systems to improve transparency in the job market, including publishing overseas vacancies in public domains and sharing more widely the benefits of migrating through the documented channel; and (iii) improving the quality and accountability of recruitment agencies.

2

Streamlining the documentation & pre-departure process

The current process of becoming a documented migrant worker is burdensome, with 22 separate administrative steps, and can take up to three months, creating a disincentive for prospective migrants to choose the documented path. Accelerating and streamlining the documentation process would help to reduce migration costs and subsequently encourage workers to migrate through safer formal channels. Several reforms can be undertaken to tackle this issue: simplifying the documents required, removing some unnecessary and overly bureaucratic stages, and integrating the process such as through a one-stop shop initiative.

3

Raising the bar on the protection for workers who are abroad

At times, some migrant workers could risk facing bad or even traumatic experiences when working abroad. Promoting viable protection will require three steps to proactively minimize the risks associated with migration:

First, shifting from memoranda of understanding (MoU) to more legally binding bilateral agreements would help to promote and protect migrant workers' rights. Indonesia can learn from the examples of the Philippines and other labor-sending countries that have successfully negotiated effective bilateral agreements that cover placement, wage and labor contract details, migration costs, and protection measures.

Second, Indonesia should consider ramping up the use of labor attachés at Indonesian embassies and consulates in major destination countries. Given the huge number of Indonesians now working overseas, the current 13 labor representatives covering the 12 main destination countries need to be reinforced. The government might also consider tapping into diaspora communities who could engage with migrant workers and provide help on relevant issues.

Third, bringing migrant workers' insurance under the mandatory National Social Security System (SJSN)⁴ should provide coverage during all stages of migration. This will require specific arrangements between the two branches of SJSN administrators and the insurance providers in destination countries, as well as redesigning migrant workers' insurance to separate uninsurable risks from the main insurance policy. A top-up plan to cover uninsurable risks outside the SJSN, covering early terminated, physical abuse and sexual harassment, should be administered by private or other government institutions outside the Social Security Administration Agency (*Badan Penyelenggara Jaminan Sosial*, or BPJS).

4

Sustaining the benefits of the migration experience & remittances

The benefits that accrue from international labor migration cover a multitude of aspects, from the various skills acquired by working overseas, the broad life-enriching experience gained by migrants while living abroad beyond the routine of working and earning income, and the resulting remittances sent to family members to support their welfare and, if possible, for longer-term investments in education, health and small business start-ups. Despite the opportunity to earn higher income and gain new skills and experience while abroad, many migrants from this group, mostly female domestic workers, fall out of the active labor force after returning home. The government can play an important role in creating a conducive environment that harnesses the development impact of migration and ensures that the impact of remittances is sustainable.

⁴ The SJSN covers all Indonesians for health issues (under *Jaminan Kesehatan Nasional [JKN]*, or the health program) and four other types of protection, namely work accidents, old-age savings, pensions, and death benefits (under *Jaminan Sosial Bidang Ketenagakerjaan*, or the employment programs).

5

Revisiting institutional arrangements & introducing better monitoring & evaluation

Indonesia would benefit from establishing a coordinating mechanism to inform the formulation of labor-migration policies. Under the oversight of one ministry, such a mechanism could facilitate coordination across all the relevant ministries and agencies, as well as the private sector and civil society organizations to balance various concerns and interests. Meanwhile, developing a monitoring and evaluation (M&E) system would help to support a shift to more evidence-based policymaking among the relevant institutions. A coherent M&E system would enable the government to adjust the course of policy and program implementation in a timely manner, formulate policy reform based on evidence, and help to improve transparency.



Kick-starting Reform with Short-term Priority Actions

The reforms identified above will take time to prepare and implement. However, several quick wins could be initiated immediately and implemented by the government over the next couple of years. These short-term priorities are likely to have a significant impact on professionalizing international labor migration, are feasible and action-oriented, and are most likely to improve the welfare of low-skilled migrants and their families.





1

Develop a comprehensive information dissemination strategy to share the benefits of migration more widely, reduce undocumented migration through better knowledge on the benefits of migrating through the formal channel, provide better job-matching outcomes, protect migrants through greater awareness of their rights and redress mechanisms, and ensure greater accountability of private sector and government actors by removing asymmetric information leading to an efficient platform for job-matching.

2

Continue efforts to accelerate and streamline the migrant worker documentation process. To reduce long waiting times of up to 2-3 months, the current 22 documentation steps need to be significantly reduced so that they can be completed within a period of one month. Moreover, to lower documentation costs and make them more transparent, some components of the expenses that are regulated and standard (e.g., obtaining a passport, an accredited skills certificate, and a medical check-up), could be paid directly to the service provider instead of being included in the placement cost structure. This effort could be enhanced by expanding the establishment of the Integrated One-Gate System (*Layanan Terpadu Satu Atap*, or LTSA) to all major migrant worker-sending provinces to make the documentation process simpler, faster and cheaper.

3

Institute an M&E framework starting with new migration programs. While a coherent M&E system could be developed incrementally, the government could start first by designing an M&E framework as an integral part of one of its new labor-migration programs, for example the *Desmigratif* program.⁵ Having an embedded M&E framework within *Desmigratif* would enable the government to understand the ways in which the program drives change and help to improve its future implementation. Furthermore, experience gleaned from applying the M&E system to *Desmigratif* could then be applied by the government elsewhere to better integrate such M&E frameworks into other policies and programs.

⁵ *Desmigratif* (*Desa Migran Produktif*, or Productive Migrant Village) is a new government program to ensure safe migration and improve economic opportunities of former migrants and their families. The program, which focuses on intervening at the village level, consist of four pillars, namely migration services, productive economic activities, community parenting and village cooperatives. This program is under the leadership of Ministry of Manpower but relies on collaboration across government agencies including the Ministry of Villages, Development of Disadvantaged Regions and Transmigration, the Ministry of Cooperatives and Small-Medium Enterprises, the Ministry of Telecommunication and Information, the Ministry of Child Development and Women's Empowerment, the Ministry of Health, the Ministry of Youth and Sport, and Bank Negara Indonesia (a state-owned bank). The Ministry of Manpower plans to implement *Desmigratif* in 120 villages across 60 districts as part of its 2017 program, 130 villages in 2018, and 150 villages in 2019.

International migration provides opportunity for higher-earning jobs, especially for low-skilled workers

Embedding Migrant Worker Reform into a Broader Indonesian Jobs Creation Strategy

Migration worker reform is not a stand-alone strategy but needs to be embedded within the broader poverty and inequality reduction agenda, in which a national jobs creation strategy is central. While the government is striving to implement policies to maximize the benefits of safe migration, it needs to go one step further to ensure that these policies are mainstreamed into national development plans and become part of a national jobs strategy. Creating more inclusive and better-paid jobs in Indonesia would provide prospective migrant workers with attractive and competitive opportunities at home, and a viable alternative to working abroad. In such a scenario, prospective migrant workers might consider international labor migration as just one of several competitive options, instead of the only realistic option for finding a well-paid job to improve the welfare of their families.

Designing and implementing a national jobs strategy, however, is a complex and politically challenging task. Creating more inclusive and higher-earning employment opportunities in Indonesia will call for not only a structural transformation, but also a range of multifaceted reforms that include: addressing constraints and barriers to productivity growth, particularly through better infrastructure and greater competitiveness; revamping the skills training system to better meet industry demands; and negotiating and implementing a “grand bargain” between various government ministries and agencies, employers and labor unions to overhaul existing labor-market regulations and provide more effective worker protection. These reforms, however, are complex and will take significant time to design, negotiate and implement, especially because they need to be aligned and coherent across many ministries.

Therefore, while generating more and better quality jobs is a longer-term goal, international labor migration will continue to play a valuable role in the short- to medium-term. International labor migration creates an important opportunity for providing higher-earning jobs in the short to medium term, especially for low-skilled workers with few if any other options. As this report shows, the issue of Indonesian labor migration is broad-ranging, complex and often emotive. However, provided with this newly developed empirical evidence, and learning carefully from international experience and best practice, Indonesia is now better placed than ever before to take effective action on this issue.





Conclusions

International labor migration by Indonesians has a highly beneficial impact on workers who spend time abroad, their families back in Indonesia, and the Indonesian economy as a whole

Based on the recent research conducted by the World Bank in collaboration with BPS-Statistics Indonesia (*Badan Pusat Statistik*, or BPS) presented in this report, there can be little doubt that, despite some risks, international labor migration by Indonesians has a highly beneficial impact on workers who spend time abroad, their families back in Indonesia, and the Indonesian economy as a whole. Equipped with this new in-depth nationwide evidence-based understanding of international labor migration, the government is now in a position to design policies and programs to maximize the benefits of labor migration, and professionalize and modernize this sector of the economy, while also ensuring that the risks of migrations are mitigated as much as possible. While the long-term goal is ultimately to ensure that Indonesia creates good-quality well-paid jobs at home, in view of the length of time needed to achieve this goal, in the interim the government can play a crucial role in ensuring that international labor migration contributes as much as is feasible towards improving people's lives, and reducing poverty and inequality.

Introduction

In 2016, over 9 million Indonesians, both documented and undocumented, were working abroad as migrant workers, a number that is equivalent to almost 7 percent of Indonesia's total labor force.⁶ Over the past 10 years, Indonesian migrant workers have become an increasingly numerous and important component of the national labor force. In 2005, about 3 million documented Indonesians worked overseas, comprising about 3 percent of the country's total labor force. By 2016, over the course of a decade, the number of documented migrant workers rose to almost 4.9 million and constituted about 3.8 percent of the national labor force at that time—but the number is far higher if undocumented migrants are included. In the East Asia region, only China and the Philippines have more migrants working overseas than Indonesia. Most of these Indonesian workers move to nearby Malaysia to find work, while the rest find work in other East Asian countries and the Middle East (Figure 1.1).

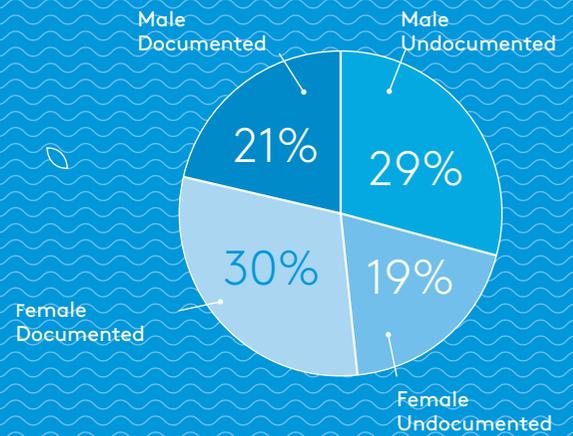
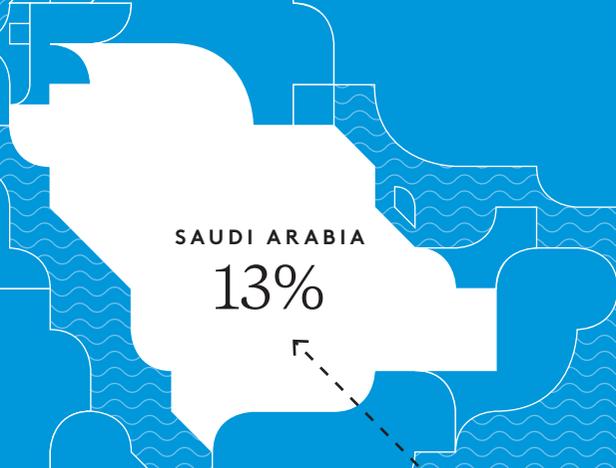
⁶ To migrate through official channels and become a “documented migrant”, one must comply with official procedures of recruitment and placement required by the National Agency for the Placement and Protection of Indonesian Migrant Workers (BNP2TKI), and thus have official documents required to work overseas.

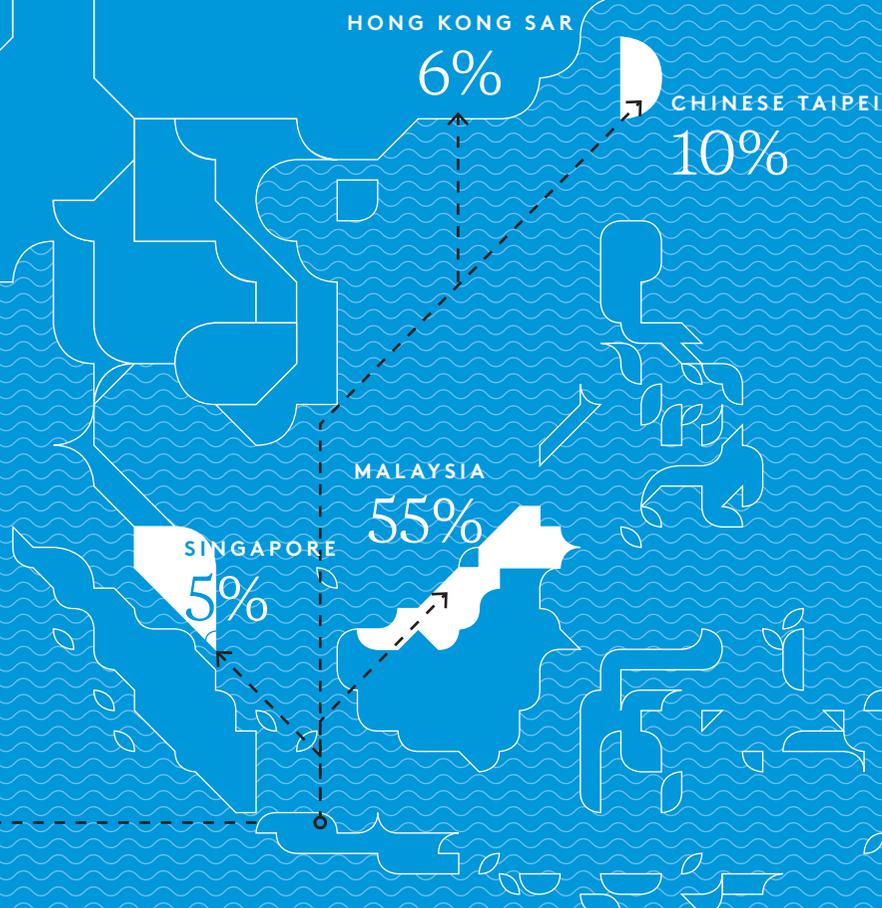


Ch. 1



Figure 1.1
Share of current
Indonesian migrants by
destination country and
legal status





Many of these workers migrate without the documentation legally required by the Government of Indonesia. Nearly half of Indonesian migrant workers travel overseas without going through official legal channels (i.e., undocumented workers) (Figure 1.1). More than half of these undocumented migrant workers are men going to Malaysia. Although it is difficult to estimate the size of this group accurately, recent survey⁷ findings suggest that at least 4.3 million migrants are working abroad without proper documentation.⁸

Indonesian migrant workers make a major contribution to the economy, sending over IDR 118 trillion (US\$8.9 billion) back to Indonesia in remittances in 2016. Remittances are now at historically high levels, equivalent to 1 percent of Indonesia's total GDP. Documented migrant workers contributed 56 percent of all remittances, while undocumented workers remitted the rest. Remittances make an important contribution to the economy; they exceed total government spending on social assistance programs—at IDR 89 trillion (US\$6.7 billion) in 2016—and were equal to about 30 percent of Indonesia's total foreign direct investment (FDI) in 2016.

⁷ All figures, unless notes otherwise, are based on the World Bank Survey on Indonesia International Migration and Remittances 2013/14, subsequently referred to as the WB-IMR Survey.

⁸ Two approaches are used to identify the legal status of a migrant worker in the WB-IMR Survey: (i) Strict definition approach, if a migrant worker submitted all the documents required to work overseas, and (ii) Less-strict definition approach, if a migrant worker has either submitted all the document required to work overseas, or has obtained the job through a formal channel, or has attended the pre-departure briefing. The second definition is used in the analysis in this report.

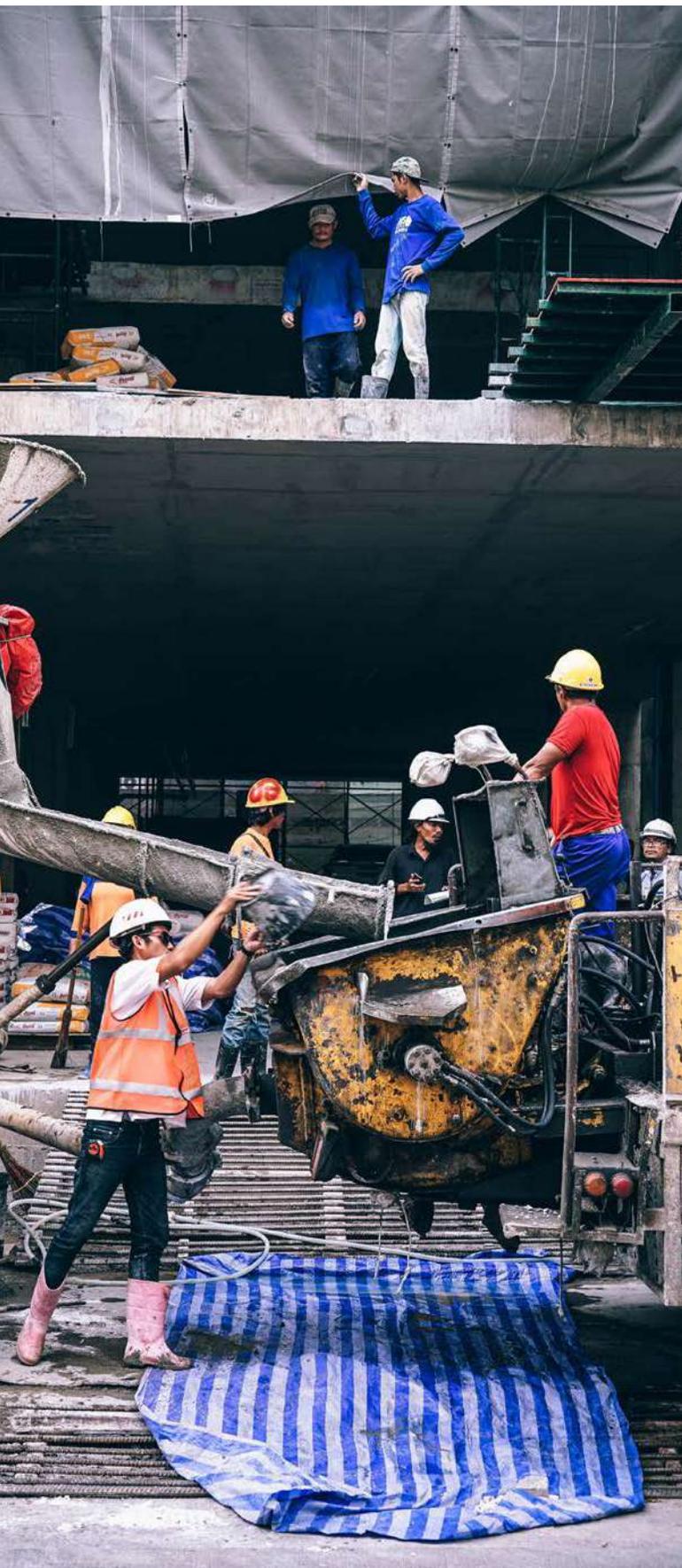
In 2016, over 9 million Indonesians were working abroad as migrant workers

The government recognizes the importance of migration and the remittances it brings into the economy. The growing size and importance of the remittances being sent back to Indonesia by migrant workers has not gone unnoticed by the government. As a result, the government has introduced policies in recent years to try to maximize the benefits of international labor migration. These include signing Memoranda of Understanding with some of the destination countries, the establishment of a smoother migration process, and efforts to ensure that migrant workers receive adequate protection, with labor attachés now being placed in Indonesian consulates in the most important destination countries.

But some observers complain that the Indonesian government has not done enough to protect migrant workers overseas. In recent years, stories of serious abuse of Indonesian migrant workers abroad began to surface in the media, giving rise to a growing body of opinion that felt that too little was being done to protect the country's overseas workers. At first, these stories emanated mainly from Malaysia but, in 2011, the execution of an Indonesian domestic worker in Saudi Arabia not only served to increase public outrage but also led observers to realize the problems were more widespread. In response to the increase in reported cases of abuse—including unpaid wages, physical and sexual abuse, and forced labor—the government responded in 2009 by placing a moratorium on female domestic workers going to Malaysia. The moratorium was lifted in 2011 after both countries came to an agreement on how to improve migrant workers' conditions and implement protective measures. However, the further serious cases of abuse in Saudi Arabia prompted the government to adopt more drastic restrictions on migration elsewhere. The government responded to the subsequent outcry from the public and civil society organization over the execution in 2011 by issuing a moratorium on female domestic migrant workers going to Saudi Arabia in the same year. In May 2015, this moratorium on the placement of Indonesian female domestic workers was extended to 21 countries across the Middle East, North and East Africa, and Pakistan.

Indonesia's migrant worker policies, both existing and proposed, have sparked a major national debate on the issue of labor migration. The government has been developing a raft of policies ranging from improving the protection of documented migrant workers, to initiatives aimed at improving compliance with documentary requirements and making undocumented migration harder. While some of these ideas have received broad support, others have generated fierce debate about their efficacy. For instance, while some applaud the administration for taking steps to protect Indonesian workers abroad through moratoria, others see the proposed policies as unwise, especially in the absence of any significant acceleration in domestic job creation to compensate for the additional unemployment that would be caused by restrictions in migrant worker flows. Others have suggested that moratoria are not the best way to improve protection to migrant workers. Instead of prohibiting people from becoming migrant domestic workers, some argue that the government should instead look for solutions to address the root cause of the safety problems more directly.





Indonesian migrant workers make a major contribution to the economy, sending over

Rp **118** Trillion

back to Indonesia in remittances in 2016

Informed and constructive debate on the issue of migrant worker policies has been hampered by a lack of data and empirical research on Indonesian migrant workers. Our understanding of the risks faced by Indonesian migrant workers, particularly female domestic workers, has long been incomplete, and it is therefore not surprising that the appropriateness of some policy responses remains controversial. One of the major problems facing Indonesian policymakers is that there has been a dearth of empirical data on the true nature of the risks faced by migrant workers, as well as the benefits they accrue. Much of the evidence on risks largely depends on anecdotal cases that are usually self-reported by Indonesian migrant workers themselves, either to the National Agency for the Placement and Protection of Indonesian Migrant Workers (*Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia*, or BNP2TKI) or non-government organizations (NGOs) that provide support for migrant workers in difficulty. Meanwhile, the available information on the economic benefits is mainly from a macroeconomic perspective, not on the impact on families.

But now, for the first time, Indonesia has valuable survey data on migrant workers and their households. Recognizing the lack of evidence on labor migration in general, the World Bank collaborated with BPS-Statistics Indonesia (*Badan Pusat Statistik*, or BPS) to design and implement a nationwide household survey on international migration and remittances. This first ever comprehensive nationwide survey was conducted in late 2013 and early 2014 across 104 districts in 15 provinces identified as the main sending provinces of Indonesian migrant workers (Box 1.1).

Box 1.1**The World Bank Survey on Indonesia International Migration & Remittances**

In order to fill the gaps in comprehensive data on international migration and remittances in Indonesia, the World Bank, in close collaboration with BPS and funded by the Australian Government (through the Department of Foreign Affairs and Trade) (DFAT), conducted the first ever nationwide survey in Indonesia on international migration and remittances in 2013-14. The design and implementation of the World Bank Survey on Indonesia International Migration and Remittances 2013/14 (subsequently referred to as the WB-IIMR Survey) was integrated with the National Socio-Economic Survey (Susenas), a nationwide household-level survey regularly conducted by BPS to collect information on consumption, housing conditions, demographics, employment, education and other socioeconomic indicators.

In order to capture conditions and activities experienced by Indonesian migrant workers throughout the various stages of migration, the questionnaire is divided into sections and arranged according to the stages of being an international migrant worker. The sequences of the questionnaire start with questions on access to information before migration, recruitment and the placement process, followed by questions on types of work, wages, working conditions abroad, and concludes with channels for sending remittances and their ultimate usage. For returned migrant workers, there are additional questions on labor market participation after they returned to Indonesia.

A series of consultations with relevant stakeholders and resource persons (i.e., BNP2TKI, BPS, the National Team for the Acceleration of Poverty Reduction [*Tim Nasional Percepatan Penanggulangan Kemiskinan*, or TNP2K], the central bank [Bank Indonesia], the Ministry of Women's Empowerment, the World Bank Finance and Markets team, The Global Knowledge Partnership on Migration and Development [KNOMAD], and the National Program for Community Empowerment [*Program Nasional Pemberdayaan Masyarakat*, or PNPM] Support Facility), as well as a number of pilots and workshops, were conducted during the development of the questionnaires to ensure the inclusion of all the key issues and concerns on international labor migration.

Following the Susenas schedule, data collection for the WB-IIMR Survey was conducted in December 2013 (4Q13) and in March 2014 (1Q14) in 104 districts across 15 provinces considered to be the main sending provinces of Indonesian migrant workers. The two rounds of data collection in the selected districts visited around 35,350 households (about one quarter of the total Susenas sample of households). About 11 percent of these visits were to households (i.e., around 3,940 households) reported as having members who formerly worked or were currently working overseas, either through legal or illegal routes. Within these 3,940 surveyed households, there were about 4,660 individuals defined as migrant workers, with 2,200 individuals categorized as former/returned migrant workers and 2,460 individuals who were still actively working overseas (current migrant workers) at the time of the survey. This survey data is estimated to represent about 70 percent of total migrant workers, from more than 85 percent of total migrant households, at the national level.

Integrating this migration and remittances survey into Susenas allows for a comprehensive analysis and comparison of the features and behaviors of documented and undocumented migrant workers, migrant versus non-migrant households and areas, including their demographic characteristics, socioeconomic performance, and cases of positive and negative deviance. For full details of the Survey, please refer to Annex I: Survey on Indonesia's International Migration and Remittances.

Now, for the first time, Indonesia has valuable survey data on migrant workers and their households





Research using these new data provides evidence that can help to inform the current debate on policies regarding international migrant workers. The rich and comprehensive data now available make it possible to generate research to support the government's policy planning in this area. Therefore, following on from the WB-IIMR Survey, the World Bank, in consultation with the Government of Indonesia and with the support of the Australian Government, launched a research project to better understand the distinct characteristics of Indonesian migrant workers, the extent to which international labor migration provides economic benefits to migrant workers and their families, and the country's economy as a whole, what are the risks facing migrant workers; and become cognizant of how the current institutions and policies regulating migration play a role in providing protection during the three stages of the migration cycle. This research fills a gap in the empirical evidence on the costs and benefits of international migration and

remittances. It also helps to inform and fuel a constructive policy dialogue with a view to designing policies that provide real protection for migrant workers without, at the same time, undermining their economic potential.

This report aims to point towards the best policy mix for Indonesia's various international migrant worker groups who face widely differing risks and gain diverse economic benefits from migration. Following this introduction, Section 2 of the report looks at the major profiles of Indonesian migrant workers and their reasons for migrating. This includes the ways in which the unique features of the various profiles pose different levels of vulnerability to risks and economic opportunities from migration. While Section 2 covers all Indonesian international migration, the following sections focus on specific profiles of migrant workers and some of the challenges that they face. Section 3 focuses on the discussion about female domestic workers. The

section begins with underlining the diversity of risks and opportunities faced by Indonesia female domestic workers given their different characteristics, including country destinations. Section 4 delves into the issue of undocumented migration, including the government's efforts to encourage documented migration. This section focuses on undocumented male workers in Malaysia, who account for about one-third of all Indonesian migrant workers. Section 5 then looks at how best to sustain the benefits of migration, with particular reference to a third profile of migrant workers, namely those who work in the more developed countries of East Asia and who generally earn the highest wages. It looks at issues such as improving remittance usage and facilitating economic activities after returning from migration. Finally, Section 6 rounds off the report with broad policy recommendations

Who Are Indonesia's Migrant Workers?

Why Do They Migrate?

Ch.2

P. 21	Features of Indonesian Migrant Workers
P. 23	Reasons for Migrating
P. 25	Risks of Migration
P. 27	Main Profiles of Migrant Workers

Features of Indonesian Migrant Workers

Indonesian migrants mostly come from rural areas and are concentrated in a few regions. Despite recent strong growth in Indonesia's urbanization, over 72 percent of Indonesian current migrants still come from rural areas. Possibly due to the lack of job opportunities in rural areas, there is a significantly higher chance that people from rural areas will become migrant workers than those from urban areas.⁹ Over 86 percent of these current migrant workers come from either the islands of Java or Nusa Tenggara. Although in terms of total numbers the majority of migrant workers come from East Java, it is migrant workers from West Nusa Tenggara who play the most important role in their local labor force. For instance, the estimate shows that current documented and undocumented migrant workers in West Nusa Tenggara contribute almost 35 percent to local labor force absorption. In other main sending areas, the average share of migrant workers in the local labor market is less than 6 percent.



⁹ A comparison of the probability of becoming a migrant worker between people from rural areas versus urban areas is obtained from the probit regression results. A probit regression of the probability of becoming a migrant is run by controlling for migrant's individual characteristics (gender, age, relation to the head of household, education, marital status, and employment), migrant's household characteristics (household size, gender composition, characteristics of the head of household, dependency ratio, school participation of children, labor intensity, per capita expenditure, income sufficiency for daily needs, house ownership, and predominant material of wall), access to information and networks to migration, and geographic fixed effects.



Almost two-thirds of migrant workers come from poorer areas where average poverty rates are higher than the national average

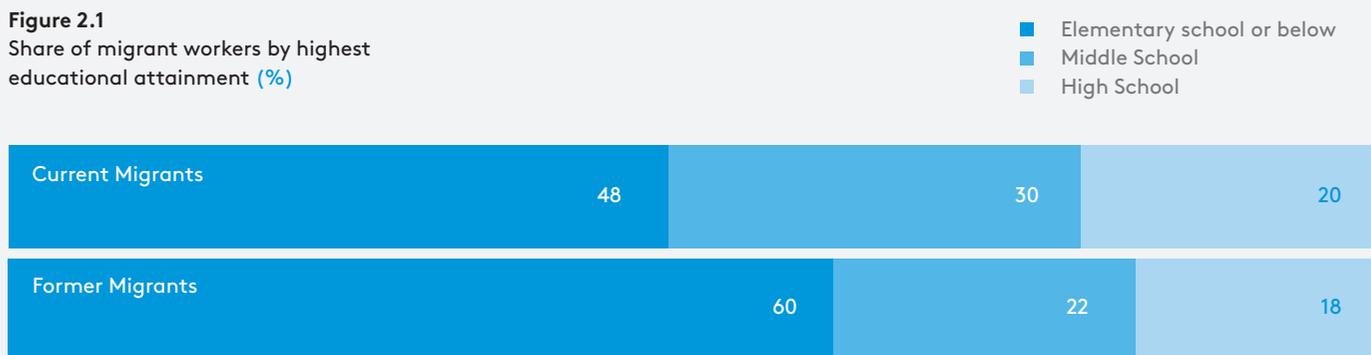
Almost two-thirds of migrant workers' sending districts are in relatively poorer regions where average poverty rates are higher than the national average. Households with migrant workers have per-capita expenditures 15 percent lower, on average, than those without migrant workers (Susenas, 2014). Constrained by the challenging economic conditions in these sending regions, migrant workers from these households seek jobs abroad to support their families financially back home.

Migrant workers are mostly poorly educated, although they are gradually becoming better educated than before. More than three-quarters (78 percent) of current migrant workers graduated from middle-school or below, with half of these having only completed elementary school. Migrant workers from urban areas are generally better educated than those from rural areas, with the presence of high school graduates 6 percentage points higher among migrant workers from urban than rural areas. When compared with former migrants, there is a distinct improvement in the education level of Indonesian migrant workers, with migrant workers who have middle school or high school education around 12 percentage points higher among current migrants (51 percent) than among former migrants (39 percent).

78%

of current migrant workers are low-skilled, who never reached high school

Figure 2.1
Share of migrant workers by highest educational attainment (%)



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

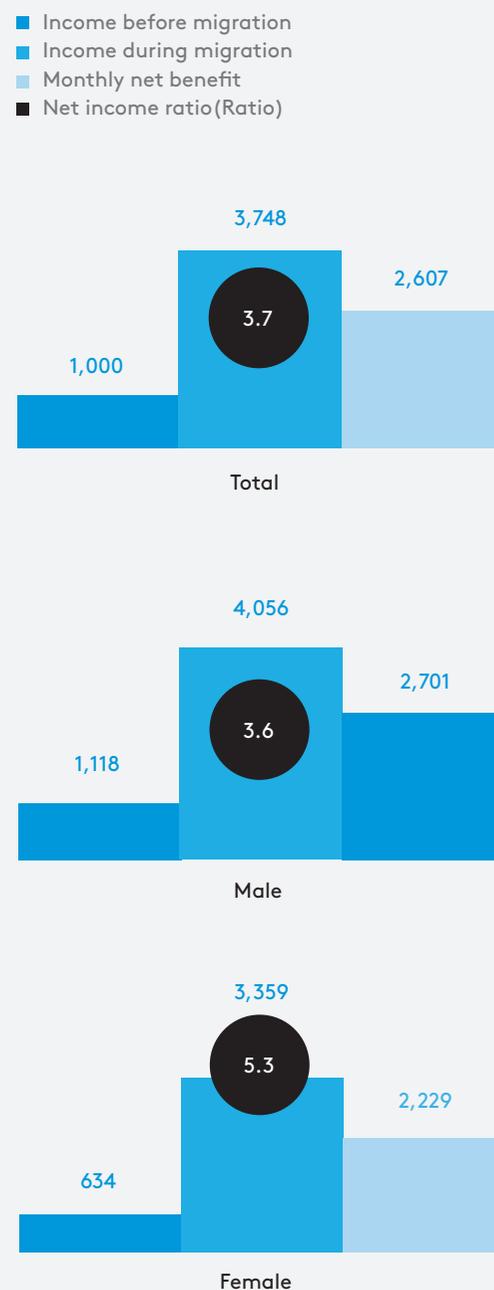
Reasons for Migrating

Working abroad provides opportunities for many Indonesians to enter the active workforce and seek a higher salary. Migration is an entry point for employment for many. While most current migrant workers fall into the productive ages between 21 and 40 years old, only 44 percent of migrant workers were engaged in paid employment before migrating; the others were primarily occupied with housekeeping or unpaid work. Even when they did have jobs, these jobs were not well paid. For example, current migrant workers captured in the survey who had previously worked in the agriculture sector earned an average monthly income of IDR 765,000 (US\$57), lower than the average income of full-time agricultural workers of IDR 1,076,000 (US\$81) per month (Sakernas, 2013). This suggests either underpayment or underemployment in the previous jobs of those who chose to migrate.

Working abroad provides opportunities for many Indonesians to enter the active workforce and seek a higher salary

Indonesian labor migration is driven by a lack of good domestic job opportunities coupled with higher potential earnings from overseas labor markets. Existing studies show that labor migration is predominantly driven by income differentials between labor-sending and labor-receiving countries. In many cases, unemployment and elevated levels of poverty in the sending countries serve to amplify people's motivation to look for better opportunities to raise their living standards (World Bank, 2014b; International Organization for Migration, 2013). In line with these findings, survey data confirm that the most important push factors for Indonesian overseas labor migration include the lack of good job opportunities with high earnings in the domestic labor market. Major pull factors include the substantial wage difference between overseas and domestic jobs, which appears to be the most important economic factor driving international migration. Earnings from jobs overseas can be up to four or six times earnings in migrants' previous jobs in Indonesia. Nearly 50 percent of current Indonesian migrant workers say that their main reason for working abroad was for higher expected earnings. Meanwhile, demand for overseas jobs also appears to be driven by success stories of returning migrant workers, who display improvements in their economic condition.

Figure 2.2
Economic benefits of migration (current migrants) (IDR thousands)



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14

70%

of former migrant workers reported having a better economic standing after migration

Most migrant workers are able to earn considerably more, even after taking the additional costs of migration into account. A majority (70 percent) of former migrant workers reported achieving economic improvements after migration. Survey data indicate that migrant workers are able to earn net average monthly income¹⁰ of IDR 3.7 million (US\$281), nearly four times their average wages prior to migrating. Even when the opportunity costs are taken into consideration, migration is still beneficial. On average, current migrant workers earn the net economic benefits¹¹ of nearly IDR 2.7 million (US\$202) per month. Female migrant workers are among the largest beneficiaries from having access to jobs abroad. While the average net monthly wages for female migrants abroad are still lower than male migrants (IDR 3.4 million vs. IDR 4.0 million), female migrants increase their earnings abroad by a much larger average net ratio¹² of 5.3 times their previous jobs, compared with the men's average ratio of 3.6 (Figure 2.2).

Migration and remittances also register positive impacts on socioeconomic aspects of migrants' households. As in many other sending countries, remittances from Indonesian migrant workers also contribute to poverty reduction in the country (Adams and Cuecuecha, 2011). Moreover, in the case of female migration, their remittances tend to reduce child labor participation by anywhere from 17 to 32 percentage points, without discouraging labor force participation among remaining household members (Nguyen and Purnamasari, 2014).

Migration also improves long-term employment prospects. Former migrant workers are more likely to enter the labor market after returning from abroad. Prior to migration, the majority of former migrant workers did not work or do any paid work (around 60 percent). This changes after they return home. More than half of former migrant workers who have returned to Indonesia engage in paid work (52 percent). Moreover, consistent with Acosta's study (2007) showing that remittance incomes are associated with increases in entrepreneurial activities and business ownership in El Salvador, nearly one-third of former migrant workers in Indonesia reported setting up a small business with remittance income that is still running today.

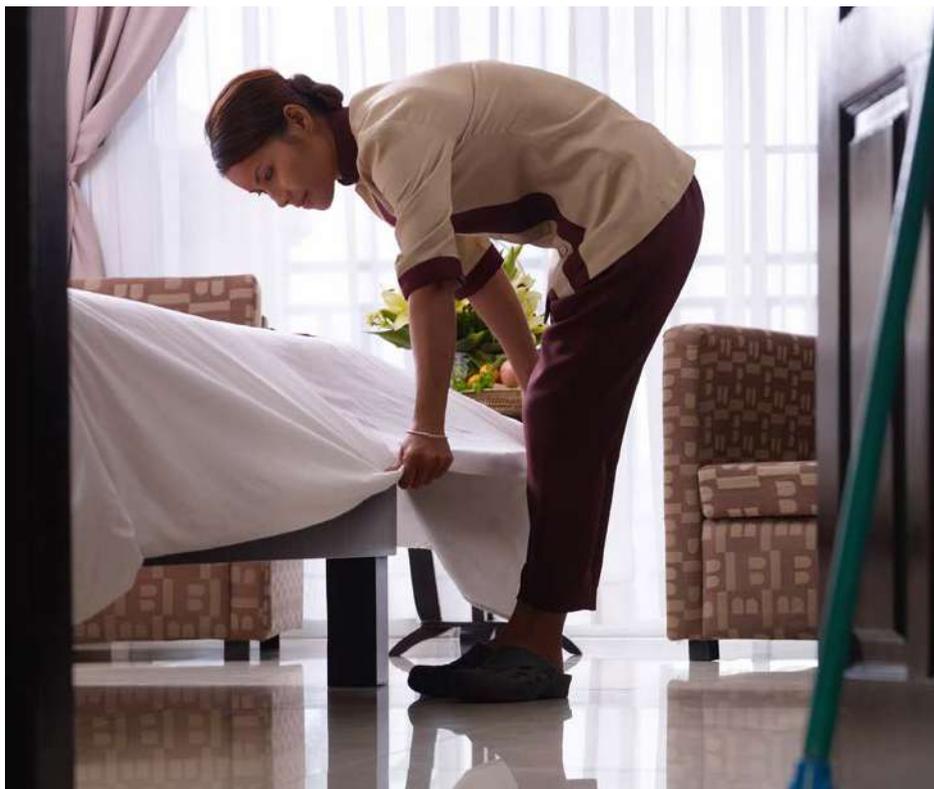


10 Net average monthly income is the average of migrant worker's monthly salary during migration after deducted by monetary migration cost.

11 The net economic benefit of migration is the difference between income during migration and foregone domestic income after deducted by monetary migration cost. It includes not only the total net income of working abroad, but also the opportunity cost represented by the wages the worker would have been able to obtain by staying in their previous job in Indonesia.

12 The net income ratio is the ratio between net monthly income during migration and income prior migration.

Risks of Migration



At the same time, working abroad can be a risky proposition. Migrant workers face numerous risks at different stages of the migration process, ranging from physical and sexual abuse and violence, to economic exploitation and mistreatment through the denial of basic freedoms and standard conditions of employment. While an employment contract is the legal foundation that stipulates the rights and responsibilities of a migrant worker and his/her employer, only about one-third of current Indonesian migrant workers sign a contract of employment prior to departure. About 56 percent of all current migrant workers only know their salary level after arriving in the destination country.

In general, the incidence of bad and traumatic experiences has declined in recent years. The incidence of abuse (physical or psychological) and harassment has declined from 8 percent among former migrant workers to 4 percent among current migrant workers. A similar phenomenon is also observed concerning work-related problems. Among current migrants, the incidence of working excessively long hours is half of that seen among former migrant workers (12 vs. 21 percent). Moreover, while more current migrant workers (46 percent) now receive overtime payments (compared

with only 30 percent among former migrant workers), 80 percent of them can also have days off (compared with 66 percent among former migrant workers). Unfortunately, no improvement has been seen in the issues relating to salary, such as late payment, or retained and lower salary paid than agreed.

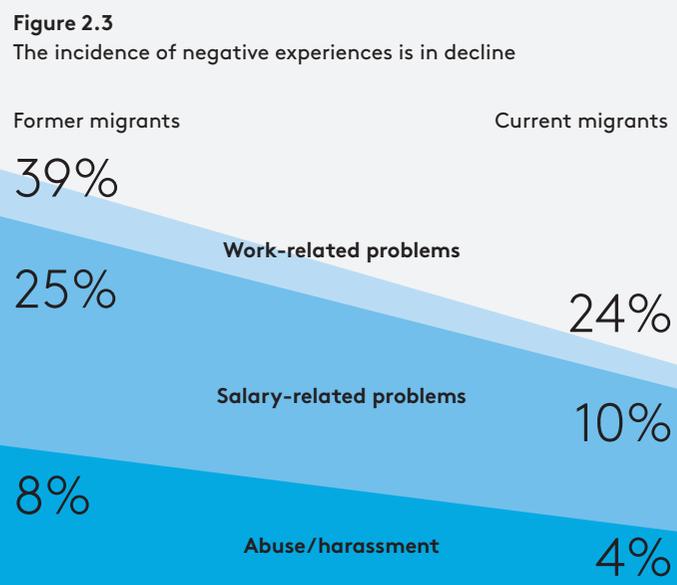
The risk of bad and traumatic experiences, however, varies across the gender of migrant workers and the countries to which they migrate. Risks related to working conditions and abuse are more likely faced by female migrant workers. Albeit at low levels, the episodes of abuse among female migrant workers are double those of male migrant workers. On the other hand, male migrant workers who are mainly undocumented are more vulnerable to salary-related problems. In general, however, relatively few migrant workers have negative experiences related to their salary, as the great majority of migrant workers receive their salary on time and at the agreed amount. Looking across different destination countries, negative experiences are less common among current migrants who work in more developed countries, mainly Chinese Taipei, Hong Kong SAR and Singapore. Migrant workers in Malaysia experience more problems related to salary, while those who work in Middle-Eastern countries are the most likely to receive bad treatment related to working conditions and abuse (Table 2.1).

The incidence of bad and traumatic experiences has declined in recent years

Table 2.1
Incidence of negative and traumatic experiences encountered by current migrant worker (%)

Negative experience	Gender		Legal Status		Main destination		
	Male	Female	Documented	Undocumented	Malaysia	Developed countries	Middle East
Salary related							
Lower salary than agreed	12	5	7	10	12	4	4
Late salary payment	17	11	10	18	18	6	14
Retained salary	10	6	4	10	10	3	6
Work related							
Do not get overtime allowance	12	73	52	55	19	51	84
Have too long working hours	7	18	16	10	9	11	27
Heavy workload	15	17	16	16	16	12	22
Do not receive days off	6	30	24	17	11	15	48
Abuse/harassment							
Physical abuse	1	2	2	2	1	1	5
Psychological abuse	2	5	4	2	2	4	7
Sexual harassment/assault	1	3	2	2	1	1	6

Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

Main Profiles of Migrant Workers

Previous migration policies have been largely driven by efforts to protect one distinct group of migrant workers, namely female domestic workers who are more likely to be mistreated. The current administration's first approach to migration policy was rooted in its efforts to protect female migrant workers going to the Middle East. This profile represents the group that first comes to mind when people think of Indonesian migrant workers. The Middle East, particularly Saudi Arabia, is the traditional destination for Indonesian migrant workers initially because of the religious ties in relation to the Hajj pilgrimage. Labor migration to the Middle East is generally officially regulated and dominated by females who work mainly as domestic workers. Today, however, this first profile only comprises about 13 percent of total current migrant workers.

But Indonesian migrant workers cannot be represented by a single profile. There are many types of workers who choose to work abroad, for different reasons, and who have different experiences. Among these many types, there are two additional major groups of migrant workers who outnumber migrant workers to the Middle East. The second profile consists of migrant workers who are working in more developed countries, mainly Chinese Taipei, Hong Kong SAR¹³ and Singapore. This group, largely females working as domestic workers, constitutes about 27 percent of current migrant workers. The third profile comprises undocumented male migrant workers going to Malaysia (Table 2.2). Given Indonesia's proximity to Malaysia, historically many Indonesians have crossed the relatively porous border with Malaysia for various reasons, including to work. Among the various types of work, jobs on farms and in construction are the most popular among Indonesian male migrant workers in Malaysia, especially those working illegally. This is the largest group of undocumented male workers, constituting about 26 percent of total current migrant workers, of which about 80 percent work in agriculture and construction.¹⁴

Indonesian migrant workers cannot be represented by a single profile

¹³ In Profile 2, while Chinese Taipei, Hong Kong SAR and Singapore comprise the bulk, at 79 percent, other countries also included are the US (2 percent), Brunei Darussalam (13 percent), Japan (1 percent) and the Rep. of Korea (6 percent).

¹⁴ In addition to the 80 percent of workers in Profile 3 who work in agriculture and construction, the other job types include domestic workers (1 percent), factory workers (7 percent) and others (8 percent).

Table 2.2
Current migrant workers' characteristics, by profile (%)

Characteristics	Female domestic workers in the Middle East (Profile 1)	Migrant workers in developed countries (Profile 2)	Undocumented male workers in Malaysia (Profile 3)
Share from migrant workers			
Current migrants	13	27	26
Area of origin			
Urban	32	34	18
Rural	68	66	82
Destination country			
Malaysia	0	0	100
Middle East	100	0	0
Chinese Taipei	0	38	0
Singapore	0	19	0
Hong Kong SAR	0	23	0
Others	0	19	0
Gender			
Female	100	74	0
Male	0	26	100
Type of job overseas			
Domestic worker	100	69	1
Farm worker	0	2	37
Construction worker	0	5	42
Factory worker	0	12	7
Other	0	6	8
Activity prior migrating			
Paid worker	16	32	64
Unpaid worker	8	5	19
Attended school	1	6	5
Housekeeping	74	50	3
Unemployed	1	4	6
Educational attainment			
Elementary school or below	69	28	57
Middle school	26	39	25
High school or higher	5	33	19
Legal status			
Documented	68	76	0
Undocumented	32	24	100

Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.



These three particular profiles help in articulating the forefront issues regarding the current debate on migration policy. Moratoria are largely in response to risks faced by female domestic workers in higher-risk locations, represented by Profile 1 (i.e., all female domestic workers in the Middle East). Meanwhile, encountering very high numbers of undocumented migrant workers, the government is also undertaking measures to improve documentation, the challenges particularly faced by Profile 3. Ultimately, in the case where working overseas offers significantly higher economic benefits, as mostly characterized by Profile 2, the government needs to pay more attention to policies aimed at channeling higher incomes from migration, not only into short-term goals such as raising consumption, but also into long-term productive investments. The exposure to risks and opportunities differs across migrants and these three profiles provide useful insights into which policies might work best to reduce these risks and increase the economic benefits from migration. This report, therefore, focuses on these three profiles—accounting for about two-third of total Indonesian migrant workers currently abroad—to highlight the different experiences of Indonesia's migrant workers. The benefit of this approach is that we can better understand the complexity of the numerous characteristics of Indonesian migrant workers in order to be able to design smart policy solutions to address their main vulnerabilities in a more comprehensive way. This will be useful when considering how different policies are required to meet the various needs represented by each profile, and the impossibility of trying to use one policy to fit all profiles.



Protecting Female Migrant Domestic Workers

Historically, Indonesian migrant workers have been dominated by women, but this has changed in recent years. According to BNP2TKI placement data, in 2009 more than 80 percent of all documented migrant workers were female, but since then this number has fallen to just 62 percent in 2016 (Figure 3.1). This rapidly declining trend is stronger if undocumented migrants are also taken into account, in which case the share of female migrants is down from a majority of 65 percent among former migrant workers to about 50 percent among current migrant workers.

Ch. 3





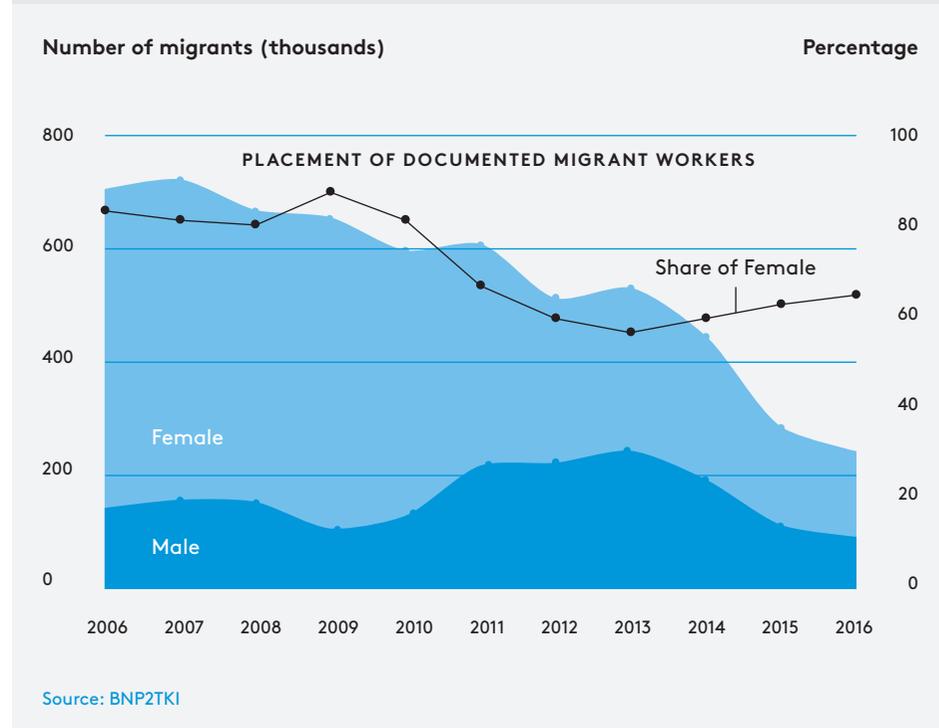
Most female migrants go abroad by finding jobs as domestic workers. Overall, 40 percent of current migrants are employed as domestic workers, 94 percent of whom are female. Although the share of domestic workers among migrants has declined over time, the domination of this type of job among female migrants is still highly evident: 87 percent of former female migrants were domestic workers, compared with 77 percent of current female migrants.

For many female migrant workers, a job abroad is their first experience of paid work. Overall, 9 percent current female migrant workers reported that prior to migrating they were unpaid workers (Table 3.1). Another 63 percent were engaged in housekeeping. This background is even more prevalent among female migrants who become domestic workers. Only 16 percent of those female domestic workers going to Middle-Eastern countries reported that they were engaged in paid work before they migrated (and 19 percent of those going to developed countries). This is very different from men, where 67 percent were engaged in paid work and 14 percent were in unpaid work before they migrated.

For those women who did have paid jobs in Indonesia prior to migrating, low wages and underemployment were significant issues that they faced. Female migrant workers going to the Middle East, who mostly have low levels of education, had average wages of only IDR 465,000 (US\$35) per month prior to migration. This is lower than female migrant workers going to the developed countries, who are slightly better educated, who made IDR 700,000 (US\$53) per month prior to migration. These wages are about half of those, on average, earned by female workers with the same educational background who have full-time jobs. Nonetheless, in general, underemployment in Indonesia is high, particularly among women, affecting 27 percent of female workers in urban areas and 48 percent in rural areas (Sakernas, 2016).

Working abroad, female migrant workers can earn over five times what they would expect to earn in Indonesia, even after taking the costs of migration into account.

Figure 3.1
Decreasing trend in total documented migrants, particularly women (thousand and %)



For many female migrant workers, a job abroad is their first experience of paid work

Table 3.1
Current migrant workers' activity prior migrating (%)

Previous Activity	Male	Female	Female domestic workers in the Middle East (Profile 1)	Female domestic workers in developed countries (65% Profile 2)
Paid worker	67	21	16	19
Unpaid worker	14	9	8	5
Attended school	6	4	1	3
Housekeeping	3	63	74	67

61%

of female domestic workers in Malaysia are undocumented

Figure 3.2
Economic benefits of migration (current female domestic worker) (IDR thousands)

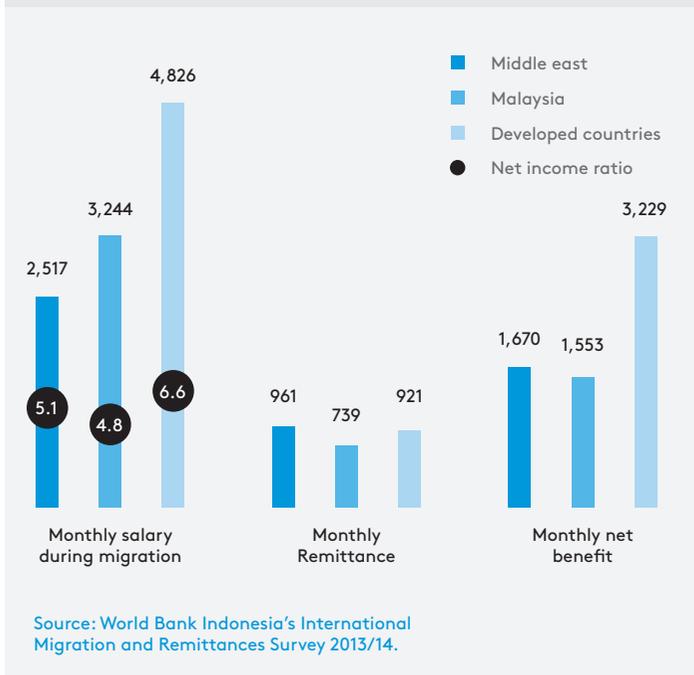
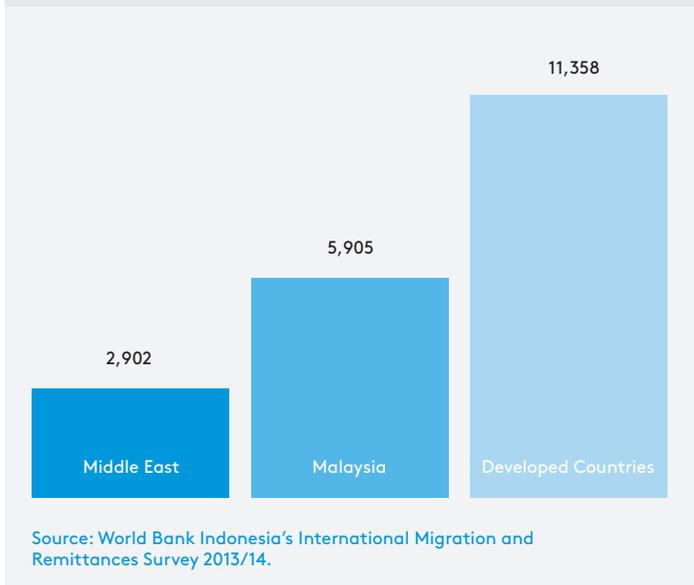


Figure 3.3
Monetary costs of migration (current female domestic worker) (IDR thousands)



Average monthly wages while abroad for female migrant workers are IDR 3.7 million (US\$276). In other words, migrant women earn, on average and before deducting the costs of migration, 5.8 times more than what they could expect to earn in Indonesia. Even after taking the costs of migration into account, the average net wage of female migrants is IDR 3.3 million (US\$252) per month, equivalent to a net income ratio of 5.3.

Female migrants with low levels of education are more likely to find work in the Middle East and Malaysia, while higher educated female migrants tend to move to developed East Asian countries. Differences in educational attainment among migrant workers going to different destination countries are partly in response to the different minimum education requirements for the available demand for workers from destination countries. For example, migrants to Chinese Taipei, Hong Kong SAR and Singapore working as domestic workers must meet a minimum education requirement of junior secondary school. Malaysia and the United Arab Emirates, on the other hand, allow migrant workers with only primary school education to be employed as cleaners. Some women, however, choose to migrate to Middle-Eastern countries for religious reasons. Findings from a recent qualitative study on migrant workers in Indonesia (RCA, 2015), for example, highlight the longstanding and close relationship between East Lombok (a predominantly conservative Muslim region) and Saudi Arabia.

Female domestic workers going to the Middle East earn less than those who migrate to other countries. Female domestic workers going to the Middle East earn, on average, IDR 2,517,000 (US\$189) per month. This is 20 percent lower than those who migrate to Malaysia to work in similar jobs, and only half of what their peers earn in more developed East Asia countries, mainly Chinese Taipei, Hong Kong SAR and Singapore (Figure 3.2). However, the costs of migrating to these locations vary, with migrants to the Middle East paying less (Figure 3.3). Female domestic workers to the Middle East with jobs prior to migration see their net incomes increase by a factor of 5.1, compared with 4.8 for those going to Malaysia and 6.6 for those going mainly to Chinese Taipei, Hong Kong

Female migrant workers can earn over five times what they would expect to earn in Indonesia

Table 3.2

Incidence of negative and traumatic experiences by current female domestic workers (%)

	Negative experience	Middle East	Malaysia	Developed countries
Salary related issues	Late salary	16	16	6
	Lower salary than agreed	4	9	4
	Retained salary	9	10	3
Work related issues	Long working hours	26	20	16
	Heavy workload	22	19	13
	No overtime allowance	88	76	66
	No days off	52	32	16
Abuse or harassment	Psychological abuse	7	3	6
	Physical abuse	5	3	2
	Sexual harassment/assault	6	0	1

Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

SAR and Singapore. Interestingly, despite the lower earnings, on average female domestic workers in the Middle East remit slightly more than those from other countries (Figure 3.2).

Not only are female migrant workers to the Middle East less educated and receive less income, but they also face a greater likelihood of mistreatment. The risk of bad or traumatic experiences related to working conditions and abuse are more likely to be faced by female domestic workers in Middle-Eastern countries than elsewhere (Table 3.2): 26 percent have to endure long working hours, 52 percent do not receive any days off, and 88 percent do not receive payment for overtime work. This compares with only about 18, 30, and 73 percent, respectively, of all current female migrant workers who experience similar problems. Meanwhile, salary-related problems are the least prevalent among those working in mainly Chinese Taipei, Hong Kong SAR and Singapore. In addition, while about 9 percent of female domestic workers in the Middle East have negative experiences related to physical/psychological abuse or harassment, the incidence of those who suffer such negative experiences among female domestic workers in mainly Chinese Taipei, Hong Kong SAR and Singapore is at least half or even less than in the Middle East.

Lack of awareness of rights and lack of legally binding agreements exacerbate the level of negative experiences. The low incidence of bad experiences in mainly Chinese Taipei, Hong Kong SAR and Singapore is potentially not only because these migrant workers are more aware of their salary-related rights, but also because law enforcement is more strongly applied in these developed countries than in the Middle East. On the other hand, the incidence of negative experiences, in particular in salary-related issues, is also still relatively high among domestic workers in Malaysia. This is most likely because many of these migrants are undocumented (61 percent) and, in the absence of legal agreements, they do not have the legal power to stand up for their rights. The current administration has identified the protection of migrant workers as one of its key policy priorities. The importance of protecting the safety of Indonesia's overseas migrant workers has increased since the start of President Joko Widodo's administration in October 2014. This emphasis was first seen in the *Nawa Cita*—a Sanskrit term for nine programs—with the main agenda including “building capacity to protect the safety of Indonesian overseas migrants, with special attention to Indonesian migrant workers' protection” as a national priority.

In the past, the government responded to higher risk levels in Malaysia and the Middle East by issuing moratoria to prevent female domestic workers from travelling to these countries. In 2009, the government placed a moratorium on female domestic workers going to Malaysia in response to the growing number of abuse cases, including unpaid wages, physical and sexual abuse, and forced labor. This moratorium was lifted in 2011 after both countries came to an agreement on improving migrant workers' conditions and implementing protection measures. In addition, after selectively applying moratoria to Middle-Eastern countries starting with Saudi Arabia in 2011, the government decided to broaden the policy in May 2015 to terminate the placement of Indonesia domestic workers to 21 countries across the Middle East, North and East Africa, and Pakistan. The policy was enacted in response to human



The current administration has identified the protection of migrant workers as one of its key policy priorities



trafficking issues, the violation of labor norms, low salaries, the absence of a policy on migrant workers' protection, and the prevalence of a *kafalah* culture, whereby employers' rights override any employment contracts or official labor regulations. During 2011, the government also considered introducing a total ban on the placement of informal migrant workers by introducing the Roadmap toward Zero Domestic Workers by 2017 (Box 3.1). These moratoria had the unintended consequence of increasing unemployment in the domestic labor market in the migrant sending areas, in particular among low-educated women. Based on studies of the impact of the moratoria policy on local labor markets (Makovec et al., 2016), it appears that local labor market conditions have deteriorated in the sending provinces most exposed to the restrictions since the government's moratoria have been implemented. This is probably due to a lack of alternative job opportunities for prospective migrant workers. Aggregate employment and labor force participation rates dropped by about 2 percentage points in the two years following the introduction of the first moratorium on Malaysia, with larger declines in both employment and participation rates for women, at 3 and 4 percentage points, respectively. Given that most female migration is from poor rural areas, one of the unintended consequences of the moratoria policy is that unemployment rates have increased in the main sending provinces that tend to be poorer, particularly among low-skilled female job seekers.

Another unintended consequence of the policy on moratoria was that it pushed more women into undocumented migration, exposing them to even higher levels of risk. During the period of the moratorium on Malaysia, between 2010 and 2011, number of undocumented female domestic workers to Malaysia increased by 58 percent compared with those in the two years prior to the moratorium, i.e., between 2008 and 2009. In addition, the incidence of negative and traumatic experiences—sexual abuse/harassment, salary-related issues and work-related issues—was higher during the Malaysian moratorium than before the moratorium was imposed or after the moratorium was lifted. Our survey data also show that there were still Indonesian female domestic migrant workers who went to some Middle-Eastern countries even after moratoria took effect, confirming that undocumented migration continued to those particular countries. The fact that moratoria could have unintentional consequences by aggravating undocumented migration should not come as a surprise and has been experienced by other countries, such as the Philippines. From 2011 to 2012, when the Philippines imposed a moratorium on the placement of domestic workers to Saudi Arabia, undocumented migration from the Philippines to Saudi Arabia surged fourfold, from 1.9 percent in 2010 to 8.4 percent in 2012. In solving this adverse impact of moratoria, the Philippines focused on negotiating a legally binding bilateral agreement with Saudi Arabia that resulted in the better protection for Filipino domestic workers (Box 3.2).

Box 3.1

Roadmap towards zero domestic workers by 2017

In recent years, concerns have been increasing over the abuse and exploitation of Indonesian migrant workers, particularly women working as domestic workers. In response, the government has taken measures to improve the protection of domestic workers. One of the responses, proposed by the previous administration in 2011, included a draft Roadmap towards Zero Domestic Workers by 2017. The aim of the Roadmap was to stop sending informal domestic workers abroad. The proposed ban covered those working for individual employers or in the domestic sphere, such as housekeepers, babysitters, caregivers and drivers.

The proposed policy was contentious, generating considerable debate among civil society groups active on labor migration issues. Many of the concerns centered around the possibility that the proposed ban would push domestic workers into undocumented channels, exposing them to greater risk. These concerns were confirmed by research into the consequences of moratoria that Indonesia had issued in the past.

The proposed Roadmap never progressed beyond the draft stage. Although discussed by some officials and reported in the local media, no formal regulation or order was ever issued by the government. Subsequent policy actions taken by the government, however, indicate a more moderate approach. Through the issuance of Minister of Manpower Decree No. 354/2015 the government will continue to allow the placement of domestic workers under seven categories of work, namely house-keepers (*pengurus rumah tangga*), cooks (*tukang masak*), babysitters (*pengasuh bayi*), elderly caregivers (*perawat jompo*), drivers (*sopir*), gardeners (*tukang taman*), and child caregivers (*pengasuh anak*).

Box 3.2**Roadmap towards zero domestic workers by 2017**

In 2011, the Philippines called on Saudi Arabia to double the minimum monthly salary of Filipino domestic workers to a new minimum of US\$400. The Philippines also issued a new rule that Overseas Filipino Workers (OFWs) could only work in countries having bilateral agreements with the Philippines, or having ratified United Nations (UN) Conventions concerning human rights and migrant workers. This consequently led to the Philippines banning Filipino domestic workers from working in Saudi Arabia. Saudi Arabia responded in turn by ceasing to issue working visas for domestic workers from the Philippines. After months of negotiations, the Philippines lifted its moratorium in 2012 when Saudi Arabia agreed to the US\$400 minimum monthly wage for Filipino domestic workers. Following the negotiations, the Philippines signed a bilateral agreement with Saudi Arabia in May 2013, called a Memorandum of Agreement (MoA), to ensure better protection for Filipino domestic workers. This was the first bilateral labor agreement ever entered into by Saudi Arabia. The agreement covers the following:

- 1 Implementation of a mutually acceptable recruitment and deployment system for Filipino domestic workers in Saudi Arabia.
- 2 Recruitment of domestic workers through licensed recruitment agencies.
- 3 Prohibiting any charge in the recruitment fee or salary deductions originating from the recruitment system or any other unauthorized salary deductions.
- 4 Provision of rights to access support from competent authorities in contractual dispute.
- 5 Enforcement of legal measures for any violation of the rules by recruitment agencies.
- 6 Resolution of any issues arising from the implementation of the agreement.

The responsibilities of Saudi Arabia are:

- 7 Ensuring that recruitment, hiring and placement of Filipino domestic workers is in accordance with the regulations.
- 8 Ensuring the authenticity of employment contracts.
- 9 Opening bank accounts for Filipino domestic workers.
- 10 Providing a 24-hour mechanism for Filipino domestic workers' assistance.
- 11 Facilitating rapid settlement of contract violations.
- 12 Facilitating exit visas in the case of emergency or repatriation.

Meanwhile, the responsibilities of the Philippines are:

- 13 Ensuring that domestic workers is qualified and medically fit.
- 14 Ensuring that domestic workers are well trained in housework.
- 15 Requiring domestic workers be educated in Saudi Arabian laws, culture and ethics.
- 16 Verifying employment contracts issued by recruitment agencies through the Philippine Embassy/Consulate General in Saudi Arabia.

Under the agreement, the Philippines and Saudi Arabia agreed to follow a Standard Employment Contract stipulating a SR 1,500 (US\$400) minimum salary, days off, daily rest periods, paid leave, the non-withholding of passports and documents, and free communication and fair treatment.

Source: Republic of the Philippines Department of Labor and Employment, 2013.

The implementation of such moratoria, however, have different impacts depending on each popular destination country. Indonesian migrant workers go to various destination countries, to ASEAN and non-ASEAN countries. It is important to distinguish between labor migration to ASEAN countries and non-ASEAN countries in assessing the potential impacts of policy decisions. The distinction is important for two reasons: first, the physical distance between countries, which affects the costs, and second, the documentary requirements for movement between countries. Within ASEAN, people have high mobility between countries due to their relative proximity and the freedom of movement permitted within ASEAN (nationals of ASEAN countries can travel visa-free for up to 30 days). This mobility is evident in cases such as the Indonesia-Malaysia corridor, when the previous moratorium did not result in a sustained drop of total migrant workers, only in a shifting from documented migrants to undocumented migrants. Singapore, which is as close to Indonesia as Malaysia, however, does not exhibit the same share of undocumented workers as Malaysia. The primary difference between the two destination countries seems to be the level of law enforcement, particularly the sanctions on employers for hiring illegal migrant workers. In contrast, mobility outside ASEAN is much more difficult, due to documentary requirements and the physical distance between countries. This is evident in the much lower shares of undocumented Indonesian migrants going to destination countries outside of ASEAN compared with undocumented migrants in Malaysia. Implementation of moratoria in non-ASEAN countries is more likely to be successful, but may also cause a shift of destination for would-be migrants to ASEAN countries instead. As the survey data show, after the implementation of moratorium on Saudi Arabia, the number of domestic workers going to Singapore and Malaysia increased by 50 to 70 percent from pre-moratorium levels.

The government is trying to introduce categories of occupation in an effort to professionalize the types of work that can be undertaken by domestic workers. The issuance of the Minister of Manpower Decree No. 354/2015 is one of the government's effort for providing better protection for domestic

Domestic workers, mainly women, contribute about

51%

of total remittances sent by current migrant workers annually

workers. This decree states that, following the International Standard Classification of Occupations 2008 and Indonesian Standard Classification of Occupations 2014, there are seven job categories that can be engaged in by Indonesian migrant workers employed by individuals, namely house-keepers (*pengurus rumah tangga*), cooks (*tukang masak*), babysitters (*pengasuh bayi*), caregivers to the elderly (*perawat jompo*), drivers (*sopir*), gardeners (*tukang taman*), and caregivers to children (*pengasuh anak*). By stipulating that only certified workers can take up jobs overseas, this decree seems to be an effort to professionalize the types of work that domestic workers can do, and ensure that each type falls into line with standard working conditions of formal workers, including working hours, days off, minimum salaries, and health insurance similar to that in the formal sector. In addition to the idea of professionalization, the government has also proposed that migrant workers should not live-in in the homes of employers, but instead live in separate compounds in order to avoid any violations of standard working conditions.

Such initiatives may prove impossible to implement in some countries and may not serve towards improving migrant worker protection. There are questions over whether these initiatives to professionalize domestic worker jobs and accommodate workers outside their employers' houses would help to enhance protection of migrant workers. There are also questions over whether these initiatives can be implemented and, if so, where the government stands in terms of progress. The main challenge would be in making such proposals attractive to recipient countries. In some destination countries (Hong Kong SAR, Chinese Taipei and Singapore), the law requires domestic migrant workers to live-in. Furthermore, employment law in both Hong Kong SAR and Sin-

gapore describes "foreign domestic helpers" as being one profession and the Indonesian request to implement seven job categories would require a change in the law. While Brunei has expressed some willingness, even it combines some categories, such as driver and gardener. As if this were not challenging enough, there is also a possibility that the extra costs incurred by employers would lead them to source migrant workers from other countries. In what is a competitive marketplace for labor, it may be unrealistic to try to impose such conditions on destination countries if they can source labor from less stringent sources elsewhere, such as Vietnam, Cambodia and the Philippines.

In the longer term, the government aspires to provide would-be domestic migrant workers with work opportunities in Indonesia, but this will be challenging considering the slowing pace of job creation in Indonesia in recent years. Over the 10 years from 2007 to 2016, about 2 million jobs were created annually, while the working age population increased by 2.8 million each year. In 2016, however, after a disappointing year for job creation in 2015, there has been a significant improvement in the domestic labor market where nearly 3.6 million new jobs were created while the labor force increased by about 3 million. Nonetheless most of these new jobs were in urban areas, in the services and trade sectors, and for more educated workers. In rural areas, agricultural sector employment decreased by 1.3 million jobs, leaving many of those of a productive age either underemployed (36 percent in rural vs. 19 percent in urban) or totally unemployed. Underemployment is even higher among female low-skilled workers: 52 percent in rural vs. 33 percent in urban areas (Sakernas, 2016). This is one of the reasons that makes Indonesia's rural areas a prime source of low-skilled migrant workers.

Reforms to revitalize job creation are needed but, if adopted, will take significant time to negotiate, implement and translate into more work opportunities domestically. A range of reforms that are coherent and aligned across various ministries' programs will be needed to stimulate job creation in Indonesia, especially for women in rural areas. These reforms would need to include a "grand bargain" between government, employers and labor unions to overhaul labor market regulations and modernize worker protection systems, among others, and would be complex, politically sensitive, and time-consuming. In the meantime, until Indonesia is able to generate higher-productivity and better paid jobs, migration provides an important avenue for workers, especially those with low skills levels, to improve their livelihoods.

In parallel with efforts to create better domestic job opportunities, the economic benefits of low-skilled female migrant workers should be nurtured and enhanced. Domestic workers, mainly women, contribute about 51 percent of total remittances sent by current migrant workers annually, meaning that domestic workers remit more than the average Indonesian worker abroad. If this percentage is applied to the total remittance figure calculated by Bank Indonesia for 2016, this amounts to IDR 61 trillion (US\$4.6 billion) in remittance receipts. Domestic workers in mainly Chinese Taipei, Hong Kong SAR and Singapore sent more than half of this total sum. These remittances are important, not only in boosting consumption of households but also in making longer-term investments, such as in education and health, both of which are essential for welfare improvements, in particular among the bottom 40 percent of the population.



Ch.4

P.43

Encouraging Documentation Compliance



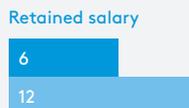
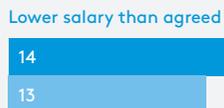
More than one-quarter of all Indonesian migrant workers are men who work largely for agricultural or construction firms in Malaysia, but without proper documentation. Given Indonesia's proximity to Malaysia, many Indonesians can easily cross into Malaysia for work, often without securing legal migrant worker status. Jobs on farms and in construction are the most popular among Indonesian male migrant workers in Malaysia. This group of undocumented migrant workers in Malaysia (as represented by Profile 3) constituted only 16 percent of all former migrant workers. This share, however, has changed over time and now represents 26 percent of all current migrant workers, replacing female domestic workers as the single largest migrant worker group.

Figure 4.1

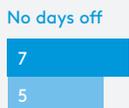
Negative experiences of male migrant workers in Malaysia during migration (%)

■ Documented
■ Undocumented

Salary-related problems



Work-related problems



Abuse/harassment



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

More than one-quarter of all Indonesian migrant workers are men who work largely for agricultural or construction firms in Malaysia, but without proper documentation

These undocumented male migrant workers are less susceptible to physical or emotional abuse than female migrant workers, but they are more vulnerable to financial exploitation. The incidence of abuse in general is as low as 1 to 2 percent among male migrant workers. But being undocumented migrant workers, they are susceptible to other forms of mistreatment. They do not attend the pre-departure briefing required for documented workers and therefore know less about their legal rights, including the right to a safe environment and working conditions, and they are often not informed of their salary prior to departure.

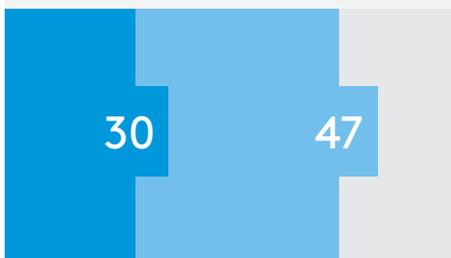
As a result, salary-related problems among undocumented male migrant workers are more evident than those among documented male migrants in Malaysia. In general, only 6 percent of male documented migrant workers in Malaysia experience retained salaries, while the majority of them (86 percent) receive their salaries on time. The prevalence of retained and late payment salary, however, is about 6-8 percentage points higher among undocumented migrants. But, there is no significant difference regarding the incidence of lower salary than initially agreed between documented and undocumented migrant workers (Figure 4.1).

There is little incentive for these migrant workers going to Malaysia to migrate through legal channels, as they can easily move to Malaysia and earn more as undocumented workers than if working in Indonesia. The high levels of undocumented migration seen among males going to Malaysia attest to the unattractiveness of migrating through official legal channels. Given the proximity to Malaysia, all that these migrant workers need in order to enter Malaysia is a passport, as no visas are required for neighboring ASEAN citizens. Undocumented male migrant workers manage to earn higher wages in Malaysia than they would earn if they stayed in Indonesia. Their net income ratio is 4 with an average monthly salary of IDR 3.9 million (US\$290).

Figure 4.2
Duration of migration preparation
(current male migrants in Malaysia)
(%)

■ Documented
■ Undocumented

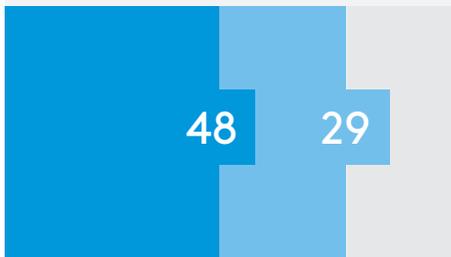
1 month or less



2 months



3 months or more



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

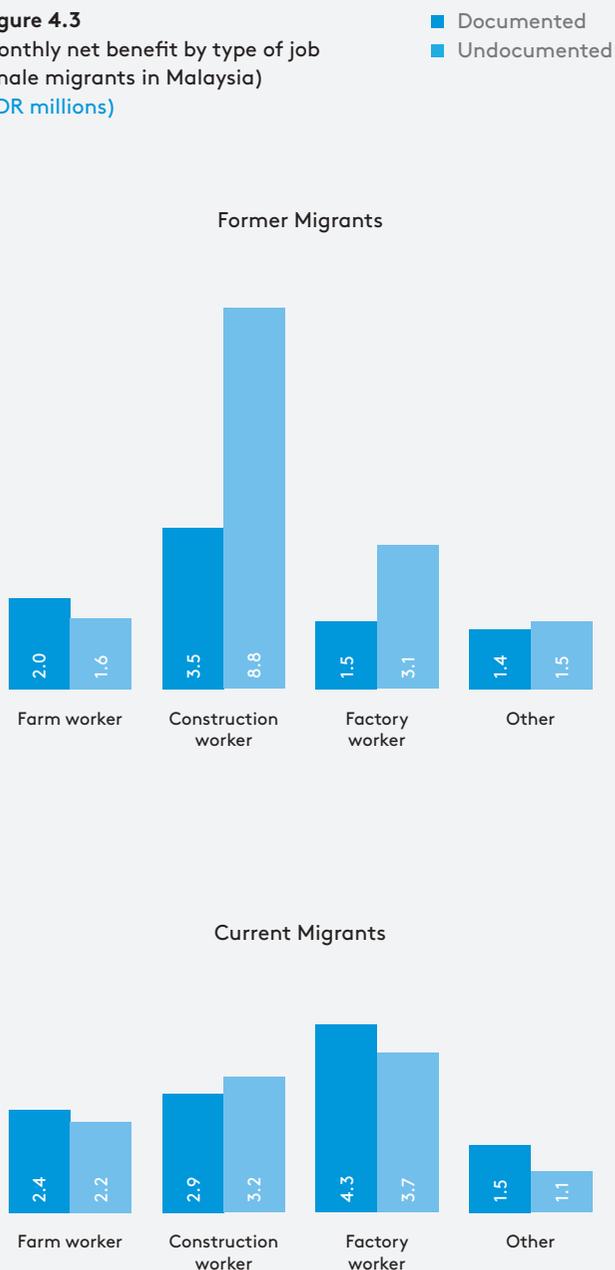


Moreover, the process of becoming a documented worker is burdensome and time-consuming. The documentary requirements to become a documented migrant worker are onerous and create a disincentive for prospective migrants to choose to go down the documented path. According to BNP2TKI, the general process comprises 22 separate administrative steps to complete.¹⁵ Moreover, the extra time required to become documented is a further disincentive, with almost half of all documented migrant workers having to wait 3 or more months to migrate, while most undocumented migrant workers have to wait 2 months or less (Figure 4.2).

Documented migration also comes at a higher cost. The average total cost of documented migration is nearly 52 percent higher than undocumented migration. In nominal terms, the average difference amounts to IDR 3 million, which is equivalent to 83 percent of the value of Indonesia's 2014 poverty line. This means that migrant workers, who often come from economically disadvantaged households, may have difficulty in paying for these costs up front. Although these costs can be quickly recovered after a few months of working abroad, a psychological effect known as "loss aversion", whereby people display a strong preference for avoiding to suffer a short-term loss than acquire a longer-term gain (Kahneman and Tversky, 1984), may dissuade prospective migrant workers from taking the risk of paying a large up-front expense to become documented.

¹⁵ Please refer to Annex II for the complete steps to become documented migrant workers.

Figure 4.3
 Monthly net benefit by type of job
 (male migrants in Malaysia)
 (IDR millions)

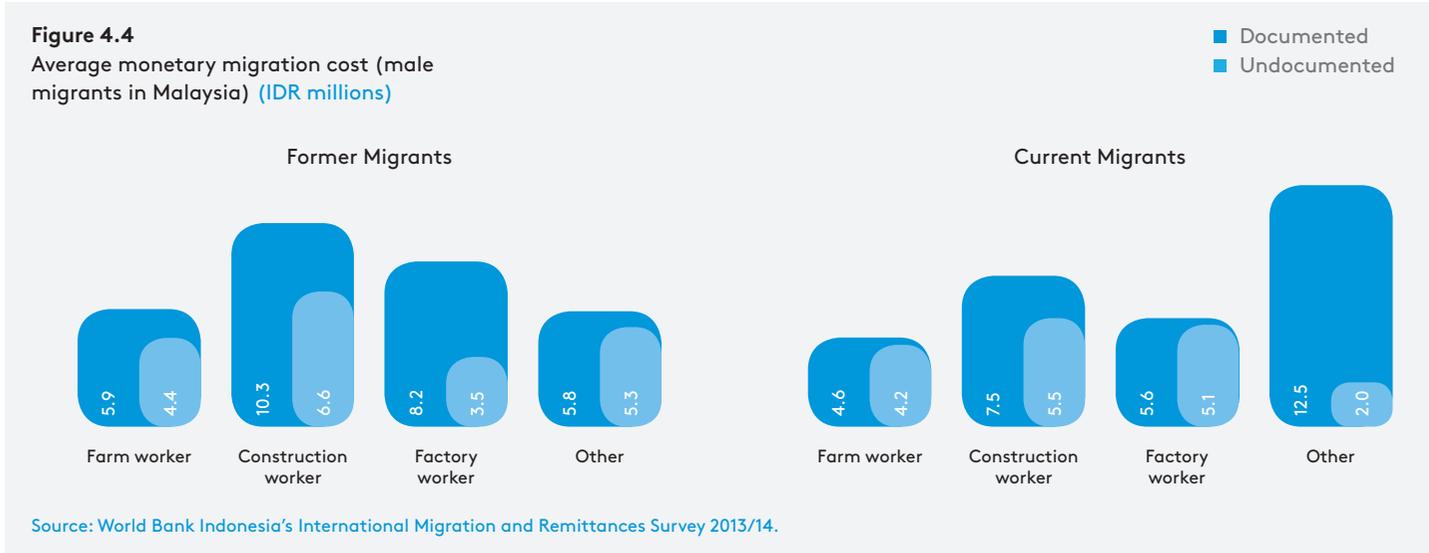


Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

With today's lower costs of migration, on average a documented migrant worker is now slightly better off financially than an undocumented migrant worker. The average earnings of documented Indonesian migrant workers are generally higher than undocumented migrant workers. The net benefits of migration, however, can differ significantly based on the cost of migration, which is determined by destination country, and the sector of employment. Today, given the falling cost of documented migration, being a documented migrant worker now yields slightly higher net benefits than migrating through unofficial channels, except for construction workers (Figure 4.3). What is rather promising is that this was not the case among former undocumented migrant workers, with the sole exception of farm workers, who were economically better off if they remained documented. The cost of migration for farm, construction, and factory workers is lower among current migrant workers than those among former workers (Figure 4.4).

Meanwhile, lack of access to information is still a major constraint to becoming documented. Survey data show that documented migrant workers are more likely (70 percent) to come from households that are aware of the requirements and risks of being a migrant worker. However, only about 60 percent of migrant households know how to find work overseas through the proper legal process. Migrant workers' low educational attainment seems to contribute towards high dependency on obtaining information only from middle-men rather than from representative agents. Meanwhile, as our findings indicate, having a relationship with a person involved in recruitment and placement increases the probability of becoming a documented migrant worker.

Lack of access to information is still a major constraint to becoming documented



40% of migrant households do not know how to find work overseas through the proper legal process

However, flows of undocumented migrant workers, particularly to Malaysia, will be difficult to monitor given the ease of movement between the two countries. Indonesian workers migrate primarily to earn higher incomes. This means that both parties—the migrant workers and the Malaysian employers—have a similar interest in avoiding the extra costs and administrative burdens of using the legal documented channel. In striving to lower undocumented migration, this will require a strong commitment from both Indonesia, to address its migrant workers’ interests, and Malaysia, to address the employers’ interests. However, rather than resorting to sanctions, the best strategy in addressing undocumented migration is likely to lie in reducing the various barriers to documentation, to make it easier, faster and less expensive.



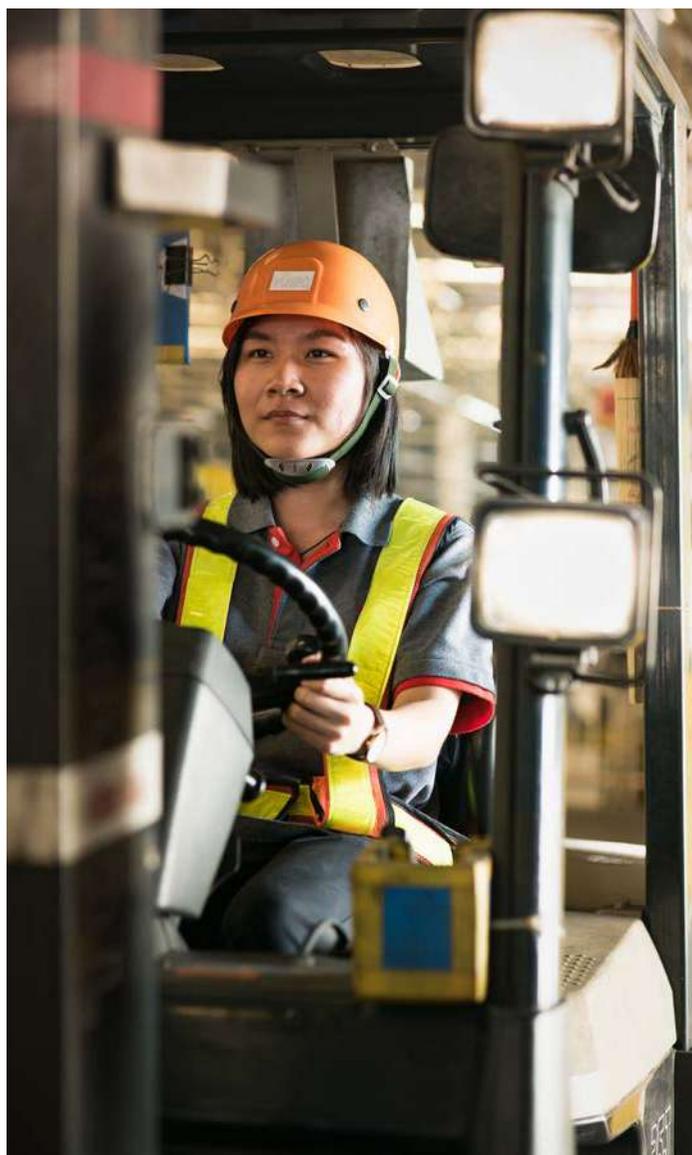
Indonesia has undertaken a number of initiatives to make the documentation process simpler, faster and less costly



Indonesia has undertaken a number of initiatives to make the documentation process simpler, faster and less costly.

To provide some examples, the government has recently introduced its Integrated One-Gate System (*Layanan Terpadu Satu Atap*, or LTSA) centers to provide an easier, cheaper, faster and more transparent placement process for prospective migrant workers. According to BNP2TKI, since the LTSA in Mataram (West Nusa Tenggara) was established in 2008, the number of deported migrant workers originally from West Nusa Tenggara has fallen by 50 percent, indicating a reduction of undocumented migration from the region. However, besides Mataram, LTSA offices have only been established in Gianyar (Bali), Nunukan (North Kalimantan), and Indramayu (West Java). This means that there are still many prospective migrant workers from other regions who continue to face a long, complicated and costly process to become documented migrant workers. Moreover, currently only LTSA Nunukan dan Indramayu that have all required representatives of civil registration, employment records, medical check-ups, and immigration located in the same office.

The government is also trying to address the issue of financial constraints preventing migrants from becoming documented. Since November 2015, the government has been providing small loans in the form of state-bank-sponsored People's Business Credit (*Kredit Usaha Rakyat*, or KUR) for prospective migrant workers to finance placement fees at a subsidized interest rate of 9 percent (previously banks had been demanding 33 percent for such small loans). Crucially, these loans can be provided without the need for any collateral. Six banks are involved in the program. However, implementation is less than ideal, as the banks involved still require complicated procedures to be followed and the repayment obligations sometimes lie with recruitment agencies. As a result, take-up has been very low because the application process takes so long that migrants often leave before receiving the credit, and repayment obligations are undertaken in-person by the Private Placement Company for Indonesian Migrant Workers (*Pelaksana Penempatan Tenaga Kerja Indonesia Swasta*, or PPTKIS) rather than automatically, increasing the cost for KUR recipients.



Reforms in the Philippines show how to promote safe and documented migration

Box 4.1

The Philippines' efforts to streamline migrant documentation

Several measures have been undertaken in the Philippines to encourage documentation, as follows:

Hassle-free recruitment: Prospective OFWs only need to contact a licensed recruitment agent to have all their documentation take care of, including submission to the Philippines Overseas Employment Administration (POEA). The agent also collects contributions from employers and pays the recruitment fee to the POEA.

Recruitment fee exemption for low-skilled OFWs: Prospective OFWs only pay recruitment fees equal to one month's salary and documentation fees, while the employer pays all other fees, visa costs and the airfare. Low-skilled workers, such as domestic workers, caregivers and seafarers, are exempt from recruitment fees.

Integrated digital process: An integrated database system called E-Link connects all relevant government agencies for contract processing, credential processing and authentication, and passport applications. Prospective OFWs can register online without having to go to a POEA office, which makes the registration process easier and safer.

Sources: Commission on Filipinos Overseas, 2015; International Organization for Migration, 2013; Manlulo, B., n.d.

There are a number of examples of cross-country experience to facilitate and promote safe and documented migration. In 2010, the Vietnam Association for Manpower Supply—an association of sending agencies—in collaboration with International Labor Organization (ILO), developed a code of conduct (CoC) for the sending agencies to enforce the placement process and ensure that it is in accordance with Vietnamese laws and international labor standards. The Vietnamese government also introduced its 62 Poorest Districts Programs, which include programs to facilitate international labor migration in districts considered to have an abundance of unskilled workers. The facilitation includes the implementation of subsidized training, travel costs and preferential credit policies. To discourage overstaying of migrant workers after finishing their official contracts, recruitment agencies require migrant workers to put down a deposit that can only be retrieved upon their return, along with the interest accrued. Meanwhile, the Philippines has for several years been at pains to reduce undocumented migration and its efforts have paid off with a gradual reduction from about 27 percent in 1997 to 11 percent in 2011 (Box 4.1). Although, there was a slight increase in 2011-12, driven by a sudden surge in undocumented migration to Saudi Arabia, as a result of a moratorium imposed by the Philippines on the placement of domestic workers to Saudi Arabia.

Migrant worker receiving countries can also play a role in reducing undocumented migrant worker flows. Malaysia has amended its immigration law, as well as introduced some programs in its efforts to reduce undocumented migrants. Under the current Immigration Act 1959/63, penalties for immigration law violations do not only apply to undocumented migrants but also to their employers. However, the sanctions are currently enforced more heavily on the offending workers rather than their employers. In addition to the law, Malaysia has introduced a program to prevent undocumented migrants from entering Malaysia by patrolling land and sea borders. Another program aims to detect, detain and deport undocumented migrants already in the country (World Bank, 2015).

Some migrant worker receiving countries have also made efforts to encourage documentation. France is an example of a receiving country that has been successful in encouraging documented migration. France's Universal Service Employment Check was established in the 1993 to encourage employers to hire declared domestic workers. The scheme provides a 50 percent deduction in the annual salary paid to declared domestic workers through income tax credits of a maximum EUR 1,830 per year. Over the period 1993 to 2000, the implementation of this scheme resulted in an estimated 20 percent of migrant workers originally employed illegally in as domestic workers becoming officially employed (Le Feuvre, 2000).



A photograph of a person's hands being washed under a stream of water from a faucet. The person is wearing an orange long-sleeved shirt. The background is a kitchen sink area with various items like a dish rack and a pot. The image is overlaid with a blue gradient that transitions into the text area on the right.

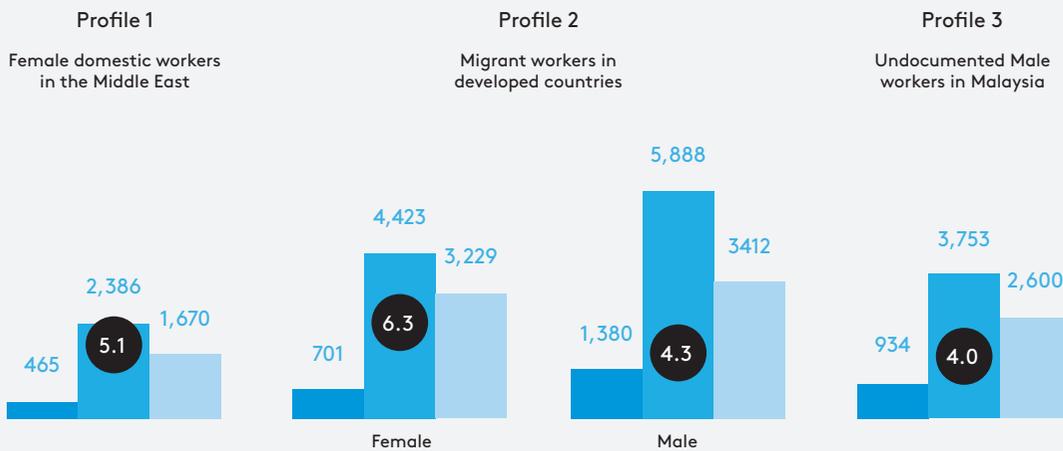
Ch.5

Sustaining the Benefits of Labor Migration

Economic benefits from international migration vary across types of migrant worker. Overall while workers benefit from international migration, the level of the benefits differs among different groups of migrants. Such differences are mostly affected by costs paid and salary earned by migrant workers, together with the types of job and destination country. Among Indonesian migrant workers, Profile 2 (migrants who work in developed countries, mainly Chinese Taipei, Hong Kong SAR and Singapore) have the opportunity to enjoy the highest monthly net benefits compared with other migrants, despite the higher costs they also incur to migrate (Figure 5.1). Looking further into the characteristics of Profile 2 migrant workers, the higher level of education possessed by this group clearly corresponds to the higher level of economic benefits they earn in comparison with other groups of migrant workers. Profile 2 highlights the potential positives of labor migration. This section focuses on how such success stories benefit not only migrant workers, but also their families, and considers how the benefits of migration can be sustained even after migrant workers return back to Indonesia.

Figure 5.1
Economic benefits of migration by profile
(current migrants)

- Income before migration (IDR thousands)
- Income during migration (IDR thousands)
- Monthly net benefit (IDR thousands)
- Net income ratio (Ratio)



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.



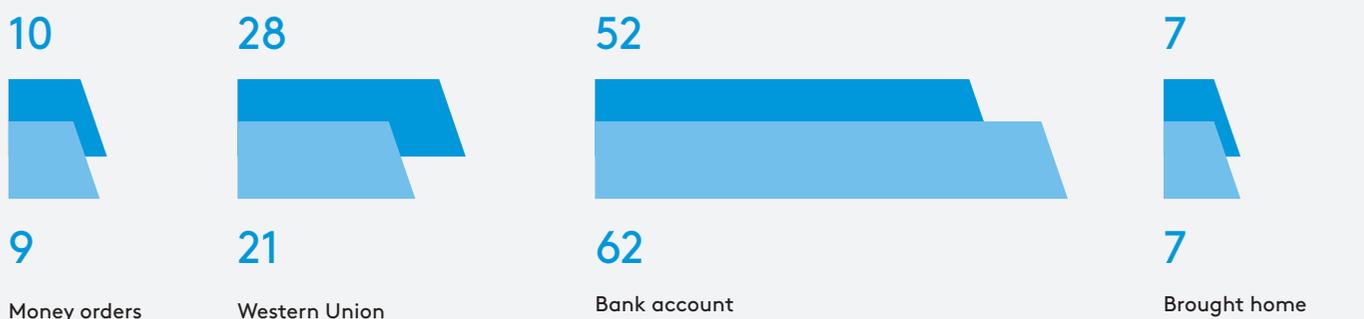
Migrant workers normally remit of portion of their earnings back to their families in Indonesia. While the average share of income remitted back to Indonesia is about 18 percent, there is a wide variance depending on the type of migrant worker. For example, migrant domestic workers going to the Middle East have little opportunity to leave their work premises and, even if they do, they have fewer opportunities to spend money than their peers working in more commercialized Asia-Pacific cities. As a result, even though they earn relatively less they send more than 38 percent their salaries to their families in Indonesia. Migrant workers to more developed economies in East Asia, on the other hand, remit 17 percent, while undocumented male workers to Malaysia remit just 11 percent.

Increasingly, migrant workers are using regulated channels to remit money, which are both easier and safer. In 2005, it was estimated that only 36 percent of remittances to Indonesia were transmitted through regulated channels (World Bank, 2008). This seems to be changing, perhaps as a result of more and easier access to formal financial services both in sending areas and destination countries. Nonetheless, improving pre-departure training covering such important topics as safe banking and regulated remittance channels may have also contributed to this significant change. More than 90 percent of current migrants report that they remit through regulated channels (Figure 5.2).

18%
average share of income remitted back to Indonesia



Figure 5.2
The main remittances channels used by migrant workers (%)



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

Since migrant workers usually come from poor and vulnerable households, remittances have a disproportionately positive impact in helping families to cover their daily expenses. Over 82 percent of surveyed migrant worker households reported “daily needs” as being one of their top three uses for remittance income (Figure 5.3). Research shows that the role of remittances in increasing consumption also reduces the probability of Indonesian households being poor by 28 percent (Ad-

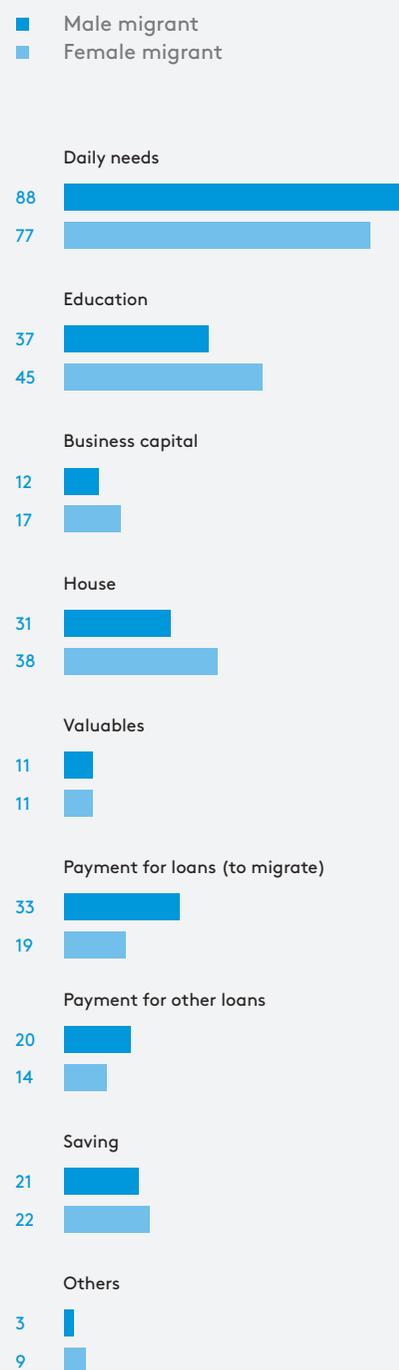
ams and Cuecuecha, 2011). The robust evidence that remittances lead to increases in consumption and reductions in poverty has also been shown in other East Asia and the Pacific countries, at least in the short run (World Bank, 2014b). Moreover, with remittances playing an important role in helping to reduce poverty, it is expected that households can also start to prioritize other spending on longer-term goals, such as savings, education, and starting a business.

Income from migration provides an opportunity for workers to cover not only short-term needs, but also to make longer-term investments

Income from migration provides a brief window of opportunity for workers to cover not only short-term needs, but also to make longer-term investments. In many cases, age limits are imposed by the Indonesian government and the destination countries on migrant workers, generally between 21 and 40 years old.¹⁶ This limitation on working life overseas emphasizes the importance of migrant workers planning and using their significantly higher income from migration with care, not only for short-term impacts during their migration but also longer-term impacts after they return home. Such longer-term impacts include starting a small business, getting a better job than before, or making long-term investments such as in the education of their children. At present, regardless of the level of income earned, the majority of migrant workers still seem to pay little attention to the longer-term benefits of the money that comes from their migration. This is an area where the government could play more role, acknowledging the fact that utilizing remittances for long-term productive investments is also an essential element of overall economic growth.

¹⁶ Permenaker No. 22/2014, the regulation issued by the Minister of Manpower and Transmigration concerning the implementation of placement and the protection of Indonesian labor overseas, states that the job seekers interested in working overseas should meet the following age criteria: to be at least 18 years old, except for those who will be employed by an individual employer, and should be at least 21 years old, as proven by identity card (KTP) or electronic identity card (e-KTP) and birth certificate/birth recognition letter from the authorized agency. However, different job in different countries sets different age limits. For example, construction workers going to Japan need to be no older than 27 years of age, while G-to-G programs for workers going to the Rep. of Korea need to be no older than 39 years of age.

Figure 5.3
Distribution of migrant households by top three highest remittance uses (current migrants) (%)



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.



Some households, especially those that have female migrant workers, manage to save or invest a portion of their remittance earnings, which helps to sustain the longer-term benefits of migration. About 41 percent of migrant households channel their income from remittances into education, 15 percent invest that income into business capital, and 22 percent report putting the money into savings accounts. The likelihood of making these long-term investments is slightly higher when the migrant worker is a woman (Figure 5.3).

Experience from other countries in encouraging savings and investment among migrant workers' households could also be useful in helping Indonesia to improve its current arrangements. While BNP2TKI currently includes some financial literacy training in the Pre-Departure Briefing (Pembekalan Akhir Pemberangkatan, or PAP) module, the PAP is not yet standardized. Other countries go rather further. For example, in the Philippines there is an array of financial literacy training programs, both during the pre-departure orientation seminar, as well as after returning home to the Philippines. The government also provides investment instruments targeted to returning migrant workers, such as the SSS Flexi-Fund program, whereby migrant workers invest their savings in low-risk fixed-income government securities. Similarly, in Sri Lanka, the Sri Lanka Bureau of Foreign Employment (SLBFE), together with the Ministry of Education, conducts seminars and other educational programs to educate migrant workers on banking facilities available for remitting money and how such facilities can be used to maximize the benefits on their earnings. In addition, the Sri Lankan government has also introduced an entrepreneurship development program for returning migrants, aimed at giving guidance on establishing a business. Bangladesh has also introduced government bonds specifically designed for migrant workers. However, little evaluation of these schemes has been undertaken, so it remains unclear just how effective these schemes are.



Migrant workers gain skills and experience while abroad, which seems to make them more likely to engage in paid work once they return to Indonesia. Returning migrant workers are more likely to find paid work after they return home. There are different possible explanations for this. The returning migrants may be better qualified with additional skills; more experienced and therefore better suited to the domestic labor market; more self-confident in their ability to find work; or, having become accustomed to earning a salary they are more motivated to find work, albeit at a lower wage than they are used to. This is most evident in female migrant workers returning from the Middle East, with paid employment more than doubling from only 15 percent prior to migration to 32 percent after returning. Similarly, migrant workers who worked in East Asian economies, not including Malaysia, experience an increase in paid employability of about 5 percentage points. People who worked both before and after their time abroad tend to remain in their previous sectors of work, a phenomenon most prevalent in agriculture and trade, where about two-thirds of people stayed within these sectors. More research is needed, however, to uncover the most effective approaches in supporting these returnees to find paid work.

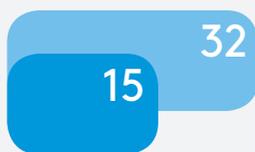
Migrant workers gain skills and experience while abroad, making them more likely to engage in paid work once they return to Indonesia



Figure 5.4
Returning migrants engaged in paid work for former migrants (%)

- After migration
- Before migration

PROFILE 1
Female domestic workers in Middle East



PROFILE 2
Migrant workers in developed countries



Female



Male

PROFILE 3 Undocumented male workers in Malaysia



Source: World Bank Indonesia's International Migration and Remittances Survey 2013/14.

49%

of female migrant workers fall out of the labor force after returning home

Even so, almost half of female migrant workers fall out of the active labor force after returning home. Despite the increase in the number of previously unemployed migrant workers finding work after they return home, many women fall out of the active labor force and become unemployed again on their return home. The majority of undocumented male workers returning from Malaysia were in paid work before migration, but this rose from 73 percent to 85 percent once they returned home. About 68 percent of female domestic migrant workers from the Middle East, however, returned to unpaid activity once back in Indonesia (Figure 5.4). Hence, there is still a very wide gap between the employability of returning female migrant workers and returning male migrant workers in their provinces.

Useful experiences from other countries can be borrowed to help returning migrant workers with the transition back into the domestic labor market. Indonesia could do more to help migrant workers, especially women from rural origins, transition back into the labor force once they return home. The experience from other countries could be useful here. For example, in the Philippines training is provided by the Overseas Workers Welfare Administration (OWWA) in entrepreneurial skills and financial literacy to prepare OFWs to return to the national job market. In addition, the Philippines government provides “livelihood loans” to returning migrants to support them in starting a small business. In Sri Lanka, there is a nationwide network of returnee migrant workers called the “Rata-viruwu” Organization, which provides support to improve the socio-economic condition of migrant workers and their families, with a special focus on helping children left behind by departing migrant worker parents. In most cases, however, it is unclear whether various governments’ support provided post-return are effective.

Recommendations

P . 5 3

- P . 5 7 International Migration Sector:
Professionalizing and Modernizing the Jobs
Marketplace
- P . 6 1 Preparing Migrants before They Leave:
Streamlining the Documentation and Pre-
Departure Process
- P . 6 3 Protecting Migrants while They Are Abroad:
Raising the Bar on Protection
- P . 6 7 After Migrants Return: Sustaining the
Benefits of the Migration Experience and
Remittances
- P . 6 9 Good Governance: Revisiting Institutional
Arrangements and Introducing Better
Monitoring and Evaluation

Creating more inclusive and better-paid jobs in Indonesia would provide prospective migrant workers with attractive and competitive opportunities at home, as a viable alternative to working overseas. Prospective migrants might no longer need to consider migration and the prospect of being separated from their families as the only option—but just one possible competitive alternative—if attractive job opportunities were available at home in Indonesia. Indeed, achieving this is the government’s intention and longer-term goal. However, there is also a realization that, given the slowing pace of job creation in Indonesia in recent years and the deep structural reforms needed, achieving this goal will take considerable time and effort.

Ch.6







While generating more and better quality jobs is a long-term goal, in the interim migration still play a valuable role as a short- to medium-term contribution to poverty reduction and development. Creating more inclusive and higher-earning employment opportunities will call for a structural transformation, as well as a range of multifaceted reforms that would be politically challenging and time-consuming to agree. These reforms would need to include: addressing constraints and barriers to productivity growth, particularly through better infrastructure and greater competitiveness; revamping the skills training system to better meet industry demands; and negotiating and implementing a “grand bargain” between various government ministries and agencies, employers and labor unions to overhaul labor-market regulations and provide more effective worker protection. For this reason, migration provides an important opportunity for higher-earning jobs in the short- to medium-term, especially for low-skilled workers with few if any other options.

To increase its impact on development, there is a need to facilitate migration, which calls for further policy reforms that provide optimal migration opportunities for potential migrant workers. The government recognizes the importance of international labor migration and the resulting remittances for many Indonesians, their families and the country, especially those with low skill levels who have few opportunities for work in Indonesia, particularly in their local regions. While the government is striving to implement policies to maximize the benefits of and minimize the risks of migration, it needs to go one step further to ensure that these policies become part of a national jobs strategy and are mainstreamed into national development plans. Three core objectives should underpin the guiding principles of an overarching labor migration policy framework: (i) providing additional employment opportunities for all Indonesians, in particular the low-skilled and women; (ii) promoting and protecting the rights of migrant workers throughout the migration cycle; and (iii) improving reintegration of returning migrants into the Indonesian economy.



Indonesia is now well-placed to take effective action on this issue



A set of comprehensive and coherent policies is needed to address the concerns surrounding Indonesian labor migration. As this report shows, the issue of Indonesian labor migration is broad-ranging, complex and often emotive. However, provided with newly developed empirical evidence and learning carefully from international experience and best practice, Indonesia is now better placed to take effective action on this issue. The government can consider all of the available evidence and develop the best possible policy mix to provide better protection for migrant workers with vastly different profiles and characteristics, and also enhance the development impacts of labor migration.

The government is currently undertaking measures that aim to improve both the protection and documentation of migrant workers. These ongoing initiatives, however, need to be coordinated, expanded and improved to achieve the full potential long-term development impact of international migration. The following recommendations grouped into five categories would serve to professionalize the migrant worker labor market, improve its efficiency and the coordination of the sector, and maximize its potential for the benefit of all stakeholders. Meanwhile, the box below provides a shortlist of priority actions that could be undertaken in the short term.

Box 6.1 Short-term Priority Actions

A strategic reform to incorporate international labor migration into the development agenda requires comprehensive medium- and long-term policies and programs. Nonetheless, there are several quick wins that could be considered and implemented by the government in the next couple of years. These few identified actions are considered to be high priority because: they are likely to have an impact on improving the welfare of low-skilled migrants and their families, they are feasible to achieve given the available resources and time frame, and they are most likely to bear sustainable development impacts.

Proposed short-term priority actions that would be carried forward into the next stage of reform in the migrant worker sector, include:

Develop a comprehensive information dissemination strategy. Such a strategy is needed to share the benefits of migration more widely, reduce undocumented migration through better knowledge on the benefits of migrating through the formal channel, provide better job-matching outcomes, protect migrants through greater awareness of their rights and mechanisms of redress, and ensure greater accountability of the private sector and government actors by removing asymmetric information leading to an efficient platform for job-matching. Implementing the strategy should rely on new and diverse approaches for identifying the right messengers to employ, the audience to target, the messages to deliver and the dissemination channels to use to ensure that the information reaches those who would benefit most from it.

Continue ongoing efforts to accelerate and streamline the migrant worker documentation process. To embrace an efficient process, the current 22 documentation steps need to be cut in half by eliminating unnecessary documents (e.g., approval letter from the village head), combining some stages (e.g., attending socialization with consultation on job orders) and removing duplication (e.g., obtaining a certificate of attendance on training organized by PPTKIS vs obtaining a skill competency certificate from a professional certifying agency). Such simplification would potentially accelerate the current average time from 2-3 months down to 1 month. Moreover, to lower documentation costs and make them more transparent, some components of the expenses that are regulated and standard, such as obtaining a passport, an accredited skill certificate, and a medical check-up, could be paid directly to the service provider instead of being included in the placement cost structure. The effort could be enhanced by expanding the establishment of the LTSA¹⁷ to all major migrant worker-sending provinces to make the documentation process simpler, faster and cheaper.

Establish a monitoring and evaluation (M&E) system to help support evidence-based policy reform for migration policy and programs. An effective M&E system would provide the government with a tool to manage policy interventions and ensure accountability, and would in turn contribute to improving migration policy practices in the longer term. While a coherent system could be developed incrementally, the government could start first by designing an M&E framework as an integral part of any new program, such as the *Desmigratif* program, for example. Having an embedded M&E framework within *Desmigratif* would enable the government to understand the ways in which the program drives change and help to improve its future implementation. Furthermore, learning from the experience of *Desmigratif*'s M&E system, this approach could then be applied elsewhere by the government to better integrate such M&E frameworks into other policies and programs.

¹⁷ Details regarding the LTSA mechanism are provided in Section 2.



1

INTERNATIONAL MIGRATION SECTOR: PROFESSIONALIZING & MODERNIZING THE JOBS MARKETPLACE

International labor migration should be recognized as an important sector of the Indonesian economy in its own right, requiring commensurate efforts to improve its professionalism as a sector and instill modernization across its various components. Such an approach would help to place labor migration on a par with other sectors of the economy. The following three reform initiatives could help to spur this process of modernization:

A Better linking Indonesia's migrant workers with international work opportunities

Encouraging market development efforts in destination countries should become one of the government's functions. Information from labor markets in destination countries would help the government (i.e., through the designated migration agency) to better understand labor-market operations and trends, as well as the challenges in meeting labor demand, and feed this information back into the skills and training process at home. Given that Indonesia is currently adopting the use of labor attachés in its most important destination countries, the government could also consider borrowing another idea from the Philippines in utilizing labor attachés in an information-sharing role. The Philippines, through the POEA, leads the way in using information from labor markets to inform its migrant-worker policies. The POEA carries out periodic marketing activities in coordination with labor attachés, who act as on-site “information centers” and “distribution outlets” for promotional and communication materials, and who play a significant role in market-information generation and the provision of feedback (Nonnenmacher, 2006).

To be globally competitive, skills development should be in response to overseas demand. One of the biggest challenges in labor migration is skills recognition by the receiving parties. Solutions to skills development, therefore, include not only investment in training but also in aligning training programs to meet international standards and ensuring that the acquired skills are recognized by prospective firms and employers. This could be achieved by involving employ-

ers in formulating curricula and standardizing skills. The Indonesian experience with implementing a Memorandum of Understanding (MoU) with the Republic of Korea under the Employment Permit System (EPS)¹⁸ suggests that the demand for specific skills, albeit in low-skilled jobs, remains unmet. While many Indonesian workers—nearly three times the annual quota agreed between Indonesia and Korea—are in the EPS job pool, the number of Indonesian workers actually chosen by EPS employers falls below the annual quota owing to mismatches of skills. Skills development could therefore help aspiring migrant workers to signal their acquired skill levels, widen the choice of available jobs and increase migrant workers' wage bargaining power.

Full market development therefore relies on both market research and efforts to improve skills/qualification recognition in destination countries. Working together with the Ministry of Foreign Affairs and labor attachés, private sector representations, and diaspora associations, in-depth market research could be conducted to highlight those skills in highest demand and therefore worth acquiring. This effort should not only be focused on unskilled labor, but should also cater to professional and higher skilled workers. For example, in an effort to move away from low-earning unskilled jobs, the Philippines is working towards opening higher-earning job markets in Europe, the Americas, Australia and New Zealand by providing a skills registry and a global job mapping and profiling program.

¹⁸ EPS is a temporary labor migration program through G2G MoUs aimed at avoiding corruption, extortion, or abuse during migration. Under the EPS program, the migrant workers' recruitment process is under the control of the government of the Rep. of Korea and the sending government, and makes the recruitment process more transparent. The EPS program provides post-admission benefits. For instance, EPS workers can access Foreign Workforce Support Centers in the Rep. of Korea to file complaints, receive counselling, and join language and cultural training. EPS workers also receive mandatory training from the Korean Employers' Association after they arrive, covering language, culture, local customs, and immigration, labor and grievance procedure laws, and skills training—all tailored to the EPS workers' specific job sector. EPS workers can also opt to move to another employer if they encounter mistreatment and exploitative working conditions.



The government might consider introducing a more stringent job-matching selection and sorting process, particularly for low-skilled or semi-skilled workers. Many labor-sending and recipient countries go to considerable lengths to select and sort workers in order to optimize the mutual benefits of labor migration—matching workers with the right skills to specific job order. In Indonesia's case, it is unclear the extent to which this happens. A role that should normally

be undertaken by the recruitment agencies (PPTKIS), evidence shows a relatively high turnover rate: nearly 20 percent of migrant workers who signed job contracts later terminated their contracts, while about 50 percent of these terminated their contracts due to work- or salary-related issues. This suggests that the current PPTKIS job-matching process is inefficient and the matching outcomes are of poor quality.

B

Introducing modern information systems to improve transparency in the job market

Migration needs to be an informed choice. Based on our survey data, 39 percent of migrant workers' households are unaware of the basic requirements and documents needed to become a migrant worker. Meanwhile, 42 percent of migrant workers' households are unaware of the potential risks involved in working overseas. Furthermore, low-skilled migrants tend to leave the country with little knowledge of their specific job descriptions, their rights, or even their wages. This would suggest that the government's traditional information campaign needs to be substantially improved if it is to have the desired effect on levels of awareness.

Improving information transparency on overseas vacancies, particularly for low-skilled jobs, is a key pre-requisite for improving job-matching efficiency and contributes to lowering worker-paid migration costs. Following on from the need for a new strategy for the dissemination of information, the limited access to information on overseas employment opportunities is a major barrier to international labor mobility and contributes towards high migration costs. If job order information were published transparently and reached prospective migrant workers, prospective migrants could then select those jobs that they wish to apply for instead of being dependent on recruiters. An emphasis should be given to low-skilled occupations, as many studies suggest abuses in recruitment are more prevalent among relatively lower-skilled migrant workers. The government could consider using the new LTSA to play the role of the focal point for this effort at the local

level. This would be a major step forward in professionalizing the sector, allowing all stakeholders equal access to information and removing the potential for recruiters to create monopolies on information.

Transparent information on job descriptions and qualification requirements would also help aspirant migrants to better prepare themselves for future opportunities. Such transparency would allow prospective migrant workers to pro-actively acquire skills that meet job opportunities, as opposed to relying only on training courses offered by PPTKIS for jobs where the specific qualifications are unknown. One way of disseminating information on job opportunities could take the advantage of high mobile phone network penetration using easy-to-use existing application technologies, in addition to internet-based approaches.

Moreover, transparency on the wages offered would also help to level the information playing field, as low-skilled migrants are currently not part of the wage bargaining process. If wages were posted by firms or employers, this would also reveal any additional fees charged for migration services. Surveys indicate that migrants in low-skilled jobs often do not know what their wages are before and after deductions, or what the deductions are for. This asymmetric information creates an opportunity for PPTKIS to make hidden deductions for recruitment costs, or advance payments that migrant families are often required to make prior to migration, especially for domestic workers.

Developing and implementing a comprehensive information dissemination strategy can therefore improve transparency and the functioning of the migrant labor market. A desirable strategy is one that makes use of diverse, conventional and new approaches: creating a multi-media mix of print media, infographics, videos, social media, radio/television talk-show programs; employing alternative types of messengers; broadening the target audience; and delivering comprehensive key messages to ensure that information reaches those who would

benefit the most from it (Box 6.1). An effective communications strategy to disseminate information would be instrumental in helping to reduce undocumented migration by informing would-be migrants of the benefits of documentation, alerting them to the risks of migration, especially undocumented migration, protecting migrants through greater awareness of their rights, responsibilities, and mechanisms of redress, and providing for greater accountability of private sector and government actors.

C Improving the quality and accountability of recruitment agencies

The government has already taken several steps to improve the quality of recruitment agencies. Progress has been made in improving the quality and performance of recruitment agencies. Several assessments have been conducted by the Ministry of Manpower using strict criteria and these have resulted in the sanctioning of several PPTKIS, suggesting the system is improving. However, many poor quality PPTKIS remain, and regular monitoring and strict enforcement will continue to be required. There is a tendency for sanctioned PPTKIS to either establish a new agency with the same owner and managers under a different name, or to piggyback onto another PPTKIS, sharing the profits (IOM, 2010; Farbenblum et al., 2013; Bazzi and Bintoro, 2015). Indonesia could consider adopting a license-validity system similar to that used in the Philippines, where licenses are only valid for two years, although these can be upgraded to four years if certain stringent criteria are met.

To aid in enforcement, the government needs to publish detailed performance evaluations of the recruitment agencies to help aspirant migrants to make informed choices on which agency to use. A pilot study by J-PAL¹⁹ shows that migrant workers who have full access to information and the ability to choose good PPTKIS encounter fewer negative experiences once overseas, across all types of problems measured. These migrant workers also receive higher wages on average. This experience highlights the need for an easily accessible nationwide information on PPTKIS for all prospective migrant workers. This should provide aspirant migrants with greater information on both the PPTKIS available to them and their quality ratings.

¹⁹ Abdul Latif Jameel Poverty Action Lab (J-PAL) conducted a study on “Information Sharing Services” to assess the likely benefits of information sharing services for migrant workers. This project is conducted in 400 villages in eight districts considered to be main sending districts of female migrant workers, with 10,497 respondents. The results presented is from the pilot study.



2

PREPARING MIGRANTS BEFORE THEY LEAVE: STREAMLINING THE DOCUMENTATION & PRE- DEPARTURE PROCESS

Accelerating and streamlining the documentation process would help to reduce migration costs and subsequently lower undocumented migration. The official procedures to leave Indonesia for work can be long and complicated, as well as costly, and can push some people to choose to leave without following the formal documentation process. Several reforms can be undertaken to tackle this issue: simplifying the documents required, removing some unnecessary and overly bureaucratic stages of the process, and combining some of the stages (Box 6.1). Moreover, to lower documentation costs and make them more transparent, some components of the expenses that are regulated or standard, such as for obtaining a passport and the medical check-up, could be paid directly to the service provider instead of being included in the placement cost structure.

Current government initiatives to make the documentation process simpler, faster and less costly, such as LTSA, should be continued and expanded. The government is making progress as, on average, documented migrant workers are now able to gain greater benefits than their undocumented peers, both financially and also in fulfilling their rights. The effort to incentivize documented migration through the LTSA program holds great potential and needs to be expanded beyond the current four locations. Moreover, to be able to fully function as a one-stop-shop online non-cash-based system, each LTSA office should have the four components of the documented migration process involving civil registration, employment records, medical check-ups and immigration.

Access to the KUR program should also be improved with more efficient loan-repayment mechanisms. In order to increase take-up of KUR by pre-departure migrant workers, its application process needs to be simpler and faster, and thus the intended beneficiaries could use the proposed credit in-time to cover their placement fees. In addition, the repayment obligations should be made automatic to make it a more efficient and transparent process, both for the banks and the recipients.

Pre-departure briefings face several challenges and are in need of further improvement. Migrant workers who go through the official channel are required to join a pre-departure briefing (PAP). Survey data show that attending a PAP increases awareness on salary-related and working-condition issues among migrants by an average of 16 percentage points. The incidence of knowledge about protection services—such as contact numbers of the Indonesian consulate or other emergency services in the destination countries—is twice as high among those who attend a PAP compared with those who do not. However, at least 20 percent of migrant workers who participate in PAPs fail to acquire the necessary information, raising questions over standardization of the PAPs and whether there is an adequate monitoring and evaluation system in place to ensure the effectiveness and quality of current PAPs. At only 8 to 10 hours' duration over two days, the current PAP is too short to share information that ranges from the culture of destination countries, the contents of labor contracts, to managing remittances and health issues. It could be extended depending on the varied information needs of migrant workers, tailored to particular occupations and destinations. Moreover, PAPs and orientation could also be organized as a collaborative effort with destination countries, as well as diaspora and returnee communities. For example, the International Organization for Migration (IOM), on behalf of the Italian government, has provided a language training course and pre-departure orientation for caregivers from Sri Lanka and Moldova bound for Italy.





3

PROTECTING MIGRANTS WHILE THEY ARE ABROAD: RAISING THE BAR ON PROTECTION

A

Bilateral agreements

Bilateral agreements and consular services can help to promote and protect migrant workers' rights. Recent research by the World Bank KNOMAD and ILO²⁰ shows that bilateral agreements between labor-sending countries and receiving countries can be an effective tool in promoting and protecting the rights of migrant workers. Bilateral agreements assign specific responsibilities and actions expected of both countries, and can create a legally binding understanding. Nonetheless, the same KNOMAD/ILO found that MoU are far more common in Asia (69 percent) than the more legally binding bilateral agreements (72 percent in African and 80 percent in Europe and the Americas), known as Memoranda of Agreement (MoA). In Asia, the country of origin with the most bilateral agreements is the Philippines, having agreements with 18 countries.²¹

Indonesia, however, has no legally binding bilateral agreements, only memoranda of understanding. Unlike the Philippines, Indonesia only has bilateral MoUs with destination countries. Since they only express a convergence of will between the two parties, MoUs are less binding than MoAs (ILO, 2013). Indonesia could negotiate bilateral MoAs, instead of the MoUs that are currently used, to carry more significant commitments with destination countries. A good bilateral agreement should include

some important details covering placement and protection of migrant workers, such as wage and labor contract details, costs of migration, and other protection measures. This can help to ensure the rights of migrant workers by addressing problems relating to recruitment, wages, undocumented migration, social security and abuse, among others.

The government could also be more proactive in engaging in coalition-building with other migrant sending countries, as well as destination countries. Both sending and receiving countries have a responsibility to ensure the protection of migrant workers in accordance with the laws, regulations and policies of the respective countries. As with trade negotiations, Indonesia can gain from building a strong coalition with other (especially neighboring) low-skilled labor-sending countries in order to increase its bargaining power with labor-receiving countries, especially to ensure the equal treatment of migrant workers with their national counterparts. Indonesia should also continue sharing information and lessons learned with other labor-sending and receiving countries through regional forums, such as the Abu Dhabi Dialogue, the Colombo Process or the Cebu Declaration. The key task of the government is to ensure that the provisions of the declaration are implemented both in Indonesia and in the destination countries (IOM, 2010a).

B

Labor attachés & the Indonesian diaspora

Indonesia should consider ramping up the use of labor attachés at Indonesian embassies and consulates in major destination countries. Given the huge number of Indonesians now working overseas—roughly 9.4 million workers in all—it is clear that the

recent positive moves to provide support to migrant workers through Indonesian consular services need to be increased. With only 13 labor representatives covering the 12 main destination countries²², of which only four have diplomatic status (i.e., full

²⁰ KNOMAD and the International Labour Organization, 2015.

²¹ Negotiating Bilateral Labor Agreements for the Protection of Overseas Filipino Workers: The Philippine Experience, presentation, December 2015, Bali, Indonesia.

²² The main destination countries are Malaysia, Hong Kong SAR, Singapore, Chinese Taipei, the Rep. of Korea, Brunei Darussalam, Saudi Arabia (Riyadh and Jeddah), Kuwait, Qatar, the UAE, Syria and Jordan.

labor attachés), the resources available for offering support to migrant workers is still insufficient. The Philippines provides a best practice benchmark for the expansion of consular services, with its Philippines Overseas Labor Offices (POLO) that serve as an extension of the Department of Labor and Employment (DOLE) in protecting the rights and promoting the welfare of OFWs. Based on DOLE data, as of December 2015, there were 36 POLO in Asia, the Middle East, America and Europe, while 43 labor attachés were assigned to 30 POLO, with welfare officers in the other six offices. The POLO provides 24/7 services to migrant workers. The Philippines has also established Overseas Filipino Resource Centers in countries with more than 20,000 OFWs.

One of the problems that can arise during migration is that the language barrier may lead to misunderstandings between migrant workers and employers. To tackle this problem, the government might consider tapping into diaspora resources. The government could cooperate with receiving countries to arrange migrant workers' support groups in which diaspora communities could engage with migrant workers and provide help on relevant issues. Such an initiative was introduced by Mexico through the Institute of Mexicans Abroad (IME), which

is an organization to integrate the Mexican emigrant community in the United States. The IME is an independent department under the Mexican Ministry of Foreign Affairs and works through 56 consular offices across the US. The IME also delivers an array of services besides language services, such as civic, health, education and financial services, to Mexican migrants in the US. The services are channeled through conferences, courses, healthcare stations, scholarships, or distribution of educational materials. Mexico mainly supports the integration of undocumented and low-skilled migrants by helping them acquire legal status, and by providing training and skills enhancement (Weinar, 2016). Another example of this practice is the Advisory Committee and the High Committee for Turkish Citizens Living Abroad, established by Turkey. The advisory committee is attached to the Ministry of State, with one-third of its members being Turkish citizens living abroad who are part of the diaspora. The task of the advisory committee is to monitor the Turkish diaspora's obstacles in integration and report these to parliament. In addition, the Department of Religious Affairs' (Diyamet) offices in the destination countries facilitate the integration of Turkish migrant workers.

C

Migrant workers' insurance

Indonesia had provided specifically designed insurance to migrant workers, but the program had experienced significant challenges. According to the World Bank's study on Indonesia Overseas Migrant Workers' Insurance (World Bank, 2016a), the migrant workers' insurance scheme encountered problems on several levels, including: a lack of coordination between the three agencies most closely involved, namely the Ministry of Finance, the Ministry of Manpower and BNP2TKI; an overly complex and time-consuming process in making claims, with little clarity on the risks covered and a failure to take the low literacy levels of many migrant workers into account; and design flaws whereby insurance companies are

required to cover uninsurable risks. Establishing the validity of insurance claims was also a major challenge, particularly for those migrant workers who were victims of loss categorized as uninsurable risks, such as early termination, physical abuse or sexual harassment. There was also the issue of double protection, and therefore double payment, by some migrant workers in certain cases.²³

At the same time, there was a lack of a reliable and integrated database on migrant workers' insurance, despite the introduction of individual electronic identity cards for migrants (World Bank, 2016a). These cards, called *Elektronik Kartu Tenaga Kerja Luar Negeri*, or e-KTKLN, should help to

²³ For a more detailed discussion regarding migrant Indonesia workers' insurance, read "Improving Migrant Workers' Protection: Review of the Indonesian Overseas Migrant Workers' Insurance (Asuransi TKI), Workshop Edition. World Bank: Jakarta (World Bank, 2016a).

identify where migrants work and their employment status, as they provide information on destination countries, recruitment agencies, employers/business partners, insurance providers, and bank account and placement details. However, the information often becomes outdated when migrants change their jobs while abroad, unless they voluntarily inform details of the change to the authorities. Furthermore, so far no assessment has been made to evaluate the effectiveness of this new initiative, which should be an essential part of the design process.

With the advent of a mandatory National Social Security System (SJSN) in Indonesia, migrant workers' insurance has recently been brought under this umbrella. The government stakeholders, including the Ministry of Manpower, BNP2TKI, the Ministry of Foreign Affairs, the Financial Services Authority (*Otoritas Jasa Keuangan*, or OJK) and the National Social Security Council (*Dewan Jaminan Sosial Nasional*, or DJSN), have made an agreement with the Social Security Administration Agency (*Badan Penyelenggara Jaminan Sosial*, or BPJS) for Employment and the BPJS for Health to integrate migrant workers' insurance into the national scheme under the SJSN. The idea is that, under the SJSN, migrant workers should be covered from the pre- to post-departure stages of migration, while applying transparency, accountability, and the nine aspects of the SJSN²⁴ in its implementation, to ensure the main responsibilities and roles of each institution involved are clearly defined and agreed upon.

The biggest challenge is to provide coverage for migrant workers while they are overseas. Given that migrants are physically outside Indonesia when they take up employment, this will require specific arrangements between the two branches of BPJS as the administrators, and the insurance system providers of destination countries. This will therefore require social security administrators to have bilateral agreements with destinations countries, as well as government-to-government (G2G) MoUs that should consider the employers' capacity to pay contributions, the social security regulations in each country, and how to coordinate benefits and contributions, as well as service delivery and administration (e.g., Moldova's agreement with Italy, Portugal or other receiving EU countries).

Designing the migrant workers' insurance scheme for insurable risks should also be made a priority to provide comprehensive protection. While the SJSN can only cover insurable risks, the number of incidents of uninsurable risk events is substantial and cannot be ignored. It is therefore vital for the government to find a solution to ensure the coverage of these risks. A top-up plan to cover uninsurable risks outside the SJSN, such as covering early terminated, physical abuse and sexual harassment, should be administered by another government institution outside the BPJS.

²⁴ These nine aspects are: (i) legislation; (ii) coverage or membership; (iii) program (including program design); (iv) asset and investment management; (v) finance and reporting; (vi) institutions and governance; (vii) development of business processes and information technology system support; (viii) public education or socialization; and (ix) monitoring and evaluation.



4

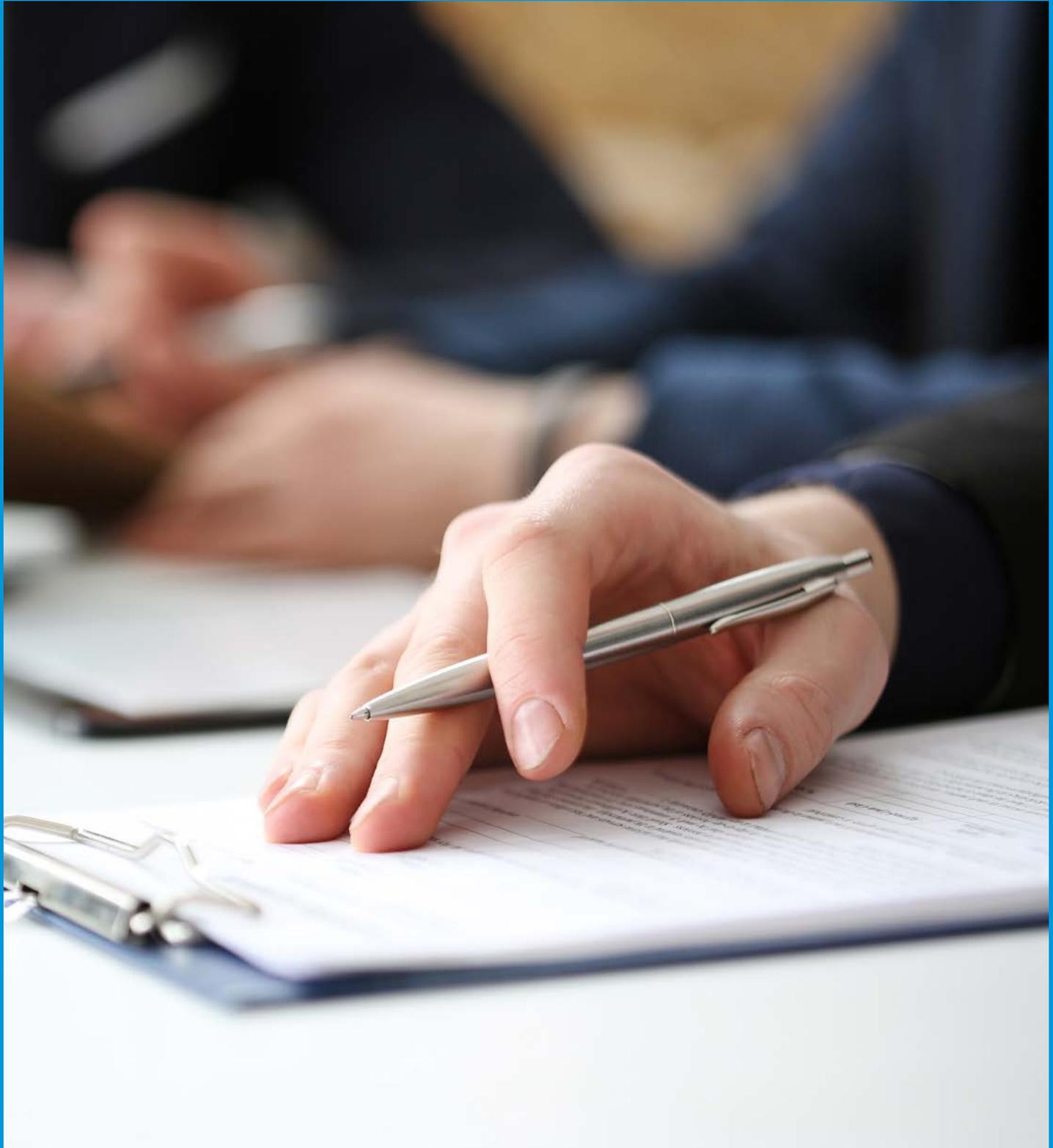
AFTER MIGRANTS RETURN: SUSTAINING THE BENEFITS OF THE MIGRATION EXPERIENCE & REMITTANCES

Sustaining the benefits of labor migration should become an integral part of the overall process, requiring its own set of policies. The benefits that accrue from international labor migration cover a multitude of aspects, from the various skills acquired by working overseas, the broad life-enriching experience gained by migrants while living abroad beyond the routine of working and earning income, and the resulting remittances sent to family members to support their welfare and, if possible, for longer-term investments in education, health and business capital. The government can play an important role in enabling a conducive environment that harnesses the development impact of migration and ensures that the impact of remittances is sustainable.

The government should focus on creating an environment in which market participants generate more options for migrant households to save for their future. Remittances provide an opportunity for workers and their families to cover not only their short-term needs, but also to make longer-term investments. While consumption spending has a significant positive impact in reducing poverty, with various savings/investment opportunities available, migrants and their families can plan for longer-term investments, including small business start-ups, or higher education for children. Several countries have undertaken interesting initiatives to harness remittances for development (e.g., the Philippines and Sri Lanka), but more research is needed to understand how suitable such initiatives would be for Indonesia and, if suitable, how they might be best adapted to the Indonesian context.

Policies are also needed to help returnees, especially women, to better reintegrate in the domestic economy to avoid dropping out of the labor force. While the share of returned migrants engaging in paid work increases compared with their activities prior to migration, and many returnees receive higher salaries than prior to migrating, almost half of female migrant workers become economically inactive after returning home. The government could play a more active role in supporting returning migrants, especially women, to enter the domestic labor force. This could start by finding out what the migrant workers aspire to do before they arrive home by conducting surveys on this issue during their employment overseas, for example to be carried out by a diaspora group. Other countries, such as the Philippines and Sri Lanka, actively assist migrant workers, especially women, to acquire entrepreneurial skills and financial literacy to help facilitate their re-entry into the domestic job market, although the effectiveness of these programs has yet to be fully assessed. Such international experience could be considered for piloting in Indonesia.





5

GOOD GOVERNANCE: REVISITING INSTITUTIONAL ARRANGEMENTS & INTRODUCING BETTER MONITORING & EVALUATION

Effective institutional arrangements are key to maximizing the benefits of migration by reducing the social and financial costs of migration. Current Law No. 39/2004, together with Minister of Manpower Decree No. 22/2014 that regulates the implementation of the law, stipulates that individuals have the right to work abroad and that the government's role is to empower individuals, facilitate the outflow process, and protect their security during overseas employment. Successful implementation of these policies will require strong coordination across line ministries and other stakeholders involved in the management of Indonesian labor migration.

Clarity in the roles and responsibilities of the national agencies responsible for the design and implementation of migration policies and programs is imperative to the success of the government's reform efforts to streamline and harmonize labor migration processes, reduce migration costs incurred by Indonesian workers and increase the benefits of migration for migrants and their families. Specific functions of institutions responsible for labor migration should preferably be stipulated in executive orders or other forms that specify implementing rules and regulations. Migration landscapes can frequently change, driven by unforeseen changes in external environments, or technological changes and innovations. Stipulating institutional functions and structures in law can create unnecessary rigidity in institutional arrangements, hindering the government in achieving timely responses to newly developing issues.

Indonesia would benefit from establishing a coordinating mechanism to inform the formulation of labor-migration policies. Since migration is a cross-sectoral issue, such a mechanism should consist of representatives from all the relevant ministries and agencies, as well as the private sector and civil society organizations to balance various concerns and interests. Deliberations by the coordinating mechanism should be underpinned by field data and rigorous analyses of policy implementations.

Significant efficiency gains in the implementation of labor-migration policies can be realized by bringing the various functions currently being carried out by different institutions under the oversight of one ministry. The experiences of countries with a mature level of migration governance, such as Germany, the Rep. of Korea, and the Philippines, indicate that a single-lead-ministry approach appears to be the most effective in governing migration and enhancing coordination across relevant line ministries and agencies.

Meanwhile, developing a monitoring and evaluation system would help to support evidence-based policy reforms. The current lack of an effective M&E framework limits the government's ability to gauge whether policies and programs related to international migrants are working. A more effective M&E system would enhance the government's ability to improve the quality of policy interventions, and to understand whether the interventions have achieved their planned objectives. A coherent M&E system would enable the government to adjust the course of policy and program implementation in a timely manner, formulate policy reform based on evidence, and help to improve transparency (Box 6.1).

Reference

- Acosta, P. (2007). Entrepreneurship, Labor Markets and International Remittances: Evidence from El Salvador. In C. Ozden, & M. Schiff, *International Migration Policy and Economic Development: Studies across the Globe*. Washington, DC.: World Bank.
- Adams, R., & Cuecuecha, A. (2011). The Economic Impact of International Migration and Remittances on Poverty and Household Consumption and Investment in Indonesia. *Policy Research Working Paper 5433*.
- ADB (Asian Development Bank Institute), ILO (International Labour Organization), and OECD (Organisation for Economic Co-operation and Development). (2016). *Labor Migration in Asia: Building Effective Institutions*. Asian Development Bank Institute, International Labour Organization, and Organisation for Economic Co-operation and Development.
- Adjerad, S. (2003). Dynamisme du secteur des emplois familiaux en 2002. *Premières Informations Vol. 51*, 1-4.
- Agunias, D. (2010). *Migration's Middlemen: Regulating Recruitment Agencies in the Philippines - United Arab Emirates Corridor*. Washington, DC.: Migration Policy Institute.
- Agunias, D. R., & Ruiz, N. G. (2007). *Protecting Overseas Workers: Lessons and Cautions from the Philippines*. Washington, DC.: Migration Policy Institute.
- Aladuwaka, S., & Oberhauser, A. (2014). "Out of the Kitchen": Gender, Empowerment and Microfinance Programs in Sri Lanka. In A. Oberhauser, & I. Johnston-Anumonwo, *Global Perspectives on Gender and Space: Engaging Feminism and Development* (pp. 35-51). New York: Routledge.
- AP Migration. (n.d.). *Saudi Arabia bans domestics after the Philippines imposed conditions for employing their nationals*. Retrieved from AP Migration: <http://apmigration.ilo.org/news/saudi-arabia-bans-domestics-after-the-philippines-imposed-conditions-for-employing-their-nationals>
- Asis, M. M., & Mendoza, D. R. (2012). *Strengthening Pre-Departure Orientation Programmes in Indonesia, Nepal and the Philippines*. Bangkok and Washington, DC.: International Organization for Migration and Migration Policy Institute.
- Bazzi, S., & Bintoro, M. (2015). *Review of Policy-Oriented Research on the Protection of Indonesian Overseas Migrant Workers*. Internal Review for MAMPU Program.
- Bazzi, S., & Bintoro, M. (n.d.). *Empowering Indonesian Migrant Workers to Access Quality Overseas Placement Services: A Feasibility Assessment*. Abdul Latif Jameel Poverty Action Lab.
- BNP2TKI (Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia). (2015a). *Data Penempatan dan Perlindungan TKI*. Retrieved from BNP2TKI: http://www.bnp2tki.go.id/stat_penempatan/index
- BNP2TKI (Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia). (2015b). *PPT Sistem Online Transaksi Non Tunai Penempatan Dan Perlindungan TKI Melalui SISKOTKLN dan Channel Perbankan*.
- BNP2TKI (Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia) Press Release. (2014, August). *BNP2TKI Committed to Facilitate Migrant Workers Claim Their Insurance*. Retrieved from <http://www.bnp2tki.go.id/read/545/BNP2TKI-Berkomitmen-Fasilitasi-Pelayanan-Klaim-Asuransi-TKI>
- BNP2TKI Decree SE.02/KA/VII/2009 on the Protection of Migrant Workers through Insurance. (n.d.).
- Buchori, C. (2007). *Access to Finance Issues for Migrant Workers and Their Families: Findings from the Cirebon Field Study*. CFO (Commission on Filipinos Overseas).
- (2015). *Yearbook of Statistics 2015*.
- Decree of the Minister of Manpower Number 7 Year 2015 concerning The Procedure of Electronic Overseas Employment ID Card (e-KTKLN) to the Indonesian Migrant Workers. (n.d.).
- Desiderio, M., & Weinar, A. (2014). *Supporting Immigrant Integration in Europe? Developing the Governance for Diaspora Engagement*. Washington, D.C.: Migration Policy Institute.
- Deutsche Welle. (2015, May 6). *Indonesia Hentikan Pengiriman TKI ke Timur Tengah*. Retrieved from Deutsche Welle: <http://www.dw.com/id/indonesia-hentikan-pengiriman-tki-ke-timur-tengah/a-18431515>
- DOLE (Department of Labor and Employment) Republic of Philippines. (2015, December). *Directory - Philippines Overseas Labor Office*. Retrieved from <http://www.dole.gov.ph/pages/view/24>
- Embassy of the Philippines in Athens, Greece. (n.d.). *Philippines Overseas Labor Office (POLO)*. Retrieved from <http://www.athenspe.dfa.gov.ph/philippine-overseas-labor-office-polo>
- Emirates 24/7. (2012, January 26). *Saudi Bows to Philippines' Demands Over Maids*. Retrieved from Emirates 24/7: <http://www.>

emirates247.com/news/region/saudi-bows-to-philippines-demands-over-maids-2012-01-26-1.439577

Ethirajan, A. (2011, November 11). *Technology Boost Bangladesh Migrant Job Search*. Retrieved from BBC: <http://www.bbc.co.uk/news/mobile/business-15478712>

European Monitoring Centre on Change. (2009, October 28). *Universal service employment cheque, France*. Retrieved from Eurofund: <http://www.eurofound.europa.eu/observatories/emcc/case-studies/tackling-undeclared-work-in-europe/universal-service-employment-cheque-france>

Farbenblum, B., Taylor-Nicholson, & Paoletti, S. (2013). *Migrant Workers' Access to Justice at Home: Indonesia*. Retrieved from Faculty Scholarship Paper 495: http://scholarship.law.upenn.edu/faculty_scholarship/495

Firdausy, C. (2005). *Trends, Issues and Policies Towards International Labor Migration: An Indonesian Case Study*. New York: United Nations Secretariat.

GMA News. (2013, May 21). *60,000 Pinoy Domestic Workers to Benefit as PHL-Saudi Labor Pact Takes Effect*. Retrieved from GMA News: <http://www.gmanetwork.com/news/story/309311/news/pinoyabroad/60-000-pinoy-domestic-workers-to-benefit-as-phl-saudi-labor-pact-takes-effect>

Government Regulation Number 3 Year 2013 concerning Protection for Indonesian Migrant Workers Overseas. (n.d.).

Government's Medium-Term Development Plan (Rencana Pembangunan Jangka Menengah Nasional) 2015 - 2019. (n.d.).

Haas, H. (2006). *Engaging Diasporas: How Governments and Development Agencies can Support Diaspora Involvement in the Development of Origin Countries*. Oxfam Novib.

Hall, A. (2012). Migrant Workers and Social Protection in ASEAN: Moving Towards a Regional Standard? *Journal of Population and Social Studies* 21 (1), 12-38.

Hernandez-Coss, R., Brown, G., Buchori, C., Endo, I., Todoroki, E., Naovalitha, T., . . . Mar, C. (2008). The Malaysian-Indonesia Remittance Corridor: Making Formal Transfers the Best Option for Women and Undocumented Migrants. *World Bank Working Paper No. 149*.

ILO (International Labor Organization). (1999). *Migrant worker remittances, micro-finance and the informal economy : prospects and issues*. International Labor Organization.

ILO (International Labor Organization). (2013). *Reintegration with Home Community: Perspectives of Returnee Migrant Workers in Sri Lanka*. Geneva: International Labor Organization.

ILO (International Labor Organization). (2015a). *Bilateral Agreements and Memoranda of Understanding on Migration of Low Skilled Worker: A Review*. Geneva: International Labor Organization.

ILO (International Labor Organization). (2015b). *The Role of ASEAN Labour Attaches in the Protection of Migrant Workers*. Bangkok: International Labor Organization.

ILO (International Labor Organization). (2015c). *Coordination and Role of Key Stakeholders in Setting Up and Implementing Policies and Procedures to facilitate Recruitment, Preparation, Protection Abroad, and Return and Reintegration: Background Paper to the 7th ASEAN Forum on Migrant Labour (AFML)*. Bangkok: ILO Regional Office for Asia and the Pacific.

IOM (International Organization for Migration). (2000). *Best Practices Concerning Migrant Workers and their Families*. Santiago: International Organization for Migration.

IOM (International Organization for Migration). (2010a). *International Migration and Migrant Workers' Remittances in Indonesia: Findings of Baseline Surveys of Migrant Remitters and Remittance Beneficiary Households*. Makati City: International Organization for Migration.

IOM (International Organization for Migration). (2010b). *Labour Migration From Indonesia: An Overview of Indonesian Migration to Selected Destination in Asia and the Middle East*. Jakarta: International Organization for Migration.

IOM (International Organization for Migration). (2011). *Labour Migration from Colombo Process Countries: Good Practices, Challenges and Ways Forward*. International Organization for Migration.

IOM (International Organization for Migration). (2013). *Country Migration Report: The Philippines 2013*. Makati City: International Organization for Migration.

IOM (International Organization for Migration). (2015). *Reintegration: Effective Approaches*. Geneva: International Organization for Migration.

IOM (International Organization for Migration), United States Government Office to Monitor and Combat Trafficking in Persons (G/TIP), BNP2TKI (Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia), and the Ministry of Manpower. (2011). *Pocket Book for Prospective Migrant Worker: Working Abroad Legally and Safely*.

Jakarta Post. (2016, March 18). *Women's Group Demands Better Protection of Migrant Workers*. Retrieved from Jakarta Post: <http://www.thejakartapost.com/news/2016/03/18/womens-group-demands-better-protection-migrant-workers.html>

- Jayaratne, S., Perera, N., Gunasekera, N., & Arunatilake, N. (2014). *Returning Home: Experiences & Challenges The Experience of Returnee Migrant Workers of Sri Lanka*. Colombo: Institute of Policy Studies of Sri Lanka.
- Kahneman, D., & Tversky, A. (1984). Choices, Values, and Frames. *The American Psychologist*, 341-350.
- Kloppenburg, S., & Peters, P. (n.d.). Confined Mobilities: Following Indonesian Migrant Workers on Their Way Home. *Tijdschrift voor Economische en Sociale Geografie* 103(5), 530-541.
- KNOMAD (The Global Knowledge Partnership on Migration and Development) & ILO (International Labor Organization). (2015). *Bilateral Agreements and Memoranda of Understanding on Migration of Low Skilled Workers: A Review*.
- Laglagaron, L. (2010). *Protection through Integration: The Mexican Government's Efforts to Aid Migrants in the United States*. Washington, D.C.: Migration Policy Institute.
- Law No. 39/2004 on the Placement and Protection of Indonesian Workers Abroad. (n.d.).
- Le Feuvre, N. (2000). *Employment, family and community activities: A new balance for men and women- summary of the French national report*. Dublin: European Foundation for the Improvement of Living and Working Conditions.
- Lee, K. K. (2016, February 2016). *Malaysia and Bangladesh sign MoU for 1.5 million workers today*. Retrieved from New Straits Times Online: <http://www.nst.com.my/news/2016/02/128203/malaysia-and-bangladesh-sign-mou-15-million-workers-today>
- MAMPU (Maju Perempuan Indonesia Untuk Penanggulangan Kemiskinan). (n.d.). *DESBUMI, Model Villages to Protect Migrant Workers*.
- Manlulo, B. (n.d.). *The E-Overseas Filipino Workers Link (E-Link)*. Retrieved from NCC: http://www.ncc.gov.ph/files/e_overseas.doc
- Manual of Operations, Policies and Guidelines for the Philippine Overseas Labor Office. (n.d.).
- Ministry of Overseas Indian Affairs. (2011). *Annual Report 2010-2011*. Ministry of Overseas Indian Affairs.
- Morejon, A. (2015). *"El Cucayo" Contestable Fund Program: Social and Economic Impact on Migratory Phenomenon of Azuay*. University of Azuay: Cuenca.
- National Secretariat for Migrants. (2013). *Evaluation of "El Cucayo" Program*. Quito: SENAMI.
- (2015). *Negotiating Bilateral Labor Agreements for the Protection of Overseas Filipino Workers: The Philippine Experience (Presentation)*. Bali.
- Newland, K. (2013). *What We Know About Migration and Development*. Washington, DC.: Migration Policy Institute.
- Nguyen, T., & Purnamasari, R. (2011). Impacts of International Migration and Remittances on Child Outcomes and Labor Supply in Indonesia: How Does Gender Matter. *Policy Research Working Paper 5591*.
- Nicolas, I., & Agunias, D. (2014). *Global Forum on Migration and Development: Perspectives from Asia and the Pacific*. Manila: Migration Policy Institute.
- Open Society Foundations. (2013). *Akses Buruh Migran Terhadap Keadilan di Negara Asal: Studi Kasus Indonesia*. In *Migrant Workers Access to Justice Series*. New York: Open Society Foundations.
- OWWA (Overseas Workers Welfare Administration). (2011). *Annual Audit Report for CY 2011*.
- Philippines Administrative Code of 1987. (n.d.).
- PIDS (Philippine Institute for Development Studies). (2011). *The Governance of Indonesian Overseas Employment in the Context of Decentralization*. Jakarta: SMERU.
- Presidential Regulation Number 81 Year 2006 concerning National Agency for the Placement and Protection of Indonesian Migrant Workers. (n.d.).
- Rasooldeen, M. (2013, February 5). *Lanka Insists on Insurance Coverage for Housemaids*. Retrieved from Arab News: <http://www.arabnews.com/saudi-arabia/lanka-insists-insurance-coverage-housemaids>
- RCA+. (2015). *Perspectives and Experiences of International Migrant Workers and Their Families*. Jakarta: RCA+.
- Regulation of Ministry of Manpower and Transmigration Number 7 Year 2010 concerning Indonesian Employment Insurance. (n.d.).
- Regulation of the Minister of Manpower Number 22 Year 2004 concerning the Placement and Protection for Indonesian Migrant Workers Overseas. (n.d.).
- Regulation of the Minister of Manpower Number 45 Year 2015 concerning the Placement Cost of Indonesian Migrant Workers Overseas. (n.d.).
- Republic Act No. 8042 of 1995 on Migrant Workers and Overseas Filipinos Act of 1995. (n.d.).
- Republic of the Philippines Department of Labor and Employment. (2013, May 20). *Statement of Secretary Rosalinda Dimapilis on the signing of the Agreement on Domestic Worker Recruitment in Kingdom of Saudi Arabia*. Retrieved from www.dole.gov.ph: http://www.dole.gov.ph/ro_polo_updates/view/462
- Rosario, T. (2008). *Best Practices in Social Insurance for Migrant Workers: The Case of Sri Lanka*. Bangkok: International Labor Organization.

- Rouw, R. (2015, May 2015). *Pengiriman TKI Dihentikan, Pemerintah Harus Buka Lapangan Kerja*. Retrieved from Sindonews: <http://nasional.sindonews.com/read/1002585/17/pengiriman-tnki-dihentikan-pemerintah-harus-buka-lapangan-kerja-1431978915>
- Ruiz, N. (2008). *Managing Migration: Lessons from the Philippines*. World Bank.
- Sakdapolrak, P. (2002). *Protection for Women Migrant Workers: Policies of Selected Sending and receiving Countries*. Jakarta: Paper prepared for the World Bank Office.
- Sandi, M., Makovec, M., Purnamasari, R., & Savitri, A. (2016). *Intended vs. Unintended Consequences of Migration Restriction Policies: Evidence from a Natural Experiment in Indonesia*.
- Setyawati, D. (2013). Assets or commodities? Comparing regulations of placement and protection of migrant workers in Indonesia and the Philippines. *Austrian Journal of South-East Asian Studies* 6(2), 264-280.
- Sijapati, B. (2015). *Women's Labour Migration from Asia and the Pacific: Opportunities and Challenges*. Manila: Migration Policy Institute.
- SMERU. (2011, May-July). *Layanan Terpadu Satu Pintu Provinsi Nusa Tenggara Barat. Newsletter Mei-Juli 2011*.
- Tempo. (2009, June 10). *Siti Hajar: Sejak Hari Pertama Saya Sudah Disiksa*. Retrieved from Tempo: <https://m.tempo.co/read/news/2009/06/10/078181257/siti-hajar-sejak-hari-pertama-saya-sudah-disiksa>
- The North-South Institute. (2006). *Migrant Workers in Canada: A Review of the Canadian Seasonal Agricultural Workers Program*. Ontario: The North-South Institute.
- Varia, N. (2015, February 17). *Indonesia: Banning Migrant Domestic Work is Short-Sighted*. Retrieved from Human Rights Watch: : <https://www.hrw.org/news/2015/02/17/indonesia-banning-migrant-domestic-work-short-sighted>
- Weinar, A. (2016). *Country of Origin Support For Immigrant Integration*. KNOMAD.
- Whiteman, H. (2015, May 6). *Indonesia Maid Ban Won't Work in Mideast, Migrant Groups Say*. Retrieved from CNN: <http://edition.cnn.com/2015/05/06/asia/indonesia-migrant-worker-ban/>
- Woodruff, C., & Zenteno, R. (2007). Migration Networks and Micro-Enterprises in Mexico. *Journal of Development Economics* 82 (2), 509-528.
- World Bank. (2006a). *Expanding Job Opportunities for Pacific Islanders through Labour Mobility: At Home & Away*. Washington, DC.: World Bank.
- World Bank. (2006b). *Fact Sheet: Migration, Remittance and Female Migrant Workers*.
- World Bank. (2007). *Kompleksitas Mekanisme Penempatan BMP ke Luar Negeri: Beberapa Permasalahan dan Alternatif Solusinya*. Jakarta: World Bank.
- World Bank. (2008). *The Malaysia-Indonesia Remittance Corridor*. Washington, DC.: World Bank.
- World Bank. (2009). *Enhancing Access to Financial Services for Migrant Workers in Indonesia: Evidence from a Pilot Study of Three Provinces*. Jakarta: World Bank.
- World Bank. (2010). *Indonesia Jobs Report: Towards Better Jobs and Security for All*. Jakarta: World bank.
- World Bank. (2014a). *Indonesia: Avoiding the Trap. Development Policy Review 2014*.
- World Bank. (2014b). *International Migration and Development in East Asia and the Pacific*. Washington, DC: World Bank.
- World Bank. (2015). *Malaysia Economic Monitor: Immigrant Labour*. Kuala Lumpur: World Bank.
- World Bank. (2016a). *Improving Migrant Workers' Protection: Review of the Indonesian Overseas Migrant Workers' Insurance (Asuransi TKI). Workshop Edition*. Jakarta: World Bank.
- World Bank. (2016b). *Migration and Remittances Factbook 2016*. Global Knowledge Partnership on Migration and Development (KNOMAD).

Annex I

Survey on Indonesia's International Migration and Remittances

Annex I.1.

Introduction

International migrant workers have been playing an increasingly important role in Indonesia's labor market since the early 1980s. Today, more than 4.79 million Indonesian have legally migrated to other countries for job opportunities. The actual number of Indonesian migrant workers working overseas is estimated to be far higher since many more migrate illegally. These migrant workers send billions of dollars back to Indonesia annually, unquestionably supporting the country's economic development. In 2016 alone, Bank Indonesia's recorded US\$8.9 billion remittances from migrants, contributing a significant of 24 percent to country's balance of payments inflows from services and income. While migration on one hand has been seen as an opportunity for Indonesia, on the other hand there are many concerns about the human rights of Indonesian migrant workers as a result of many cases of harassment and exploitation.

Despite the importance of international labor migration in Indonesia, little research has been undertaken to better understand the socioeconomic costs and benefits of migration, to what extent migration and remittances affect migrants' households' development, as well as the country's economic development in general, and what would be the ideal migration policy for maximizing the benefits and reducing costs of international labor migration for Indonesia. Existing research on international migra-

tion from Indonesia mostly focuses on issues related to the vulnerability of migrant workers, much of which is supported by anecdotal information. The lack of rigorous and complete data on migration and remittances is one of the reasons behind the limited research and policy evaluation. Such data are vital in informing the policy dialogues on this important area.

In order to fill these gaps, the World Bank, in close collaboration with BPS, conducted the first ever complete nationwide survey in Indonesia on international migration and remittances. The WB-IIMR Survey collected information on migration and remittances throughout all stages of migration: before, during and after migration. The design and implementation of the WB-IIMR Survey was integrated to the National Socio-Economic Survey (*Survei Sosial Ekonomi Nasional, or Susenas*), a nationwide household-level survey regularly conducted by BPS to collect information at the household and individual levels on consumption, demographics, employment, education, housing conditions, and other socioeconomic indicators. Integrating the WB-IIMR Survey into Susenas allows for comprehensive analysis of the characteristics and behaviors of migrant workers' households versus non-migrant workers' households, or between different areas of the country, province by province, or rural compared with urban.

Annex I.2. WB-IIMR Survey Design

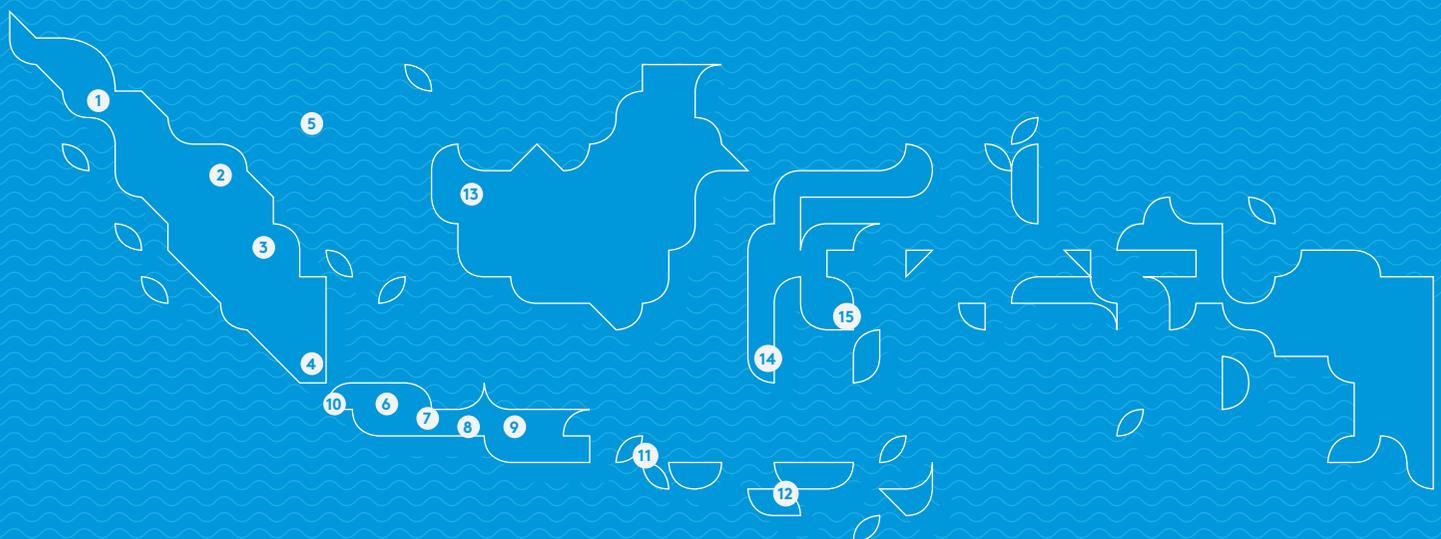
The WB-IIMR Survey was implemented in two rounds, by piggy-backing it to Susenas data collection in the fourth quarter of 2013 and first quarter of 2014. The households selected for the WB-IIMR Survey therefore followed the Susenas sampling frame for those respective quarters. However, the major origins of international migrant workers are concentrated only in some, and not all, areas of Indonesia. Given this phenomenon, the survey sample for the WB-IIMR Survey could not fully follow the Susenas sampling frame if it was to ensure representativeness of the migrant workers captured in the survey while also remaining cost-effective. The WB-IIMR Survey therefore focused only those areas considered to be pocket areas of migrant workers. In order to understand the distribution of migrant workers' households across areas of Indonesia, a preliminary analysis to estimate the number of mi-

grant workers' households were conducted using Susenas 2005-2007,

The estimate using both Susenas and PODES data showed 4 percent migrant worker households nationwide. This 4 percent estimate was then used as the threshold to select provinces and districts for the WB-IIMR Survey. A province was selected in the survey if the estimated number of migrant worker households in that province was not less than 4 percent. Similarly, within the selected province, a district would be selected for the survey only if the estimated number of migrant worker households in that respective district was not less than 4 percent with at least 10 households in it. By applying this approach, there were 104 districts within 15 provinces estimated to have a reasonable number of households with international migrant workers (Figure A.I.1).

Figure A.I.1
The 15 selected provinces
in the WB-IIMR Survey

- | | | |
|----------------------|------------------|------------------------|
| 1. North Sumatra | 6. West Java | 11. West Nusa Tenggara |
| 2. Riau | 7. Central Java | 12. East Nusa Tenggara |
| 3. Jambi | 8. DI Yogyakarta | 13. West Kalimantan |
| 4. Lampung | 9. East Java | 14. South Sulawesi |
| 5. Archipelagic Riau | 10. Banten | 15. Southeast Sulawesi |



Using this sampling method, it was estimated that the WB-IIMR Survey would obtain around 2,000 migrant worker households in each survey round from about 75,000 households in the Susenas samples (assuming that at least 96 percent of these household samples could be surveyed). If this estimated numbers could be met, the WB-IIMR Survey would represent more than 70 percent of migrant worker households nationwide.

Nonetheless, with purposively excluded non- or low-migrant worker districts in the selected provinces from the survey, analysis resulting from these survey data would not be able to represent the conditions of other provinces, nor to describe the situation of migrant workers and migrant households at the national level. Rather, the findings from this survey represent conditions in the specific concentrated areas of migrant workers

Figure A.I.2
Quantitative survey of
Indonesia's International
Migration and Remittances



Survey implementation

Piggy-backed to the National Socio-Economic Survey (Susenas) in December 2013 and March 2014.



Survey Instrument

All stages of migration (before, during, and after).



Sampling Coverage

104 districts in 15 provinces considered to be the main sending areas of Indonesian migrant workers.



Survey Size

4,660 migrant workers (former and current migrants) from 3,940 migrant households (representing around 70 percent of migrant households nationally).

Annex I.3.

**WB-IIMR
Survey
Instrument**

The questionnaire used in the WB-IIMR Survey consists of two sections. The first section is the screening section and the second section is the migration and remittances section. The screening questions were asked to every Susenas sample household in the selected districts, in order to find out whether there were household members who had previously become migrant workers (returning migrants) or former household members who at the time of the survey were working overseas (current migrants). Households having current or returning international migrant workers were then interviewed using the second section of the questionnaire: the migration and remittances section.

A number of consultations and pilots were conducted during the development of the questionnaires to ensure inclusion of key

issues and concerns on international migration.

- Consultations with relevant stakeholders and resource persons. Intensive discussions and consultations to gather inputs were conducted between the World Bank team and several stakeholders: BPS, BNP2TKI, TNP2K, Bank Indonesia specifically on remittances, and the Ministry of Women's Empowerment. Inputs and comments for questionnaire design were also received from other teams within the World Bank (Finance and Markets, KNOMAD, and PNPM Support Facility) that had worked on and/or had knowledge of migration issues in Indonesia or other countries.
- Questionnaire testing. Two pilots were conducted to test the flow and interview process of questions included in the ques-

tionnaires. The first pilot was conducted in Purwakarta (West Java), from which the findings were used to improve the questionnaire tested later in the second pilot in Lombok (West Nusa Tenggara). Revisions and improvements to the questionnaire design were also tested through trials involving a number of returning migrants.

- Workshops. Internal workshops with BPS and BNP2TKI were conducted to finalize the questionnaire and field manuals to conduct the survey. While BNP2TKI provided necessary inputs and suggestions on the contents, BPS contributed expertise on the technical aspects of the survey.

To structurally capture conditions and activities experienced by migrant workers throughout the whole stages of migration, the questionnaire is divided into sections and arranged according to the sequence of being an international migrant worker (Table A.I.1). It is started with questions from access to information before migration, recruitment and placement process, followed by questions on type of work, wage rate, working conditions abroad, and channel and usage of remittances. For returning migrant workers, there are additional questions on labor market participation after they returned from overseas.

Table A.I.1
Questionnaire structure

Location identification	
Filter question	
List for former and current migrant in the household	
Migrant worker's individual information	
Prior to migration	Reasons for working overseas
	Individual information prior to working overseas
	Recruitment process
	Job contract and type of job
	Migration costs
During migration	Salary and insurance
	The right for socialization and taking days-off
	Remittances
	Negative experiences
	Termination of job contract
After migration	Intention to work overseas again
	Impact of being a migrant worker

Annex I.4.

WB-IIMR Survey Data

Following the Susenas schedules, data collection for the WB-IIMR Survey was conducted in December 2013 (4Q13) and in March 2014 (1Q14). The two rounds of data collection in the selected districts visited around 35,350 Susenas sample households, of which about 11 percent, i.e., about 3,940 households, reported having an international migrant worker(s), either former or current.

Across survey areas, the highest number of migrant worker households is found in East Java (30 percent of total migrant worker

households), followed by West Java (26 percent), Central Java (17 percent), West Nusa Tenggara (13 percent), Lampung (4 percent), South Sulawesi (3 percent), West Kalimantan and East Nusa Tenggara (2 percent).

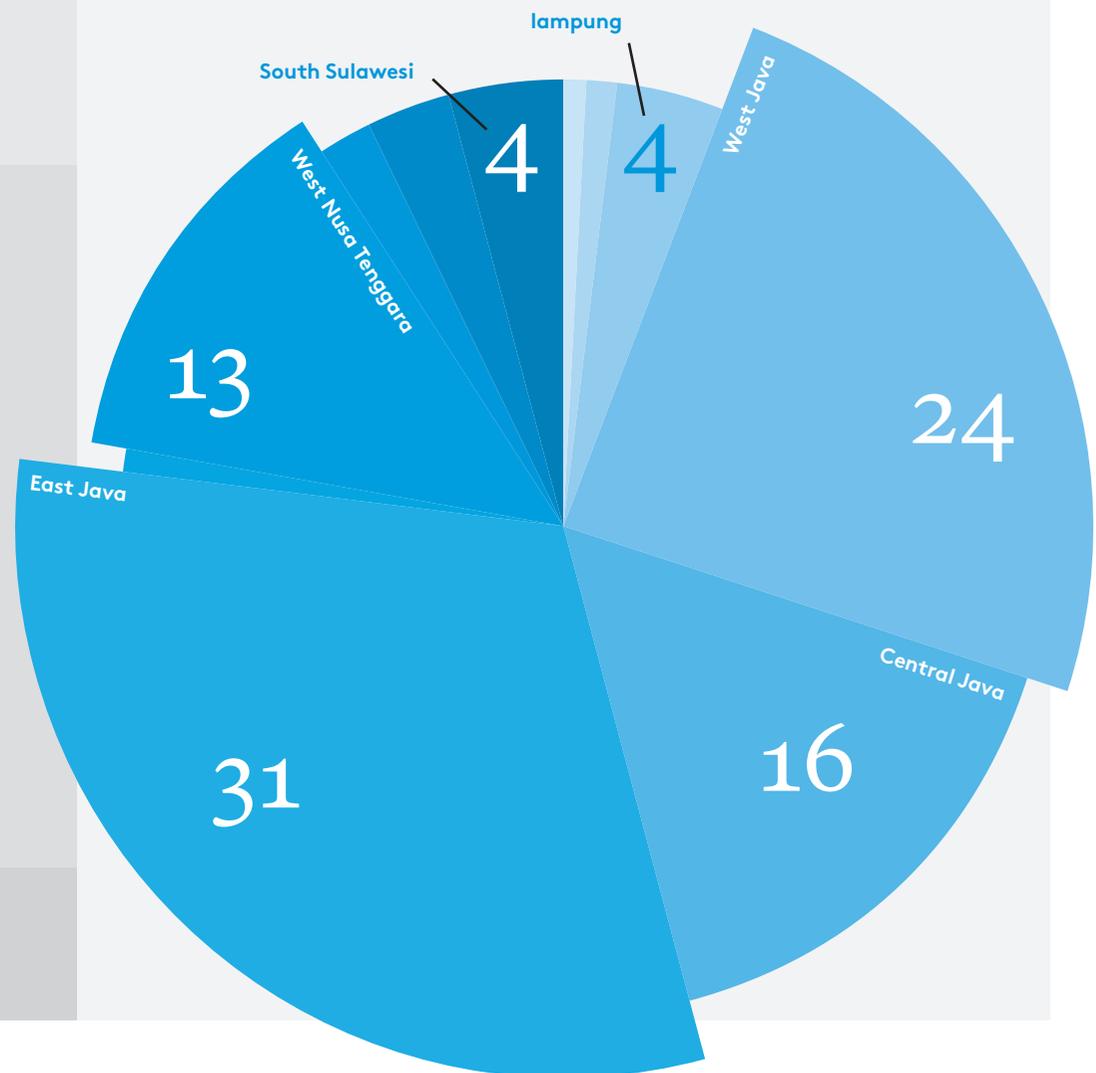
Within the 3,940 migrant worker households found in the survey, there are about 4,660 individuals defined as migrant workers, with 2,200 individuals categorized as former/returned migrant workers and 2,460 individuals still actively working overseas (current migrant) during the survey time.

As presented in Annex I.4, the distribution of individual migrant workers follows the distribution of household migrant workers where the highest percentage of migrant workers are from East Java (31 percent), followed by West Java (24 percent), Central Java (16 percent), West Nusa Tenggara (13

percent), Lampung and South Sulawesi (4 percent), West Kalimantan (3 percent), and East Nusa Tenggara (2 percent). Some basic findings on migrant worker compositions (by gender, current vs. former, and urban vs. rural) by province are also presented below (Figure A.I.3 to Figure A.I.7).

Figure A.I.3
Quantitative survey of
Indonesia's International
Migration and Remittances

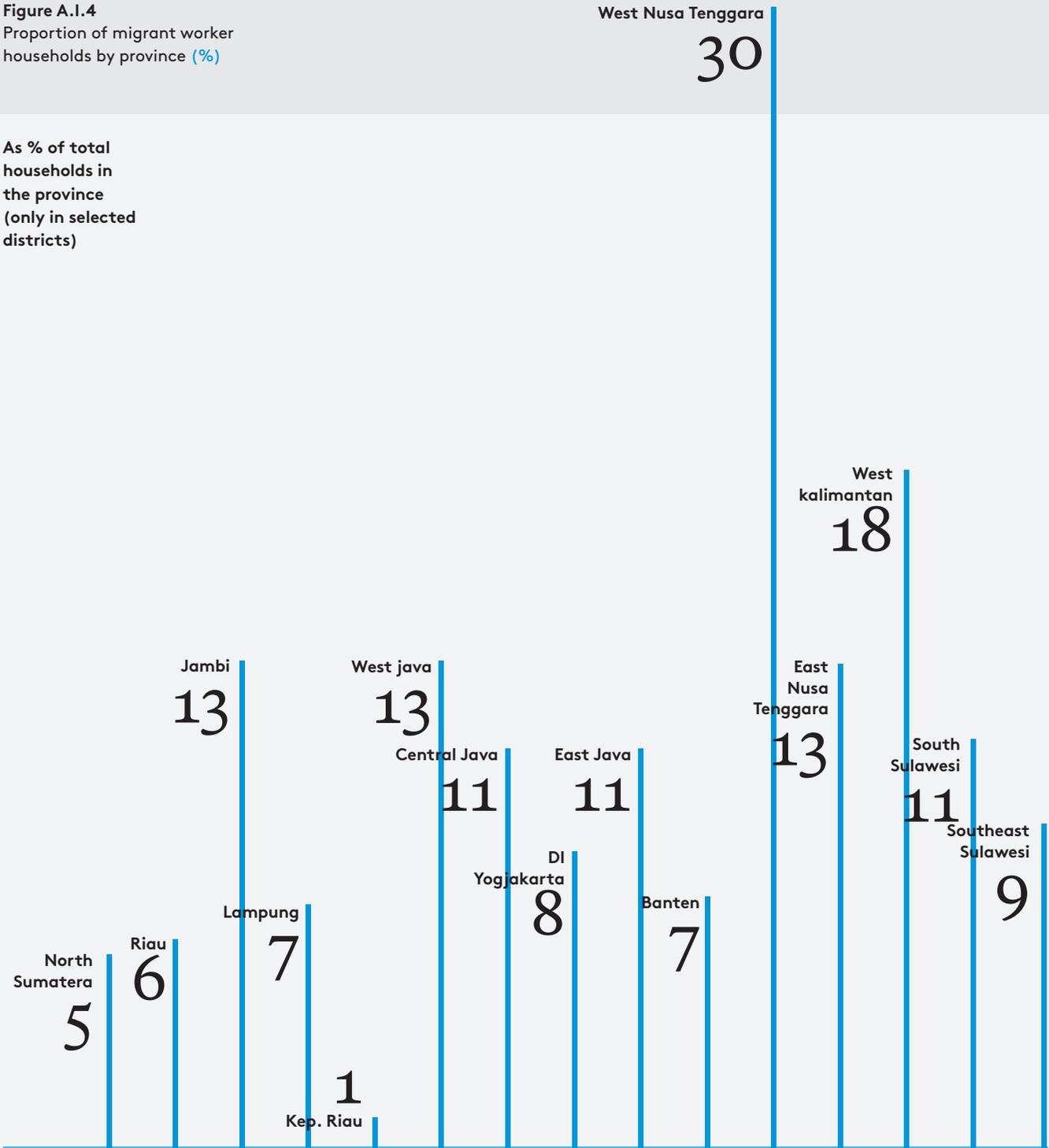
- Banten
- East Nusa Tenggara
- West Kalimantan



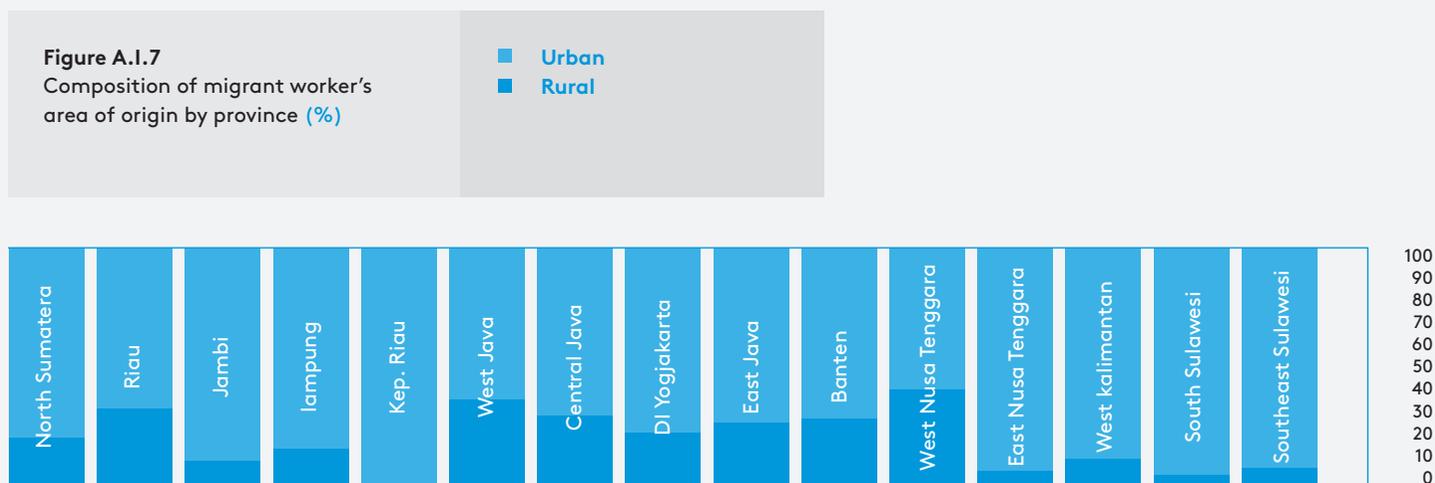
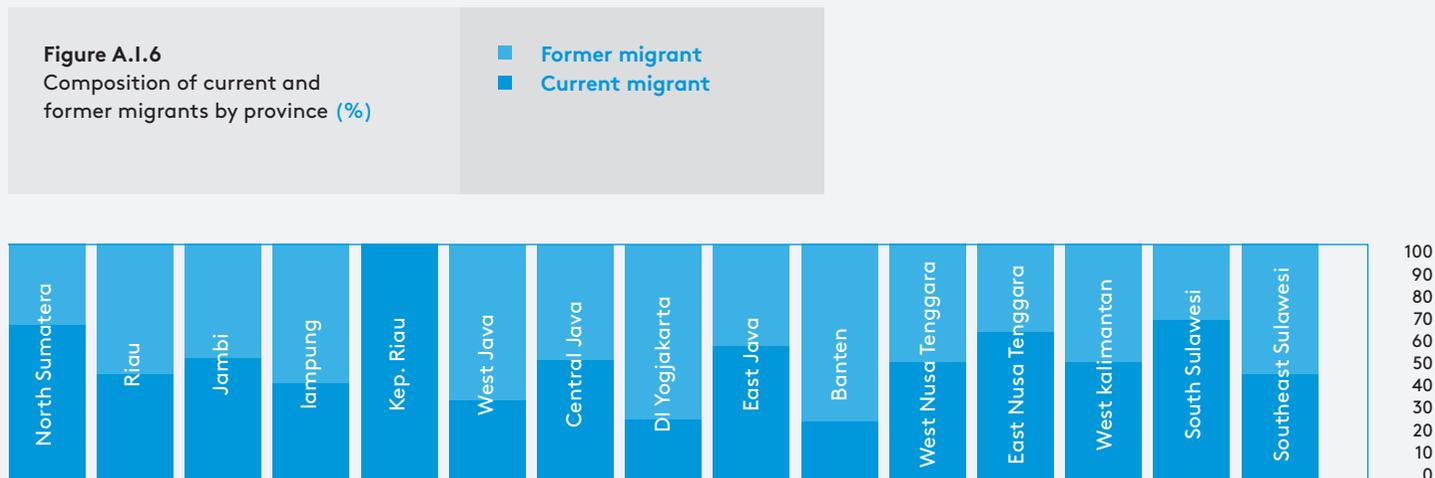
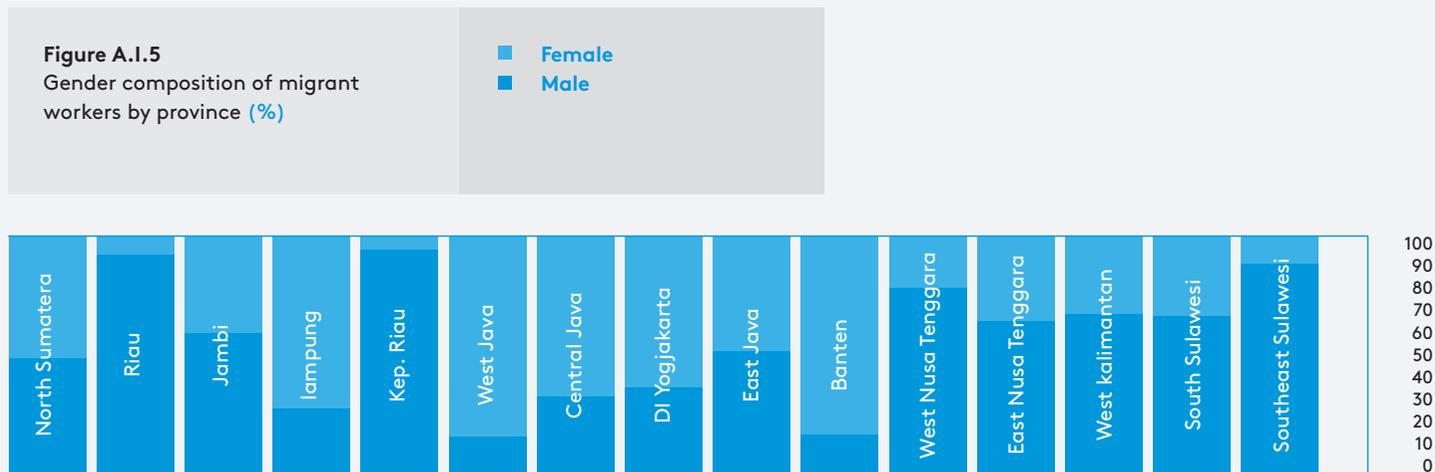
Source: World Bank International Migration and Remittances Survey 2013/2014.

Figure A.I.4
Proportion of migrant worker households by province (%)

As % of total households in the province (only in selected districts)



Source: World Bank International Migration and Remittance Survey 2013/2014.



Annex II

Steps to become a Documented Migrant Worker

