

Fact Sheet

MIGRATION, REMITTANCE AND FEMALE MIGRANT WORKERS

By:

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THE WORLD BANK

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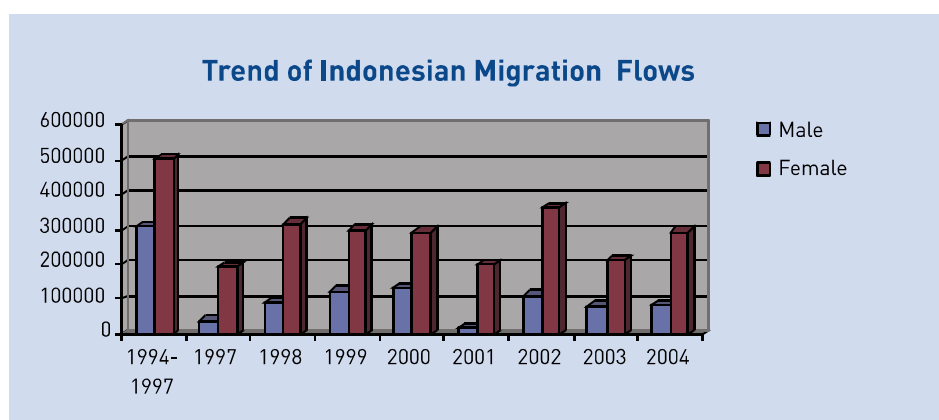
MIGRATION, REMITTANCE AND FEMALE MIGRANT WORKERS

How many Indonesian migrant workers are there?

- Approximately 400,000 Indonesians are registered to have legally migrated to other countries each year since 1998. The actual figure is estimated to be much higher because many migrate illegally.
- In 2004, the number of registered Indonesian migrant workers was 380,688 persons. Of this number, 83% are women. More than 90% of female migrant workers work in the informal sector as housemaids. The rest works in the agricultural and industrial sectors as daily labours, as caregivers to the elderly, shop assistants, and as waitresses.

What is the trend of migrant flows from Indonesia?

- The number of migrant workers tends to increase each year. A drastic increase occurred in 1997-1998 concomitant with the economic crisis occurring in Indonesia.
- A significant drop occurred in 2001 and in 2003 due to a temporary bar on placements in the Middle East and in Taiwan, stricter requirements for dispatching migrant workers, the spread of the SARS epidemic in a number of destination countries in the Asia and Pacific region, and the outbreak of war in the Middle East.



- During the 1980s, the migration of female workers, particularly the domestic sector, started to occur in significant numbers as a consequence of a new Government policy to promote labour exports.
- The percentage of female migrant workers continued to increase, so that by 1992 their number was 89% of the 95,908 registered Indonesian migrant workers. By 2001, their

percentage reached 91.5%. In 2004, although the percentage of female migrant workers dropped to 82.8%, their absolute number is still much higher compared to the number of male migrant workers.

Why do they migrate?

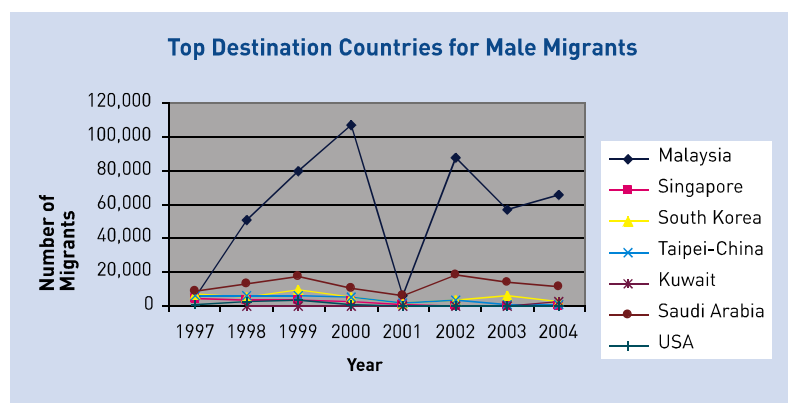
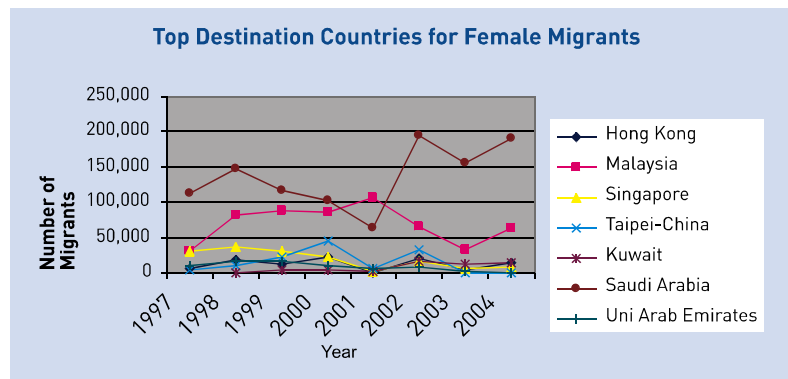
- Because the income in their villages is uncertain and is not enough to meet their daily living expenses.
- Because the number of jobs offered overseas is much higher as well as more varied and more promising.
- Following in the footsteps of family or friends who have already migrated earlier.
- Influence by agents whose role is significant in the recruitment process.
- To gain a higher social status.

Who are the Indonesian female migrant workers?

- The majority are from selected regions, such as West Java (Sukabumi, Cianjur, Indramayu); Central Java (Cilacap, Wonosobo); Yogyakarta (Kulon Progo); East Java (Malang, Kediri, Ponorogo); East Nusa Tenggara, West Nusa Tenggara, South Sulawesi, and Lampung.
- The majority are unskilled workers with a low education level, generally only up to primary school.
- The official documents generally record their age as between 18-40 years, but in fact their age ranges between 14-40 years.
- The majority are married and some are divorced.

Where do Indonesian female migrant workers migrate to?

- By the end of the 1970s, during the oil boom in the Middle East, the major destination country was Saudi Arabia, and there was a high demand for women in the domestic sector. Around 1990, the destination countries for female migrant workers expanded to South East Asia and the Asia Pacific region as a consequence of the opening of job opportunities by Governments in the host countries.
- Currently, the major destination countries for female migrant workers are: Saudi Arabia, Malaysia, Kuwait, Singapore, Hong Kong and Taiwan, while the destination countries for most of the male migrant workers are still Malaysia and Saudi Arabia.



- In Malaysia, the number of female migrant workers is less than the number of male migrant workers, while in Saudi Arabia it is the reverse. In 2004, the number of female migrant workers in Malaysia was 49%, and in Saudi Arabia 94% of the total registered Indonesian migrant workers.
- Malaysia is the favourite choice as destination country for illegal migrant workers.
- The government of Taiwan barred migrant workers in 2003 because of the high levies charge by local agents who are business partners of PJTKIs, high numbers of female migrant workers running away from their employers, and high numbers of cases of data falsifications in documents belonging to Indonesian migrants. It was reopened in April 2005. The destination countries in the Middle East were closed by the Government of Indonesia in March 2004 for 3 months in anticipation of the Gulf War, and from March till June 2005 to improve the placement system.

What are the costs of migrating for female migrant workers?

- Placement fees are officially stipulated by the Department of Manpower and Transmigration, but in reality the amount that migrants paid is much higher.

Country of Destination	Placement fee (Depnakertrans)	Fee paid by female migrant workers	Method of payment
Hong Kong	Rp 18,000,000	Rp 21,000,000	81% deducted from monthly wages during the first 7 months
Taiwan	Rp 24,000,000	Rp 36,000,000	67% deducted from monthly wages during the first 14 months
Saudi Arabia and middle eastern countries	Rp 500,000	Rp 600,000-Rp 3,500,000	Cash. In cases where they borrow other money from sponsor or local money-lenders, payment may be 3 times higher than the loan.
Malaysia	Rp 500,000	Rp 800,000	100% deducted from the monthly wages for 1 month

- The money to pay placement fee is obtained by borrowing from relatives, friends, money-lenders or the mediator who manages their departure process; or is deducted from wages upon employment.

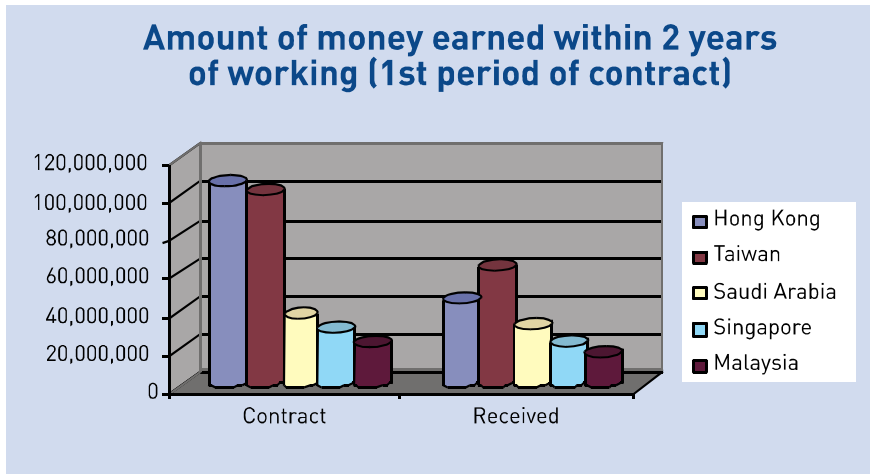
What are the wages of Indonesian female migrant workers?

- Workers in the informal sector (such as domestic help, or caregiver of the elderly, etc) are engaged on a contract for a work period of 2 years, after which they must go back to Indonesia. In the case of Taiwan, the contract can be extended by 1 year without having to return to Indonesia.
- Hong Kong is the only destination country that has a minimum wage regulation for migrant workers.
- Each destination country has a different wage standard. The highest wage is in Hong Kong and Taiwan, the lowest is in Malaysia.

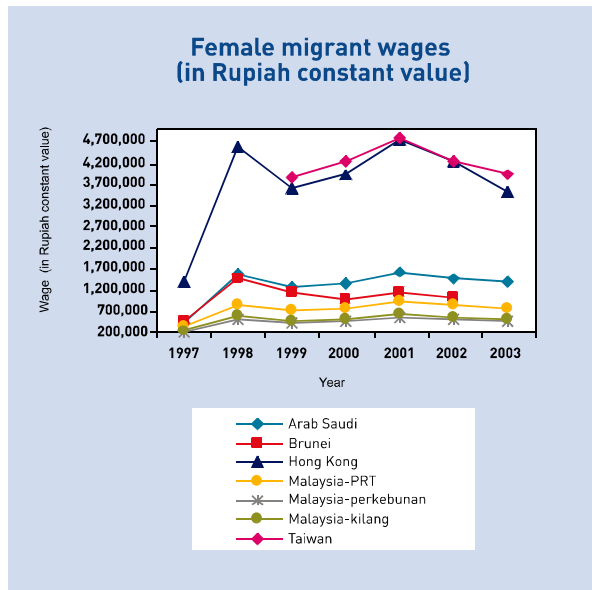
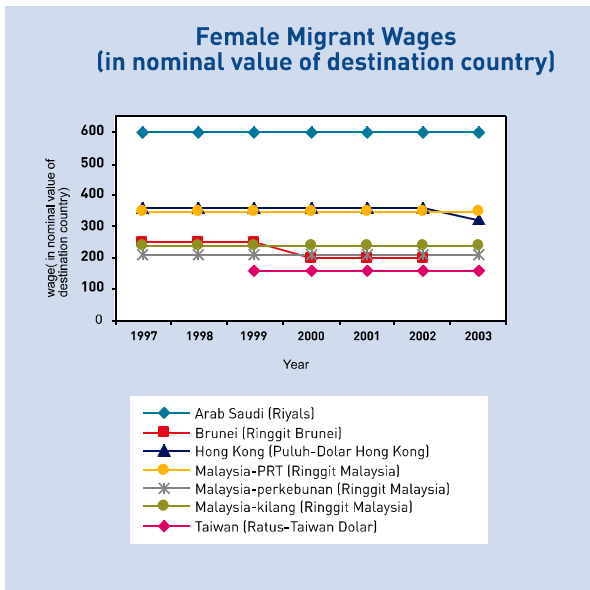
Destination Country	Monthly wages	Wages in Rupiah (2003)
Saudi Arabia	± SR 600	± 1,342,200
Jordan	± US\$ 150	± 1,269,900
Quwait	± KD 40	± 1,132,178
Abu Dhabi	± D 900	± 2,074,717
Qatar	± QR 550	± 1,279,203
Malaysia	± RM 350	± 761,600
Singapore	± Sin\$ 250	± 1,239,750
Hong Kong	± HK\$ 3,670	± 3,930,570
Taiwan	± NT 15.000	± 3.735.000

- In reality, the wages received are lower compared to the contract value. This is because generally many employers pay monthly wages below the value that was stipulated in the contract, as well as because of various deductions to repay the placement fee.

Amount of money earned within 2 years of working (1st period of contract)



- Based on the currency of the destination countries in nominal value, migrants do not receive increase in their wages over the years. When converted into the rupiah constant value, their wages shows a trend to decrease.



How do female migrant workers save money in the destination country?

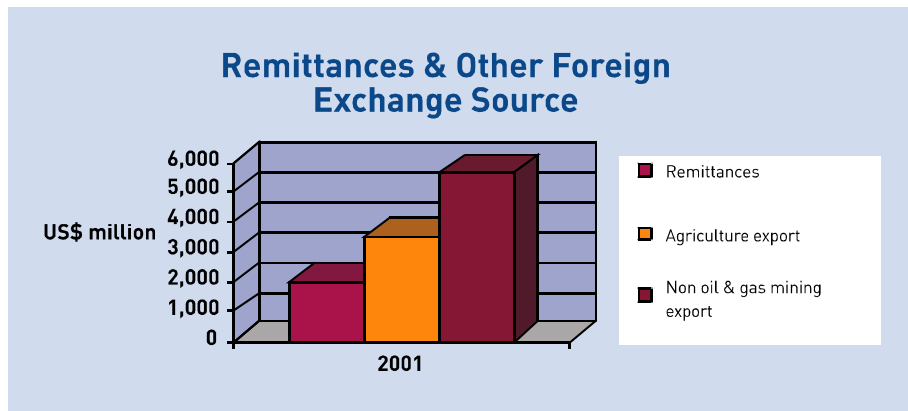
- By the employer, and they will ask for it when they want to send money to their family or when they are returning to Indonesia
- By themselves, in a clothes closet or under the mattress, until they are ready to send to their family
- In a savings account in their own name, which they close once they return home
- In the form of gold (usually if they work in Saudi Arabia or Malaysia).

How do female migrant workers remit their money?

- Formally they remit it through banks or the post office, whether personally or by asking the help of their employer or a friend.
- Informally they remit it through an Indonesian shop (specifically in Hong Kong), a middle person who specialises in the service of remitting money, through a friend or relative who is returning to the village.
- Cost of sending remittances varies, depending on the country where they are sending the money from and the way they choose to send it. For example, the cost of sending remittances through a formal channel (2003 rates) is: Malaysia Rp 25.000, Saudi Arabia Rp 12.500-20.000, Brunei Rp 100.000, Taiwan Rp 62.500-75.000 and Hong Kong Rp 20.000-35.000. To send informally, the cost is Rp 5,000-12,000 in Malaysia, and Rp 20,000-40,000 in Hong Kong.
- Frequency of remitting is quite irregular, depending on the request of the family in the home village. Nevertheless, during 1 contract period most migrants remit 2-4 times. During the first months of the contract it is difficult for them to send money home since most of their money goes for various deductions. Migrants in Hong Kong tend to remit money more regularly than migrants in other destination countries, and those in Malaysia face the most constraints in remitting money.
- The amount of money sent varies each time. Generally, they send Rp 1 to 5 million at a time, if it is through a bank. This is because there are migrants who send money every 2-3 months, but there are also migrants who save first for 1-2 years. If the money is sent through a friend, then it would be between Rp 250,000 to Rp 2 million.
- Recipient of remittances is usually the husband or the father of the female migrant worker.

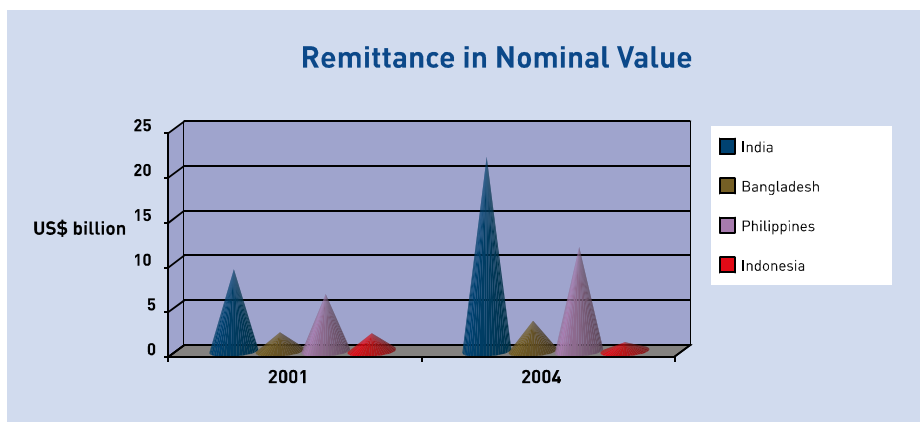
What is the value of remittances to Indonesia?

- The recorded remittances received by Indonesia were approximately US\$ 1.2 billion per year from 1998 till 1999, and nearly reached US\$ 2 billion in 2001. In 2002 the amount of remittances reached US\$ 2.1 billion, in 2003 US\$ 1.49 billion and decreased again in 2004 to US\$ 1 billion in line with the decrease of the numbers of Indonesians leaving to work overseas. For 2005, it is estimated that the total remittances reached US\$ 2.5 billion. In reality, the total remittances is much higher since not all in-flow are well recorded.
- The value of remittances at the national level is quite significant compared to the foreign exchange obtained from the non-oil and gas sector and agricultural exports.

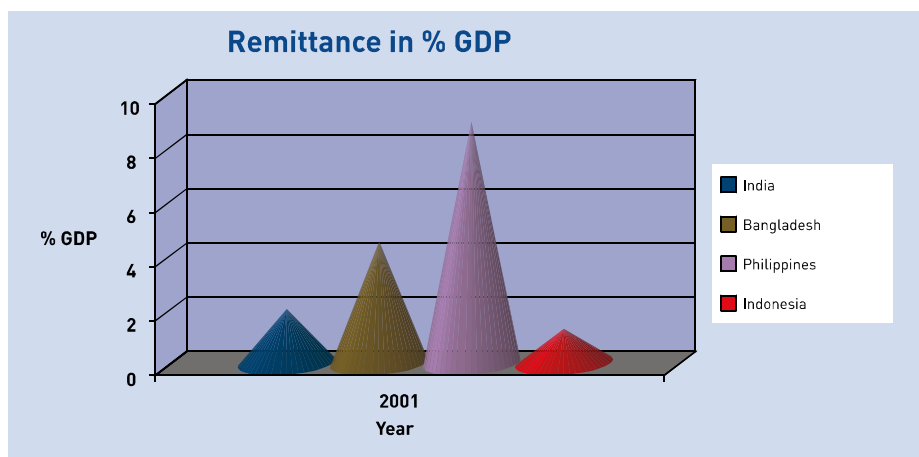


How does the value of Indonesian remittances compare to other migrant sending countries?

- Nominally the value of Indonesian remittances is relative lower compared to other sending countries.

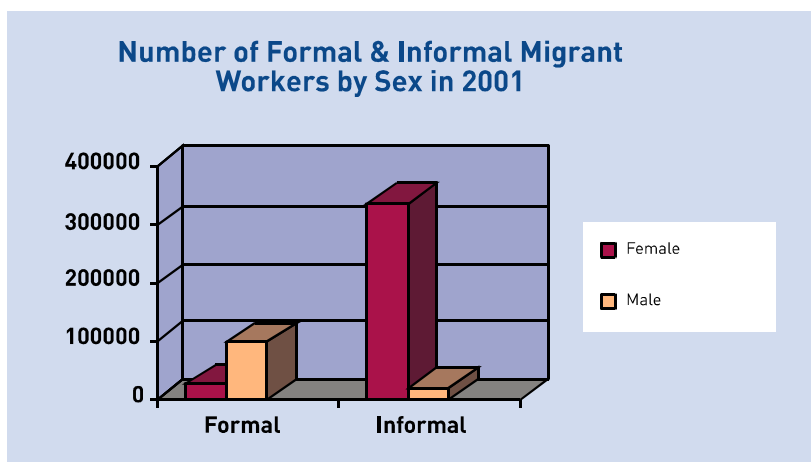


- Indonesian remittances as a percentage of GDP is also relatively lower compared to other sending countries.



Why are the Indonesian remittances relatively low?

- Many of the remittances that enter Indonesia are not detected because of inadequate recording system:
 - The formal data is inadequate because remittance does not have its own category, and remittance is frequently calculated by estimating from “all residual of balance of payment (BOP).”
 - The formal data from BOP frequently only calculate the amount of wire transfer of remittance, and not the in-flow of remittance.
 - The formal data frequently does not record remittances that are sent by temporary migrants (who are not permanent residents in the host country). Temporary migrants do not send home all of their money, but bring parts of it in cash when coming home. Therefore, formal data only calculate net in-flow and not gross in-flow.
 - Non-monetary goods and other valuable goods (gold from Saudi Arabia for example) are not yet included in calculating remittances.
- The wages received are relatively low because the majority of Indonesian migrant workers, particularly female migrant workers, are working in the informal sector. Since they are in a vulnerable position, there is no guarantee that they will receive their already meagre wages in full. Female migrant workers often do not receive the wages they are entitled to and even have to stop working before the contract period expired due to various problems, such as being cheated or being exposed to violence and harassment.

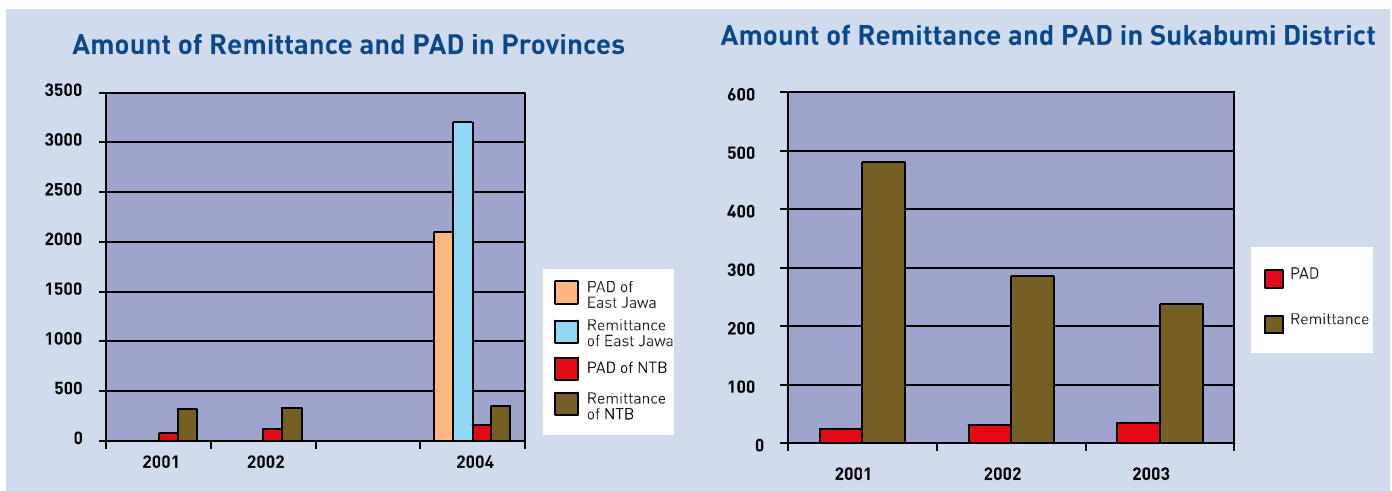


- There are a considerable number of illegal migrants coming home without being paid even though they have worked for months, sometimes even for more than a year.
- The high costs of placement and several types of additional costs payable by migrant workers makes it impossible for them to save and remit money in large sums.

- The difficulty to access banking services for illegal migrant workers in Malaysia made them prefer remitting their money through informal channels.

What is the role of remittances at the local level?

- Remittances sent by migrant workers constitutes significant revenues for the villages where migrants originated from.
- At the sub-national level, district and provinces receive significant amount of remittances. For example, following is a comparison of regional own source of revenues (*PAD*) and remittances (in billion rupiah) at provincial and district level.



- At the community level, remittances help stimulate local economy activities, particularly those that are responding to needs of migrant workers and their families, such as telephone kiosk, motorcycle taxi, credit for motorcycle, building material shops.

How are the remittances utilised by migrant workers and their families?

- The quality and quantity of remittance utilisation is quite varied among migrant workers, depending on the value of the remittances saved, sent and brought back personally.
- The major priority in the utilisation of remittances is to pay off debts, to meet the daily living needs, and to build a house including buying furniture. If there is any money left after spending on the above, it will be used to buy gold, buy motor cycle, buy land, buy or lease rice fields, buy livestock and pay for the children's education. Very few invest remittances in a business venture and succeed in managing it in a sustainable manner.
- Remittances are not utilised to access better health and education services which are not the priority of migrant families.
- If the remittance becomes the major or the sole source of income for the migrant worker's family, it tends to be exhausted to meet daily living expenses. If the migrant

workers have a sufficiently stable economic background, the remittance can be saved to enhance the family's assets.

- Remittances that are used to meet various living necessities without any other source of income will usually be exhausted within 2-7 months. After that they have to resell the assets that they have and go back to the original condition or work overseas again.

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