THE TRANSFORMATION OF WORK: Challenges and Strategies

LABOR MIGRATION AND INCLUSIVE GROWTH:

Toward Creating Employment in Origin Communities

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1. INTRODUCTION

1.1 Overview

Economic integration – characterized by trade and global value chains, cheaper and quicker transportation, and increasing flows of capital and investments – is prompting an ever-increasing number of people to cross borders in pursuit of new employment opportunities. The landscape of human mobility continues to grow more complex – with new South-South migration patterns, the proliferation of labor recruitment firms, and a rise in temporary contracts. The changing environment warrants new research on the linkages between emergent trends in labor migration and the broader aims of social and economic development.

Meanwhile, in the context of heightened concern over rising inequality and joblessness, a new policy dialogue is emerging around the concept of "inclusive growth." The term has quickly found its way into the rhetoric of governments, multilateral agencies, civil society groups, and even private sector stakeholders. It has been defined in a variety of ways, but centers on inserting the principles of equity, opportunity and sustainability into the goal of economic growth. Consensus is building that economies need a different way of growing – where outcomes are measured not only in terms of economic output but in terms of broad-based economic opportunity.

Despite the pervasiveness of both the discourse on inclusive growth and the long-standing dialogue on migration and its impacts, policymakers are yet to connect these two conversations. This paper is located at that nexus, asking what role labor migration – and migrants themselves – should play in realizing the aims of an inclusive growth agenda. While this question must be investigated in both origin and destination countries, the focus here is on the former, utilizing the case of Indonesia in particular.

One of the most critical planks of the inclusive growth agenda centers on the creation of high-quality jobs. The need for more and better jobs is felt most acutely, perhaps, in migrants' communities of origin – where a lack of viable employment opportunities is the principal driver of labor migration. Meanwhile, many of the world's most established development experts credit migration with spurring economic growth in countries of origin – some of which depend heavily on remittance capital. Unexamined is the question of whether the growth prompted by migration and remittance flows is inclusive: Does it stimulate quality job creation where it is needed most, in origin communities? Is there evidence that the economic benefits of migration will eventually stem the need to migrate? Or are migrant communities locked in a seemingly endless cycle of departure and return?

This paper investigates the intersection of labor migration and the inclusive growth agenda, with the goal of recommending specific policy interventions that can enable the Indonesian government and the governments of other origin countries to (a) limit the threats labor migration poses to inclusive, sustainable and rights-based development, and (b) expand the positive impacts of labor migration by making migrant workers agents in promoting and realizing an inclusive growth agenda in their origin communities.

1.2 Research questions

Three central questions frame this research, all examined in the context of Indonesia, though case studies and background literature will be drawn from other origin countries' experiences. The elements that reference communities of origin were investigated through primary research in the district of Sumbawa Besar, West Nusa Tenggara province, where the migration rate is among the highest in the country.

1. How is labor migration deployed as a development strategy by countries of origin?
2. What effect does labor migration have on local economic development in communities of origin? Does it stimulate the creation of more and better jobs in these communities through enabling investment in job-creating enterprises, upgrading the skills of the local labor force, or otherwise promoting new industries and opportunities?

3. What could governments do to harness the phenomenon of labor migration in creating and sustaining job-creating economies in communities of origin?

1.3 Methods

This paper relies on multiple forms of research that engage with the above questions on the level of history, politics, culture and economy. The author turns first to secondary sources, both quantitative and qualitative, to understand migration patterns over time in Indonesia and consider the role of the state in directly and indirectly facilitating outward migration. Sources include government data, quantitative studies conducted by multilateral and development agencies, and scholarly works on relevant topics in Indonesia and elsewhere. Next, the author relies on primary qualitative data collected during fieldwork in Sumbawa in August 2014. Primary research methods included semi-structured interviews with community members – migrants and non-migrants – local civil society, and local government officials, as well as focus group discussions with community members.

The intention behind pursuing a mixed methods approach was to understand labor migration and its impact on “inclusive growth” at both the macro-level of a national and global economy, and at the micro-level of a particular set of communities that have experienced high levels of outward migration for over three decades. In the semi-structured interviews, a diverse set of community members reflected on how and whether migration has shaped the local economy and opened up new forms of economic opportunity.

1.4 Key Findings

- Viewing labor migration through the lens of inclusive growth requires understanding how it disproportionately impacts vulnerable populations, especially women, and underdeveloped regions within countries of origin. Moreover, it requires examining the impact of remittances in terms of their ability to sustain job-creating local economies.
- Due to significant regional disparities, Indonesia’s use of migration as a development strategy “[to] increase national income through foreign exchange revenue”[1] has disproportionately impacted underdeveloped regions, such as the province of West Nusa Tenggara.
- A direct relationship exists between the percentage of Indonesian migrant workers placed in informal economy jobs and the degree of feminization in outward migration – due in large part to

the enormous demand for domestic workers. Women, therefore, are disproportionately impacted by the precarious working conditions of informal economy work abroad.

- The main driver of migration in communities of origin in Indonesia is not destitution or complete lack of employment but rather the dearth of jobs that provide a fixed salary and opportunities for economic mobility.
- The government sees return migrants primarily as consumers rather than producers. Moreover, it values remittances more for their ability to improve Indonesia's balance of payments and reduce foreign exchange shortages, rather than for their potential to serve as start-up capital for job-creating enterprises.
- Remittance capital in communities in West Nusa Tenggara has not stimulated broad-based economic development complete with an increase in job opportunities. Therefore, despite the fact that migration out of these localities has been occurring for more than 30 years, community members cannot envision a future in which the demand to migrate has ceased.
- The current combination of sponsor incentive structures, national quotas, and uneven access to education, training and capital across regions undermines Indonesia's objective of transitioning its overseas workforce from the informal to formal economy. This is especially true for underdeveloped regions like Sumbawa.

2. COMPETING NARRATIVES: "MIGRATION IS DEVELOPMENT" VS. "MODERN SLAVE TRADE"

Much of the work produced by development experts on migration supports two competing narratives. On the one hand, many leaders in the field of development economics have argued that labor migration is a path out of poverty, a way for breadwinners in poor countries to access better paying jobs and finance critical needs like education and healthcare. The more strident among these academics and commentators have even argued that "migration is development." This was indeed the title of a 2013 essay by Peter Sutherland, Chairman of the London School of Economics and Special Representative of the UN Secretary-General for International Migration and Development, where he argued that "migration is the *original strategy* for people seeking to escape poverty, mitigate risk, and build a better life."[2]

Sutherland and those who share his perspective point to a body of empirical evidence on how remittances are utilized, which shows that remittance-receiving families in many parts of the world spend more than their local counterparts on healthcare and education. They also maintain that even when remittances are used for consumptive rather than productive purposes, they stimulate economic growth in poor countries by boosting aggregate demand.

Another argument driving the “migration is development” narrative is that price gaps between countries on goods and capital are generally not more than 50 to 100 percent, while price gaps between countries on labor often lie in the range of 500 to 1000 percent.[3] In other words, workers in poor countries are highly “underpriced,” and policies that enable the flow of people from poor to rich countries can even out this distortion in the global labor market. Several experts in this camp do acknowledge, however, that “although remittances can be an important source of income for poor families, they rarely spark or sustain long-term economic development.”[4] In the literature, this issue is tackled by suggesting that labor migrants be restricted to temporary contracts and compelled – or incentivized – to return home after their contracts end.

Far from those who celebrate migration’s potential to stimulate economic growth and provide a path out of poverty, another set of researchers and activists label the current form of human mobility a “modern slave trade.” Filipino academic Walden Bello, for example, writes that the “gap between increasing demand [for labor] and restricted supply has created an explosive situation, one that has been filled by a global system of trafficking in human beings that can in many respects be compared to the slave trade of the 16th century.”[5] The vast, decentralized collection of labor recruitment firms, corrupt government agencies, and multinational service providers form a network of “parasitic institutions,” according to this narrative.[6]

Bello and others blame the need to migrate on neoliberal economic policies and structural adjustment. Their central critique of the current system of labor migration is that it treats labor as an export commodity and is therefore, at its root, dehumanizing.

Both narratives – “migration is development” and “modern slave trade” – are ripe with simplifications.

The first lacks a strong rights-based framework. Its champions propose temporary work contracts as a solution – where industrialized economies plug supply gaps in their labor markets and poor workers increase their earning power for two to three years. But this system is one of differentiated citizenship, where people living in the same society under the same government are subject to different rights and privileges. Moreover, migrant workers often take up the jobs that the domestic workforce finds too dangerous or undesirable. It is no surprise that such arrangements have consistently left migrants vulnerable to exploitation and abuse of their basic rights. Moreover, the fact that remittances generally fail to create long-term economic development or stimulate the creation of more and better jobs in communities of origin should come as more of a red flag to those who stand behind this first narrative.

The second narrative compresses an extremely diverse legal landscape into the concepts of slavery and trafficking. The relationships between migrant laborers and their employers vary dramatically – from those who work in formal economy environments recruited via "G2G" (government-to-government) programs, to those who migrate through irregular channels involving a series of middlemen, to those abducted and forced into prostitution or bonded labor. The degree of exploitation varies dramatically in this vast landscape of human mobility. Complicating matters further, the legality of one's migration does not necessarily determine the likelihood of experiencing exploitation from the actors involved, and there is a great deal of overlap between regular and irregular channels. To subsume this wide-ranging set of migrant experiences under the label "modern slave trade" undermines the agency of migrant workers who willfully choose, for a diversity of reasons, to live and work outside their country of origin and manage to successfully negotiate a fair relationship with their employers. Moreover, with rhetoric that suggests that all migrants are victims, advocates like Bello run the risk of ignoring or even undermining the role migrants could play in creating local forms of sustainable economic development.

This paper seeks to bridge the wide gap between these two narratives by accepting, on the one hand, that people are choosing to migrate and that migrants make significant financial contributions to origin communities, and by acknowledging, on the other hand, that simply easing restrictions on human mobility will not drive local development and job creation in communities of origin – nor will it address the abuse of migrant workers' rights. This paper proposes effective forms of policy intervention aimed at maximizing the benefits of labor migration – making inclusive growth and local job creation the goals – and minimizing the vulnerabilities it creates.

3. LITERATURE REVIEW

Aside from the two dominant narratives that underpin much of the discourse around migration, many scholars have engaged empirically with more specific questions related to migration, remittances, and communities of origin, in Indonesia and elsewhere. This section will first review key pieces of scholarship on Indonesian migrants, and then consider literature from around the world that relates specifically to the economic impacts of migration on communities of origin.

3.1 Indonesia's "migration industry" – inflected by gender and religion

The academic engagement with communities of origin in Indonesia has largely come from anthropologists and geographers. Importantly, the fieldwork of these scholars has shown in granular detail the way labor recruitment works at the community level in Indonesia, paying particular attention to the system's gender dimensions. The small community of academics studying transnational migration and Indonesia has also examined the way the state relates to migrants and encourages them to become "*pahlawan devisa*" (exchange rate heroes), while also encouraging them to follow formal migration channels. Some scholars have engaged directly with questions of migration and religion – recognizing the religious motivations caught up in decisions to migrate. Finally, this body of literature also considers the social and economic impact of migration on communities of origin – though mostly in a tangential way.

Johan Lindquist's work makes a significant contribution by framing the "migration industry" and illustrating the way it works on the ground. Through his fieldwork, Lindquist paints a picture of the complicated network of local government offices, recruitment agencies, and informal *calo*s (initial village-level recruiters), which operate in both formal and informal ways to facilitate the process of labor recruitment. Lindquist explains the relationship between capital and labor across a transnational labor market. In some cases, money flows from labor service providers in the destination country, to recruitment agencies in Indonesia, to informal sponsors, to the recruit. In other situations, it flows in the opposite direction, with migrant workers expected to pay the upfront costs.[7] 5.5 Incentives to enter precarious occupationsexplores this phenomenon in more detail and describes how the financing model differs based on gender and occupation.

Moreover, Lindquist's work explicates the history of labor migration in Indonesia, and the shift from a centralized, highly bureaucratic system of recruitment – so onerous that most migrants simply followed irregular channels – to a decentralized, privatized recruitment system that has brought a much greater percentage of migrants under the legal migration regime, though not necessarily granted them strong protections.[8]

Rachel Silvey is another of the foremost scholars on transnational migration and Indonesia. Her work has focused on the role of the state in facilitating labor migration, examining in particular the gender dimensions of the relationship between the state and migrants. She notes the tension between competing visions of women's role in society: on the one hand, Suharto's New Order ideal limited women to a traditional position as homemaker, while on the other hand, state policies actively encouraged outward migration of both men and women. The tension was refracted along class lines, wherein the state promoted different visions of femininity for middle class women than it did for low-income women.[9] This phenomenon is further explored in 4.6 The role of the state: Migration as a development strategy.

Another strand of Silvey's work describes what she calls a "religiously inflected transnational labor market" between Indonesia and Persian Gulf countries. She argues that the imagination of a "global Islam" – with Saudi Arabia at the center – has motivated some women to migrate there for work, and that this religious connection to Arab countries has been promoted by state actors seeking to frame female migration in pious and respectable terms. Further, Silvey's work delves into the role of non-state actors – including religious ones – in pushing the state to provide stronger protections to migrant workers.[10]

Another of the scholars who has considered the social impacts of migration in communities of origin is Rebecca Elmhirst, who has written specifically on the question of "left behind" men. Elmhirst describes how, in a context of feminized migration, "men's perception of their economic, cultural and social 'lack' relative to young women is a source of community conflict as young men seek to assert themselves as modern subjects in unexpected and sometimes threatening ways."[11]

Despite these and other valuable scholarly interventions, empirical explorations into the relationship between transnational migration and communities of origin in Indonesia have had little to say about the phenomenon of economic development, let alone "inclusive growth" or job creation. This paper takes steps toward filling that gap, drawing on Lindquist's explication of the "migration industry" and Silvey's understanding of the state's role in facilitating migration.

3.2 Migration and sustainable development: Case studies from outside Indonesia

A larger body of literature examining migration and communities of origin worldwide has taken up questions more specific to this paper's investigation – questions surrounding remittances, the types of economies they create, and how patterns of migration shape economic development in places left behind.

One part of this literature looks at the impact of migration and remittances on the agriculture sector, as many migrants leave farm-based occupations to migrate, and many remittance-receiving communities are dependent on agriculture. In the Philippines, Carolina Gonzalez-Velosa found that outward migration did not impact the labor supply in the agriculture sector, due to a highly flexible labor market. In her research, however, remittances did have an impact on agriculture by increasing the use of capital-intensive technologies and facilitating a transition to high-value commercial crops and monoculture.[12] Another study conducted by the Development Research Team at the World Bank examining migration and agriculture in Albania found that rural households use migration as a pathway out of agriculture. The research found that migration of a family member leads to a reduction in the allocation of both labor and non-labor inputs in agriculture.[13] Findings on the subject of migration, remittances and agriculture are difficult to generalize, as the effects are highly dependent on local labor market conditions, the level of mechanization in agriculture, and other preexisting factors.

A smaller body of literature has attempted to understand the link between migration and wealth distribution – asking whether migration and remittances exacerbate existing inequalities or help to mitigate them. The results of such studies have been highly contradictory. Researchers in Mexico and Tonga found that remittances had an equalizing effect in communities of origin.[14] Meanwhile, similar examinations in Egypt, Pakistan and the Philippines found the opposite – that remittances in those places have tended to increase income inequality.[15] Some scholars have suggested an evolving relationship between migration and inequality: the first cohort of migrants, they argue, tend to be wealthier – with better access to information and the capital necessary to finance the costs of work visas and transportation – leading to an initial rise in inequality. As migrant networks form, less wealthy people from the same community begin migrating and sending back money to poorer families, thereby reducing inequality. This hypothesis has been substantiated in some cases and debunked in others.[16]

Many studies examining the relationship between migration and economic growth have found that remittances contribute positively to growth. Other scholars, however, have pointed out potential economic downfalls. For example, if the influx of remittance capital generates demand greater than supply for non-tradable goods (e.g. land), the result can be high levels of inflation.[17] Moreover, an aggregate study undertaken by the International Monetary Fund across 113 countries, examining data over the course of nearly 30 years, found that remittances have had a negative impact on economic growth because of "significant moral hazard problems" – i.e. remittances reduce economic output by reducing people's incentive to work.[18]

Nevertheless, even the literature that shows a positive correlation between migration, remittances and growth lacks a real investigation into whether that growth is inclusive – in other words, whether it sustains local job-creating economies and mitigates the need to migrate. A large body of evidence does suggest that migrant workers spend more on education and healthcare for their families than non-migrants from the same communities[19] – but this literature falls short of examining whether the influx of remittance capital eventually translates into new local forms of economic opportunity. Correspondingly, the potential of migration to create cycles of dependency is another theme that receives incomplete treatment in the existing literature.

Another gap lies in understanding the role the state plays in shaping the way migration impacts local economies in communities of origin. This element is crucial, since the ability for migration to act as a force for development, empowerment, and job creation – versus creating dependency or exacerbating inequality – is highly influenced by effective state involvement and facilitation. One of the only scholarly examinations to this effect is Natasha Iskander's *Creative State: Forty Years of Migration and Development Policy in Morocco and Mexico*, where she examines the way the state has facilitated development in communities of origin by encouraging return migrants to make investments in social and physical infrastructure. As Iskander writes, "the impact that migrants had on the welfare of their communities and countries of origin grew directly out of their involvement with the very governments that had—discreetly in the case of Mexico, enthusiastically in that of Morocco—encouraged their departure while actively neglecting the development of the areas they came from."[20]

This paper moves toward filling these gaps in the current literature: It examines the case of Indonesia to understand how migration impacts the potential for inclusive growth and the creation of more and better jobs in communities of origin, and goes further to consider what role the state can play in influencing migration's impact on community development.

4. THE NATIONAL STORY: INDONESIA AS COUNTRY OF ORIGIN

4.1 A rapid increase in international migration

In Indonesia, as in many other less developed countries in South and Southeast Asia – the Philippines, Bangladesh, and Nepal – the last decade of the 20th century and the first decade of the 21st saw rapid growth in the number of migrants traveling internationally for work. In 2013, more than 6 million Indonesians were living and working abroad, and they sent home nearly US$ 8 billion in the form of remittances.[21]

The increase in the number of international Indonesian migrants has coincided with a transformation in who migrates and to which destination countries. While international migration throughout the 1970s and 1980s largely consisted of men traveling to neighboring Malaysia to work on palm oil plantations and construction sites, the 1990s and 2000s saw a dramatic shift in this pattern. Malaysia remained a major country of destination, but the number of migrants to Middle Eastern countries climbed, with Saudi Arabia overtaking Malaysia as the top destination country. Women became the majority of international migrants, with most traveling to the Middle East as domestic workers.[22]

In 1983, the Indonesian government allowed Middle Eastern countries to formally recruit Indonesian workers for the first time. During that year, 47,000 workers signed up for temporary contracts in Saudi Arabia. Throughout the late 1980s and early 1990s, the numbers heading to the Gulf region steadily increased; between 1989 and 1994, approximately 400,000 workers migrated to the Middle East. The 1998 Asian financial crisis sent the number soaring higher, and between 2001 and 2004, 1.5 million Indonesian workers were placed in jobs in the Middle East.[23] Between 2010 and 2013, Indonesians were migrating at a total rate of approximately 550,000 per year, including placements in the Middle East and elsewhere.[24]

4.2 The feminization of migration

The speed of the shift toward feminized migration was dramatic. In 1988, approximately 48 percent of international migrants from Indonesia traveling through official channels were women.[25] In 2009, 83 percent of international migrants originating in Indonesia were women. The pattern is not unique to Indonesia.[26] Over the last 20 years, the demand for female labor has soared throughout the Asian continent – particularly in countries with aging populations (e.g. Taiwan) and/or small native populations (e.g. UAE).

A direct relationship exists between the percentage of Indonesian migrant workers placed in informal economy jobs and the degree of feminization in international migration. This well documented phenomenon is explained by the types of professions where demand for women is greatest, most of which revolve around the unregulated and informal care economy. In recent years, both rates of informality and rates of feminization have begun to decline. In 2011, 55 percent of placements of Indonesian workers were in the informal economy, and 65 percent of migrants were women. In 2013, the proportion of placements in the informal economy had dropped to 44 percent, and the proportion of female migrants had dropped to 54 percent.[27]

A major factor driving the decrease in the female proportion of migrants is a moratorium placed on contracts in Saudi Arabia, following controversy over several high-profile cases of abuse. Beyond this, as the domestic labor supply in East Asian countries like South Korea and Taiwan grows smaller, formal economy manufacturers are increasingly demanding foreign labor. For instance, from 2006 to 2011, the number of Indonesian men migrating to Korea nearly tripled.[28] However, as this paper will later explain, this national shift toward sending migrants for formal economy work is not experienced in all regions equally; the level of feminization and formalization of migration varies significantly across regions in Indonesia, with the poorest and least developed provinces still sending workers abroad for primarily informal economy jobs.

4.3 From regulated and irregular to deregulated and regular

Another of the most significant shifts in international migration patterns over the last 20 years has been its formalization. During the Suharto era (1967-1998), the process for obtaining a legal permit to work abroad was highly regulated, extremely tedious, and notoriously corrupt. As a result, the majority of migrants traveled without proper documentation.[29] In communities in Sumbawa, where fieldwork for this project was conducted, the period of the 1970s through the 1990s is remembered for its "*gelap*" (dark) channels of migration to Malaysia. Because of the dangers associated with traveling irregularly, migrants – mostly men – would return home infrequently. Some would disappear without word, leaving family members at home to assume they had died or started a new life entirely.

The fall of Suharto and the disintegration of labor recruitment monopolies led to the proliferation of smaller recruitment agencies – or PPTKIS (*Perlaksana Penempatan Tenaga Kerja Indonesia Swasta*, also known as PJTKI, or *Perusahaan Jasa Tenaga Kerja Indonesia*). Formal migration channels became easier to access, with the agencies and *calo*s operating at the community level and charging far less than their predecessors. At the same time, multilateral agencies like the International Labour Organization, in collaboration with the Indonesian government, launched large-scale awareness campaigns to educate migrants on the importance of traveling legally. The result has been a dramatic shift away from irregular migration and toward regular channels. With this shift has come the introduction of temporary work contracts, most often lasting two to three years.[30]

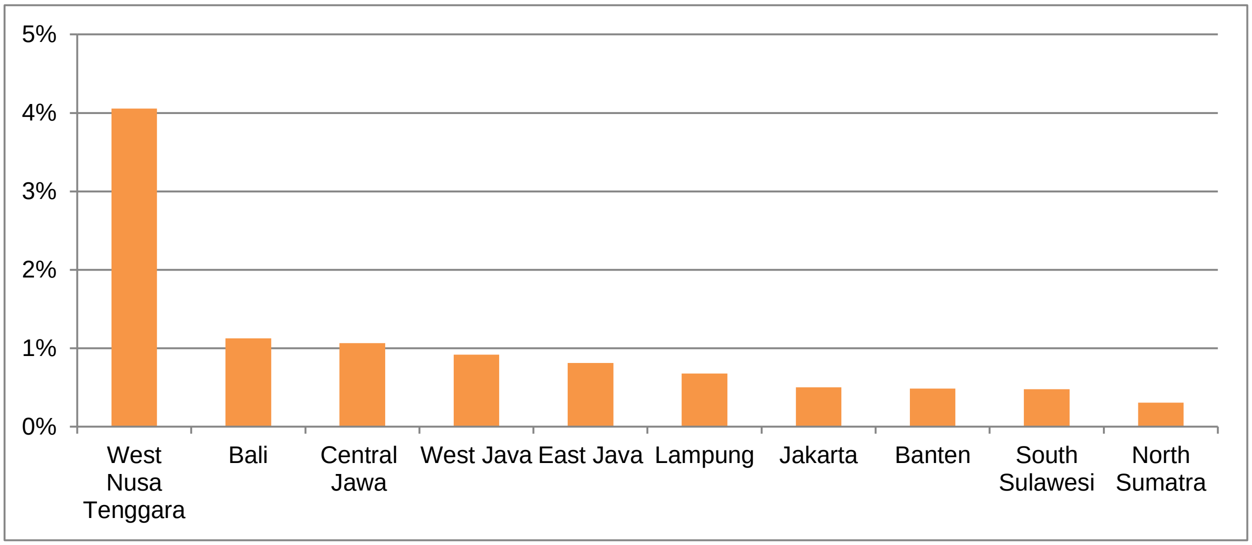
As positive as the change may sound, there are several caveats worth noting. For one, the fact that formalization of migration came alongside the deregulation and decentralization of the recruitment process means that those traveling through legal channels still face various forms of exploitation by nefarious recruitment agents. Second, today's legal channels are filled with documentation that is "*aspal*" (*asli tetapi palsu*, authentic but false); in other words, recruitment agencies supply all the right documents, but the documents are often either falsified or obtained illegally.[31] The fieldwork undertaken for this project found that the most persistent form of "*aspal*" in Sumbawa is the falsification of age for underage women.

4.4 Regional variation

All regions of Indonesia have not experienced this modern era of international migration equally. For instance, between 2011 and 2013, less than 3,000 international migrants originated from the province of South Kalimantan, on the wealthy island of Borneo – equating to less than 0.08 percent of the province's population. Meanwhile, West Nusa Tenggara saw the outbound migration of more than 180,000 of its residents in the same three-year period – or 4 percent of its population.[32]

While the areas that send the greatest number of international migrants are the densely populated provinces on the island of Java, the picture shifts when one considers what proportion of each province's population is migrating abroad. By this metric, the province of West Nusa Tenggara, where fieldwork for this project was conducted, far surpasses other regions. In comparison to the 4 percent of West Nusa Tenggara's population that left to work abroad between 2011 and 2013, Bali and the Javanese provinces saw roughly 1 percent of their respective populations leave during the same period (see **Figure 1**).

Figure 1. Percentage of provincial population that left for work placements outside Indonesia among top 10 migrant-sending provinces (2011-2013)



Source: Badan Nasional Penempatan dan Perlindugan Tenaga Kerja Indonesia (BNP2TKI) and Badan Pusat Statistik[33] *(own presentation)*

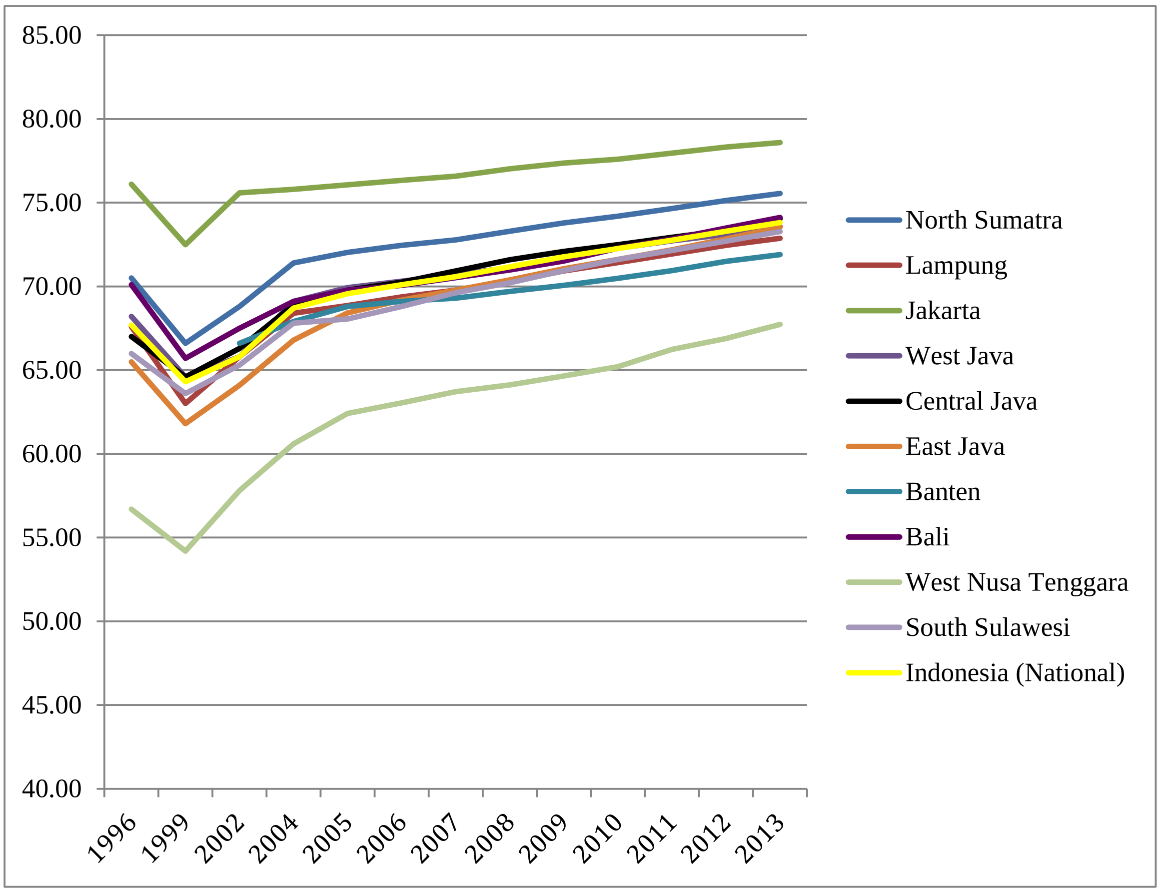
Many factors explain the discrepancies across regions. In the course of fieldwork in West Nusa Tenggara, the author was told that culture plays a role, with people of different ethnicities more likely to migrate than others. (For example, one of Indonesia's largest fishing communities, the *suku bajau*, or Bajau people – despite their reputation for migration throughout the Indonesian archipelago – are averse to livelihoods that do not revolve around coastal living. The Bajau population living in West Nusa Tenggara has been reluctant to take up work placements in Saudi Arabia.) To be sure, however, much of what drives the regional variation in rates of migration has to do with uneven development across the provinces and a lack of reliable employment opportunities in regions like West Nusa Tenggara.

4.5 Uneven development and the challenges of geography and resource politics

Like many emerging economies, Indonesia faces significant regional disparities when it comes to incidence of poverty, employment, educational opportunities, and health outcomes. The extremely diverse archipelago, stretching the geographical equivalent of London to Baghdad and home to nearly 250 million people, presents numerous challenges to good governance. While some strides have been made in the last 20 to 30 years, major gaps persist between more developed regions like Java and Sumatra and underdeveloped provinces like West and East Nusa Tenggara.

Examining regional differences in the Human Development Index (HDI) – the United Nations' authoritative measure of health, education, and standard of living – unveils this story. Riau Province, on the island of Sumatra, scores a 77.5 on the HDI – roughly the same as Russia. Meanwhile, West Nusa Tenggara, the subject of this paper's case study, scores 67.7 – equivalent to Gabon.[34] West Nusa Tenggara has the lowest HDI among all of Indonesia's provinces, with the exception of Papua, which has long been racked by political violence. (See **Figure 2**).

Figure 2. Human Development Index Across Top 10 Migrant-Sending Provinces (1996-2013)



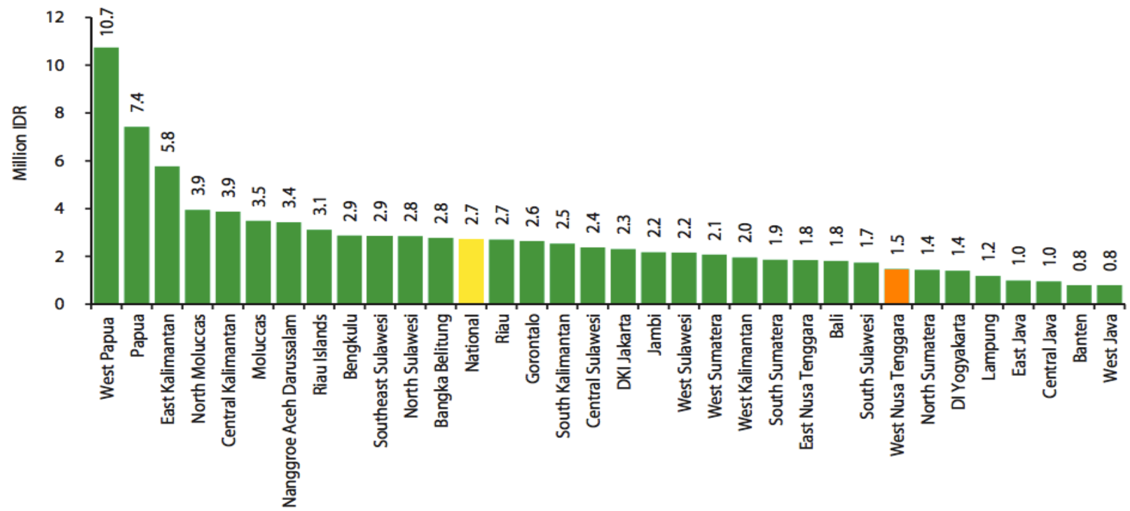
Source: Badan Pusat Statistik[35]

On other social and economic indicators beyond the HDI, West Nusa Tenggara scores near the bottom. The Nusa Tenggara provinces (West and East) and Maluku are characterized by lower levels of access to basic facilities and infrastructure and limited ownership of assets, when compared to larger provinces in the western part of the country. People in this region experience a lower return on education and much higher levels of informal employment as well. Soil and climate also play a role, as these areas tend to be drier and less fertile when compared to the water-and nutrient-rich land in Java and Bali. All of these factors inhibit the accumulation of wealth, assets, and skills by the poor and limit access to markets and the diffusion of new technologies.[36] The poverty rate is over 17 percent in West Nusa Tenggara, compared to 9 percent in West Java and 4 percent in Jakarta.[37]

One of the variables that has limited the Indonesian government's ability to reduce regional disparities relates to population densities and geography. While the poverty rate is much higher in regions like Nusa Tenggara, the absolute number of poor people is greatest in the most densely populated provinces of Java and Sumatra. Therefore, the regions that are already more developed carry a higher return on public expenditure – defined by the reduction in poverty per unit of state spending. In other words, when the government invests in education, infrastructure and health facilities in the most developed and densely populated provinces, it makes a deeper dent in national poverty figures than when it invests in the far-flung, least connected, and poorest regions – simply because of density. This has long presented a dilemma when it comes to public expenditure.[38]

Moreover, the algorithm the central government uses to determine provincial budgets lacks a direct correlation to poverty rates. This problem is exacerbated further by resource politics between provinces and the national government. Following the fall of Suharto, an agreement was negotiated between resource-rich regions and Jakarta that ensures that 15 percent of revenues derived from oil and 30 percent of revenues derived from gas are returned to the originating province, with even higher ratios in the most rebellious provinces of Aceh and Papua. The result is significant: Approximately 75 percent of natural resource revenues go to just four provinces that are home to only 7 percent of the country's population.[39] The provinces at the greatest disadvantage, therefore, are those like West Nusa Tenggara, which are resource-poor, unable to generate local revenue, and dispersed enough to require higher investment per capita on public services. Sub-national government revenue in West Nusa Tenggara was IDR 1.5 million per capita (about US$ 120) as of 2010, well below the national average of IDR 2.7 million (see **Figure 3**).[40] While West Nusa Tenggara still receives a higher amount per capita from the national government than the Javanese provinces, the premium would have to be much greater to reduce gaps in social and economic development.

Figure 3. Sub-national government revenues per capita per year (2010)



Source: Direktorat Jenderal Perimbangan Keuangan, Kementerian Keuangan (processed by World Bank, graphic adapted)[41]

4.6 The role of the state: Migration as a development strategy

Beginning in the 1980s, the Indonesian government began to think systematically about how migration could be promoted as a development strategy. During the Suharto era (1967-1998), the national government produced six five-year economic plans. In the last three plans (1984-89, 1989-94, 1994-99), the emphasis on encouraging outbound migration grew more and more explicit. In the sixth five-year plan (1994-1999), one of the government's top stated priorities was to increase "Manpower Services Export." The plan stressed "the need to develop the sending of labor overseas effectively and efficiently to increase the government's foreign exchange revenue." It was also in this plan that the government expressed an intention to deregulate the recruitment, training, placement, control, protection, and return of migrant workers.[42]

Official government targets for sending workers abroad continued to climb higher in the first decade of the 21st century. The *Rencana Pembangunan Jangka Menengah Nasional 2004-2009* (National Medium-Term Development Plan 2004-2009) set the goal of raising the annual number of migrant workers from 700,000 to 1 million.[43]

In the post-Suharto era, against the backdrop of increasing publicity of abuses of migrant workers and the growing politicization of the *Tenaga Kerja Indonesia* (TKI, or [Migrant] Indonesian Labor) program, the government's promotion of migration became subtler. Some scholars have referred to the subtler ways governments influence citizens' behavior as "governing through affect."[44] Rachel Silvey, for example, describes the way the Indonesian state "manufactured a vision of bourgeois femininity that relies on women's emplacement in the domestic sphere and, simultaneously, generated gender ideologies that permit low-income women's separation from kin in certain situations" – since the vision of sending labor overseas depended on women willing to take up roles as domestic workers in the Middle East and East Asia.[45]

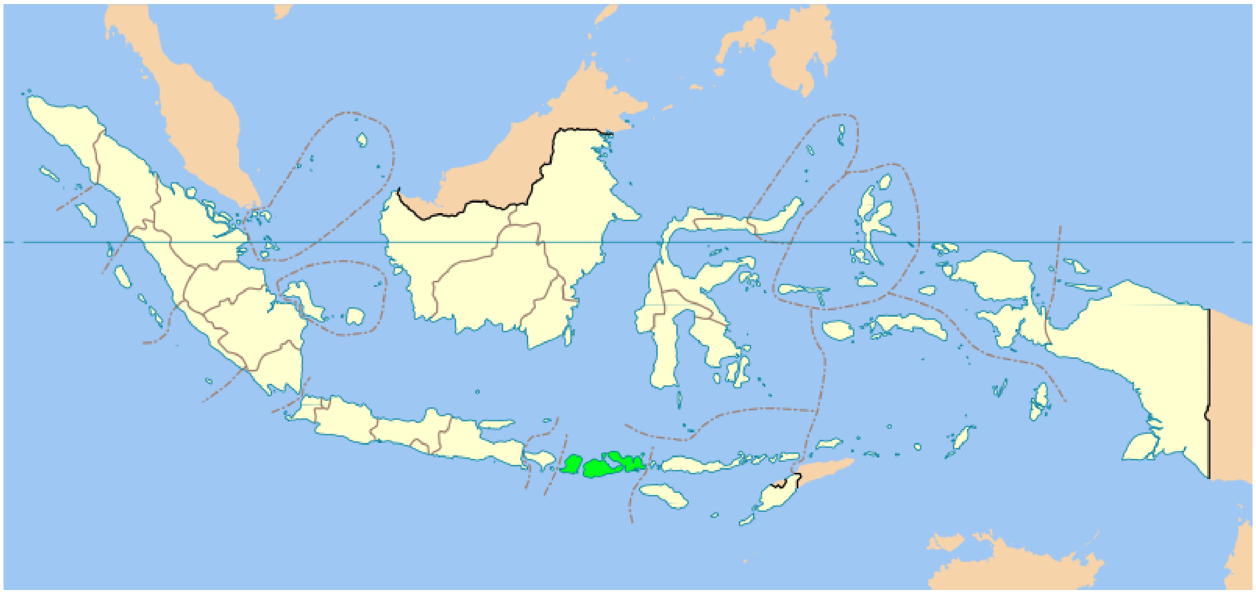
The reason for introducing background on the phenomenon of uneven development in Indonesia is to demonstrate the inevitability that the government's promotion of migration as a development strategy would impact different regions disproportionately. While Suharto and post-Suharto governments have pursued aggressive industrial policies in Java, regions like West Nusa Tenggara have long suffered from a lack of formal economy employment opportunities. The fact that residents of the province chose, and still choose, to migrate abroad at much higher rates comes as no surprise. The national development strategy of encouraging outward migration can, at the same time, be considered one of the government's strategies for dealing with regional disparities. It is with this lens that we turn to a closer examination of West Nusa Tenggara and the district of Sumbawa.

5. THE COMMUNITY STORY: THE CASE OF SUMBAWA

The primary fieldwork for this project took place in the sub-district (*kecematan*) of Buer, in the district (*kabupaten*) of Sumbawa, in the province of West Nusa Tenggara. Like many other areas of the province, communities in Sumbawa have been accustomed to high rates of outbound migration for over three decades. This section presents the major findings of the fieldwork. It also considers how the national story presented in the previous section translates at the local level and moves toward answering the research questions posed initially.

Figures 4 and 5 show the locations of West Nusa Tenggara and Sumbawa District, respectively.

Figure 4. Map of Indonesia (West Nusa Tenggara Province highlighted)



Source: BWModular[46]

Figure 5. Map of West Nusa Tenggara province (Sumbawa District highlighted)

Source: StIRRRD (photo adapted)[47]

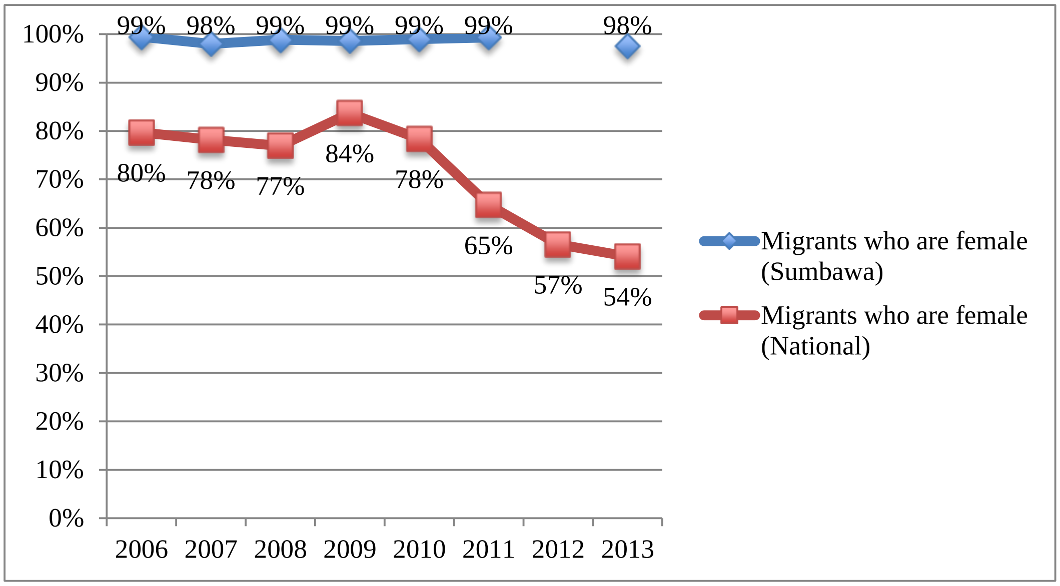
5.1 Local migration trends and the persistent refractions of regional inequality

Between 2006 and 2013, more than 50,000 work placements overseas were secured by persons from Sumbawa district, home to approximately 400,000 residents.[48] In recent years, controversy over the treatment of Indonesian domestic workers in Saudi Arabia has kept the annual number of departures lower, with the national government introducing a moratorium on sending women to Saudi Arabia in 2011.[49] At the peak of migrant outflow in 2006, Sumbawa sent 8,320 workers overseas (2.1 percent of the district population), and 7,995 of them were women leaving for Saudi Arabia.[50]

With the door to Saudi Arabia closed, other Middle Eastern states have stepped up recruitment of Indonesian women. As of July 2014, 53 percent of migrants leaving Sumbawa in 2014 were destined for Oman, with another 13 percent heading for Bahrain.[51] Whether or not these trends continue will depend on the future of the moratorium. Following a landmark protection agreement signed between the Indonesian and Saudi governments in February 2014, the moratorium was expected to be lifted imminently, but lingering concerns over protection have delayed the decision.[52]

As 4.2 The feminization of migration noted, the greater degree of feminized migration, the greater proportion of informal economy work placements. The national trend away from feminized migration and toward formal economy work has not taken root in Sumbawa. As **Figure 5** shows, the percentage of Sumbawa-originating migrants who are women still remains close to 100 percent, virtually unchanged since 2006.

Figure 5. Percentage of Migrants Who Are Female in Sumbawa vs. Nationally (2006-2013)



Source: Departemen Tenaga Kerja dan Transmigrasi, Kabupaten Sumbawa and National[53]

That Sumbawa has been unable to make a transition away from domestic worker placements – which are the most vulnerable to abuse – and toward work placements in the formal economy, is another reflection of uneven development. Securing a work placement in Taiwan, South Korea or Japan – most of which are in the manufacturing, hospitality or healthcare sector – requires a higher level of education and training, greater access to finance (the associated costs are higher), and in some cases foreign language proficiency.

Furthermore, government sources in the district-level labor office (*Dinas Tenaga Kerja dan Transmigrasi*, or Department of Manpower and Transmigration) claim that the national government issues a directive to the districts which stipulates both a number of migrant "spots" allocated to the district *and* the sectors in which these placements are available.[54] In other words, bureaucrats at the national level are choosing to disproportionately deploy laborers from Sumbawa in the informal economy abroad.

5.2 The drivers of migration

Community members in Sumbawa largely agreed on the main drivers of migration, though they ascribed different levels of importance to each. The author was informed consistently that opportunities for regular employment were extremely rare in the area, and that even in cases where a salaried job is available, the payment is generally too low to justify the costs of commuting. Locally, there is almost no concept of formal versus informal economy jobs; the distinction, rather, is between daily wage jobs (*gaji hari*) and salaried jobs (*gaji bulan*, monthly salary, or *gaji tetap*, regular salary). People travel abroad not because there is no work in the community; Sumbawa, in fact, boasts one of the highest daily wages in agriculture among Indonesian islands, at IDR 50,000 (US$ 4.07). Rather, people migrate because they aspire to jobs with *gaji bulan*, which are scarce.

The majority of people in Sumbawa depend on agriculture and animal husbandry for their livelihoods, with the exception of coastal communities of fishermen (of the Bajau ethnicity, see 4.4 Regional variation). While community members are in agreement that working in the agriculture sector is enough to feed oneself and one's family, there are competing narratives on whether agriculture can also sustain other essential needs like children's education and healthcare. The large number who have chosen to migrate abroad report that sending one's children to *Sekolah Menengah Atas* (SMA, or higher secondary school), let alone *kuliah* (university), is impossible without supplementary income from working overseas. However, a sizeable minority, including some who have themselves migrated abroad, contend that there are enough opportunities in agriculture and animal husbandry to finance education and healthcare.

For example, Arif, who spent most of his life migrating, now questions whether he would have earned more in the community itself. "Starting in 1979 I was away from home, just returning once every five years, until 2010. I just came back for good. I was in Malaysia that whole time, but not much good came of it. If I had just raised cattle here from the beginning, or maintained a garden, maybe I'd have really earned something," he says.

Those who assert that there are enough natural and human resources in the community ascribe the persistent patterns of migration to cultural rather than economic factors. On the one hand, they point to a culture of *merantau*, which is used as a synonym for migration but also carries the connotation of wandering and exploration. Indeed, a multi-decade pattern of transnational migration has normalized movement in and out of the villages. Moreover, a pervasive notion constantly referenced in and outside field interviews is that those native to Sumbawa are both lazy (*malas*) and arrogant (*bergengsi* – "putting on airs"), which leads them to reject traditional agricultural livelihoods. Youth in particular are the targets of this rhetoric.

5.3 Multiple generations of migrants

The drive to migrate endures inter-generationally, but in complex ways. Adults and the elderly tend to explain the pattern of migration by talking about it as a last resort – given the lack of viable employment opportunities in the community. Meanwhile, many youth, particularly those unable to access higher education, talk about migration as the top option, the surest path to economic mobility.

Most householders who have themselves migrated express that a primary motivation was creating more options for their children at home: "I left so that my children wouldn't have to," says Asih, a mother who has taken three work contracts abroad and plans on leaving again. Ironically, a multi-decade pattern of transnational migration has normalized movement in and out of the villages to the point where youth in these communities no longer view it as a last resort. With different aspirations than their parents' generation, young people seek a greater degree of income security than they believe the agriculture sector can provide them.

5.4 Millions of dollars in remittances, but minimal economic development

Between 2009 and 2013, approximately IDR 900 billion (about US$ 95 million) was remitted to the district of Sumbawa[55]. In 2010, remittances per capita in Sumbawa were equivalent to 36 percent of the provincial government's revenue per capita.[56] One of the central concerns of the fieldwork interviews lay in understanding what impact this massive influx of capital has had on the local economy and in mitigating the drivers of migration. Have return migrants set up job-creating enterprises that offer the *gaji bulan* desired by the community's youth? Has a rise in aggregate demand for products and services opened up new opportunities for local entrepreneurs?

When asked what economic impact the remittances have had, most community members immediately point to the proliferation of *rumah batu* (literally "stone houses") – modern homes with a concrete foundation – which are slowly replacing *rumah panggung* (literally "stage houses") – traditional homes built on wood platforms. The *rumah batu* serves as a cosmetic identifier of those who have worked abroad. According to both migrants and non-migrants, upgrading one's home is generally the first priority of those who have returned from abroad.

The author was frequently told during fieldwork that the first contract abroad is for building a house, the second contract is for filling it with furniture, and only after the third contract do migrants consider investing the money in land or a small business. In other cases, migrants return home to find that the money remitted to their families has already been spent entirely.

An interview with a young man in the community who runs a small second-hand mobile phone business illustrates the dynamics of remittance spending: “Yeah, all the people who come back from Saudi Arabia, they come with big, fancy mobile phones – every single one. When I hear that someone’s coming back, I go straight to his or her house to ask what phone has come – brand, year, model, etc. I inform them that whenever they want to sell the phone, I’ll buy it.…They say, ‘no way! I don’t want to sell it!’… Eventually they come to me, ready to sell it. Every single one.”

However, consistent with previous research in other origin communities,[57] return migrants in Sumbawa do spend remittance capital on education and healthcare as well. In Sumbawa and other parts of Indonesia, sending one’s child to *Sekolah Menengah Atas*, or senior secondary school, can be prohibitively expensive – particularly in remote areas where the cost of transport must also be factored in. Families receiving remittances are often able, therefore, to educate their children through 12th grade. Other respondents reported using theirs or a family member’s income from abroad to cover the high costs of a medical emergency.

Nevertheless, greater spending on education and healthcare among migrant workers and their families has not mitigated the drivers of migration, precisely because it has not addressed one of the communities’ greatest challenges: a lack of stable, local employment opportunities. Nor are the better-educated youth shifting the balance toward high-skilled migration, as 5.1 Local migration trends and the persistent refractions of regional inequalityillustrated. Most respondents were in agreement that very little remittance capital was invested in local enterprises or economic activity that might sustain local job creation, and many expressed frustration that the influx of so much money had had little impact on availability of local employment opportunities.

Arif, who spent nearly thirty years outside his village, described the phenomenon of “*pergi-pulang pergi-pulang*” (leaving, coming home, leaving, coming home) – where one or multiple family members are engaged in cyclical migration that can go on for decades. “People bring back lots of money, but then what? They end up just leaving again. Leave, come home, leave, come home.…And later, once we've grown old and don't have any energy left to work, only then do we finally return and never leave again.”

Communities in Sumbawa have yet to experience the kind of economic development that might have resulted from decades of receiving remittance capital. Nearly all respondents were in agreement that – so far – migration and the related earnings from abroad have had minimal spillover effects. In other words, remittances do not positively impact anyone except the migrant and his or her family, and even then, the impacts do not alleviate the need for future generations to migrate.

5.5 Incentives to enter precarious occupations

Much of the criticism of labor recruitment in Indonesia and elsewhere revolves around the exorbitant fees migrants pay recruitment agencies to arrange their travel and work permits. In Indonesia, the financing model differs for men and women. As Johan Lindquist describes, capital flows "upward" in the case of male migrants and "downward" in the case of females.[58] In other words, men pay everything up front – often going into debt to do so. For women who become domestic workers, the recruiters in the country of destination cover the costs, with money flowing into the pockets of local recruitment agencies, who use a small portion to finance visas, travel arrangements, and training.

In some cases in the past, money was deducted from women's salaries once they were working abroad in order to cover the upfront investment. However, Indonesian women who are willing to take contracts as domestic workers in the Middle East are now offered a bonus before they depart, never paying any costs associated with the recruitment process – before, during, or after the period of employment. When Lindquist documented this trend in 2010, women were receiving IDR 1 million (US$ 110) as their "*uang belanja*" (shopping money). In the fieldwork for this project, respondents consistently reported that women now receive approximately IDR 4 million (US$ 325) as their "signing bonus."

The system is not applied equally across occupations and countries of destination, however, as Ayu, a young woman in Sumbawa, explains: "If a woman becomes a domestic worker, she gets money from the sponsor for going. But, for instance, if she wants to work in a salon or a hospital, then it's the woman who has to pay. In my case, I had to pay, because I wanted to choose my own work."

This evolution of the recruitment system highlights the trend toward fierce competition among sponsor agencies in the international labor market. Indonesia has 535 companies registered as PPTKIS – approximately one per thousand annual migrants.[59] Several recruiters in Sumbawa expressed that while people in the communities used to approach them looking for the opportunity to work abroad, they now find themselves competing with other *calo*s for prospective migrants.

While, on the one hand, the current system enables women becoming domestic workers in the Middle East to avoid the exploitative forms of debt bondage that once characterized labor recruitment, it is important to note the way the current incentive structure undermines the goals of protecting workers and facilitating a transition to formal economy jobs. Domestic workers are the most likely to face exploitative practices –such as denial of wages, forced overtime, or physical and verbal abuse – and they are also the most difficult to protect due to the limited reach of the state.

Moreover, the fact that sponsors are paying some types of workers to migrate does not mean that illegal practices surrounding recruitment have been circumscribed. Respondents frequently mentioned that recruiters still create fake forms of identification for women who are below the legal age for working abroad. In fact, Ayu herself was only 15 years old when she first left home for Saudi Arabia.

6. CONCLUSIONS AND POLICY RECOMMENDATIONS[i]

6.1 Treat migrant workers as small-scale investors in their communities

The Indonesian government has stepped up efforts over the past decade to protect workers from abuse during recruitment, placement and throughout the course of their contracts. The International Labour Organization noted in its 2013 evaluation that the Indonesian government was taking several measures to improve protection of migrant workers: provision of rights-based and legal training, increased services for migrant workers in Indonesian diplomatic missions overseas, and enhanced monitoring of local recruitment agency practices.[60] Admittedly, major challenges remain in reducing the vulnerabilities Indonesian migrant workers face, particularly with regard to enforcement of existing laws.

But compared to the attention afforded the issue of protection, the impact on origin communities has been all but ignored, and the state has all but excused itself from the responsibility to facilitate investment of remittances in a way that promotes sustainable development. The government's expressed goals demonstrate the low priority they extend to any such initiative. While the program entitled *Penyiapan dan Pembekalan Pemberangkatan* (Preparation and Debriefing for Departure) aims to give rights-based

[i] While these recommendations are offered to the Indonesian government and in some cases are specific to the region of Sumbawa, they hold relevance for all origin country governments.

training to 300,000 migrant workers per year, the program for giving “education on the management of remittances” only seeks to train 4,500 migrant workers each year through 2018.[61] This target must be made at least as ambitious as the target for legal rights training.

This imbalance reflects a major mindset problem among government officials. Return migrants are seen only as consumers, not as producers. Bureaucrats in the district-level labor department claim that job creation has been sluggish because of the absence of foreign investors. Meanwhile, nearly US$ 100 million flowed into the small regency from abroad in just the last five years in the form of remittances. Return migrants must be treated as potential small-scale investors in their communities, and given the proper skills, tools and resources to deploy their hard-earned remittances for productive purposes. Government has a responsibility to create and implement policies based on this goal. It might begin by offering competitive grant-based funding to local non-profit organizations with existing programs in remittance investment, enabling them to scale up.

Such policies must go beyond encouraging micro-enterprises or promoting self-employment. Local investment will only absorb a significant portion of the local workforce in stable jobs if it stimulates the formation of small and medium enterprises. The government can support the creation of these larger companies by incentivizing migrant workers and their families to pool their resources and set up producers’ organizations. The Ministry of Cooperatives and Small and Medium Enterprises already implements programs to provide technical and financial support to producers’ organizations. Coordination between this ministry and the body responsible for working with migrants (*Badan Penempatan dan Perlindungan Tenaga Kerja Indonesia*, or BNP2TKI) could unlock new possibilities for sustainable and job-creating investment of return migrants’ earnings.

BNP2TKI should also collaborate with the banking sector to develop new financial products for return migrants looking to invest in local businesses. In 2014, the director of *Bank Nasional Indonesia* proposed a “diaspora bond” as a way for the Indonesian government to raise revenue for domestic infrastructure projects from migrant workers abroad.[62] While this represents a step forward, more localized financial products aimed at migrant workers – including bonds that raise capital for local businesses or producers’ organizations – would better facilitate local economic development in under-resourced regions like Sumbawa.

Advocates of migrants’ rights have long been wary of the suggestion that remittance capital might be used to create economic opportunity in communities of origin, conflating these recommendations with the "migration is development" narrative that lacks a rights-based framework and treats migrants as commodities. In fact, empowering return migrants to utilize their earnings from abroad in ways that can sustain local, job-creating development enables them to become agents in creating a new kind of development and a new kind of migration – one that originates from choice and not compulsion. The suggestions in this paper differ from a simplified, neoliberal narrative around migration and development by calling on the state to play a larger role in facilitating and supporting the productive investment of remittances.

Summary of recommendations to government:

- Increase the National Development Planning Agency (*Bappenas*) target for training migrants in management and investment of their remittances, aiming to train 300,000 per year by 2018.
- Create village-level training programs for families of migrant workers that facilitate sustainable management of the remittances they receive.
- Enable non-profit and civil society groups already implementing entrepreneurship, financial management and similar programs to scale up by offering competitive grants.
- Develop models of collective investment, where migrants can pool their savings to start small and medium enterprises that have the potential to absorb more of the local workforce.
- In collaboration with the banking sector, develop financial products geared specifically at migrant workers seeking to invest in local businesses.

6.2 Facilitate growth of job-creating sectors, especially in the agro-processing sector

The agriculture sector in Sumbawa offers several opportunities to sustain job-creating small and medium enterprises. Currently, the vast majority of yields from the farm sector are exported to other islands in Indonesia, where the processing and packaging takes place. As a result, most of the employment sustained by the agriculture sector is seasonal, with daily wages. If a portion of raw produce was processed in Sumbawa itself, the impact on job creation – particularly formal economy jobs – could be significant.

To illustrate the potential, from 2004 to 2014, corn production in Sumbawa jumped by 1052 percent, reaching 236,685 tons annually.[63] With demand for corn-based products throughout Indonesia and the wider ASEAN region – where trade barrier reductions have opened up new markets – Sumbawa could be harnessing its booming corn yields to create agro-processing jobs. Moreover, with more available land than densely populated islands to the west, Sumbawa could also promote the cultivation of more lucrative agricultural and horticultural products – including fruits, peppers, and eggplant – all of which are grown already but in small quantities.

Among the potential investors in high-value-added agricultural and agro-processing businesses are return migrants themselves. Therefore, the government in West Nusa Tenggara must coordinate the effort to create and sustain more job-creating enterprises in sectors with strong growth potential with the effort to promote productive investment of migrant workers' remittances. And by stimulating formal economy job creation in these sectors, youth in Sumbawa's villages will have salaried job opportunities closer to home.

Summary of recommendations to government:

- Expand the agro-processing sector in Sumbawa toward creating more and better jobs through a combination of incentives (financial support) and community mobilization (through village-level government and non-profit organizations).
- Facilitate investment by return migrants in small and medium enterprises and producers' companies in the agro-processing sector.
- Open up new opportunities in vocational training for the agro-processing sector.

6.3 Align skills training with current and future local industries

Even when not invested in productive activities, the influx of money in the form of remittances is stimulating aggregate demand in particular sectors – among them construction, automotive (repair, parts, etc.), furniture and furnishings, and electronics. Migrants and non-migrants alike must be given the opportunity to benefit from this increased economic activity through training in relevant skills, including entrepreneurship.

Moreover, the regional government must ensure that young people are trained in skills relevant to the industries already present in Sumbawa. In interviews, respondents spoke frequently about a gold mine that had opened in a neighboring district, reporting that most of the available job opportunities had gone to highly skilled migrants from other islands. Firms from Java generally win government bids for larger construction projects, since they have the better access to a skilled workforce and capital. Mitigating the drivers of migration also means addressing these regional skill gaps.

Summary of recommendations to government:

- Expand training opportunities in high-growth sectors – including construction, agro-processing, and furniture and furnishings. Training for downstream services like maintenance and repair in electronics and the automotive industry would also open up new employment opportunities for young entrepreneurs.
- Work with the local private sector to identify current and future skill gaps in the local workforce and develop new training programs accordingly.

6.4 Facilitate a faster transition from informal to formal economy work among migrants

The current combination of recruiter incentive structures, national quotas, and uneven access to education, training and capital across regions means that – while Indonesia as a whole begins transitioning toward overseas work placements in the formal economy – regions like Sumbawa are once again left behind. The government can counter the persistence of informal economy work contracts for residents of Sumbawa by prioritizing this region in rolling out its G2G[ii] (Government-to-Government) migration programs for South Korea and Japan. Offering training courses to interested candidates and reducing the costs of migration to these destination countries – where migrant employment is generally in the formal economy – will make it easier for residents of Sumbawa to access these opportunities. Meanwhile, placements as domestic workers should gradually be phased out. These measures can speed up the transition from informal economy work to formal economy work overseas, minimizing the risk that Indonesian workers face when working abroad.

Summary of recommendations to government:

- Prioritize West Nusa Tenggara in the expansion of government-to-government (G2G) recruitment.
- Offer subsidized skills and language training courses for residents of Sumbawa seeking to migrate for formal economy jobs, in order to level the competitive playing field currently dominated by candidates from wealthier islands.
- Chart a timeline for gradually phasing out informal economy work placements that leave migrant workers vulnerable to exploitation.

[ii] G2G programs are based on direct agreements between governments and therefore do not require the involvement of a recruitment agency.

6.5 Conclusion

The emerging dialogue on inclusive growth requires rigorous engagement with the dynamic modern trends in labor migration. In particular, the inclusive growth agenda's focus on job creation should oblige its advocates to turn their attention to migrant workers' communities of origin – where the lack of quality employment has driven workers thousands of miles from home. An economic growth agenda in countries like Indonesia that does not entail a roadmap for creating employment opportunities in communities of origin – that sees circular migration as a developmental end in and of itself – lacks inclusivity. In charting a vision for supporting job-creating economic development in origin communities, governments of origin countries should treat return migrants as collaborators. Migrant workers are not simply "*pahlawan devisa*" – exchange rate heroes; rather, they are government's most natural partner in facilitating inclusive growth in origin communities, in making labor migration a choice rather than a compulsion.

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Badan Pusat Statistik. 2013. Indeks Pembangunan Manusia Provinsi dan Nasional, 1996 – 2013. Available at: http://www.bps.go.id/tab_sub/view.php?kat=1&tabel=1&daftar=1&id_subyek=26&notab=2;
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47 See: http://stirrrd.org/regions/nusa-tenggara-barat/Sumbawa

48 According to government records supplied by the Department of Labor and Transmigration, District of Sumbawa (*Dinas Tenaga Kerja dan Transmigrasi, Kabupaten Sumbawa).* In the local government records secured during research, data is missing for the year 2012. The number of migrants from Sumbawa in that year was imputed by multiplying the national number of migrants in 2012 by the average share of all Indonesian migrants originating in Sumbawa (computed using data from 2006-2013).

49 The moratorium applies to Jordan, Kuwait, Lebanon, Saudi Arabia and Syria. It is referred to in this paper and in the Indonesian press as a moratorium on work placements in Saudi Arabia, since Saudi Arabia is by far the country most impacted by the policy.

50 According to government records supplied by the Department of Labor and Transmigration, District of Sumbawa (*Dinas Tenaga Kerja dan Transmigrasi, Kabupaten Sumbawa).*

51 ibid.

52 Merdeka. 2014. “RI-Arab Saudi segera teken MoU, moratorium TKI dibuka lagi.” February 18, 2014. Accessed on February 4, 2015. http://www.merdeka.com/peristiwa/ri-arab-saudi-segera-teken-mou-moratorium-tki-dibuka-lagi.html

53 Government sources who supplied the local data were missing data for 2012.

54 Interview with Head of Placement and Expansion of Job Opportunities, Department of Labor and Transmigration, District of Sumbawa (*Kepala Bidang Penempatan dan Perluasan Lapangan Kerja, Dinas Tenaga Kerja dan Transmigrasi, Kabupaten Sumbawa*), 21 August 2014.

55 Data obtained from Department of Labor and Transmigration, District of Sumbawa (*Dinas Tenaga Kerja dan Transmigrasi, Kabupaten Sumbawa*).

56 Calculation based on 2010 data on provincial revenue per capita (see Figure 2): Work Bank – Jakarta. 2012. Public Service Delivery Performance and Development Challenges in Bumi Haluoleo. (Jakarta: World Bank). Accessed on February 2, 2015. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/10/18/000386194_20121018022355/Rendered/PDF/732730WP0South00disclosed0100170120.pdf

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