



WORLD BANK GROUP

Social Protection & Jobs

Intended vs. Unintended Consequences of Migration Restriction Policies

Evidence from a
Natural Experiment in Indonesia

Washington, DC, May 8th 2018

SPJ Core Courses – Jobs and Migration

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Motivation

- In recent decades, migration policies have experienced less cross-country coordination compared to trade policies (Hatton, 2007)
- **An unusual policy experiment:** Indonesia recently restricted international migration of female domestic workers to a number of major destinations (e.g. in 2009 to Malaysia, and in 2011 to Saudi Arabia)
- These *Moratoria* intended to prevent migration of informal workers, aiming to protect migrant workers overseas, following episodes of abuse and harassment
- This resulted in the sudden partial impediment to migrate for hundreds of thousands of women
- **What was the impact of these reforms (in particular the ban to migrate to Saudi Arabia imposed in 2011) on origin communities?**

Our contribution

- We assess the consequences of restrictions to emigration on local labor markets at the origin. Most studies focus the consequence of migration in destination countries
- We assess the effects of emigration on origin communities in a country where migrants are predominantly women. Most studies focus on countries where migrants are often males
- We assess the effect of maternal presence on schooling behavior of children. Most studies assess the effect of paternal absence

Background on Indonesia international migrants

- Over 500,000 people per year migrated in the recent decades. In 1996, 56% of documented migrants were women, raising to 68% by 2000 and to 80% by 2006
- Female migrants to Malaysia and Saudi Arabia represented 55% of total flows in 2006
- Female migrants mostly low-skilled, with 50% with primary education
- 80% of female migrants employed as domestic workers overseas
- The typical contract duration for temporary international migrants from Indonesia is 2-3 years
- Considerable spatial variation in rates and destinations of international migration across Indonesia
- Strong ethnic and religious sorting of Indonesian emigrants across destination countries (Bazzi, 2012)

Background on Indonesia international migrants

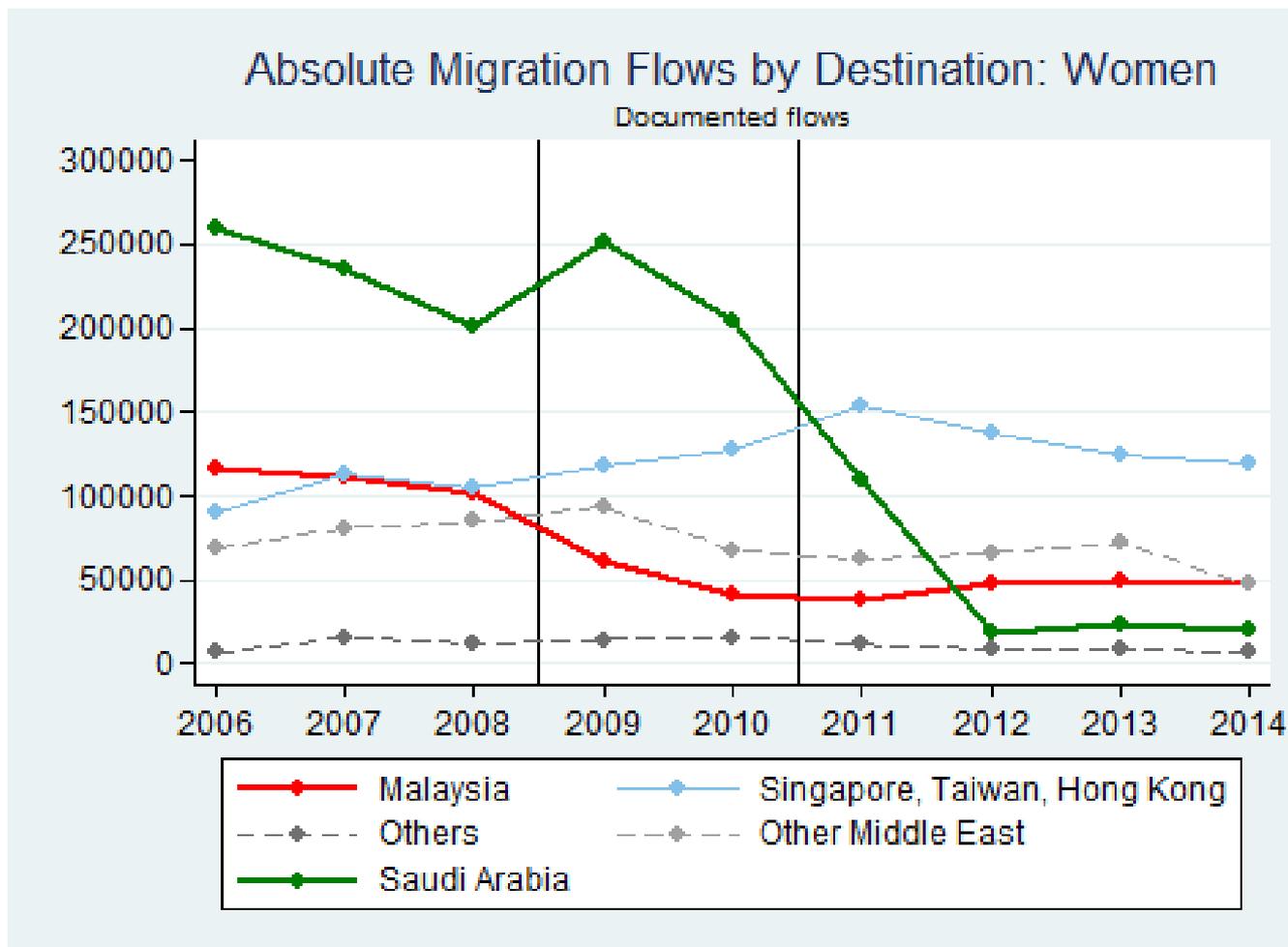
- Concerns for their human rights often raised in the political discussion in Indonesia
 - Physical and mental abuse, violence and harassment at all stages of migration
 - Salary retained, under-paid
 - Extortion, exploitation



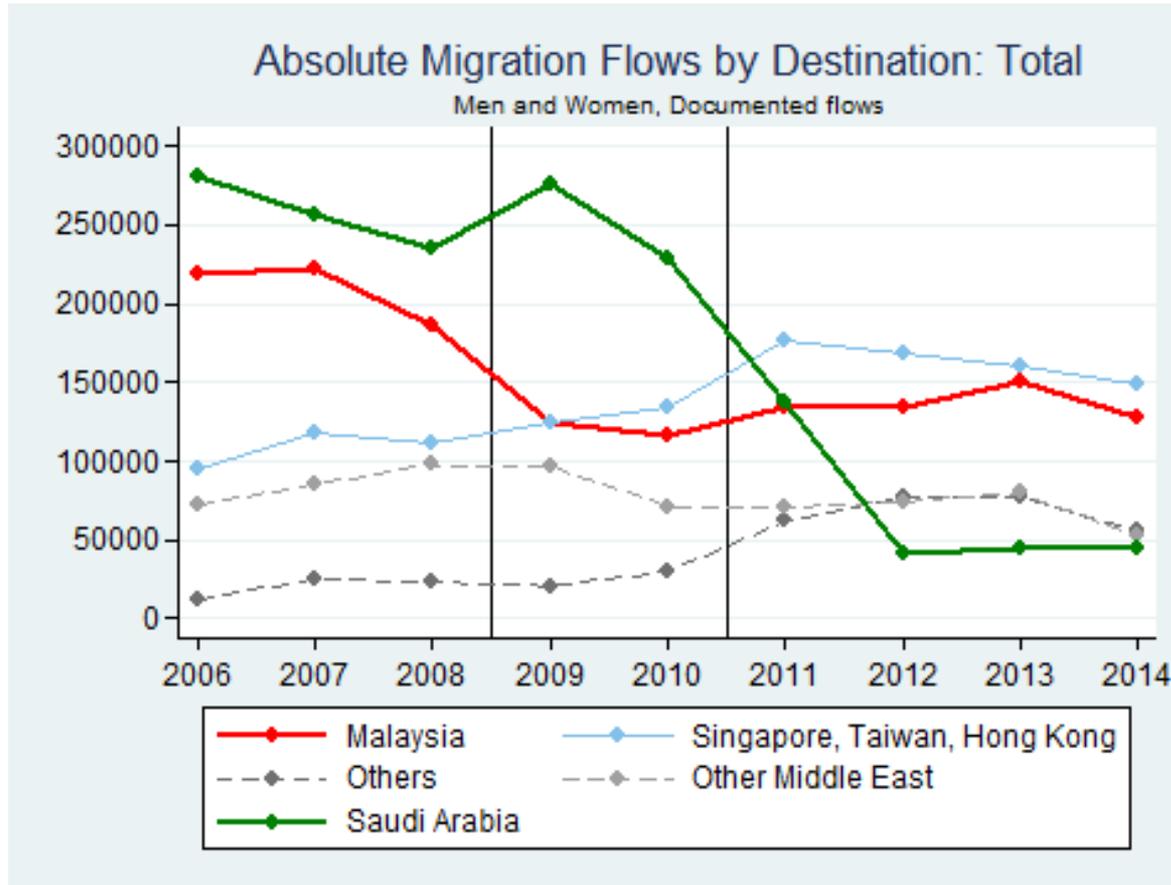
Moratoria were applied to several traditional destinations

- Malaysia as of June 2009 (lifted in December 2011)
- Kuwait as of September 2009
- Jordan as of July 2010
- Arab Saudi as of August 2011
- Syria as of August 2011
- United Arab Emirates as of October 2013
- Qatar as of November 2013
- Oman as of early 2015

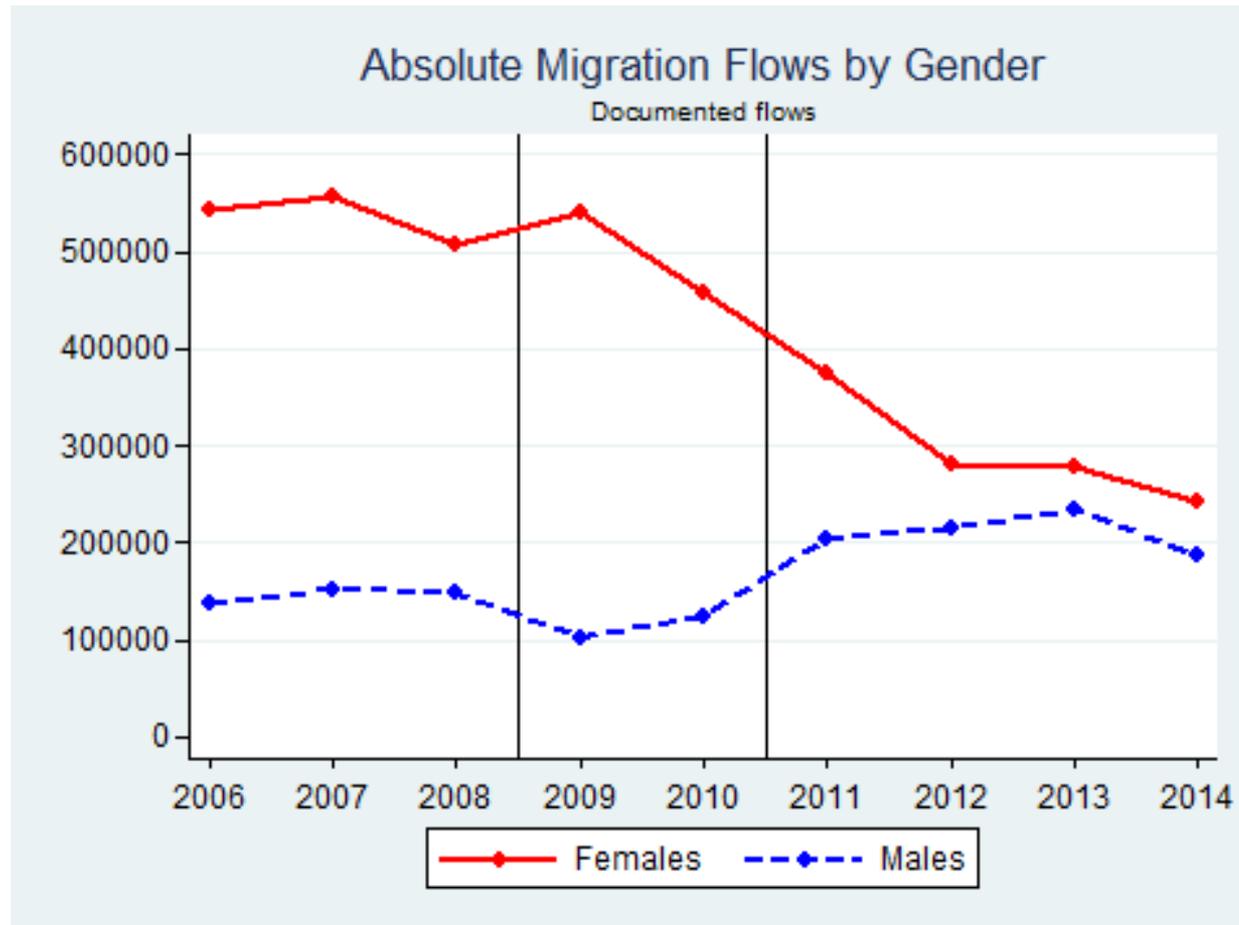
Female migration flows to traditional destinations declined after the Moratoria were imposed



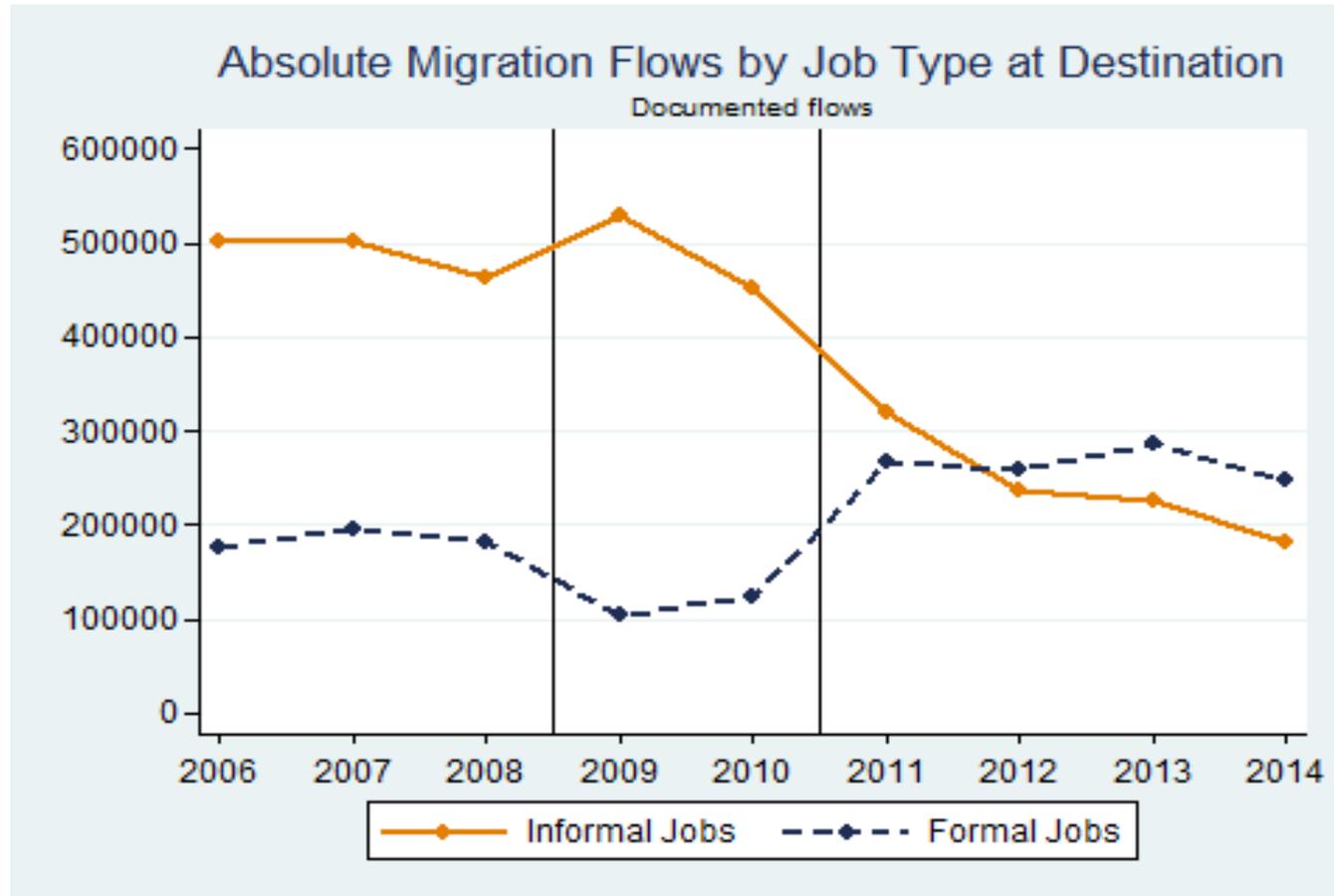
Given the importance of female migration, also total flows declined dramatically



Male emigration did not compensate for the decline in female migrants



Emigration to “formal jobs” did not compensate for the decline in emigration of domestic workers

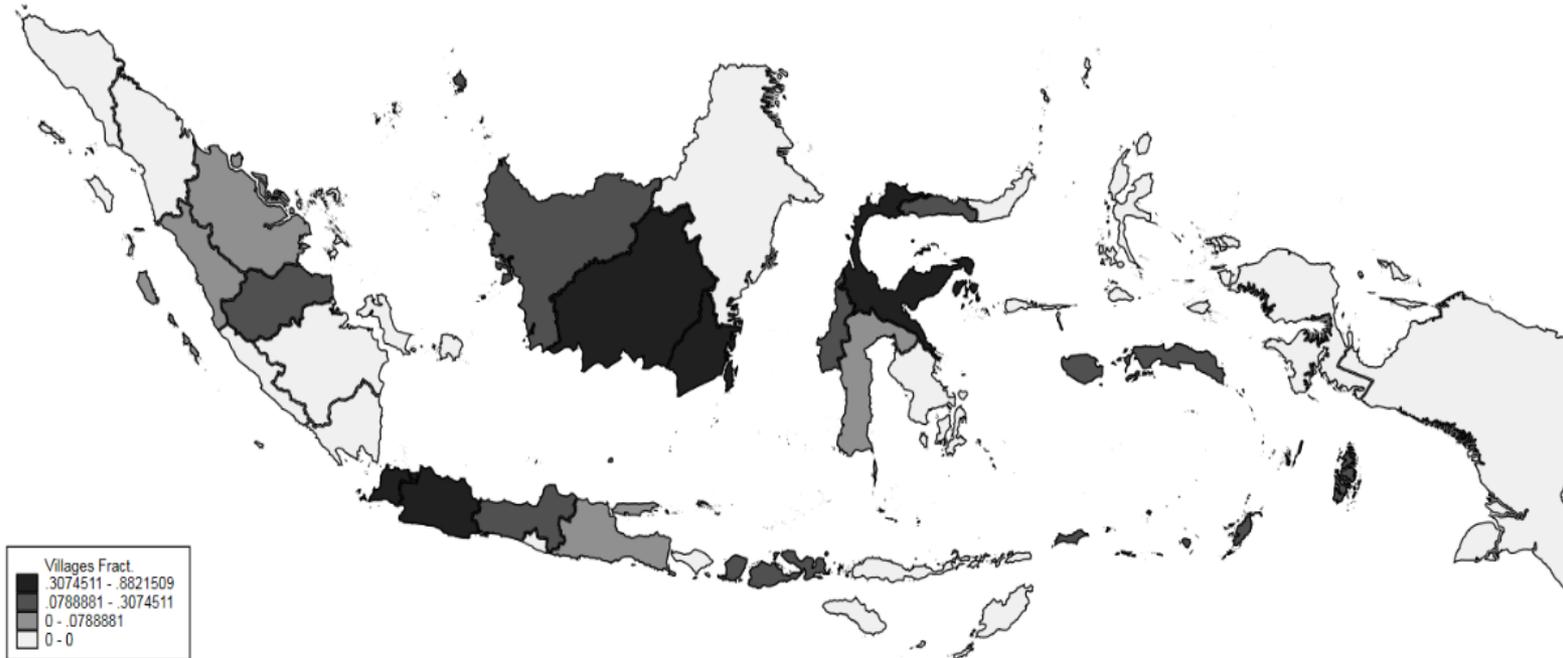


Empirical strategy: difference-in-difference

- We exploit the spatial variation in female migration *before the Moratorium* (in 2005) to build treatment and control groups depending on the intensity of female migration to Saudi Arabia, before the policy was introduced
- Data: administrative village level data (PODES)
- **Treatment districts:** districts where at least 50% of female migrants departed abroad from villages where “Saudi Arabia” was indicated as the 1st destination for international migrants
- **Control districts:** all other districts in Indonesia (not “exposed” to the policy)
- PODES data merged at the “district” level with LFS and Household Consumption Surveys (Sakernas, Susenas), used to measure outcomes
- Results robust to different definition of “treatment districts”

Empirical strategy: Distribution of Treated Districts across Provinces in Indonesia

Fraction of Villages sending Female Migrants to Saudi A. by Province
PODES 2005 Records

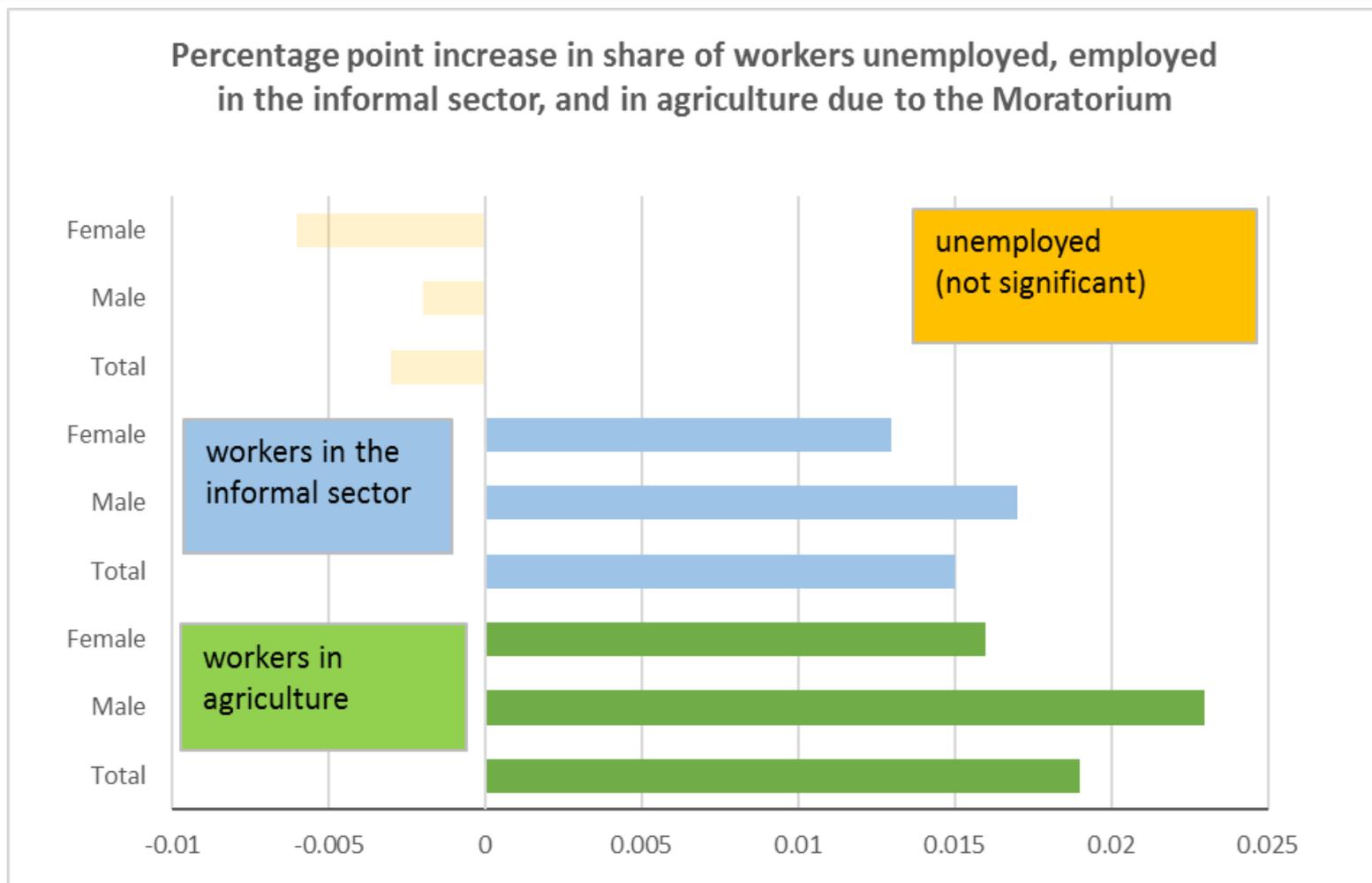


Empirical strategy: the 2011 moratorium to Saudi Arabia did reduce migration flows

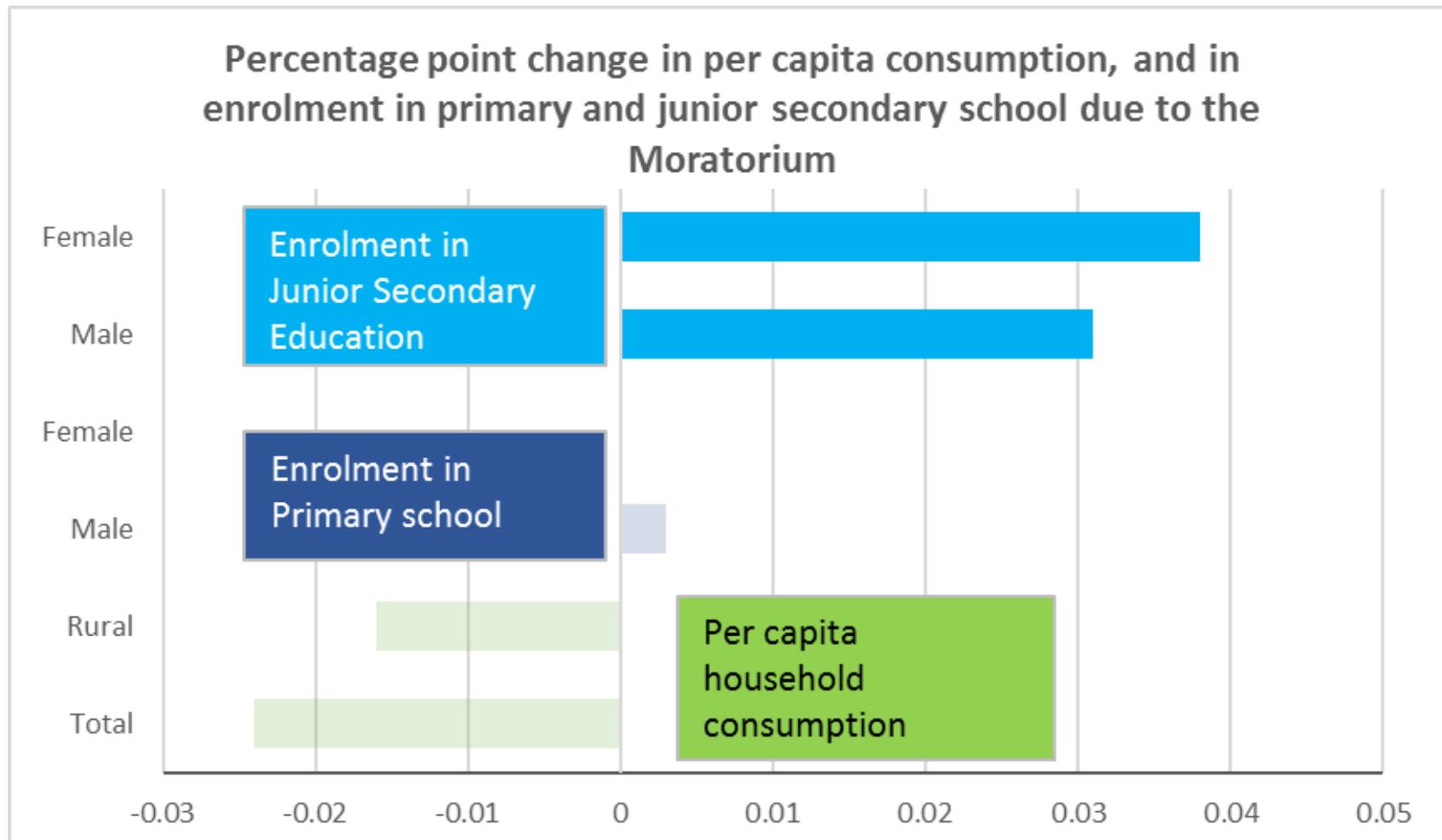
	Dependent Variable: Number of migrants					
	OLS [1]	OLS [2]	OLS [3]	OLS [4]	OLS [5]	OLS [6]
Saudi A. District	14.014*... (7.294)	15.587*... (9.538)	16.894*... (9.254)	-	-	-
Post-Moratorium	2.115** (1.132)	2.613** (1.365)	2.931** (1.431)	2.250** (1.147)	2.855** (1.377)	3.328** (1.409)
Saudi A. District * Post-Moratorium	-4.923*** (1.514)	-5.180*** (1.920)	-4.574** (1.865)	-5.079*** (1.520)	-5.286*** (1.918)	-4.853*** (1.873)
Mean Dep. Var. Pre-Moratorium	20.227	24.005	24.005	20.227	24.005	24.005
Village Characteristics	No	No	Yes	No	No	Yes
District Fixed Effects	No	No	No	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Population-weighted	No	Yes	Yes	No	Yes	Yes
Number of Observations	194946	194946	194946	194946	194946	194946
Number of Villages	49258	49258	49258	49258	49258	49258
Number of Districts	286	286	286	286	286	286



RESULTS: The Moratorium led to an increase in informality rate by 1.5 percentage points, and in the share of workers employed in agriculture by 1.9 percentage points

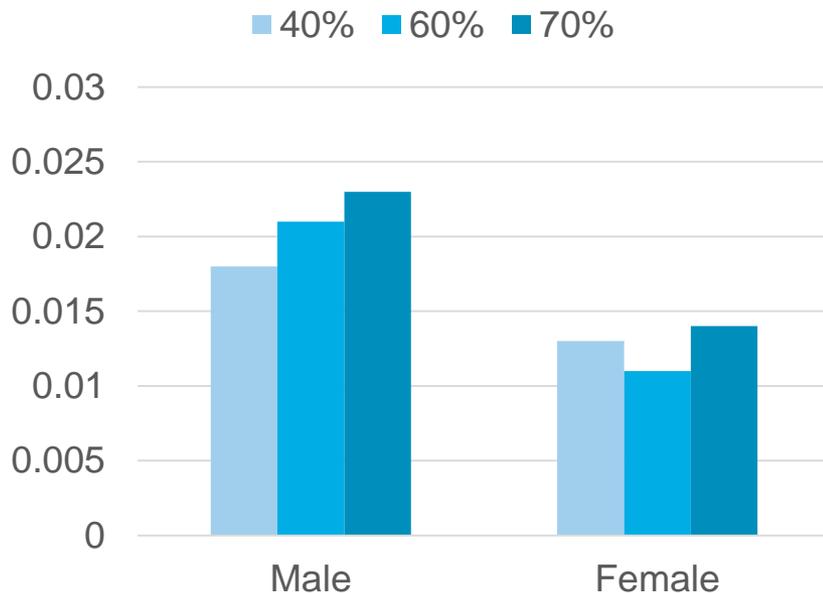


The Moratorium led to an increase in the junior secondary enrolment rate by 3.8 (3.1) percentage points for females (males)

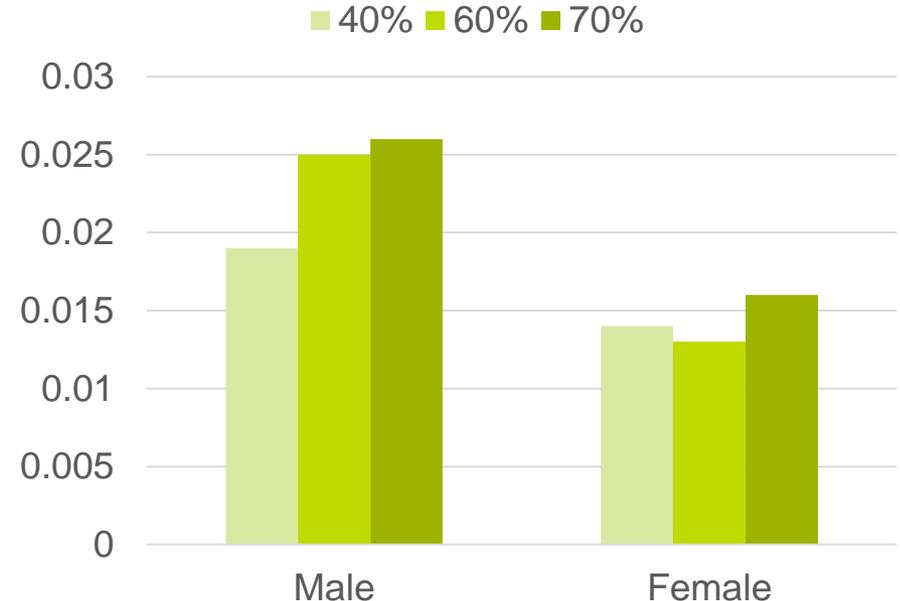


The Moratorium had stronger effects in areas more exposed to the policy (e.g. with higher incidence of female migration to Saudi Arabia)

Percentage point increase in the share of **employment in the informal sector** by intensity of female emigration to Saudi Arabia

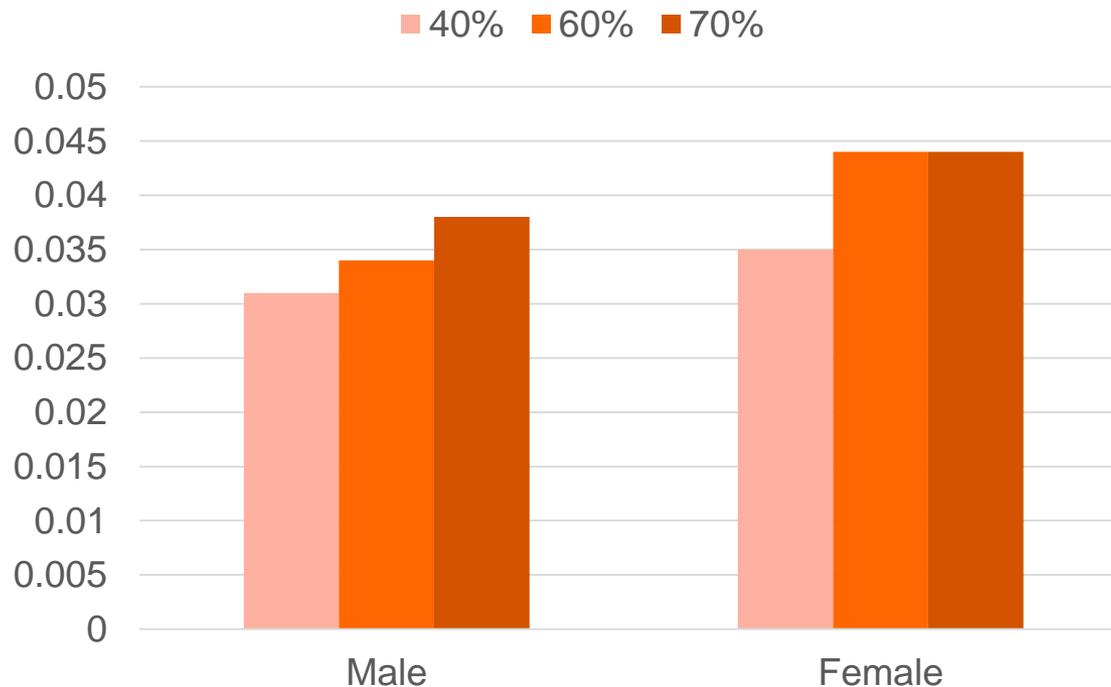


Percentage point increase in the share of **employment in agriculture** by intensity of female emigration to Saudi Arabia

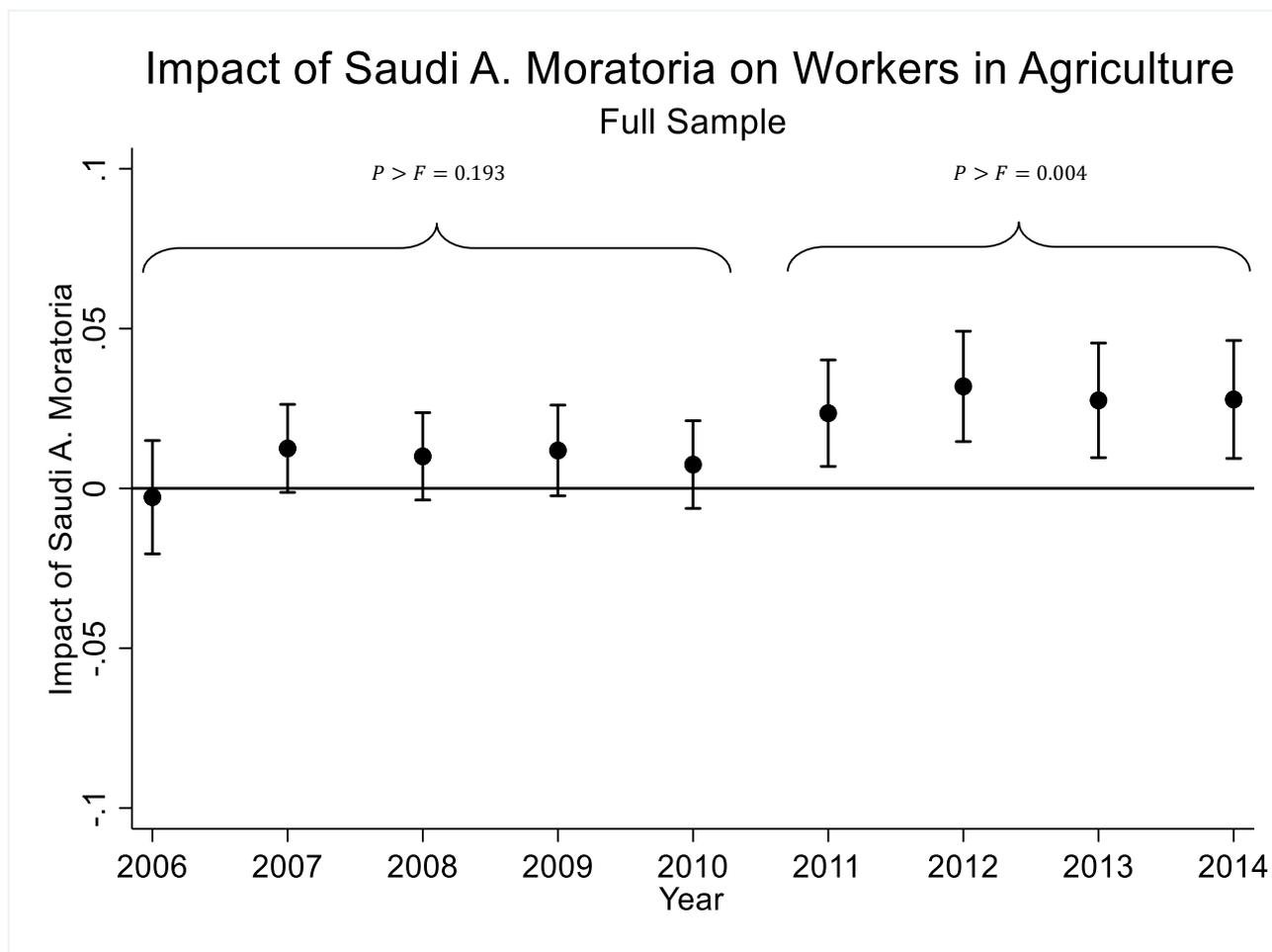


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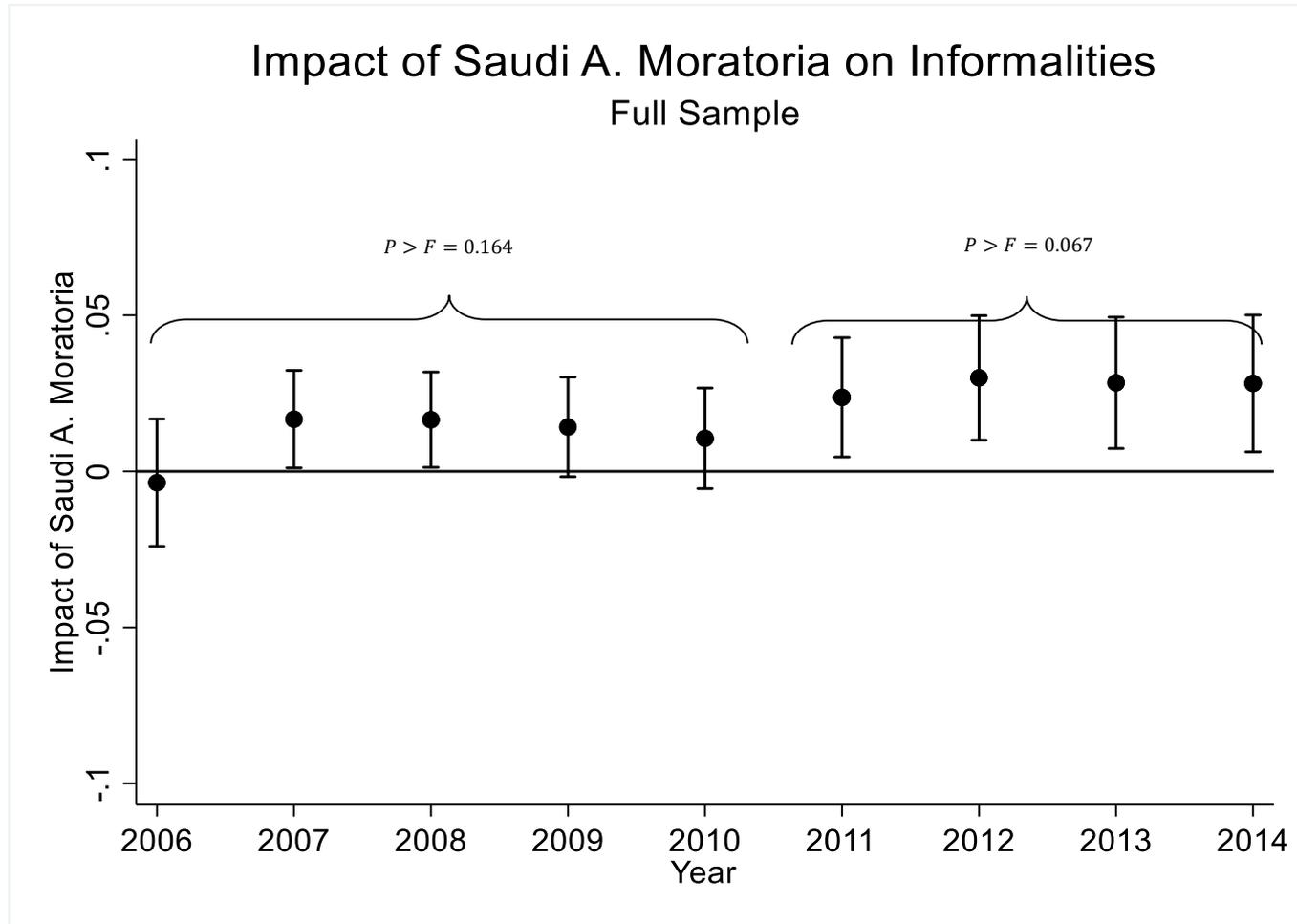
Percentage point increase in **junior secondary enrolment** by intensity of female emigration to Saudi Arabia



The absence of significant pre-treatment differences between “treated” and “control” districts supports the validity of the identification strategy

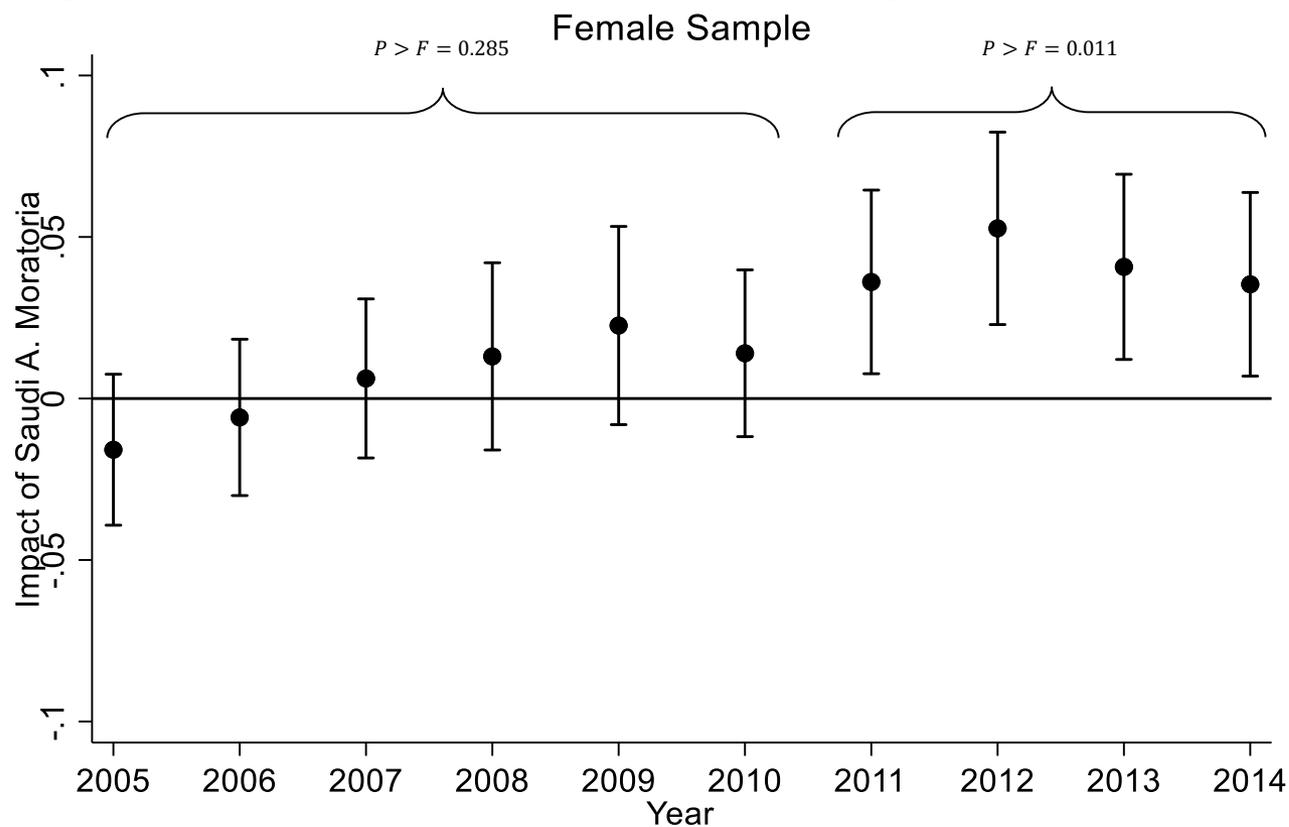


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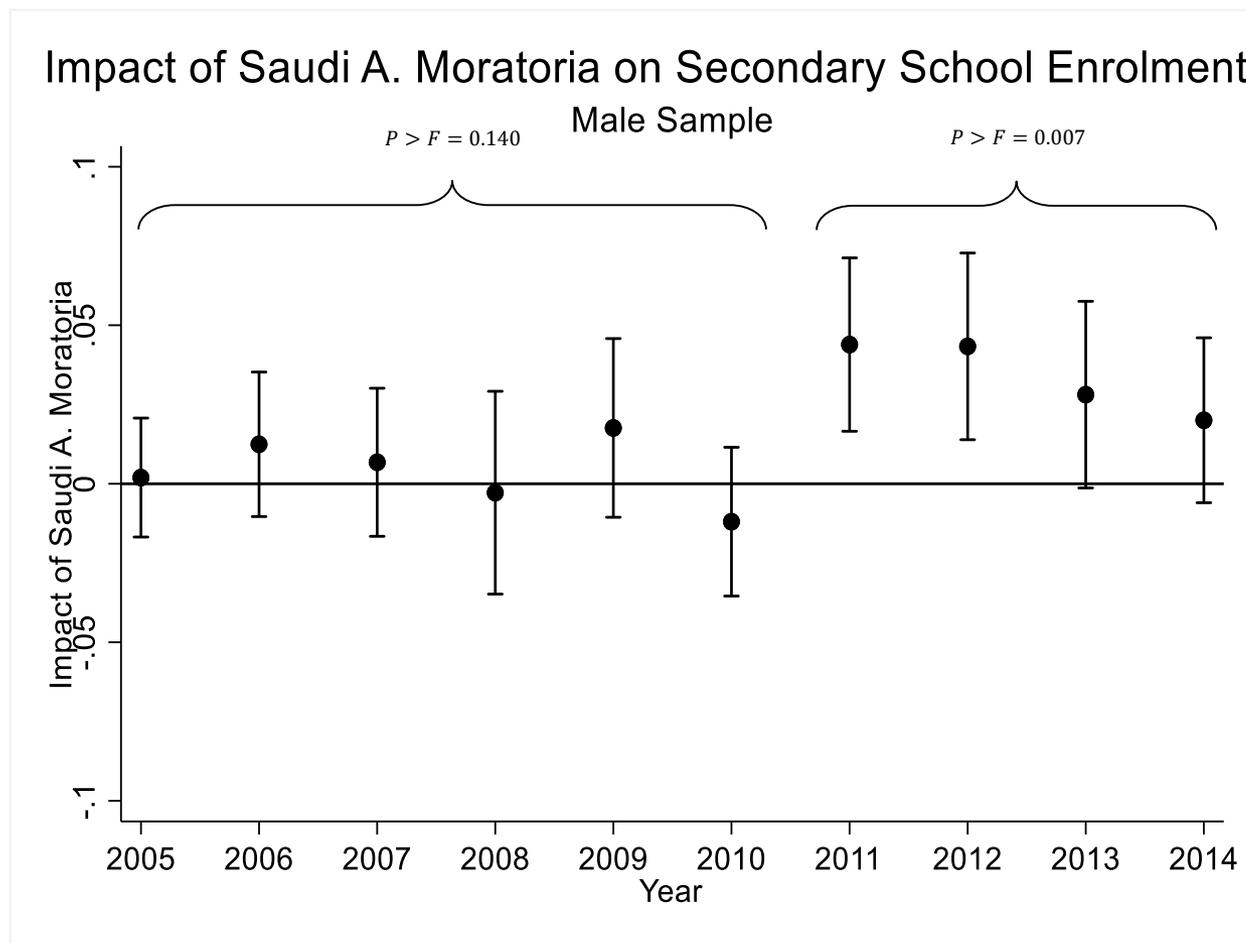


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Impact of Saudi A. Moratoria on Secondary School Enrolment



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Conclusions

- The recent series of moratoria to migration of the Indonesian government provide a rare opportunity to study the consequences of migration restrictions at the origin
- The Saudi Arabia 2011 moratorium was effective at reducing migration outflows
- However, origin communities were seemingly negatively affected by the migration restriction, with more men and women moving into agriculture and informality
- We also find evidence of an “unintended” positive effect of maternal presence on secondary school enrolment
- Results call for the importance of considering migration policy with a comprehensive approach, not just at destination but also at origin