Legal Framework and Financing Mechanisms for Working Capital Investment among Prospective Migrant Workers from Gianyar Regency, Bali

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Abstrak

Tujuan: Penelitian ini bertujuan mengkaji kerangka hukum dan mekanisme pembiayaan untuk mendukung investasi modal kerja bagi calon pekerja migran Indonesia (CPMI) asal Kabupaten Gianyar, mengingat tingginya biaya awal keberangkatan kerap mendorong CPMI menempuh jalur non-prosedural yang berisiko hukum dan sosial. **Desain/metodologi/pendekatan:** Penelitian menggunakan pendekatan terapan yang menggabungkan analisis hukum normatif-empiris, meliputi kajian regulasi nasional dan daerah, analisis komparatif terhadap model pembiayaan pekerja migran di Kabupaten Jembrana dan Bangli, serta simulasi keuangan untuk menilai kelayakan skema pembiayaan bagi CPMI Gianyar; data primer diperoleh melalui wawancara mendalam dengan pejabat dinas tenaga kerja, pengelola BUMD/Perseroda, lembaga keuangan, dan CPMI, dilengkapi data sekunder dari peraturan perundang-undangan dan laporan statistik resmi. **Temuan:** Kabupaten Gianyar telah memiliki landasan regulasi yang kuat melalui Peraturan Daerah Nomor 9 Tahun 2021, namun masih kekurangan mekanisme pembiayaan yang efektif; model paling layak adalah skema hibrida yang mengintegrasikan subsidi bunga, penjaminan kredit (Jamkrida), dan kolaborasi dengan Perseroda, yang menurut hasil simulasi dengan alokasi anggaran sebesar Rp2 miliar per tahun dapat membantu lebih dari 300 CPMI per tahun sekaligus meminimalkan risiko bagi bank dan pemerintah daerah. **Implikasi:** Model pembiayaan yang berlandaskan hukum dan berorientasi sosial sangat diperlukan untuk mengurangi ketergantungan CPMI pada pinjaman informal berisiko tinggi, mendorong migrasi prosedural, serta memperkuat tata kelola keuangan daerah yang transparan dan akuntabel.

Kata Kunci: pekerja migran, Gianyar, kerangka hukum, skema pembiayaan, subsidi kredit

Abstract

Purpose: This study examines the legal framework and financing mechanisms available to support working-capital investment for prospective Indonesian migrant workers (CPMI) from Gianyar Regency, in view of the high upfront departure costs that frequently push CPMI toward non-procedural migration pathways involving significant legal and social risk. **Design/methodology/approach:** The study adopts an applied research design combining normative-empirical legal analysis, comprising a review of national and regional regulations, a comparative analysis of migrant-worker financing models implemented in Jembrana and Bangli Regencies, and a financial simulation to assess the feasibility of a financing scheme for Gianyar's CPMI; primary data were obtained through in-depth interviews with regional manpower agency officials, managers of regional government-owned enterprises (BUMD/Perseroda), financial institutions, and CPMI, supplemented by secondary data from laws, regulations, and official statistical reports. **Findings:** Gianyar Regency already possesses a strong regulatory foundation through Regional Regulation No. 9 of 2021, yet still lacks an effective financing mechanism; the most feasible model is a hybrid scheme integrating interest subsidies, credit guarantees (Jamkrida), and collaboration with a regional government-owned enterprise (Perseroda), which simulation results show could, with an annual budget allocation of IDR 2 billion, assist more than 300 CPMI per year while minimizing risk to both banks and the regional government. **Implications:** A legally grounded, socially oriented financing model is essential to reduce CPMI's dependence on high-risk informal loans, encourage procedural migration, and strengthen transparent and accountable regional financial governance.

Keywords: migrant workers, Gianyar, legal framework, financing scheme, subsidized credit

INTRODUCTION

International labor migration has become a global phenomenon that shapes the dynamics of Indonesia's economic development (Hastuti et al., 2019). Gianyar Regency, one of the regencies in Bali Province, contributes to the placement of migrant workers to various destination countries, particularly in East Asia and the Middle East (Rudnyckyj, 2004). Available data indicate that most migrant workers from Gianyar are employed in the informal sector, such as domestic work and caregiving, while a smaller share has begun to enter formal sectors including manufacturing, tourism, and maritime shipping. Although these opportunities are substantial, the principal barrier faced by prospective Indonesian migrant workers (Calon Pekerja Migran Indonesia, CPMI) is limited access to working capital. This constraint frequently pushes CPMI toward non-procedural departure channels that carry significant legal, social, and economic risk (Tanjung et al., 2022).

Indonesia already possesses a fairly comprehensive legal framework governing migrant worker protection, including Law Number 18 of 2017 on the Protection of Indonesian Migrant Workers and Government Regulation Number 59 of 2021. At the provincial level, Bali has enacted Governor Regulation Number 12 of 2021, while Gianyar Regency issued Regional Regulation (Perda) Number 9 of 2021 to regulate migrant worker protection at the local level. However, these regulations emphasize the normative dimension of protection and have not yet addressed the crucial issue of departure financing schemes. Consequently, a real gap persists between the prevailing legal norms and the factual needs of CPMI in the field (Kusumawati & Hamrany, 2023).

Several other regions in Bali have initiated policy breakthroughs to close this gap. Jembrana Regency, for example, has launched a credit interest subsidy scheme for CPMI in cooperation with the regional credit guarantee institution, Jamkrida. Bangli Regency, meanwhile, has engaged its regional development bank (BPR Perseroda) to channel unsecured credit as working capital for prospective migrant workers. Both models have proven more applicable in practice and have contributed directly to reducing the risk of non-procedural departure. This comparison indicates that Gianyar still has a policy gap that needs to be filled with similar innovations adapted to local conditions.

From the perspective of regional governance, the issue of CPMI financing cannot be separated from questions of governance, taxation, and auditing. Local government is required not only to present policies that protect its citizens, but also to ensure that public financial management remains transparent, accountable, and lawful (Din et al., 2022). Interest subsidy programs, assistance funds channeled through regional government-owned enterprises (BUMD), and credit guarantee mechanisms must all be aligned with the principles of sound regional financial governance. Accordingly, this study situates the issue of migrant worker financing within a broader context, namely the relationship among social protection, fiscal policy, and public accountability (Indrijawati et al., 2024).

Academic literature on migrant worker financing in Indonesia remains relatively limited, particularly from the perspective of regional law. Most prior studies have emphasized legal protection in destination countries or the question of remittances (Syafitri et al., 2022), while studies examining how local government can use legal and fiscal instruments to support CPMI's access to financing remain scarce. This gap opens room for a fresh and relevant scientific contribution, particularly one that responds to the real needs of the Gianyar community, which continues to face working-capital constraints prior to departure.

Based on this background, the study formulates two central research questions (Kurniasih et al., 2019). First, what legal arrangements can serve as the basis for providing a financing scheme in the form of credit assistance for CPMI from Gianyar Regency who follow official departure procedures? Second, how can an implementation strategy for such financing be designed, and how can a repayment simulation be analyzed to ensure the sustainability and effectiveness of the program? Accordingly, the study aims to (1) examine the existing national and regional legal framework governing the protection of Indonesian migrant workers, particularly as it relates to access to working-capital financing; (2) evaluate comparative financing models already implemented in Jembrana and Bangli Regencies as potential references for Gianyar; (3) formulate a legally grounded financing scheme appropriate to Gianyar's institutional and fiscal context; and (4) simulate the financial feasibility and sustainability of the proposed scheme. By answering these questions, the study is expected to contribute conceptually to the literature on public financial governance and to offer practical recommendations for the Gianyar Regency Government to strengthen the state's role in migrant worker protection through an innovative and sustainable financing scheme. The remainder of this article is organized as follows: the next section describes the research method, followed by the results and discussion, and finally the conclusions and policy recommendations.

RESEARCH METHOD

This study used an applied research design with a normative-empirical legal approach, combining analysis of laws and regulations with empirical data obtained from relevant stakeholders (Farisi et al., 2022). The research was conducted in Gianyar Regency, Bali, with a focus on the legal framework and financing mechanisms available to prospective Indonesian migrant workers (CPMI). Primary data were collected through in-depth interviews with officials of the regional manpower office, managers of the regional government-owned enterprise (Perseroda/BUMD), representatives of financial institutions, and CPMI themselves, while secondary data were drawn from national laws, government regulations, regional regulations, and official statistical reports.

The research sample consisted of selected CPMI and representatives of relevant local institutions, determined through purposive sampling to ensure relevance to the research objectives. Data collection techniques included literature review, document analysis, and field interviews. The analytical tools employed were normative legal analysis; comparative analysis of financing models implemented in other regencies, namely

Jembrana and Bangli; and financial simulation analysis to assess the feasibility of loan repayment and the sustainability of the proposed policy.

RESULTS AND DISCUSSION

Profile and Sectoral Distribution of Migrant Workers from Gianyar Regency

Table 1: Indonesian Migrant Workers (PMI) from Gianyar Regency by Gender, 2023

Gender	Number	Percentage
Male	585	55.9%
Female	461	44.1%
Total	1,046	100%

[Source: Research data, 2023.]

The results show that the number of Indonesian Migrant Workers (PMI) originating from Gianyar Regency reached 1,046 persons in 2023. Of this total, men dominated with 585 persons (55.9 percent), while women accounted for 461 persons (44.1 percent). This distribution indicates that overseas employment opportunities attract interest from the Gianyar community across gender lines. The principal sectors of employment are domestic work, caregiving, manufacturing, and cruise ships. The high level of interest in informal-sector work reflects the limited technical skills currently held by CPMI, a condition that points to an urgent need for adequate training and financing support.

Destination Countries and Emerging Sectoral Diversification

Table 2: Estimated PMI Placement from Gianyar Regency by Principal Destination Country, 2023

Destination Country	Estimated Number of PMI	Dominant Sector
Hong Kong	~330	Domestic work / elder care
Taiwan	~290	Domestic work / caregiving
Malaysia	~180	Manufacturing / plantation
Singapore	Also a major destination (figure not disaggregated)	Domestic work

[Source: Research data, 2023.]

The destination countries for PMI from Gianyar are dominated by Hong Kong, Taiwan, Malaysia, and Singapore. The largest estimated placement is in Hong Kong, with approximately 330 persons, followed by Taiwan with around 290 persons and Malaysia with around 180 persons. These countries generally absorb labor in the informal sector, particularly domestic work and elderly care. At the same time, the formal sector is beginning to develop, with departures directed toward Japan, South Korea, and Turkey. This indicates an emerging opportunity for sectoral diversification in the future; however, without appropriate regulatory and financing support, this potential is difficult to maximize.

Regulatory Framework and the Financing Implementation Gap

Analysis of the regulatory framework shows that Gianyar Regency already has a legal basis in the form of Regional Regulation (Perda) Number 9 of 2021 on the Protection of Krama Gianyar Migrant Workers. This regulation affirms the role of local government in facilitating financing, training, and advocacy for CPMI. However, the Perda has not yet been followed by an adequate technical mechanism for financing implementation. As a result, many CPMI continue to depend on informal loans or family borrowing, a dependency that increases the risk of becoming trapped in high-interest debt. A gap therefore persists between normative regulation and its factual implementation in the field.

Comparative Financing Models: Jembrana and Bangli

Table 3: Comparative Migrant-Worker Financing Models, Jembrana and Bangli Regencies

Regency	Institution Involved	Financing Mechanism	Key Feature
Jembrana	Jamkrida (regional credit guarantee institution)	Subsidized credit interest	Reduces the interest burden borne by CPMI; minimizes non-performing loan risk through guarantee cooperation
Bangli	BPR Bank Daerah Bangli (Perseroda)	Unsecured credit, supported by a regional government assistance fund	Eases access to departure funds; combines commercial and social financing objectives

[Source: Research data (comparative analysis).]

The comparative study shows that Jembrana Regency has developed a PMI financing model through subsidized credit interest, supported by cooperation with the guarantee institution Jamkrida, so that the risk of non-performing loans can be minimized. The Jembrana model has proven effective because it is able to reduce the interest burden borne by CPMI; under this scheme, prospective migrant workers no longer need to seek financing from informal moneylenders. This demonstrates that direct local government intervention can reduce the risk of non-procedural departure. A similar model has strong potential for adoption in Gianyar, with adaptation to the local context.

In addition, Bangli Regency has implemented the involvement of its regional development bank, BPR Bank Daerah Bangli (Perseroda), in PMI financing. Through an unsecured credit mechanism, prospective migrant workers can obtain departure funds more easily. This program is supported by an assistance fund from the local government intended to reduce risk for the financial institution. The involvement of Perseroda provides assurance that the financing program is oriented not only toward profit, but also toward a social mission. As a result, CPMI gain legal access to working capital under lighter requirements. The Bangli experience illustrates the importance of regional institutional collaboration in supporting migrant workers.

Financing Simulation for Gianyar

Table 4: Simulated Financing Scheme for Gianyar Regency

Parameter	Simulated Value
Annual regional budget (APBD) allocation	IDR 2 billion
Average credit ceiling per CPMI	IDR 25 million
Estimated CPMI assisted per year	More than 300 persons
CPMI's financing burden	Principal installments only
Interest cost	Borne by the regional government (subsidized)
Credit-risk mitigation	Guaranteed by Jamkrida

[Source: Research simulation, based on an assumed average credit ceiling of IDR 25 million per person.]

Based on the simulation conducted, if the Gianyar Regency Government allocates a budget of IDR 2 billion per year, the financing scheme could reach more than 300 CPMI. This calculation assumes an average credit ceiling of IDR 25 million per person, supported by interest subsidies and credit guarantees. Under this scheme, the burden borne by CPMI consists only of principal installments, while the interest cost is borne by the regional government. The disbursing bank continues to earn a return from credit management, while Jamkrida, as the guarantee institution, plays a role in reducing the risk of non-performing loans. In this way, all parties involved obtain a balanced benefit.

Financial Literacy and the Risk of Informal Borrowing

The analysis further shows that the level of financial literacy among CPMI in Gianyar remains relatively low. Many prospective migrant workers do not yet fully understand the legal consequences of high-interest borrowing. This condition causes a portion of CPMI to become trapped in informal loans that lack legal certainty. Financial education and outreach are therefore essential complements to any financing scheme; without improved literacy, even an interest-subsidized program may face implementation obstacles. Accordingly, the implementation strategy needs to be designed comprehensively, encompassing legal, technical, and educational dimensions.

Migration, Remittances, and Regional Development

Further discussion shows that PMI financing is not merely a matter of individual need, but also a component of regional development strategy. Legal and protected departure by CPMI is expected to have a positive effect on remittances sent to families in Gianyar. These remittances can serve as an additional source of income that supports local economic growth. Conversely, if departure occurs through non-procedural channels, social risks such as deportation, exploitation, and social burden increase substantially. Financing policy should therefore be viewed as a form of regional social investment, through which the Gianyar Regency Government can play a stronger role in strengthening community welfare.

Gender Segmentation in the Migrant Labor Market

Another finding concerns gender segmentation within the migrant labor market. Women are more heavily concentrated in the informal sector, such as domestic work and caregiving in Hong Kong and Taiwan, while men are more dominant in manufacturing, maritime, and construction sectors in Malaysia, Japan, and on cruise ships. This segmentation calls for a gender-sensitive financing policy: women require financing support directed toward the domestic sector and caregiving-skills training, while men require support oriented toward the maritime or industrial sector. A gender-inclusive policy is expected to make the financing scheme more effective and better targeted.

Strategic Implications

Taken together, these findings indicate that Gianyar Regency holds substantial potential to develop a regionally grounded, legally based PMI financing model. By adopting the interest-subsidy pattern applied in Jembrana, the Perseroda-based involvement demonstrated in Bangli, and collaboration with a credit guarantee institution, Gianyar can build a financing system that is both secure and sustainable. Such a model represents not merely a technical solution, but also a concrete form of state presence at the local level. Its expected impact includes an increase in the number of procedural CPMI, a reduction in non-procedural practices, and a strengthening of community welfare more broadly.

CONCLUSION

This study examined the legal framework and financing mechanisms available for working-capital investment among prospective Indonesian migrant workers (CPMI) from Gianyar Regency and found that the central problem lies in limited access to adequate working-capital financing, a constraint that pushes a portion of the community toward non-procedural migration pathways. Existing national and regional regulations — Law Number 18 of 2017, Government Regulation Number 59 of 2021, Bali Governor Regulation Number 12 of 2021, and Gianyar Regional Regulation Number 9 of 2021 — provide a strong legal basis for the protection of migrant workers, yet technical implementation on the financing dimension remains suboptimal.

These findings carry three main implications. First, the comparative evidence from Jembrana's interest-subsidy model and Bangli's Perseroda-based unsecured credit scheme demonstrates that a hybrid approach — integrating interest subsidies, credit guarantees, and the involvement of a regional government-owned enterprise — offers a viable and locally adaptable reference for Gianyar. Second, the simulation results, which indicate that an annual regional budget (APBD) allocation of IDR 2 billion could support more than 300 CPMI per year, suggest that the scheme is fiscally feasible without imposing disproportionate risk on participating banks or the regional government, given the risk-sharing role played by Jamkrida. Third, the persistence of low financial literacy and gendered sectoral segmentation among CPMI indicates that a financing instrument alone is not sufficient; it must be paired with targeted financial education and gender-responsive program design in order to be effective and equitable.

Based on these conclusions, this study recommends that the Gianyar Regency Government formalize the hybrid financing scheme — combining interest subsidies, Jamkrida credit guarantees, and Perseroda participation — through an implementing regulation under Regional Regulation Number 9 of 2021, supported by a dedicated annual budget allocation. Relevant agencies, including the manpower office, the regional government-owned enterprise (BUMD/Perseroda), and partner financial institutions, should jointly develop technical operating procedures for credit disbursement and monitoring. Financial literacy and pre-departure education programs should be institutionalized as a mandatory complement to the financing scheme, with attention to gender-specific training needs across employment sectors. Future research should extend this study through an implementation evaluation of the proposed financing model, including the effectiveness of monitoring mechanisms, its impact on household remittances, and the potential for expanded involvement of cooperatives and village credit institutions (LPD) in supporting PMI financing access at the village level.

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