

The financing need for providing paid maternity leave in the informal sector in Indonesia

CURRENT STATUS: UNDER REVIEW

 International Breastfeeding Journal  BMC

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DOI:

10.21203/rs.3.rs-17924/v1

SUBJECT AREAS

Sexual & Reproductive Medicine

KEYWORDS

Informal sector, breastfeeding, maternity protection, maternity leave, costing, maternity cash transfer, Indonesia

Abstract

Background The economic cost of not breastfeeding in Indonesia is estimated at US\$1.5–9.4 billion annually (Walters *et al*, 2016; Siregar *et al*, 2018; Walters *et al*, 2019), the highest in South East Asia. Half of the 33.6 million working women of reproductive age (WRA) in Indonesia are informal employees, and less than 50% exclusive breastfeed. No maternity protection entitlements are currently available for WRA working informally in Indonesia. This study aims to estimate the cost of providing maternity leave cash transfer (MCT) for WRA working in the informal sector in Indonesia.

Method The costing methodology used is the adapted version of the World Bank methodology by Vilar-Compte *et al* (2019), following pre-set steps to estimate costs using national secondary data. We used the 2018 Indonesian National Socio-Economic Survey to estimate the number of women working informally who gave birth within the last year. The population covered, potential cash transfer's unitary cost, the incremental coverage of the policy in terms of time and coverage, and the administrative costs were used to estimate the cost of MCT for the informal sector.

Result At 100% coverage for 13 weeks of leave, the annual cost of MCT ranged from US\$175million (US\$152/woman) to US\$669million (US\$583/woman). The share of the annual costs did not exceed 0.5% of Indonesian Gross Domestic Product (GDP).

Conclusion The yearly cost of providing MCT for eligible WRA working in the informal sector is significantly lower than the current annual cost of not breastfeeding in Indonesia, as computed in previous work (Walters *et al*, 2016; Siregar *et al*, 2018; Walters *et al*, 2019). While such a program would be perceived as a marked increase from current public health spending at the onset, such an investment could substantially contribute to the success of breastfeeding and substantial corresponding public health savings given that more than half of working Indonesian WRA are employed in the informal sector. Such policies should be further explored while taking into consideration realistic budget constraints and implementation capacity.

Full-text

Due to technical limitations, full-text HTML conversion of this manuscript could not be completed.

However, the manuscript can be downloaded and accessed as a PDF.

Tables

Table 1. Assumptions and values used in the analysis

Items	Value used in base scenario	Sources
Exchange rate (2019)	Rp 14,236/US\$	Bank of Indon
Rate of cash benefit provided to employees by employers (%)	100	ILO [7]
Minimum wage per month (US\$)*	159.20 (39.80/week)	
2/3 of minimum wage per month (US\$)*	106.13 (26.53/week)	
Family Hope cash transfer per month [40,41]	168.59 (42.15/week)	
Poverty line per month (3.2US\$ PPP 2011 per day, converted into 2018 nominal value using PPP conversion of Rp5,341.5/US\$ and 2019 exchange rate)	36.02 (9.01/week)	The World Ba of Nationa Planning o Indonesia [53]
Number of WRA (15 – 49 years)	71,182,875	The World Ba
Percentage of working WRA (%)	50.17	National Bur Indonesia [18]
Percentage of women working in informal sector (out of working WRA) (%)	59.11	National Bur Indonesia [18]
Potential coverage of women working in informal sector potentially eligible to receive paid maternity leave (%)	21 ^a and 100	ILO [7]
Length of maternity leave (weeks)	13, 14, 18 and 26	Ministry of Transmigratio Indonesia [22]
Administration cost per female covered (US\$)**	35 (2018)	The World Ba
Indonesian GDP 2018 (US\$)	1,042,173,300,000	The World Ba

*The wage reflects average provincial minimum wage, compiled from various provincial regulation documents; **assumed to be similar to the Family Hope Program [25], adjusted to 2018 value using CPI of 147% (2010=100) [50]; ^aMean of coverage in law of maternity leave [7].

This table shows all of the assumptions and values used in the calculation

Table 2. Characteristics of informally working WRA in Indonesia

Variables	Categories	Work informally (%)*	Gave birth within last year (%)*
Age group (years)	15-19	53.0	3.8
	20-24	37.9	9.9
	25-29	47.4	12.0
	30-34	57.4	9.1
	35-39	63.8	5.9
	40-44	68.0	2.3
	45-49	70.2	0.6
Education level	No education, kindergarten or incomplete elementary school	83.1	5.1
	Elementary school	79.1	4.4
	Junior high school	70.6	5.6
	Senior high school	51.1	6.4
	Vocational school	19.6	8.0
	University	12.5	8.7
	Marital status	Single	32.8
Married		64.8	6.4
Divorced		52.0	2.8
Widowed		68.4	1.5
Type of locality	Urban	41.8	5.2
	Rural	72.4	5.6

Source: SUSENAS 2018 [18], *out of working WRA

This table shows the characteristics of WRA working informally using the SUSENAS data.

Table 3. The yearly financing need for MCT in informal sector

Type of UC/% and length of coverage (weeks)	Number of WRA working informally covered	Cost of MCT (US\$)	Administrative cost (US\$)	Total cost (US\$)	% of GDP 2018 (nominal)
<i>100% coverage</i>					
Minimum wage					
13	1,147,204	593,551,960	40,390,767	633,942,726	0.06%
14	1,147,204	639,209,803	40,390,767	679,600,569	0.06%
18	1,147,204	821,841,175	40,390,767	862,231,942	0.08%
26	1,147,204	1,187,103,919	40,390,767	1,227,494,686	0.11%
2/3 minimum wage					
13	1,147,204	395,701,306	40,390,767	436,092,073	0.04%
14	1,147,204	426,139,868	40,390,767	466,092,073	0.04%
18	1,147,204	547,894,116	40,390,767	588,284,883	0.05%
26	1,147,204	791,402,613	40,390,767	831,793,380	0.08%
Cash transfer					
13	1,147,204	628,560,907	40,390,767	668,951,674	0.06%
14	1,147,204	676,911,746	40,390,767	717,302,513	0.06%
18	1,147,204	870,315,102	40,390,767	910,705,869	0.08%
26	1,147,204	1,257,121,814	40,390,767	1,297,512,581	0.12%
Poverty line					
13	1,147,204	134,298,323	40,390,767	174,689,090	0.01%
14	1,147,204	144,628,964	40,390,767	185,019,731	0.01%
18	1,147,204	185,951,525	40,390,767	226,342,292	0.02%
26	1,147,204	268,596,647	40,390,767	308,987,414	0.03%
<i>21% coverage</i>					
Minimum wage					
13	240,913	124,645,912	8,482,061	133,127,973	0.01%
14	240,913	134,234,059	8,482,061	142,716,120	0.01%
18	240,913	172,586,647	8,482,061	181,068,708	0.01%
26	240,913	249,291,823	8,482,061	257,773,884	0.02%
2/3 minimum wage					
13	240,913	83,097,274	8,482,061	91,579,335	0.00%
14	240,913	89,489,372	8,482,061	97,971,433	0.00%
18	240,913	115,057,764	8,482,061	123,539,826	0.01%
26	240,913	166,194,549	8,482,061	174,676,610	0.01%
Cash transfer					
13	240,913	131,997,790	8,482,061	140,479,852	0.01%
14	240,913	142,151,467	8,482,061	150,633,528	0.01%
18	240,913	182,766,171	8,482,061	191,248,233	0.01%
26	240,913	263,995,581	8,482,061	272,477,642	0.02%
Poverty line					
13	240,913	28,202,648	8,482,061	36,684,709	0.00%
14	240,913	30,372,082	8,482,061	38,854,143	0.00%
18	240,913	39,049,820	8,482,061	47,531,881	0.00%
26	240,913	56,405,296	8,482,061	64,887,357	0.00%

This table shows the costs calculation of financing MCT in informal sector per year

Supplementary Files

This is a list of supplementary files associated with this preprint. Click to download.

Additional file 1.docx