

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Migration In Latin-America And The Caribbean: A Comprehensive Approach To Address Policy Challenges
▪ TC Number:	RG-T3473
▪ Team Leader/Members:	SALAS, RODRIGO Team Leader; BLYDE, JUAN S. Alternate Team Leader; GRANADA GARCES, ISABEL CRISTINA; SOBRAL DE ELIA, MARIANA; RODRIGUEZ CHATRUC, MARISOL; GARCIA NORES, LUCIANA VICTORIA; PINTO MASIS, DIANA MARGARITA (SCL/SPH); FUNES, GERARDO A (INT/INT); ROSAS SHADY, G. DAVID (SCL/LMK); HOLGUIN MADRINAN, ALEJANDRA
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	13 May 2019
▪ Beneficiary:	Todos los paises prestatarios del Banco
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 700,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Migration Initiative
▪ Unit of Disbursement Responsibility:	Migration Initiative
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 Given the multiple challenges related to migration in origin, transit and destination countries and the recent accelerating migration trends observed in Latin America and the Caribbean, the principal objective of this technical cooperation is to develop a comprehensive set of knowledge products to support countries in the region to address the impacts of migration, and to leverage the positive effects on economic growth and development.
- 2.2 This objective will be achieved with the generation and dissemination of knowledge products with a strong focus on applying innovative approaches to data collection on the migration phenomenon, evaluating the impact of migrants in countries of origin, transit and destination and identifying good policy practices on migration to guide the Bank's operational work in this area. Special attention will be given to sector specific solutions to challenges such as access to identification and documentation, to basic services, to social services, and expanding economic opportunities. The TC will also support operational focus groups and roundtables to glean lessons and good practices and engage in partnerships with relevant institutional actors. The goal is to consolidate robust empirical evidence that can inform policymakers on how to unleash the contribution of migration and inclusive development to economic growth while managing the associated costs in origin, transit and destination countries.

- 2.3 LAC accounts for a fair share of the world's migrant population but very little is known about its determinants and impacts, which limits the design of adequate policy frameworks.

What is remarkable is that very little is known about the impacts in destination countries or in migrant-sending countries that these migration episodes are having on a variety of outcomes., including demographics or labor markets, and ultimately on economic growth and development. This knowledge gap prevents the design of proper policies. While stylized models of economic growth do not normally link the migration phenomenon with growth, there is ample empirical evidence that justifies looking at the topic of migration from a developmental perspective given its expected impact in boosting growth and fostering development. The first link between migration and growth is through a demographic impact. Not only by increasing the size of the population but also by changing the age pyramid of receiving countries, migration is usually associated with an expansion of the labor force. Migrants tend to be more concentrated in the younger and economically active age groups compared with natives and therefore contribute to reduce dependency ratios (Blau and Mackie, 2016). Immigration also often boosts labor supply by increasing female labor force participation via the mechanism of substantially reduced costs in care services. The overall increase in the population also brings a greater aggregate demand for consumer goods and services. Evidence indicates that a greater product variety in both intermediate inputs and final goods contributes to this expansionary effect (di Giovanni, Levchenko and Ortega, 2014). Empirical evidence at the micro-level indicate the existence of additional channels linking migration, growth and development. For instance, immigrants have significantly higher rates of entrepreneurship than natives (Hunt, 2011), immigrant-owned businesses tend to be more productive, on average, than native-owned businesses (Garcia-Perez, 2011) and immigrants patent at double the native rate leading to more innovation, the main driver of productivity growth (Hunt and Gauthier-Loiselle, 2010). But migration can also impose challenges in the short run in destination countries particularly in cases of large and sudden inflows of immigrants. It has been estimated, that the fiscal impact of Venezuelan migrants in Colombia is around 0.4% of GDP a year (Fedesarrollo, 2018). But after the initial phase of migration, the evidence indicates that the positive impacts of migration normally outweigh the negative effects. In Colombia, for example, it is estimated that the Venezuelan immigration will have an increase in potential GDP growth of 0.5 percentage points (Fedesarrollo, 2018). More generally, studies that take a long view regarding the overall impact of migrants in destination countries have found a significant boost in growth and economic development through the accumulation of the channels mentioned above. Increasing the immigrant share of the population in 1 percentage point, for example, is found to raise income per capita, on average, by 6% in the long run (Ortega and Peri, 2014). From a policy perspective, the effects of migration are likely to depend on the context and the policy choices that address it. A great deal of information/analysis is required to address the challenges related to migrants and to boost the impacts on economic growth and development.

III. Description of Activities and Outputs

- 3.1 Component 1. Data, Surveys, and Information Systems* (US\$ 250,000). This component consists of several activities aimed at generating new data to understand the multiple dimensions of the migration phenomenon in LAC. This data will be used to inform the sectoral and operational work of the Bank and external policy-makers and to develop research products (Component 2). Activities in this component include: (i) Innovative approaches to data collection using digital technologies; (ii) Deployment of a specialized survey about sentiments towards migrants in several countries of the region to better understand patterns of perception about migrants, their changes over time and how the countries of LAC compare to other regions; (iii) Mapping and benchmarking of migration-related policies and institutions at the international level;

(iv) Development of a support network with national, regional, and international agencies to collect and publish data on migration flows regularly. Component 2. Technical Studies, Policy Research, and Flagship Report (US\$ 300,000) This component consists on a series of innovative studies and a report on migration in LAC with the objective to understand the challenges in origin, transit and destination countries and to provide sound policy recommendations. Activities include: (i) Technical studies: a series of microdata-based studies using econometric analysis to estimate the impact of migration in several countries of the region on outcomes such as labor markets, health, well-being, production, firm creation, productivity and trade; (ii) Policy-operational research: piloting of randomized control trials; (iii) Flagship report: the report will serve to improve our understanding of the migration phenomenon in LAC by providing new evidence regarding several issues that are important for our region. Most of the material for the report will be gathered from the various components/activities of this TC, in particular, from the technical studies, policy research and the activities related to data generation, mapping and benchmarking of policies.

Component 3. Capacity Building, Policy Dialogues, and Institutional partnerships (US\$150,000). This component includes: (i) Capacity building activities with the objective to strengthen the understanding of the new development challenges and opportunities posed by migration and the operational capacity of client institutions by training mid-level officials and managers who design, implement and supervise and evaluate migration policies and investments in origin, destination, transit, and return countries; (ii) Operational focus groups and roundtables to share knowledge and good practices on migration-related policies and investments in origin, destination, transit, and return countries among high-level public and operational officials, academics, civil society and other international organizations; (iii) Lastly, the third activity in this component is related to the development of institutional partnerships with the objective to promote and engage in partnerships with key agencies and institutions in the field of international migration. Activities include: participation in regional and international migration networks, and collaboration with relevant public and private institutions and with Multilateral Development Banks (MDBs)

- 3.2 **Component I: Technical Studies, Policy Research, and Flagship Report.** This component consists on a series of innovative studies and a report on migration in LAC with the objective to understand the challenges in origin, destination, transit, and return countries and to provide sound policy recommendations.
- 3.3 **Component II: Data, surveys, mapping and benchmarking.** This component consists of several activities aimed at generating new data to understand the multiple dimensions of the migration phenomenon in LAC.
- 3.4 **Component III: Capacity building, dissemination and policy dialogue.** This component consists of capacity building activities to strengthen the understanding of the new development challenges and opportunities posed by migration and the development of institutional partnerships with relevant key agencies and institutions.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Technical Studies, Policy Research, and Flagship Report	\$ 300,000.00	\$ 0.00	\$ 300,000.00
Data, surveys, mapping and benchmarking	\$ 250,000.00	\$ 0.00	\$ 250,000.00
Capacity building, dissemination and policy	\$ 150,000.00	\$ 0.00	\$ 150,000.00

V. Executing Agency and Execution Structure

- 5.1 Equipo de migraciones del BID con los demás sectores de la VPS.
- 5.2 El Banco a través de la Vicepresidencia de Sectores (VPS) y su Equipo de Migraciones será la agencia ejecutora. El documento GN-2096-2 aprobado por el Directorio autoriza al Banco a actuar como agencia ejecutora para asegurar una activa participación de los miembros prestatarios del banco en el dialogo con el BID a través de actividades y talleres (párrafos 1.3 y 1.4 de GN-2096-2). El Banco ejecutará esta CT dado que (i) el Banco tiene experiencia en preparación de proyectos y en fortalecimiento de capacidades operativas, y (ii) las cargas administrativas pueden ser reducidas, particularmente en la identificación y contratación de expertos internacionales.

VI. Project Risks and Issues

- 6.1 This TC has no foreseeable associated risks.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".