Call for Proposals
Understanding the Impacts of Migration in Latin America and the Caribbean

I.   Introduction

Latin America and the Caribbean (LAC) accounts for a fair share of the world's migrant population. In 2017, the stock of migrants of LAC origin reached 37 million, representing 14.6% of the world's total. The United States attracts the largest share of LAC emigrants, but intra-regional migration is also important, as the region represents the second-largest destination.

LAC is no stranger to migration in general or intra-regional migration in particular. For example, for decades Bolivians and Paraguayans have migrated to Argentina, reaching cumulatively more than 1 million people in 2015 and representing 50% of the stock of immigrants in that country. The development of the oil industry in Trinidad and Tobago during the 1970s motivated the arrival of migrants from other Caribbean countries. Starting in the mid-1970s migrants from LAC countries were drawn to Venezuela; by 2015, 1 out of 3 Colombians living abroad were living in Venezuela. The Peruvian population in Chile, moreover, increased 25 times between 1990 and 2015. Migration from Central America is a phenomenon that has experienced different waves predating the 1970s and has been shaped by both intra-regional mobility and migration to the North. More recently, the Venezuelan exodus has reached unprecedented levels in the region, with more than 3 million migrants located across LAC countries. Other recent examples include the inflow of migrants of Haitian nationality in Chile and the acceleration of migrants from Nicaragua into Costa Rica in the last year.

What is remarkable is that very little is known about the impacts of most of these migration episodes in either destination countries or migrant-sending countries.

II.   Justification

More than ever before, migration has been the subject of intense policy debate, not only in LAC but worldwide. Unfortunately, the debates are not always grounded in solid empirical evidence. Part of the general problem in the study of migration is that empirical evidence is limited due to the scarcity of adequate data. Nevertheless, empirical analyses and new datasets have been slowly emerging over the last decade and provide much-needed insights into the subject.

Most of the empirical studies on migration, however, examine migration flows that take place across developed countries or from developing to developed countries. Studies that evaluate the impact of migration across developing countries are more limited. Similarly, there are relative fewer studies that analyze the impact of migration in LAC than in other regions. Therefore, more empirical evidence regarding the impacts of migration in our region is

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necessary to inform the public debate and ultimately to design better policies. The results of this research project will also be relevant to developing countries in other regions.

III. Objective

This call for proposals aims at supporting research proposals that contribute to a better understanding of the impacts of migration in LAC countries.

We welcome proposals that examine the impact of migration on origin, transit and destination countries. Preference will be given to proposals that consider the following aspects of the issue:

- The impact of emigrants on those left behind in migrant-sending countries, including the impact on education decisions or employment outcomes (e.g., Antman, 2011; McKenzie and Rapoport, 2011)

- The impact of diasporas in origin countries through networking effects, including trade, FDI or knowledge diffusion, or through remittances (e.g., Gibson and McKenzie, 2012; Foley and Kerr, 2013)

- The impact of return migrants on origin countries in areas such as production, firm creation, firm productivity or exports (e.g., Bahar et al., 2018)

- The impact of immigrants on destination countries in areas such as the well-being of households (measured in terms of consumption, expenditures or wealth), product diversity, firm creation, firm productivity, innovation (e.g., Hunt, 2011; Olney, 2013), culture, beliefs, crime, or the provision of public services.

IV. Methodological Aspects

The economic literature has studied the impact of migration on a number of different outcomes. Relevant examples of this literature include Borjas (1999, 2014), Card (2001, 2009), and Peri (2016). Central to this literature is the causal identification of the effects beyond simple correlations. For example, if migrants respond more intensively to regional economic incentives than natives, an increase in the share of migrants in the population might not be the cause of a regional economic improvement but rather the consequence (Lewis and Peri, 2015).

Different methodologies have been used to identify causality, including instrumental variable estimations, natural experiments or regression discontinuity (RD) designs, among others.

The selection of the empirical model and the identification strategy often depends on the type of migration shock and the outcome variable analyzed.

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This call for proposals is open to the use of alternative empirical models and strategies.[1] Nevertheless, the proposal must show that a reasonable identification strategy will be employed.

V.   Contents of the Proposal

-   The proposal should specify the country that will be analyzed and the aspect of migration that is the subject of the investigation (e.g., the impact of emigrants on those left behind in a migrant-sending country; the impact of return migrants on an origin country; the impact of immigrants on a destination country).

-   The outcome variable(s) that will be examined.

-   A detailed description of the data that will be employed, including whether the datasets are publicly available or restricted. For the latter, the team should show that access to the data is possible. In addition, the proposal should specify how the data used to measure migration will be linked to datasets used to measure outcomes.

-   A detailed description of the identification strategy including a discussion of the main threats to identify causal effects and how they will be addressed. Ideally, proposals should include tests of validity of the identification strategy (e.g., balance tests, tests of common trend, false experiments, etc.).

In addition, proposals must include:

-   The name of the researcher and his/her capacity to meet the objectives of the project, including relevant prior experience. The researcher's curriculum vitae may appear in a separate annex.

-   A budget (in a separate annex) indicating the time and resources that will be used within the context of the research work plan. The budget should distinguish between amounts assigned to professional honoraria, data collection, overhead and other major categories of research expenditures. The proposal and corresponding budget must be sent in separate files.

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[1] See the Appendix for brief examples.

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A maximum of 5 proposals will be chosen. Studies that are of superior quality will be considered for publication in the IDB Working Papers series.

Note: Proposals must be submitted in English.

VI.   Selection Criteria

Only consulting individuals may present proposals and will be selected according to three main factors:

   i)   Relevance. Researcher must spell out in detail the relevance of the country case and the period/episode chosen to meeting the overall project objectives stated above.
   ii)   Data and Methodology. The proposals should explain in as much detail as possible how they will approach the subject under study. Data collection issues and estimation strategy should be spelled out very clearly.
   iii)   Experience. The relevance of the researcher experience for the proposed project will be a very important criterion in the selection process. We will prioritize proposals presented by researchers who show previous experience in areas related to applied microeconomics and causal inference.

VII.   Proposal Submission

Interested consulting individuals should submit a proposal no later than **August 16, 2019** using the web submission form that is provided in the Call for Proposals announcement. If you are unable to submit the form electronically, please send an e-mail to red@iadb.org.

VIII.   Coordination and Schedule

The project will be administered by the Research Department (IDB/RES), under the technical coordination of Matías Busso (IDB/RES), Juan Blyde (IDB/MIG), Ana María Ibáñez (IDB/VPS), and external advisor Anna Maria Mayda (Georgetown University).

The tentative schedule of activities is as follows:

- **June 17, 2019:** Launch of call for proposals.
- **August 16, 2019:** Due date for proposals submissions. Consulting individuals should make sure to submit complete documentation to the evaluation committee. Complete documentation consists of the following: registration form with all requested information, the research proposal, budget, and curricula vitae (CVs up to three pages long).
- **September 16, 2019:** Announcement of selected proposals.

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- **December 5, 2019: First Discussion Seminar** in Washington, D.C. for the purpose of presenting preliminary versions of the work and receiving feedback from advisors on how to make adjustments in order to meet the requirements of the project. The seminar will also serve to promote cross-fertilization of ideas among teams. Presentations shall include data description, identification strategy, descriptive statistics and preliminary results (if available).
- **January 31, 2020:** Due date for submitting a **first draft** of the research paper.
- **May 1, 2020: Second Discussion Seminar** (place and format to be determined) to present the **final version** of the research paper.

IX.   Financial Aspects

The IDB will contribute up to US$18,000 or its equivalent in local currency to the total budget of each study, depending on the scope of work proposed. The payment schedule is as follows:

- 30 percent within 30 days of signing the formal agreement with the IDB.
- 30 percent within 30 days of presentation and approval by the IDB of the first draft of the research paper.
- 40 percent within 30 days of presentation and approval by the IDB of the final research paper.

The selected consulting individual will be required to travel to the IDB Headquarters in Washington, D.C. to attend the first discussion seminar. Travel costs (round-trip economy airfare, hotel, and per diem) will be included in the individual contract according to IDB policies. In the event that the consulting individual cannot attend the seminar, he/she will be required to refund the IDB.

X.   References

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Appendix: Examples of Empirical Models for Estimating the Impacts of Migration

The basic model used in the literature to examine the impact of migration normally takes the following form:

$$Y_i = \alpha + \beta \cdot M_i + \theta \cdot FE_i + e_i$$

where *i* is the unit of observation, *Y* is the outcome, *M* is a measure of the migration shock and *FE* are fixed effects.

The outcome variable is usually measured at the subnational level and sometimes at the individual-subnational level. The specification exploits geographic variation in the concentration of migrants to identify the effect on the selected outcome (see Lewis and Peri, 2015). An alternative strategy is to exploit differences in the concentration of migrants not across geographic locations but across skill groups (e.g., education-experience; see Borjas, 2003). A third strategy is to combine the spatial approach with the skill-cell approach, which is referred to as the mixed approach (see Dustmann et al., 2016).

The issue of endogeneity is central in this literature. To address the endogeneity of immigrant's location choices, some studies employ instrumental variables. The choice of instruments varies across contexts. A popular choice is the shift-share instrument, which interacts national flows of migrants by country of origin with the geographic distribution of migrants in the past. Other instruments are based on the distance from the shock, such as distance to the border. Other identification strategies include the use of natural experiments or regression discontinuity (RD) designs.