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Inquiries to: Marcelo Cabrol (extension 2994) or Felipe Muñoz (extension 1758)

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DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

MIGRATION ACTION FRAMEWORK

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This document was prepared by a team consisting of Cristina Pombo (SCL/SCL), Felipe Muñoz (SCL/MIG), Ana María Ibañez (VPS/VPS), Juan Blyde (INT/INT), Joaquin Tres, Marisol Rodriguez, Denisse Pierola, Isabel Granada, Alison Elias, Jeremy Harris, Yannick Detchou, Mariana Sobral de Elia, Lara Guillen and Marcela Colmenares from SCL/MIG, Emmanuel Abuelafia (CAN/CVE), Irasema Infante (CID/CID), Fermin Vivanco (BID LAB), Andrea Garcia Salinas and Graham Watkins from CSD/CCS, Ana María Zarate and Daniela Tort from IFD/IFD, Oscar Valencia (IFD/FMM) and Gabriela Andrade (IFD/CMF).

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TABLE OF CONTENTS

I. INTRODUCTION	3
A. BACKGROUND AND RATIONALE	3
B. OVERVIEW OF MIGRATION IN LATIN AMERICA AND THE CARIBBEAN.....	4
II. MULTILATERAL RESPONSE TO MIGRATION	8
A. THE IDB GROUP	10
1. Partnering with donors to establish and implement the Migration Initiative	11
2. Complementary financial and non-financial instruments	11
B. OTHER MULTILATERAL INSTITUTIONS	13
III. FRAMEWORK	16
A. TYPOLOGIES AND DRIVERS OF MIGRATION	16
B. CHALLENGES, OPPORTUNITIES AND POLICY AREAS.....	17
1. Countries of Origin	17
2. Transit Countries	25
3. Destination Countries.....	27
4. Return Migration	35
5. Other considerations	36

ABBREVIATIONS LIST

A4P	Alliance for Prosperity
ADB	Asian Development Bank
AfDB	African Development Bank
CSO	Civil society organizations
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ERI	Economic Resilience Initiative
ESPF	Environmental and Social Policy Framework
GDP	Gross Domestic product
GCFF	Global Concessional Financing Facility
GCM	Global Compact for Migration
GRF	Grant Facility
IDB	Interamerican Development Bank
IG	Investment Grants Operations
ISA	Implementation Support Agency
IsDB	Islamic Development Bank
KNOMAD	Global Knowledge Partnership on Migration and Development
LAC	Latin America and the Caribbean
MDB	Multilateral Development Banks
MTO	Money Transfer Operators
NT	Northern Triangle
OC	Ordinary Capital
OC SDP	Ordinary Capital Strategic Development Program
RPG	Regional Public Goods
SDG	Sustainable Development Goals
TC	Technical Cooperation Projects
UN	United Nations
UNHCHR	UN High Commissioner for Human Rights
VPS	Vice-Presidency of Sectors and Knowledge

Executive Summary

Migration is a multi-faceted and complex social phenomenon with implications at individual and collective levels for those who migrate, as well as for the host residents and for those who stay behind. While it has been shown that migration can be a positive force for development,¹ sudden mass migration flows could also be detrimental to some of the countries involved particularly in the short run.² In the last decade, socio-economic, demographic, environmental and security issues have all contributed to increasing numbers of international migrants³ both globally and in the Latin America and Caribbean (LAC) region.

The COVID-19 pandemic and the toll it is exerting on LAC poses multidimensional risks, affecting the poorest and most marginalized, including migrants. The pandemic stresses the importance of comprehensively addressing migration flows as well as the situation of current migrants in destination countries or those returning to their original countries.

The IDB Group has supported migrant countries of origin and destination to promote inclusive development. Led by the Northern Triangle countries in Central America, the IDB Group's regular policy and investment programs have addressed the causes of migration in districts with considerable migration outflows. Since 2019 and as a result of large, sudden migration inflows, the IDB Group has taken the exceptional measure of supporting migrant destination countries using up to US\$100 million from its Grant Facility (GRF) to leverage investment loans and donor resources to contribute to migrant inclusion through access to documentation and registration, basic services, social services and employment opportunities.

The IDB Group also counts with a multisectoral approach that allows for the delivery of highly targeted and/or multisectoral investments with short, medium, and long-term development impact in priority thematic and geographical areas; and it is well positioned within international financial organizations to support LAC in facing the challenges of migration. In this context, Multilateral Development Banks (MDBs) have stepped in to support efforts to address migration challenges from a development perspective and the IDB Group has been an influential participant.

By approving the use of GRF to support destination countries, the IDB Group also committed to develop a comprehensive action framework on migration that would include countries of origin, transit, destination, and return,⁴ to establish a more integral agenda for IDB Group work on migration and to identify operational and knowledge opportunities to help the most vulnerable in the region.

This document offers guidance on the IDBG's efforts to support LAC countries in promoting an efficient, orderly, and inclusive migration for development. As origin, transit, destination, and return encompass all migration dynamics, they also provide a useful framework to identify and devise adequate and tailored interventions. This action framework provides details on each

¹ Evidence can be found in the papers conducted under IDB's "[Understanding the Impacts of Migration in Latin America and the Caribbean](#)" Research Network.

² For review of this literature see Blau, F.D., and C., Mackie, Editors, 2016. *The Economic and Fiscal Consequences of Migration*. National Academy of Sciences, Engineering and Medicine Washington DC.; Clemens, M.A. and J. Hunt (2017). "The labor market effects of refugee waves: reconciling conflicting results," NBER Working Paper No. 23433.

³ It is important to note that within migrant groups there is high heterogeneity regarding their socio-economic profile. Public policy, and hence IDB support, focuses on the most vulnerable migrant populations.

⁴ BOD Resolution DE-24/19 and BOG Resolution AG-8/19, which address documents GN-2947-1 and AB-3199, respectively.

migration type and its related challenges, highlighting some of the opportunities and areas of action to tackle them.

I. INTRODUCTION

A. BACKGROUND AND RATIONALE

- 1.1. Mobility is at the core of human resourcefulness. For millennia, individuals and groups have moved in search of better living conditions, including greater opportunities and enhanced safety and security conditions, and to overcome environmental pressures and climate-related risks that threaten livelihoods. In modern times, these ingrained human dynamics have transitioned into migration flows that can be either formal and regulated, or informal and, therefore unregulated. In the 20th century, migration patterns resulted in social and economic opportunities for several generations, often enhancing migrant standards of living and positively contributing to the destination country's economic prosperity, culture, and social life.
- 1.2. While it is demonstrated that migration is a positive force for development,⁵ sudden mass migration flows could be detrimental to some of the countries involved and for some groups of migrants.⁶ In the last decade, socio-economic, demographic, environmental and security issues have all contributed to increasing numbers of international migrants⁷ both globally and in the Latin America and Caribbean (LAC) region.
- 1.3. Migration is a multi-faceted and complex social phenomenon with implications at individual and collective levels for those who migrate, as well as for the host residents and for those that stay behind. Depending on a mix of factors, migration may have either positive or negative repercussions on the social, cultural, political, and economic life of a country. It can also influence individual and collective value systems, and identity. Therefore, the policy responses to migration challenges should be conceived as multi-dimensional and cross-sectoral.
- 1.4. The toll of the COVID-19 pandemic on LAC poses multidimensional risks, including strains on health institutions and other social and basic services, affecting the poorest and most marginalized, including migrants. Estimates show that COVID-19 will cause a 9.1% contraction in regional GDP in 2020, resulting in the worst recession in the LAC region in a century.⁸ In LAC, one of the most urbanized regions in the world with 80% of its population living in cities, the urban transmission of COVID-19 is an important concern which adds pressures to unequal healthcare systems.⁹ In this context, large numbers of migrant workers have started to move back to rural communities following the confinement measures to contain the spread of the outbreak.¹⁰ The impact of COVID-19 stresses the importance of comprehensively addressing migration flows as well as the situation of current migrants in destination countries or those returning to their original countries.

⁵ Evidence can be found in the papers conducted under IDB's "[Understanding the Impacts of Migration in Latin America and the Caribbean](#)" Research Network.

⁶ For review of this literature see Blau, F.D., and C., Mackie, Editors, 2016. The Economic and Fiscal Consequences of Migration. National Academy of Sciences, Engineering and Medicine Washington DC.; Clemens, M.A. and J. Hunt (2017). "The labor market effects of refugee waves: reconciling conflicting results," NBER Working Paper No. 23433.

⁷ It is important to note that within migrant groups there is high heterogeneity regarding their socio-economic profile. Public policy, and hence IDB support, focuses on the most vulnerable migrant populations.

⁸ ECLAC, July 15, 2020. Special Report COVID-19. https://repositorio.cepal.org/bitstream/handle/11362/45784/1/S2000470_en.pdf

⁹ United Nations, 2020. Policy brief: the impact of COVID-19 on Latin America and the Caribbean https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid_lac.pdf

¹⁰ United Nations, 2020. Policy Brief: COVID-19 and people on the move. <https://unsdg.un.org/resources/policy-brief-covid-19-and-people-move>

- 1.5. The international community has recently taken steps toward a comprehensive approach to improve international cooperation on migration, and to strengthen the contributions of migration to sustainable development. In 2018, the Global Compact for Safe, Orderly and Regular Migration (GCM) was adopted by signatory countries and the UN Network on Migration was established to support its implementation. Though legally non-binding, the GCM is the first-ever UN Global Agreement on a common approach to international migration in all its dimensions (including departure, transit, arrival, integration, and return).
- 1.6. Aligned with the GCM, the document “Proposal for Expanding the Scope of the IDB Grant Facility to Support Countries with Large and Sudden Intraregional Migration Inflows” (GN-2947-1), and the document “DB Grant Facility: Support to Countries with Large and Sudden Intraregional Migration Inflows” (AB-3199) highlight how the IDBG can make efficient use of its existing capacity through:¹¹ (i) technical cooperation from Ordinary Capital Strategic Development Program (OC SDPs); (ii) capacity building to strengthen the relevant national and subnational agencies and institutions that manage migration; (iii) regional, sub-regional and national policy dialogues with relevant countries; (iv) generation of regional public goods; (v) empirical policy research and data collection to analyze migration-related development issues in the region; and (vi) maximizing the efficiency of IDBG interventions through regional and global alliances with international organizations particularly those at the front of humanitarian aid and relevant local civil society and private sector organizations.
- 1.7. By approving the use of GRF to support destination countries, the IDB Group also committed to develop a comprehensive action framework on migration that would include countries of origin, transit, destination, and return¹² to establish a more integral agenda for IDB Group work on migration and to identify operational and knowledge opportunities to help the most vulnerable in the region.

B. OVERVIEW OF MIGRATION IN LATIN AMERICA AND THE CARIBBEAN

- 1.8. According to the United Nations, there were an estimated 272 million international migrants worldwide, as of 2019.¹³ About 55% of international migrants reside in developed countries; with 60% of these migrants come from developing countries. Of the 45% who reside in developing countries, 85% come from other developing countries—mostly within the same region. In fact, the South-South stock of migrants is larger than the South-North stock (103 million to 90 million).¹⁴
- 1.9. The LAC region has seen its fair share of migration during the past half century. As of 2019, there were approximately 37 million migrants of LAC origin in the world; 58% of these migrants reside in the United States. The number of migrants in the region has grown by 185% since 1990, faster than the increase of migrants from East and Southeast Asia (168%), West Asia (108%) or Africa (105%). With respect to forced migration, the Americas (including Canada and the United States) hosts approximately 700,000

¹¹ Both documents, define the five eligibility criteria and the principles for the use of resources from the GRF. These are also reflected in the document “Operational Guidelines for the Use of Resources from the IDB Grant Facility to Support Countries with Large and Sudden Intraregional Migration Inflows” (GN-2947-6), approved by the BOD on May 30, 2019 pursuant to Resolution DE-41/19.

¹² BOD Resolution DE-24/19 and BOG Resolution AG-8/19, which address documents GN-2947-1 and AB-3199, respectively.

¹³ The term migrant captures a wide variety of movements and situations. This document follows the convention of the International Organization for Migration (IOM) and uses it to refer to any person that moves across an international border with the intention of settling temporary or permanently, regardless of the person’s legal status or motivation. Therefore, the focus is on international migration.

¹⁴ United Nations, Department of Economic and Social Affairs, Population Division (2019). *International Migration 2019: Report* (ST/ESA/SER.A/438).

refugees and people in refugee-like status in addition to nearly 3.6 million displaced Venezuelans. Forced displacement in the region increased 32% between 2018 and 2019.¹⁵

- 1.10. LAC is a region with considerable intraregional and extra-regional migration levels. Even though, the majority of migrants go to countries outside the region, such as the United States and Europe, a significant portion migrates to Central and South American countries: 57% of the immigrants residing in LAC come from another country in the region. In economic terms, this is not a trivial aspect since thousands of families receive and depend on monetary remittances from other LAC countries.
- 1.11. Migration has consolidated as a complex issue in LAC, presenting multiple patterns and distinct migration corridors, several of which are long-standing.¹⁶ Migration from Mexico to the United States has a long history while return migration is a recently occurring phenomenon. More Mexican migrants are now returning to Mexico than those who are migrating North, with approximately 11.4 million Mexicans living in the United States in 2019 compared to 12.8 million in the peak year of 2007.¹⁷ Mexico has also been an important transit point for migrants from Central America and is increasingly becoming a destination country as well. About 300,000 migrants from the Northern Triangle (NT) countries (Guatemala, Honduras, and El Salvador) cross Mexican territory every year on their way to the United States, with varying outcomes.¹⁸
- 1.12. Emigration from Central American countries is so persistent that several of these countries exhibit some of the highest shares of emigrants in the total population in the whole LAC region. For instance, in 2019 the stock of emigrants as a share of the country's population in El Salvador and Belize was 24.8% and 17.5%, respectively. These rates are followed by Dominican Republic (14.5%) and Haiti (14.1%). Then Nicaragua (10.4%), Mexico (9.2%), Honduras (8.2%), and Guatemala (7.3%).
- 1.13. Some Central American countries such as Belize, Costa Rica and Panama are also net recipients of migrants. In 2019, approximately 14%, 10% and 7% of their respective populations were immigrants. Some of the intraregional migration is long-standing. Nicaraguan migration to Costa Rica, for example, represents a corridor that dates back several decades. Belize is both an origin and a destination country.
- 1.14. The Caribbean, for its part, is a region of origin, transit, and destination of migration flows with distinct migration dynamics. According to the UN, as of 2019, there were an estimated 10 million migrants from the Caribbean residing in other countries. About 67% of these reside in the United States while 9% live in other Caribbean countries. Some notable intraregional flows include migrants from Guyana to Trinidad and Tobago, or from Jamaica to the Bahamas. Nonetheless, the largest of these intraregional flows is represented by the Haiti to Dominican Republic corridor: as of 2019, there were approximately 491,000 Haitians residing in the Dominican Republic.
- 1.15. Even more than Central America, several Caribbean countries have experienced high rates of continuous emigration with respect to the total population. In 2019 the stock of emigrants as a share of the country's population in the Bahamas, Barbados, Guyana,

¹⁵ UNHCR. 2020. "Global Trends: 2019 Forced Displacement." UNHCR: Geneva.

¹⁶ For example, Bolivians and Paraguayans have migrated to Argentina for decades as have Peruvians to Chile, while Venezuela used to be the preferred destination country for many Colombians and many other Latin American countries.

¹⁷ Buchelli, J. R., and M., Fontenla, 2020. "Return Migration and Financial Inclusion in Mexico," IDB Working Paper (forthcoming). Washington D.C.

¹⁸ Abuelafia, E., 2020. Migración en Centroamérica. Mimeo. Washington D.C.

Haiti, Jamaica, Suriname, and Trinidad and Tobago was 11.9%, 39.2%, 66.5%, 14.1%, 37.7%, 72.8% and 24%, respectively.¹⁹

- 1.16. Caribbean migration to South America has been less common than to the North, but it has intensified in recent years, particularly in the case of Haiti in the aftermath of its 2010 earthquake and continuous unstable political environment and fragile economy. Close to 100,000 Haitians arrived in Brazil during the 2010-2017 period,²⁰ and around 185,000 have settled in Chile as of 2019.²¹ Further, return migration of retirees to the Caribbean is also a trend that has gained force in recent years with the return of many migrants who left in the 1960s.²² Some Caribbean migrants return to the Caribbean seeking private education for their children or are the children of first-generation migrants who have grown up as migrants and have decided to return. Given their proximity to Venezuela, the Caribbean islands have also received a significant number of Venezuelan migrants, joining an increasing number of nations hosting them.²³
- 1.17. Accentuated during the last five years, the economic and social crisis in Venezuela has generated an unprecedented migratory flow in LAC, and one of the largest globally. There were 5.1 million migrants from Venezuela as of the first quarter of 2020, most of whom left the country since 2015 (including 93,300 refugees, 794,500 asylum-seekers and 3.6 million Venezuelans displaced abroad).²⁴
- 1.18. Venezuelan emigration has gone through different stages. It started in the 2000s as a relatively orderly migration process primarily involving entrepreneurs and skilled professionals. In the early 2010s it has progressively expanded to the middle-class with lower purchasing power.²⁵ Since 2016, the migration flow has turned into a crisis with large-scale movements of people. Most migrants fled without extensive planning, sometimes only able to carry living essentials with them and in many cases without documentation.²⁶
- 1.19. In the region, countries like Colombia (1.8 million), Peru (861,000), Chile (455,000), Ecuador (366,000) and Brazil (253,000) have received the bulk of the Venezuelan migrants as of March 2020.²⁷ However, they are only part of an extensive array of nations that span from the southern cone to Mexico, including the Caribbean that are now hosting migrants from this country. Colombia is the second largest international displacement destination nation in the world with 1.8 million Venezuelan refugees and migrants, after Turkey.²⁸

¹⁹ CIA - Country Comparison: Net Migration Rate. The World Fact Book <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2112rank.html>

²⁰ Al Masri, D., and C. Vargas-Silva, 2020. "The Impact of Migration on Trade: Evidence from Brazil," IDB Working Paper (forthcoming). Washington D.C.

²¹ INE, 2020. "Estimación de personas extranjeras residentes habituales en Chile al 31 de diciembre 2019," Informe Técnico. Instituto Nacional de Estadística (INE), Departamento de Extranjería y Migración (DEM).

²² IOM, 2017. "Migration in the Caribbean: Current Trends, Opportunities and Challenges," Working Papers on Migration. International Organization for Migration (IOM).

²³ Relative to its population, Aruba and Curacao have some of the largest number of 'Venezuelans Displaced Abroad' globally, currently standing at 1 in 6 and 1 in 10, respectively. UNHCR, 2020.

²⁴ UNHCR, 2020.

²⁵ Given the racial diversity of Venezuelan immigrants (which includes direct descendants of Europeans, indigenous peoples, and African descendants), better disaggregated race and ethnicity data is needed to analyze their socio-economic conditions and human development opportunities as migrants.

²⁶ Bolívar, L., 2019. Crisis Migratoria Venezolana y Responsabilidad de los Estados. Informe Especial. Programa Venezolano de Educación-Acción en Derechos Humanos (Provea).

²⁷ IOM. "Venezuelan Refugee and Migrant Crisis" <https://www.iom.int/venezuela-refugee-and-migrant-crisis> [Accessed on June 24, 2020]. See also: Plataforma de Coordinación para Refugiados y Migrantes de Venezuela <https://r4v.info/es/situations/platform>

²⁸ UNHCR, 2020.

- 1.20. The Venezuelan migration quickly brought the country's emigration rate closer to that observed in some of the countries of Central America or the Caribbean. The number of emigrants as a percentage of the Venezuela's population went from 2% in 2010 to around 18% in 2020. As such, Venezuela joins some of the countries in Central America and the Caribbean that have long been grappling with migration issues typical of origin countries, including perspectives on how to tap on a diaspora that is not physically present to contribute to the development of the country.
- 1.21. A brief analysis of trends in dynamics related to migration brings further complexity to the narrative of migration in LAC and provides clues to potential responses and policy approaches. First, migrant smuggling is an increasing trend in policy-makers' agendas.²⁹ The UN Office on Drugs and Crime estimates that at least 2.5 million migrants were smuggled in 2016, and that smugglers' profits range between US\$5.5 to 7 billion annually. According to a report of the UN High Commissioner for Human Rights (UNHCHR), more than 5,000 men, women and children lost their lives in 2015 along migratory routes across the globe.
- 1.22. Migrant smuggling along the border between the United States and Mexico is an old phenomenon, and most immigrants who attempted to cross this border irregularly hired smugglers as early as the 1970s. Survey data from the 2000s reveals that some 80 to 93% of irregular crossers used smugglers.³⁰ Migrant smuggling to North America (via Mexico) from Central America increased rapidly between 2010-2016. In terms of magnitude, of 30 known global smuggling routes, that land route was travelled by an estimated 735,000-820,000 migrants in 2014-2015 –mostly from Central America and Mexico. The North America route is estimated to be the most lucrative globally with annual profits in the order of US\$ 3.7-4.2 billion.
- 1.23. Migration flows are central to the growth of remittances. Remittance flows to LAC have a significant weight on many of the region's economies and families. For example, remittances represent between 10 and 20% of the Gross Domestic Product (GDP) in the NT countries, Jamaica, and Guyana, and reach close to 40% in Haiti. Studies conducted in Spain and the US show that remittances to LAC countries are often sent to ageing parents that rely on them for necessities. Remittances are often their only income.³¹ In the face of COVID-19, the World Bank estimates a 19,3% decrease in remittances received by LAC countries in 2020.
- 1.24. Extreme weather events intensified by global climate change are likely to be important push factors in the coming years, triggering additional migration events. A UN risk index for natural events, for example, reveals that eight countries in the region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Jamaica, and Nicaragua) are among the twenty-five nations in the world most exposed to natural disasters.³² Climate change can also trigger significant movements of people around the world. Data shows that in 2019, natural disasters triggered 24.9 million new displacements across 140 countries, a figure three times the number of displacements caused by conflict and violence.³³ The most widely accepted estimate suggests that by 2050, there could be two

²⁹ In 2000, the United Nations Convention against Transnational Organized Crime (UNTOC) and some additional protocols were signed by most countries globally, including all Latin American countries. In particular, the Protocol against the Smuggling of Migrants by Land, Sea and Air is the first international instrument that aims to prevent and combat the smuggling of migrants while not criminalizing migrants and protecting their rights.

³⁰ Roberts, B., Hanson, G., Cornwell, D. and Borger, S. (2010), An Analysis of Migrant Smuggling Costs along the Southwest border, Working paper, Office of Immigration Statistics, US Department of Homeland Security, November 2010.

³¹ InterAmerican Dialogue. March 2020. Remittances to Latin America and the Caribbean in 2019. Emerging Challenges.

³² United Nations University Institute for Environment and Human Security. 2015. World Risk Report.

³³ <https://www.internal-displacement.org/sites/default/files/publications/documents/2020-IDMC-GRID-executive-summary.pdf>

hundred million environmental migrants, a figure equal to the current number of migrants worldwide.³⁴ The gender dimension must be taken into account when considering the relationship between migration, environment and climate change. Environmental migration, like other types of migration, is indeed a gendered process: vulnerabilities, experiences, needs and priorities of environmental migrants vary according to women's and men's different roles, responsibilities, access to information and resources, education, physical security, and employment opportunities.³⁵

- 1.25. The potential deterioration of living conditions and economic outlook in the countries may spur more migration flows. Given the forecast of severe economic downturns due to the COVID-19 pandemic, the push factors will continue to be a challenge and may even be exacerbated if the most vulnerable members of the population are not protected. These factors are accompanied by a deepening of two other dynamics particularly in Central America: crime/insecurity and transnational ties.³⁶ By the same token, the economies in destination countries may come under additional strains, which may further negatively impact the countries' ability to manage migrant flows and absorb and integrate new migrants. In turn, fiscal limitations, and rising unemployment for natives may further tensions, stigmatization and/or xenophobia in destination countries because of the competition between migrants and local communities for scarce resources and services. Moreover, there is evidence³⁷ that race and ethnicity may be a determinant for how immigrants are treated in schools, labor markets, and the health care system. Better disaggregated data on the race and ethnicity of immigrants will enable a more accurate targeting of programs and resources to address the most vulnerable populations.
- 1.26. Because of heightened migration flows, an important shift in migration governance can be observed. Together with the trends mentioned above, the deterioration in standards of living in origin and destination countries may, in turn, produce a shift in the way countries approach and manage migration. An economic downturn may be accompanied by stricter migration policies in destination countries (e.g. stricter border controls, additional health requirements, increased profiling of migrants leading to backlogs and longer processing times). Scenarios such as these could trigger new opportunities for migrant smuggling and may strengthen illegal trafficking networks –an outcome that would be detrimental to a safe, orderly, and regular migration process.

II. MULTILATERAL RESPONSE TO MIGRATION

- 2.1 Migration was a major cross-cutting issue across all Sustainable Development Goals (SDGs) in 2015, attesting to its increasingly important role on the global development agenda. Following the SDGs, the launch of the Global Compact for Safe, Regularly and Orderly Migration (GCM) represented the first ever intergovernmental agreement tackling all aspects of international migration. The GCM established 23 key priorities for

³⁴ <https://www.iom.int/migration-and-climate-change-0>

³⁵ OIM Brief 13: A Gender Approach to Environmental Migration. <https://www.iom.int/sites/default/files/about-iom/gender/Gender-Approach-to-Environmental-Migration.pdf>

³⁶ <http://www.creativeassociatesinternational.com/wp-content/uploads/2019/09/Migration-Study-Brief.pdf>

³⁷ See for example: Han, J. Does Skin Tone Matter? Immigrant Mobility in the U.S. Labor Market. *Demography* 57, 705–726 (2020). <https://doi.org/10.1007/s13524-020-00867-Z>; Hersch, J. (2008). Profiling the new immigrant worker: The effects of skin color and height. *Journal of Labor Economics*, 26, 345–386.; Telles, E. E. (2014). *Pigmentocracies: Ethnicity, race, and color in Latin America*. Chapel Hill: University of North Carolina Press.; Villarreal, A. (2010). Stratification by skin color in contemporary Mexico. *American Sociological Review*, 75, 652–678.

coordinated interventions among national and local governments, multilateral institutions, civil society, and other relevant stakeholders (Box 1).

- 2.2 In this context, Multilateral Development Banks (MDBs) have stepped in to support efforts to address migration challenges from a development perspective. The MDBs' comparative advantage has been the ability to: (i) support preparedness and prevention efforts; (ii) leverage partnerships and use their convening power to coordinate actions to support countries facing migration challenges at the onset of a crisis; and (iii) quickly mobilize financial resources accordingly. One of the contributions of MDBs has been to shape migration and displacement crises into global public challenges as a shared responsibility of all stakeholders. There are two operational and financial approaches used by the MDB Platform. The first addresses migration through the main financing mechanisms, while the second provides dedicated financing for migration-related issues, including the use of grant financing to unlock concessional investments.
- 2.3 The MDB Platform on Economic Migration and Forced Displacement (hereafter referred to as the Platform) was launched in April 2018 to advance strategic dialogue, the sharing of information, and potentially, operational coordination. The IDB will be co-chairing the platform starting November 2020.
- 2.4 Two years after the Platform's launch, the COVID-19 pandemic declared in March 2020 has fundamentally transformed business as usual for the international development ecosystem. COVID-19 is adding great complexity to the work already being done by MDBs. All MDB Platform members' responses to the crisis have included dedicated financing packages for operations that support the poorest and most vulnerable populations, which includes migrants and refugees.
- 2.5 As the largest and longest serving source of multilateral development finance in the region, the IDB Group offers a range of comparative advantages to address the urgent and exceptional circumstances posed by increasing inflows of migrants in LAC. The IDB Group counts with a multisectoral approach that allows for the delivery of highly targeted and/or multisectoral investments with short, medium, and long-term development impact in priority thematic and geographical areas. With offices in the 26 borrowing member countries, the IDB Group has broad and deep knowledge of the economic, social, and institutional challenges brought about by migration.
- 2.6 The IDB Group is well positioned within international organizations to support LAC in facing the challenges of migration. Other MDBs, such as the World Bank, that also have migration programs, focus their activity on other regions of the world also facing migration challenges. In addition, multilateral organizations that address migration challenges, such as the OAS or United Nations, provide humanitarian support during a migration crisis, with less emphasis on the development dimension.
- 2.7 As described below, the IDB Group's experience as an honest-broker positions it well to convene regional, national, and subnational policy dialogues, and to leverage its unique regional public goods initiative for the development of regionally coordinated migration-related policies, regulations, and investments.

Box 1: Global Compact for Migration - Key objectives

1. Collect and utilize accurate and disaggregated data as a basis for evidence-based policies
2. Minimize the adverse drivers and structural factors that compel people to leave their country of origin
3. Provide accurate and timely information at all stages of migration
4. Ensure that all migrants have proof of legal identity and adequate documentation
5. Enhance availability and flexibility of pathways for regular migration
6. Facilitate fair and ethical recruitment and safeguard conditions that ensure decent work
7. Address and reduce vulnerabilities in migration
8. Save lives and establish coordinated international efforts on missing migrants
9. Strengthen the transnational response to smuggling of migrants
10. Prevent, combat and eradicate trafficking in persons in the context of international migration
11. Manage borders in an integrated, secure and coordinated manner
12. Strengthen certainty and predictability in migration procedures for appropriate screening, assessment and referral
13. Use migration detention only as a measure of last resort and work towards alternatives
14. Enhance consular protection, assistance and cooperation throughout the migration cycle
15. Provide access to basic services for migrants
16. Empower migrants and societies to realize full inclusion and social cohesion
17. Eliminate all forms of discrimination and promote evidence-based public discourse to shape perceptions of migration
18. Invest in skills development and facilitate mutual recognition of skills, qualifications and competences
19. Create conditions for migrants and diasporas to fully contribute to sustainable development in all countries
20. Promote faster, safer and cheaper transfer of remittances and foster financial inclusion of migrants
21. Cooperate in facilitating safe and dignified return and readmission, as well as sustainable reintegration
22. Establish mechanisms for the portability of social security entitlements and earned benefits
23. Strengthen international cooperation and global partnerships for safe, orderly and regular migration

Source: "Global Compact for Safe, Orderly and Regular Migration." Intergovernmental Negotiated and Agreed Outcome. 13 July 2018.

A. THE IDB GROUP

- 2.8 In recent years, the IDB Group has supported migrant countries of origin and destination to promote inclusive development. Led by the Northern Triangle (NT) countries in Central America, the IDB Group's regular policy and investment programs have contributed to address the causes of migration in districts with considerable migration outflows. Moreover, spurred by the unprecedented intraregional migration inflows in LAC, the IDB Group initiated the support of migrant destination countries and began a more comprehensive approach to migration. To complement the outstanding fiscal efforts of migrant destination countries, the Board of Governors and the Board of Directors considered that non-reimbursable support to include migrants and their communities in the design and implementation of operations to access basic and social services and provide economic opportunities needed to be warranted.
- 2.9 Since 2019 and as a result of large and sudden migration inflows, the IDB Group has taken the exceptional measure of supporting migrant destination countries using up to US\$100 million from its Grant Facility (GRF) to leverage investment loans and donor resources with a financial structure of 80% loans and 20% grants to contribute to migrant inclusion through access to documentation and registration, basic services, social services and employment opportunities. As of June 29, 2020, four operations have been approved and three are in the pipeline. The IDB Group has, to date, managed to engage public and private sector partners and leveraged donor resources in a 1:1 ratio.

- 2.10 The IDB Group has also used technical cooperation projects (TCs) to help develop knowledge products that shed new light on requisite public policy including economic and social inclusion of returning migrants. To support migrant families back home, IDB LAB has promoted their financial inclusion through remittances and savings products. This section outlines the IDB Group response to the new development challenges posed by migration in countries of origin and destination, including the initial work on returnees.
- 2.11 To facilitate the operationalization of the activities needed to address the new development challenges spurred by the unprecedented intraregional migration inflows in LAC, the Bank created the Migration Initiative under VPS. To further mainstream migration issues into IDB Group's activities, the initiative was transformed into a Unit within the Social Sector Department

1. Partnering with donors to establish and implement the Migration Initiative

- 2.12 As part of the IDB Group's response to support migrant destination countries, additional thematic oriented partnerships with donors are expected to be leveraged through GRF resources. This is an effective way to quickly mobilize funds to be associated to investment loans or to finance standalone TC projects. Donors committed approximately US\$57 million as of June 15th, 2020,³⁸ including the announcements made at the *International Donors Conference in Solidarity with Venezuelan Refugees and Migrants* (May 26th, 2020). This amount represents a remarkable leverage effect of the IDB Group's own resources: every dollar from the IDB GROUP programmed through the GRF in approved or prepared operations has attracted an equal amount from donors. Annex III presents a summary of contributions by donor, and the activity or instrument, thematic sector, and country that the contribution will support (as of June 15, 2020).
- 2.13 Donor resources have been fundamental to add value to the Bank's interventions by: (i) transferring migration-related knowledge, methodologies and best practices from their own experiences; (ii) opening up opportunities for high-level dialogues with key experts and constituencies; (iii) providing opportunities for cutting-edge capacity building both for client countries and the IDB Group; and (iv) mobilizing their constituencies and public opinion on the need to support migrant destination countries and inclusive development issues related to migration in LAC. Donor contributions have been key to roll out the IDB Group response. Annex IV has some examples of value added from donor partnerships.

2. Complementary financial and non-financial instruments

- 2.14 TCs contribute to the relatively new migration agenda in LAC in several ways, which include support to pre-investment and operational execution work. They also support the development, coordination, and implementation of capacity building activities for public and private sector professionals in the region. TCs support the generation and dissemination of knowledge, all of which are fundamental to distinguishing the IDB Group as the partner of choice among the new set of clients eligible for migration-related funding from the GRF. TC-supported knowledge generation work addresses areas of emerging relevance for the region, facilitating the institutional positioning required to establish high levels of credibility among the new clients in the region, as well as donors, and to gain access to new investment opportunities.³⁹

³⁸ This amount in US dollars is only approximate since some of the commitments are made in other currencies and exchange rate fluctuate until the amount is transferred to the bank accounts.

³⁹ To consult the range of recent migration related TCs see Annex II.

- 2.15 The Regional Public Goods (RPG) Initiative is based on the rationale that the Bank should support its clients in tackling development challenges and seizing opportunities that can be addressed more effectively and efficiently at the regional level through collective action and regional cooperation, thereby adding value to national interventions. Addressing migration fits into this rationale. In 2019, the RPG Initiative approved four projects that directly address shared challenges posed by large and sudden migration flows in LAC and seek to establish policy coordination for the adequate registration and management of migrant inflows;⁴⁰ the improvement of the delivery of social services⁴¹ and specialized labor intermediation services for migrants;⁴² and the overall integration and social coexistence of migrants in cities.⁴³
- 2.16 The IDB Group has successfully sought productive partnerships with the private sector to help address migration related challenges. The IDB Group teamed up with the *Tent Partnership for Refugees* to mobilize businesses to action as a means of advancing the economic integration of migrants across the region. The collaboration resulted in the first-ever Latin American Business Summit on Refugees co-hosted by the IDB Group and Tent on the margins of the UN General Assembly in 2019, at which 22 companies including Accenture, Airbnb, Telefónica, and Teleperformance announced commitments that would lead to more than 4,500 new jobs for migrants and refugees, as well as support for 2,000 migrant/refugee-owned businesses and improved access to services for an additional 110,000 refugees. MasterCard and Telefonica have also given financial and in-kind technological support for the collection of real-time, granular migration data collection in Colombia and Ecuador, respectively, supporting the preparation of projects. More details can be found in the IDB's [2019 Partnership Report](#).
- 2.17 IDB LAB Better Together Challenge. In October 2019, the U.S. Agency for International Development (USAID) and the IDB Group launched the Better Together (*Juntos Es Mejor*) Challenge, a global initiative to crowdsource, fund, and scale forward-thinking solutions –from innovators worldwide– to support Venezuelans and their destination communities affected by the regional migration crisis. The Challenge is looking for innovative solutions in four focus areas: (i) people: solutions to help develop individual skills and networks, prevent xenophobia, promote social cohesion and peaceful community relationships; (ii) productivity: solutions that build livelihoods, promote entrepreneurship and improve access to products essential to daily life; (iii) services: solutions that improve the delivery of urban and social services, such as education, health, energy, connectivity, and others; and (iv) finances: solutions that improve the access to, and transfer of, cash, capital and remittances. All proposed solutions will be implemented in one or more of the following

⁴⁰ RG-T3546: Improving Migration Information Systems in the Region. The project seeks to improve information systems to diagnose, predict and manage migration via: (i) the design of a regional roadmap for the standardization of migration policies; and (ii) the generation of a predictive model for migration flows.

⁴¹ RG-T3543: Strengthening of Regional Capacity for Integration and Social Inclusion of Migrant Populations. The project seeks to develop a Single Window of social services, to improve coordination between national, local authorities and between different social services, and thus achieve greater efficiency in the provision of social services for local people and migrants by: (i) harmonizing migrant registration systems to facilitate their interoperability; (ii) monitoring flows and migrant service needs; and (iii) agreeing on the portfolio of services that can be offered for the management of migration under the dedicated Single Window.

⁴² RG-T3541: Strengthening of the Public Employment Services Network (SEALC Network) to Meet the Challenges of New Technologies in the Labor Market and Include the Migrant Population, by: (i) sharing best practices in national and international labor intermediation with a focus on migrants; and (ii) improving Public Employment Services at the regional level.

⁴³ RG-T3534: Territorial Information Platform for the Integration of Migrants. The project finances the creation of a territorial information platform to improve subnational capacity for policy formulation, and the integration and social coexistence of migrants by: (i) offering comparable data on migrant population; (ii) strengthening cooperation among cities; (iii) formalizing information networks for migrants (social inclusion and personal protection); and (iv) establishing a basis for regional policies.

target countries: Argentina, Brazil, Chile, Colombia, Ecuador, Guyana, Panama, Peru, Trinidad and Tobago, and Venezuela. (USAID can fund the implementation of solutions in Venezuela).

- 2.18 Regional policy dialogues (RPDs) and high-level fora are signature non-financial instruments of the IDB Group that have proven useful for identifying national or regional priorities for action. The IDB Group has used such events to convene policymakers and practitioners from LAC whose portfolios are related to migration, engaging directly with them in order to understand their priorities and highlight national and regional needs, while identifying ways in which the IDB Group can support their agendas. Several sectoral RPDs on cities, education, and labor markets have been convened by the Bank since February 2019. To address intersectionality between migration and the COVID-19 outbreak, the IDB Group held a topic specific dialogue in April 2020 to learn from institutions in charge of migration issues. A similar meeting with representatives of national statistics offices in LAC was organized by the IDB Group in January 2020 to identify opportunities to manage and gather migration data.
- 2.19 As of June 2020, the Capacity Building Program on Migration has designed and implemented three online tutored courses for public officials working on migration issues throughout the region: Coordinated Border Management of Migration (3 editions in Spanish); Migration Policy and Governance (1 edition in English and 4 editions in Spanish); and Intergovernmental Migration Management. Overall, there have been over 480 applicants, 360 participants and 300 certificates. Officials from 30 national institutions⁴⁴ and from the International Organization of Migration have been certified.
- 2.20 The IDB Group has established a comprehensive research agenda on migration, with a view to generate knowledge that positions the Bank as a thought leader on migration issues in the region, while also supporting the design and implementation of evidence-based projects. The main research areas are: (i) migrant profiles in LAC, with an aim to understand the gaps between migrants and natives in access to basic services and economic opportunities, and any disparities that may exist due to the length of migrants' stay in the destination country; (ii) perceptions of migrants in the region, the shifts in these over time, and effective policies to create a positive perception of migrants; and (iii) migrant impact in destination, transit, and home countries, and the impact of migration policies and programs to enhance migrant social and economic integration; iv) policy and institutions related to migration in LAC, how they compare to other regions, and the scope for improving them. And an online interactive database, [DataMIG](#), has been created as a platform to analyze and visualize migration data, policies, and agreements.

B. OTHER MULTILATERAL INSTITUTIONS

- 2.21 Other MDBs have implemented programs to support migration through regular capital sources. For instance, the African Development Bank's (AfDB) regular operational work targets internally displaced, refugee or migrant beneficiaries, in transition and fragile states, though there is no dedicated facility from regular capital for these issues.⁴⁵ The Asian Development Bank (ADB) work includes internal and intraregional migration or

⁴⁴ In some countries, officials from more than one institution participated. Some institutions from member countries of the Organization of Eastern Caribbean States are also included.

⁴⁵ Besides the operational work related to migration, a [Migration and Development Trust Fund](#) (€6.14 million, financed by donors), created in 2009, has financed external projects on remittances and diaspora engagement, and has published research on migration dynamics in Africa, leveraging the diaspora for development, and remittance flows. The current status of the MDF is unclear.

displacement, but there is no dedicated financing instrument.⁴⁶ The ADB has produced a considerable amount of research on labor migration, worker remittances, human trafficking, and climate migration.⁴⁷ Likewise, the Islamic Development Bank (IsDB), in the face of the Syrian refugee crisis, [committed US\\$9 billion](#) to development investments in destination countries for the 2016-2018 period. In general, however, migration and displacement are incorporated into the IsDB's regular operational work where applicable, and the institution provides [grants and emergency assistance from its regular capital sources to refugees](#) and affected communities throughout their member countries.

- 2.22 Other institutions have financed migration operation through dedicated instruments. The refugee crisis response is one of the European Bank for Reconstruction and Development's (EBRD) [key topics](#), and the institution has dedicated financing (both traditional and blended) available in the form of the €900 million Refugee Response Investment Plan created in 2016, combining up to €500 million in EBRD funds and grants, and up to €400 in grant support from donors, including €100 million pledged through the EBRD's Shareholder Special Fund. €352 million has been invested as part of the plan since 2016. The plan's four pillars of activity – municipal infrastructure, small business, economic inclusion, and gender equality – act as levers to build resilience and alleviate economic and social pressures linked to population surges in Jordan and Turkey due the influx of Syrian refugees.⁴⁸
- 2.23 The European Investment Bank's (EIB) [Economic Resilience Initiative](#) (ERI) is one of its [six main initiatives](#). Founded in 2016, the ERI seeks to commit €6 billion of its ordinary capital, including €90 million in grants,⁴⁹ and to use donor resources (held in a trust fund, with €111 million committed to date for both grants and financial instruments)⁵⁰ to address the root causes of migration by strengthening the resilience of countries that traditionally send migrants, using traditional investment, blended financing and technical assistance. The ERI is motivated by the idea that enhancing the economic opportunities and living conditions available to potential migrants in the home country supports a transition to movements of people that are humane, safe, legal, productive, and based on enhanced economic choices. Thematically, projects aim to develop or strengthen sustainable and vital infrastructure (services such as water, energy, transport and healthcare) and private sector growth and job creation in North Africa, the Levant (except Israel), and the Western Balkan countries. To date, 59 projects worth €5.26 billion have been approved, and €95 million in donor funds have been approved for use in 8 projects.⁵¹
- 2.24 The World Bank's [Global Concessional Financing Facility](#) (GCFF), launched in 2016, is a financing instrument designed to provide concessional investments to middle-income countries worldwide facing refugee-related development challenges. Contributions from 10 supporting countries⁵² are leveraged to reduce interest rates on loans to 4 benefitting countries.⁵³ According to GCFF's latest [annual reporting](#), projects focus on basic service delivery, economic opportunities, critical infrastructure, and budget support for migration management. To date, US\$551 million in funding from the GCFF has been approved to

⁴⁶ One example is a [\\$200 million support package](#) made available for infrastructure development and service provision in Bangladesh which has received large inflows of refugees in recent years (Rohingya crisis).

⁴⁷ Publications can be found on the website of ADB's [Human Mobility and Migration](#) division.

⁴⁸ Refugee crisis response website. Accessed June 29th, 2020. For the amount invested so far, neither grant components, nor breakdowns by thematic area or geography, are readily available.

⁴⁹ [ERI](#) website. Accessed June 29th, 2020. The ERI initial period is 2016-2020, and future plans are not publicly available.

⁵⁰ [ERI donor fund website](#). Accessed June 29th, 2020.

⁵¹ See footnotes 4 and 5. It is unclear which proportion of funds currently allocated for projects consists of lending, and which consists of grants.

⁵² Canada, Denmark, European Commission, Germany, Japan, Norway, Netherlands, Sweden, United Kingdom, United States.

⁵³ Initially, Jordan and Lebanon. Colombia and Ecuador became eligible in 2019.

support US\$3.2 billion worth of projects—therefore, the current concessional component of GCFF financing represents approximately 17% of total project worth.⁵⁴ Currently, the GCFF supports 12 projects in three of the four Benefitting Countries (Colombia, Jordan, and Lebanon). The projects cover a wide range of issues such as emergency health, economic opportunities, education reform, wastewater improvement, development policy for equitable growth, public transport, and fiscal sustainability, among others. Operations are executed by designated Implementation Support Agencies (ISAs).^{55,56}

- 2.25 The World Bank Group's International Development Association's Eighteenth and Nineteenth Replenishments (IDA18 and IDA19, respectively) have included specific commitments to tackle migration. IDA18 established that migration is to be included in systematic country diagnostics performed in migration-affected countries - a measure that contributed to elevate migration among the top priorities for the WBG. The treatment of displacement –particularly forced displacement– in IDA19 is even more prominent than in IDA18.⁵⁷
- 2.26 In addition to operations financed by the GCFF, the WB is significantly involved in research and knowledge, data collection, and policy advocacy on migration, through an initiative called the Global Knowledge Partnership on Migration and Development (KNOMAD), created in 2013. Much of KNOMAD's work involves remittances and diaspora resources, one of its nine thematic working areas.⁵⁸ Analysis of global remittance trends are conducted, and a dedicated website hosting databases on remittances flows was established. KNOMAD also has a bilateral migration database, manages a blog on migration and regularly holds events convening researchers, practitioners, government officials and other actors in the migration space.
- 2.27 For some MDB Platform partners, remittances take a central place among the migrant-related impacts of COVID-19. The ADB intends to develop analytical products, including research on the pandemic's impact on remittances. The World Bank's KNOMAD Initiative, in partnership with the Governments of Switzerland and the United Kingdom, has issued a [call to action](#) on the importance of keeping remittances flowing throughout the COVID-19 health and economic crises. The rationale for this is the important role remittances play in the daily expenses, savings, and investments of many households in low- and middle-income countries. This warrants that they be declared an essential service, especially in the wake of the COVID-19 crisis which is threatening to cause a nearly 20% decline in remittances in 2020. In support of the aforementioned issues, KNOMAD is calling for the adaptation of regulatory environments, the facilitation of digital remittance services and the declaration of remittances as an essential service. Thus far, four Latin American and Caribbean countries have signed on to this call to action: Ecuador, El Salvador, Jamaica, and Mexico.

⁵⁴ [GCFF website](#), «Supported projects» section. Accessed June 29th, 2020.

⁵⁵ Approved ISAs currently include the EBRD, the EIB, the IsDB, the WB, and in exceptional cases, United Nations agencies.

⁵⁶ Online sources linked in this paragraph accessed June 16th, 2020.

⁵⁷ World Bank, 2019.

⁵⁸ The other thematic working areas are data and demographics, labor and migration, migrant rights and integration in host communities, environmental change and migration, internal migration and urbanization, forced migration and development, return migration and reintegration, and special issues (including gender, children and youth migration, local governments and migration, irregular migration, and human trafficking).

III. FRAMEWORK

A. TYPOLOGIES AND DRIVERS OF MIGRATION

- 3.1 Most challenges and opportunities related to international migration can be grouped in four broad types based on whether they take place in countries of origin, transit, destination or return. This typology is in line with the one adopted by the Global Compact for Migration (GCM), and it provides a conceptual and operational disaggregation of the challenges and related opportunities to address migration issues. As origin, transit, destination, and return encompass all migration dynamics and tenures along the migration continuum, they also provide a useful framework to identify and devise adequate and tailored interventions.
- 3.2 Once the basic types are adopted, a brief discussion on drivers of migration will contribute to further explaining and contextualizing the challenges, opportunities, and appropriate policy interventions. While there are many theories about why people migrate, the most well-known is the analysis of “push and pull” factors, or drivers, that provide the motivations to migrate. Push factors are conditions that propel people to leave the origin country. These can be economic factors like high unemployment, poverty, high taxes, poor health care, and overpopulation. Political and social factors, like discrimination, war or oppression, corruption, and crime are often causes of migration. There could also be other factors, such as, environmental degradation and climate-induced natural disasters exacerbated by climate change that could affect water supply, food security and human health. Typical pull factors from destination countries are the presence of diaspora networks or family ties, prospects of employment opportunities, income differentials or the abstract expectation of a “better life”.⁵⁹ At a granular level, a unique mix of push and pull factors explains the decision to become a migrant. Policy interventions related to migration can be identified and designed by focusing on specific push or pull factors.
- 3.3 The distinction between voluntary and forced displacement is full of gray areas. Economic and social push factors driving migration are complex and the ‘voluntary’ or ‘forced’ nature of migration is not necessarily clear. There are often subjective and context-driven components of migration drivers, and voluntary and forced migration dynamics may overlap although the policy response might be different for each group. For example, migration routes of migrants and refugees are often the same. For this purpose, mixed flows are defined as migration patterns that include both voluntary and forced elements irrespective of a migrant’s legal status.⁶⁰ With respect to the specific instance of forced displacement, push factors related to war, violence, persecution, or the threat thereof play the greatest role in driving migration.
- 3.4 The literature on migration indicates that while migration can be an engine for development, it can also have some negative impacts, particularly in the short run.⁶¹ In general, the effects of migration will depend on the context and policy choices addressing them. A correct set of actions to tackle the main challenges of migration can reduce the potential negative impacts while leveraging positive developmental outcomes.⁶²

⁵⁹ The World Bank (2019) groups migration drivers in the following three categories: income gap, demographic imbalances, and climate change.

⁶⁰ See, Mixed Migration Centre, at <http://www.mixedmigration.org/about/>

⁶¹ For review of this literature see: Blau, F.D., and C., Mackie, Editors, 2016. *The Economic and Fiscal Consequences of Migration*. National Academy of Sciences, Engineering and Medicine Washington DC.; Clemens, M.A. and J. Hunt (2017). “The labor market effects of refugee waves: reconciling conflicting results,” NBER Working Paper No. 23433.

⁶² Clemens, M., C. Huang, J. Graham, and K. Gough, 2018, “Migration is What you Make It: Seven Policy Decisions that Turned Challenges into Opportunities”, Center for Global Development, CGD Note, Washington DC: Center for Global Development.

- 3.5 The following sections provide specific details on each migration type and their related challenges, highlighting some of the opportunities and areas of action to tackle them. The challenges and opportunities that are discussed concern individual and household migrants and the countries involved in the migration process.

B. CHALLENGES, OPPORTUNITIES AND POLICY AREAS

1. Countries of Origin

- 3.6 The Bank developed two studies to better understand migrant reasons to migrate, their living conditions in the United States and their prospects of returning to their countries. Respondents to the survey of the first study highlighted that the principal pull factors in the decision to migrate hinged on the search for economic opportunities and family reunification. Of the latter, almost half of respondents stated that a family member in the United States financed their migratory journey. At the same time, personal experiences with crime and violence in the home country constituted important push factors. Respondents' strong connections to their home countries was evidenced by the finding that 50% send remittances home for family (half of their children are in the home country) and for productive activities and the construction or acquisition of property. On returning prospects, the study found that less than a third of respondents expected to return. Looking forward, the study recommends exploring policy options related to fighting human trafficking; creating productive opportunities and reducing violence in home countries; and generating policies in two areas –facilitating returning migrants' socioeconomic reinsertion, and supporting migrant family members that have stayed in the home country and are bearing an important part of the cost that comes with having a separated family.⁶³
- 3.7 The other study highlights that migration policy changes in the destination country may result in a scenario of significant return migration to the NT, as well as dissuasion of potential emigration from the NT. The study explains that this presents significant policy challenges for countries of origin: not only could remittances fall in such a scenario, but local labor markets would be burdened by the need to create high-quality jobs in sufficient quantities to absorb returnees and dissuaded would-be migrants. The authors estimated that absorbing this labor supply would require approximately 0.95% GDP growth in El Salvador, 0.5% in Honduras, and 0.2% in Guatemala.⁶⁴

Economic and security drivers

- 3.8 The absence of economic opportunities and low social mobility are some of the reasons that lead individuals, families, and communities to seek to migrate from their countries of origin. Conflict and violence are also typical drivers of migration. For example, 74% of migrants from the Northern Triangle countries report that lack of economic opportunities are the main motivations for migrating, while 41% migrate due to factors related to violence.⁶⁵
- 3.9 Migration can also be a concern if it exacerbates the shortage of certain essential occupations, like health care workers or occupations requiring more cognitive skills, like scientists. If migrants are disproportionately high-skilled workers, the consequences are perceived as highly negative for the human capital in the country of origin. Known as “brain

⁶³ IDB (2019). *Tras los pasos del migrante: Perspectivas y experiencias de la migración de El Salvador, Guatemala y Honduras en Estados Unidos*. <http://dx.doi.org/10.18235/0002072>

⁶⁴ Chapter 3 of IDB (2019). *El futuro de Centroamérica: Retos para un Desarrollo Sostenible*. <http://dx.doi.org/10.18235/0001782>.

⁶⁵ Abuelafia, E., G., Del Carmen, and M., Ruiz-Arranz, 2019, “Tras los pasos del migrante. Perspectivas y experiencias de la migración de El Salvador, Guatemala y Honduras En Estados Unidos. Banco Interamericano de Desarrollo y USAID.

drain”, the migration of highly educated individuals can be detrimental to the quality of services in origin countries, and to the prosperity of highly skilled sectors and industries (including capacity in research and innovation in several fields).⁶⁶ In addition, if migrants are composed mainly of people in working ages, migration flows can heighten labor market shortages, regardless of their skill set.

- 3.10 To enhance economic opportunities, priority should be given to supporting both labor market demand and supply. To support labor market demand, programs for job creation could be introduced. It is necessary that the creation of more and better jobs is complemented by efforts to strengthen human capital through building skills and development of transferable and adaptive skills. Specific focus could be placed on enhancing access to jobs and creating a targeted approach for vulnerable populations. In parallel, strengthening systems that protect workers and build resilience is key.
- 3.11 Support to income-generating activities and self-employment could also contribute to enhance economic opportunities. In practice, this could translate into supporting the creation of micro and small and medium enterprises through fiscal incentives, as well as promoting reforms to modernize and create an agile governance system to regulate business creation, opportunities, and economic life. Efforts to strengthen financial inclusion and the design of safety nets to deal with adverse shocks that can trigger migration, are also paramount.
- 3.12 Generating economic opportunities can be supported by public work programs, which, on the one hand, improve standards of living through infrastructure upgrading and/or rehabilitation; and on the other hand, public work programs support employment creation. Public work programs may be more effective when combined with initiatives to promote skills development: thus, the jobs created may become more sustainable.
- 3.13 Safety and insecurity are important push factors that contribute to individual and collective decisions to migrate. This broad policy area may include interventions in the following sectors: law enforcement and security and justice; border control and management; social issues, including at risk youth and women; and strengthening of security and justice institutions at the local level, among others. Tackling violence and crime is a multi-sectoral endeavor, and the IDB Group has experience and comparative advantage in some areas, including interventions and knowledge generation on social violence prevention programs and strengthening of security and justice institutions, capacity building and training of police, prosecutors, judges and prison authorities to serve these vulnerable populations.
- 3.14 Some examples of activities that can be carried out in this area include the following: communication campaigns on risk; improvement of border control, such as integrated work between affected countries to exchange information on flows; improvement of controls on remittances through the use of technology to detect patterns that could involve illicit traffic networks; programs to address and prevent different types of violence, and institutional strengthening and coordination of border and law enforcement authorities

⁶⁶ There is little evidence on the impacts of the brain drain in LAC. More research is needed on intra-regional skilled migration and its impact on origin countries.

Social and basic services

- 3.15 Lack of or weak services are drivers of migration. Stepping up efforts to improve access to and quality of education, health, water, and sanitation services is paramount. Vulnerable, underserved and/or marginalized groups needing service upgrades and improvement could be targeted. Further, city and area-based cross-sectoral initiatives that combine employment- and income-generation opportunities with improvement in social and basic services and basic services infrastructure upgrading may target areas suffering from high unemployment, poor quality of services and weak presence of state institutions.*Disasters triggered by natural hazards and climate change*
- 3.16 Climate change may exacerbate the frequency and intensity of extreme weather events which cause natural disasters, as stated by the scientific literature. In Latin America and the Caribbean, climate change may worsen the historical factors of poverty and inequality. Thus, climate change could also trigger migration flows caused by slow-onset effects, such as droughts and soil erosion that put food security at risk, and rapid-onset events such as hurricanes or flooding that lead to disaster displacement.
- 3.17 Strengthening prevention and improving preparedness measures in the cases of natural disasters can also reduce the reasons to migrate. Sometimes it is not the occurrence of the disaster itself that causes migration. Hurricanes, earthquakes, and other catastrophic natural occurrences can be strong push factors when governments are unable to assist and protect those most affected by such event. Early warning and emergency preparations for natural hazards could allow some people to remain safe or may trigger short-term temporary evacuations without the need to leave the country.⁶⁷ Post-disaster recovery and assistance to rebuild can also enable the affected population to resume their lives at home without having to migrate.⁶⁸
- 3.18 In Central America, the Dry Corridor⁶⁹ is vulnerable to desertification that affects agricultural production and food provision triggering movements of people. Another slow-onset effect of climate change happens in South America where glaciers retreat and changes in precipitation patterns alter the water supply for the Andean communities. Countries located in areas that are especially vulnerable to climate and environmental risks, such as the Caribbean which is exposed to natural hazards, can strengthen inter-state cooperation, for example, by developing regional early warning systems and disaster risk reduction activities. Moreover, implementing nature-based solutions that protect critical ecosystems and provide a barrier against natural hazards is key to confront climate change and prevent zoonotic diseases such as COVID-19.

Remittances

- 3.19 In many countries of origin, remittances have become a key component of economic activity. In 2019, several countries in Central America and the Caribbean exhibited remittances as a percentage of GDP at least as high as the world's average if not higher. They include, Haiti (37%), Honduras (22%), El Salvador (21%), Jamaica (16%), Nicaragua (13%), Guatemala (13%), Guyana (8%), the Dominican Republic (8%), and

⁶⁷ Martin, S., 2019. "Effective Practices in Managing Mass Migration," Mimeo. Washington DC.

⁶⁸ Risk coverage systems are key in these cases. People generally migrate to cover the drop in income they face from natural disasters.

⁶⁹ The Central American Dry Corridor is a tropical dry forest region on the Pacific Coast of Central America. It extends from southern Mexico to Panama. Severe drought has become a problem in this area due to changes in the El Niño-Southern Oscillation, especially in Guatemala, El Salvador, Honduras, and Nicaragua.

Belize (5%).⁷⁰ Estimates show that remittances in Venezuela account for around 5% of the country's GDP.⁷¹ Remittances are typically sent electronically and incur a fee. Globally, remittance fees average almost 9% of the amount sent.⁷² Studies show that a reduction in fees leads to more frequent remittances, which ultimately increases the amount sent each month.⁷³

- 3.20 At the global level, female migrants send approximately the same amount of remittances as male migrants. However, research suggests that women tend to send a higher proportion of their income, even though they generally earn less than men.⁷⁴ They also usually send money more regularly and for longer periods of time. By sending smaller sums more often, women tend to spend more on transfer fees. Therefore, reducing transfer fees and making different transfer options, such as mobile money, accessible would disproportionately benefit women and maximize the positive impact of remittances on their families and communities. Furthermore, women are most of the recipients of remittances, which represents an additional vulnerability given the expected reduction of remittances due to the global economic crisis associated to COVID-19.
- 3.21 Origin countries should explore mechanisms -in coordination with the destination countries- to lower remittance fees and improve their transparency. Reforms such as increasing competition in money transmission markets or providing migrants with more information on the relative cost of different monetary transmission services can have an impact on the remittances' amount. Some countries have established websites that show the prices/costs of sending remittances and allow migrants to easily make comparisons among all available options. Technological innovation, such as mobile banking, can change how migrants and their families send and receive remittances. Mobile banking –using cell phones to conduct financial transactions– can lower transaction costs and help alleviate the shortage of financial institutions that remittance-receiving families often face in rural areas. This might also lower the use of informal channels for sending remittances, which can be less reliable.
- 3.22 Much has been said about the high cost of sending remittances, but it is difficult to implement new specific actions to reduce it. In the decade of the 2000's, the costs were reduced significantly because of improvements in the regulatory frameworks and the influx of more competitors in the markets. Current costs in some of the corridors, mainly from the US to Mexico and the NT, are competitive considering the regulatory costs and expenditures of the payments value chain that money transfer operators (MTO's) have to assume, which include commissions for agents at the sending and receiving sides. As showed in the IDB's Economic Report on Central America and the Dominican Republic,⁷⁵ high costs of sending remittances is not only linked to commissions but also exchange rate margins. In addition, the report showcases the positive impact of the USA-Mexico corridor.

⁷⁰ Based on World Bank's Remittances dataset. World Bank. 2019. "Leveraging Economic Migration for Development: A Briefing for the World Bank Board." Washington, DC: World Bank

⁷¹ Orozco, M., K., Klaas, 2020. *Money Transfers to Venezuela. Remittance Flows Amidst Evolving Foreign Exchange*. Inter-American Dialogue Report. Washington DC.

⁷² World Bank, 2010. "An analysis of trends in the average total cost of migrant remittances," *Remittance Prices Worldwide*. Issue 2

⁷³ Aycinena, D., C.A., Martinez, and D., Yang, 2010. "The impact of remittance fees on remittance flows: Evidence from a field experiment among Salvadoran migrants," Mimeo, University of Michigan.

⁷⁴ OIM. Gender, Migration and Remittances. <https://www.iom.int/sites/default/files/about-iom/Gender-migration-remittances-infosheet.pdf>

⁷⁵ Marmolejo A, and Ruiz-Arranz M. Digital economy and technology in the service of the region's development. Feb 2020.

- 3.23 Another complementary way to address this issue is to promote digital payment ecosystems that prevent the need, and the advantages of cashing out. These includes both actions to facilitate the opening of accounts for recipients but also actions that promote an open and competitive ecosystem, including, inter-alia, solutions to increase merchant's acceptance of digital payments, digital payment of utilities and other functionalities at an adequate cost, promote partnerships between traditional remittance companies and e-money and other local digital wallets, improve competition in distribution and agent networks, promote product-design with features that incentivize people to leave the balances digitally (for example by offering personal financial management tools). These are important areas for future IDB group work.
- 3.24 The governance of remittances is an area of potential improvement that could benefit both migrants and countries of origin. Awareness raising and country-based dialogue between policy makers, regulators, and money transfers operators (MTO's) can be supported by the IDB Group, bilateral donors, and the Center of Latin American Monetary Studies (CEMLA, for its Spanish acronym). This dialogue could be focused on the corridors where the costs are higher and there are more burdens for well-functioning remittances markets, usually intra-regional corridors.
- (i) Digitalization of remittances can be promoted through payment Fintechs,⁷⁶ which are already in the payment's ecosystems, although usually for domestic payments. However, there are regulatory issues and other barriers in the use of bank accounts and of electronic payment instruments.
 - (ii) Social and legal factors that affect remittances can be improved. Lack of legal status and ID requirements when sending remittances affect the way remittances are sent. Many migrants from LAC in the United States that lack legal immigration status prefer to send remittances in cash. That situation affects many LAC migrants that want to send remittances through intra-regional corridors, and often rely on informal channels. Issuance of ID's to facilitate the use of remittances services and opening of bank accounts by migrants might alleviate this situation. Public awareness initiatives might also help the remittances markets.

Family separation

- 3.25 Another challenge related to migration at origin is family separation, and this can be particularly difficult for children and other vulnerable family members left behind. Reports show that 47% of the migrants from the NT countries have children, of which 54% are living in the country of origin.⁷⁷ Family separation can have different effects on the children that stay in the country of origin. On the positive side, children whose parents have migrated may count on financial resources through remittances that were previously unavailable and that can now be invested in their education and well-being. However, the absence of one or both parents implies a reduction in the quantity and quality of time parents allocate to the development and monitoring of their children, as well as in their

⁷⁶ It is helpful to explain/conceptualize the different roles of Fintech payment companies as some are in the business of remittances while others may have a role in helping in the financial integration of migrants while others in improving the digital financial inclusion of recipients. Categorizing and explaining Fintech companies' services, including those that received IDBlab investment would show where the solutions are mainly been developed and the opportunities to work in the future. According to the IDB's 2018 Fintech report, payments is the largest segment in the region, with 285 Fintech companies (24% of total number of Fintechs in the region), but only 4.6% of the Fintechs in the payments are working in the transfers and remittances subsegment. Most companies are in the subsegments of payment gateways and aggregators (37%), mobile payments and wallets subsegment (also 37%), and the rest in mobile points of sale cryptocurrencies and other solutions. Understanding the low participation of fintech in the remittances subsegment and the barriers can also be an interesting area of work.

⁷⁷ Abuelafia, E., G., Del Carmen, and M., Ruiz-Arranz, 2019, "Tras los pasos del migrante. Perspectivas y experiencias de la migración de El Salvador, Guatemala y Honduras En Estados Unidos. Banco Interamericano de Desarrollo y USAID.

needed emotional and psychological support. Additional negative side effects may include child labor, increase in school drop-out rates, and children's involvement in violence in areas with a presence of gangs and high rates of armed violence.⁷⁸ Reasonable interventions include those that seek to increase school attendance as well as providing opportunities for youth to complete their educations (e.g. with technical degrees).

Leverage the impact of the diaspora

- 3.26 Nationals living abroad can also have positive impacts on the country of origin through diaspora networks.⁷⁹ Besides being a major source of remittances, migrants are key sponsors of foreign direct investment and can transfer knowledge that is acquired abroad, as shown in various studies.⁸⁰ A strong diaspora may also be beneficial to countries of origin through better access to capital, technology, ideas, and tourism. Research shows a strong correlation between the presence of a diaspora group in a country and that country's economic ties with the group's country of origin.⁸¹ The potential benefits from migration in the countries of origin have been called "brain gain", and they could offset some of the effects of having a large pool of educated individuals not physically present to contribute to the development of their home countries.⁸²
- 3.27 Promoting institutional connections between countries of origin and diasporas abroad can have several positive implications, including greater and more realistic information on opportunities in destination countries for prospective migrants, as well as improved opportunities for return. Some of the opportunities and mechanisms include virtual return, remote provision of services, and diaspora bonds.⁸³ The concept of virtual return takes advantage of digital technologies to promote the migrant's connection with the country of origin, motivating the transfer of ideas and knowledge while the migrant physically remains in the destination country. This is typically done by teaching courses or leading online seminars. Digital technologies also make it possible to harness the talent of the diaspora in specific services that can be carried out remotely.⁸⁴ Other services that can be provided electronically at a distance include accounting, auditing, IT, and legal services. Diaspora bonds are issued by the government of a country of origin to raise resources from its diaspora. Unlike remittances that usually go directly to families, diaspora bond resources are often used by governments to finance infrastructure or social projects. The countries that have used this type of bond extensively are India and Israel. Diaspora bonds seek to

⁷⁸ Several studies found detrimental impacts from family separation mostly on educational outcomes, including lower educational aspirations, reduction in study hours, lower probability of attending school and fewer completed years of schooling. It is then important to work with families of migrants who remain in the country of origin, particularly when children are left behind. For a short review of this literature, see Rubio, M., 2020, "Migration and Education Outcomes of Children Left Behind: Evidence from El Salvador," IDB Working Paper (*forthcoming*). Washington D.C.

⁷⁹ Receiving countries can promote the attraction of high-skilled workers through special immigration regimes, which can have an impact on origin countries' stock of human capital. It is important that policies are in place in origin countries to facilitate the flow of knowledge, technology, and capital back home so that the emigration of high-skilled individuals does not turn into a loss.

⁸⁰ For a review of the literature, see Bahar, D., 2020. "Diasporas and economic development: A review of the evidence and policy". Comparative Economic Studies. Volume 62 (SI 25th Dubrovnik Economic Conference).

⁸¹ Newland, K., 2013. "What we know about migration and development". Policy Brief, Migration Policy Institute.

⁸² In countries of origin with a large enough diaspora community abroad, diaspora organizations may run different activities, including charity projects in their homeland, typically with a social aim. There is little information available on the size or the impact of social projects run by diaspora organizations and thus, it remains an under-researched topic that requires more attention. Nevertheless, it is in the interest of countries of origin to engage constructively with their diasporas exploring ways to leverage their potential contribution to their home country.

⁸³ On diaspora bonds, it is worth considering the experience of Mexico through the 3X1 for migrants' program, which has also been supported by the IDB (currently through ME-L1183 Management and Investment Strengthening Program 3X1 for Migrants). This program leverages the organized Mexican diaspora around the world and raises funds to finance infrastructure and social projects in the community of origin. This kind of program contributes to increase the connection and engagement between the diaspora and the communities of origin and promotes interventions that improve the development conditions of the communities.

⁸⁴ An example of this is telemedicine where technologies allow doctors in the diaspora to carry out consultations, diagnostics and even surgeries at a distance and in real time.

take advantage of the migrants' desire to do good for their country of origin. Additionally, compared to investors of other nationalities, investors in the diaspora may perceive the fact that the debt service is carried out in local currency as a lower risk factor.

IDB Group Support to Countries of Origin

- 3.28 The IDB Group has supported the NT countries in addressing the root causes of migration patterns through the generation of economic opportunities and the improvement of living conditions with a focus on vulnerable populations. In 2019, the IDB Group provided technical support for the implementation of a range of interventions led by the NT countries including: (i) the Plan for the Alliance for Prosperity (A4P); (ii) operations to better address the specific challenges behind irregular⁸⁵ migration flows; (iii) key knowledge products and data generation to inform and design more effective related public policies; and (iv) emerging issues regarding the improvement of remittance systems with emphasis on recipient financial inclusion. As a result, 32 loans and 72 TCs of the IDB's regular portfolio are aligned to A4P priorities, totaling over US\$2.45 billion.
- 3.29 Within the framework of A4P, the IDB Group supported the NT countries to develop "Prosperity Agendas" through the identification of national and regional projects and reforms to be implemented in the short, medium, and long term. The Prosperity Agendas foster the dialogue with donors and multilaterals interested in supporting the NT countries. In an effort to improve the accountability of the initiative and identify actions to improve the effectiveness of country interventions, the Bank provided support to execute a mid-term review of the A4P program, which analyzed the efforts made and the results achieved to date. Preliminary insights recommend the need to identify key projects to effectively measure the Plan's progress; strengthen regional, national and private sector coordination, clearly defining the roles of each of these levels; establish regional and national boards for fund allocation to avoid duplication, define indicators for monitoring and evaluation of each A4P pillar; and design a regional communication strategy and issue joint statements on irregular migration.
- 3.30 Several investment operations were designed and approved with the goal of generating economic opportunities in countries of origin and improving living conditions of populations with a high propensity to migrate.⁸⁶ With the aim of supporting economic activity and reducing poverty in the Dry Corridor of Honduras (one of the poorest areas of the country), the "Comprehensive Rural Development and Productivity Project" (HO-L1201 and HO-L1211) seeks to increase the income of rural households through the provision of technologies, technical assistance to boost productivity, and access to finance for the beneficiary population. In Guatemala, the "Sustainable Forest Management Project" (GU-L1165) seeks to energize the productive sector in areas with vulnerable populations through actions aimed at increasing the added value and market access of timber and non-timber products in eight municipalities prioritized by the A4P. Expanding human

⁸⁵ Although a universally accepted definition of irregular migration does not exist, the term is generally used to identify persons moving outside regular migration channels. [OIM Key Terms](#)

⁸⁶ In broad terms, dissatisfaction with current living conditions and pessimism about future living standards in the home economy have been shown to be push factors contributing to this propensity. (Migali, S. and M. Scipioni (2019). Who's About to Leave? A Global Survey of Aspirations and Intentions to Migrate. *International Migration*, 58(5). doi: 10.1111/imig.12617). In the NT, such dissatisfaction may be spurred by the threat of violence and crime, and a lack of income-generating opportunities. On the other hand, pull factors that help define the propensity to migrate may include connections to transnational social and family networks that convey real or perceived economic opportunities (Migration Policy Institute (2011). [Migrant Social Networks: Vehicles for Migration, Integration and Development](#) (online article). This is also the case for many NT migrants. IDB (2019). *Tras los pasos del migrante: Perspectivas y experiencias de la migración de El Salvador, Guatemala y Honduras en Estados Unidos*. <http://dx.doi.org/10.18235/0002072> and IDB (2019). *El futuro de Centroamérica: Retos para un Desarrollo sostenible*. <http://dx.doi.org/10.18235/0001782>

capital development is the focus of the “Program to Support for the Comprehensive Social Protection System” (HO-L1194) that aims at improving the living conditions of households in extreme poverty and to promote their abilities through increased access to and supply of education, health, and nutrition services, while improving the relevance, targeting, and distribution of social protection and inclusion efforts.

- 3.31 IDB LAB, in association with the Relief of Suffering Foundation, is financing the development of the First Center of Opportunities for Young Migrants in Honduras (HO-T1339), which will facilitate the social reintegration of over 600 young returned migrants or internally displaced people into their communities through the creation of a center that offers education and job training opportunities, while generating data on migration for the design of public policies. The “Public-Private Strategies for the Development of Huehuetenango and other Departments with a Large Number of Mayan Population” program (GU-T1070) was framed to develop a strategy to address social development gaps to generate comprehensive and sustainable human development in San Mateo Ixtatán, in Huehuetenango. The value chain implementation strategy is being prepared for agricultural products suitable for the district, such as potato, cardamom, and coffee. The project is expected to include migrants who were deported and returned to Guatemala.
- 3.32 For the past ten years the IDB Group has conducted considerable operational and research work on remittances. This work shows that in LAC, migrants primarily move to other countries to improve their economic opportunities, gain access to better services and to send money home to supplement their families’ earnings, or in some cases, serve as their main source of income.^{87,88} The decision to migrate is often taken as a family, by considering which member is most likely to successfully make the journey, find productive employment and contribute to improving the livelihoods of a household or extended family in the home country. Areas of analysis on remittances include:
- (i) Regulation and transparency of information in reporting remittance flows. IDB LAB’s work focuses on two areas related to the role of the Central Banks in facilitating remittances: better measurement and reporting of remittance flows; and advisory services.⁸⁹
 - (ii) Financial inclusion and reduced vulnerability of remittance recipients. IDB LAB has been supporting financial intermediaries to develop and pilot savings products for remittance recipients under the program Remittances and Savings Regional Facility (RG-M1216), which ended in 2019. In El Salvador, the program supported the development of electronic wallets by Davivienda and Banco Agrícola. Project “MIREMESA via MICOPE: Remittances and Savings in Guatemala” (GU-M1057) contributes to reducing the vulnerability of remittance-receiving households in Guatemala through increasing access to financial products.

⁸⁷ A recent study by IDB and CEMLA (2018) revealed that remittances sent home were either the main source of income for the recipient household or were very important, even if not the main source of income, for 61% of Mexican and Dominican migrants interviewed, 69% of Guatemalan migrants, 85% of Hondurans and 92% of Salvadorians. IDB (2018). Remittances to Latin America and the Caribbean in 2017: Greater Growth Dynamism. <http://dx.doi.org/10.18235/0001292> FOMIN (IDBLab prior denomination) found that in [El Salvador](#) remittances represented 50% of migrant’ families household income, in [Guatemala](#) 44%, and in [Honduras](#) 38%.

⁸⁸ In a recent paper published by the IDB, Emmanuel Abuelafia highlights that Venezuelan emigrants’ remittances are an important source of income for their families back in Venezuela. IDB (2020). Migración en la región andina: Impacto de la crisis y expectativas en el mediano plazo. <http://dx.doi.org/10.18235/0002386>

⁸⁹ The research is implemented with LAC’s Association of Central Banks, the Center for Latin American Monetary Studies - CEMLA (RG-M1248). Support to CEMLA includes assistance to produce an annual report on remittances, as well as several special reports, the most recent of which covers COVID-19’s impact on remittances.

- (iii) Migrant financial habits and behaviors when sending remittances. A 2019 IDB Group study on LAC migrants in the United States analyzed the behaviors of the remittance markets, with one compelling survey result revealing a preference for cash by 80% of senders and 83% of recipients.⁹⁰
 - (iv) Support to fintech companies that operate in the payment markets. IDB LAB has supported innovations in the digital payment ecosystems in LAC, mostly through venture capital investments in fintech companies but also with direct investments and loans to fintech companies.⁹¹
- 3.33 A preliminary assessment of these four action areas has shown the importance of reinforcing this agenda, particularly in times of economic uncertainty. Several opportunities are emerging, particularly investing in growing the fintech payments environment. Strengthening payments-related fintech companies can play a dual role in promoting the digitalization of remittances, while also helping address important regional challenges such as decreasing the number of unbanked or underbanked persons (which include remittance recipients), facilitating improved access to financial services, and addressing the deficiencies of the electronic payment ecosystem. For example, solutions that digitalize and streamline regulatory processes such as know-your-customer and anti-money laundering verifications could result in easier access to electronic banking or in the creation of mobile wallets through which recipients can more easily receive remittances. This is especially important given that IDB LAB's work on remittances has found that recipient lack of financial inclusion is a more significant issue for the region than high money transfer costs.

2. Transit Countries

- 3.34 Transit countries play a critical role in migration patterns, especially in the context of informal and unregulated migration. Migrants that go across transit countries that are not their destination often face severe logistical and insecurity challenges. They are vulnerable to abuse and exploitation by smugglers and sometimes by authorities as well.

Migrant Smuggling and Human trafficking

- 3.35 Specific challenges related to transit migration materialize when a transit country receives large inflows of migrants for short periods of time. Such migrants intend to stay in the transit country temporarily and then travel to their final country of destination. One challenge has to do with the potential of human trafficking and smuggling of migrants that may occur through transit countries that could be related with organized crime networks. The smuggling of migrants has recently received increased attention from policy makers due to the rise of smuggling routes and networks that occur in parallel with larger migrant flows.
- 3.36 International smugglers take advantage of migrants' vulnerabilities, as many seek to overcome migration barriers like official documentation, and/or to shorten processing times. Most smuggled migrants are adult and young men, while some smuggling flows include larger shares of migrant women, family units and/or unaccompanied children.

⁹⁰ IDB (2019). Remittances from the U.S. to Latin America and the Caribbean: Following the Money Journey. <http://dx.doi.org/10.18235/0001671>. The study is based on a cross-sectional survey conducted on 2,145 migrants from Colombia, Dominican Republic, El Salvador, and Mexico, living in Los Angeles, Miami, and New York City in the United States.

⁹¹ Under its contract number EQU/MS-13058-ME through its AV Pacific Alliance Fund, IDBLab has made direct investments into the payments-related fintech company PayClip, based in Mexico. Under contract number EQU/MS-13772-ME through its NXTP Labs Fund, IDBLab has invested in BelugaPay (Espiral) and Compropago, also in Mexico, and in Bitpagos (Ripio), Latincoin (Waba Network), and Paypertic, in Argentina.

Women and children are often at heightened vulnerability during transit, especially when they are separated from family and community support systems. Migrants may become vulnerable to exploitation at the hands of human smugglers and traffickers, and criminal elements, including pirates, gangs and cartels who know they can freely abuse migrants. Such challenges can be compounded by corruption and/or mismanagement of border officials and other authorities.

- 3.37 The role of information technologies to inform policy decision of law enforcement entities plays a key role among the possible interventions to be considered; trainings and sensibilization activities to strengthen the capacity of law enforcement officials in the handling of migrants groups; and articulated strategies with civil society organizations providing services to communities are other potential areas of work.

Boarder management

- 3.38 The first challenge with transit migration deals with border management of large flows of people. Operational capacities at the border can be overwhelmed, particularly in countries that only serve as transitory routes for other final destinations. Investing in capacity building for border management is essential for states that face transit migration. Complementing domestic border management measures with regional and cross-regional border management cooperation provides the opportunity for an orderly and regulated migration flow. By cooperating, countries substantially improve their preparedness.
- 3.39 Some cities in border areas become transit places where migrants stay for relatively long periods. These cities are under pressure in the provision of water, sanitation, and solid waste collection and disposal. It is required to ensure that they have the necessary infrastructure to serve this migrant population.

Protection of migrants

- 3.40 Protection of migrants is a cross-cutting challenge that relates both to transit countries and destination countries. For transit countries, protection means upholding the rights of the population moving through their territory, guaranteeing that transit takes place in safe areas and territories and combating trafficking and smuggling networks. Because smuggling networks are pervasive in the migration process, especially in Central America, strengthening the fight against such networks can also reduce the expectations that migrants can illegally enter their destination country.⁹²
- 3.41 Within a migration agenda, potential policy responses should aim to protect migrants from potential abuses, while at the same time promote cross-border cooperation between countries. The IDB Group can promote policy dialogue between origin, transit, and destination countries, centered on virtuous practices in the areas of border management and migrant human rights. With respect to migrant smuggling, while not within their mandate, development players like the IDB Group can play an important role in fostering cooperation and knowledge generation. For example, the UN Smuggling of Migrants Knowledge Portal has been established to support the dissemination and sharing of information on the implementation of the migrant smuggling Protocol. The UN-mandated Inter-Agency Coordination Group against Trafficking in Persons (ICAT) is a policy initiative to improve relevant international stakeholder coordination and to facilitate a holistic and

⁹² Abuelafia, E., G., Del Carmen, and M., Ruiz-Arranz, 2019, "Tras los pasos del migrante. Perspectivas y experiencias de la migración de El Salvador, Guatemala y Honduras En Estados Unidos. Banco Interamericano de Desarrollo y USAID.

comprehensive approach to preventing and combating human trafficking. the initiative represents a critical forum for the IDB Group to carve out a specific role on this issue.

- 3.42 There is a strong argument to emphasize the complementarities with partners and organizations that have a mandate on protection and human rights, as well as with those that have a comparative advantage on law enforcement, migrant smuggling, and border control. The IDB Group can play a greater role in infrastructure upgrading, institutional strengthening, and knowledge generation. Further, the IDB Group can use its convening power in the region to support coordination between countries and enhance focus on this issue. The following areas and practices could be considered:
- (i) Increase and support investments in infrastructure upgrading or recovery related to border management and reception of transit migrants.
 - (ii) Support institutional capacity building for border management authorities. Set-up training programs on accountability, respectful reception of migrants and human rights, among others.
 - (iii) Strengthen cross-regional border management cooperation between transit, origin, and destination countries.
 - (iv) Support the institutionalization of policies to protect forced migrants in transit as well as on arrival in destination countries. Particular attention should be placed on reducing incidents of gender-based violence and addressing the needs of unaccompanied minors and young children.

3. Destination Countries

- 3.43 Some key conditions should be met for migrants to be integrated, such as being recognized and treated as members of society, having equal and fair job opportunities, and having equal access to health, education, housing services, and justice, among others. Successful integration requires tailoring the strategy and related programs to the socio-economic context and the local economy. Given its comparative advantage, the IDB Group can propose flexible, holistic, and comprehensive solutions on livelihoods and jobs, on basic services, and on social cohesion and resilience. It can act as a convening power in the region and vis-à-vis specific countries of destination to support this comprehensive vision and policies.

Integration into economic opportunities

- 3.44 Migrant integration is a complex process that goes beyond labor markets and access to basic social services. In destination countries and especially in main migrant recipient cities, sustainable integration encompasses migrants' fair and transparent access to all areas needed to support their livelihoods and a decent standard of living. When these conditions are met in a transparent and progressive regulatory framework, migration may benefit not only migrants, but also destination countries. Understanding the different barriers to migrant integration and how they can be removed is crucial to achieving better outcomes for migrants and their hosting communities.
- 3.45 Migrants in destination countries tend to generate distributional effects – i.e. some groups may benefit from immigration while others may be negatively affected, at least in the short term. For example, a large influx of less-educated immigrants may reduce wages for less educated native-born workers who are substitutes for those immigrants, but it also may boost wages among more-educated native-born workers who complement those

workers.⁹³ Immigrants may also start new companies,⁹⁴ generate employment for other immigrants as well as natives,⁹⁵ bring new ideas, and innovate.⁹⁶ Moreover, immigrants buy goods and services in addition to producing them, thus increasing the demand for goods and services in the destination country. Having more consumers in an economy can partially offset some of the negative effects of more competition in the labor market.

- 3.46 With respect to the labor market in particular, the literature generally finds that the impact of immigration on overall native wages is small or close to zero, for those natives who are more likely to compete with immigrants where there can be differentiated negative effects.⁹⁷ The evidence for LAC corroborates the existence of such heterogeneous impacts. Some recent studies have found that migrants are negatively associated with the employability or wages of low-skilled native women, but at the same time positively associated with the labor supply and employability of highly skilled women with dependents.⁹⁸ Another study found negative effects on the wages of low-skilled men, but no measurable impacts on highly skilled native workers.⁹⁹
- 3.47 Labor intermediation programs, through public employment services, can have a key role for migrants' economic integration. These programs can offer job counseling, training, skills certification, and job placement services. In addition to job training, certification of skills and or prior knowledge is key for migrants

Access to documentation and justice

- 3.48 Associated to the labor market, granting work permits to migrants as part of a regularization process is key, though it is a policy that can face resistance from governments for fears of political backlash. The literature on the impact of such a policy is scarce, particularly with respect to its effects in developing countries. A recent study for Colombia examined the labor market effects of granting temporary migratory status to more than 400,000 irregular Venezuelan migrants and found no significant effects on the native-born workers.¹⁰⁰ Governments could also consider granting work permits on the grounds that allowing migrants access to the formal sector can ease the pressure on the most vulnerable native workers that tend to be employed in the informal sector. Low-skilled workers, especially women, are more likely to be informally employed and, thus, might experience the brunt of the labor market displacement and wage declines from migration.¹⁰¹ The inability of migrants to work formally can also place an additional burden on public finances because of the lost tax revenue or higher welfare benefits that need to be provided to the unemployed native-born workers.

⁹³ Immigrants are likely to have different skills and work in different occupations than natives. Therefore, they can make natives who perform complementary tasks more productive. This is what is known as a complementarity in production.

⁹⁴ Olney, W., 2013. "Immigration and Firm Expansion," *Regional Science*. Vol 53(1); Hunt, J., 2011. "Which immigrants are more innovative and entrepreneurial? Distinctions by entry visa," *Journal of Labor Economics*. Vol 29(3).

⁹⁵ <https://blogs.iadb.org/migracion/es/migrantes-emprendedores-y-empleo-otra-cara-del-exodo-venezolano/>

⁹⁶ Kerr and Lincoln, 2010; Hunt, J., and M., Gauthier-Loiselle, 2010. "How Much Does Immigration Boost Innovation?" *American Economic Journal: Macroeconomics*. Vol 2(2).

⁹⁷ For reviews of this literature see: Blau, F.D., and C., Mackie, Editors, 2016. *The Economic and Fiscal Consequences of Migration*. National Academy of Sciences, Engineering and Medicine Washington DC.; Clemens, M.A. and J. Hunt (2017). "The labor market effects of refugee waves: reconciling conflicting results," NBER Working Paper No. 23433.

⁹⁸ Hillel, T., and M., Rodriguez Chatruc, 2020. "South-South Migration and Female Labor Supply in Dominican Republic," IDB Working Paper (*forthcoming*). Washington D.C. Blyde, J., 2020. "Heterogeneous Labor Impacts of Migration: An Augmented Skill-Cell Approach," IDB Working Paper (*forthcoming*). Washington D.C.

⁹⁹ Contreras, D., and S., Gallardo, 2020. "Effects of Mass Migration on Native's Wages. Evidence from Chile," IDB Working Paper (*forthcoming*). Washington D.C.

¹⁰⁰ Bahar, D., A.M. Ibañez, and S., Roza, 2020. "Give Me your Tired and your Poor. Impacts of a Large Amnesty of Undocumented Refugees," IDB Working Paper (*forthcoming*). Washington D.C.

¹⁰¹ Blyde, J., Cortes, C., Morales, F. and D., Pierola, 2020. "The Profiles of Immigrants in Latin America and the Caribbean. A Focus on Economic Integration," IDB Discussion Paper. Washington D.C.

- 3.49 An additional key issue in the destination country is access to documentation. The ability of immigrants to integrate into the destination country and contribute to its development is severely constrained if they are undocumented. Moreover, destination countries often face institutional capacity challenges to respond to sudden flows of migration. Accordingly, it is key to establish a way that could provide migrants with solutions for access to identification to facilitate the regularization of their status which allow for social and economic opportunities. Documentation is crucial to alleviate migrants' vulnerability, by allowing them not only to access the labor market, but also to access basic services, justice, and redress mechanisms, as well as access to finance and banking.¹⁰² In this regard, it is important to differentiate the identification process as part of border control and the identification process as part of the immigration process. The former depends mostly on identification provided by the origin country, whereas the latter will depend on the destination country. For this one, it is important to integrate identification of immigrants with traditional identification systems to minimize potential discrimination practices.
- 3.50 Nonetheless, even having the documentation might not be enough for the financial integration of migrants. While financial regulation, usually for basic accounts (ie. those with lower KYC requirements but with associated lower balance and transactional limits to address related risks) only require having a working permit or ID; financial institutions in the countries can, and do, ask for more documentation and papers that what the regulation imply. For instance, it has been documented that some banks in Colombia ask migrants to provide with credit histories and/or income certificates. The reasons behind this vary but are typically due to a mix of an increased perception of risk (as financial institutions are responsible of compliance) and the perception that serving these clients will be expensive. One area of work in this regard relates to identifying other players such as fintech companies and/or microfinance institutions that are willing to serve this segment and support them to streamline account opening and make it more flexible. This can be applied to both transactional accounts but also to other financial services such as microcredit oriented to productive purposes.
- 3.51 Migrant access to job opportunities, public services, and social protection is conditional on their legal status in the hosting country (whether their permit to stay is transitory, permanent, or asylum/refugee status). Migrants in LAC often face bureaucratic barriers in applying for legal status. Some regulations impose barriers (such as diploma validation or over-taxation in the labor market) that hamper migrants' full use of their skills in the labor market. Thus, access to business licenses and work permits, for example, is critical for migrant integration. The removal of these barriers is key and the IDB Group can support governments in reforming and/or developing their regulatory framework on migration.

Access to basic services

- 3.52 Services where migrants should be integrated include education, health, water and sanitation, electricity, justice and grievance mechanisms, and housing, among others. Destination country governments in the region could commit to these to avoid the creation of large marginalized and poor communities with the added potential of xenophobia. The IDB Group could offer technical assistance in different sectors.

¹⁰² Although non-binding, this is consistent with Objective 4 of the *UN Global Compact for Migration* to "Ensure that all migrants have proof of legal identity and adequate documentation" and with Objective 5 "Enhance availability and flexibility of pathways for regular migration".

- 3.53 It will also be important to recognize that all the challenges will have different geographical dimensions and that there will be characteristics in the sub-national areas to be considered. Attention to the city level is fundamental as these have been destinations for most of the world's migrants, given their degree of economic activity, their cultural and intellectual expression, and their development.
- 3.54 Migrants can also put pressure on the education system of destination countries which could negatively affect the educational outcomes of native children. In principle, native children may be negatively affected by school congestion, but may also experience positive peer effects from a richer environment. Most studies find that the interaction with immigrants does not affect the outcomes of native students.¹⁰³ A recent study for Chile shows that there is a negative relationship between migration and the test scores of native students, pointing to a lack of human and financial resources to adequately address the new demands.¹⁰⁴ In many countries, education is primarily funded by federal or local governments. Countries that receive a significant flow of migrants could consider allocating additional resources to their education systems. Educational expenditures on children and young adults are not only a cost but also a significant investment. Children eventually join the workforce and pay taxes. The more education they receive, the higher their eventual earnings typically are and the more they eventually will pay in taxes.
- 3.55 Destination countries could also aim at protecting the health of migrants by integrating them into the national health system. Public health issues are highly connected with other issues related to standards of living, including housing, nutrition, and safety in the workplace. A recent study in Colombia showed how migration is related to an increase in the incidence of various diseases, highlighting the need to adopt aggressive policies that include the migrant population.¹⁰⁵ The COVID-19 pandemic further exposed the vulnerability of certain groups, including migrants and refugees. Although several countries in the region generously provide emergency services and preventive medicine to undocumented migrants, these measures are not sufficient to prevent the spread of disease, since they do not include full access to health services. Furthermore, many of these migrants prefer not to go to these emergency services for fear of being deported. In general, migrants from the region exhibit low healthcare services coverage.¹⁰⁶
- 3.56 Migration flows can also overload existing basic service networks, which in some cases are already at limited capacity. For example, some of the municipalities in Colombia that received the largest influx of Venezuelan immigrants in 2018, such as Maicao and Puerto Santander, had inadequate aqueduct and sewerage coverage that was well below the national average.¹⁰⁷ Having adequate access to water, sanitation and other basic services is also important for practicing the recommended frequent hygiene to control the spread of disease and outbreaks, such as COVID-19. Governments could assess the capacity of existing basic service networks, including the provision of clean water, sanitation, electricity, and waste management, and procure the resources to expand them if necessary.

¹⁰³ For a short review of this literature see Namen, O., M. Prem, S. Rozo and J.F. Vargas, 2020. "The Effects of Venezuelan Migration on Educational Outcomes in Colombia," IDB Working Paper (*forthcoming*). Washington D.C.

¹⁰⁴ Contreras, D., and S., Gallardo, 2020. "The Effects of Mass Migration on the Academic Performance of Native Students. Evidence from Chile," IDB Working Paper (*forthcoming*). Washington D.C.

¹⁰⁵ Ibañez, A.M., and S., Rozo, 2020. "Force Migration and the Spread of Infectious Diseases," Mimeo. Washington DC.

¹⁰⁶ Pierola, M.D., and M. Rodríguez Chatruc, 2020. "Migrants in Latin America: Disparities in Health Status and Access to Healthcare," IDB Discussion Paper No. IDB-DP-00784. Washington DC.

¹⁰⁷ Documento Compes 3950. Estrategia para la Atención de la Migración desde Venezuela. Departamento Nacional de Planeación. República de Colombia. 2018.

- 3.57 Migration can also create pressures on the demand for housing services. If the increase in demand is not met satisfactorily, it can translate into the occupation of public spaces or the development of informal settlements in risk-prone areas.¹⁰⁸ Many migrants in the region live in overcrowded conditions. According to a survey in Peru, 54% of Venezuelans immigrants residing in Peru live in overcrowded conditions with 3 or more people sleeping in the same room.¹⁰⁹ Overcrowded conditions favor the transmission of infectious diseases, including human coronaviruses that cause respiratory illnesses such as the COVID-19 pandemic. Countries are implementing initiatives to address this issue. For example, an IDB-European Union project in Colombia creates a Rent Guarantee Fund that will help low-income migrants meet the conditions required to rent adequate housing.¹¹⁰ Design innovative policies to help meet the increased demand for housing services generated by migration could be in the migration agenda.
- 3.58 While roughly half of the immigrants from LAC are women, some countries, including Argentina, Costa Rica, Nicaragua, Panama, and Uruguay¹¹¹ have greater shares of female migrants. Although one of the defining elements of the feminization of migration is the existence of an ever-increasing participation of women in migration flows, feminization also has a qualitative connotation. Migrant women may experience disadvantages related to class, race, or ethnic origin that add to their immigration status. Moreover, the migrant status can increase the fear of approaching security and justice authorities because migrants may fear they can be deported. They may be more vulnerable to sexual and racial abuse, harassment, and discrimination in the workplace. Recent anecdotal evidence suggests that Venezuelan migrant women's vulnerability in Colombia increased during and as a result of COVID-19.¹¹² Destination countries should be mindful of these vulnerabilities, addressing the needs of migrant women, especially in cases of sexual and gender-based violence, abuse and exploitation.

Host community acceptance

- 3.59 An additional challenge in destination countries is related to the attitudes and perceptions of the native population towards the migrants, an area where more research is required. An important barrier to the social inclusion of migrants is prejudice and potential stigma. Studies based on survey data document pervasive levels of prejudice against migrants in many countries of the world.¹¹³ There is literature in psychology and social sciences devoted to the design of interventions and programs to reduce outgroup prejudice by shifting participant attitudes, beliefs, and behaviors. These interventions are varied and range from multicultural education and workplace diversity training to media interventions and intergroup contact.¹¹⁴ One of the areas where migrants are susceptible to xenophobic attitudes has to do with security, since among citizens' concerns is the possible increase in crime and violence. Yet, contrary to some public opinion, there is no evidence that migration has a significant effect on crime and violence. Countries in the region have been

¹⁰⁸ Banco Mundial, 2018. Migración desde Venezuela a Colombia. Impactos y Estrategia de Respuesta en el Corto y Mediano Plazo. Banco Internacional de Reconstrucción y Fomento/Banco Mundial.

¹⁰⁹ Encuesta ENPOVE, 2018. Instituto Nacional de Estadística e Informática (INEI), Peru.

¹¹⁰ <https://www.iadb.org/en/news/colombia-foster-migrants-urban-integration-idb-eu-backing>

¹¹¹ Blyde, J., Cortes, C., Morales, F. and D., Pierola, 2020. "The Profiles of Immigrants in Latin America and the Caribbean. A Focus on Economic Integration," IDB Discussion Paper (*forthcoming*). Washington D.C.

¹¹² The New Humanitarian. 2020. "COVID-19's Double Dangers for Venezuelan Women in Colombia." Health, News Feature, 19 June 2020, at <https://www.thenewhumanitarian.org/news-feature>

¹¹³ Mayda, A.M., 2006. "Who is against immigration? A cross-country investigation of individual attitudes toward immigrants," *The Review of Economics and Statistics*, 88(3); Alesina, A., Miano, A. and Stantcheva, S., 2018. "Immigration and redistribution," NBER Working Paper #24733.

¹¹⁴ For a review of studies in the field see: Paluck, E.L. and Green, D.P., 2009. Prejudice reduction: What works? A review and assessment of research and practice. *Annual Review of Psychology*, 60.

implementing a number of programs to tackle discrimination such as “*Soy Migrante*” in Argentina, “*Somos Panas*” in Colombia, and “*Tu causa es mi causa*” in Peru. Efforts of this type should be welcomed. This is still an under-researched area and more studies are needed to better understand what drives exclusionary attitudes towards migrants, and what type of interventions/programs work best in reducing stigmatization and discrimination against them.

- 3.60 The social acceptance of migrants within the host society is an overlooked aspect that has been recently gaining recognition. Host community participation and engagement in the decision-making process is vital for integration to work. Two fundamental aspects could be pursued as they contribute to host community’s buy-in. First, ensuring that the hosts’ voice is heard via consultations and that public campaigns are run to sensitize the population about the potential mutual benefits of migration. Second, it is critical to enact the protection of native workers (via safety net programs) and businesses. Governments in destination countries must weigh the tradeoffs between devoting resources to migration and decreasing or diluting public expenditures for basic services at the risk of alienating native constituencies.
- 3.61 It is key to enact policies and public campaigns to support social acceptance and avoid discrimination. Even when having the same rights as native citizens, migrants are often discriminated against due to prejudice, stereotyping and xenophobia. The IDB Group can facilitate interventions and programs aimed at reducing prejudice towards migrants.

Social network and institutional capacity

- 3.62 Within specific local economic contexts, migrants have existing socio-economic networks that should be supported by programs. Policies to facilitate integration could recognize and build on the analysis of existing migrant socio-economic networks. Programs to support economic opportunities for migrants should be demand-driven rather than supply-driven, to be in tune with local contexts and to maximize impact. It is key to focus on and remove the obstacles for migrants to pursue job and economic opportunities within their existing paths toward integration, rather than creating new ones or replicating those that are already there.¹¹⁵ To promote migrant women’s economic opportunities it is key to add childcare to the list of services where migrants can be integrated. Lacking the informal networks of their country of origin, childcare becomes a more significant barrier to women’s insertion the labor market.
- 3.63 Since migrants are vulnerable to exploitation and abuse –especially when they are part of unregulated migration patterns– setting up standard protection mechanisms is key. The IDB Group could support the development of gender-responsive policies that address the vulnerability of migrant women, particularly those related to sexual and gender-based violence, abuse, and exploitation. As the integration of migrants includes access to multiple services (including health, education, job placement services, justice, water and sanitation, electricity etc.), the capacity of institutions at the local level needs to be strengthened for local governments and service providers to be able to absorb migrants.
- 3.64 Civil society organizations (CSOs) are a great resource in destination countries. CSOs often perform a vital role in acting as the first reception point for migrants. Migrants may rely on CSOs for services, housing, and orientation, especially at the local level. It is critical for the IDB Group to explore forms of partnerships or cooperation in migration settings.

¹¹⁵ International Finance Corporation (IFC). 2018. “Kakuma as a Marketplace. A Consumer and Market Study of a Refugee Camp and Town in Northwest Kenya.” Special Conference Edition. IFC, World Bank Group: Washington, DC.

CSOs also provide a great source of knowledge on challenges and opportunities, which can be used when conducting policy dialogue with destination country governments.

- 3.65 The migratory shock has important fiscal consequences. The literature has extensively discussed the impact it can have in terms of fiscal balances in developed countries Dustmann and Tommaso (2014), Armstrong, Van de Ven (2016). Countries where the return is positive is due to the ability to attract human capital. Nevertheless, there is little evidence of the impacts in Latin America. Valencia et al (2020) shows evidence for Colombia that the fiscal dividend is negative in the short term while neutral in the medium-term. This depends on the degree of complementarity of the influx of migrants on the local market and its impact on direct and indirect tax collection.¹¹⁶
- 3.66 Another challenge is the strengthening of fiscal institutions, in particular: tax administrations, budget institutions, and fiscal rules. Strengthening tax administrations are a key policy to enhance the tax collection from the migrant population with the ability to pay. This not only for direct and indirect taxation but also in relation to social contributions, which are crucial for health financing. Secondly, the strengthening of public budgets allows identifying the items (education, health, housing, etc.) to be assigned to attend the migrants. Additionally, the migrant budget must be consistent with medium-term fiscal frameworks and the expenditure frameworks in a way that allows a consistent evaluation of the assigned resources. Third, strengthen the fiscal rules to absorb the shock. Migratory flows change the cyclical and structural of the fiscal balance affecting the policy stance. It is essential to strengthening the escape clauses and the fiscal councils to manage the shock. A recent example was the decision by the Colombian government to allocate more cyclical space to the fiscal rule due to the migratory shock but with lack in well-defining escape clause (MFMP, 2018).

Information gaps

- 3.67 Even when they have access to public services or certain benefits, migrants may not utilize them due to lack of information. Similarly, there is a lack of information on migrant rights on the side of employers and/or some service providers (in both the public and private sector). In parallel to help in the development of a regulatory framework, the IDB Group can support governments in devising information campaigns and ensuring clarity and transparency in policy implementation. It is important to stress the protection of personal information. Migrant information should be protected at all times, and the collection, treatment, and exchange between countries (and between agencies within countries) should be done following international best practices (about half of the countries in LAC do not have personal data protection legislation).
- 3.68 Even when migrants are allowed access to the formal sector, they can face information frictions regarding job opportunities, or they might bring skills or experiences from their home countries that are not necessarily in high demand in the destination country. Additionally, prospective employers might not be familiar with the status of the immigrants and/or might not trust work authorization permits, particularly if they have been recently created. Lack of school credentials recognition can also keep migrants on the fringes of the formal sector, particularly when the process of validation and recognition is costly,

¹¹⁶ See references: Christian Dustmann, Tommaso Frattini, The Fiscal and Welfare Effects of Immigration: Introduction, The Economic Journal, 10.1111/eoj.12179, 124, 580, (F565), (2014). Angus Armstrong, Justin van de Ven, The Impact of Possible Migration Scenarios after 'Brexit' on the State Pension System, Economies, 10.3390/economies4040023, 4, 4, (23), (2016). Oscar Valencia, Matilde Angarita, Marcela de Castro Juan Santaella, Do migrants bring fiscal dividends? The Case of Venezuelan Migration in Colombia.mimeo IADB, 2020

inefficient and slow –a situation that could result in long waiting times.¹¹⁷ Governments have an important challenge allowing migrants to integrate into their national labor market to access policies so they can benefit from interventions such as job counseling, job search or job training. Governments could also improve the efficiency of their credential recognition processes and ensure that the business community is familiar with the merits of work permits.

IDB Group Support to Migrant Destination Countries

- 3.69 Spurred by the unprecedented intraregional migration inflows in LAC, the IDB Group initiated the support of migrant destination countries and began a more comprehensive approach to migration. Since 2015, out of the 5.1 million Venezuelans that migrated, over 4 million have settled in other LAC countries, primarily in Colombia, Perú, Chile, and Ecuador.¹¹⁸ Hundreds of thousands of Haitians and Nicaraguans have also migrated to other countries in the region. These movements are generating new development challenges for destination countries that were not present in previous intraregional migration flows. To complement the outstanding fiscal efforts of migrant destination countries, the Board of Governors and the Board of Directors considered that non-reimbursable support to include migrants and their communities in the design and implementation of operations to access basic and social services and provide economic opportunities needed to be warranted.
- 3.70 Support is granted to countries that have received a number of intraregional cross-border immigrants in the last three years equivalent to 0.5% of their total population.¹¹⁹ This support includes up to US\$100 million of Investment Grants Operations (IGs) from the GRF associated with Ordinary Capital Investment Loan Operations, ensuring a level of concessionally consistent with a combination of a maximum of 20% grants and 80% loans with *pari-passu* disbursements.
- 3.71 Using GRF resources, the IDB Group is leveraging its existing capacity to deliver inclusive development solutions through investment operations. As of June 2020, the Bank has approved four operations totaling US\$52.6 million in non-reimbursable resources, of which US\$35.1 million comes from the GRF. By thematic area, two projects for expanding economic opportunities have received US\$22.6 million from the GRF –this includes US\$2.6 million for strengthening employment policies in Colombia (CO-L1250) and US\$20 million for safeguarding jobs and incomes during COVID-19 in Costa Rica (CR-L1144)– and one project for increasing access to social services (specifically, vulnerable migrants’ access to healthcare, education and protective services in Ecuador) received US\$12.5 million from the GRF (EC-L1258). Three other operations are in the pipeline as of June 2020, with a total of US\$25.2 million in non-reimbursable resources, of which US\$18.4 million is expected from the GRF. Of this pipeline, one will cover access to basic services (water and sanitation) in Colombia, with US\$7.75 million from the GRF (CO-L1242); the other two will respectively deal with education improvement in Belize,

¹¹⁷ Selee, A., and J., Bolter, 2020. “An Uneven Welcome. Latin America and the Caribbean Responses to Venezuelan and Nicaraguan Migration,” Migration Policy Institute. Washington DC.

¹¹⁸ As of June 5th, 2020 <https://r4v.info/es/situations/platform>.

¹¹⁹ Eligible countries in 2020 include Belize, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guyana, Panama, Peru, and Trinidad and Tobago.

with US\$1 million from the GRF (BL-1030), and sustainability and inclusivity of the national health system in Colombia, with US\$9.62 from the GRF (CO-L1248).¹²⁰

4. Return Migration

- 3.72 Not all those who migrate remain abroad. Some return migration is involuntary, such as when an unauthorized immigrant is deported or when a temporary foreign worker's permit expires or is revoked. Some return migration is voluntary, which can be due to various reasons, including worsening conditions in the destination country; improving conditions at origin; intention to return to homeland and/or family reunification; migrant reached an income status that allows him/her to go back; disillusionment with the prospects offered in the destination country; or a combination of some or all of these factors.¹²¹

Social and economic reinsertion

- 3.73 Return migration is a specific pattern of migration, which should benefit from policy solutions to facilitate migrant processes of re-absorption and, in some cases, incentivize migrant return. Several factors can be behind a migrant's decision to return to the country of origin. These decisions can be individual, can be determined by external factors, or could be a combination of both. Return migration has been associated with numerous positive outcomes in the country of origin. The literature finds that relative to non-migrants, returned migrants are more likely to start their own business,¹²² diversify production at home and foster exports,¹²³ contribute to a reduction in community violence,¹²⁴ and increase demand for political accountability.¹²⁵
- 3.74 Upon returning, some individuals and families might need to go through periods of adaptation and challenges to find housing, participate in the education system, in the labor market, meet relatives they have not seen in a long time, be included in their communities of origin, and get used to habits and ways of living in a country that they might not recognize. Children of returned migrants who were educated in a country with a different language might find it difficult to integrate into new schools.¹²⁶
- 3.75 Many countries in the world have designed policies to assist returning or to facilitate the assimilation of returned migrants. Programs are varied and include interventions such as cash or in-kind support upon arrival, job counseling, job referrals, vocational training, legal or psychological counseling, and start-up capital in the form of loans or technical assistance.¹²⁷ Other policies have been designed to incentivize the voluntary return of some migrants. One set of policies seeks to remove regulatory, bureaucratic, and informational barriers that prevent individuals who might want to return from doing so. An example is the use of databanks aimed at reducing information frictions: domestic firms

¹²⁰ Non-reimbursable amounts that are not from GRF come from donors and are detailed in this chapter, in the subsection "Partnering with donors to establish and implement the Migration Initiative". Overall, more details on approved and pipeline projects can be found in Annex I.

¹²¹ It is worth mentioning that not in all circumstances it is lawful (for parties to the 1951 refugee Convention and the 1967 Protocol) to encourage the return of migrants. The principle of non-refoulement under international human rights law should be taking into consideration. <https://www.unhcr.org/4d9486929.pdf>

¹²² Wahba, J. and Y. Zenou, 2012. "Out of sight, out of mind: Migration, entrepreneurship and social capital," *Regional Science and Urban Economics* 42 (5).

¹²³ Bahar, D., C. Ozguel, A. Hauptmann, and H. Rapoport, 2019. "Migration and post-conflict reconstruction: The effect of returning refugees on export performance in the former Yugoslavia," *IZA Discussion Paper Series* 12412.

¹²⁴ Bucheli, J. R., M. Fontenla, and B. Waddell, 2019. "Return migration and violence," *World Development* 116

¹²⁵ Batista, C., and C., Pedro, 2011. "Do migrants improve governance at home? Evidence from a voting experiment," *World Bank Economic Review*, 25(1), 77–104.

¹²⁶ Abuelafia, E., 2020. Migración en Centroamérica. Mimeo. Washington D.C.

¹²⁷ Newland, K., and B., Salant, 2018. Balancing Acts. Policy Framework for Migrant Return and Reintegration. Migration Policy Institute. Washington DC.

can locate migrant workers who may be interested in returning and vice versa.¹²⁸ A second set of policies seeks to encourage people to return who would otherwise choose not to by changing the financial and other incentives for return. Interventions here are often focused on high-skilled migrants and can range from exemptions to student loan payments, to the duty-free import of cars or other assets owned by the migrant.

- 3.76 While there are many examples of policies implemented in this area, there is little hard evidence about their impact. This remains an under-researched subject and much more analysis is needed to examine which elements of these policies work best. Another problem is a lack of information. Even in communities where reintegration support exists, returnees are sometimes unaware of them.¹²⁹
- 3.77 Well-designed policies for returned migrants require accurate information and knowledge of needs of the target groups. Policymakers in the countries from which these returning migrants originate and those receiving them could increase the shared collection and analysis of gender and age-disaggregated migration data to design return policies according to local realities and capacities. Such policies could also be oriented towards avoiding potential negative externalities of deportation.¹³⁰ Moreover, migrants themselves usually know what is most needed for sustainable return and reintegration. Therefore, governments could engage with the diaspora, and ask for their input when designing attractive and effective return policies.¹³¹ The broad networks of civil society organizations can also provide relevant insights given their often-well-established ties between migrants and the country of origin.
- 3.78 In addition to their potential business acumen, returning migrants often also bring life experiences and altruistic motivation. This is how, they can contribute in the design and implementation of actions to reduce in community violence and increase social and political accountability. The IDB Group can help to connect these capacities with governments and civil society effort through targeted dialogues and technical assistance.
- 3.79 Other returning migrants might have needs that require programs to ensure their adaptation to new circumstances. A priority for the IDB Group is to help governments to attend to their integration through jobs appropriate to their experiences or training programs that allow them to access existing jobs opportunities. No less important is to ensure that returning school-age children have access to education opportunities according to their needs, including acculturation and leveling their capacities in a second language if appropriate. Other essential actions must also be taken such as the facilitation of affordable housing, family counseling and legal support to reduce any barrier to entry to any of the needed services.

5. Other considerations

- 3.80 As a transversal issue regardless of the type of migration, IDB Group must step up efforts on knowledge generation to devise evidence-based policies for the migration continuum. In partnership with academia and/or recent national initiatives, the IDB Group could create a platform of information that acts as a repository and a useful source of knowledge in the region.

¹²⁸ McKenzie, D., and D., Yang, 2015. "Evidence on Policies to Increase the Development Impacts of International Migration," The World Bank Research Observer.

¹²⁹ Newland, K., and B., Salant, 2018. Balancing Acts. Policy Framework for Migrant Return and Reintegration. Migration Policy Institute. Washington DC.

¹³⁰ Sviatschi, MM. (2020) Spreading Gangs: Exporting US Criminal Capital to El Salvador. Princeton University.

¹³¹ Haase, M., and P., Honerath, 2016. "Return Migration and Reintegration Policies: A primer," Integration Strategy Group.

- 3.81 Some of the following ideas could be considered and elaborated upon:
- (i) Draft and implement strategies for collecting accurate and timely migration data disaggregation by sex, race, and ethnicity, including improving their international comparability.
 - (ii) Challenges of women, indigenous peoples, afro-descendants, people with disabilities, LGBTQ should be included in the research agenda.
 - (iii) Assess the current regularization programs in the region and provide solutions that enhance the availability and flexibility of pathways for regularization of migrants that include rights to identify and access social services.
 - (iv) Evaluate the current conditions for access to the labor market for migrants in the region that include: validation processes, certification of skills, access to entrepreneurship funds, financial inclusion, public employment agency opportunities, impacts on salaries and displacement of local workers. Through this assessment, the IDB Group could provide tailored-made programs to support governments to implement solutions according to every specific context.
 - (v) Support the countries in reviewing the real impact of the migrant student demands in the capacity of the educational system (infrastructure, provision of teachers and pedagogical aids and supplies). Also, provide the countries with tools to cope with leveling strategies, and the drop-out levels that are higher among migrants.
 - (vi) Strengthen the methods to include the migrants in the public health system. Evaluate the coverage for vaccination processes and early detection systems and better access to sexual and reproductive health methods.
 - (vii) Evaluate the impacts of migration at the city level on the provision of housing, water, and sanitation facilities, among others. Design innovative policies to help meet the potential increase on the demand for housing services.
 - (viii) Support the evaluation of policies for returned migrants to gauge if they meet the needs of the target groups. These evaluations should ensure the collection and analysis of gender and age-disaggregated migration data to design return policies according to local realities and capacities.
- 3.82 Even though internal migration is not part of the present action framework, this is something to put in the future agenda. Acknowledging that there are nearly 9 million internally displaced people in LAC and the potential worsening of some climate change conditions, it is expected more rural-urban migration flows that will require a more intentional focus on cities and services delivery.
- 3.83 Migration could be considered in environmental and social project risk assessments and related-project risks could be monitored and mitigate accordingly. The forthcoming IDB's Environmental and Social Policy Framework (ESPF) encompass these type of assessments, when needed, in considering contextual risks, as a factor that may put people in vulnerable situations, and in the provisions set for migrant workers under the ESPF's standard on Labor and Working conditions.
- 3.84 The following table intend to summarize and guide some of the actions outlined in the document to establish a more integral agenda for IDB Group work on migration.

Table. IDB Group Framework on Migration and Proposed Policy Areas for Intervention

Type	Challenges and Opportunities	Policy Areas for IDB Group ¹³²	How to do it
Origin	Economic drivers (Push factor)	Increase the generation of economic opportunities, i.e. unemployment and livelihoods	Support the creation of multi-sectoral programs. Support inter-institutional dialogue
	Security drivers (Push factor)	Curb conflict and violence through holistic approaches (development + security actors), i.e. high levels of crime, gangs, lack of safety, migrant smuggling.	Leverage IDB Group comparative advantage on holistic community security Institutional strengthening and coordination of border and law enforcement authorities Raise awareness about migrant smuggling at the source;
	Lack of or weak services and governance	Improve access to better education, health services and basic infrastructure, among others.	Support the creation of multi-sectoral programs Support inter-institutional dialogue
	Disasters triggered by natural hazards and climate change (Push factor)	Prevention and preparedness and risk-management instruments such as risk reduction programs, insurance, access to financial markets, etc	Leverage green funds to develop interconnected programs between climate change and migration, with emphasis on reducing risk. Mainstream risk reduction in other areas of work due to its transversal nature
	Remittances	Work to decrease remittance fees; widen remittance market; improve access to information; reform governance of remittances	Alternative safety nets to sustain the livelihoods of remittance recipients Awareness raising and country-based dialogue between policy makers, regulators, and money transfers operators
	Family separation	Protect separated children from school drop-out, violence etc.	Support targeted programs for vulnerable groups
	Diaspora	Leverage the impact of diaspora	Support the scale up of institutional dialogue between country of origin and diaspora Mechanisms to promote connections: i) virtual return, ii) remote provision of services, and iii) diaspora bonds.
Transit	Migrant Smuggling and Human trafficking	Promote dialogue with government and civil society, Infrastructure upgrade.	Work with complementing partners. Infrastructure investments;
	Border management	Improve cross-border technical cooperation; Invest in infrastructure; Institutional capacity building	Promote cooperation between countries; Infrastructure investments including basic services
	Protection of migrants	Set up protection mechanism, especially for women and children; Infrastructure upgrading	Include set-up institutional capacity to address the vulnerabilities of most at-risk groups (women, youth, unaccompanied boys and girls, older adults and others)
Destination	Integration into economic opportunities (potential Pull factor)	Access to employment and livelihoods Extend access to labor rights and economic opportunities (i.e. decent work, no discrimination) to migrants. Skills development (both migrants and natives). Consider city and area-based interventions targeting both migrants and natives	Create labor intermediation programs Collect data at the city level to efficiently plan Give access to childcare services

¹³² Gender and diversity issues will be mainstreamed in all IDBG migration-related activities.

	Access to documentation and justice	Ensure migrants have access to documentation. Protection of migrant rights, and set-up of grievance redress mechanisms. Support coordination between origin and destination countries Consider victims of gender-based violence (GBV). Analysis for the identification of policy and institutional barriers to access identification documents. Establish data protection mechanisms for strategies on access to documentation.	Facilitate the regularization of their status Improve the efficiency of their credential recognition processes Consider granting work permits as part of the regularization process Support the establishment of migration and statistical data systems
	Access to basic services (potential Pull factor)	Extend access to services, (health, education, housing, water, and sanitation)	Support set-up of governance system for integration into services. Investment in basic service and housing infrastructure
	Host community acceptance	Assess host community's perception on integration of migrants. Social protection for native-born workers. Reward host community with investments.	Work with CSOs Consider area-based interventions targeting both migrants and natives
	Social networks and institutional capacity	Support establishment of coordination between host government and migrant networks and diaspora	Policies to facilitate integration could recognize and build on the analysis of existing migrant socio-economic networks
	Information gaps ¹³³	Ensure informed migration (e.g. on regulations, documentation etc.) to both natives and migrants Ensured informed population (employers and school system)	Support information campaigns. Work with CSOs Improve the efficiency of their credential recognition processes Data collection for design of adequate evidence-based policies
Return	Social and economic reinsertion	Support the devise of ad hoc return schemes for vulnerable returnees, and for those that bring investments and create opportunities;	Design policies to assist returning or to facilitate the assimilation of returned migrants
	Voluntary or non-voluntary, adaptation to new life	Establish strategies for the sustainable reintegration of returning migrants. Support the institutional infrastructure to identity and generate data on returnees and to stablish systems that connect migrants to reintegration services. Facilitate the provision of official identification documents.	Expand interinstitutional communication and public information campaigns. Raising awareness about the needs and contributions of returning migrants can improve service provision and reduce public stigmatization. Promote reception and reintegration services based on migrants' characteristics (girls and women, youth, older adults, migrants with criminal records, and physical disabilities and serious health issues). For example, promote protection mechanisms for young returning migrants that may experience violence and exploitation by violent groups.
Transversal: knowledge generation			

¹³³ It is important to stress the protection of personal information. Migrant information should be protected at all times, and the collection, treatment, and exchange between countries (and between agencies within countries) should be done following international best practices (about half of the countries in LAC do not have personal data protection legislation).

ANNEX I. PROJECTS AND THEMATIC AREAS, BY APPROVAL STATUS (AS OF JUNE 2020)

APPROVED PROJECTS

Access to basic services:

(CO- G1015) “Socio-urban Integration of Migrants in Colombian Cities Program”. This investment grant (IGR) fosters the integration of migrants in their host communities in five Colombian cities and is linked and technically aligned with the CO- L1155: “Second Operation under the Multisector Conditional Credit Line for Investment Projects: Fiscal and Public Investment Expenditure Strengthening Program for Municipalities, their Decentralized Agencies, and Metropolitan Areas”. The following cities and/or metropolitan areas have been prioritized by the Colombian Government: (i) Medellín and Rionegro; (ii) Cúcuta and Villa del Rosario; (iii) Riohacha and Maicao; and (iv) Barranquilla. Other cities with at least 2% of their total population could also be included as migration dynamics evolve in Colombia. The IGR for a total amount of US\$11.33 million from the Commission of the European Union (EU),¹³⁴ complemented by a US\$4 million TC from the Knowledge Partnership Korea Fund for Technology and Innovation (KPK).

Access to social services:

EC-L1258: “Inclusion of the migrant and receiving population in the social services in Ecuador”. The Program promotes the inclusion of migrant and local communities in social protection, health and education. The specific objective of the operation is to increase the capacity to provide these social services in the main 10 host cities of the country. The operation includes a private sector partnership for innovation, as it uses the geolocation of migrant settlements and characterization of mobility trends of the Venezuelan migrant population in Ecuador, through geo-referenced anonymized digital activity data available via their mobile phone connections. This will help target interventions in communities where migrants have settled, and services need to be increased. The direct beneficiaries of the program are vulnerable children, adolescents, and women. Following the logic of the life cycle, the vulnerable child population consists of unborn infants and their pregnant mothers cared for in the Ministry of Public Health’s free public health system (and who therefore are not registered with any social security institution), children (aged 0 to 12) and adolescents (homeless, unaccompanied migrants or locals) living in vulnerable conditions or begging on the streets, their mothers and families, preschool-age children (aged 3 to 4) excluded from the educational system and their mothers (or other main caregivers), and children and adolescents (aged 8 to 17) lagging behind in their education performance. The financing structure for this operation includes a US\$50 million loan and US\$12.5 million from the GRF.

Expanding economic opportunities:

CO-L1250: “Program to Strengthen Employment Policies in Colombia”. The Program will increase the employability of the national and migrant labor force by increasing the coverage and effectiveness of employment policies; improving the relevance and quality of technical and vocational training; and expanding and strengthening skills certification. The operation is expected to benefit (i) 1 million Colombian and migrant job seekers who use Public Employment Services

¹³⁴ Provided as a Specific Project Grant (PSG).

(known as SPE); (ii) 228,000 companies that use the SPE to fill their vacancies, (iii) 71 SPE service providers; (iv) 40 job training institutions that will participate in the quality assurance tools pilot; (v) 10,000 job trainees; (vi) 18,000 individuals who will receive training and job competency certification services, of whom at least 30% will be migrants (either foreign nationals or Colombian returnees) referred through job profiling; and (vi) 20 companies that will participate in the job competency certification pilot, chosen based on their potential to generate employment for the migrant population (both foreign nationals and Colombian returnees).

CR-L1144: “Program to Protect Employment and Income during the COVID-19 crisis in Costa Rica”. The aim of the Program is to protect the employment and income levels of vulnerable populations, including migrants, affected by the COVID-19 crisis and not enrolled in cash transfer programs, and those working in the formal sector. Specifically, (i) protecting the income of informal workers and the unemployed; (ii) protecting the jobs of vulnerable formal workers; and (iii) promoting job reinsertion in the most dynamic economic sectors. The financing structure for this operation includes US\$20 million from the GRF and leverages an investment loan of up to US\$245.00 million from the OC resources.

PROJECTS IN THE PIPELINE

Access to basic services

CO-L1242: “Program of Drinking Water and Sanitation for the Department of La Guajira, Colombia”.¹³⁵ This investment operation seeks to increase the population served with water suitable for human consumption, with continuity and adequate sanitation. The prepared operation currently includes increasing access to and quality of water and sanitation services in urban centers of La Guajira, particularly in those most affected by recent, large migration inflows; and improving the management capacity of local providers. The operation contemplates two partnerships for innovation with the private sector: (i) the use of the mobile application “*Tling*”, which uses a gamified interaction mechanism (points with a cash value, received by users in exchange for survey responses, pictures, or a multiple-choice informational quiz, such as hand hygiene), to identify the migrant population in the beneficiary areas of the operation, interact with this population in real time, and collect first-hand qualitative insights, allowing to better understand their access to water and sanitation, and to facilitate the design of solutions tailored to their needs; and (ii) the geolocation of migrant settlements and characterization of mobility trends of the Venezuelan migrant population in Colombia, through the geo-referenced anonymized digital activity data available via their mobile phone connections, as provided by telecommunication service providers. The financing structure for this operation is expected to include a US\$50 million loan, US\$7.75 million of non-reimbursable resources from the GRF and US\$4.75 million from the Swiss Agency for Development and Cooperation (SDC).

Access to social services:

BL-L1030: “Education Quality Improvement Program (EQIP) II in Belize”. This Program is being modified to include GRF resources to improve teaching practices with a focus on bilingual education and inclusive multicultural learning environments in primary schools serving migrants in the loan 4798/OC-BL, for the amount of US\$10.00 million from the OC resources. The loan aims at improving the quality, gender and migrant equity of education at the primary and

¹³⁵ This operation is prepared and remains in the 2020 programming. However, due to the current COVID-19 context, Management is awaiting indications from the Colombian Authorities to proceed. No technical issues were noted.

secondary levels, with a special focus on innovation in Science Technology Engineering Arts and Mathematics (STEAM) education. Currently the operation includes: improving the quality of primary school teachers by expanding the inquiry and problem-based pedagogy learning approach; improving the quality of secondary education teachers by improving teaching practices with a focus on student-centered science and mathematics learning; and promoting gender-sensitive STEAM teaching. The financing structure for this operation is expected to include US\$1.00 million from the GRF in addition to the US\$10 million loan.

CO-L1248: “Program to Improve Sustainability of the Health System in Colombia with an Inclusive Approach”.¹³⁶ This results-based Program consists of a loan of up to US\$150.00 million from OC resources (of which US\$50.00 million are eligible to receive resources to address the provision of health services in Colombia, aiming at improving the sustainability of the social security health system to preserve the country’s achievements in terms of coverage, equity and financial protection, as well as improve the overall population’s health.) The specific objectives of the operation currently include: (i) controlling the spending on health services and technologies not financed by the payment unit per capita; (ii) improving the system efficiency; and (iii) increasing the effective health coverage of the migrant population and its host communities. The financing structure for this operation is expected to include US\$9.62 million of non-reimbursable resources from the GRF and US\$2.10 million from Germany’s Federal Ministry of Economic Cooperation and Development,¹³⁷ which combined represents 19% of the total eligible Bank financing.¹³⁸ Due to the COVID-19 crisis, the Government of Colombia has requested to reschedule the Program to 2021. Financial instrument, components and budget will be revised when preparation restarts.

¹³⁶ As CO-L1248 was rescheduled for 2021, the operation’s instrument, components and amount may be subject to some variations within the five eligibility criteria.

¹³⁷ These amounts reflect the remaining resources available for the operation after the deduction of the IDB’s administration fee (5%, as contemplated in SC-114) from the original German contribution of €2.00 million. Figures are rounded to the nearest hundredth (two digits after the decimal point). Final agreement on specific project contribution pending.

¹³⁸ In this case, the non-reimbursable resources amount to 19% of the total investment because with this loan operation, Colombia will have exhausted its US\$20.00 million limit of GRF resources, as per ¶3.3 of document GN-2947-6, and no other donor resources were identified at this point, but the final financial structure will be determined considering availability of GRF and donor resources at the moment of processing.

ANNEX II. RECENT MIGRATION-RELATED TECHNICAL COOPERATION PROJECTS

Besides investment operations, the IDB Group activities on migration have benefitted from a range of national and regional TCs and from OC or donor funding. This annex highlights the recent TCs organized by the four thematic areas of intervention: (i) *access to identification services*; (ii) *access to basic services*; (iii) *access to social services*; and (iv) *expanding economic opportunities*, as established in the “Proposal for Expanding the Scope of the IDB Grant Facility to Support Countries with Large and Sudden Intraregional Migration Inflows” ([GN-2947-1](#)):

- (i) *Access to identification services*: “Innovative indicators and technology solutions for international migration” ([RG-T3504](#)); “Improving migration information systems in the region” ([RG-T3546](#)); “Identity Management for Migratory Groups in Latin America and the Caribbean” ([RG-T3479](#))
- (ii) *Access to basic services*: “Support to public providers of water and sanitation to improve access to basic services as a result of increased flow of migrants in Ecuador and Peru” ([RG-T3572](#)), “Support for the highly vulnerable population settled in Villa Caracas, Barranquilla” ([CO-T1544](#)) and “Support to socio-urban integration of migrants in Colombia” ([CO-T1543](#)).
- (iii) *Access to social services*, shows a TC project to support primary years education of migrant children in Colombia: “Improving knowledge to promote integration of regional policies on international migration” ([RG-T3572](#)) and “Training in creative industries: an opportunity for emotional, social and economic inclusion in migrant receiving communities” ([CO-T1551](#)).
- (iv) *Expanding economic opportunities*, has the following TC projects under its umbrella: “Improving South-South cooperation between Latin America and the Caribbean and Asia” ([RG-T3088](#)); “Preparation and initial implementation of regional, sub-regional and national policy dialogues on migration” ([RG-T3364](#)); and “Migration, Fiscal Planning and Growth in Andean Countries” ([RG-T3533](#)).

Other TC projects target all four thematic areas, such as “Support the design and implementation of institutional strengthening operations and activities for the migration agenda in Latin America and the Caribbean” ([RG-T3438](#)), “Migration in Latin America and the Caribbean: a comprehensive approach to address policy challenges” ([RG-T3473](#)), “Improving knowledge to promote integration of regional policies on international migration” ([RG-T3572](#)), and Management and Investment Strengthening Program 3X1 for Migrants. This program leverages the organized Mexican diaspora around the word and raises funds to finance infrastructure and social projects in the community of origin. This kind of program contributes to increase the connection and engagement between the diaspora and the communities of origin and promotes interventions that improve the development conditions of the communities ([ME-L1183](#)).

ANNEX III. PARTNERING WITH DONORS TO IMPLEMENT THE MIGRATION INITIATIVE

Donor	Contribution	Activity/instrument, sector, and country supported
European Union (EU)	€10.00 million through its Latin American Investment Facility (LAIF).	Investment grant to support a housing and urban development operation in Colombia through the socio-urban integration of migrants in five Colombian cities. ¹³⁹
Finland	€200,000 from the Ministry of Foreign Affairs.	Implementation of a pilot project with <i>Jardín Sésamo</i> to set up an Interactive Parenting Community through WhatsApp ChatBot, addressing the immediate educational gap caused by COVID-19 and the migration crisis in Colombia
Germany	€2.0 million commitment from the Federal Ministry of Economic Cooperation and Development, pending final approval by Germany and of the IDB Group's operation. ¹⁴⁰	Benefiting undocumented pregnant women and children and contributing to the financial sustainability of the health system in Colombia with migrant health system affiliation.
Japan	US\$5.00 million earmarked through the Japanese Trust Funds (JTF).	Standalone TCs in countries affected by migration flows. To date, three TCs in the fields of education and social integration in Colombia ¹⁴¹ and water and sanitation in border areas in Ecuador and Peru ¹⁴² have been approved or identified.
Korea	US\$10.00 million committed through the Ministry of Economy and Finance (MOEF).	Standalone TCs to support countries affected by migration flows. To date, one (1) TC with an amount of US\$4 million in support of housing and urban development has been approved (CO-T1543). ¹⁴³
Spain	US\$5.00 million approved by the FGCE. Additionally, €5.00 million in investment grants to be associated with investment loans were announced at the <i>International Donors Conference in Solidarity with Venezuelan Refugees and Migrants</i> (May 26 th , 2020)	Support of activities related to the planning, preparation, formulation, and implementation of sub-operations and activities to find solutions to development challenges created by migration flows. ¹⁴⁴ The €5 million will be used for investment grants associated to GRF resources in migration-related investment loans.
Switzerland	US\$7.50 million approved through the State Secretariat for Economic Affairs (SECO) and the Swiss Agency for Development and Cooperation (SDC) ¹⁴⁵	Operations in the areas of water and sanitation ¹⁴⁶ and labor markets ¹⁴⁷ in Colombia.

¹³⁹ CO-G1015. Socio-Urban Integration of Migrants in Colombian Cities Program.

¹⁴⁰ CO-L1248. Program to improve sustainability of the health system in Colombia with an inclusive approach.

¹⁴¹ CO-T1551 Training in Creative Industries: An Opportunity for Emotional, Social and Economic Inclusion in Migrant Receiving Communities and CO-T1544. Support for the Highly Vulnerable Population Settled in Villa Caracas, Barranquilla.

¹⁴² RG-T3579. Support to Public Providers of Water and Sanitation to Improve Access to Basic Services as a Result of Increased Flow of Migrants in Ecuador and Peru.

¹⁴³ The rest of resources remain available to prepare other Tc projects.

¹⁴⁴ RG-T3438 "Program/Facility to Support the Design and Implementation of Institutional Strengthening Operations and Activities for the Migration Agenda in Latin America and the Caribbean".

¹⁴⁵ This amount reflects the Swiss contribution without having deducted the Bank's 5% administration fee. The available amount after deducting the fee is US\$7.13 million.

¹⁴⁶ CO-L1242.

¹⁴⁷ CO-L1250, approved on December 11, 2019.

ANNEX IV. EXAMPLES OF VALUE ADDED FROM DONOR PARTNERSHIPS

Partnering with donors allows for learning from their experience with inclusive development challenges that are relevant for instances of large, sudden migration. The examples mentioned below are from donors whose contributions are directly tied to a thematic area and whose cooperation work links to migration

European Union (EU)

The EU's [Solidary Cities](#) program, an initiative where a network of cities works together to exchange knowledge and assistance on how to enhance refugee and migrant issues. This can be leveraged to add value to the EU partnership for housing and urban development in Colombia. This project can also make use of the experiences and lessons learned by [EuroSocial+](#) in the thematic area of migration.

Korea

Previous IDBG work with Korea on urbanization can be helpful for the migration project in which Korea is now collaborating. One such effort - Lessons from Korea: Policy Recommendations for Rental Housing in Latin America (RG-T2581; ATN/KR-15068-RG) resulted in recommendations that (i) a joint national-subnational approach is key; (ii) using existing urban frameworks for increasing rental supply is better than massive new developments; and (iii) innovative financing mechanisms are needed to overcome the challenge of limited government funds. Another technical cooperation project, entitled Local housing solutions and private sector involvement: Korean experience for LAC cities (RG-T3059), carried out with Korean Research Institute for Human Settlements, has further explored these topics as they apply to specific LAC cities. Additionally, a recent TC with Korea (Knowledge Exchange and Research on Korean Experience with Infrastructure Services for Latin America and the Caribbean, RG-T3558) is seeking to identify instances of Korea's use of technology to measure infrastructure efficiency, and disseminate lessons learned in view of applying them in LAC.

Switzerland

Knowledge generated from Switzerland's [Global Program Water](#), which aims to advance sustainable socioeconomic opportunity through interventions that address water-related challenges worldwide, could be beneficial for the water and sanitation operation in La Guajira. Since this project focuses on the public sector in one region of Colombia, key takeaways from SDC initiatives such as the [SuizAgua América Latina](#) project, which focuses on public (national water quality and quantity monitoring) as well as private (corporate water stewardship) aspects of water resource management in Colombia and the rest of Latin America, can bring value added by helping maximize the effectiveness of project implementation and outcomes.