The Integration and Regional Programs Department of the Inter-American Development Bank (IDB) invites researchers to submit paper proposals for a project titled

“Economic Integration, Remittances, and Development”

DEADLINE: 30 June 2004

Background

Worldwide migrant remittances have grown dramatically over the last decade. Remittances to Latin American and Caribbean nations reached over US$38 billion in 2003, exceeding combined foreign direct investment and overseas development assistance flows to the region in that year, according to the IDB’s Multilateral Investment Fund. Along with trade and other capital flows, remittances are an indication of deepening economic integration in the Americas. Understanding how remittances influence developmental outcomes and how regional integration arrangements may be designed so as to facilitate remittance flows is of utmost importance in achieving better living standards in Latin America and the Caribbean.

Objective

The aims of the project are twofold. First, it seeks to understand how migrant remittances influence developmental outcomes such as schooling, health standards, nutrition, and poverty, among others, relying, to the extent possible, on rigorous analytical papers that use household- or individual-level data. Second, the project will explore disciplines that may be incorporated into regional integration arrangements and bilateral agreements that may facilitate the flow and reduce the cost of sending remittances across borders.

Topics of interest

Some research topics of interest, which do not preclude other topics deemed relevant to the overall objective of the project, include the following; some sample research questions appear next to each topic:

- **Investment in human capital**: Income constraints may limit families from investing in schooling, health, nutrition, and human capital in general, especially among poorer households. Migrant remittances may ameliorate those constraints and allow households to achieve optimal spending levels on human capital.
  
  **Questions of interest**: Is school attendance greater among children of remittance-receiving households? Does child labor decline as a result? Do those households invest more in health and nutrition? Is infant mortality lower among them?
• **Local and community development**: Whereas emigration is often said to bleed communities from the most talented and entrepreneurial individuals, which in turn reduces the growth prospects of the local economy, remittances sent by migrants may offset those negative impacts. Just as in the case of human capital, remittances may provide capital to finance investment in physical infrastructure in their communities and offer direct financing to small and medium enterprises. Not only that, receiving remittances through the banking system may offer would-be entrepreneurs an entry door to the financial sector and access to investment capital.

*Questions of interest:* Do remittances promote local development, offsetting any adverse impact from emigration? Are remittances a substantial source of enterprise financing? Does receiving remittances through the banking sector have a different qualitative impact than receiving them through other channels?

• **Poverty and inequality**: Latin American households receiving remittances often lack access to basic services or live in communities with dismal welfare indicators. Yet, migrating is costly, so it is only households with a minimum level of assets that may afford sending some of its family members to work overseas. Therefore, while remittances may reduce the incidence of poverty, inequality in migrant-sending regions might actually increase, at least in the short run.

*Questions of interest:* Do remittances help in reducing the incidence of poverty? Does income inequality among households increase or decrease in migrant-sending regions?

• **Regional integration arrangements and regional cooperation**: Efforts toward hemispheric economic integration have multiplied over the past decade. Most existing regional agreements deal mainly with trade in goods and services and sometimes include disciplines that facilitate investment flows, but they deal with migration issues only marginally. Nonetheless, some provisions in existing trade agreements—e.g., regarding banking services, for example—may impinge on the cost of sending remittances. In addition, there is room for regional cooperation aimed at facilitating remittance flows beyond existing regional integration agreements. For example, Canada grants entry to a limited number of Mexican agricultural guest workers beyond the confines of the North American Free Trade Agreement.

*Questions of interest:* How would alternative disciplines on banking services affect the cost of sending remittances? Would regional macroeconomic coordination that reduces exchange-rate volatility lower those costs? Would “guest worker programs” make it more likely that migrants would send remittances to their families back home?
Criteria for selecting papers

- Papers must be important and innovative contributions to the topics of interest listed above.
- Original work will be especially welcomed, although papers that extend current research in innovative ways are acceptable.
- To the extent possible, papers must use household- or individual-level data and apply state-of-the-art econometric techniques. (Researchers may consider using the IDB’s collection of national household surveys.) Rigorous case studies will also be considered.
- Papers should focus on a country or group of countries in Latin America and the Caribbean.
- Authors must have a proven trajectory of achieving high scholarly standards.
- Only researchers that are nationals of IDB member countries are eligible (for a list of member countries, visit http://www.iadb.org/aboutus/1).
- Proposals must be received by the 30 June 2004 deadline.

Conditions

- The IDB will pay $8000 US dollars for each selected paper, to be divided among all authors.
- First drafts of the papers are due by 31 December 2004.
- Authors (one per paper) will be invited to attend a meeting at the IDB headquarters in Washington, DC, or in a suitable alternative location, in early 2005. The IDB will cover lodging and transportation expenses.
- Final versions of the papers must be submitted by 31 May 2005.
- Budget permitting, authors will be invited to the IDB headquarters to present final versions of their papers in a public conference directed to the policy and academic communities.
- With the agreement of the authors, final papers may be published as part of the Integration and Regional Programs Department working paper series or in an edited volume.

Proposal submission

- Paper proposals (in PDF or MS Word format) must include the following:
  - A concise (two- to three-page) description of the research question and methodology, as well as of the data sources to be used.
  - Author’s affiliation and one-page curriculum vitae including main publications.
- The deadline for receiving paper proposals is 30 June 2004.
- Proposals can be sent to Alexandra Olmedo via email at alexandraol@contractor.iadb.org.