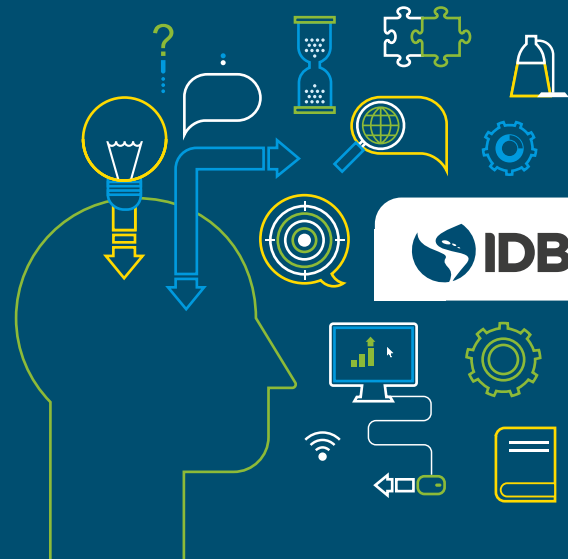


# How Do Urban Migrants Fare in Latin American Labor Markets?

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- ➔ Urban migrants in Latin America and the Caribbean generally perform well in destination labor markets. However, female migrants and those displaced by violence or extreme weather events tend to face worse outcomes.
- ➔ Recent academic literature suggests little to no average impact of urban migration on non-migrant residents' labor market outcomes, though effects can vary across different workforce segments.
- ➔ Policymakers can maximize the economic benefits of urban migration through targeted interventions such as public employment services, child care assistance policies, and programs to regularize residency status and certify professional credentials for international migrants.



## CONTEXT

**Urban migrants' economic success in destination labor markets reflects their contributions to receiving local economies.** Migrants provide productive labor, create jobs, pay taxes, and stimulate local economic growth. However, these benefits may be dampened if the labor market outcomes of non-migrant residents are hurt. Understanding the labor market performance of migrants and how they affect the performance of residents is key to characterizing the economic implications of urban migration. Furthermore, identifying which types of migrants fare better provides clues about which migrants are most economically integrated, and where opportunities to stimulate local economies via greater migrant integration may lie.



## PROJECT

The IDB's Microeconomic Report "Rethinking Urban Migration" examined the opportunities urban migration offers to receiving cities in Latin America and the Caribbean. Part of this research focused on migrants' performance in destination labor markets. To shed light on this issue, we combined an extensive review of recent research on the issue with insights from a newly assembled data set that combines census and survey data from multiple countries in Latin America and the Caribbean. In addition to studying wages and employment outcomes among migrants, we looked at the evidence on the effects on the outcomes of non-migrant residents.

#### Key Concept

### PUBLIC EMPLOYMENT SERVICES



Government-run initiatives that connect job seekers with employment opportunities, provide labor market information, and offer support services to enhance employability and workforce participation.



### RESULTS

**Urban migrants in Latin America and the Caribbean generally perform well in destination labor markets.** Figure 1 compares the outcomes of migrants (both domestic and international) with those of non-migrant residents in 491 cities across Brazil and Mexico. The figure shows that, in these cities, employed migrants are more likely to earn higher wages than employed residents (dots are above the 45° line). The research shows that they are also more likely to be formally employed. Additionally, working-age migrants are more likely to participate in the labor force than their resident peers. This likely reflects the fact that, on average, urban migrants in the region have higher educational attainment than the average resident of their host cities. However, residents and migrants have similar employment levels, indicating that more migrants than residents attempted to find jobs in the local labor market but were unsuccessful. It is important to note that not all migrants fare equally well. Female migrants and those displaced by violence or extreme weather events tend to experience worse outcomes.

The recent academic literature reviewed in the report finds little to no average impact of urban migration on the labor market outcomes of non-migrant residents. However, this can vary across different segments of the workforce. Some studies have found negative effects on wages and employment for low-skilled and informal workers, particularly women. Conversely, highly educated female residents often benefit from migration, experiencing positive effects on their labor market outcomes. Most of these studies, it should be noted, focus on international migrants. Most migrants who arrive to cities around the region,

however, move from other cities or rural areas within the same country. Internal migration may have different effects, as newcomers usually face no legal work restrictions and fewer language or cultural barriers.



### POLICY IMPLICATIONS

**These results suggest that urban migrants can make important contributions to the dynamism of their receiving local economies, but there is still a large untapped potential, with many migrants unable to find employment, and others facing important barriers for actively participating in the labor market.** To maximize the economic benefits of urban migration, policy-makers should focus on facilitating labor market participation and economic integration through targeted interventions.

#### Key Concept

### ECONOMIC INTEGRATION



The process of migrants becoming fully engaged in a destination city's economy, including participation in the labor market and alignment with local economic practices.

Public employment services can help address migrants' limited local networks by connecting them with job opportunities and providing support services like job fairs and labor market information. Evidence from OECD countries shows that these programs improve employment outcomes, particularly in the short run. For international migrants, successful services often include language courses, cultural workshops, fast-track systems for sectors with skill gaps, and early intervention to prevent skill loss.

Child care assistance policies can promote economic integration, especially for female migrants who often bear primary responsibility for child care. Access to affordable public daycares or subsidies for private ones can significantly increase labor force participation among migrant women. In Latin America and the Caribbean, extended



**FIGURE 1. Labor Market Outcomes in Brazilian and Mexican Cities by Migratory Status**



Source: Authors' calculations, based on microdata from the 2010 population censuses.

Notes: Each point in the figure represents an urban area of at least 300,000 people, of which there are 330 in Brazil and 161 in Mexico. The 45-degree line shows the points at which the value for migrants would be the same as it is for residents.

family members, particularly grandmothers, are often the primary child care providers. However, migrants typically lack these local support networks, making formal child care services essential for their labor market participation. Innovative approaches, such as providing transportation to daycares or schools, can further enhance access and promote gender equality in the workforce.

For international migrants, programs to regularize residency status and certify professional credentials can promote economic integration. Empirical evidence, such as Colombia's 2018 amnesty program, suggests that regularization has minimal negative impacts on native residents' labor market

outcomes. Additionally, initiatives focusing on the certification and accreditation of professional qualifications improve job prospects for migrants and help employers access skilled labor, benefiting both migrants and receiving communities.

#### Key Concept

### REGULARIZATION PROGRAM



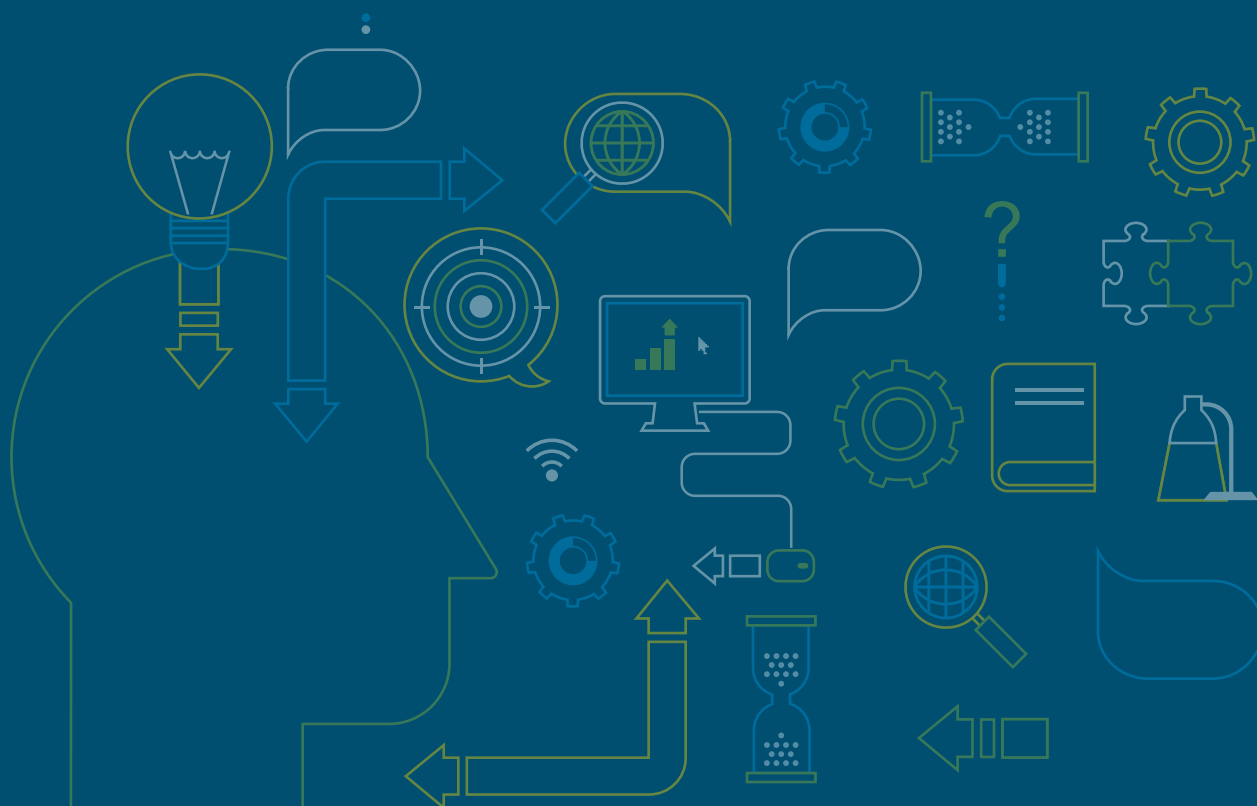
A government initiative that grants legal residency status to undocumented migrants, enabling them to work legally, access public services, and fully integrate into the host society.

#### FULL STUDY

Busso, Matías, Paul E. Carrillo, and Juan Pablo Chauvin. 2023. "Rethinking Urban Migration: Policy Options for Cities in Latin America and the Caribbean." *Latin America and Caribbean Microeconomic Report*. Washington, DC: Inter-American Development Bank. <https://doi.org/10.18235/0005254>.

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