

## **Call for Research Proposals**

### **Understanding the Economic Lives of Vulnerable Middle-income Households in Latin America and the Caribbean**

**A Research Network Project  
RG-K1198**

#### **1. Background**

Over 1.8 billion individuals worldwide live with daily per-capita incomes between 7 and 10 USD (PPP adjusted), which places them above poverty thresholds but within a range of vulnerability to poverty. While multiple strands of research have focused on characterizing the economic lives of the poor and providing evidence on the impacts of policies to alleviate and exit poverty, there is much less empirical assessments about vulnerable non-poor households. Broadly, there is a knowledge gap on the following questions:

- Do non-poor but vulnerable households face different economic tradeoffs than poorer households?
- Are they affected by the same economic constraints, frictions, or market failures as poorer households?
- Do they respond differently to shocks, interventions or policies?

This broader project is motivated by empirical evidence from Banerjee and Duflo (2008) documenting differences and similarities of spending, labor-supply, and entrepreneurship patterns for the middle-income households in multiple countries, and of those documented in OECD (2019), albeit only for OECD member countries. However, it is unclear if such patterns persist in recent, post-COVID data. Likewise, Vera Cossio et al. (2023) show that a widely used policy tool like cash transfers appears to affect middle-income households in ways that are different from those documented by the literature studying the impacts of this type of policy on the poor, suggesting that they may face different types of financial constraints, as discussed in Campbell and Hercowitz (2019).

## 2. Objectives

Understanding the economic challenges that non-poor but vulnerable households face is crucial for a region like Latin America and the Caribbean (LAC), where roughly 31% of households are vulnerable to falling into poverty. This Call for Research Proposals is a first step toward filling this gap. We therefore seek proposals that provide a mix of descriptive and causal evidence on the following areas in LAC:

1. Comparative descriptive analysis of economic behavior between poor and non-poor but vulnerable individuals or households. We would like proposals that provide insights about any of the following areas: i) different consumption patterns, residence and location patterns; ii) time use and employment choices (hours worked, informal-formal work, wage work or self-employment); iii) savings and investment patterns; iv) access to finance and credit; v) productivity or engagement with digital technologies, vi) exposure to crime; vii) aging and caring for other family members; and viii) attitudes towards social issues, climate change and economic policies. This analysis may be based on existing survey data or administrative records for a particular country or standardized survey data for multiple countries (e.g., FINDEX, Latinobarómetro, etc.). Multi-country assessments are preferred, but descriptive analyses using novel data sources for a given country are also highly encouraged. The analysis may focus on a particular demographic group like women or the elderly but should still compare different patterns in relevant dimensions by poverty and vulnerability status.
2. Case Study 1: Comparative assessments of the effects of economic shocks or policies on outcomes corresponding to households living in poverty relative to those non-poor but vulnerable to poverty. The idea is to learn about heterogeneity in responses to a common shock or policy, or the extent to which similar effects are a result of different responses. Research teams may expand the analysis of previous rigorous impact evaluations with a focus on heterogeneity and understanding the mechanisms behind heterogeneous impacts. Unlike the case of the descriptive analysis, the case study can be about one country.
3. Case Study 2: Causal evidence on policies targeted at middle-income households. For example, Vera Cossio et al. (2024) study the impacts of expanding social protection to the middle class in Colombia during the COVID-19 pandemic. However, proposals do not need to focus on social protection and can explore the impacts of other policies for which there is a suitable research design to estimate causal parameters that are informative about the behavior of non-poor but vulnerable individuals. Unlike the descriptive analysis, the case study can be about one country.

The results of this work will contribute to a broader project that will examine the economic challenges of non-poor households and how policies to help non-poor vulnerable households enter the global middle class can complement anti-poverty policies that focus mostly on the poorest individuals.

## 3. Content of the Research Proposal

This Research Network project will fund 5-7 studies that examine any of the range of issues outlined under “Objectives.”

The ideal study will include a strong descriptive analysis on one or more of the dimensions mentioned in point 1 in the “Objectives” section and a case study with causal evidence on the impacts of shocks (Case Study 1) or policies on non-poor but vulnerable individuals (Case Study 2). We would be most eager to finance proposals that identify and take advantage of past experiments or natural experiments to estimate those effects. We do not expect proposals to cover both types of case studies, though doing so is a plus. What is important is that the descriptive evidence is useful to also understand the causal evidence presented in the proposal. For example, if a proposal is about understanding the impacts of credit market expansion on consumption along the income distribution, the descriptive section of the paper should provide a comparison of consumption patterns across income groups. Likewise, if a proposal looks at evaluating how the provision of information about inflation or macroeconomic variables affects beliefs on the future state of the economy and choices regarding investment, the paper should also provide descriptive evidence on how these outcomes vary along the income distribution.

#### 4. Selection Criteria

**Only research institutions from LAC** may present proposals regarding the issues discussed above. The final number of proposals accepted will depend on the quality and the proposed budget of the proposals received. The proposed budgets will be evaluated considering the scope of the work proposed. We are willing to accept short proposals (no more than 3 pages, but potentially fewer) that:

1. Identify the specific research question and clearly explain how it will inform our broader effort to understand the economic decisions of non-poor but vulnerable households.
2. Identify the data that the team will use to answer the question and explain the likelihood of getting access to these data. If some data for the analysis are straightforward to obtain and other data are more difficult, indicate in point 3 below whether the more accessible data will allow for partial answers to the research question. Showing evidence of data availability or ability to collect those data is important.
3. Describe the specific hypotheses to be examined and the methodology to be used, assuming accessibility of the data. This needs to be done for both the descriptive analysis and the case study sections of the proposals.
4. Proposals must be submitted in **English**.

The decisions of the evaluation committee will be final and unappealable.

The selected teams must be willing to receive and respond to comments from the advisors of the Call for Research Proposals and from the IDB Group specialist throughout the execution of the study, as well as to participate in the discussion seminars, including an in-person seminar. Final papers will be considered for dissemination as IDB working papers or technical notes depending on the approach followed and the nature of the methodology and analysis performed. This will require a peer review process prior to publication in the IDB Working Paper series. Authors have the option to submit the manuscript for publication to the journal of their choice after publishing the document as an IDB Working Paper or IDB Technical Note and with previous written authorization from the

Bank, but they must mention that the study was financed with the support of the *Latin America and the Caribbean Research Network* of the Inter-American Development Bank.

The project coordinators may explore the possibility of having the studies published in an academic journal, in which case they would be subject to a system of standard peer review. Otherwise, authors will have the option to publish in an academic journal (again, provided they acknowledge the Bank's technical and financial contribution). Proposals may include suggestions for further dissemination of the final version of the study.

## 5. Proposal Submission

Interested **research institutions** should submit a proposal no later than **July 13, 2025**, through the following **Web Submission Form**. Please note that there are two options within the **Web Submission Form**: one for institutions and another for teams of individual researchers. Please make sure to choose the “institutions” option.

The research team should include the names of all the researchers and evidence of their ability to meet the objectives of the investigation (including previous relevant experience) and the curriculum vitae (CV) of each participant (maximum 3 pages per person). The CV should highlight experience and publications about the subject of this Call for Research Proposals. All members of the research team must be citizens of one of the **48 IDB member countries** and must not have family members currently working at the IDB Group up to the fourth degree of consanguinity and second degree of affinity, including spouse. It should be noted that research teams may include specialists from the IDB Group. It is crucial to note that any change in the composition of the research team after proposal selection must be approved by the IDB, but the principal investigator of the proposal should lead the entire project until its full completion. Unauthorized changes to the team may be grounds for termination of the agreement.

Proposing research institutions should be registered as Research Network members (contact Elton Mancilla at [eltonma@iadb.org](mailto:eltonma@iadb.org)) and should be based in the LAC region. Note that U.S. and European institutions do not qualify as members of the *Latin American and Caribbean Research Network*. However, researchers from the United States and Europe or specialists from the IDB Group can participate in research teams from proposing institutions, and such collaboration is encouraged. It should be noted that, while IDB specialists may collaborate on the project, they will not be eligible to receive compensation for their contribution. The funds will be given exclusively to the members of the research team who are not part of the IDB Group.

## 6. Coordination

The project will be coordinated and administered by the Research Department of the IDB (RES). The scientific committee consists of Diego Vera, Miguel Talamas (RES), and Marco Stampini (SCL), and a qualified external advisor.

## 7. Activities and Schedule

During the execution of the research proposals, two closed discussion seminars (conducted in English) will be held to present preliminary versions of the studies and receive feedback from external advisors and IDB Group specialists. These seminars are designed to foster ideas for coordination and exchange among the participating researchers or research teams.

The intermediate and final drafts of the research study will be submitted to a peer review process by the scientific committee of this Call for Research Proposals. The final product will be the presentation and approval of the publishable version of the research study, along with a response letter to all comments received in the various peer reviews, with the aim of publication in the IDB Working Paper series or Technical Notes depending on quality.

In all cases, the final dataset employed in the analysis will be delivered to the IDB along with the research paper and replication codes. An exception may be made in the case of proprietary data, in which case the team should provide the appropriate documentation. The data and replication codes will not be made public by IDB without the author's permission. In those cases, however, providing the replication code and data at some level of aggregation may nonetheless be required.

The tentative schedule of activities is as follows:

- **July 13, 2025:** Due date for **receiving proposals**. Institutions should ensure that the complete documentation is submitted through the web submission form mentioned in Section 5.
- **August 1, 2025:** Announcement of **selected research proposals**.
- **September 15, 2025:** Due date for receiving a **progress report**. (This should include a preliminary literature review, methodology, basic facts, and a plan of the results).
- **Last week of September 2025 (TBC): First virtual discussion seminar** of the project via Zoom to discuss and refine the selected proposals and methodology to be used in the research paper.
- **January 15, 2025:** Due date for receiving a **first draft of research papers** and delivery to the IDB of complementary support documents utilized in the research paper.
- **First week of February 2026 (TBC): Second discussion seminar** of the project **in-person** to discuss updated drafts of the research papers. Attendance by one member of the team at the seminar is mandatory.
- **May 31, 2026:** Due date for receiving a **final version** of research papers, and delivery to the IDB of any further versions of the datasets utilized in the research paper. Research papers must follow the **IDB Manual of Style** for working papers. Studies that are of good quality at this stage will be considered for publication in the **IDB Working Papers series**.

## 8. Financial Contribution and Payment Schedule

The IDB will contribute up to **US\$25,000** or the equivalent in local currency as a contribution to the total budget of each study. The funds provided must be used exclusively for financing research activities, collecting primary data, and/or accessing secondary data sources. Selected institutions must sign a letter of agreement with the IDB to access funding through this Call for Research Proposals. The IDB reserves the right to revoke this Call for Research Proposals at any time prior to the signing of the letter of agreement.

The payment schedule is as follows:

- **20 percent** within 30 calendar days upon the date of the last signature of the letter of agreement between the IDB and the institution.
- **30 percent** within 30 calendar days upon receiving and approval by the IDB of **the progress report**.
- **20 percent** within 30 calendar days upon receiving and approval by the IDB of the **first draft** of the research paper.
- **30 percent** within 30 calendar days upon receiving and approval by the IDB of the **final research paper** and delivery to the IDB of the databases and code utilized in the study.

## 9. References

- Banerjee, Abhijit, V., and Esther Duflo. 2008. "What Is Middle Class about the Middle Classes around the World?" *Journal of Economic Perspectives* 22 (2): 3–28. DOI: 10.1257/jep.22.2.3
- Campbell, Jeffrey R., and Zvi Hercowitz. 2019. "Liquidity Constraints of the Middle Class." *American Economic Journal: Economic Policy* 11 (3): 130–55. OECD (2019), *Under Pressure: The Squeezed Middle Class*, OECD Publishing, Paris, <https://doi.org/10.1787/689afed1-en>.
- Vera-Cossio, D. A., Hoffmann, B., Pecha, C., Gallego, J., Stampini, M., Vargas, D., Medina, M. P., & Álvarez, E. (2023). Re-thinking Social Protection: From Poverty Alleviation to Building Resilience in Middle-Income Households. <https://doi.org/10.18235/0004969>