Vice Presidency of Sectors and Knowledge
Research Department

Call for Research Proposals

Demographic Transition and Development in Latin America and the Caribbean

A Research Network Project
RG-K1198

1. Background

Latin America and the Caribbean (LAC) is undergoing one of the most profound demographic transformations in its history. The region has transitioned more rapidly than initially expected from high fertility and mortality rates to an era of declining fertility and increasing longevity. For the first time, fertility rates in LAC have fallen below the replacement level of 2.1 births per woman (Aranco et al., 2022), with declines occurring faster than projected in many countries. Life expectancy continues to increase, reflecting improvements in health systems, nutrition, and living standards (World Bank, 2021). The combined effect is a rapidly aging population, which will reshape the region's economic and social structures over the coming decades.

Demographic projections suggest that LAC's population will peak around the 2050s. However, the demographic dividend—the period during which the share of the working-age population is relatively large compared to dependents—will close much sooner, around 2035–2040 (United Nations, 2024). After that, the dependency ratio will rise steadily as the proportion of older adults grows faster than that of younger cohorts. This compressed transition, in which countries move from young to aging societies within just a few generations, presents unique challenges. Unlike advanced economies, which aged over longer periods and at higher levels of per capita income, LAC countries must adapt to aging with more limited fiscal space, higher inequality, and persistent informality in labor markets (Pessino and Ter-Minassian, 2021). Our societies are becoming old before becoming rich.

The consequences of this demographic shift are multifaceted. First, pensions will face mounting pressure as coverage gaps persist and financial sustainability becomes increasingly difficult to maintain. Many pension systems in the region are already characterized by limited coverage, regressive benefits, and insufficient savings (Izquierdo, Robles, and Tapia, 2024). Second, health and long-term care (LTC) systems will face unprecedented demand. Chronic disease and care needs will increase, requiring more resources, better coordination, and innovations in service delivery. Without reform, many health systems risk being overburdened and unable to meet the needs of aging populations, particularly the poor and vulnerable (Bloeck, Galiani, and Ibarrarán, 2019).

At the same time, opportunities exist to turn demographic change into a driver of development. Female labor force participation can rise further, especially if supported by family-friendly policies, childcare, and workplace reforms (Azuara, Bosch, and Torres, 2023). Policies that extend working lives and encourage active aging can support productivity and expand the so-called "silver economy," creating new markets for goods and services tailored to older adults. Additionally, declining fertility may relax the quantity/quality trade-off faced by many families, freeing up resources for investing more in each child, potentially improving educational outcomes and human capital accumulation (Attanasio et al., 2015). This may be particularly relevant if part of the fertility reduction is concentrated in lower teenage pregnancy rates. These changes can partially offset the growth slowdown expected from a shrinking labor force.

Demographic change will also reshape savings and capital markets. As populations age, aggregate savings rates may decline, putting upward pressure on interest rates and limiting the availability of domestic capital for investment. At the same time, deeper and more inclusive financial markets can help mobilize savings and channel them into productive uses. Strengthening capital markets will be crucial for ensuring that investment and growth can be sustained in the face of demographic headwinds (Cavallo, Sanchez, and Valenzuela, 2018).

Finally, the demographic transition will alter the demand for public services and infrastructure. While aging will increase the need for health care, long-term care, and housing adapted to older populations, the demand for education may stabilize or decline. Cities and transportation systems will also need to adjust, providing mobility solutions for older populations and ensuring accessibility. Moreover, the stabilization of total population may reduce human pressure on the environment. These shifts will require careful planning and fiscal management, as governments must balance competing demands within constrained budgets.

This Call for Research Proposals seeks to generate rigorous, policy-relevant evidence to guide governments in adapting to demographic change and seizing the opportunities it presents.

2. Objectives

This Call for Research Proposals aims to advance knowledge on the dynamics, drivers, consequences, and policy responses related to the demographic transition in LAC. While substantial progress has been made in documenting the pace of fertility decline, rising life expectancy, and population aging, significant knowledge gaps remain. These gaps limit the ability of policymakers and practitioners to design effective, evidence-based strategies that can address the fiscal, social, and economic challenges of the demographic transition while seizing its opportunities.

Research is needed to better understand the extent to which the demographic transition will reshape fiscal sustainability, labor markets, savings behavior, and demand for public services across the region. Empirical evidence can illuminate the distributional consequences of demographic change, the institutional vulnerabilities it exposes, and the effectiveness of existing policy responses. By closing these gaps, new research can directly inform the design of targeted, context-sensitive, and forward-looking strategies to ensure inclusive and sustainable development in the face of rapid demographic shifts.

This Call for Research Proposals therefore invites proposals that address one or more of the six research areas outlined below. Particular priority will be given to empirical studies that explore causal relationships, leverage administrative or survey data, or make use of innovative data sources such as big data or longitudinal datasets. While the emphasis is on well-identified causal analysis, we also welcome high-quality descriptive and other empirically grounded approaches that shed light on key policy questions.

2.1. Pensions: Coverage and Sustainability

Pension systems across LAC face a dual challenge of low coverage and rising fiscal pressure. Despite decades of reform, many workers—especially those in informal employment—remain excluded from contributory systems, while non-contributory programs are often fragmented and fiscally constrained. With fertility falling and life expectancy rising, the financial sustainability of both public and private pension schemes will come under strain. At the same time, demographic change creates an opportunity to rethink redistributive arrangements and design more inclusive systems.

Guiding questions include the following:

- What reforms are most effective in expanding coverage among informal and vulnerable workers?
- How do demographic shifts affect the redistributive and fiscal impacts of pension systems?
- What lessons can be drawn from countries in and outside the region that have faced similar demographic pressures?

Potential studies include the following: micro-simulations of pension reform scenarios under alternative demographic projections; causal analyses of incentives for formalization and contribution patterns; evaluations of retirement age and other pension reforms; and cross-country comparisons of redistributive outcomes.

2.2. Health and Long-Term Care (LTC) Systems

Population aging will dramatically increase demand for health services and long-term care. Chronic conditions such as diabetes, cardiovascular disease, and dementia are projected to rise steeply, while informal family-based care models are increasingly unsustainable given smaller family sizes and migration patterns. LAC countries face the urgent task of designing health and LTC systems that are fiscally sustainable, equitable, and responsive to new demands.

Guiding questions include the following:

- What are the projected fiscal costs of aging for health and LTC systems in LAC?
- How can integrated care models be adapted to resource-constrained contexts?
- What financing and delivery innovations could improve sustainability and equity?

Potential studies include: forecasting models of health and LTC expenditures under different demographic and policy scenarios; evaluations of pilot care programs; and analyses of inequities in access to LTC services across socioeconomic groups.

2.3. Female Labor Force Participation and Active Aging (Silver Economy)

The demographic transition also creates opportunities. Female labor force participation (LFP) in LAC remains below potential, in part due to barriers such as care responsibilities, lack of flexible work arrangements, and persistent gender norms. Aging populations may also extend working lives, creating demand for policies that promote active aging and support the emergence of a "silver economy" catering to older consumers. Harnessing these opportunities can mitigate the economic slowdown from shrinking working-age populations and improve gender equity.

Guiding questions include the following:

- How much can increases in female LFP offset the decline in labor supply from aging?
- What policies can enable longer working lives and promote productive aging?
- How will the silver economy reshape labor demand, entrepreneurship, and consumption patterns?

Potential studies include: causal analyses of childcare and eldercare policies on female employment; evaluations of retirement age reforms and other interventions to promote productive aging; and descriptive studies on emerging industries in the silver economy.

2.4. Savings and Capital Markets

Demographic change will reshape household savings behavior and the functioning of capital markets. As the share of older adults grows, aggregate savings rates may decline, potentially constraining domestic investment and raising interest rates. At the same time, deeper financial systems and better-designed savings instruments could help households prepare for retirement while supporting capital market development. Understanding these dynamics is critical for macroeconomic stability and long-term growth.

Guiding questions include the following:

- How will aging affect household savings patterns and aggregate capital accumulation?
- What role can pension funds and other institutional investors play in deepening capital markets?
- How will demographic changes affect the real estate markets and the development of new financial tools?
- How will demographic shifts interact with international capital flows and interest rates?

Potential studies include: empirical analyses of savings and consumption patterns across cohorts; cross-country comparisons of the role of pension funds in capital market development; and macroeconomic models linking demographic change to investment and growth.

2.5. Public Services: Education, Mobility, Housing, and Beyond

Demographic change will alter the demand for public services and urban infrastructure. While aging will increase the need for health and housing adapted to older populations, the demand for education and maternity and youth health may stabilize or decline. Governments will need to adapt their planning, financing, and delivery of services accordingly.

Guiding questions include the following:

- How will demographic change alter the demand for education, housing, transport, and other public services?
- What are the fiscal and territorial implications of shifting age structures?
- How do local governments, in practice, adjust service provision and finances when age structures shift?
- How can cities be redesigned to be more age-friendly and inclusive?

Potential studies include: simulations of future demand for education and housing under demographic scenarios; spatial analyses of age distribution and service provision; and evaluations of urban planning initiatives aimed at adapting to an aging population.

2.6. Territorial Heterogeneity, Migration, and Local Adjustment

Finally, demographic change does not unfold uniformly within countries. Large cities, secondary towns, rural areas, and cross-border corridors experience different timings and intensities of fertility decline, longevity gains, and cohort aging. Selective internal and international migration reshapes local age structures and dependency ratios, reallocates skills and labor supply, and interacts with pre-existing informality, fiscal capacity, and urban form, placing heterogeneous pressures on urban areas and mobility systems. Guiding questions include the following:

- How does the demographic transition vary across subnational units, and what explains these differences (fertility decline timing, selective out-migration, return migration, immigration)?
- Do intergovernmental transfer formulas and fiscal rules cushion or amplify subnational shocks to dependency ratios, and with what distributional consequences?
- How does the demographic transition affect migration, and does selective migration by education/skills/age reshape public-service demand, local productivity, firm composition, and agglomeration externalities?
- How do housing and land markets (prices, vacancies, redevelopment) respond to age-structure shocks, and how do these responses affect local labor markets and migration?

Potential studies include: exploiting municipal differences in migration or historical fertility timing to identify effects on dependency ratios and local labor-market adjustment; studying heterogeneous effects of national fiscal rules across locations with different dependency ratios, including comparisons of earmarked versus general-purpose transfers on long-term care and other key services; comparing cities gaining older in-migrants versus those gaining young graduates to estimate divergent impacts on public-service demand, firm composition, and related outcomes; and estimating how rising old-age ratios affect housing and commercial real estate markets—including shifts in tenure choice, new-build mix, and prices.

3. Content of the Research Proposal

This research initiative will fund original empirical studies that address one or more of the key research areas outlined above. Proposals should aim to generate new, policy-relevant evidence on the dynamics, causes, consequences, or policy responses associated with the demographic transition in LAC. Studies must clearly articulate their central research question, the empirical strategy to be employed, and how the findings will contribute to the design or evaluation of public policy in the region.

We particularly encourage proposals that:

- Rely on quantitative methods, with a preference for designs that allow for causal inference;
- Use original or administrative data, or innovative sources such as geospatial or unstructured data;
- Address underexplored subnational dynamics and population heterogeneity;
- Explore the mechanisms through which demographic change affects fiscal sustainability, savings, real estate markets, labor markets, or demand for public services;
- Include impact evaluations of policy responses where feasible.

Proposals should describe:

a) The research question and its policy relevance;
b) The data to be used and their availability;
c) The empirical strategy, including identification methods where applicable;
d) A preliminary outline of expected findings or contributions;
e) The timeline and proposed budget.

4. Selection Criteria

Only research institutions from LAC may submit proposals for this research network. Although we expect to fund 6-7 proposals, the final number of accepted proposals will depend on the quality of the submissions and the budget proposed for each proposal. As noted above, the proposed budgets will be evaluated considering the scope of work and the resources required to complete it.

Since this Call for Research Proposals is open for a limited period, we encourage the submission of short proposals (no more than 5 pages, but potentially fewer) that:

1. Identify a clear and policy-relevant research question related to the demographic transition in LAC, and explain how answering it will contribute to the design or evaluation of public policy;
2. Describe the originality of the proposed study and how it builds on or departs from existing literature;
3. Clearly specify the data sources to be used and their accessibility;
4. Present some initial ideas for key sections of the proposed paper (conceptual framework, analysis of trends, review of empirical studies, discussion of policy implementations in the region, and potential policy recommendations);
5. Describe how the research findings can inform public policy in LAC.
6. Proposals must be submitted in **English**.
7. 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 IDB Group specialists throughout the execution of the study, as well as to participate in the discussion seminars.

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

All raw data and properly documented programming code that produced results should be submitted with the final draft. 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 standard peer review process. Proposals may include suggestions for further dissemination of the final version of the study.

5. Proposal Submission

Interested **research institutions** should submit a proposal through the **web submission form** no later than Monday, **November 3, 2025 at 11:59 PM (ET)**.

For any questions or issues regarding the submission of a proposal, please contact Elton Mancilla at eltonma@iadb.org. Proposing research institutions should be based in the LAC region and must be a member of one of the **22 IDB borrowing countries**. U.S. and European institutions do not qualify. However, researchers from these regions can participate in research teams from proposing institutions.

The research team should include the names of all researchers, evidence of their ability to meet the research objectives (including relevant previous experience), and the curriculum vitae (CV) of each participant (no more than 3 pages per person). CVs 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 spouses. It is crucial to note that any change in the composition of the research team after proposal selection must be approved by the IDB. The lead researcher of the proposal must head the entire project until its full completion. Unauthorized changes to the team may be grounds for termination of the agreement.

Institutions submitting proposals must provide the name and contact information of their legal representative, with the authority to sign a letter of agreement with the IDB, if selected to conduct the study. Please note that the letter of agreement must be signed, and the corresponding invoice submitted no later than **November 30, 2025**.

6. Coordination

The project will be coordinated and administered by the Research Department (RES/RES) of the IDB in collaboration with a group of IDB specialists and external advisors. The scientific committee consists of João Ayres (RES/RES), Juan Pablo Chauvin (RES/RES), Ernesto Schargrodsky (RES/RES), and several academic advisors.

7. Activities and Schedule

During the execution of the research proposals, two 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. Intermediate and final drafts of research studies will be subject to peer review by the external advisors of this Call for Research Proposals. The final product will be the approved publishable version of the research study, along with a response letter addressing all comments received in the various peer reviews, with the aim of publication in the IDB Working Paper or IDB Technical Notes series, 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 project team should provide the appropriate documentation. 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:

- **November 3, 2025:** Due date for **receiving proposals.** Institutions should ensure that the complete documentation is submitted through the web submission form mentioned in Section 5.
- **November 10, 2025:** Announcement of **selected research proposals** and initial feedback from the scientific committee.
- **December 1, 2025**: Submission by teams of a **research plan** to address the comments raised by the scientific committee.
- **Week of February 9, 2025**: **First discussion seminar** of the project **via Zoom** with the lead researchers of the studies for the purpose of presenting their proposals and the methodologies to be used in the studies, as well as brief preliminary discussions.
- **April 27, 2026:** Due date for receiving a **first draft** of the research paper. This draft should include an outline of the paper, a draft discussion of the related literature, a description of the context and institutional background, a detailed description of the methodology, and a description of the data to be used.
- **Week of June 8, 2026: Second discussion seminar** of the project in-person to discuss updated drafts of the research papers.
- **September 4, 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 Style Manual** 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 (the final budget will depend on the scope and complexity of the proposal) 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. The IDB reserves the right to revoke this

Call for Research Proposals at any time prior to the signing of the agreement. The payment schedule is as follows:

- **20 percent** within 30 calendar days of the date the agreement between the IDB and the institution is fully signed.
- **30 percent** within 30 calendar days upon receiving and approval by the IDB of the **research plan** on how to address the initial comments by the scientific committee.
- **20 percent** within 30 calendar days of receipt and approval by the IDB of the **first draft** of the research paper. This draft should provide a clear roadmap for the research and demonstrate that data collection and analysis are feasible.
- **30 percent** within 30 calendar days of receipt 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

- Aranco, Bosch, Stampini, Azuara, Ibarrarán (2022). Aging in Latin America and the Caribbean: Social Protection and Quality of Life of Older Persons. IDB.
- Attanasio, Bonfatti, Kitao, Weber (2015). Global Demographic Trends, Capital Mobility, Saving and Consumption in Latin America and the Caribbean.
- Azuara, Bosch, Torres (2023). Employment and living conditions of the population over 50 in Latin America.
- Cavallo, Sanchez, Valenzuela (2018). Gone with the Wind: Demographic Transitions and Domestic Saving. Review of Development Economics, Wiley Blackwell, vol. 22(4), pages 1744-1764, November.
- Izquierdo, Robles, and Tapia (2024). Reshaping Retirement: Navigating Latin America's Pension Systems after COVID-19.
- Bloeck, Galiani, and Ibarrarán (2019). Long-Term Care in Latin America and the Caribbean: Theory and Policy Considerations. Economía, 20(1), 1–32.
- Pessino and Ter-Minassian (2021). Addressing the Fiscal Costs of Population Aging in Latin America and the Caribbean, with Lessons from Advanced Countries.
- United Nations Department of Economic and Social Affairs, Population Division (2024). World Population Prospects 2024: Summary of Results.