

## **Call for Research Proposals**

### **Understanding the Many Faces of Noncompliance in Latin America and the Caribbean**

#### **A Research Network Project**

RG-K1198

#### **1. Background**

Noncompliance with rules and regulations is a defining feature of economic and social life in Latin America and the Caribbean (LAC). Households and firms routinely rely on arrangements that operate outside formal frameworks because enforcement is weak, costs of compliance are high, or institutions lack reach.

These practices affect how people access housing, utilities, credit, employment, and social protection. They also affect how firms decide to operate. At a broader level, they shape the functioning of legal systems, the provision of public services, and the prospects for inclusive growth. Operating outside official channels can provide flexibility and resilience, but it can also generate inefficiencies, erode trust in the state, and perpetuate inequality. Moreover, the same incentives that motivate economic agents to operate outside official channels are likely to determine how well-intentioned policies can induce unintended consequences.

In LAC, where regulations tend to be ambitious but unevenly enforced, noncompliance is not marginal. It is central to how markets, communities, and institutions function. Understanding this phenomenon requires going beyond a narrow focus on labor markets to examine how rules interact with incentives and capacities across multiple domains.

This Call for Research Proposals is part of an institutional effort to deepen our understanding of these dynamics. It seeks rigorous, policy-relevant research that can shed light on the causes, patterns, and consequences of regulatory noncompliance, and inform the design of rules and institutions that are both effective and feasible in the region.

#### **2. Objectives**

This Call for Research Proposals aims to advance knowledge on the dynamics, drivers, and consequences of regulatory noncompliance in LAC. While prior work has highlighted the prevalence of practices outside formal rules, important gaps remain in understanding their scope, underlying

causes, and implications for development. These gaps limit policymakers' ability to design strategies that are both effective in principle and feasible in practice.

We encourage submissions that explore one or more of the following research areas:

1. **Mapping the landscape of noncompliance.** Studies that document the scope and variation of practices across domains such as tax compliance, employment, property rights, access and use of utilities, credit, or social protection. Examples include:
  - Measuring the share of households connected to water or electricity through informal channels.
  - Tracking the proliferation of informal settlements, informal real estate transactions, and the lack of secure property titles.
  - Quantifying the extent of unregistered labor contracts, self-employment, or small businesses operating outside tax systems.
  - Exploring household reliance on informal lenders, rotating savings groups, or mobile money networks not covered by financial regulation.
  - Using geospatial or big data methods (e.g., satellite imagery, social media, news scraping) to detect and monitor practices over time.
2. **Identifying drivers and protective factors.** Research that investigates why noncompliance arises, persists, or recedes. Examples include:
  - Examining how design features of regulation—such as high tax wedges, quantity and price controls, complex procedures, or prohibitive licensing fees—discourage compliance.
  - Analyzing how gaps in enforcement or corruption in inspection agencies affect household and firm behavior.
  - Analyzing whether incumbents can promote excessive regulation as an entry barrier to reduce competition.
  - Assessing the role of poverty, unemployment, or access to financial products in shaping choices to operate outside formal systems.
  - Exploring community-level norms, trust, or informal governance structures that either enable or discourage adherence to rules.
  - Identifying protective factors such as strong local institutions, civic associations, or technology-enabled monitoring that promote compliance.
3. **Assessing development impacts.** Analyses of how operating outside formal rules affects growth, productivity, service delivery, and inequality. Examples include:
  - Estimating the impact of insecure tenure on investment in housing or neighborhood infrastructure.
  - Studying how informal employment influences wage dynamics, career trajectories, or social mobility.
  - Evaluating the consequences of informal access to utilities on household welfare and public finances.
  - Exploring how reliance on informal credit or safety nets shapes consumption smoothing, business survival, or resilience to shocks.
  - Investigating how exclusion from formal systems reinforces inequality by gender, age, location, migration status, or reduced competition.

4. **Evaluating policy responses.** Evidence on the effectiveness of policies and institutional innovations designed to expand compliance or mitigate the costs of noncompliance. Examples include:
- Impact evaluations of simplified tax regimes, amnesty programs, or subsidies to formalize land tenure.
  - Studies of targeted enforcement strategies (e.g., randomized inspections, use of technology to reduce discretion).
  - Analyses of programs that expand access to public utilities, credit, or social protection to households outside formal systems.
  - Examination of institutional reforms that enhance bureaucratic capacity, reduce corruption, or streamline regulatory procedures.
  - Comparative studies of municipal or national approaches that have successfully expanded compliance in specific sectors.

Priority will be given to studies with a strong empirical focus, especially those that explore causal relationships and draw on administrative, survey, or novel data sources, and/or those that have structural models grounded in rich data sets. Nonetheless, high-quality descriptive analyses and theoretically informed approaches that deepen understanding of these dynamics are also welcome.

### 3. Content of the Research Proposal

This research project will fund original empirical studies that address one or more of the research areas outlined above. Proposals should aim to generate new, policy-relevant evidence on the causes, dynamics, consequences, or policy responses associated with noncompliance with rules and regulations in LAC.

Proposals must clearly articulate their central research question, the methodological approach, and how the findings will inform 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 or use structural modeling grounded in data.
- Use original, administrative, or innovative data sources.
- Explore under-researched dimensions of noncompliance, including property rights, utilities, credit, or social protection, in addition to labor markets.
- Pay attention to heterogeneity across population groups (such as gender, youth, migrants, or residents of informal settlements) and geographic contexts.
- Examine the mechanisms through which noncompliance emerges and persists, as well as its consequences for welfare, productivity, and inequality.
- Include impact evaluations of policy responses or institutional reforms where feasible.

Each proposal should describe:

- Research question and policy relevance: A clear statement of the question to be addressed and why it matters for public policy in LAC.
- Data: The datasets to be used, their source and availability, and whether access is already secured or still pending.

- Quantitative strategy: The methodological approach, including identification methods where applicable, or model estimation.
- Contributions: A preliminary discussion of how the study advances knowledge relative to existing literature and practice.
- Expected outputs: An outline of anticipated findings or insights, and how these could inform the design or evaluation of regulation and institutions.
- Timeline and budget: A feasible plan for completing the study, consistent with the resources requested.

#### 4. Selection Criteria

**Only research institutions from LAC** may submit proposals for this research network project. Although we expect to fund 5-6 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 (**five pages maximum**) that:

1. Identify a clear and policy-relevant research question related to the dynamics, drivers, impacts, or policy responses to noncompliance with rules and regulations 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. Proposals should explain whether the contribution lies in new data, empirical strategy, modeling approach, context, or application.
3. Clearly specify the data sources to be used and their accessibility. If data are not yet in hand, proposals should discuss the feasibility and timeline for access or collection. Demonstrating credible access to data and capacity for empirical implementation is essential.
4. Present some initial ideas about the key components 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. Clearly describe how research findings can inform policy recommendations 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. Proposals using proprietary data may request an exception upon submission, but project teams must still provide the replication code. 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. 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 Friday, **October 31, 2025 11:59 PM (ET)**, through the [web submission form](#). For any questions or issues regarding the submission of a proposal, please contact Elton Mancilla at [eltonma@iadb.org](mailto: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 (maximum 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 a 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 a 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. The scientific committee consists of Ernesto Schargrodsky (RES/RES), Cezar Santos (RES/RES), Diego A. Vera-Cossio (RES/RES), Carolina Tojal R. dos Santos (RES/RES), Miguel Talamas (RES/RES), Mariano Bosch (VPS), Renata Narita (PUC-Rio), and Martin Rossi (UdeSA).

## 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 submitted to a peer review process 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 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 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:

- **October 31, 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 12, 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 2, 2026: First discussion seminar** 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 30, 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 1, 2026: Second discussion seminar** of the project in-person. to discuss updated drafts of the research papers.
- **September 1, 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 of good quality that comply with the Terms of Reference and appropriately incorporate IDB recommendations at this stage may 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** after the delivery 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.