

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

A Research Network Project

RG-K1198

Summary

Noncompliance with formal rules and regulations is pervasive in Latin America and the Caribbean (LAC), manifesting in varied forms across households, firms, and public institutions. These include informal property regimes, unregistered labor contracts, informal utility access, informal financial arrangements, and weak enforcement of regulations. Such behaviors arise because formal compliance can be costly, enforcement is inconsistent, and institutions may not reach everyone. While noncompliance can sometimes afford flexibility and adaptive strategies, it also introduces inefficiencies, undermines legal legitimacy, exacerbates inequality, and can lead to unintended consequences when policy designs assume widespread compliance. Given that many regulations in LAC are ambitious but unevenly enforced, noncompliance is not peripheral but central to how markets, public services, and institutions operate.

This Latin America and the Caribbean Research Network project aims to deepen and broaden empirical understanding of regulatory noncompliance in LAC. The call for research proposals will favor studies using rigorous methods—causal inference, structural models, novel, or administrative data sources—but will also welcome high quality descriptive or theoretically grounded work that sheds light on underlying mechanisms.