



CALL FOR RESEARCH PROPOSALS

IDB-INTAL - RED SUR

Application Guidelines

a) Introduction and purpose of the call

IDB-INTAL's Integration and Trade Sector, and the South American Network on Applied Economics/Red Sur¹ are putting out a joint call for research projects by researchers/research centers throughout Latin America and the Caribbean (LAC).

Four studies will be selected, one for each subject area, and funds of US\$15,000 will be made available to each.

The results of the research financed will be considered for publication by both institutions. The selection committee will include INT/INTAL and Red Sur members.

The proposal and supporting documentation should be sent no later than **5:00 p.m.** (Uruguayan standard time), **November 3, 2014**, to the following email addresses simultaneously: intal@iadb.org and coordinacion@redmercosur.org, with the following subject line: CALL FOR PROPOSALS IDB-INTAL/South American Network on Applied Economics.

b) Participation criteria

The call is open to projects submitted by institutions and researchers from all over LAC. Researchers or institutions from other regions may submit projects provided it is done in conjunction with partners in the region.

¹ The South American Network on Applied Economics/Red Sur is an academic network including the following members:

In Argentina: the Center for the Study of State and Society (CEDES); the Research Centre for Transformation (CENIT); the Torcuato Di Tella Institute (ITDT); the University of San Andrés (UdeSA).

In Brazil: the Institute of Economics, State University of Campinas (IE/UNICAMP); the Institute of Economics, Federal University of Rio de Janeiro (IE/UFRJ); the Institute of Applied Economic Research (IPEA); the Foreign Trade Studies Center Foundation (FUNCEX).

In Paraguay: the Center for Analysis and Diffusion of the Paraguayan Economy (CADEP); the Development Institute (ID).

In Uruguay: the Center for Economic Research (CINVE); the Department of Economics, Faculty of Social Sciences, University of the Republic (DECON-UdelaR); the Institute of Economics, Faculty of Economics and Management, University of the Republic (IECON-UdelaR).

c) Subject areas for proposals

All proposals must take into account possible trends in the international arena over the next ten years, identifying opportunities, challenges, and alternatives for LAC. Priority will be given to proposals that:

- (a) have a **prospective and regional approach**, including the identification of potential policy lessons applicable in the region (or in country groups), proposing strategies for international cooperation, and making medium- and long-term recommendations;
- (b) provide an intra- and extraregional **comparative perspective**, in particular where countries/cases with similar productive structures or development challenges are concerned;
- (c) propose methodologies and data enabling an **original quantitative analysis** of the phenomena studied and the policy recommendations.

Proposals must clearly state the subject area in which the project is competing and help to answer one or more of the questions suggested below.

SUBJECT AREA 1) Value chains and natural resources (NR)²

Over the last few decades, the global economy has undergone transformations of enormous significance at the level of production, trade, technology, and finance. Foremost among these is the tendency to form global value chains, which set going a process of division of labor that allocates the different tasks involved in the production of a good or service (from design and R&D to marketing and advertising) to agents and locations where they can be carried out more efficiently.

At the same time, commodity prices have soared to historically high levels; though these record prices are unlikely to hold in the future, it nevertheless looks feasible that LAC countries with an abundance of certain NR are looking forward to relatively favorable terms of trade over the next few years. Similarly, the wave of technological change seen in NR based value chains (the advance of biotechnology being the clearest example) has reversed the prejudice that these chains had a less potent innovation dynamic than in the manufacturing sectors.

All this has generated a wave of optimism about the role of NR in development strategies in LAC. However, other countries, which have, in the past, invested heavily in human capital, innovation, and infrastructure on the road to development, based on their NR endowment, have not only added progressively more value to these resources, but improved average productivity and diversified their economies. An agenda of challenges for our region emerges, then, that aims to understand the potential for progress along similar roads to those taken by these nations, the main obstacles that stand in the way of progress, and the most suitable strategies to overcome them.

² By natural resource based value chains, we mean those associated with the exploitation and processing of agricultural, fisheries, forestry, mining, and petroleum goods.

Research questions for Subject Area 1:

- To what extent have the region's countries developed a competitive supply of knowledge intensive goods and services in NR based industries? What are the main obstacles and opportunities available to do this? What strategies would be most appropriate for exploiting them? What are the relevant experiences at international level and what lessons can be learnt from them? What role can regional productive integration play in contributing to this development?
- What are the possibilities of developing NR linked regional value chains? What role could "trans-Latins" play? What strategies are being developed by these firms ahead of the challenge of moving forward in upgrading processes in their respective value chains? What impacts do these strategies have on regional suppliers? What role is played by links with the actors in the respective national innovation systems?
- What role is played by the Latin American and Caribbean subsidiaries of leading multinationals in natural resource based value chains, in the processes of division of labor within those chains? What are the opportunities for scaling in the tasks carried out in the region and for promoting productive integration? What room is there for the development of further links with suppliers, and academic and research institutions in the region's countries?

SUBJECT AREA 2) Climate change and integration

The articulation of the different dimensions of climate change, sustainability in the use of renewable NR, and competitiveness is particularly important for LAC countries, and lie at the heart of the discussion on national development strategies, posing challenges both for public policy making and for business initiatives.

In general, the public policy agenda in this area covers a broad spectrum of actions in which developments associated with mitigation or the adaptation of productive systems to climate change are increasingly important, but it focuses particularly on sectors producing natural resources that form the basis of trade insertion of several of the region's countries in the international arena.

In this scenario, there are both opportunities for cooperation in meeting the challenges of this agenda (as well as the opportunities that arise from it) and a need to develop joint strategies ahead of the topic's discussion in multilateral forums, especially considering the danger of initiatives emerging that restrict market access for our region's exporters.

Research questions for Subject Area 2:

- What are the major public policies and private initiatives associated with mitigation and adaptation of climate change in the region, taking into account each country's profile of productive specialization?
What effects have they had in terms of the balance between carbon emissions and capture in the main sectors (energy production, industrial processes, agriculture)?
What visions are being developed by the countries ahead of the uncertainties and challenges emerging in this area?
- How can that relatively differentiated climate change policy base become a regionally strengthened common platform for international negotiation?
What spaces are there to strengthen the construction and development of regional public goods associated with mitigation and/or adaptation to climate change?
How are fiscal aspects (tax and nontax) viewed in climate change mitigation and adaptation strategies in the region, insofar as they offer punitive tools or incentives to correct negative externalities related to climate change and to the sustainable use of natural resources?
Are there any successful experiences at the international level that may be of interest in this respect, from which lessons applicable to our region can be learnt? What are the best practices, regulations, tools, and technologies?
- What current initiatives are there in the region in terms of the measurement of the carbon footprint of exports? What public provisions and investments are needed to implement systems for measuring the carbon footprint? In cases where these systems have been implemented, what results have they had in terms of reducing environmental impacts and/or market access? In what relevant exports have carbon footprint measurement systems been established, and with what results? Could measurement methodologies be developed at the regional level to obtain comparable data? What is needed to make use of carbon footprint measurement as an export promotion tool (product differentiation, "country brand")?
- To what extent may the solutions proposed in international agreements and national strategies on climate change erect new barriers for LAC exporters? What alternative approaches and innovations could be implemented by LAC producers to fight climate change and, at the same time, maintain global market access?

SUBJECT AREA 3) Renewable energy

The present and future development of renewable energy (especially that produced by new solar, wind, tidal, geothermal, biogas, and other technologies) requires deep political support at the national and international levels if it is to consolidate and level market entry and competition conditions, and thus stimulate their use through quotas and standards, promoting, among other measures, research and technological development in these areas.

In spite of the fact the region has more natural resources needed to transform its energy matrix than any other part of the world, it nevertheless faces substantive barriers and challenges in renewable energy development, such as the lack of public policies to promote clean energy, the lack of investment in new technologies, or the low levels of training in this area. National and international initiatives for the promotion of renewable energy have proliferated in recent years, but fossil fuels and established sources of renewable energy (hydroelectric and biomass) continue to play such an important part in LAC that the new technologies will have to overcome major obstacles if they are to gain ground.

The challenges associated with promoting the generation and use of renewable energy in the region cut across research, funding, and marketing. In all of these, there are opportunities for cooperation and coordination at the regional level, although so far there has been little progress in that direction. The creation of new knowledge can help to improve public and private capacities, and coordinate the various actors (public, private, academia, consumers, civil society) in order to make the most of the opportunities our region has in this area.

Research questions of Subject Area 3:

- What trends and prospects are expected for the renewable energy market at both the regional and international levels? What opportunities are there for LAC countries in this respect? What can be expected in the area of external market access regulation and how might the region best face up to any future reinforcement of such regulations?
- What kind of initiatives are being taken in the region to promote the generation and use of renewable energy? To what extent these come together to create regional markets or do they create difficulties for integration processes in this area?
- What opportunities are there for exploiting the variety of agricultural resources available in the region in order to diversify the sources of raw materials used in the production of renewable energy? What kind of strategies might help to promote this diversification? What role could regional cooperation play in this respect?
- How do the innovation, production, and consumption networks associated with renewable energy generation operate? Are there success stories and failures in the development of regional renewable energy innovation networks? What public policies could stimulate the formation of regional innovation networks? What is the current level of linkages generated by such chains and how could their potency be increased?

SUBJECT AREA 4) Standards and market access

In recent years, in parallel to the fall of tariff barriers as a result of the successive multilateral and regional rounds of trade talks, the importance of standards—public and private—as a means of regulating market access has risen. Standards generally impose certain requirements in terms of productive processes and/or product features, with the objective of ensuring certain goals are achieved in terms of quality, biosecurity, sustainability, or other characteristics considered relevant from the point of view of social interests, consumer preferences, or companies leading the value chains.

The dissemination of these types of mechanisms is welcome inasmuch as it not only targets socially valuable objectives, but also gives rise to differentiation mechanisms that potentially allow producers complying with the respective requirements to obtain price premiums and avoid pure competition via costs. The potential risk, however, is that these mechanisms become barriers to trade that block access for suppliers lagging behind in terms of capacities and/or that they conceal protectionist interests. They also raise questions about the schemes defining the requirements to be met and about their adaptation to various social and regional realities. This scenario raises the need for a deeper understanding of how these mechanisms work, what their impacts are, and what strategies could be pursued to improve the cost-benefit balance arising from their application.

Research questions for Subject Area 4:

- What are the main trends in the adoption of public and private standards regulating market access and value chains at global level? Who is involved in setting these standards and what mechanisms govern their design and implementation? Are the standards' criteria adapted to various different regional realities in social and environmental terms? What is the role of LAC countries in this respect?
 - What impacts is the growing proliferation of standards having in terms of the possibilities for market access in LAC producers?
Are these impacts different for different groups of producers (size, capabilities, location, etc.)? Do these standards create incentives in terms of access to price premiums for producers that comply with them, or are they just protectionist instruments in new clothing? What role do private standards play?
- How is the revenue associated with the existence of price premiums in markets governed by standards of quality, health, environment, etc., distributed? What factors determine the proportion of revenue appropriated by the different links in the respective chains?
- What are the main obstacles to the implementation of these standards by LAC producers?
What strategies can facilitate the process?
Who are the most efficient actors in promoting access to information, and providing technical and financial assistance to this end?
Do public agencies have a role to play in this? Do regional cooperation policies between public and private agencies in this area make sense? What role does horizontal cooperation play among producers in this area?

d) Call for research proposals timetable

- Launch date of call for projects: September 23, 2014.
- Deadline for submission of proposals: 5.00 p.m. (Montevideo, Uruguay), November 3, 2014.
- Assessment and selection of proposals: November 4-10, 2014.
- Announcement of proposals selected: November 11, 2014.
- Project development period: November 15, 2014-March 30, 2015, with subsequent final review period.

The authors of the projects selected will be informed as to the details for the submission of progress reports, and partial (summarized versions) and final deliveries.

e) Proposal content

The presentation of the research proposal must not exceed 12 pages in length (excluding researchers' bibliographies and CVs) and must include:

1. An Executive Summary (half a page)
2. A justification and analysis of the proposal's policy implications
3. The proposal's objectives (general and specific)
4. Methodology and data sources
5. Expected products and results
6. An activity plan
7. The composition and background of the research team (please attach CVs and clearly label relevant experience)
8. A bibliography

For any questions, please contact simultaneously intal@iadb.org and coordinacion@redmercosur.org

f) Bibliography relevant to the Call for Research Projects by subject area

SUBJECT AREA 1) Value chains and NR

ALBRIEU, Ramiro; LÓPEZ, Andrés; & ROZENWURCEL, Guillermo (ed.). *Los recursos naturales como palanca del desarrollo en América del Sur: ¿Ficción o Realidad?* Mercosur Research Network Series No. 23, 2012.

ALBRIEU, Ramiro; LÓPEZ, Andrés; & ROZENWURCEL, Guillermo. *Los recursos naturales en la era de China: ¿una oportunidad para América Latina?* Mercosur Research Network Series No. 24, 2013.

BITTENCOURT, Gustavo; BIANCO, Carlos Alberto; DUSSEL, Enrique; CASTILHO, Marta; HIRATUKA, Célio; & SARTI, Fernando. *El impacto de China en América Latina: Comercio e inversiones.* Mercosur Research Network Series No. 20, 2011.

PAPENDIECK, Sabine. *Producción de soja sustentable y sus derivados con la normativa europea.* Inter-American Development Bank, IDB; Multilateral Investment Fund (MIF). Buenos Aires: Agricultural Insertion Program, January 2011.

PROCHNIK, Victor; DE NEGRI, João Alberto; GARRIDO, Celso; RODRIGUES PEÇANHA, Vinicius; & STANLEY, Leonardo E. *La inserción de América Latina en las Cadenas Globales de Valor.* Mercosur Research Network Series No. 19, 2010.

ZEIGLER, Margaret & TRUITT NAKATA, Ginya A. *The Next Global Breadbasket: How Latin America Can Feed the World: A Call to Action for Addressing Challenges & Developing Solutions.* Global Harvest Initiative, GHI Washington, D.C.: IDB, April 2014.

IDB is currently implementing the following, among other related projects: NI-L1080: Credit Access to the Rural Productive Chains; HA-L1003: Rural Supply Chain Development Program; EC-M1069: Strengthening of Cocoa and Tourism Value Chains along the "Cocoa and Chocolate Cultural Trail"; RG-M1242: Linking Small Women-owned Led Business to Value Chains in Central America; AR-L1154: Competitiveness of Regional Economies;

PE-M1099: Strengthening Rural Value Chain Finance with a Focus on Women.

Mercosur Research Network is implementing the following project in support of the International Development Research Center (IDRC): "SMEs, employment creation, and sustainability: maximizing the opportunities of the commodities boom in Latin America."

SUBJECT AREA 2) Climate change and integration

AGUILAR, Soledad; BOUZAS, Roberto; & MOLINARI, Andrea. *Cambio climático y la agenda comercial de América Latina.* Working Paper No. 2-2009, Mercosur Research Network, December 2009.

BARROS, Vicente. "Estrategias de adaptación al cambio climático: Desafíos regionales claves en la región del Mercosur," Working Paper No. 2-2009, Mercosur Research Network, December 2009.

BEZCHINSKY, Gabriel & CHIDIAC, Martina. *Tecnologías para enfrentar el cambio climático: Oportunidades y desafíos para la cooperación regional.* Working Paper No. 3-2009, Mercosur Research Network, December 2009.

BOUZAS, Roberto & AGUILAR, Soledad. *Argentina and Brazil in international climate change negotiations,* Working Paper No. 3-2010, Mercosur Research Network, 2010.

MONDELLI, Mario P.; PAOLINO, Carlos y ROSAS, Juan Francisco, *Estrategias de intensificación de la producción agropecuaria y adaptación a la variabilidad y cambio climático,* in HARARI, Leo; MAZZEO, Mario & ALEMANY, Cecilia, *Uruguay + 25: Documentos de investigación,* Fundación AstUr /Mercosur Research Network, July 2014.

United Nations Environment Program (UNEP)/Mercosur Research Network, *Resource Efficiency in Latin America: Economics and Outlook. Case Studies: Mercosur, Chile and Mexico.* Report. 2011.

VERGARA, Walter Vergara; RÍOS, Ana; TRAPIDO, Paul; & MALARIN, Héctor, *Agriculture and Future Climate in Latin America and the Caribbean: Systemic Impacts and Potential Responses*. Washington, D.C.: IDB, February 2014.

Related projects: IDB RG-T2281: Fostering Green Growth in Latin America and the Caribbean. RG-X1211: Climastecope 2014.

SUBJECT AREA 3) Renewable energy

ALATORRE, Claudio, ALVES, Leandro, VERGARA, Walter, *Rethinking our Energy Future: A White Paper on Renewable Energy for the 3GFLAC Regional Forum*, February 2014.

BITTENCOURT, Gustavo & REIG, Nicolás, *La industria de biocombustibles en Uruguay, situación actual y perspectivas*. Chapter 4 in LÓPEZ, Andrés, *La industria de biocombustibles en el Mercosur*. Mercosur Research Network Series No. 15, 2009.

LANZILOTTA, Bibiana; LÓPEZ, Andrés; NIEMBRO, Andrés; & ROVIRA, Flavia. *Desafíos de las energías renovables para América Latina*. Chapter 8 in ALEMANY, Cecilia & LÓPEZ, Andrés. *Enrique V. Iglesias: Intuición y ética en la construcción de futuro*. Mercosur Research Network Series No. 22, 2012.

LÓPEZ, Andrés & ROZEMBERG, Ricardo, *Los desafíos de la integración y los bienes públicos regionales: cooperación macroeconómica y productiva en el Mercosur*. Mercosur Research Network Series No. 21, 2012.

United Nations Environment Program (UNEP)/Mercosur Research Network, *Resource*

Efficiency in Latin America: Economics and Outlook. Case Studies: Mercosur, Chile and Mexico. Report. 2011.

See also: IDB Energy Database for Latin America and the Caribbean. Related projects include: RG-X1209: Support for Sustainable Energy for All (SE4ALL) Country Action Plans in LAC and RG-T235: Analysis, Evaluation, and Recommendations Promoting and Developing LAC Interconnection.

SUBJECT AREA 4) Standards and market access

ESTEVADEORDAL, Antoni; SUOMINEN, Kati; HARRIS, Jeremy; & LOPEZ CORDOVA, José Ernesto, *Gatekeepers of Global Commerce: Rules of Origin and International Economic Integration* Washington, D.C.: IDB, 2008.

GORDON, Reena B. & SUOMINEN, Kati. *Going Global: Promoting the Internationalization of Small and Mid-Size Enterprises in Latin America and the Caribbean*. Washington, D.C.: IDB, March 2014.

VOLPE MARTINCUS, Christian, *Odyssey in International Markets: An Assessment of the Effectiveness of Export Promotion in Latin America and the Caribbean*. Special Report prepared by the Integration and Trade Sector, October 2010.

Related projects: IDB RG-T1592: Aid for Trade - Strengthening capacities in labour/environmental standards in LAC; RG-T1325: Trade facilitation and Security Standards in the Logistic Chain. See also INTradeIDB portal.