

PLAN OF OPERATIONS

TECHNICAL COOPERATION FOR THE REGIONAL RESEARCH NETWORK (RRN)

TC-94-02-31-4-RG

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EXECUTIVE SUMMARY

REQUESTER: Bank initiative.

EXECUTING AGENCY: Regional Research Institutes in the borrowing member countries of the Bank to be selected as part of this operation.

BENEFICIARIES: The borrowing member countries of the Bank.

FINANCING:

IDB:	equivalent of US\$7,700,000 to be charged to the net income of the FSO, of which the equivalent of US\$6,600,000 will be disbursed in local currency and US\$1,100,000 in convertible currencies.
Institutes:	eq. US\$1,100,000.
Total:	eq. US\$8,800,000

DURATION:

Research execution period:	48 months from the date of approval
Completion and publication period:	6 months thereafter
Disbursement period:	58 months after approval

ENVIRONMENTAL CLASSIFICATION The Environmental Management Committee at its meeting of January 18, 1995 classified this project as a category II operation.

POVERTY CLASSIFICATION This is not a poverty-targeted project.

OBJECTIVES: To strengthen policy formulation and inform the institutional reform agenda in Latin America and the Caribbean through analysis of the major economic and social policy issues by the leading research institutes in the region.

DESCRIPTION:

Through a process of competitive bidding, regional research institutes will be provided with non-reimbursable grant funding to conduct research and analysis of specific topics pre-determined by the Bank. Areas to be addressed will include organization of social service delivery systems, poverty and inequality, labor market institutions and regulation, policies to ensure growth and stability, domestic financial markets, and modernization of the state. The duration of research on each topic will be pre-determined by the Bank and will vary according to the nature of the topic, the design of the research, and the availability of data. The Bank will monitor closely the progress of the research and will ensure wide dissemination of its results.

BENEFITS AND RISKS:

In light of the tangible benefits already obtained from the Bank's investment in research in the first Regional Research Network project, substantial benefits are expected for the countries of the Region. No significant risks are anticipated. (See Annex A for a summary of the evaluation of the project.)

**RESPONSIBILITY WITHIN
THE BANK:**

The responsibility for the project will be the Office of the Chief Economist (OCE) assisted by the project team, the Regional Technical Cooperation Division (INT/RTC), a representative of the Bank's Legal Department and the Bank's country field offices.

I. BACKGROUND

Description of First Regional Research Network Project (1990-94)

- 1.1 The first Regional Research Network Project was approved by the Board of Executive Directors on November 14, 1990 ATN/SF-3578-RG. The total cost of the program was the equivalent of U\$5,485,430. The Bank's contribution was financed from net income of the FSO equivalent to U\$4,700,000. Participating research institutes provided the equivalent of U\$785,430. The objective of the project was to "use the analytical capabilities of leading regional research institutes to address major economic problems affecting Latin America... with a view to identifying alternatives and making recommendations that serve the governments and the Bank."
- 1.2 Through a process of formal and informal consultation with leading researchers in Latin America and the Caribbean, a blueprint for technical cooperation with research institutes in the region was developed. Emerging from these consultations was a consensus on the importance of structural reforms to support acceleration of economic growth in the Region. There was a large measure of agreement on the overall priorities and reform agenda, with the main unanswered questions being how best to achieve these objectives. It was agreed that to be successful, more research would have to be conducted on how reforms should be carried out. Such research would have realistic and practical applications that would be of immediate to the Bank and governments in the region.
- 1.3 At the outset the most important economic and social issues faced by the Region were identified. Five to six specific topics in these key areas were then studied in each of three consecutive annual rounds by leading research institutes in the region selected through a process of competitive bidding. Each topic was coordinated by a research institute selected on the basis of the proposal that it submitted and its experience in carrying out research in that area. Coordinating centers generally prepared a national study on the country in which they were located and an overview of national studies carried out by other research institutes, each in a different country, that were also selected by the Bank.
- 1.4 The project was executed within budget, as described in the original "Plan of Operations." An extension was granted to utilize remaining funds for additional research. The project has produced a rich body of policy relevant studies and conclusions on a number of important topics indicated below (Table 1). In doing so, it has mobilized some of the best economic talent in the Region and has simultaneously been a source of financial support to institutions engaged in the serious study and development of policy options for the economic and social policy reform process. Some of these individuals have been, are, or are likely in the future to be high-level policy-makers at the national and international level. This, together with the dissemination of the results of the more than seventy studies financed by the project, has enhanced the quality and usefulness of this research.
- 1.5 An evaluation of the first project was prepared by an outside consultant. The design and procedure of this project takes into account suggestions made in the evaluation report. (See Description of Activities, paragraph 3.2). A summary of the evaluation report is included as Annex A.

TABLE 1. List of Topics

Topics - Year 1

- Savings and investment requirements for achieving growth in Latin America
- Sequencing issues for external opening and liberalization of the economy and macroeconomic conditions
- Liberalization, productivity and technological development
- External shocks and stabilization policies
- Public sector and income distribution in Latin America
- Privatization in Latin America

Topics - Year 2

- Private sector mobilization of external resources
- Strengthening the financial sector in the adjustment process: liberalization and regulation
- Social service delivery systems: an agenda for reform
- Social security system reform
- Human resources in the adjustment process
- Contributions to grass-roots organizations in the fight against poverty

Topics - Year 3

- Foreign direct investment in Latin America
- Decentralizing access to financial services
- Economic liberalization and labor-market reforms
- Strategies in the struggle to overcome poverty in Latin America: programs, institutions, and resources
- Fiscal decentralization in Latin America: problems and prospects

II. OBJECTIVE

A. Objectives of the Second Regional Research Network Project

- 2.1 The objective of the second Regional Research Network Project is to further strengthen policy formulation and inform the institutional reform agenda in Latin America and the Caribbean through analysis of the major social and economic issues by the leading research institutes in the Region. The project will provide non-reimbursable grant funding to regional research centers to conduct research on topics that are pre-selected by the Bank in consultation with the development policy community in the Region. Analysis of economic and social policy and program alternatives will be designed to provide specific recommendations for use by the governments of the Region in their efforts to craft reforms that best fit the unique circumstances faced by each country and by the Bank in its programming process, in its lending and technical cooperation and in its dialogue with borrowing member countries.

requiring up to one year duration according to the complexity of the issues being analyzed, the availability of information, the previous work that has been conducted on the topic and the design of the research.

B. Bank Strategies in the Region

- 2.3 The Latin American and Caribbean countries entered the 1990s with a strengthened commitment to rapid and equitable growth. This commitment is an outgrowth of the economic crisis of the 1980s, and it is the basis of the Eighth Replenishment. Research carried out under this project will be based on the priorities of the Eighth Replenishment.
- 2.4 There is broad consensus throughout the Region on the objectives of the Eighth Replenishment. Questions remain, however, about how to best achieve these objectives. By examining these questions in the context of the actual experience of countries in the Region, this project will underpin implementation of development policy reform and development programs during the period of the Eighth Replenishment.
- 2.5 Areas of research under the second RRN Project correspond closely to the areas of priority of the Eighth Replenishment. They include policies to ensure stability and growth, strengthening of social services, poverty and inequality, modernization of the state, domestic financial markets, and labor market institutions and regulation. These are described in Annex B. Other issues that are identified during the Eighth Replenishment implementation period will be incorporated, as appropriate, for research under the Project.

III. DESCRIPTION

A. Activities

- 3.1 Under the program, finance will be provided to regional research institutes for studies of up to one year. These studies will be designed to produce recommendations related to economic and social policy. Selection of research institutes will be conducted by means of an open competitive process. (See Annex C).
- 3.2 The second RRN project draws heavily from the experience and success of the first project. The evaluation report suggested that: a) topics should be selected with the assistance of an External Advisory Committee comprised of leading researchers in the region; b) proposals should be evaluated by a panel whose members are knowledgeable of the topic; c) the project should have the flexibility to support individual national studies as necessary; d) publication of studies should be determined on the basis of their quality; and e) the results of the studies should be disseminated to the regional development policy community, broadly defined. These recommendations have been incorporated into the Plan of Operations.
- 3.3 Topics will be pre-determined by the Bank according to their relevance to major economic and social problems affecting Latin America and the

development policy community, broadly defined. These recommendations have been incorporated into the Plan of Operations.

- 3.3 Topics will be pre-determined by the Bank according to their relevance to major economic and social problems affecting Latin America and the Caribbean in consultation with an External Advisory Group and an internal IDB Advisory Committee. Both groups will be chaired by the Chief Economist. The members of the External Advisory Group will be comprised of prominent researchers and policy makers from the Region. The IDB Advisory Committee will ensure that topics are identified which are relevant to the work of the Bank. The members of this committee will be chosen in their personal capacity from RE1, RE2, RE3, SDS, INT and DPP.
- 3.4 Recognizing the desirability of broad regional participation, selection of topics will take into account problems being faced by all countries. Topics will be selected bearing in mind especially the need to encourage participation of research institutes located in small, low-income countries. As appropriate, institutes from these countries may submit proposals jointly with well-established institutes from other countries in a "twining" arrangement.
- 3.5 Requests for bids will be well-publicized. They will be announced at periodic intervals as topics are identified. Research institutes in the region will be invited to participate in the bidding process. Institutes located in small, lower income member countries in the region will be encouraged to participate.
- 3.6 Institutes will be judged according to the quality of the proposals submitted, the academic background and policy experience of researchers, and the capacity of the institute to carry out high quality research that will be useful to countries in the Region. Institutes will submit with their proposals detailed information on the researchers that will participate in the study, including their years of experience, and publications in known journals. Proposals and outputs of the project will be evaluated by Bank staff and outside experts. (See Section V - Evaluations).
- 3.7 The scope of the research and its duration will be pre-determined by the Bank based on the amount of research that has already been carried out on the topic, its complexity, the availability of information, and the type of analysis to be carried out.
- 3.8 The results of the research carried out will generally be disseminated through conferences and published in the official languages of the Bank, as appropriate for the study. The dissemination strategy will be determined by the design of the research being carried out and the nature of the topic. The major findings of the research will be publicized in the Bank's research newsletter Development Policy, and through a press release. The cost of this dissemination will be born by the RRN project separately from the payment made to the institute for carrying out the research.
- 3.9 For those topics that include a number of national studies, an institute may be contracted to coordinate the work and to prepare a comparative regional study. In this case, the coordinating institute may prepare a national study as well as a comparative regional study.

- 3.11 Research institutes will sign letters of understanding with the Bank in which the terms of reference of the research will be specified. The letter will include starting and ending dates, financing and conditions for disbursements, reports to be prepared, follow-up required, and other detailed information regarding the study.

B. Organization and Execution

- 3.12 Regional research institutes will carry out the research under the supervision of the Bank. The project will be the responsibility of the Office of the Chief Economist, assisted by the Project Team, a committee chaired by the Chief Economist that will select topics to be researched, evaluators from within and outside the Bank, INT/RTC, the country field offices and a representative from the Legal Department.
- 3.13 The Bank will select the topics, with input from the External Advisory Group and the internal IDB Advisory Committee. The Bank will manage the evaluation process, supervise the research being carried out by the institutes and ensure dissemination. The Bank will hire support staff to carry out the project. Funding for this is budgeted in the operation.

C. Reports and Follow-Up

- 3.14 The Bank will closely monitor progress and evaluate all studies carried out under the project.
- 3.15 The length and scope of reports will be determined by the Bank based on the nature of the study.
- 3.16 The Bank will ensure dissemination of the results of the research carried out under the project. The nature of the dissemination will be determined by the Bank according to the topic, the analysis carried out and the results achieved. (See paragraph 3.5). Publication of the results of the research studies will be based on the quality of the papers as determined by the Bank with input from the evaluation team. As appropriate, studies may be disseminated in conjunction with other regional meetings of economists in the region.
- 3.17 The institutes responsible for undertaking the research may be required to submit to the IDB and, where appropriate, to the coordinating institute, some or all of the following:
- i) an initial work plan;
 - ii) an interim progress report after the research gets underway, wherein a summary of the preliminary findings is presented, as well as a description of the obstacles and problems that have been encountered;
 - iii) a first draft of the final report; and
 - iv) a final report with the requested modifications.

- i) an initial work plan;
- ii) an interim progress report after the research gets underway, wherein a summary of the preliminary findings is presented, as well as a description of the obstacles and problems that have been encountered;
- iii) a first draft of the final report; and
- iv) a final report with the requested modifications.

The research institute will have a specified period of time to prepare each of the above and send it to the Bank.

- 3.18 The final report will be available as a working paper published by the Bank in the Office of the Chief Economist Working Paper Series. Final reports will be published by the Bank in the official languages, as appropriate for the study.

D. Cost and Financing

- 3.19 The total cost of the project would be the equivalent of US\$8,800,000. It is estimated that the Bank's contribution will be the equivalent of US\$7,700,000 to be charged to the net income of the FSO, of which the equivalent of US\$6,600,000 will be disbursed in local currencies and US\$1,100,000 in convertible currencies.
- 3.20 The Bank's contribution will be used to finance research studies, travel and per diem for members of the External Advisory Group in charge of recommending topics, travel for participants to seminars and workshops, general support, publications, evaluation, and if deemed necessary, technical administrative support..
- 3.21 The amount of financing offered to regional research institutes for each topic will be determined by the Bank according to its scope and duration.
- 3.22 The cost of travel and per diem for members of the External Advisory Group will be born by the project separately from other expenses related to the research and evaluation of studies.
- 3.23 Funding will be disbursed according to the procedures established by the Bank.
- 3.24 If travel by researchers to Bank Headquarters or elsewhere in the region is deemed necessary, the expenses will be covered by the project separately from payments for research as foreseen in paragraph 3.21.
- 3.25 The cost of seminars and workshops will be born by the RRN project and will be in addition to the amount provided to the institutes for carrying out the research.
- 3.26 Time phasing of payments to the research institutes will be determined by the Bank on the basis of the scope of the work to be carried out. In no case will the final disbursement be made prior to satisfactory completion of the study nor will it be less than 30% of the total amount awarded.

3.27 A summary of the budget for the project is listed below.

	Categories	Contributions (in US\$ equivalents)		
		IDB	Research Institutes	Total
1	Research Studies	4,920,000	648,000	5,568,000
5	Travel	960,000	96,000	1,056,000
6	Support	275,000		275,000
7	Translation, printing, editing and distribution	969,000	88,000	1,057,000
8	Evaluation fees	60,000		60,000
	Subtotal	7,184,000	832,000	8,016,000
98	Contingencies	516,000	268,000	784,000
	TOTAL	7,700,000	1,100,000	8,800,000

IV. Benefits and Risks

- 4.1 The benefit of this project will be to provide analytical studies to the Bank's borrowing member governments that will serve as a basis for identifying effective policy and program alternatives for dealing with the most pressing social and economic problems faced by the Region.
- 4.2 A number of research institutes in the region have gained considerable experience evaluating policy reform alternatives and program effectiveness. Many of these institutes have the capability to conduct the research required to analyze the impact of reforms but are unable to fund the research without the assistance of the Bank. This project will mobilize the support of the best of these institutes to address the priorities of the Eighth Replenishment and in so doing will strengthen their capacity to carry out high quality policy research.
- 4.3 Given the tangible benefits of the first phase of this project and the focus of the research to be carried out in the second phase, the benefits of the project are expected to be substantial. Based on the results of the first project, no significant risks are anticipated.

V. Evaluations

The evaluation process will include an evaluation of proposals, interim reports (if required), and final reports. A more detailed explanation is described in Annex C.

A. External Evaluators

- 5.1 The Bank will assume the responsibility for contracting external evaluators for each topic. Evaluators will be selected according to their demonstrated expertise on the topic to be studied.
- 5.2 External evaluators will evaluate all proposals received during the bidding process. They will also provide evaluations of progress in carrying out the studies based on interim reports that may be submitted by the participating institutes and of the suitability of the final report for publication.

B. Bank Evaluators

- 5.3 The Office of the Chief Economist will assume the responsibility for assigning Bank staff to evaluate the studies in consultation with their appropriate supervisor. Bank evaluators will be selected according to their expertise on the topic to be researched.
- 5.4 Bank evaluators will be requested to evaluate all proposals received in the bidding process. They will also carry out the same functions as the external evaluators noted above.

ANNEX A - Summary of the Evaluation of the First Regional Research Network

The evaluation report of the first RRN was prepared by Roberto Macedo with the participation of Adolfo C. Sturzenegger, Joaquim Eloi Cirne de Toledo, and Olivia S. Mitchell.

The evaluation report contains four sections: a) background on the origins of the first Regional Research Network; b) the results of questionnaires sent to all research institutes invited to submit proposals; c) evaluation of the publications; and d) recommendations regarding the continuation of the program and suggestions on how to improve it. This annex provides a summary of the recommendations from the evaluation report. Each of these suggestions has been taken into account in the Plan of Operations and is cross-referenced at the end of each paragraph.

Recommendations

1. Continuation of the program.

The execution of the research network project was judged by the evaluators to be very timely in view of the economic difficulties facing Latin America which gave rise to a series of topics on which the research activity of the network was focused. In the opinion of the evaluators, "the project is deserving and should be continued." *See Objectives of the Second RRN Project, paragraph 2.4, page 4.*

2. Broaden participation of Regional Research Institutes.

It was suggested that the second RRN project extend the number of institutes selected to conduct research by including criteria in the selection of proposals so as to ensure that institutes from small, low income countries have the opportunity to participate in the project "without undermining the principles of quality in the selection process." *See Description of Activities, paragraph 3.4, page 6.*

3. Selection of topics

It was suggested that some topics that were researched in the first project could be revisited in view of the dynamics of the problems and that "priority should continue to be given to discussion of the adjustment processes in the countries of the region with the possibility of focusing on various aspects of this process in a more detailed way." Areas suggested for research are "macroeconomic issues, sector analyses, institutional analyses, distributional issues, social policy, and regional integration." *See Description of Activities, paragraph 3.3, page 6, and Annex B, Research Priorities under the Second Regional Research Network.*

4. Flexibility of studies.

It was suggested that the second project incorporate a process for the selection of topics which would permit flexibility in the implementation of the project. The selection of topics should permit "in exceptional cases... the opportunity of conducting individualized studies by country." *See Description of Activities, paragraph 3.9, page 6.*

5. **Terms of reference.**

The evaluation noted that some of the problems with the results of the studies were rooted in terms of reference that called for specificity. It was suggested that "the terms of reference be more strictly defined, with an explicit presentation of methodology, models, and empirical evidence to be adopted." *See Annex C, paragraph 3, page C-1.*

6. **Guidelines for publications.**

There was an "irregular quality" to the publications of the research studies which led the evaluators to conclude that "in some cases, publication of the work is not even justified." It was suggested that the Bank should not commit itself to publishing the results of all studies. Studies should be published only after careful evaluation. *See Description of Reports and Follow-Up, paragraph 3.16, page 7.*

7. **Dissemination of the research.**

The dissemination of the results of the studies should be communicated to "a clientele that should not be limited to network [institutes],...." and "could be facilitated through the publication of a press release," as well as published in book form (for a series of papers on the same topic), or published as special editions to a journal. In general, the evaluation recommends that "more attention should be paid the work produced by the network." *See Description of Activities, paragraph 3.8, page 6, and Description of Reports and Follow-Up, paragraph 3.16, page 7.*

It is recommended that in order to further the dissemination of the work and to contribute to exchanges among centers and researchers in the region, there be "increased integration of the research network program with [other] regional meetings" of economists in the region. The meetings could be used to conduct a parallel meeting of the specialists participating in research conducted by the network. *See Description of Reports and Follow-Up, paragraph 3.16, page 7.*

ANNEX B - Research Priorities under the Second Regional Research Network Project

The Second Regional Research Network will focus on the following priority topics:

Policies to Ensure Growth and Stability. Growth is the principal factor explaining changes in economic welfare and poverty. During the decade of the 1980s growth was adversely affected by a variety of shocks (i.e., changes in the terms of trade, changing conditions in international capital markets, political uncertainty). In the context of large imbalances in major macroeconomic variables, such shocks have resulted in periods of severe inflation and stagnation that have affected the poor disproportionately. While comprehensive stabilization programs and sector reforms are being widely implemented in the region, the question still remains as to whether the adjustment process has increased the resilience of these economies to possible shocks. Research in this area will help to assess the need to adjust institutions and the policy framework to ensure stable growth in a volatile international economic environment.

The Organization of Social Service Delivery Systems. A substantial literature on the allocation of resources for public education and other social services has identified systematic ways in which resources could be deployed more effectively. In education, for example, it appears that too much is spent on tertiary and too little on primary and secondary education, that books and teacher training are under funded relative to administration and that quality-enhancing investments generally tend to be overlooked. The pervasive nature of such misallocations suggests that the decision-making failures that they represent may have systematic underlying causes. If so, then attempts to improve educational outcomes through piecemeal recommendations about funding priorities may have little long-term effect, as they focus on the symptoms of a dysfunctional system rather than the causes. Research in this area would attempt to provide a better understanding of why social service delivery systems in Latin America are less effective than would be suggested by the level of resources allocated to them, with the aim of providing better understanding of how they might be improved. The emphasis would be on incentive and information problems generated by common features of educational and other social service delivery systems in Latin America, including centralization of administration and human resource management.

Poverty and Inequality. Reduced growth in much of Latin America during the decade of the 1980s affected the poor more than the rest of the population. Poverty and inequality worsened in much of the region. In some countries this trend has continued to the present. The result is that a broad segment of the population has difficulty meeting its minimum food, health, shelter and education requirements and remains at the margin of the productive process thereby constraining advance to a decentralized more open and adaptable and technologically dynamic modern market economy. An essential part of every growth strategy is more productive use of all available resources, including human resources. Reduction of poverty by increasing the productivity of the poor, an important objective in its own right, plays an especially critical role in the modernization process and in establishing the conditions for sustained economic growth. The objective of such an approach is to reduce poverty and social inequality by increasing the productivity of the poor thereby incorporating the most disadvantaged strata of society into the modern economy. Research in this area would focus on increasing understanding of the existing situation in the region, of the determinants of poverty and of the effectiveness of investments to achieve its reduction.

Modernization of the State and Economic Performance. Strengthening of public sector institutions is a key aspect of current reform programs in the region; the Bank has been in the forefront of efforts to support such reforms. Research on this important topic would analyze, among others, the role of budgetary institutions in determining the fiscal performance of Latin American countries and of judicial systems on the contract enforcement and other judicial outcomes that are essential to functioning of a market economy. Empirical analysis of these important issue is needed to derive lessons from cross-country comparisons and to increase understanding of institutional reform.

Systemic Issues in Domestic Financial Markets. One of the major reforms that are being undertaken in the region is the restructuring of financial markets. It is well recognized that the need to deal with difficulties in the financial sector may make it more difficult to achieve other policy objectives as policy-makers may face pressures to abandon their fiscal and monetary targets in order to rescue troubled financial institutions. Hence, there is a need to assess the adequacy of current regulations, supervision and crisis resolution mechanisms. Moreover, during the past five years, a major challenge for policy-makers has been the management of large capital inflows into the region. One of the policy dilemmas in this area is the effectiveness of government intervention to deal with the volatility that has accompanied the inflows. Another concern is that the expanded credit by domestic financial institutions associated with the inflows may not be sound enough to stand a reversal of the flows; the relevant policy issues in the context of open capital markets needs further study.

Labor Market Institutions and Regulations. The economic adjustments of the last decade have focused primarily on macroeconomic policy and financial sector reforms. In the process, the key role played by labor markets, labor institutions, and regulations in mediating and affecting the success, sustainability, and social impacts of these reforms was generally neglected. As the countries of the region, and the Bank, refocus attention on issues of social equity and deepening of the economic reforms, it has become essential to understand better the role of labor since it is in this market that a substantial proportion of income inequality is determined. Research in this area would include analysis of the impact of dismissal regulations on labor market rigidity; of the effects of public employment systems on private sector employment, benefits, and pay scales; of the relationship between employer-employee negotiation structures on the one hand and income inequality, sectoral and occupational patterns, and productivity on the other. The objective of research in this area would be to provide a clear perspective of the role of labor in restoring growth and improving equity in the region.

ANNEX C - Procedures

The Regional Research network will carry out two different types of projects: individual research studies and comparative regional studies that will require a number of institutes working in a coordinated fashion. The procedures to be used in selecting the research institutes that will carry out the studies, in monitoring their progress and in disseminating the results are described below for these two types of studies.

1. The specific topics to be studied in the execution of the project will be selected by the Bank in consultation with the External Advisory Group and the internal IDB Advisory Committee. Areas of research are described in Annex B.
2. Periodically, as specific topics to be studied are defined, the Bank will invite research institutes in the region to submit proposals. The invitation for proposals will be sent to all institutes that are part of the Regional Research Network. The Network is comprised of institutes in the region with recognized capabilities in the area of policy research and proven administrative competence. Research institutes in all of the Bank's borrowing member countries are encouraged to register for inclusion in the list of participating institutes. Inclusion in the network is to be broad and non-exclusive. The invitation to submit proposals will include a description of the topic to be researched, the duration of the study, and the remuneration to be received by the participating institute(s). The deadline for submitting proposals will be determined by the Bank.
3. The proposals presented to the Bank by the above mentioned research institutes will be evaluated by a panel of Bank staff and by outside experts not affiliated with the institutes. Proposals will include a detailed description of the methodology that will be used in the research, the experience and previous work done by the institute on the theme to be studied, a timetable, and a budget based on the pre-determined amount to be received from the Bank and its own contribution of resources to the study.
4. Evaluation of the proposals will be made on the basis of their conceptual and methodological framework, policy relevance, feasibility, the relevance of the country in which the institute is based to the topic and the demonstrated capability of the institute to carry out research on the topic proposed. The proposals sent by the various research institutes will be evaluated by experts from both outside the Bank and by Bank staff. Evaluators will have a maximum of one month to evaluate the proposal. For each topic, the best proposal(s) will be selected. In addition, the evaluation process will include interim reports (if required), and final reports.
5. The institutes responsible for undertaking the research may be required to submit to the IDB and, where appropriate, to the coordinating institute, the following documentation:
 - i) an initial work plan;
 - ii) an interim progress report after the research gets underway, wherein a summary of the preliminary findings is presented, as well as a description of the obstacles and problems that have been encountered;
 - iii) a first draft of the final report; and
 - iv) a final report with the requested modifications.

The research institute will have a specified period of time to prepare each of the above and send it to the Bank.

6. If the Bank concludes that a proposal is acceptable, provided that appropriate modifications are made, it will request the originator of the proposal to incorporate such modifications. If the Bank concludes that none of the proposals are likely to result in well focused, high quality research, it will declare the results null and void.
7. Selected research institutes will be notified in writing of the results and will be requested to sign letters of understanding with the Bank. The letters of understanding will include the terms of reference for each study.
8. For comparative regional studies that require the coordinated work of a number of institutes, the Bank may select a coordinating institute in addition to national research institutes. The principal functions of the coordinating institute will be: i) to ensure an adequate degree of comparability among the national studies so that it is possible to derive conclusions at the regional level; and ii) to prepare the regional report using the results of the national studies. The coordinating center will be selected following the same process described for research institutes that carry out national studies.
9. Research institutes and coordinating centers, if applicable, will be requested to prepare a detailed work plan taking into account proposals developed by the institute selected by the Bank to coordinate the study. The work plan will be sent to the Bank and the coordinating institute within a reasonable period of time, to be defined by the Bank. Work plans will take into account the unique characteristics of the country concerned, but at the same time observe the guidelines provided by the coordinating institute. If an institute declines participation in the study on this basis, the institute ranked next in the evaluation process will be selected.
10. The initial work plan, interim report and/or first draft of the final report will be assessed by the evaluation panel and may be discussed at a workshop(s). In the case of a comparative regional study, the coordinating institute will participate in this assessment process. The principal purpose of these discussions will be to provide feedback to the institute authoring the study and to introduce appropriate modifications as necessary. The institute will have a suitable period of time to make the necessary adjustments and resubmit the plan/report to the Bank and the coordinating institute. On the basis of these reports the coordinating institute if required, will prepare the comparative regional report within a reasonable period of time, specified by the Bank, and send it to the Bank and the institutes that participated in the respective national studies.
11. Where appropriate, there will be a dissemination seminar to be held at Bank headquarters. The seminar will be attended by the researchers responsible for the study, members of the Board of Directors of the Bank, IDB staff and experts and policy makers from the region and the larger development policy community. During this seminar, a group of representatives from the region, previously designated for that purpose, will evaluate the use that their countries can derive from the findings of the study.

ANNEX D - Detailed Budget

	Categories	Contributions (in US\$ equivalents)		
		IDB	Research Institutes	Total
1.0	Research Studies¹ - Professional services and fees. Approx. 24 studies/yr x 4yr x \$51,000ea (IDB= \$45,000, inst=\$6,000) + 6 coord/yr x 4yr x \$28,000ea (IDB=\$25,000, inst=\$3,000)	4,920,000	648,000	5,568,000
5.1	Travel² - Approx 1 researcher per study, and 1 coordinator + 1 evaluator per topic x \$3,000 per person x 2 meetings per study	864,000	96,000 ³	960,000
5.1	Travel⁴ - External Advisory Group members Approx. 8 people x 2days x 1yr x \$3,000 pp.	96,000		96,000
6.6	Support - Administrative officer for 58 months	275,000		275,000
7.1	Editing	410,000	88,000	498,000
7.2	Translation	35,000		35,000
7.3	Printing	284,000		284,000
7.4	Distribution	240,000		240,000
8.1	Evaluation fees⁵ - Approx. 1 ext. evaluator per topic x \$2500 per topic	60,000		60,000
	Subtotal	7,184,000	832,000	8,016,000
98	Contingencies	516,000	268,000	784,000
	TOTAL	7,700,000	1,100,000	8,800,000

¹ For purposes of estimating the budget of the second RRN project, it is assumed that an average of 24 national studies and six regional overview studies at a cost of \$51,000 and \$28,000 each, respectively, will be carried out. Bank support for each of these studies will average \$45,000 and \$25,000, respectively; the remainder will be provided by the participating research institute.

² Travel expenses are estimated on the assumption that there will be an average of two meetings for each topic: a workshop and a dissemination conference that will be attended by the principle researcher for each national study, the coordinator of the regional overview study and the outside evaluator of each topic at an average \$3000 per trip.

³ This amount represents meeting expenses in the field covered by the Research Institutes and the Coordinating Centers.

⁴ Travel expenses are estimated on the assumption that there will be one meeting each year to discuss possible research topics. For budgetary purposes, there will be an estimated eight members in the External Advisory Group at a cost of \$3,000 per participant.

⁵ For each topic, one outside evaluator will be selected. Evaluators will be paid an average \$2500 per topic.

PROPOSED RESOLUTION

REGIONAL. NON REIMBURSABLE TECHNICAL COOPERATION FOR THE REALIZATION
OF THE PROJECT FOR THE REGIONAL RESEARCH NETWORK

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document AT- with respect to a non reimbursable technical cooperation for the realization of the project for the regional research network.
2. That up to the sum of US\$7,700,000 or its equivalent, is authorized for the purpose of this resolution, of which up to the sum of US\$1,100,000 may be disbursed in foreign exchange and the rest in local currency of the beneficiary countries, chargeable to the net income of the Fund for Special Operations.
3. That the above-mentioned sum is to be provided on a non reimbursable basis.