

TERMS OF REFERENCE

Title: Research Fellow
RG-T3609

1. Background and Justification

- 1.1.** Latin America and the Caribbean (LAC) is one of the regions with the greatest and most persistent inequality levels in the world. In 2014, the top 10% in Latin America received 37% of national income, while the poorest 10% poorest received 1.5%. The aggregated figures hide a large heterogeneity across countries in the region. In 2017, the country with the highest Gini coefficient was Brazil (0.532), and El Salvador (0.380) with the lowest. Despite the recent sharp reductions in poverty levels across the region, inequality trends have declined at a much slower pace. Poverty rates declined from 43% in 2011 to 24% in 2017, while the Gini coefficient for income decreased from 0.561 to 0.513.
- 1.2.** LAC continues to be the most unequal region in the world. Eight of the 20 most unequal countries in the world are in the region: Haiti, Honduras, Colombia, Brazil, Guatemala, Panamá, Chile, Paraguay, México and Bolivia. In addition, intergenerational social mobility continues to be low. In OECD countries it would take 4.5 generations for a child born in a low-income family to achieve the average level of income. This figure is 6, 9 and 11 generations for Chile, Brazil and Colombia, respectively.
- 1.3.** The structural causes of inequality, the inability of governments for implementing redistributive policies, the pervasive informality on labor markets and small firms, an overall lack of competition culture, and low investments in education may partially explain the high inequality levels in the region and the factors that sustain it. Understanding the main causes driving inequality in the region is crucial to identify the public policies and regulations required to address it and avoid its harmful consequences.
- 1.4.** Reducing inequality, increasing social mobility and leveling the playing field should be a priority in Latin America and the Caribbean. Nonetheless, addressing the causes of inequality is a complex process that requires a democratic consensus and implies increasing transfers, through taxes, labor and anti-trust regulations among others, from wealthy to less privileged groups of the society. The IDB can play an important role to support countries throughout this process by generating knowledge on the causes, the extent of inequality and its consequences; promoting an informed debate among policy-makers and stakeholders in the region; providing technical support to design effective public policies and regulations to increase equality and social mobility; strengthening technical capacity on this topic in the region; and mainstreaming inequality in its operations.
- 1.5.** Current measures on inequality concentrate on income, total wealth and assets. Measures on the differential access by socio economic status to education, health and other social indicators provide additional statistics on the extent of inequality. However, dimensions of inequality different than income and wages, as well as behavioral and attitudinal responses to inequality,

are seldom studied. In order to design policies that address the root causes of inequality, measures on inequality need to be complemented to have a broader picture on the current conditions, drivers of inequality, attitudes towards inequality and redistribution as well as additional consequences such as exclusion, frustration, anger and resentment

2. Objectives

2.1. *The purpose of this consultancy is providing technical assistance assisting the IDB team in the project on Inequality and Social Mobility in Latin America and the Caribbean, including the process of designing the specific terms of references, analytical work, and other technical and operational tasks.*

3. Scope of Services

- 3.1.** *Assist IDB in the design of the specific terms of reference of each study on inequality and social mobility.*
- 3.2.** *Perform technical tasks, such as analysis and visualization of databases and information on inequality.*
- 3.3.** *Perform operational tasks required for the project (coordination, reviewing of results matrix, and output indicators, documents required for the operation of the project, among others)*

4. Key Activities

4.1. *Assist IDB in the design of the specific terms of reference for each study and evaluation of the papers on inequality and social mobility*

- *When needed, assist in the analysis of information and indicators on inequality that will feed the process of selection of papers on inequality.*

4.2. *Perform technical tasks for the project*

- When required, analyze information or data on inequality and other related subjects.

4.3. *Perform operational tasks for the project*

- When required, draft documents, modify the results matrix, schedules, and perform other task required for the operation of the project.

5. Expected Outcome and Deliverables

The deliverables and outcomes will be required as needed, according to the process of the project. They will aim to ensure that the project will be completed as planned.

6. Project Schedule and Milestones

The fellowship objective is to assist in the operation of the project. Therefore, its milestones will be the completion of Component 1 and Component 2. As a result, the duration of the service will add to 1,090 days, which is the same as the duration of the project.

Schedule	
<i>Deliverable</i>	Calendar Days
1. Component 1	540
2. Component 2	540
	1090

7. Reporting Requirements

- 7.1. All reports, presentation, and documents will be written in English, presented in digital form (i.e. Microsoft Word) and be available for edits and comments.
- 7.2. The documents will be presented in coordination with the IDB team
- 7.3. These services will not be considered accepted until clearly stated in written form by the IDB's project team.

8. Acceptance Criteria

- 8.1. The acceptance of the deliverables of the fellowship will be done by the IDB team, once they confirm that the services helped in the completion of the project's component.

9. Supervision and Reporting

- 9.1. The deliverables of this consultancy must be presented in electronic form to the IDB's team leader for this work