

Call for Research Proposals

Latin America and the Caribbean at the Crossroads of Informality and Digitalization

I. Context

Informality is a structural feature of the economies of Latin America and the Caribbean (LAC). Despite recent progress, a significant share of economic activity and employment in the region remains outside the scope of state regulation. This reality has profound consequences for productivity, economic growth, and fiscal revenues, as well as for job quality, human capital accumulation, and the effectiveness of social protection systems.

In this context, digitalization and artificial intelligence (AI) offer opportunities to break the cycle of low growth and productivity that characterizes the region. These technologies can enhance efficiency, complement workers' skills, and spur innovation in products and services—thus contributing to higher productivity and growth. They are also transforming how firms are organized and reshaping the nature of work, reconfiguring occupations and production models. However, without adequate policies on training, infrastructure, and digital access, these technologies may jeopardize traditional occupations and widen existing digital divides. Informality and digital exclusion disproportionately affect people living in poverty, perpetuating cycles of economic and social vulnerability and potentially widening inequality.

Understanding the links between informality and digital transformation is key to designing more inclusive and sustainable development strategies. This call aims to support research that generates rigorous and policy-relevant evidence, with special interest in studies that explore new measurements of informality and technology adoption, as well as the effects of digital infrastructure, urban mobility, and other enabling conditions on labor informality and technological uptake. Research that examines how digital transformation and AI may blur the lines between formal and informal work arrangements, and the implications this has for labor regulation, is also welcome.

II. General Objective

Through this call, CAF seeks to fund research that provides original and rigorous empirical evidence on the challenges that Latin America and the Caribbean face regarding informality and digital transformation.

In total, **up to six research projects** will be funded through two complementary tracks:

- **A general track**, funded by CAF, which will support **up to three projects** addressing any of the topics covered in this call.
- **A specific track**, funded through a joint technical cooperation between CAF and UNDP, which will support up to **three additional projects** focused explicitly on the intersection of informality, digitalization, and poverty.

Selected projects should contribute to a better understanding of these phenomena and help identify effective public policies to promote formalization and an inclusive digital transition.

III. Priority Topics

Proposals may focus on the following thematic areas, which include non-exhaustive examples of research lines:

Causes and effects of informality

- Regulatory frameworks, formalization costs, institutional barriers, access to credit, and labor

market characteristics.

- Evaluation of public policies, programs, or interventions to reduce informality or support transitions to formal employment.
- Effects on workers (including human capital accumulation, access to social protection, and long-term labor and wage trajectories) and on firms (including productivity, growth, and access to finance).

Digitalization and AI in formal and informal sectors

- Adoption of technologies in informal sectors, including impacts on employment, productivity, and displacement risks.
- Labor displacement risks associated with automation and their implications for income, formality, and social protection.
- Digitalization as a tool for formal labor inclusion: job platforms, connectivity, financial inclusion, and simplification of administrative procedures and service access.
- Informality in digital platform economies: working conditions, access to social protection, and emerging regulatory challenges, with emphasis on vulnerable groups.
- Labor regulations of gig jobs.

Infrastructure and informality

- Infrastructure gaps (e.g., mobility, housing, and, more generally, those that affect access to jobs) as constraints to firms and workers.
- Impacts of investments in physical and digital infrastructure on firms and workers.

Informality, digitalization, and vulnerable populations

- Role of formal and informal education, including technical and digital skills, in formal labor market integration for vulnerable populations.
- Impact of digitalization on social mobility for people living in poverty, including youth and other vulnerable groups.
- Role of connectivity, mobile payments, digital wallets, simplification of procedures, and digital inclusion in expanding labor opportunities and access to formal employment for vulnerable populations (e.g., rural residents, migrants, women, low-income groups).
- Digital tools as a means of formal labor inclusion for domestic and care workers.
- Role of connectivity, devices, and digital skills in reducing informality—and how digital divides can deepen exclusion.

Innovative measurement and multidimensional analysis

- New methods for measuring labor and business informality using non-traditional sources such as satellite imagery, digital payment data, and big data.
- Study of informality, connectivity, and digitalization as dimensions of multidimensional poverty (based on ECLAC's Multidimensional Poverty Index).

IV. Funding and Application

Up to six proposals will be selected. Each will receive funding of up to **USD 15,000** to carry out the research. The amount will be disbursed through a **single consultancy contract in the name of a team**

member or an institution¹. A detailed budget is not required at this stage.

V. How to apply

Applications must be submitted through this online form by **September 21, 2025 at 11:59 p.m.** (Buenos Aires time). The application must include the following documents (in Spanish or English):

- i) **Research proposal:** A document of **no more than 1,500 words that presents the research question and describes the methodology and data to be used**. Particular consideration will be given to the clarity of the research question and the adequacy of the model, data, and empirical strategy to address it. Proposals exceeding the maximum length will not be evaluated. Projects must generate original knowledge. If the project has already started, the proposal should indicate its current stage of development (initial, mid-progress, or advanced).
- ii) **Research team:** A list including the name, institutional affiliation, and email address of each team member.
- iii) CV of the principal investigator.

VI. Activities, Deliverables, and Timeline

Selected proposals will have eight months to complete their projects and must adhere to the following tentative timeline:

- **September 21, 2025:** Application deadline.
- **October 2025:** Notification of selected proposals and contracting process.
- **March 2026:** Submission of a first draft of the working paper with preliminary results.
- **March 2026:** Presentation of the preliminary version of the paper at a research workshop organized by CAF. Travel and accommodation costs will be covered for one author per selected paper.
- **June 2026:** Final submission of the research paper and a blog post summarizing the main findings. The final version will be published in CAF's Working Paper Series, without prejudice to the authors' right to publish the paper in academic journals.

VII. Selection Committee

The jury will be composed of: Verónica Amarante (CAF), Pablo Brassiolo (CAF), Adriana Camacho (CAF), Ricardo Estrada (CAF), Verónica Frisancho (CAF), Gabriel Ulyssea (UCL), and Carlos Urrutia (ITAM).

VIII. Contact

Answers to frequently asked questions can be found in [this document]. If you have any questions not addressed in the documentation, please contact us at: investigacion@caf.com.

¹ For projects funded through the CAF–UNDP technical cooperation, the contract must be signed in the name of an individual. CAF will coordinate with selected teams to determine the most suitable contracting mechanism depending on the funding source.