INTER-AMERICAN DEVELOPMENT BANK AND GLOBAL DEVELOPMENT NETWORK

CALL FOR PROPOSALS

FOR

COLLABORATIVE RESEARCH GRANT COMPETITION

ON

"Macroeconomic Volatility and Regional Fiscal and Monetary Policies in Latin America, Caribbean, Asia and the Pacific"

OVERVIEW

The **IDB-GDN Research Grant** is a competitive research grant targeted towards *Strengthening Research and Policy Links between Latin America, Caribbean, Asia and the Pacific*. It is administered by the **Global Development Network (GDN)** and generously supported by the **Inter-American Development Bank (IDB)**.

This initiative seeks to provide research grants to support comparative and systematic research that looks across continents and brings together experts from Latin America, Asia, Caribbean and the Pacific respectively to address fundamental issues in development, such as macroeconomic volatility, the construction of regional monetary and fiscal institutions, etc. as well as opportunities for researchers from these regions to engage in meaningful academic collaborations in a globally interconnected way.

The initiative looks to support 4 research studies within the overarching theme of *Macroeconomic Volatility and Regional Monetary and Fiscal Policies.* The average grant will be **US$ 30,000** depending on the scope of the proposed research**.** The grant will be awarded to the organization/researcher(s) whose proposal to conduct research holds the greatest promise for improving our understanding of issues pertaining to the above mentioned theme and where the potential for inter-regional learning is greatest. We expect the proposed research study to put forth clearly articulated and well researched policy implications to address the relevant problems.

The last date for submission of the full research proposal in the application template, CVs of applicants (research team members), and other supporting documents is **April 16, 2012 (GMT 11: 59 PM).**

TOPIC

The onset of the recent global financial crisis once again exposed the vulnerability of countries across the world to macroeconomic volatility characterised by asset devaluation, liquidity crises,

exchange rate volatility, price instability, high unemployment and low economic growth among others. The crisis underlined the limits of existing fiscal and monetary institutions and policies across regions and the need for a fresh look at the evolution and capacity of these institutions to deal with future challenges.

In light of the growing challenges faced by small Pacific Islands and Caribbean countries and many small Latin American and Asian countries from external shocks and resulting internal volatilities, there is a policy dilemma in these regions on how to tackle macroeconomic instability and corresponding shocks to these vulnerable economies and societies. In the face of weakening exchange rates, devaluations, declining foreign reserves, growing inflation, and rising interest rates, policy-makers in these regions have faced severe constraints in managing investment and consumption demands within the economy and to continue financing their development initiatives. While vulnerabilities from macroeconomic volatility are faced by most countries in the Latin America and Asian regions in varying degrees, some countries have shown more resilience to external shocks and the financial crisis, owing largely to strong fiscal and monetary policies and better market fundamentals. In this regard, it is important that these macroeconomic policy issues are first understood, in a comparative perspective, in terms of their dynamic effects on the economy and their spillover effects in the respective regions. Relevant and timely research can then help policy-makers in addressing these issues with specific and targeted policy intervention(s).

In this regard, GDN with support from IDB envisages a cooperation of research teams with multiple institutional affiliations, Centers of Research and Think-Tanks in Latin America, the Caribbean, Asia and Asia-Pacific region to undertake research studies on issues of macroeconomic volatility and the construction of regional monetary and fiscal institutions.

Indicative Research Topics:

- Understand in a comparative perspective the institutional and policy causes (e.g., high inflation, high budget deficits, misaligned exchange rate etc.) of macroeconomic volatility across countries/regions.
- Impact of the Global Financial Crisis on the country/regional economy and reforms enabling recovery.
- Exchange rate volatility and its implications on the macroeconomic performance of the country/region.
- Effectiveness and limitations of existing fiscal institutions and monetary policy in buffering the economy against macroeconomic volatility.
- New institutions or reforming existing institutions for better response to macroeconomic volatility.

The above mentioned topics are merely indicative and a researcher may propose any other theme that is closely related to the overarching theme of the project "*Macroeconomic Volatility and Regional Monetary and Fiscal Policies*".

COMPETITION RULES AND GUIDELINES

Please review carefully. Any application that does not follow the guidelines will NOT be considered.

ELIGIBILITY CRITERIA

- The grant is open only to researchers in developing and transition countries in Latin America, Asia, Caribbean and the Pacific with the requirement that the applicants (researchers) need to be permanent residents of these countries. They could either submit the research proposal individually, or, jointly as a team.

- Citizens of developing and transition countries temporarily residing in a developed country for no more than five years are eligible to apply as part of a team. However, the principal investigator of the research proposal must currently reside and be a permanent resident of a developing or transition country in Latin America, Asia, Caribbean and the Pacific and she/he should be affiliated to an organization headquartered in either of these countries. In case of more than one researcher, at least half of the researchers (including the principal investigator) of the team must currently reside in a developing or transition country.
- The upper age limit for applicants is 45 years as of April 16th, 2012.
- Staff members of multilateral and bilateral organizations (AusAID, DFID, IADB, IMF, UN agencies, World Bank, etc.) and previous employees of the GDN are not eligible to apply.
- The proposal should not be receiving or scheduled to receive funds from other sources to be eligible for consideration for this research grant unless it is clearly explained how the additional funds provided by the grant would reinforce the existing funds for successful completion of the research.
- We welcome applications that focus on cross-country comparisons, have multidisciplinary research teams and/or are joint applications from researchers with affiliation to institutions based in different developing and transition countries in Latin America, Asia, Caribbean and the Pacific.

HOW TO APPLY

- Send the application by email to the following email address: cfp-idb@gdn.int, with the subject line: Application for Macroeconomic Volatility.
- Please ensure that the application follows the provided application template.
- Remember to attach the CVs of the research team and any other supporting document.
- Please attach a document with a brief profile of the organization of affiliation of the principal researcher.
- Proposals must be submitted in the English language only.
- Incomplete applications will NOT be considered.
- Please note that all forms of academic dishonesty are unacceptable to GDN, plagiarism being one of them. Plagiarism is unauthorized use of other people's work, ideas and/or writings (in part or in full) and presenting or giving notion of these work(s), ideas and/or writings being one's own work, idea(s) and/or writing(s). GDN takes plagiarism very seriously and will take immediate and appropriate action including and not limited to withdrawal of funding for any such grantees found guilty of plagiarism.
- Please note that all personal information details provided in the application (along with the CV) should be correct, else the application will be liable for disqualification.
- In case of any further queries, contact us at cfp-idb@gdn.int or kganguly@gdn.int, with the subject line: 'Macroeconomic Volatility Application Request'.

TIMELINE OF THE PROJECT

- Identify Research Teams: April 2012
- Draft Case Study Reports/Papers: January 2013
- Final Case Study Reports: April 2013
- Synthesis Report: July 2013
- Complete Dissemination & Outreach and Final Evaluation Report: September 2013