



# Knowledge-Based Services

Mapping Opportunities for Latin America and the Caribbean



## Call for Diagnostic and Policy Intervention Proposals

### 1. Background and Rationale

In recent decades, knowledge-based services (KBSs) have become increasingly important in both the domestic markets and exports of many countries in Latin America and the Caribbean (LAC). Different studies<sup>1</sup> have demonstrated the potential for the expansion of KBSs in LAC and the direct and indirect impact that these have on issues as broad and varied as innovation, creating skilled jobs, generating foreign exchange, modernizing other sectors, and so on.

Several of these studies analyze the recent development of the sector in the region, finding that only limited cooperation has been observed between companies in different LAC countries and that there is potential for intraregional trade in KBSs to be increased. Although in recent years steps have been taken to improve the conditions for these flows to develop (e.g., tax treaties to avoid double taxation), so far, they have fallen short.

The Inter-American Development Bank (IDB) was one of the earliest advocates for such activities, promoting joint work on the issue among different LAC countries and subregions to raise awareness of the KBS sector and generate and/or expand domestic capacities. It has done so by supporting education programs for the development of specific skills and promoting investments and exports in different KBS sectors, among other initiatives. This call for proposals seeks to deepen knowledge on the current status of these activities in LAC and different perspectives. Its intention in doing so is to help decision-makers in the public and private spheres and within the IDB itself to design better strategies to promote the development of KBSs in the region.

### 2. Objectives

The objective of this call for proposals is to identify and select research projects that lead to rapid diagnostic exercises and proposals for specific interventions in different areas that relate to the production and export of KBSs in LAC, with an eye on the post-COVID world that is beginning to take shape.

In view of this context, we encourage the submission of proposals focusing on the following areas, which may be based on concrete sector-specific, country, or subregional experiences. More specific sub-areas that proposals could concentrate on have also been included as guidelines.

#### a) International integration of LAC countries in KBSs

- Barriers to intra- and extraregional export development.
- Technical and/or technological infrastructure-related obstacles.
- Availability and use of policies to support the internationalization of firms.
- Export and investment facilitation and promotion incentives.

<sup>1</sup>- Rozemberg and Gayá (2019). [Los servicios basados en conocimiento en los países miembros de la ALADI. \[Knowledge-based services in ALA-DI member countries\]](#). Carreras Mayer and Rapetti (2018) [Oportunidades y obstáculos para la expansión de los servicios basados en conocimiento: evidencia de software y audiovisuales. \[Opportunities and obstacles to the expansion of knowledge-based services: evidence from software and audiovisual production\]](#) Ramos and López (2017). [Servicios basados en el conocimiento y desarrollo en América Latina. \[Knowledge-based services and development in Latin America\]](#). De Azevedo (2018). [La exportación de servicios basados en conocimiento ha crecido fuertemente en la región y en el mundo. \[Exports of knowledge-based services have grown significantly in LAC and throughout the world\]](#). Giordano (2019). [La competitividad de las exportaciones de servicios en ALC \[The competitiveness of service exports in LAC\]](#).

- e. Opportunities and challenges facing the regional market for KBSs in relation to international integration.
- f. Exporting standardized vs. differentiated services.
- g. How the reorganization of value chains in the post-COVID world will impact LAC's integration into KBS sectors.

#### **b) Indirect exports of KBSs from LAC (servicization)**

- a. The role of KBSs in different export-oriented value chains in LAC
- b. Trends toward digitization and task automation.
- c. Development of technological solutions for productive initiatives within the local or regional economy, with a view to export development.
- d. KBSs and new technoproduktive paradigms (agtech, Industry 4.0, fintech, etc.).
- e. Policies to support servicization.
- f. Sector-specific experiences of indirect exportation of services.

#### **c) KBSs and job skills in LAC**

- a. Job skills and/or labor competencies required to increase or improve exports of KBSs.
- b. Adaptations or changes that need to be made to the current supply of education (public and/or private).
- c. Regional or international experiences.
- d. Gender and services exports.
- e. New labor competencies in areas of KBSs that are linked to disruptive technologies (e.g. artificial intelligence, data science, blockchain, etc.).

#### **d) Inclusion of KBSs in subregional and international negotiations**

- a. Liberalization of trade in KBSs between subregional blocs.
- b. Barriers to regional trade (normative, regulatory, tax).
- c. Actions to promote cooperation between KBS firms in LAC (joint ventures, strategic alliances, etc.).
- d. Initiatives to expand the role of nongovernmental organizations in exports of KBSs from LAC (e.g., universities, business chambers).
- e. Impact of new trends in international taxation on investment attraction strategies in KBS sectors.

### **3. Organization**

This call is open to individual researchers and research teams from universities, research centers, and think tanks in LAC. Proposals should cover a specific country, several countries, subregion (e.g. CAN, MERCOSUR, CARICOM, SICA), or LAC as a whole.

We are inviting researchers to submit proposals for short studies (up to 30 pages including bibliography) that can be drafted quickly (see the timeframe below). These proposals should provide clear, concise outlines of their objectives, research hypotheses, methodology, data sources, diagnosis of the problem/opportunity, and suggested courses of action or intervention.

The main selection criteria are:

- a. The inclusion of valid diagnostic exercises with the potential to be developed in a short time and that suggest replicable, feasible policy interventions/initiatives. The selection committee is particularly interested in proposals for highly concrete, specific interventions.
- b. The relevance of the issues addressed in the proposals and the expected impacts of the resulting policy interventions.
- c. The soundness of the methodologies to be employed.
- d. The experience and capabilities of the researchers/research teams (both in general and in the specific area that the proposal focuses on). For proposals from researchers or research teams based outside LAC, previous knowledge of the region is an asset.

The call is subdivided into two areas, one for researchers in general and another for young researchers (up to 35 years of age at the time of submission). In the case of proposals from more than one person, the age limit applies to all members of the team.

## 4. Proposal Contents

All proposals must include the following:

- i. Description of the problem to be studied and explanation of why it is relevant (up to 1 page).
- ii. Objectives (up to 0.5 pages).
- iii. Methodology and data types and sources. If the data in question is not public, the team must prove its ability to access it (up to 1.5 pages).
- iv. Impacts and proposed policy interventions (up to 1 page).
- v. Relevant experience of the researchers/teams/institutions included in the proposal (up to 1 page).

Proposals may be submitted in English, Spanish, or Portuguese, and should be no longer than 5 pages in total (including the above sections and a bibliography). Short résumés of up to 4 pages for each member of the research team may be attached separately.

Submissions should be sent to: [propuestas@intalbid.org](mailto:propuestas@intalbid.org)

Any queries regarding the call can also be sent to the same e-mail address.

## 5. Selection Committee

- a. **Ana Basco** (Director, IDB/INTAL).
- b. **Ricardo Rozemberg** (Integration and Trade Specialist, IDB/INTAL).
- c. **Andrés López** (Director, IIEP UBA/CONICET).
- d. **Dorotea López Giral** (Director, Institute of International Studies/University of Chile).
- e. **Jorge Carrillo Viveros** (Professor/Researcher, Department of Social Studies, El Colegio de la Frontera Norte, Mexico).
- f. **Ricardo Monge** (President, Academy of Central America, Costa Rica).
- g. **Christian Volpe** (Principal Economist, IDB/INT).
- h. **Juan Blyde** (Lead Economist, IDB/INT).

## 6. Timeline

The key dates for this call are as follows:

- i. **December 6, 2021:** launch of the call for proposals.
- ii. **January 31, 2022:** deadline for submissions of proposals (6:00 PM Buenos Aires time, UTC-3).
- iii. **March 1, 2022:** selected proposals announced.
- iv. **March 15, 2022:** initial round of online meetings between the coordination team and the teams behind the selected proposals.
- v. **July 10, 2022:** delivery of preliminary draft.
- vi. **July 20, 2022:** second round of online meetings for the committee to comment on the draft versions.
- vii. **August 15, 2022:** delivery of final versions.

## 7. Financing and Disbursement Schedule

A budget of USD 8,000 is available for each of the selected proposals. Up to 6 proposals will be selected. At least 2 of the selected proposals will come from young researchers (between 18 and 35 years of age).

Disbursement plan:

- 20% on selection of the proposal.
- 30% following the delivery and approval of the initial draft.
- 50% following the submission and approval of the final draft.