

FEMISE Internal Competition 2016/17

Second Round

Theme: Managing the Transition in the South Med Countries

1. Introduction

Members of the FEMISE network **who participated as Affiliates of Femise in the European Commission Call¹** are invited to submit research proposals under the theme of: ***Managing the Transition in the South-Med Countries.***

The deadline for the submission is on the **14th of June 2016**. Winning proposals will meet the criteria of having a real value added (generating fresh knowledge), using rigorous and sound methodology, and having the potential of offering policy recommendations to countries in transition **in the short run**.

This second call for internal competition is one of three complementary rounds:

- (i) The first, was launched last year and the selected proposals focused on modernisation in the countries in the south in the long run. A list of accepted proposals under this round is given at the end of this call to avoid repetition.
- (ii) The second, which is **this round**, is navigating through the transition in the short run.
- (iii) The third and final round, to be launched next year, will be devoted to the role of the EU in facilitating both the transition and modernization in the south-med countries.

These rounds of competitions come at a time when countries in the south are facing transition challenges now in addition to the structural problems they inherited from before. Failure to achieve inclusive economic growth in the past is now compounded by rising budget deficits and public debt, balance of payment deficits and decaying international reserves as well as unemployment and inflation. Political uncertainty deprived these countries from capital inflows and tourism on the one hand, and caused sluggish economic growth and rising unemployment, increasing the demands for redistributive policies. All of these challenges made the transition all the more difficult. The need for well-conceived and founded policy advice is now more critical than ever before. Hence this call for proposals.

2. Suggested research questions

Under the broad theme of Managing the Transition in the South Med countries we have identified a number of sub-themes as research priorities. Researchers are encouraged to address one or more of these sub-themes but are also welcome to cover other sub-themes provided they fall under the broad theme of managing the transition in the short run.

¹ The title of the Contract is « **Support to dialogues, political and economic research and studies of the Euro-Mediterranean Partnership** » launched in March 2014.

- 1. Macroeconomic management:** How can countries in transition curb macroeconomic imbalances (budget and balance of payment deficits) at a time of low economic growth, high unemployment, rising inflation, and rising social demands for inclusion? This question is fundamentally about the debate over IMF type austerity programs and **Keynesian** economics. It is part of an on-going debate from Greece to Egypt. Researchers are encouraged to assess the experiences of the two types of policies with a view to drawing lessons for the future.
- 2. Economic growth and employment:** Surely, issues of economic growth and employment involve reforms over the medium run to bring about structural transformation, investment in infrastructure, attracting FDI and improving human capital and innovation. Nevertheless these reforms can start now and the question is: did transition countries embark on reforms that are likely to bring about productivity improvement, sustainable economic growth and rewarding job opportunities? Have they adopted a more rational industrial policy that is consistent with potential comparative advantage? Have they adopted education reforms that are likely to align the supply of skilled workers and labour demand?
- 3. Distribution and wellbeing of citizens.** Whatever transition governments do, they cannot afford to miss out on issues of distribution and poverty reduction. Indeed many analysts claim that exclusive growth, crony capitalism and corruption were among the main reasons for the uprisings in the first place. The question here is: have governments in the south embarked on effective reforms to reduce inequality and poverty and to bring about less regional disparities? Did they adopt more effective measures to improve social safety nets? Any initiatives to improve health and education services to improving equality of opportunity?
- 4. Democratization.** Freedom was chanted on the streets during the uprisings. Yet, several analyses point out that the democratization process is not inevitable. Given the importance of inclusive political institutions for economic development, researchers could evaluate the political transition in different countries to date with a view to placing this process in the wider literature. Other questions relate to the fight against corruption, rent-seeking behaviour and more broadly the relationship between the state and the business elite.
- 5. The refugee crisis:** Clearly this crisis is rooted in the conflicts in the region and the best way to deal with it is by addressing the primary causes. Otherwise researchers could attempt to measure the economic and social consequences of the influx of Syrian and other refugees into neighbouring countries (in particular, Lebanon and Jordan)? They could also assess the role of the international community, including Europe, to reduce the risk of increasing instability in the region and elsewhere?
- 6. The role of the Euro-Med Partnership on the transition process:** How can the revised Neighbourhood Policy contribute to the transition of the Mediterranean countries (economic, political and social transition)? Should the Mediterranean countries adopt the Deep Comprehensive Free Trade Agreement (DCFTA) or should they rely on alternatives in the short run? How can we evaluate where the

region stands in terms of trade facilitation (incl. rules of origin and cumulation, customs procedures, risk coverage for businesses, etc.)?

7. **Monitoring of the transition process:** What set of indicators could be proposed that measure the transition process in Mediterranean countries and enable to monitor the economic, social and political developments?

Proposals Funded under the First Internal Competiton (2015/16)

FEM41-01, **Inequality, Intergenerational Mobility of Women Educational Attainment and Inclusive Policies in the Arab Countries**, IEAPS, Al Akhawayn University, Morocco in collaboration with The Bucharest Academy of Economic Studies, Romania.

FEM41-04, **Winners and Losers in the Tourism Industry along the transition process: Evidence from South and North MED countries**, October University for Modern Sciences and Arts (MSA), Egypt in collaboration with the Institute of International Economics (IEI-UV), University of Valencia, Spain

FEM41-07, **FDI in MENA: Impact of political and trade libéralisation process**, University of Granada, Spain in collaboration with Ecole Supérieure des Sciences Economiques et Commerciales de Tunis (Université de Tunis).

FEM41-08, **Corporate performance in the South Mediterranean region: Explaining the role of Business constraints, institutions and culture**, Institute of International Economics, University Jaume I, Spain in collaboration with the American University Cairo.

FEM41-09, **Spatial proximity and firm performances: how can location-based economies and policies help the transition process in the Mediterranean region? Empirical evidence from Turkey, Tunisia and Italy**. CELPE (Department of Economics and Statistics- University of Salerno, Salerno), Italy in collaboration with the Middle East Technical University (METU), Faculty of Economics & Administrative Sciences, Department of Economics, Ankara, Turkey and Ecole Supérieure des Sciences Economiques et Commerciales de Tunis (Université de Tunis).

FEM41-12, **The determinants of export performance of firms in MENA countries. Comparison to CEE countries and Turkey**, University of Warsaw, Faculty of Economic Sciences, Poland in collaboration with the Hebrew University, Leonard Davis Institute of International Relations, Israel.

FEM41-13, **The role of vicinity linkages in the EU-Med region for trade growth : Focus on Migration, level of education, and social intégration**, Institute of International Economics (IEI-UV), University of Valencia, Spain in collaboration with the American University of Cairo, Egypt.