

CALL FOR PROPOSALS

The Economic Impact of COVID-19 in MENA Region

ERF is pleased to announce a call for proposals on “**The Economic Impact of COVID-19 in MENA Region**” Selected authors will present their papers during a workshop by July 2021. Interested researchers are invited to submit their proposals by March 31st, 2021.

Introduction and Background

The rapid spread of COVID-19 pandemic confronted humankind with grave challenges at the economic and social levels. In fact, the lack of prior understanding of worldwide superspreading events, such as the COVID-19, combined with the lockdown measures imposed on the economic activities to contain the virus in absence of effective anti-virus, has constrained the ability of policy makers in many countries to choose strategically in the face of growing uncertainty, lack of information and looming risks.

A nascent and fact growing literature on COVID-19 has emerged focusing on the analyses of the epidemiological and economic dynamics of the disease. Yet, the continuing challenge and uncertainty of the COVID-19 pandemic as well as the strong heterogeneity of country-specific response to the virus and resultant economic cost motivate this research. Thus, the objective of this call is to review the extent to which health, economic and security impacts of the pandemic shock are playing out in MENA countries, including reviewing the policy mix deployed to confront the disease in addition to the policies needed to start and sustain the post-COVID-19 economic recovery, if any, or reintroduce the lockdown.

At the macroeconomic level, the fiscal policy response to the COVID-19 crisis has been swift and strong in the MENA region aiming to increase spending on healthcare and mitigate the economic fallout of social distancing policies. This led to much higher fiscal deficits than normal implying a trade-off the short-term gain against the long-term concerns. In addition to that, many governments in oil rich countries are tapping sovereign wealth and foreign exchange reserves to stabilize their budgets and mitigate the effects of the unfolding recession, while they are already experiencing plummeting oil prices and hydrocarbon revenues that are further aggravated by the COVID-19 pandemic. Monetary policy has also been used in order to postpone loans payments, lower interest rates and increase the flow of funds in the whole banking system. At the external level, the drop in exports and imports owing to borders’ closures could significantly reduce real growth. More importantly, the disruptions of global and domestic value chains because of social distancing and lockdowns have set the stage for a stagnation trap. Consequently, the slowdown of economic activities may significantly raise the unemployment rate especially among the younger workers, and, if informality is rampant, this may translate into considerable reduction in consumption.

Against this background, the maintained hypothesis is that, in the absence of effective vaccine, the reduction of contagion rates comes at the expense of heavy economic cost at both the macroeconomic and microeconomic levels. Thus, accepted proposals much chiefly examine the channels through which the pandemic affected the MENA region and analyze different policies that were adopted to confront the health shock and sustain the post-COVID-19 economic recovery.

Research Topics

Proposals are invited on to address topics related to the impact of COVID-19 from a macroeconomic perspective. Proposals can be cross-country or focused on a single country.

Possible research questions may include, but do not have to be confined to:

- (1) How economic performance measured by real growth is impacted by COVID-19 (main economic activities and main GDP demand components)? What are consequences on public resource mobilization (tax and customs)? How effectively countries cushions in terms of strengthening their fiscal institutions and adopting tax digitization for expanding the resource mobilization base?
- (2) What are the welfare benefits of drawing resources from the sovereign wealth funds (SWFs) to insulate the economy from the impact of COVID-19 lockdown compared to the alternative of borrowing from elsewhere? How the SWFs behave in response to declining oil revenues driven by the pandemic predicament?
- (3) How the pandemic impacted the drivers of inflation? How supply and demand disruptions and the resultant fiscal and monetary responses contributed to inflation dynamics and possible measurement bias? What is the nexus between inflation and exchange rate dynamics?
- (4) How the pandemic impacted labor market in terms of employment, remittances and unemployment? Who is affected the most, in particular, how females far? What policies put in place to shield workers, and how labor market participation evolved? What are challenges and potentials in terms of skills mix and labor market flexibility in the region to adapt to digitization?
- (5) How the pandemic is perceived at the household level and what are the major coping mechanisms? What are the attitudes to the lockdowns?
- (6) How the pandemic-mitigating-policy responses such as fiscal transfers to the workforce as well as business tax exemptions can contribute to formalization of informal/irregular workers and firms that are typically most exposed to the COVID-19 shock?

- (7) How the policy mix deployed to confront the disease interacts with the political economy settings in the region. How elite cohesion and external support expected to evolve? Is the pandemic a uniter or a divider, and how does it impact social conflicts and *hirak* in the region?
- (8) What are the impacts of COVID-19 on the environment and climate change, and what the public health policy can do?

Methods

Researchers are invited to use one of these (but to not confined to these) methodologies:

- Computable General Equilibrium models.
- Dynamic Stochastic General Equilibrium models.
- Macroeconometrics (including impulse response functions and variance decompositions)
- Panel data methods.

Guidelines for Submission

Types of submissions

Authors should submit a proposal of a maximum length of five double-spaced pages (excluding appendices, tables, figures, and references). Proposals can be either:

- A case study: that is expected to provide in-depth analysis of the challenges of the pandemic and country-specific responses in MENA region. This analysis can be applied on a specific country or a selection of comparator economies.
- A thematic paper: that should address research questions in a comparative fashion. Indeed, the response to and the consequence of the COVID-19 pandemic is not homogenous across MENA countries. Documenting the different responses and their effectiveness will help elucidate what went wrong, what went right, and what can be done about it.

Structure of submissions

The proposal should be structured to contain three sections in the following format. ERF reserves the right to exclude proposals that are not consistent with these guidelines.

IMPORATANT NOTE: the proposal should NOT include the authors' names, as it will undergo a **blind review process**.

1. **Statement of the research problem:** A clear and concise description of the nature and importance of the proposed research; its scope and boundaries; its general context; and objectives with explicit reference to feasibility and policy relevance.

2. **Value Added:** A selective and analytical review of the relevant literature, intending to both demonstrating knowledge of past theoretical and empirical work, as well as identifying the knowledge gap that the proposed research is intended to address.
3. **Conceptual Framework and Research Methodology:** A clear statement of the conceptual framework should be provided elaborating on the set of specific, identifiable and concrete questions for which the proposed research is intended to provide answers. This is to be followed by an elaboration of the research methods to be employed and why they are best suited to answer the research questions. The section should also indicate the nature of the information required and the data collection techniques, whether primary or secondary or a combination of the two. Finally, it should explain how the information will be analyzed and interpreted using quantitative and/or qualitative methods.
4. **Budget:** The budget should be submitted in US dollars, itemized and inclusive of all research and dissemination expenses. Research costs should be defined by deliverables. Other budget items may include travel, if necessary, research assistance, data collection, office supplies and photocopying. The purchase of equipment is not allowed under ERF grant rules. Please note that the maximum budget per paper that ERF can fund is \$6,000.
5. **References:** A list should be attached to the proposal specifying the suggested references to be used in writing the proposed paper.

Eligibility

The following eligibility criteria will be applied:

- Researchers should have expertise in the topic being researched.
- At least one of the main researchers should be a national of one of the countries of the ERF region, whether residing inside or outside the region.
- Researchers from disciplines other than economics may apply.

Selection criteria

A refereeing committee will evaluate all proposals by the following criteria:

- The value added from the project in terms of contributing to existing knowledge,
- The methodological soundness, be it econometric or in-depth case studies,
- The policy relevance of the findings.

Important dates

- Submission of proposals deadline: March 31st, 2021
- Announcement of winning proposals: April 8, 2021
- Submission of draft papers: July 15, 2021
- Workshop for discussing draft papers: July/August 2021 (TBD)
- Submission of final papers: October 30th, 2021

To submit your proposal, please fill in the following form:

<https://erf.org/eg/the-economic-impact-of-covid-19-in-mena-region-submission-form/>

Your submission should include:

- Author(s)' CV(s)
- Two published papers, and
- Proposal as per the above mentioned guidelines.

For further inquiries, please contact Ms. Ramage Nada, Senior Programs Officer,
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