

Economics Research Competition, Spring 2010

Deadline for applications: April 12, 2010

EERC was created in 1995 to train a new generation of professional and academic economists for Russia, Ukraine and other CIS countries. As of 2000, EERC serves as the regional representative of the Global Development Network (GDN, www.gdnet.org) in all CIS countries. EERC operates two key activities:

- **Kyiv School of Economics** – after 10 years of successful work in economics education and research in the region, EERC with support from the Victor Pinchuk Foundation decided to transform its international level MA Program in Kyiv into the **Kyiv School of Economics (KSE)** – www.kse.org.ua. As of summer 2009, 442 students have graduated from this program and are using their new knowledge either to work in Ukraine and internationally, or to pursue PhDs at top-quality institutions abroad.
- **EERC Research Network** invests in the virtual research infrastructure – access to literature and data, peers and experienced scholars; develops research skills through targeted methodological training; organizes research competitions and international workshops, which help build a research culture based on peer review and open professional exchange. Since 1996, the Network has held 27 research competitions and supported about 410 research projects; more than 1300 research teams from most CIS countries have taken part in the EERC research workshops, summer schools and methodological seminars. Since July 2007, the EERC Research Network and its Research Competition is based in Kyiv and organized by the **Kyiv School of Economics (KSE)**.

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Selected links:

- www.eerc.ru – more detailed information on research network of Economics Education and Research Consortium
- www.eerc.ru/publications - free access to bilingual *Working Paper Series* and occasional *policy papers*
- www.kse.org.ua – the website of the Kyiv School of Economics – the organizer of the EERC Research Competition Activities.
- <http://www.gdnet.org/cms.php?id=cis> – the Global Development Network CIS Regional Window features news and funding opportunities, policy related social science research papers from and about Ukraine, Russia and other CIS countries, profiles of researchers and research centers based in the region.

Contact Information:

Kyiv School of Economics (KSE)
ul. Yakira 13, 3rd floor, office 332, Kyiv 04119, Ukraine
Phone: +38 (044) 492–8012
Fax: +38 (044) 492–8011
irina@eerc.kiev.ua, nbystrytska@eerc.kiev.ua
<http://www.kse.org.ua>; <http://www.eerc.ru>

Spring 2010 Competition

Summary

The competition is held by the Economics Education and Research Consortium. Its goal is to support policy-relevant research projects under five priority areas (see *Thematic focus* below). Research proposals can be submitted either by individuals or small teams of CIS researchers (see *Eligibility* below). Grants are in the amount of up to \$14,000 and are typically provided for up to 18 months of work. Young researchers and researchers from the regions may be offered smaller-scale development grants (up to \$2,000) and training opportunities in the framework of EERC *Research Development Program*¹.

During the grant period, research outputs are peer-reviewed by thematic expert panels, which include reputable scholars – members of the EERC International Advisory Board (IAB) and active researchers from the CIS and abroad. Research supervision is provided at EERC semi-annual research workshops and through consultations with program staff and resource persons. The final output of each project shall be a working paper/article *and* a policy brief. The best research findings will be published in the EERC working papers series.

Proposals selected for the final review stage of the competition will be presented at the **June 2010** research workshop (tentatively planned for June 26-28); interim and final reports on funded projects will be presented in December 2010 and June 2011, respectively.

Thematic focus

Project proposals are invited in the following five thematic priority areas:

- A. **Enterprises and product markets:** regional tax policies and inter-regional competition and investment; relocation of industry and growth; industrial organization, market structure, competition and trade; corporate governance.
- B. **Labor markets and social policy:** household consumption and saving; labor supply and employment, labor mobility and migration; income and wealth distribution; education and human capital, health and fertility; pension reform.
- C. **Macro, financial markets and open economy macro:** macroeconomic management and economic growth, international finance and capital markets, balance of payments and exchange rate dynamics.
- D. **Public economics:** taxes, tariffs, economic regulation and protection; tax collection, corruption and rent-seeking behavior; fiscal federalism.
- E. **International trade and regional integration:** trade policy in relations with CIS and other countries, customs unions, tariffs and quotas; technological exchanges, international competition and cooperation; protectionism and long-term development strategy for the CIS.

For a sample of research questions under each thematic rubric please see Attachment 3.

Note: EERC encourages proposals for policy-relevant research on the border of economics and other disciplines, such as Political Science, Sociology, Demography, Geography, and Environmental Science.

Important: *The competition does not support projects of essentially personal, commercial or business interest, or projects of exclusively theoretical significance and without practical application to the problems of transitional economies. Accordingly, EERC will not support projects which focus on the creation of specific business development programs, analysis of investment projects, financial analysis of enterprise activity, business planning, marketing, management, accounting, auditing, database and software creation, translation and publication of books, preparation of educational materials, conference staging, training abroad, etc.*

Funding: terms and conditions

Research grants are awarded to individual researchers who work independently or as members of a research team for a period of up to one year. Most grants fall within the **\$6,000 to \$14,000** range, depending on the number of project participants and the specific budget requirements of the project.

Research teams invited to present their proposals at EERC research workshops will be requested to submit a detailed research budget, including information on any other sources of funding for the project. Researchers seeking to supplement available funding are also encouraged to apply (see *Research Proposal* section below).

Funding of approved projects typically begins within a month after the date of approval. Grants are paid in three equal installments: the first installment upon signing of the grant agreement, and the following two upon submission and approval of the interim and final reports. Upon completion of research, additional follow-on grants will be made available to develop the best policy briefs for presentation and discussion at policy roundtable meetings organized by the EERC.

EERC compensates travel and accommodation costs of out-of-town workshop participants (research project heads).

¹ Young researchers from CIS countries whose projects show promise may be awarded "development" grants of up to \$2,000. These grants could be coupled with an opportunity to take courses or receive guidance from faculty of **New Economic School** (Moscow), **Center for Economic and Financial Research** (Moscow), **International School of Economics** (Tbilisi) or **Kyiv School of Economics** (Kyiv).

Proposal review structure

Following initial screening by EERC Research Advisors (separately for each research priority area), proposals will be reviewed by a committee of experts representing the five thematic expert panels (see above). The best research teams will be invited to present their projects at EERC June research workshop (tentatively planned for 26-28 June in Ukraine) which constitutes the final selection round of the competition. **Heads of projects must participate in the workshop** in order to be considered for the award.

The working language of the workshop is English. Discussants are appointed from among expert panel members and workshop participants. Presenters are individually debriefed by expert panel members in order to discuss and finalize comments and suggestions for project implementation. Grants are awarded by EERC IAB based on expert panel recommendations.

*The results of initial screening will be posted on our websites <http://www.eerc.ru> by **May 30, 2010**. Workshop participants will receive individual notification of the final competition results by **August 15, 2010**.*

Evaluation Criteria

Proposal evaluation is based on the following criteria:

- Relevance to current policy concerns
- Clarity and originality of the proposed research question
- Use of modern research methodology, soundness and appropriateness of the proposed research methods
- Availability of relevant data
- The authors' experience and familiarity with relevant research literature
- Realistic and sound work plan and budget
- Quality of project presentation and the authors' participation in the workshop discussion.

In evaluating proposals, *ceteris paribus*, the International Advisory Board will also take into account the extent to which the grant will contribute to the authors' professional growth, and the goal of building research capacity in the outlying regions of the CIS countries.

Competition structure

Eligibility

Applicants must be CIS citizens permanently resident or spending at least 50% of the grant period in the CIS countries. *EERC admits participants of any faith, race, color and ethnic origin, age or gender on a competitive basis.*

Important:

- Researchers may submit only **one** research proposal per each round of the competition, either individually or as members of a research team.
- People who are studying for a PhD outside the CIS are **not eligible** for a grant. An exception on this rule can be made if the applicant commits to spend **at least 6 months** during the grant period to work in the region, and demonstrates that she/he really needs EERC support for research which would not be funded otherwise. A cover letter requesting such exceptions needs to be submitted at the time of application. You can send it to the e-mail: irina@eerc.kiev.ua. EERC reimburses travel expenses of workshop participants up to the cost of travel from the place of their permanent residence **in the CIS**.
- Researchers whose projects are currently funded by the EERC cannot submit another proposal **until after six months since their grant is closed** and the paper resulting from the project has been submitted for publication in the EERC Working Paper series (in case the final report is deemed satisfactory and publishable). New projects should be sufficiently differentiated from projects EERC supported in the past in terms of the main research hypotheses, methodology and expected results. **The maximum number** of full grants that can be received is **3**. Before a former EERC grantee applies for his/her potentially 3rd grant, she/he has to show that at least one work was published from the previous EERC paid grants.

Tenured and tenure-track Ph.D. faculty of NES, ISET and KSE CAN NOT participate in the EERC research grant competitions.

Application procedure

A complete application package must be submitted online at <http://www.eerc.ru/Registration/Research> **no later than April 12, 2010**. Incomplete or late applications will not be accepted.

Application package

An application package shall include a **set** of the following materials:

- Online registration form
- Research proposal in English
- Curriculum vitae (for each research team member)

1. Online registration form

Online registration form must be completed at <http://www.eerc.ru/Registration/Reserch>. It includes proposal identification form and (an) individual questionnaire(s).

Proposal identification form includes project title, a short description of the project in English and Russian, JEL codes (see <http://www.aeaweb.org/journal.html>, *JEL Classification System section*), names of project head and participants, and project head's contact information.

An individual questionnaire must be completed for each project participant. It includes contact information, information about education and current employment.

2. Research proposal (in English)

Research proposal is not to exceed 12 typewritten pages (*excluding attachments*), double spaced, font size at least 11 (approximately 21.600 characters), and should typically have the following structure:

- **Objectives:** provide a clear and concise statement of the project's objectives ("the problem")
- **Practical contribution of research:** describe the economic policy context of the problem you are addressing in the project. Provide a brief overview of policy alternatives you are aware of and explain how your project will contribute to their evaluation and/or development of new policy instruments and/or legislation.
- **Hypotheses:** a clear formulation of research hypotheses that are to be tested empirically. Please note that purely descriptive studies which do not aim at *explaining* observed behavior are most often rejected.
- **Literature review:** a *critical* examination of modern literature that is *directly* relevant to the project. Outline the project's potential contribution to the ongoing academic debate.
- **Methodology:** should typically include the following elements:
 - a) **Data:** *if relevant*, describe sources and structure of existing and available data. In case of new data collection, please include, *as an attachment*, a sample questionnaire.
 - b) **Theoretical model:** *if relevant*, provide a brief formal (mathematical) description of your theoretical model, including the main behavioral assumptions and constraints.
 - c) **Estimation:** *if relevant*, provide an outline of the econometric model you will use to test your hypotheses. Describe any other methods you will use to assess empirical evidence and relate it to your research questions. Discuss estimation problems, including lack of relevant data and/or statistical difficulties.
 - d) **Expected research outputs:** provide an outline of potential outputs and how they relate to the questions you are studying in the project. Any preliminary results (if available) could be provided as an attachment.
- **Bibliography:** alphabetical list of the literature *cited in the proposal*. Please list names and titles in the original language.
- **Participants:** specify the roles of all project participants and their research experience. Provide names of foreign collaborators, if any, including scientific degree and affiliation.
- **Alternative/additional sources of funding:** list, separately for each project participant, other available or potential sources of funding for the project, including research grants, submitted grant proposals, and wages (if the project is performed in connection with your regular duties). If alternative sources of funding do exist, please specify the value added to be produced with the Consortium's support.

The Consortium reserves the right to stop financing your project in case information provided in this section is found to be incomplete or incorrect.

- **Project timetable:** schedule of work on the project for each stage.

3. Curriculum vitae for each project participant (in English)

Each project participant should submit a copy of CV in English (up to two pages) covering the following:

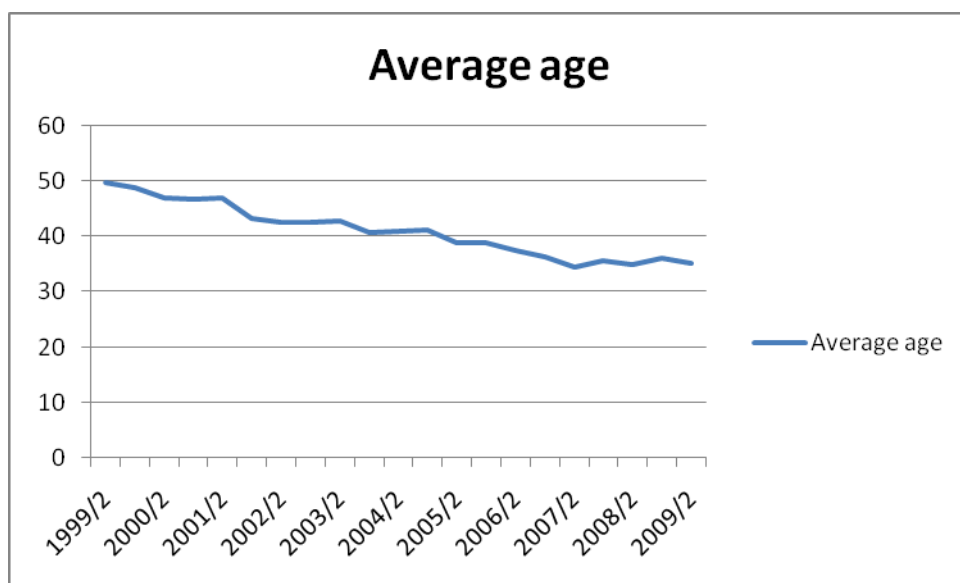
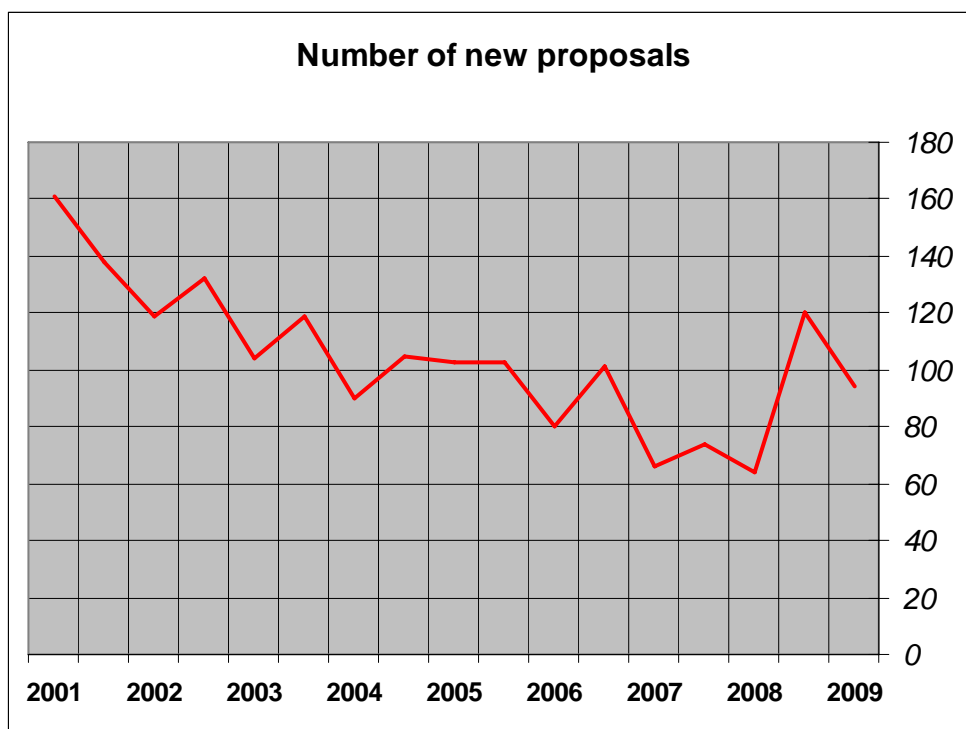
- education and work experience (in reverse chronological order)
- project-related publications (no more than five)
- past and present research grants from other sources (include title of project, size and period of grant); also other competitions which you are presently taking part in.

Persons who are temporary resident abroad for the purpose of studying and/or teaching should indicate place, terms and purpose of their stay.

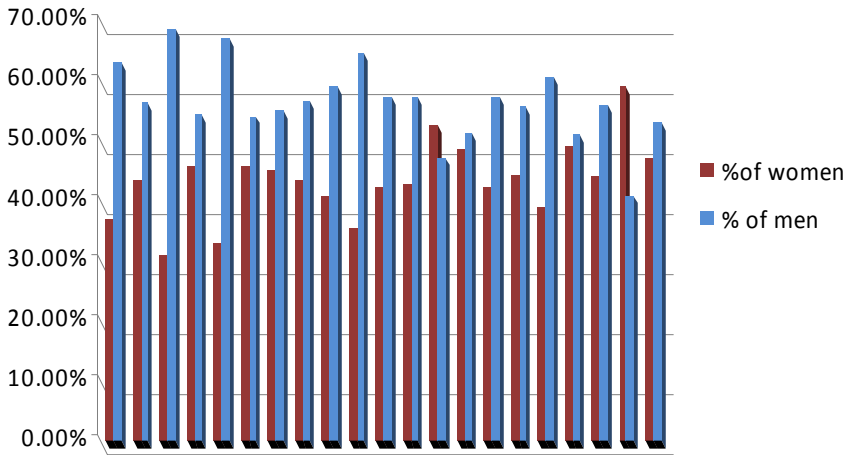
Students pursuing a PhD abroad should indicate the date of comprehensive exam(s), tentative date of graduation and intended duration of their stay in the CIS during the grant period.

Interim results of the Fall 2009 grant competition

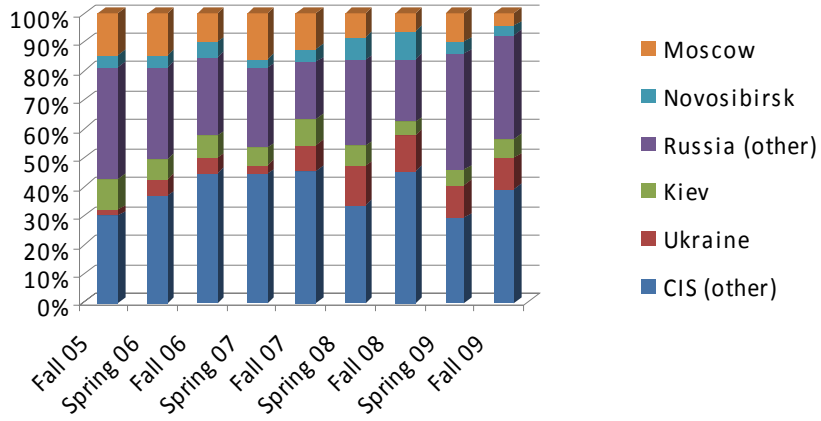
We received a total of 94 new research proposals for consideration in the Fall 2009 round of the competition. The best 19 projects were presented at the December research workshop in Kyiv. All projects, including abstracts, author profiles and workshop program are available on our website in the [Meetings and Events](#) section.



Gender of applicants



Geographical distribution of applications



Typical errors

Following are some of the typical errors that should be avoided:

1. Research goals:

- Overly ambitious (e.g. restructure Kazakhstan's natural resource industries)
- No academic content (e.g. design a regional development strategy, production technology, etc.)
- Business-oriented (e.g. develop methodology to evaluate investment projects)
- Purely descriptive (e.g. construct a typology of ...). No attempt to explain behavior or dynamics
- Very abstract, no link to economic realities and policymaking

2. Hypotheses

- Statement of a general topic of research instead of a specific problem ("analysis of the labor market", "enterprise restructuring")
- Not testable in principle, or because data is not available
- Trivial (e.g. "to grow faster Kyrgyzstan needs more investment")

3. Literature review

- Just a list of titles and names (soviet *autoreferat* style), doesn't provide a critical assessment
- Focused on general literature (e.g. labor economics) rather than literature that is specific to the project
- Focused on textbooks (e.g. MacConnell-Brue) rather than research literature
- Focused on classical literature (Marx, Adam Smith) rather than modern research texts
- Focused on national sources only (as "foreigners don't have a good grasp of Ukraine's national problems")

4. Research methodology

- Description of methodology is purely declarative (e.g. "factor and cluster analysis"). The actual research methods are not described in any detail
- Methodology is inadequate (e.g. exclusive use of charts and visual comparisons when studying the determinants of economic growth, or borrowed from physics, biophysics, etc.)
- Theory is not linked to the empirical part (e.g. when a theoretical model is borrowed from a foreign source to strengthen an empirical proposal)
- Theory is not adapted to the specific CIS circumstances (e.g. standard text-book theory)
- The theoretical model is not tractable (e.g. a system of 300 dynamic equations)
- A theoretical or econometric model is promised in the proposal but its basic structure is not presented
- The econometric model is not linked to data. Not clear how key model parameters will be calculated
- Data is not adequately described. No discussion of ways to fill in the existing data gaps. Questionnaire is not attached to the proposal

Examples of research topics***A. Economic legislation, product markets structure and firm behavior**

- ◆ Mergers and acquisitions – effect on market structure and competition, implications for monopoly regulation
- ◆ Formation of financial industrial groups: causes and effects, implications for monopoly regulation
- ◆ Changes in bankruptcy regulation, corporate governance and management practices: effect on production efficiency
- ◆ Changes in ownership structure: implications for production efficiency in industry and agriculture
- ◆ Changes in transportation costs, spatial industrial organization and regional economic growth
- ◆ Investment behavior of enterprises: dependence on type of ownership, structure of capital, access to financial resources, industry and region-specific factors
- ◆ Development of private entrepreneurship, including development of small businesses
- ◆ Labor demand, labor hoarding, and wage arrears
- ◆ Investment in the real sector of the economy, technological innovation and restructuring

B. Labor legislation, labor market and social policy

- ◆ Labor supply: regional, occupational, educational, age, family and gender aspects
- ◆ Employment and unemployment: dependence on demographic and social factors, movement in and out of unemployment, in and out of the labor force
- ◆ Employment in the presence of wage arrears, regional and industry specifics
- ◆ Demographic and social consequences of economic reforms
- ◆ Level and distribution of incomes and wealth between generations, social and occupational groups
- ◆ Dynamics of households' savings and consumption, dependence on individual characteristics, access to credit and changes pension legislation
- ◆ Structure and dynamics of income and expenditures of population, survival strategies
- ◆ Healthcare and education policy – implications for investment in human capital
- ◆ Interregional labor migration, dependence on individual characteristics and migration policy

C. Macroeconomic policy and financial markets: economic growth, international and domestic capital markets; international trade, balance of payments and exchange rate dynamics

- ◆ Exchange and interest rate policy: relation with monetary policy and inflation, influence on international capital flows and trade balance, influence on financial markets
- ◆ Public debt policy: relation with interest rate, inflation, economic growth
- ◆ Monetary policy: goals, targets, role of banks in transition to a market economy
- ◆ Analysis of financial markets, including government bonds market: dynamics and behavior of different types of investors
- ◆ Restructuring and development of banking system, insurance of deposits and dynamics of population savings
- ◆ Problem of non-payments (governmental, inter-enterprises, tax): causes, scale, dependence on monetary and fiscal policy
- ◆ Dynamics of GDP and major macroeconomic aggregates (savings, consumption, investments).

D. Public economics

- ◆ Analysis of different alternatives of “distribution of rights and liabilities” between the regions and center in taxation and provision of “public goods”: influence on economic growth and integration
- ◆ Tax collection, connection with level of tax rates, severity of inspections and punishment
- ◆ Tax system reform: influence on social welfare and development of different industries
- ◆ “Shadow” turnover, non-monetary forms of trade relations, barter, tax evasion
- ◆ Relationship between development of the tax system and firm behavior
- ◆ Antitrust regulation in different industries
- ◆ Pension reform
- ◆ Natural resources management: state environmental regulation

E. International trade and regional integration

- ◆ Accession to the World Trade Organization/EU – influence on export and import dynamics, competition on goods markets, and development of different industries
- ◆ Export quotas and customs regulation: tradeoff between social welfare and protection of domestic producers
- ◆ Influence of foreign trade policy on trade relations with CIS and other countries
- ◆ Influence of foreign trade policy on goods, raw materials and capital flows
- ◆ Foreign direct investments – causes and effects

* This list of topics is provided for illustration purposes only. The Consortium welcomes research proposals on any policy-relevant topic that conforms to the competition's general mandate.

EERC Donors

The Consortium is a partnership of prominent donors interested in fostering local capacity in economics education and research in the CIS. Consortium members include:

The Eurasia Foundation promotes the advancement of democratic institutions and private enterprise in twelve host countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. It began making grants in June 1993 and, with funding to date of \$175 million from the Agency for International Development (USAID), has maintained a core program of \$20-30 million per year ever since. Foundation programs seek to promote the skills and vision necessary to bring the greatest social and economic benefits to individuals and their societies.

Contact information: 1350 Connecticut Avenue, NW Suite 1000, Washington, D.C. 20036 U.S.A.,
Tel: +1 (202) 234-7370, Fax: +1 (202) 234-7377;
e-mail: eurasia@eurasia.org, <http://www.eurasia.org>

The World Bank is one of the world's largest sources of development assistance. Its primary focus is on helping the poorest people and the poorest countries. The World Bank uses its financial resources and its extensive knowledge to help developing countries onto paths of stable, sustainable, and equitable growth. The World Bank works to bridge this divide and turn rich country resources into poor country growth. One of the world's largest sources of development assistance, the World Bank supports the efforts of developing country governments to build schools and health centers, provide water and electricity, fight disease, and protect the environment.

Contact information: The World Bank, 1818 H Street, N.W., Washington, DC 20433 U.S.A.,
Tel: +1 (202) 473-1000, Fax: +1 (202) 477-6391; <http://www.worldbank.org>

The Government of Sweden started cooperating with the countries Central and the East Europe in 1989. For this period Sweden has spent 7.7 billion kroner for development of bilateral cooperation in this region. The given sum includes the Swedish contribution to the European programs of cooperation PHARE and TACIS. Overall aims of the Swedish government - a deepening of democratic values and support of socially stable economic transformations.

Contact information: Rosenbad 4 SE-103 33 Stockholm, Sweden
Tel.: +468 405 1000, <http://www.sweden.gov.se/>

The Global Development Network (GDN) is a global network of research and policy institutes working together to address the problems of national and regional development. GDN supports multidisciplinary research in social sciences, promotes the generation of local knowledge in developing and transition countries, produces policy relevant knowledge on a global scale, builds research capacity to advance development and alleviate poverty, facilitates knowledge sharing among researchers and policymakers, and disseminates development knowledge to the public and policymakers.

Contact information: <http://www.gdnet.org>

The Victor Pinchuk Foundation – the goal of the Victor Pinchuk Foundation is to contribute to the modernization of Ukraine and to bringing up a new generation of Ukrainian leaders who are committed to serving the country. The Foundation's six fields of activity and nearly 20 projects have been carefully selected due to their strategic importance to fulfill this goal: Health ("Cradles of Hope" Neonatal Centers, fight against HIV/AIDS), Education ("Zavtra.UA" Scholarship Program, Kyiv School of Economics (KSE), "Aspen - Ukraine" project), Culture ("PinchukArtCentre" Contemporary Art Centre, "Spell your name" Documentary produced in cooperation with Steven Spielberg, "Four seasons" Chamber Orchestra, Cultural events support), Human Rights (Legal Clinics, Legal Aid in cooperation with the Soros Foundation), Ukraine in the World (YES - Yalta European Strategy, Amicus Europae Foundation, Brookings Institution, Peterson Institute of International Economics, International Crisis Group, Davos Ukrainian Lunch), Local Communities (Projects in Dnipropetrovsk, 'Beit Tzindlikht' Project)

Contact information: 42-44 Shovkovychna street, Kyiv 01601, Ukraine
Tel.: +380 44 490 48 35, fax: +380 44 490 48 78
e-mail: info@pinchukfund.org; <http://pinchukfund.org/uk/>

The Government of Norway (Ministry for Foreign Affairs). The overriding objective for Norway's aid is to make development ecologically, economically and socially sustainable. Norway promotes stable, healthy economic development and a society with a high quality of life, and plays a part in helping the poor people of the world to achieve material welfare and a higher quality of life.

Contact information: <http://odin.dep.no/ud/english/bn.html>