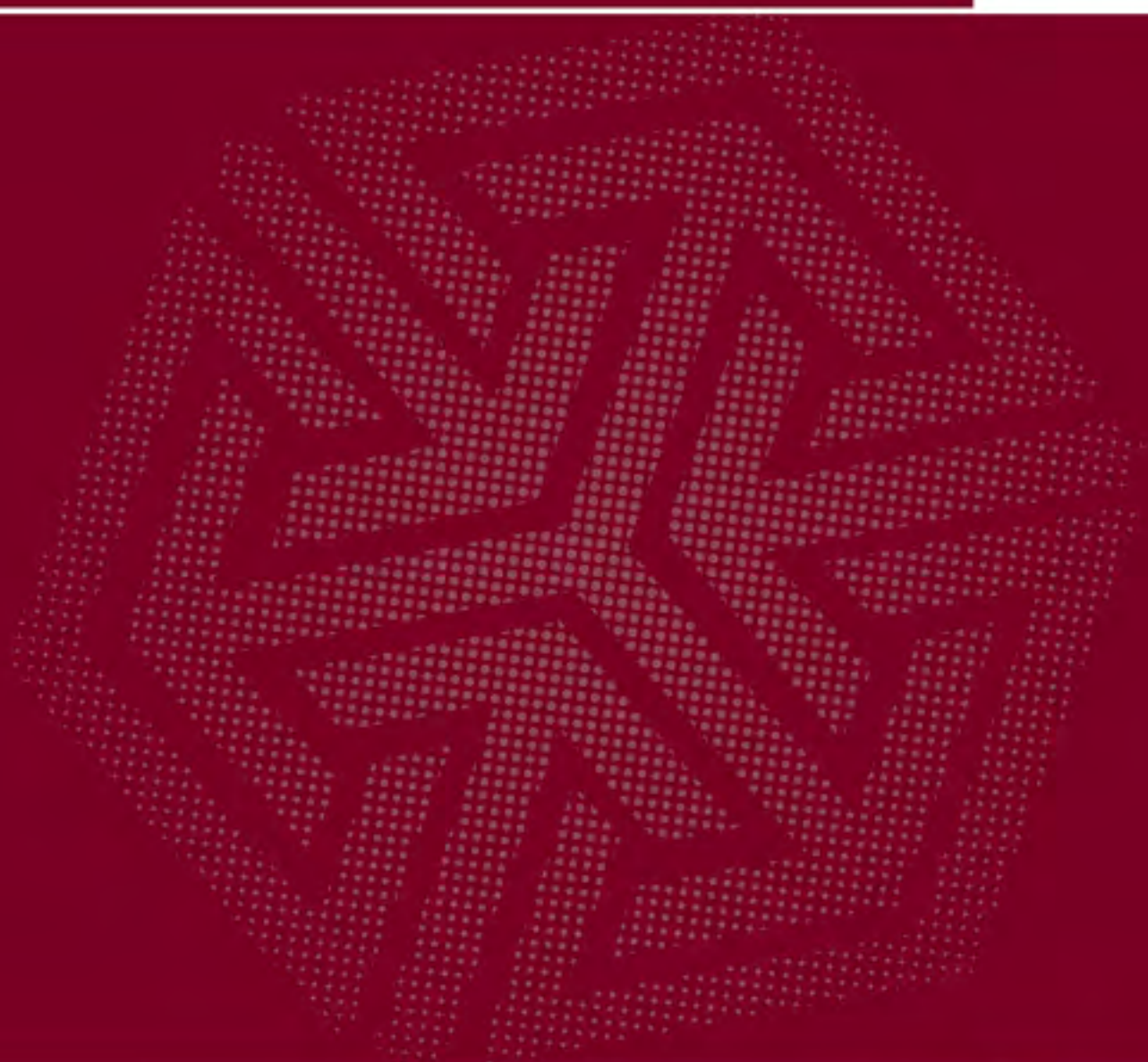


# ECONOMIC RESEARCH FORUM

ANNUAL REPORT

# 2014



ECONOMIC  
RESEARCH  
FORUM



منتدى  
البحوث  
الاقتصادية

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ANNUAL REPORT

2014



ECONOMIC  
RESEARCH  
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منتدى  
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# About ERF

## Our Mission

The Economic Research Forum (ERF) is a regional network dedicated to promoting high quality economic research to contribute to sustainable development in the Arab countries, Iran and Turkey.

## Our Objectives

Established in 1993, ERF's core objectives are to build strong research capacity in the ERF region, to lead and support the production of independent, high quality economic research, and to disseminate research output to a wide and diverse audience.

## Our Activities

To achieve these objectives, ERF carries out a portfolio of activities. These include mobilizing funds for well conceived proposals; managing carefully selected regional research initiatives and providing training and mentoring programs to junior researchers. It also includes organizing seminars and conferences based on research outcomes; and publishing research output through multiple channels including working papers, books, policy briefs and a newsletter – *Forum*.

## Our Network

The ERF network comprises a distinguished Board of Trustees (BOT), accomplished researchers from the region and highly dedicated head-office staff. A not-for-profit organization, the Forum is supported by multiple donors, both regional and international.

## Contact Information

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# Message from the Chairman of the Board of Trustees



**A**s I look back at 2014, the need for building bridges between policy-makers and the best and brightest scholars in our region through novel ideas has never been clearer. This is precisely what the ERF has ably strived to do this past year.

The context of ERF's work continued to be shaped by changes unfolding across the region. While some developments on the political and economic fronts were promising, others were quite alarming. And while the business of creating relevant knowledge to inform decision-making processes is critical in general, it is more so during times of momentous transitions. To this end, ERF seems to have lived up to its promise.

Looking at the activities outlined in this report, ERF has come a long way since its creation in 1993. Last year, ERF completed a large number of high-quality research projects and mounted significant efforts towards building research capacities in the region. This is surely a sign of success. Still, the fact remains that more effort is needed to translate new knowledge into policies that truly make a positive difference in the lives of our people. And while this responsibility is shared collectively by civil society, including ERF, perhaps more importantly it also needs to be shared by our regional political leaders.

For all of the efforts that made 2014 a year of accomplishments and for all of the progress that has thus far been achieved, there are not enough ways to thank ERF's affiliates and its dedicated management and staff, who comprise the beating heart of this organization. Just as importantly, I must extend my sincerest appreciation and gratitude to our partners at the Arab Fund for Economic and Social Development, the World Bank, the International Development Research Centre, the Swiss Government and the Ford Foundation. Last but not least, I would like to acknowledge the priceless guidance and support given to the ERF by my colleagues on the Board of Trustees.

May 2015 be a year of hard work and concerted efforts for the prosperity of this organization, the region and the world.

**Abdlatif Al-Hamad**

A handwritten signature in black ink, appearing to read 'Al-Hamad', followed by a long horizontal line that ends in a stylized arrow pointing to the right.

*Chairman of the Board of Trustees*  
**Economic Research Forum**



# Message from the Managing Director

**Last** year was marked by tremendous socio-economic and political changes in the ERF region. ERF continued its search for answers to cope with these changes. At the most basic level, these questions include: How do we make sense of constantly changing conditions in our region and what are the consequences of these changes? How do we verify the validity of alternative solutions to the pressing challenges facing us? More importantly, how do we choose a path that leads to the prosperity that this region should and could have?



In our search for answers, 2014 was a major step forward. ERF managed an impressive total of 73 projects, involving 178 researchers, and initiated 36 new research projects, covering a variety of core themes. It also published 76 working papers and is preparing an edited volume on oil rents to be published by Cambridge University Press in 2015.

Simultaneously, ERF held 12 highly successful seminars, workshops and conferences in 2014, bringing together the Forum's extensive network of intellectuals, policy-makers, concerned citizens and media. Among these events, ERF partnered with the International Economic Association (IEA) for the organization of the IEA's Seventeenth World Congress in Jordan.

In 2014, the Arab Spring Development Initiative (ASDI) replaced the Research Initiative for Arab Development (RIAD) that ended in 2013. Both initiatives are the product of a multi-year partnership between the Arab Fund for Economic and Social development and the World Bank in support of ERF's core activities. They have proven to be key to the progress that ERF has been able to achieve over the past few years.

Looking ahead, the ERF team is committed to exerting even more effort toward the support of new research activities and the building of the region's research capacity. Because we also believe that the value of research lies in the extent to which it informs policymaking, ERF intends to pursue a more vigorous strategy toward the dissemination of its research.

Last but not least, ERF's outstanding accomplishments did not happen haphazardly; rather, they were the result of the strong-willed determination of many individuals and institutions, who together I like to call the 'ERF family.' The members of this family include ERF staff, affiliates, Board of Trustees and partner institutions. To all of them, my deepest gratitude and appreciation.

Together, I have no doubt that we can make a positive dent in shaping our societies.

**Ahmed Galal**

A handwritten signature in dark ink, appearing to read 'A. Galal', written in a cursive style.

*Managing Director*  
**Economic Research Forum**

# Network and Capacity Building

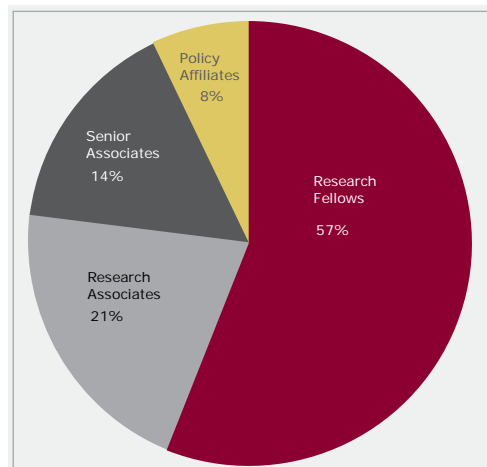
**E**RF prides itself on the strength of its network, which comprises an exceptional community of Research Fellows, Research Associates, Senior Associates, and Policy Affiliates. Collectively, this group of researchers works hard to produce top-notch economic research on and for the region. The nurturing of promising researchers and the maintenance of partnerships with like-minded institutions have fueled and sustained ERF's network and its role as an important knowledge hub in the region.

## ERF Affiliates

In 2014, the ERF network took in a number of young researchers who had taken an interest in ERF, looking to make the most of its nurturing knowledge-packed environment.

By the end of 2014, ERF affiliates numbered 293 in total, with the addition of seven new Research Fellows, eight new Research Associates and three Policy Affiliates. Most ERF affiliates reside inside of the region (two-thirds) and the majority of affiliates continue to be Research Fellows (57%), while the rest are divided between Research Associates (21%), Senior Associates (14%) and Policy Affiliates (8%) (Figure 1). The percentage of female affiliates has been steady since 2013.

**Figure 1. ERF Affiliates by Category, 2014**



**Table 1. ERF Affiliates by Gender**

	Gender		Total
	Male	Female	
Research Fellows	131	36	167
Research Associates	37	23	60
Senior Associates	40	2	42
Policy Affiliates	14	10	24
Total	222	71	293

**Table 2. ERF Affiliates by Residency**

	Residency		Total
	Inside	Outside	
Research Fellows	101	66	167
Research Associates	46	14	60
Senior Associates	33	9	42
Policy Affiliates	18	6	24
Total	198	95	293

## CAPACITY Building

In 2014, ERF continued to enable researchers with opportunities to acquire new skills and gain exposure to new methods and concepts through tailored training workshops. It also offered researchers opportunities to participate in international conferences.

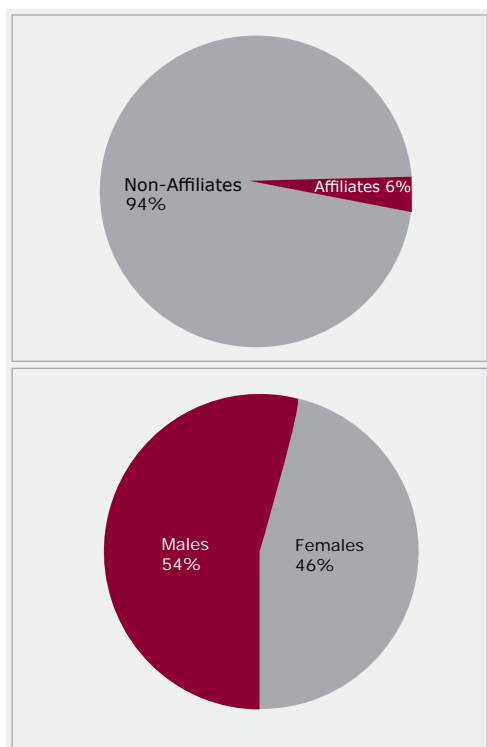
### Training

In 2014, ERF organized five training workshops. All trainees were selected on

the basis of a competitive call for participants and explicit eligibility criteria. The feedback received from trainees has been always very positive and it has been common for ERF to receive far more applications for training than it can accommodate.

On participation, diversity continues to be the trend. Last year, 94% of the participants in training events were non-ERF affiliates. Likewise, ERF continues to enjoy balanced participation in terms of gender.

**Figure 2. Participation in Training Events by Affiliation and Gender**



Below is a description of each of the training events organized during the reporting period.

*Measuring Inequality of Opportunity and Inequality of Outcomes Using Household Data, January 13, Khartoum, Sudan*

This one-day workshop, led by Rana Hendy, was conducted for some 20 Sudanese researchers. It covered techniques of measuring inequality of income, health and education status using a variety of survey data sets from Arab countries. It also covered different methods of linking inequality of outcome to underlying inequalities of circumstances, such as family background, gender and place of origin.

*Macro-Econometric Modeling with a Global Perspective, August 10-12, Cairo, Egypt*

Over the span of three days, ERF organized a training workshop, led by Alaa El-Shazly and Kamiar Mohaddes, on different techniques used in time series macro-econometrics, for 20 participants from the Middle East and North Africa (MENA). The workshop covered a number of models that have proven successful in describing the dynamic behavior of economic and financial time series and forecasting, and in analyzing the impact of policy shocks on economic variables.



# Network and Capacity Building



Trainers and trainees during various ERF training workshops, 2014.

## *Writing Winning Research Proposals and Papers, September 28-29, Tunis, Tunisia*

This workshop guided researchers to develop proposals that ask policy-relevant questions, while ensuring that these proposals are implemented using rigorous techniques. This year, the training, facilitated by Atif Kubursi, brought together 12 young researchers and focused on microeconomic research proposals.

## *Training Workshop for the Staff of National Statistical Agencies, December 5-7, Cairo, Egypt*

In celebration of the 100<sup>th</sup> anniversary of the creation of Egyptian official statistics and the 50th anniversary of the foundation of the Central Agency for Public Mobilization and Statistics (CAPMAS), ERF organized two workshops for

50 participants from the national statistical agencies of the Arab countries, in partnership with CAPMAS. The first training focused on Sampling and Data Collection and Dissemination, while the second focused on Statistical Analysis of Panel Data. These workshops were conducted under the umbrella of ERF's OAM-DI capacity-building activities.

## *Writing Effective Policy Briefs, December 7-8, Cairo, Egypt*

ERF organized a two-day workshop on writing policy briefs for 20 researchers from across the region. The workshop emanated from ERF's firm belief that researchers can play an instrumental role in informing policy processes and was facilitated by Ishac Diwan and Sherine Ghoneim. Training sessions covered such topics as: What Policy Makers Look For in a Policy Brief; Planning, Writing and Checking a Policy Brief; and Visual Aids and Tips for an Effective Policy Brief.

Sessions were convened to provide peer review and the workshop concluded with the announcement of the Most Effective Policy Brief Award.

*Supporting Participation of Young Researchers in the 15<sup>th</sup> Annual Conference of the Global Development Network (GDN), June 18-20, Accra, Ghana*

As part of its commitment to upgrade the capacity of researchers in the region and to provide them with opportunities for exposure to and interaction with international researchers, ERF supported the participation of four young researchers in the 15th Annual Conference of the Global Development Network (GDN), which took place on June 18-20 in Accra, Ghana. The conference focused on Structural Transformation in Africa and Beyond, an issue of relevance to the ERF region.

*Supporting Participation of Young Researchers in the Middle East Economic Association's (MEEA) Conference*

ERF supported the participation of four young researchers from the region in the Middle East Economics Association conference. This event was held with the support of the American Economic Association, during January 3-6, in Philadelphia, USA.

## PARTNERSHIPS

ERF works closely with similar institutions and enters into partnerships with select, committed donors who believe in its mission.

For more than 15 years, ERF has been partnering with the Institut de la Méditerranée (IM), Marseille, France, to co-

ordinate the FEMISE network. In 2005, FEMISE was established as an NGO with the objective of carrying out research on the intersection between Europe and the South Mediterranean region and to construct policy dialogues between researchers and policy makers in this region. Accordingly, FEMISE's work complements that of the ERF. By 2014, the FEMISE network comprised 99 research institutes, covering the north and south of the Mediterranean.

Moreover, ERF continues to be one of seven regional partners of the Global Development Network (GDN). In that capacity, ERF ran an ERF-GDN regional research competition on education last year.

In addition, ERF has been fortunate to enjoy the support of a number of very committed organizations that believe in



*Trainees during various ERF training workshops, 2014.*

# Network and Capacity Building

the Forum and its goals. ERF is grateful to the Arab Fund for Economic and Social Development, the International Development and Research Center in Canada, and the Swiss Agency for Development and Cooperation for their contributions to ERF's core funding and their unwavering support. ERF is equally appreciative of the World Bank and Ford Foundation for their generous and continued support of major research initiatives. Without these partnerships, ERF's ability to take on the kind of high-quality research needed to help guide regional development would have been severely hampered.

were honored, along with Research Fellows Ragui Assaad, Hanaa Kheir-El-Din, Mustapha Nabli, Djavad Salehi-Isfahani and Subidey Togan. ERF also paid tribute to donors and partners for their continuous and firm financial support, and a special recognition award was presented to Abdlatif Al-Hamad, the current Chairman of the Board of Trustees and the Chairman of the Arab Fund for Economic and Social Development. In the same celebratory spirit, ERF invited the Annual Conference participants to a classical Arabic music and song concert at the Arab Music Institute.

## NETWORK

### News

#### **Ahmed Galal Back as ERF Managing Director**

Ahmed Galal is back as ERF Managing Director, following an interim appointment as Minister of Finance in Hazem El-Beblawi's Government in 2013.

Galal contributed to a successful transition and gleaned instrumental insight on the nature of policy-making in the region, something sure to resonate in his work at ERF for years to come.

#### **ERF Community Celebrates Forum's 20<sup>th</sup> Anniversary**

ERF celebrated its 20<sup>th</sup> anniversary during the 2014 Annual Conference. During the conference, the key people whose contributions have influenced the evolution and achievements of ERF over its first two decades were also recognized and celebrated. Founding Managing Director Heba Handoussa and the Board of Trustees' first Chairman Samir Makdisi

#### **Arab Spring Development Initiative Gaining Ground**

As the Research Initiative for Arab Development (RIAD), ERF's major multi-year multi-theme research initiative between 2009 and 2013, came to an end, a new one, the Arab Spring Development Initiative (ASDI) (a three-year program supported by the World Bank and the Arab Fund for Economic and Social Development), was launched in 2014. Besides continuing to focus on key thematic research areas, ASDI entails more focus on Policy Dialogue. Activities under the Policy Dialogue theme include Regional Policy Forums, Media Seminars, Policy Briefs, and Policy Advice. The Policy Dialogue program is being led by Mustapha Nabli.

Also in the context of ASDI, in 2014 ERF reconstituted its Scientific Committee (SC). Combining a mix of international and regional scholars, the current members are: Erik Berglof, Mahmoud El-Gamal, Caroline Freund, Atif Kubursi and Thomas Piketty. The committee also includes ERF's representatives of the two largest donors: the World Bank (represented by Shantayanan Devarajan) and





*ERF community celebrates Forum's 20<sup>th</sup> anniversary.*

the Arab Fund for Economic and Social Development (represented by Imed Limmam). The SC provides guidance with respect to: (i) setting research priorities of the ERF research agendas across a number of themes, (ii) ensuring high scientific quality of research proposals and deliverables, and (iii) providing feedback on ERF's micro data initiative and policy dialogue activities.

### **FEMISE Won a New Competition**

In response to a call for proposals by the European Commission, FEMISE submitted a proposal that was supported by the majority of its member institutions. FEMISE won the competition at the end of 2014. The new grant, in the amount of Euro 2.5 million, will ensure the continuity of FEMISE's research and network activities over the next four years.

### **ERF Participates in the Organization of IEA's 17<sup>th</sup> World Congress**

ERF, along with other prestigious institutions, was one of the main partners in the organization of the International Economic Association's 17<sup>th</sup> World Congress held June 6-10, 2014, in Jordan. This was the first time for the IEA, currently led by renowned economist Joseph Stiglitz, to hold its triennial World Congress in the Arab World.

The conference brought together over 600 economists, politicians, academics, bankers, and representatives of international organizations. ERF organized four high-level policy seminars covering subsidy reform and equity in MENA, policy making after the Arab Spring, the political economy of change in the Middle East, and inequality of opportunity in the Middle East.

# Research Activities

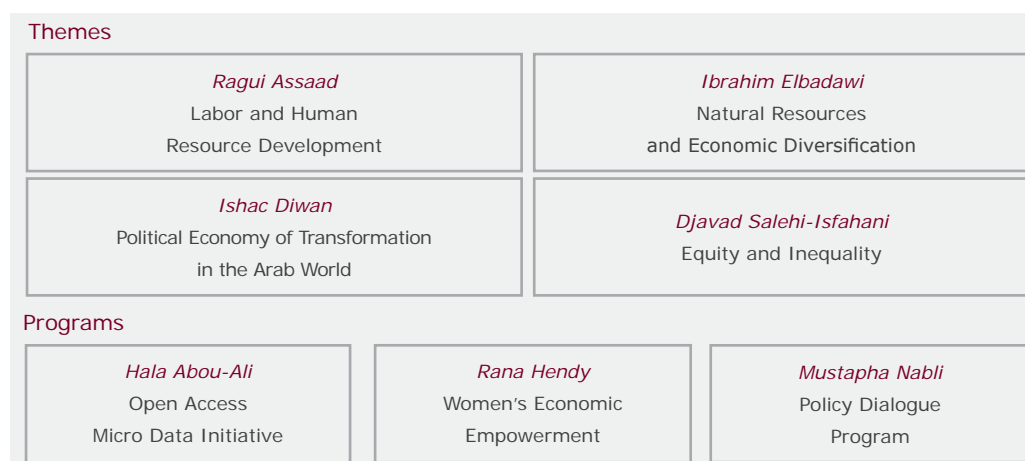
In 2014, ERF focused on five thematic areas of research: Equity and Inequality, Natural Resources and Economic Diversification, the Political Economy of Transformation, Labor and Human Resource Development, and Gender and Women's Economic Empowerment.

Each area of focus is led by a Thematic Leader (see Figure 3). The progress made under each area is outlined below.

- On Equity and Inequality, the research agenda proceeded under two broad subthemes: measurement of inequality and drivers of inequality. New projects were undertaken on fiscal policy and inequality, trade policy and inequality, access to basic services, and inequality of opportunity.
- On Natural Resources and Economic Diversification, progress was made last year on several fronts: institutions and macroeconomic management in resource-rich Arab economies, export diversification, and the impact of undervaluation on exports.
- On Labor and Human Resource Development, attention was given to the collection and analysis of data on labor markets, studying labor market regulations, informality, labor market dynamics, education and labor mobility.
- On the Political Economy of Transformation, the research involved projects such as the pulse of the Arab street, the evolution and structure of fiscal policy, and the nature of state-business relationships.
- On Gender and Women's Economic Empowerment, the research work covered issues of work-life conflicts, time use, entrepreneurship and the feminization of poverty and social protection.

All projects were open to ERF and non-ERF affiliates and were subject to peer reviews and the scrutiny of a reputable scientific committee, whether the proposals had been solicited or submitted in response to an open call for papers. The

**Figure 3. Thematic and Program Leaders, 2014**



final selection process was guided by an attempt to achieve a balance between merit and inclusion of junior and female researchers.

In terms of number of projects and number of researchers, the track record for 2014 is impressive. In total, ERF managed 73 projects, engaging 178 researchers. Of these projects, ERF initiated 36 new research projects in 2014 (see Table 3).

The geographical coverage of most projects was regional in nature, while slightly less than 30 projects had a country focus. Table 3 provides a summary of

the origin of the projects, number of researchers involved and the geographical coverage.

## Researcher Profile

As can be seen from Figures 4 and 5, ERF's research activities continue to attract economists both from within the Forum's network as well as non-affiliates from different parts of the world. Indeed, non-affiliates constituted 78% of overall grantees last year. The figures also show how ERF continues to maintain a reasonable gender balance of around a 60 to 40 male to female ratio.

**Table 3. Summary of ERF Research Projects in 2014**

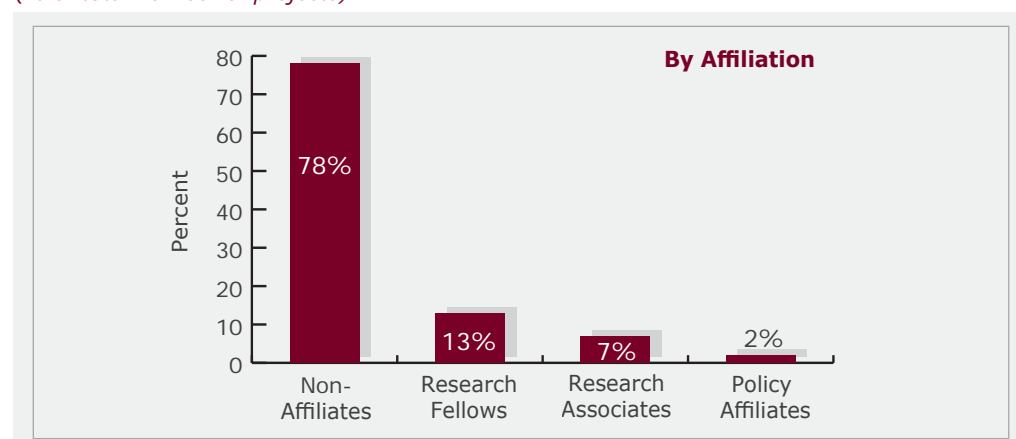
(in numbers)

How Projects Were Received	Projects	Researchers*	Geographical Coverage	
			Country	Regional
Research Competitions	48	75	30	18
Structured Research Projects	25	103	15	10
Total	73	178	45	28

\* These numbers exclude those researchers who presented papers at ERF's 20<sup>th</sup> Annual Conference. The table also does not cover the research projects undertaken under the umbrella of FEMISE.

**Figure 4. Research Projects by Researchers' Affiliation**

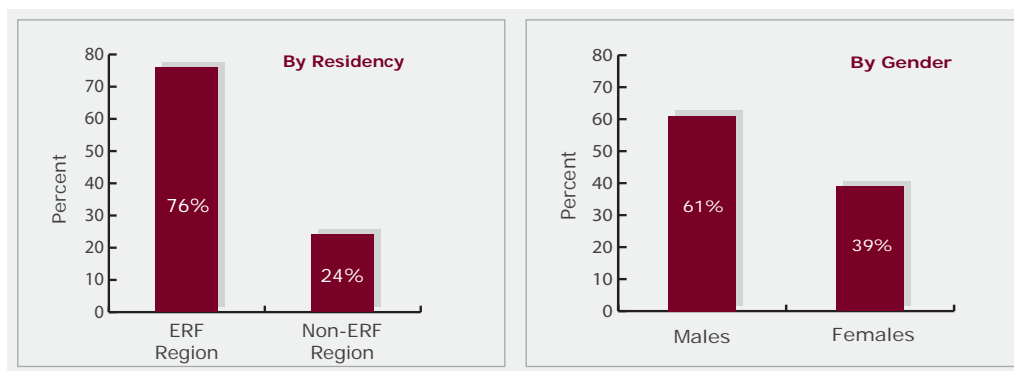
(% of total number of projects)





# Research Activities

**Figure 5. Research Projects by Researchers' Residency and Gender**  
(% of total number of projects)



## Thematic Coverage

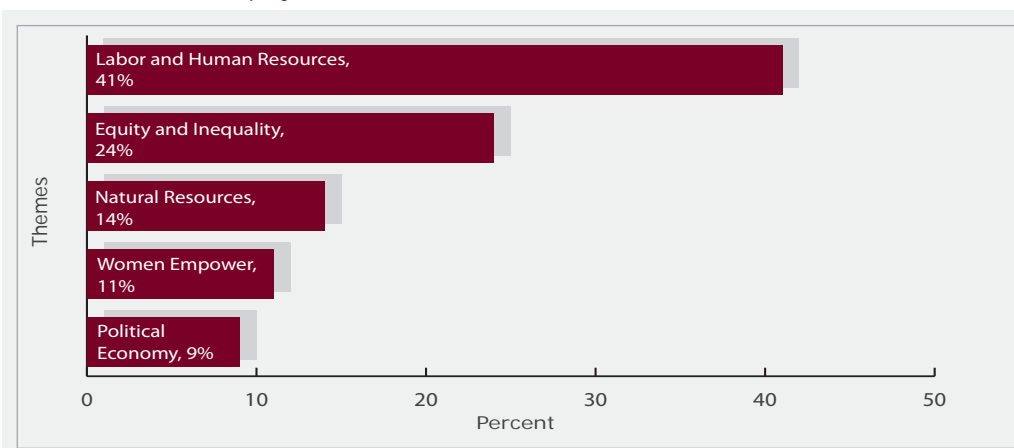
In terms of thematic coverage, the figure below shows that the theme of Labor and Human Resource Development received the most attention last year, with 29 projects.

The theme of Equity and Inequality attracted the second most research, as 17 projects came under that theme; followed by the theme of Natural Resources and Economic Diversification,

with 10 projects; the theme of Gender and Women's Economic Empowerment, with 8 projects; and, finally, the theme of the Political Economy of Transformation in the Arab Region, with 6 projects.

To gain further insights about the topics of the research projects, the authors involved and the stage of processing of these projects, see Table 4. A brief summary of each project is given in Annex B at the end of this annual report.

**Figure 6. Research Projects by Theme**  
(% of total number of projects)



**Table 4. ERF Research Projects by Stage of Processing and Lead Researchers, 2014**

Project	Team Leaders
<b>Completed Projects</b>	
Measuring Top Incomes and Inequality in the Middle East: Data Limitations and Illustration with the Case of Egypt	Thomas Piketty and Facundo Alvaredo
The Impact of Iran's Subsidies on Households	Djavad Salehi-Esfahani
How Did Firms Export New Sophisticated Products with Few Existing Capabilities in Lebanon?	Sami Attallah and Dima Karabala
Exports Diversification: New Evidence Using Customs Data	Rana Hendy and Chahir Zaki
Democracy, Democratic Consolidation and Military Spending	Ibrahim Elbadawi and Phil Keefer
Private Sector Development and Economic Diversification in the GCC countries	Mohamed Chemingui
Political Economy of Macroeconomic Policy in Resource-Rich Arab Economies	Ghassan Dibeh
Do Natural Resources Inhibit Transparency	Hamid Mohtadi, Michael Ross, and Stefan Ruediger
Formal-Informal Gap in Return to Schooling and Income Penalty to Education-Occupation Mismatch, A Comparative Study for Egypt, Jordan, and Palestine	Tareq Sadeq
Trade Liberalization and the Costs and Benefits of Informality, An Intertemporal General Equilibrium Model for Egypt	Abeer Elshennawy
The Pulse of the Arab Street: Understanding the Political Economy of the Arab Uprisings Using Novel Public Opinion Data	Ishac Diwan
The Political Economy of Fiscal Policy (in non-GCC) MENA Countries	Ishac Diwan
The Work-Life Conflict and Well-Being of Employed Women In Turkey	Cem Baslevent
Female Empowerment and Time Use of Urban Women in Iran	Djavad Salehi-Isfahani
The Egyptian Labor Market in a Revolutionary Era	Ragui Assaad
Labor Regulations and Informality in Egypt	Jackline Wahba
Adjustments to Shocks and Labor Market Dynamics in Egypt: The Egypt New Labor Law 2004	Chaimaa Yassine
How Long Does it Take To Get Social Insurance? Informality Dynamics in the Egyptian Labor Market During the Period of 1998-2012	Irene Selwaness and Rania Roushdy
The Effects of Labor Market Reforms on the Labor Market Dynamics in Turkey	Seyit Mümin Cilasun

# Research Activities

**Table 4. Continued**

Project	Team Leaders
<b>Completed Projects</b>	
Transitions Across Formal / Informal Divide in the Labor Markets in Egypt And Jordan	Aysit Tansel
The Pros and Cons of Formalizing Informal MSMEs in the Palestinian Economy	Hanan Nazier
Rethinking the Distribution Effects of Informality in Egypt: A Micro-Simulation Analysis	Reham Rizk
Women Empowerment and Poverty: Application on the Case of Egypt	Hanan Nazier
Is Women's Work a Pathway to their Agency in Rural Egypt?	Kathryn Yount
Women At Work in Oman's Emerging Private Sector: Opportunities and Constraints of Female Labor Participation in a Rentier Economy In Transition	Marike Bontebal
<b>Ongoing Projects</b>	
The Nexus between Informal Credit and Informal Labor for Micro and Small Enterprises (MSEs) in Egypt	Mohamed El Komi and Mona Said
Institutional Requirements for Optimal Monetary Policy in the Resource-Dependent Arab Economies	Bassem Kamar
Fiscal Institutions and Macroeconomic Management in Resource-Rich Arab Economies	Jeffrey Nugent
Gender, Enterprise Ownership, and Labor Allocation in MENA	Hadi Esfahani
Labor Market Institutions, Employment, and Gender in MENA Countries	Hadi Esfahani
Incentives for Better Quality Higher Education	Ragui Assaad
Economic Reforms and the Feminization of Poverty: Evidence from Egypt	Shireen Alazzawi
<b>Initiated Projects</b>	
The Human Opportunity Index in the Middle East	Djavad Salehi-Isfahani and Atieh Vahidmanesh
Inequality of Opportunity in Income and Consumption in Egypt, Jordan, and Tunisia	Ragui Assaad, Rana Hendy, Caroline Krafft, John Roemer and Djavad Salehi-Isfahani
The Impact of Fiscal Policy on Inequality and Poverty in the Arab Countries, Iran and Turkey: Applying the Commitment to Equity (CEQ) Framework to Egypt	Nora Lustig and Hala Abou-Ali
The Role of Fiscal Policies in Fighting Poverty and Reducing Inequality in Iran with a Focus on Energy Subsidies Reform	Ali Enami and Nora Lustig

**Table 4. Continued**

Project	Team Leaders
<b>Initiated Projects</b>	
How did Trade Policy Affect Inequality in the MENA Region?	Akiko Suwa-Eisenmann and Chahir Zaki
The Impact of Unconditional Cash Transfers on Labor Supply: Evidence From Iran's Energy Subsidy Reform Program	Djavad Salehi Isfahani and Mohammad Hadi Mostafavi Dehzoee
A Comprehensive Approach to Measuring Income Inequality in the Arab World	Rana Hendy and Hoda El Enbaby
The Distributional Effects of Trade Policy in Tunisia	Leila Baghdadi, Inmaculada Martínez-Zarzoso and Habib Zitouna
A Comparative Study of Pro-Poor Growth in Three MENA Countries	Ali Hashemi
Decomposing Income Inequality in Tunisia and Egypt	Yosr Abid, Cathal O'Donoghue and Denisa Sologon
Social Transfers and Income Inequalities in Egypt and Jordan	Yousef Beshay and Nyasha Tirivayi
Demographic Change, Fiscal Policy and Pension Systems in MENA Countries	Mehmet Serkan Tosun
Contribution Density Determinants and Labor Market Effects of Pension Reform in Tunisia	Mehdi Ben Braham, Mouna Ben Othman and Mohamed Ali Marouani
The Impact of Pension and Social Assistance on Poverty and Inequality: Evidence from Egypt	Mohamed Arouri and Nguyen Viet Cuong
Assessing the Effect of Subsidizing Private Pension Participation on Aggregate Savings and Other Macroeconomic Outcomes: Theory and Evidence from Turkey	Seyit M. Cilasun and Semih Tumen
Undervaluation and Firm-Level Exports Diversification in Arab Countries	Khaled Sekkat
The Political Economy of Macroeconomic Policy in Resource-Rich Arab Economies	Adeel Malik
Political Connections and Public Procurement in Turkey: Evidence from Construction Work Contracts	Esra Çeviker Gürakar, Tuba Bircan İldiri and Umut Gündü
State Capture: Evidence from Tunisia	Hassan Arouri , Leila Baghdadi and Bob Rijkers
Is There a MENA Variety of Capitalism?	Steffen Hertog
Moroccan Cronyism and Economic Growth	Saadi Med Said
Labor Market Dynamics in MENA	Ragui Assaad

# Research Activities

**Table 4. Continued**

Project	Team Leaders
<b>Initiated Projects</b>	
Late-Life Living Arrangements and Intergenerational Ties in Egypt. Elderly Socio-Economic Conditions From Labor Market Surveys	Aurora Angelli
The Selection Aspects of Emigration in Egypt at the Individual, Household and Community Levels	Sami Bensassi, Anda David and Joachim Jarreau
Intergenerational Mobility in Women's Employment Outcomes in Egypt	Maia Sieverding
Labor Mobility In Egypt, Jordan and Turkey: A Multi-State Multi-Spell Analysis Using the ELMPS, JLMPS and TWMHS	Zeynep Başak and Erol Taymaz
Does Migration Affect Labor Supply, Non-farm Diversification and Income of Home Households? Evidence from Egypt	Mohamed Aroui and Cuong V. Nguyen
Women's Participation in Labor Market in Egypt: Constraints and Opportunities	Hanan Nazier and Racha Ramadan
Do Remittances and International Migration Affect the Performance of Labour Market in Jordan? An Empirical Investigation	Ghazi Alassaf
Impact of Technology on Family Formation	Ehab Sakr and Noran Farag
Meeting the Challenges of Secondary Education in MENA Region: Improving Efficiency of Resources	Donia Smaali Bouhlila
Identification of Sources of Students Inefficiencies in 5 MENA Countries with the Bias of Stochastic Discount Factor	Mohamed Ayadi and Abdelali Ben Mbarka
Returns to Schooling in Egypt	Meltem Dayioglu-Tayfur, Murat G. Kirdar, Abdurrahman Aydemir, and Ragui Assaad
Out of Pocket Education Expenditure and Household Budget: Evidence From Arab Countries	Reham Rizk and Hala Abou-Ali
Determinants of Education Expenditures and Private Vs. Public Divide in Educational Outcomes in Turkey	Elif Öznur Acar, Seyit Mümin Cilasun, and Burak Günalp
Gender and Social Protection	Rana Hendy
<b>Micro Datasets</b>	
Household Survey Data	Hala Abou-Ali
Jordan Labor Market Panel Survey (JLMPS)	Ragui Assaad and Bassem Shannaq
Tunisia Labor Market panel Survey (TLMPS)	Ragui Assaad

\* A brief summary of each project is given in Annex B at the end of this annual report.

## Micro Data sets

Data collection intensified and harmonization of micro data sets continued vigorously in 2014. By the end of 2014, ERF had collected 37 household surveys, covering 14 Arab countries.

ERF also invested in expanding collaboration with statistical offices to make Labor Force Surveys (LFS) available in a harmonized fashion. To date, two Arab countries have already signed memorandums of understanding (MOUs) and several others have expressed interest. It is expected that 2015 will witness the dissemination of harmonized LFS data.

The ERF data portal ([www.erfdataportal.com](http://www.erfdataportal.com)), which was launched in April 2013, now holds 35 data sets, of which 22 are Household Income and Expenditure Surveys from five Arab countries, four Labor Market Panel Surveys from Egypt and Jordan, seven data sets on micro and small enterprises from four countries, and two Higher Education Graduates Surveys covering two Arab countries. More data will be made available on the ERF website as more confidentiality agreements are reached with relevant statistical offices.

Aside from household surveys, ERF carried out the Tunisia Labor Market Panel Survey in cooperation with the Institut National de Statistiques (INS) and the Applied Social Sciences Forum (ASSF). This survey is the fifth in a series that began with the Egypt Labor Market Survey of 1998 and continued with the ELMPS 2006 and later 2012, as well as the Jordanian Labor Market Panel survey of 2010. The Tunisia Labor Market Panel Survey is a multipurpose household survey that inquires about the schooling,

housing, marriage and employment of individuals, among a number of other topics. The data set will be made available on the ERF data portal once the cleaning and validation processes are complete.

Access to the wealth of data on the OAM-DI portal is open to everyone. Non-affiliates of ERF constitute 96% of those who accessed the data.



# Communications and Outreach

While ERF is intent on producing quality research, it is fully aware that the effectiveness of that research only fully materializes through its dissemination to a wide and diverse audience. ERF utilizes multiple channels towards the accomplishment of this goal, including publications, conferences, workshops, seminars, and expert meetings, as well as through the website and the use of social media.

In 2014, ERF organized one conference, four policy sessions in the International Economics Association Conference, as well as ten workshops, seminars, expert group meetings and five training workshops. A list of these events is given in the table below.

**Table 5. ERF Events, Locations and Dates, 2014**

Event	Venue	Date
Training on Measuring Inequality of Opportunity and Inequality of Outcomes Using Household Data.	Khartoum, Sudan	January 13
ERF's 20 <sup>th</sup> Annual Conference.	Cairo, Egypt	March 22-24
Pre-conference Seminar on Firm-Level Export Diversification in the ERF Region.	Cairo, Egypt	March 21
Workshop on The Pulse of the Arab Streets.	Cambridge, Massachusetts, USA	April 3-4
Workshop on The Impact of Labor Market Regulations and Institutions on Labor Market Performance and Outcomes.	Cairo, Egypt	May 25
Seminar on The Jordanian and Egyptian Labor Markets in a New Era.	Amman, Jordan	June 5
ERF's Policy Sessions Roster at the IEA 2014.	Amman, Jordan	June 6-10
Barriers to Structural Transformation in North Africa: An ERF Parallel Session at GDN's 15th Annual Conference.	Accra, Ghana	June 18-20
Training on Macro-Econometric Modeling with a Global Perspective.	Cairo, Egypt	August 10-12
Workshop on The Economics of Informality in the ERF Region.	Cairo, Egypt	August 31
Training on Writing Winning Research Proposals and Papers.	Tunis, Tunisia	September 28-29
Workshop on The Pulse of the Arab Streets.	Paris, France	October 11-12
Monetary and Fiscal Institutions and Macroeconomic Management in Resource-rich Arab Economies.	Cairo, Egypt	October 25-26
National Debate/ Media Seminar on: Egypt's Future.	Ain Sukhna, Egypt	November 14-16

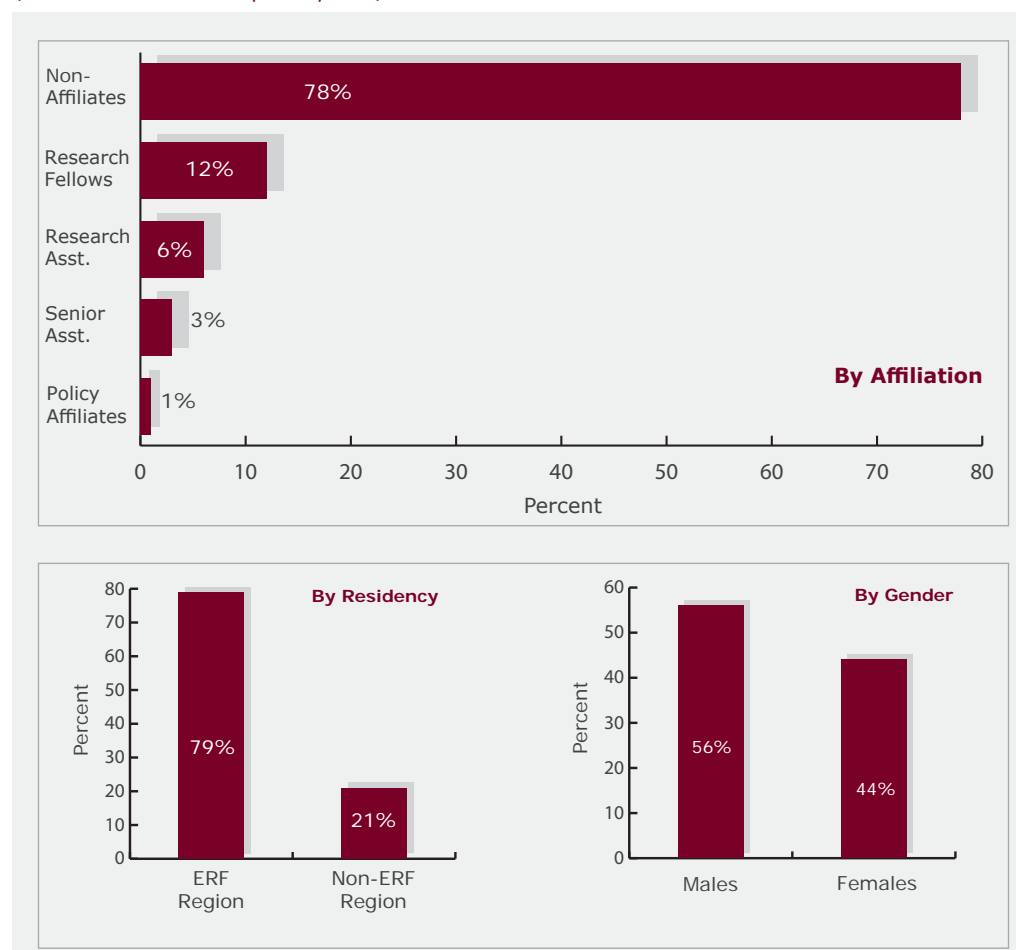
**Table 5. Continued**

Event	Venue	Date
Two Parallel Training Workshops for the Staff of National Statistical Agencies.	Cairo, Egypt	December 5-7
Training on Writing Effective Policy Briefs.	Cairo, Egypt	December 7-8
Debate on Growth or Equity: Which Should Come First?	Cairo, Egypt	December 10

Participation in ERF events is usually open to everyone. As can be seen in Figure 7, ERF non-affiliates constituted 78% of total participants in the events

held in 2014. Most of the participants are from the ERF region (79%) by design. There was also a strong gender balance, with 44% of participants being women.

**Figure 7. Participation in ERF Events by Affiliation, Residency and Gender**  
(% of total number of participants)



# Communications and Outreach

## CONFERENCES

### ERF 20<sup>th</sup> Annual Conference

March 22-24, Cairo, Egypt

The Economic Research Forum's (ERF) Annual Conference, a tradition maintained since 1995, has become a unique vehicle for networking among economists inside and outside the region. This year's Annual Conference was particularly special, as it marked ERF's 20th anniversary. The conference was held under the theme of Economic Development and Social Justice - a timely topic in light of the significant political transformations in the region. It also provided a platform for over 200 economists to discuss topical issues in economic development, present papers, and interact with one another.

Out of the three plenary sessions of the conference, the first plenary session

titled Alternative Perspectives on Social Justice examined how the understanding of social justice has evolved over time. The second plenary session, titled Models of Social Justice, examined contemporary experiences around the world, with respect to the extent to which countries and societies were able to achieve social justice and how this goal was achieved. The final plenary session, titled Lessons for the Arab Countries in Transition, drew on accumulated knowledge and experiences to offer lessons to Arab countries in transition on their quest for greater social justice.

In addition to the plenary sessions, there were six parallel sessions, involving the presentation of around 60 papers under the themes of: institutional economics, finance, macroeconomics, international economics, labor and human development, and microeconomics. The presented papers were selected on the basis of a rigorous refereeing process in response



From left to right: John Roemer, Marc Fleurbaey and François Bourguignon.

to an open call for papers, hence their diversity. The closing session celebrated the six winners of the Best Paper Award. In addition, two special sessions were held; the first on Micro Data Accessibility: Efforts to Impact; and the other on Structural Transformation and Jobs in MENA: the Role of Privileges.

## WORKSHOPS and Seminars

### Firm-Level Export Diversification in the ERF Region

March 21, Cairo, Egypt

ERF organized a policy Seminar on Firm-Level Export Diversification in the ERF Region on March 21, 2014, in Cairo, Egypt. The seminar disseminated the findings of a joint project between the ERF and the World Bank aimed at uncovering the characteristics of exporters

in the MENA region and constraints on export growth, while also answering the questions of how firms start exporting, how they tap into new markets, and how they develop new products. The seminar joined a number of stakeholders from different countries in the region.

### The Pulse of the Arab Streets

April 3-4, Cambridge, Massachusetts, USA

In collaboration with the Harvard Kennedy School of Government in Cambridge, ERF organized a workshop to discuss the draft papers of the project on The Pulse of the Arab Street: Understanding the Political Economy of the Arab Uprisings Using Novel Public Opinion Data. Throughout two days, members of the research team, led by Ishac Diwan, presented quantitative, evidence-based research on the political economy of contemporary Arab societies. The objective of the work-



*Clockwise from top: Paul Salem, Wafik Grais, Gouda Abdel-Khalek, Mustapha Nabli, Ibrahim Elbadawi, Georges Corm, and Mahmoud El-Gamal.*



# Communications and Outreach



Panelists and winners of the Best Paper Award at the closing session of ERF's 20<sup>th</sup> Annual Conference.

shop was to provide a platform for the discussion of the draft papers and their preliminary findings between authors and experts in order to improve the final output.

## **The Impact of Labor Market Regulations and Institutions on Labor Market Performance and Outcomes**

May 25, Cairo, Egypt

ERF organized a workshop to discuss the preliminary findings of five draft papers on labor market regulations and institutions. The papers covered several issues, such as the impact of labor market regulations on informality, employment, and gender and labor market dynamics. These papers were the outcome of a call for papers in the context of ERF's research agenda on labor markets and human resource development.

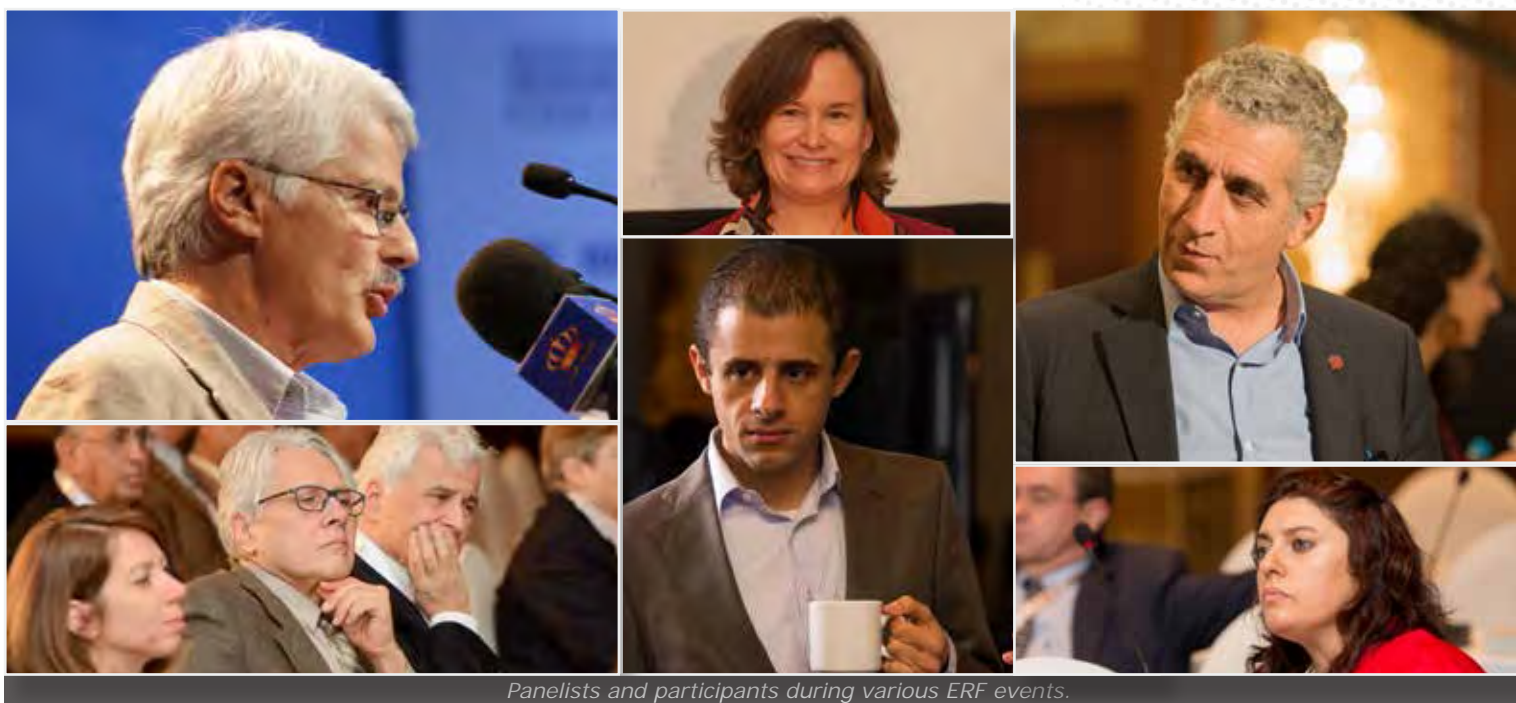
## **Jordanian and Egyptian Labor Markets in a New Era**

June 5, Amman, Jordan

ERF held a seminar on the Jordanian and Egyptian Labor Markets in a New Era, in celebration of the launch of the *Jordanian Labor Market in the New Millennium* book published by Oxford University Press. The seminar comparatively tackled cross-cutting issues in both the Jordanian and Egyptian Labor markets, including: labor market structure and dynamics in the two countries; gender issues in the labor market, a comparison of job accession, separation and mobility; and a comparison of labor supply and the role of the youth bulge.

## **ERF's Policy Sessions Roster at the IEA 2014**

June 6-10, Amman, Jordan



*Panelists and participants during various ERF events.*

In a unique regional event, ERF partnered with the International Economic Association (IEA), the Colombia Global Centers (Amman), as well as a number of prestigious institutions to organize IEA's 17<sup>th</sup> World Congress, held June 6-10, in Jordan. ERF had the privilege of organizing two high-level policy seminars and two policy sessions at the congress, which was broadly attended, bringing together regional and international researchers and policy-makers. The dilemma of subsidy reform and Equity in MENA was the topic of the first high-level policy seminar that took place as part of the opening ceremony. The second high level policy seminar ERF organized was on The Challenges and Dilemmas of Policy Making after the Arab Spring. The seminar raised the issue of government responses to the emerging challenges in the post-Arab-Spring era to ensure sustainable economic prosperity and secure social stability. The other two policy ses-

sions covered The Political Economy of Change in the Middle East and Inequality of Opportunity in the Middle East.

### **Barriers to Structural Transformation in North Africa**

June 18-20, Accra, Ghana

ERF organized a parallel session at GDN's 15<sup>th</sup> Annual Conference that took place in Accra, June 18-20, 2014. The theme of the conference was Structural Transformation in Africa and Beyond, an issue of relevance to the ERF region. ERF's session attempted to explain the reasons behind the disappointing structural transformation outcomes in the region and the extent to which overvaluation has hindered firm-level exports in North African economies during the last few decades. Moreover, the session attempted to highlight how politics has shaped industrial policy outcomes and how crony alliances have



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# Communications and Outreach

contributed to promoting economic and social exclusion.

## **The Economics of Informality in the ERF Region**

August 31, Cairo, Egypt

On August 31, 2014, ERF held a workshop on the Economics of Informality in the ERF Region. The workshop came as part of the 14<sup>th</sup> Round of the Regional Research Competition, supported by the Global Development Network (GDN). In its closing, the workshop featured a policy panel to discuss the set of policies that can enable the region to move from informality to formality, and the way to implement policies, rules and regulations to promote formalization.

## **The Pulse of The Arab Streets**

October 11-12, Paris, France

In collaboration with the Universite Paris Dauphine and the International Research Network (GDRI) of the CNRS (National Center For Scientific Research), ERF organized a workshop to present the final papers of the project on The pulse of the Arab Street: Understanding the Political Economy of the Arab Uprisings Using Novel Public Opinion Data research papers. The meeting, led by Ishac Diwan, provided a platform for the discussion of the papers by a select group of researchers and international experts.

## **Monetary and Fiscal Institutions**

October 25-26, Cairo, Egypt

Building on findings from a previous phase of research on the implications of oil wealth on growth and macroeconomic

policies under the theme of natural resources and economic diversification, ERF initiated two projects on Institutions and Macroeconomic Management in Resource-rich Arab Economies. The two projects cover the Institutional Requirements for Optimal Monetary Policy in the Resource-Dependent Arab Economies, and Fiscal Institutions and Macroeconomic Management in Resource-Rich Arab Economies. The purpose of this workshop was for authors to receive feedback on the first drafts of their research.

## **National Debate/ Media Seminar on: Egypt's Future**

November 14-16, Ain Sukhna, Egypt

ERF convened a three-day media seminar, covering socio-economic and political issues of concern, to discuss and debate Egypt's future over seven sessions. More than 50 prominent politicians, intellectuals and media figures took part in the deliberations. The event was organized in cooperation with the Economic Editors Division of the Press Syndicate, and attracted extensive media coverage. Where is Egypt heading? What next, especially that we now see tangible levels of security and stability, with the passing of the constitution, the election of the president and the soon to be held parliamentary elections? What are Egyptians thinking of? Where are development projects and reforms taking us? How can social justice be achieved? More importantly, how can we revamp the archaic educational system? And how can we transform Egyptian media into a constructive societal actor?



*Panelists during ERF's Media Seminar.*

## **Growth or Equity: Which Should Come First?**

December 10, Cairo, Egypt

Keeping in tune with changing economic thought on development strategies and policies, ERF organized a live debate on: Which Should Come First, Growth or Equity? The debate took place on December 10, 2014, in Cairo and was organized in collaboration with the IDRC. To advance this public policy debate, two teams of debaters argued for and against the motion: The Economics of Growth is a More Urgent Priority than the Politics of Equity. The audience voted at both the start and the end of the debate. Prior to the debate, 33.3% voted that growth should precede equity, while 53.9% voted against. By the end of the debate, 42% voted for growth, while 52% believed that equity was more important.



*Clockwise from top left: Shantayanan Devarajan, Ahmed Galal, Ravi Kanbur and Hoda Selim.*

# Communications and Outreach

## PUBLICATIONS

Publications are an integral part of ERF's communications efforts. Accordingly, ERF has made a concerted effort to expand and streamline its publication channels. This has meant both increasing its output and finding new means to disseminate ERF's research by constantly creating new channels (see Table 6).

### ERF Middle East Development Journal (MEDJ)

The Middle East Development Journal (MEDJ) was established five years ago with the goal of providing a solid analytical and empirical base for the promotion of sound policy-making to tackle the challenges facing the region. The journal, which publishes two issues annually, has gained widespread recognition, becoming firmly established among academic publications and enjoying a steady growth in the number of subscribers. In 2014, Taylor & Francis and Routledge started their first production of the journal, after having become its publishers a year earlier.

### Volumes

ERF regularly publishes comprehensive volumes on topics pertinent to the economic development of the region. In 2014, after a long and tedious review process, ERF's research work on *Understanding and Avoiding the Oil Curse in the Arab World* was accepted for publication by Cambridge University Press. In this edited volume, leading economists

in the field of natural-resource economics offer a variety of analytical perspectives and fresh insight on the question of how resource-dependent Arab countries can best exploit their oil revenues and avoid the oil curse, especially, once oil is exhausted. The volume is expected to be released in 2015.

Additionally, the first edition of *The Jordanian Labor Market in the New Millennium* volume, edited by Ragui Assaad, was published by Oxford University Press in 2014. This volume is the first to analyze the results of the Jordan Labor Market Panel Survey of 2010 (JLMPS 2010), a major household survey of labor market conditions carried out in Jordan by ERF.

### Working Papers

This year saw the production of 76 new working papers on a variety of topics pertaining to MENA economies. These papers were published, disseminated weekly via e-mail and posted online on the ERF website where they can be freely accessed.

### Policy Perspectives

ERF Policy Perspectives present a summary of policy-relevant research in a concise manner. They cover a variety of economic issues relevant to regional development and target a wide audience, including policymakers and development practitioners. The impact of ERF's Policy Perspectives is expected to be heavily augmented with the launch of the Policy Dialogue program that falls under ASDI. Last year, ERF published three policy perspectives:



**Table 6. ERF Publications from FY 2007 to FY 2014\***

Type of Publication/Year	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Working Papers	23	76	72	78	85	80	80	76
Forum Newsletter	1	2	2	2	2	2	2	2
Policy Research Reports	-	2	2	3	0	2	0	0
Policy Perspective	-	2	-	2	2	3	5	3
MEDJ	-	-	1	2	2	2	3	2
Volumes	2	1	2	2	2	2	2**	2**

\* FY 2010 covers 16 months (September 1, 2009-December 31, 2010). \*\*Indicates that the volumes are in press.

- Why the Unemployment Rate is a Misleading Indicator of Labor Market Health in Egypt, by *Caroline Krafft and Ragui Assaad*.
- Iran's Subsidy Reform from Promise to Disappointment, by *Djavad Salehi-Isfahani*.
- Beware of the Echo: The Impending Return of Demographic Pressures in Egypt, by *Caroline Krafft and Ragui Assaad*.

## Website

The ERF website has been continually undergoing assessment in terms of the various communications and dissemination functions it performs. On the basis of this assessment, a new website will soon be launched, introducing a re-vamped, more accessible interface that will allow easier and smoother access to ERF's activities.

## Forum

ERF produces two issues of its newsletter, titled *Forum*, every year. *Forum* is used to communicate with affiliates and a larger regional audience and features short articles providing a digest of recent research, book reviews and interviews. Typically, one issue—the one following the Annual Conference—focuses on the Annual Conference's events and participants. The second issue wears a more journalistic hat, asking contemporary economic questions and covers ERF events. Both issues have detailed information on ERF news and events, a run-down of the last six months, and book reviews.



# Annexes

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# Annex A. ERF Network and Partners

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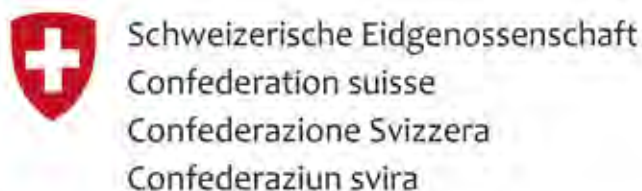
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Swiss Confederation represented by the Swiss Agency for Development and Cooperation



# Annexes

## Annex B. Research Projects

This annex provides a brief summary of ERF research projects under the 5 main themes of its work: Equity and Inequality, Natural Resources and Economic Diversification, the Political Economy of Transformation, Labor and Human Resource Development, and Gender and Women's Economic Empowerment.

### Equity and Inequality

Measuring Top Incomes and Inequality in the Middle East:  
Data Limitations and Illustration with the Case of Egypt

*Thomas Piketty and Facundo Alvaredo*

This project tries to understand income inequality with respect to top incomes in the MENA region with a focus on Egypt. To do this, the paper lays out a roadmap of the different methods and possibilities of understanding top incomes, and analyzes the existing household income and expenditure surveys to learn about the extent of mis-reporting of top incomes in the survey data when compared to national accounts.

The Impact of Iran's Subsidies on Households

*Djavad Salehi-Isfahani*

This project aims to study the impact of the targeted subsidy reform program launched in Iran in December 2010. Iran's program is noteworthy for its innovative cash transfer program as well as the large size of price adjustments. Since its inception, the impact of the program has come into question. It was not clear how the cash transfer would reach the poor who had no bank accounts and those in remote rural areas where there are no banks in the first place. There was also skepticism about the impact of the transfers on the poor, how many it would lift out of poverty and whether it might cause loss of incentives for work.

The Human Opportunity Index in the Middle East

*Djavad Salehi-Isfahani and Atieh Vahidmanesh*

Using the household income and expenditure Surveys gathered by ERF from the different national statistical agencies, this paper tries to examine and quantify inequality of opportunity arising from the inequitable distribution of access to basic services, such as electricity, water, sanitation, and education, by measuring the Human Opportunity Index (HOI) for a number of countries across several years. This project makes use of World Bank advances in the measurement of equality of opportunity when it comes to access to services.

Inequality of Opportunity in Income and Consumption in  
Egypt, Jordan, and Tunisia

*Ragui Assaad, Rana Hendy, Caroline Krafft, John Roemer, and  
Djavad Salehi-Isfahani*

This project studies the extent of income equality of opportunity using recent Labor Market Surveys from Egypt (2012), Jordan (2010) and Tunisia (2014) collected by the ERF. In the case of Egypt, where these surveys form a panel going back to 1998, the study will be able to outline the trend in inequality of opportunity during this crucial period of Egypt's development.

The Impact of Fiscal Policy on Inequality and Poverty in the  
Arab Countries, Iran and Turkey: Applying the Commitment  
to Equity (CEO) Framework to Egypt

*Nora Lustig and Hala Abou-Ali*

The main objective of this 24-months study is to analyze the impact of taxation and public spending on inequality and poverty, the incidence of taxes and benefits and the equity of access to services in Egypt by applying a standardized method of tax and benefit incidence analysis and a comprehensive diagnostic questionnaire to assess the equity and effectiveness of revenue collection and public spending patterns in Egypt. The main output of this study will be a completed tax and benefit incidence analysis for Egypt.

The Role of Fiscal Policies in Fighting Poverty and Reducing  
Inequality in Iran with a Focus on Energy Subsidies Reform

*Ali Enami and Nora Lustig*

This study assesses the impact of fiscal policy reforms on inequality and poverty in Iran. Special attention is given to a December 2010 reform that replaced subsidies on energy products, water and bread with a lump-sum cash transfer. The study applies the well-established Commitment to Equality framework in order to provide a relatively comprehensive picture of tax and transfer policies and to determine how effective they are at reducing inequality and poverty.

How did Trade Policy Affect Inequality in the MENA Region?

*Akiko Suwa-Eisenmann and Chahir Zaki*

This project analyzes the impact of trade liberalization on household income, employment and consumption in MENA countries, with a focus on Egypt, Jordan and Tunisia. The project will estimate the pass-through of tariffs to local prices taking into account the rising food prices of the second half of the 2000s. Based on this pass-through on local prices, it will assess the impact of trade reform on household incomes, at each point of the income distribution, going in depth into a country's factor endowments, consumption pattern of rich and poor households, the extent of tariff reduction and other non tariff barriers, as well as acknowledging the impact of simultaneous policy changes.

### The Impact of Unconditional Cash Transfers on Labor Supply: Evidence from Iran's Energy Subsidy Reform Program

*Djavad Salehi-Isfahani and Mohammad Hadi Mostafavi Deh-zooei*

This project studies the impact of Iran's extensive unconditional cash transfer program on incentives to work. Starting 2011, Iranian families received around US\$90 (PPP) per person per month as compensation for the removal of sizable energy subsidies. The program has been criticized, among other things, for having reduced the incentives of the poor to work. Panel data is used to examine the impact of the cash transfers on labor supply of households and individuals during the first two years of the program. None of the investigations reveal a negative employment effect from cash transfers.

### A Comprehensive Approach to Measuring Income Inequality in the Arab World

*Rana Hendy and Hoda El Enbaby*

This project aims to measure inequality in household monetary welfare, while focusing on both income and non-income measures to explain inequality in the Arab World. Since income is not always the most idealistic measure of inequality, it is useful to assess household welfare through consumption, using expenditure as proxy.

### The Distributional Effects of Trade Policy in Tunisia

*Leila Baghdadi, Inmaculada Martínez-Zarzoso and Habib Zitoune*

This project tries to estimate the distributional effects of trade policy at the micro level using household survey data for Tunisia. The main approach of this study involves the investigation of how trade reforms affect domestic prices and to what extent these changes, in turn, translate into changes in household welfare.

### A Comparative Study of Pro-Poor Growth in Three MENA Countries

*Ali Hashemi*

This project utilizes harmonized Household Income and Expenditure Surveys datasets developed by ERF to look at the poverty of economic growth in Egypt, Jordan, and Palestine. The availability of multiple cross section data for each country provides the opportunity to compare the results both across countries as well as over time. The goals are to measure the extent to which economic growth in these countries has favored the poor and to see its trend over time in each country.

### Decomposing Income Inequality in Tunisia and Egypt

*Yosr Abid, Cathal O'Donoghue and Denisa Sologon*

This multi-country study consists of decomposing income inequality in Tunisia and Egypt using household surveys data sets for the two countries that are available through the ERF data portal. The decomposition approach consists of building a welfare generation model for each country as a function of demographics and labor characteristics. This will allow tackling differences in both returns in employment and demographic characteristics. The approach to addressing these themes consists of simulating counterfactual distributions by changing how markets and households behave, one aspect at a time, and by observing the effect of each change on welfare distribution, while holding all other aspects constant.

### Social Transfers and Income Inequalities in Egypt and Jordan

*Yousef Beshay*

This research examines the relationship between social transfers and income inequalities in Egypt and Jordan. It aims to provide new evidence on the relative contributions of labor and non-labor earnings, as well as of different types of social transfers, to redistribution of household income.

### Demographic Change, Fiscal Policy and Pension Systems in MENA Countries

*Mehmet Serkan Tosun*

This project examines the links between demographic change and fiscal policy regarding social security and education. Pension systems in MENA countries have structural problems. To start with they are financially unsustainable. While MENA countries have relatively young populations, they are not immune to demographic changes and some already show signs of aging populations. As MENA countries go through demographic transition to lower fertility rates, lower population growth rates and aging populations, their social security systems will be under even greater pressure in the near future. Such pressure could bring about serious conflict between government social security and education programs.

### Contribution Density Determinants and Labor Market Effects of Pension Reform in Tunisia

*Mehdi Ben Braham, Mouna Ben Othman and Mohamed Ali Marouani*

The first objective of this research is to explore the economic impact of three reform scenarios and the different combinations of the three options, with a focus on the impact on growth,



# Annex B. Research Projects

employment by skill and age and on intergenerational equity. The idea is to explore, for a given level of financial sustainability in the long run, the outcomes of the different scenarios in terms of the main variables of interest for policymakers. The second issue tackled in this project is the coverage rate evolution, which is an important concern for emerging countries.

## **The Impact of Pension and Social Assistance on Poverty and Inequality: Evidence from Egypt**

*Mohamed Arouri and Nguyen Viet Cuong*

This study takes advantage of available panel data from Egypt Labor Market Panel Surveys for 1998, 2006 and 2012 to estimate the impact of pensions and social assistance cash transfers on the welfare and income distribution of Egyptian households. The study also examines whether the effect of pension and social assistance can vary across different values of household and individual characteristics such as urbanity, race, gender and education. By looking at the heterogeneous impact of pension and social assistance on a series of indicators of households in Egypt, the study seeks to provide a deeper understanding of the magnitude and mechanism of the effect of pension and social assistance.

## **Assessing the Effect of Subsidizing Private Pension Participation on Aggregate Savings and Other Macroeconomic Outcomes: Theory and Evidence from Turkey**

*Seyit M. Cilasun and Semih Tumen*

The aim of this study is to investigate the impact of social security reform in Turkey, which provides a government contribution to the private pension payments, on savings of the households. An overlapping generations model is developed to capture the main features of the social security system in Turkey. Using this model, the study evaluates the impact of this reform on various economic outcomes, including household savings, consumption, labor supply and welfare over the life cycle. Micro level data is used to calibrate and estimate the parameters of the model. Alternative policy options are evaluated using simulation exercises

## **Natural Resources and Economic Diversification**

### **Political Economy of Macroeconomic Policy in Resource-Rich Arab Economies**

*Ghassan Dibeh*

This paper aims at understanding how the nature and evolution of political institutions have shaped macroeconomic institutions and monetary and fiscal policies in oil-rich populous (labor abundant) and oil-rich non-populous (labor importing) Arab economies. The study focuses on the political-economic determinants of macroeconomic policy such as sectoral inter-

ests, rentier states, governance and the need to attract international capital inflows.

## **Institutional Requirements for Optimal Monetary Policy in the Resource-Dependent Arab Economies**

*Bassem Kamar*

This project addresses a multitude of issues related to the conduct of monetary policy in resource-dependent economies. It assesses the independence of central banks, explores the interactions between monetary and fiscal policies, identifies the type of monetary policy institutions that have resulted in the best macroeconomic performance and determines to what extent monetary policy has been countercyclical.

## **Fiscal Institutions and Macroeconomic Management in Resource-Rich Arab Economies**

*Jeffrey Nugent*

This project seeks to examine the role that budget institutions and the rules and procedures that govern them play in the macroeconomic management of resource-rich economies. The research aims, particularly, to provide a better understanding of the role that fiscal institutions and fiscal rules may play in short run stabilization and economic diversification of resource-endowed countries, especially Arab countries.

## **Do Natural Resources Inhibit Transparency**

*Hamid Mohtadi, Michael Ross, and Stefan Ruediger*

This study tries to understand the relationship between natural resources and transparency, with a focus on oil-producing economies of the MENA region. Understanding this link and the specific channels through which it operates is important for devising policies that encourage greater transparency.

## **Private Sector Development and Economic Diversification in the GCC countries**

*Mohamed Chemingui*

This project examines why GCC economies did not succeed in diversifying their economies and reducing their dependency on the oil sector and related activities. Particular attention is given to the private sector as an engine for economic growth, transformation and diversification.

## **How Did Firms Export New Sophisticated Products with Few Existing Capabilities in Lebanon?**

*Sami Atallah and Dima Karbala*

This study examines how firms have developed new and sophisticated exports despite the absence of existing capabilities. It attempts to answer this question by looking at how Lebanese products fared on the product space between 2000 and 2008.

The study aims to build on the existing literature by shedding light on the micro dynamics of how capabilities are formed.

#### **Export Diversification: New Evidence Using Customs Data**

*Rana Hendy and Chahir Zaki*

In collaboration with the World Bank, this research project aims at providing a micro-perspective on export growth and diversification patterns in MENA. It investigates the characteristics of exporters in the MENA region in a systematic manner focusing on understanding if increased exports are the result of new firms and expansion of existing firms, and/or introduction of new products and new destinations, or expansion of exports in existing products and destinations. The project uses a unique multi-country exporter-level database for eight countries, namely: Egypt, Iran, Jordan, Kuwait, Lebanon, Morocco, Tunisia and Yemen.

#### **The Political Economy of Macroeconomic Policy in Resource-Rich Arab Economies**

*Adeel Malik*

Politics is a central dimension of macroeconomic policy, which makes policy choices partly determined by political choices. This project explores to what extent political institutions have affected macroeconomic policy (fiscal, financial and monetary), and through which channels, in the case of Arab resource-rich economies, which have so far shown resilience to shocks owing to their deep pockets rather than sound institutions.

#### **Undervaluation and Firm-Level Exports Diversification in Arab Countries**

*Khaled Sekkat*

Recent literature suggests a real exchange rate (RER) undervaluation strategy as a means to foster export diversification. This project conducts a thorough analysis of the interaction between real exchange rate undervaluation, the quality of domestic institutions and the development of the financial sector in promoting exports diversification in Arab countries. Moreover, exploiting a new data set available for four countries (Egypt, Jordan, Kuwait and Yemen) for the period of 2003-2010, the project assesses whether real exchange rate undervaluation may be a counter-productive strategy in promoting exports at the extensive margin.

#### **Democracy, Democratic Consolidation and Military Spending**

*Ibrahim Elbadawi and Phil Keefer*

This paper develops an analytical framework that predicts military spending to be associated with national security risks and lagged military spending. It tests for these predictions in an encompassing model of military spending using global data covering more than 140 countries and broadly corroborates these

predictions in polities with continuous years of competitive elections or institutionalized parties. It finds that military spending was not found to change much under young democracies. In view of the high risks facing the Arab world, including the young democracies of the Arab Spring, the research predicts the current military build-up to continue for several years. It also draws implications from the analysis for trends in democracy and military spending in the region.

### **The Political Economy of Transformation in the Arab Region**

#### **The Pulse of the Arab Street: Understanding the Political Economy of the Arab Uprisings Using Novel Public Opinion Data**

*Ishac Diwan*

This project seeks to advance research on the political economy of Arab societies and their transformations in the years leading up to 2011. In a novel way, the project uses nationally-representative survey data to examine developments and transformations on the “Arab street” through the eyes and voices of the most relevant, yet most under-researched, actors – that is, ordinary Arab citizens. A team of researchers, with a deep understanding of the region and its specificities, produced 12 papers filling an existing gap in rigorous, quantitative, evidence-based research on the political economy of contemporary Arab societies.

#### **The Political Economy of Fiscal Policy (in non-GCC) MENA Countries**

*Ishac Diwan*

This project examines the composition and evolution of fiscal policy in MENA countries since the 1970s. It seeks to understand the external, structural, and political factors behind the evolution of fiscal policy, as well as the political economic consequences of these choices. This assessment covers the size of government, how it is financed, and the composition of expenditure, revenue, and debt. It also evaluates the extent to which these trends correspond to the various political economy stories used to characterize the past and the lead up to the uprisings.

#### **Political Connections and Public Procurement in Turkey: Evidence from Construction Work Contracts**

*Esra Çeviker Gürakar, Tuba Bircan İldiri and Umut Gündü*

This project studies how politicized and corrupt practices have differed in serving as major tools for rapid capital accumulation for particular business groups and how they provided leverage for the government between the 1980s and 1990s; when a major shift in political power coincided with the start of Turkey's negotiations with the EU as an “official candidate.” The study

# Annex B. Research Projects

develops a set of hypotheses to investigate the effects of political connections on the dynamics of public procurements. The public procurement data set allow for investigating the legal changes that have been used to provide privileges and restrictions.

## State Capture: Evidence from Tunisia

*Hassan Arouri, Leila Baghdadi and Bob Rijkers*

This research investigates the business interests of the ousted Tunisian Ben Ali family and how they helped shape Tunisia's private sector, privatization practices and the capture of international trade and industrial regulations. The objective of the research is to quantitatively assess the relative importance of various salient mechanisms by which autocrats can reap rents. The research examines three salient potential channels through which Ben Ali might have enriched his family: (i) privatization, (ii) international trade and (iii) investment regulation.

## Is there a MENA Variety of Capitalism?

*Steffen Hertog*

This research project investigates whether there is a distinct type of capitalism in the MENA region, hypothesizing that dualism of labor markets and private sector is a shared trait across the region, which – different from other world regions – has been shaped by a particularly expansive role of a relatively weak state. The project aims to develop and analyze broad policy alternatives on public employment and labor regulation as well as regulatory and administrative reform that could overcome the segmentation of the region's political economies, while taking into account the political preferences of local constituencies.

## Moroccan Cronyism and Economic Growth

*Saadi Med Said*

This research studies the severity of crony capitalism in Morocco, using the "Crony Capitalism Index" set up by the Economist (an Index of the total wealth of billionaires involved in rent-heavy industries to GDP) to analyze the impacts of political connectedness on firm performance. The study will focus on regulated and rent-seeking industries (banking and finance, telecommunications, real estate, retail sector, etc.), evaluating the weight of politically connected (turnover and profits) firms within the private sector. It then draws a mapping of privileges (favors) by sectors and finally analyzes Connected Firms and Non Connected Firms' performances and their impact on growth, but only for the manufacturing sector.

## Labor and Human Resource Development

### The Egyptian Labor Market in a Revolutionary Era

*Ragui Assaad*

Following the data collection phase of the new labor market

survey, which was carried out in collaboration with the Central Agency for Public Mobilization and Statistics (CAPMAS), ERF has commissioned a set of papers that have made use of the data. The papers addressed different aspects of the labor market in Egypt, including the mismatch between education and labor market needs, youth transitions to the labor market, labor market dynamics, SMEs, wages, international migration etc. The output of this project is published as an edited volume by Oxford University Press.

## Labor Regulations and Informality in Egypt

*Jackline Wahba*

This project sets out to assess the impact of the 2003 Labor Law on the performance of the Egyptian labor market. This law was, in theory, issued to increase flexibility in the hiring/firing processes, which have been found to be a major obstacle facing job creation in Egypt. The study explores to what extent flexible labor regulations have led to an increase in formal employment and whether their effect was shared equally across gender and age groups. The study also looks into the short and long term impacts of the changes in regulation and whether the economic crisis has dampened the effects of the law.

## Adjustments to Shocks and Labor Market Dynamics in Egypt: The Egypt New Labor Law 2004

*Chaimaa Yassine*

The aim of this project is to find out why workers change jobs and what that means. The project assesses whether labor adjustments to shocks in Egypt in the presence of imperfect markets occur on the earnings or the mobility side of the market. It also finds out how and to what extent specific individual and job characteristics and labor market institutions influence worker flows. Additionally, this research also monitors the evolution of worker flows over the period of 1998-2012 and attempts to find the link between the implementation of the 2003 New Egyptian Labor Law and changes in the rate of job creation, job destruction or job switching.

## Labor Market Institutions, Employment, and Gender in MENA Countries

*Hadi Esfahani*

The project contributes to better measurement of the effects of various factors on labor market outcomes in MENA and how this effect varies across individuals depending on their gender, age and education. It also seeks to uncover to what extent the differences between MENA countries and other regions are due to the effect of various factors in the region, as opposed to differences in the level of those factors.

### How Long it Takes to Get Social Insurance? Informality Dynamics on the Egyptian Labor Market during the 1998-2012 Period

*Irene Selwaness and Rania Roushdy*

In Egypt, as in many developing countries, the working poor constitute a large and vulnerable group. Whether they are self-employed or waged workers, the working poor have meager jobs. Despite the fact that Egypt has a history of providing social insurance and social assistance projects, these jobs lack access to retirement pensions, social insurance and health benefits. This project examines who has access to social insurance coverage and the time it takes to gain such access.

### The Effects of Labor Market Reforms on the Labor Market Dynamics in Turkey

*Seyit Mümin Cilasun*

The aim of this project is to investigate whether the restructuring of labor institutions and regulations has affected the performance of labor markets in Turkey. The authors also analyze the impact of recent reform efforts on the extent and nature of worker transitions across different labor market states.

### Transitions across Formal / Informal Divide in the Labor Markets in Egypt and Jordan

*Aysit Tansel*

The dynamics of the informal sector are largely unknown in many developing countries. This is something that this research is out to study. One dynamic aspect of the labor market is the mobility across different sectors, in particular, across the formal/informal divide. The project addresses this issue in the context of both individual workers and firms. This is the first study on transitions of individual workers and firms between formal/informal sectors using panel data from Egypt and Jordan. The results are important for designing policies to address labor informality and its adverse impact on the labor markets in Egypt and Jordan. The results will be very important for designing policies to address labor informality and its adverse impacts on the labor markets in Egypt and Jordan.

### The Pros and Cons of Formalizing Informal MSMEs in the Palestinian Economy

*The Palestinian Economic Policy Research Institute (MAS)*

The study investigates the transition of firms from the informal to the formal sector. According to expert opinion, the transition of firms from the informal to the formal sector in Palestine is very limited. That being the case, the study will investigate the perceived advantages of remaining in the informal sector, which might include tax evasion and/or in compliance with the labor law, as examples. It will then examine the opportunity lost from not operating in the formal sector, including access to finance

and protection of legal rights. It will also look into the costs of transitioning into the formal sector. Finally, it will briefly investigate the extent to which existing laws discourage formalization. The study offers a set of practical policy solutions that aim to encourage and assist informal enterprises to become formal.

### Informality and Poverty: A Causality Dilemma with Application to Egypt

*Hanan Nazier*

This project tackles the link between informality and poverty and the theoretically assumed simultaneous two-way relationship between them. It tries to answer two main questions: Is informality in Egypt a major reason for falling into poverty? And, could the fact of being poor be considered as a main factor for accepting informal jobs?

### The Micro Determinants of Selection into Self-employment in Sudan

*Kabbashi M. Suliman*

The study intends to assess whether self-employment in Sudan is a choice reflecting potential business incubation or a form of disguised unemployment. It also examines the extent to which self-employment, poverty and gender overlap. The results are expected to inform the government's human resources policy.

### Rethinking the Distribution Effects of Informality in Egypt: A Micro-simulation Analysis

*Reham Rizk*

The study hypothesizes that "enforcement" of regulations that promote formalization will increase the average quality of the labor force; with a positive effect on job creation, hence, better levels of productivity and output. However, the government should do its part by decreasing the cost of formalization and supporting informal projects with the needed trainings and non-wage benefits. This research project also identifies the effect on welfare, male/female wage gap and employment opportunities for both genders. Finally, the project aims at identifying the best tools that the government should put in effect to eliminate regulatory burdens that hinder the chances of these informal projects to grow through economies of scale.

### Trade Liberalization and the Costs and Benefits of Informality: An Intertemporal General Equilibrium Model for Egypt

*Abeer Elshennawy*

This project highlights the interaction between trade liberalization and labor market rigidities as drivers of informality. The research also looks at the extent to which informality reduces short run unemployment, which accompanies trade liberalization due to wage rigidities in the formal sector coupled with



# Annex B. Research Projects

adjustment of contracting and expanding sectors. It also examines the implications for welfare, given the lower productivity associated with increased informal employment. In this respect, the research seeks to assess the overall balance of the costs and benefits of informality, filling in an important gap in the empirical literature on trade liberalization and informality in general, and in Egypt in particular. The project also examines the implications of trade liberalization for informal employment and the formal-informal wage gap in the presence of rigid wages in the formal labor market.

## Formal-Informal Gap in Return to Schooling and Income Penalty to Education-Occupation Mismatch:

### A Comparative Study for Egypt, Jordan, and Palestine

*Tareq Sadeq*

This research project analyzes the return to schooling in formal and informal sectors. It analyzes how income penalties arising from the education-occupation mismatch in the formal sector differ from the informal sector. The research will compare these features for Egypt, Jordan, and Palestine. The research tries to answer two questions: How large is the education-occupation mismatch in the formal and informal sectors? And how different are the income penalties from the education-occupation mismatch in the formal and informal sectors.

## The Nexus between Informal Credit and Informal Labor for Micro and Small Enterprises (MSEs) in Egypt

*Mohamed El Komi and Mona Said*

Micro and Small Enterprises (MSEs) in Egypt still rely heavily on informal credit. They also rely on informal labor to a great extent. This project examines the relationship between informal credit and the formalization of MSEs, in general, and, in particular, their employment characteristics. To do that, it attempts to find out what effect informal credit has on the performance, risk and return to capital of MSEs and how it affects the employment profile and the use of informal labor. It also looks into whether informal credit provides a disincentive for the formalization of MSEs and whether the sources of informal credit have different effects on the formalization of MSEs.

## Incentives for Better Quality Higher Education

*Ragui Assaad*

This project, which covers Egypt, Jordan and Tunisia, explores possible explanations for the poor performance of higher education in the region. This piece of research investigates the institutional structure governing the operation of universities and whether or not the incentive structure facing the provider of higher education is compatible with desired outcomes.

## Meeting the Challenges of Secondary Education in MENA Region: Improving Efficiency of Resources

*Donia Smaali Bouhlila*

The overall research question for this study is how can a country achieve better outcomes and ensure more equity given a fixed budget? In other words, it analyzes the main bottlenecks and opportunities for improving the cost-effectiveness in secondary education and for reconciling quality and equity. This study focuses on students' performance per international evaluations, the high achievement gap between the socio-economic groups, the gender dimension in achievement and, finally, the efficiency of public spending on education using a non-parametric method.

## Identification of Sources of Students Inefficiencies in 5 MENA Countries with the Bias of Stochastic Discount Factor

*Mohamed Ayadi and Abdelali Ben Mbarka*

This study is based on stochastic approaches of efficiency measures, in the context of the education production function in the case of Stochastic Discount Factor (SDF). The study tries to determine the origins of the weakness of the quality of education in some countries of the MENA region (Turkey, Jordan, Tunisia, Dubai and Qatar). Is it related to the quality of schools' infrastructure? Regional inequality? Family wealth within the households? The government politics? The student-teacher relationship? The schools' management? Or due to other characteristics that originate from the inefficiency of the schooling systems in most of the MENA countries? The question is crucial as it's important to know which of these dimensions influence students' performance the most. This is a question concerning the efficiency and priorities of any future policy aiming at enhancing students' performance. This study is in French.

## Returns to Schooling in Egypt

*Meltem Dayioglu-Tayfur, Murat G. Kirdar, Abdurrahman Aydemir and Ragui Assaad*

This project aims to estimate the causal effect of education on earnings for Egypt. In this study, we use the reduction in the duration of primary school from six to five years in 1988 as an instrumental variable for education in the identification of the wage returns to schooling. The substantial change in the completed years of schooling resulting from the reform suggests that we have a strong instrument.

## Out of Pocket Education Expenditure and Household Budget: Evidence from Arab Countries

*Reham Rizk and Hala Abou-Ali*

The main purpose of this project is to study the magnitude of household spending on schooling and to highlight the various



factors that influence household education expenditure in Palestine, Tunisia, Egypt, Jordan and Sudan. The project takes into consideration that governments allocate funds to education and formulated policies. Arab countries' education policies should aim at improving the education system as a whole, including standards of the pupils and teachers together with the quality of education. Therefore, reform of governments' education system may entail free education up to the elementary levels. Scholarships and/or subsidized tuition may then be offered to distinguished students who come from poor households for secondary and university education.

#### **Determinants of Education Expenditures and the Private vs. Public Divide in Educational Outcomes in Turkey**

*Elif Öznur Acar, Seyit Mümin Cilasun, and Burak Günalp*

The first aim of this study is to investigate the determinants of household education expenditures and to see whether income elasticity of education expenditure has increased throughout the period, in line with the privatization of the education system. To the extent that privatization and subsidization policies have increased the gap in quality of education between the private and public schools, this might cause an income inequality in the long-run. To analyze whether private schools provide a better education, in the second part of the study we will estimate a student achievement equation using OLS and a multi-level hierarchical regression model.

#### **Labor Market Dynamics in MENA**

*Ragui Assaad*

This research project explores a number of issues in the labor market dynamics of the region. The project provides an understanding of the important trends driving the labor market such as employment, migration, job creation etc. Such dynamic analyses help identify the underlying strengths and weaknesses of the labor market. Understanding market dynamics, this project identifies policy priorities to encourage dynamics and support the labor market's success and economic growth. The research work under this project is organized around six interlinked areas: employment dynamics, migration and occupational mobility, dynamics of unemployment, household enterprise dynamics and dynamics of informality. Panel and retrospective data comparisons are also drawn across market trends over time to assess accuracy.

#### **Late-Life Living Arrangements and Intergenerational Ties in Egypt. Elderly Socio-Economic Conditions from Labor Market Surveys**

*Aurora Angelli*

This research project takes a socio-demographic approach to analyze - from a gender and geographic perspective - dynamics

of the living arrangements of the elderly and changes in inter-generational relationships in Egypt during the 14 years between 1998 and 2012. It builds on data from all three rounds of the ELMPS (1998, 2006 and 2012).

#### **The Selection Aspects of Emigration in Egypt at the Individual, Household and Community Levels: The Local Impacts of Emigration on Poverty and Inequality through Investment and Local Labor Market Effects**

*Sami Bensassi, Anda David and Joachim Jarreau*

This research project utilizes all three rounds of the ELMPS (1998, 2006 and 2012) to analyze the determinants of emigration, at the individual, household and community levels and to study the relation between income/wealth levels and emigration, particularly the impact of emigration on inequality. The papers also analyze the migration determinants linked to the changes in the household composition and to the various stages of the life cycle.

#### **Intergenerational Mobility in Women's Employment Outcomes in Egypt**

*Maia Sieverding*

Using data from the Egypt Labor Market Panel Survey 1998–2012 rounds, this project examines the influence of having a working mother on daughters' employment outcomes using two different techniques. First, it examines the associations between mothers' and daughters' employment status and sector of employment using logistic and multinomial logistic regression. Second, it analyzes mobility tables of parents' employment status and their daughters' employment status in order to examine whether mothers or fathers are more predictive for women's engagement in the labor force. The analysis will have implications for policies that aim to keep women in the labor force after marriage, as well as for policies that aim to promote equality of opportunity.

#### **Labor Mobility in Egypt, Jordan and Turkey: A Multi-State, Multi-Spell Analysis Using the ELMPS, JLMPS and TWMHS**

*Zeynep Başak and Erol Taymaz*

This project analyzes labor market dynamics in Egypt, Jordan and Turkey using retrospective labor market history survey data in the Egypt Labor Market Panel Survey (ELMPS) of 2012, the Jordan Labor Market Panel Survey (JLMPS) of 2010 and the Turkey Work and Migration History Survey (TWMHS) of 2011. The study investigates the determinants of labor market transition dynamics into/out of, and between formal and informal employment at the individual level. The models are estimated separately for males and females in order to reveal if there has been gender inequality in mobility between formal and informal jobs. To account for regional differences, the models are constructed separately for each country.

# Annex B. Research Projects

## Does Migration Affect Labor Supply, Non-Farm Diversification and Income of Home Households? Evidence from Egypt

*Mohamed Aroui and Cuong V. Nguyen*

The main objective of this project is to examine the impact of international migration and remittances on home households in Egypt. The study provides a deeper understanding of the process in which migration and remittances affect household income. It also considers the relation between migration and vulnerability through the level of income diversification. Although the empirical analysis focuses on Egypt, the results are expected to be important for a wider group of emerging and developing economies in the Arab world.

## Women's Participation in the Labor Market in Egypt: Constraints and Opportunities

*Hanan Nazier and Racha Ramadan*

This research aims to study the barriers facing women's access to the labor market, women's low participation rate and the actions required to enhance FLFP in Egypt. Mainly, what factors determine women's participation in the labor force? And what type of employment? The answers to these questions will take into consideration formal and informal sectors, different geographic regions, economic sectors (agriculture vs. industry or services), income level and the community context of where the women live. Additionally, taking into consideration the social norms and the community context is a central contribution of the proposed research, especially since such factors have been ignored by the Egyptian empirical literature of FLFP. Another important contribution of this research is taking into consideration the endogeneity of two major determinants of FLFP: age of marriage and fertility.

## Do Remittances and International Migration Affect the Performance of Labour Market in Jordan? An Empirical Investigation

*Ghazi Alassaf*

This project analyzes the potential effects of remittance flows on the labor market in Jordan. Using data from the Jordan Labor Market Panel Survey (JLMPS 2010), the paper identifies whether remittances lead to a considerable development of the Jordanian labor market. Moreover, it examines the impact of these flows on a variety of labor market indicators in Jordan, more specifically at the macroeconomic level.

## Impact of Technology on Family Formation

*Ehab Sakr and Noran Farag*

This project develops a causal model to explore the direct and indirect effects of information technology and internet usage on family formation among youth in Egypt. Using data from the

Egypt Labor Market Panel Survey 1998–2012 rounds, the study explores the effect of information technology and internet usage on the dependent variable expressed in the family formation components. The impact is indirectly affected by the individuals' own capabilities, skills and experience gained through education and employment. The study provides Egyptian demographers with information regarding the impact of using information technology, especially internet usage, on marriage, divorce and family formation in Egypt.

## Gender and Women's Economic Empowerment

### The Work-Life Conflict and Well-Being of Employed Women in Turkey

*Cem Baslevent*

The purpose of this project is to produce empirical evidence on the effect of over- and underemployment on the life satisfaction of Turkish female employees. More specifically, it aims to assess whether that effect differs if the women are married or not and if they have children or not.

### Female Empowerment and Time Use of Urban Women in Iran

*Djavad Salehi-Isfahani*

This research project offers a descriptive account of the changes Iranian families have experienced and that have influenced women's empowerment within the family. The study describes changes in the age and education gaps between spouses, women's childbearing and market work, and availability of household appliances. The study aims to understand the pattern of women's time allocation, specifically labor market participation vs. childcare and housework. The results are expected to shed light on the question of whether low labor market participation following the decline in fertility is the result of greater involvement of women in their children's education, which is consistent with increased empowerment, or if it results from more housework and/or leisure.

### Gender, Enterprise Ownership, and Labor Allocation in MENA

*Hadi Esfahani*

These two papers analyze the pattern of enterprise ownership and labor allocation in the MENA region, in comparison with the rest of the world. In the first paper, the impact of country characteristics on the probability of ownership of firms of different sizes among men and women is studied. The second paper focuses on the effects of government policies and the business environment on firm operations, while taking into account the ways in which this effect may vary depending on the characteristics of each firm. The papers assess whether regulatory

policies, the administrative process, and the court system have been applied differently and whether their impact has varied based on the gender of the firm owner. In particular, the project intends to discover if the institutional and policy environments have constrained female-owned SMEs in MENA.

#### Women Empowerment and Poverty: Application on the Case of Egypt

*Hanan Nazier*

This research project focuses on the factors that empower women in Egyptian households. It will examine the decision making aspects of women inside their households. Given the connection between poverty and women's empowerment, the authors will also analyze the impact of women's decision making power on the probability of being poor as a female headed household. The policy brief will present some policy recommendations for Egyptian policy makers to improve conditions of women and reduce their poverty.

#### Is Women's Work a Pathway to their Agency in Rural Egypt?

*Kathryn Yount*

The aim of the project is to enhance the understanding of the economic preconditions for women's agency in rural Minya, Egypt, by assessing the influence of women's labor market participation and subsistence work on three areas: their influence on their family's economic decisions, spatial mobility, and ability to voice their opinion favoring more equitable gender roles and rights. The study attempts to find out if women who engage in the labor market have a higher say in all of these domains than those who engage in subsistence work or those who do not work and are not economically active.

#### Women at Work in Oman's Emerging Private Sector: Opportunities and Constraints of Female Labor Participation in a Rentier Economy in Transition

*Marike Bontebal*

The aim of this research is to gain an understanding of the nature of female formal labor participation in the Sultanate of Oman, both in terms of opportunities and challenges. As private sector development is an important precondition to a sustainable post-oil economy, the research focuses, in particular, on addressing the challenge of increasing female employment in the private sector. The research is centered on finding out the structure and segmentation of the labor force in Oman and the pattern of formal labor participation of Omani women in the country. It also seeks to investigate the determinants of Omani female employment and how they have affected women's participation in the labor force. Furthermore, it intends to study the perceptions and expectations of Omani women of public

versus private sector employment and the main constraints and opportunities they identify with formal employment in the public and private sector. Finally, the research seeks to identify the opportunities for policy intervention to further promote and encourage female labor participation, specifically in Arab Gulf rentier economies.

#### Economic Reforms and the Feminization of Poverty: Evidence from Egypt

*Shireen Alazzawi*

This project aims to document the state and structure of the poverty faced by females in Egypt, how it has evolved over the past few years, and whether it has been affected by economic reforms. The author will produce two research papers. The first paper will define the state of poverty for females and determine whether females are more likely to be poor compared to males, and whether this is an increasing trend over time. The second will analyze the extent of economic mobility, the possibilities for escaping poverty and the role of economic reforms in helping or hindering mobility and whether the trend differs for females compared to males. A shorter policy brief highlighting the most important findings and policy implications will also be provided.

#### Open Call on Gender and Social Protection

*Rana Hendy*

As part of ERF's work on women's economic empowerment, a call for proposals was launched towards the end of 2014 on gender and social protection in the ERF region. The call invited proposals using empirical and econometric techniques to assess the impact of different instruments of social protection on poverty reduction, improvement in equality and/or risk mitigation, with a particular emphasis on gender, as well as comparing the outcomes and effectiveness of alternative policy options to improve households' social welfare in general and women's welfare in particular. The proposals may address such subthemes as pensions, food or energy subsidies, cash transfers and in-kind transfers, social safety nets, health services, microfinance and social funds – from a gender dimension.

# Annexes

## Annex C. Publications

### Middle East Development Journal (MEDJ)

MEDJ, Vol. 6, No. 1, June 2014

MEDJ, Vol. 6, No. 2, December 2014

### Volumes

Understanding and Avoiding the Oil Curse in the Arab World  
(in press)

*Edited by Ibrahim Elbadawi and Hoda Selim*

The Egyptian Labor Market in a Era of Revolution (in press)

*Edited by Ragui Assaad and Caroline Krafft*

### Policy Perspectives

Beware of the Echo: The Impending Return of Demographic Pressures in Egypt

*Caroline Krafft and Ragui Assaad*

Iran's Subsidy Reform from Promise to Disappointment

*Djavad Salehi-Isfahani*

Why the Unemployment Rate is a Misleading Indicator of Labor Market Health in Egypt

*Caroline Krafft and Ragui Assaad*

### Forum

Forum Newsletter Volume 21, No. 1

Forum Newsletter Volume 21, No. 2

### Working Papers

Trade Volume and Economic Growth in the MENA Region: Goods or Services?

*Fida Karam and Chahir Zaki*

WP 825

Does the Type of Higher Education Affect Labor Market Outcomes? A Comparison of Egypt and Jordan

*Ragui Assaad, Caroline Krafft, and Djavad Salehi-Isfahani*

WP 726

The Work-Life Conflict and Well-Being of Turkish Employees  
*Cem Baslevant*

WP 827

Differences in Pedagogy, Accountability, and Perceptions of Quality by Type of Higher Education in Egypt and Jordan

*Ragui Assaad, Eslam Badawy, and Caroline Krafft*

WP 828

Pérennité Et Efficience Des Institutions De Microfinance Dans La Région MENA

*Sanae Solhi and Sidi Mohamed Rigat*

WP 829

Through the Keyhole: International Migration in Egypt

*Jackline Wahba*

WP 830

Micro and Small Household Enterprises in Egypt: Potential for Growth and Employment Generation

*Ali Rashed and Maia Sieverding*

WP 831

Measuring Top Incomes and inequality in the Middle East: Data Limitations and Illustration with the Case of Egypt

*Facundo Alvaredo and Thomas Piketty*

WP 832

Aligning Incentives to Reforming Higher Education in Egypt: The Role of Private Institutions

*Ghada Barsoum*

WP 833

Inequality of Opportunity in Educational Attainment in Middle East and North Africa: Evidence from Household Surveys

*Ragui Assaad, Djavad Salehi-Isfahani and Rana Hendy*

WP 834

Incentives Structure and Accountability in the Jordanian Higher Education System

*Ghada Barsoum and Nader Mryyan*

WP 835

Duration to Coverage: Dynamics of Access to Social Security in the Egyptian Labor Market in the 1998-2012 Period

*Rania Roushdy and Irène Selwaness*

WP 836

Rural Wage Employment: Is There a Premium for Agriculture?

*Daoud Yousef and Fallah Belal*

WP 837

Young People's Job Aspirations in Egypt and the Continued Preference for a Government Job

*Ghada Barsoum*

WP 838

Wage Differential between Urban and Rural Palestine: The Shadow of Palestinian- Israeli Conflict

*Daoud Yousef and Fallah Belal*

WP 839

Do Product Standards Matter for Margins of Trade In Egypt? Evidence from Firm-Level Data

*Hoda El-Enbaby, Rana Hendy and Chahir Zaki*

WP 840

Trust and Prosocial Behavior in a Process of State Capacity Building: The Case of the Palestinian Territories

*Luca Andriani and Fabio Sabatini*

WP 841

The Catastrophic Economic Consequences of Illness and their Effect on Poverty Estimates in Egypt, Jordan, and Palestine

*Ahmed Shoukry Rashad*

WP 842

Trade Facilitation and Firms Exports: The Case of Egypt

*Rana Hendy and Chahir Zaki*

WP 843

Labor Market Heterogeneity and Optimal Exchange Rate Regime in Resource-Rich MENA Countries

*Almukhtar Saif Al-Abri*

WP 844

The Impact of Fiscal Policy on Economic Activity Over the Business Cycle: An Empirical Investigation in the Case of Algeria

*Abderrahim Chibi, Mohamed Benbouziane and Sidi Mohamed Chekouri*

WP 845

Is Monetary Policy in Egypt Backward or Forward-Looking?

*Amr Sadek Hosny*

WP 846

Impact of Internal Migration on Political Participation in Turkey

*Ali T. Akarca and Aysit Tansel*

WP 847

Democracy, Democratic Consolidation and Military Spending

*Ibrahim Ahmed Elbadawi and Philip Keefer*

WP 848

Patterns of Labor Market Insertion in Egypt, 1998-2012

*Mona Amer*

WP 849

Social Order, Rents and Economic Development in Iran since the Early 20th Century

*Hadi Salehi Esfahani and Esra Ceviker Gurakar*

WP 850

Harnessing the Sun and Wind for Economic Development? An Economy-Wide Assessment for Egypt

*Perrihan Al-Riffai, Julian Blohmke, Clemens Breisinger, and Manfred Wiebelt*

WP 851

From Productivity to Exporting or Vice Versa? Evidence from Tunisian Manufacturing Sector

*Mohamed Ayadi and Wided Mattoussi*

WP 852

Salaires, Genre et Choix de Secteurs en Algerie

*Moundir Lassassi and Christophe Muller*

WP 853

Education in Egypt: Improvements in Attainment, Problems with Quality and Inequality

*Asmaa Elbadawy*

WP 854

Religious Loyalty and Acceptance of Corruption

*Moamen Gouda and Sang-Min Park*

WP 855

Inequalities in Early Childhood Development in the Middle East and North Africa

*Caroline Krafft and Safaa El-Kogali*

WP 856

The Employment Intensity of Output Growth in Tunisia and Its Determinants

*Rim Mouelhi and Monia Ghazali*

WP 857

Oil Price Risk Exposure and the Cross-section of Stock Returns: The Case of Net Exporting Countries

*Riza Demirer, Shrikant P. Jategaonkar and Ahmed Khalifa*

WP 858

Toward Understanding Water Conflicts in MENA Region: A Comparative Analysis Using Water Poverty Index

*Caroline A Sullivan and Hatem Jemmali*

WP 859



# Annex C. Publications

Water Policy and Poverty Reduction in Rural Area: A Comparative Economy Wide Analysis for Morocco and Tunisia

*Chokri Thabet*

WP 860

Acceptability of Civil Marriage in a Multidenominational Society: Results of an Empirical Survey in Lebanon

*Rayan G. Haykal*

WP 861

Evaluation of Tunisian Regions' Efficiency Using DEA and TOBIT Models

*Lamia Mokaddem*

WP 862

Using Risk Disclosures of Large GCC Bank to Evaluate Information Content

*Mahmoud Haddad and Sam Hakim*

WP 863

Institutional Quality Effect on Remittances in the MENA Region

*Imene Guetat and Dorsaf Sridi*

WP 864

Impact of Improving Irrigation Water Use Efficiency on the Valorization of Water Resources: Case of Irrigated Wheat Production Systems in Central Tunisia

*Ali Chebil and Aymen Frija*

WP 865

Which Factors Determine the Upgrading of Small and Medium-Sized Enterprises (SMEs)? Evidence Egypt, India and the Philippines

*Aimee Hampel-Milagrosa, Markus Loewe and Caroline Reeg*

WP 866

Individual and Households Determinants of Women Empowerment: Application to the Case of Egypt

*Ragui Assaad, Hanan Nazier and Racha Ramadan*

WP 867

The Impact of Economic Freedom on Entrepreneurs' Activities and Economic Growth: New Evidence From Cross-Country Data

*Doaa M. Salman*

WP 868

Exchange Rates and Interest Rates: An Empirical Investigation of International Fisher Effect Theory The Case of Egypt (2003-2012)

*Abla El Khawaga, Mona Esam, and Rasha Hammam*

WP 869

Risky Business Political Instability and Greenfield Foreign Direct Investment in the Arab World

*Martijn Burger, Elena Ianchovichina, and Bob Rijkers*

WP 870

Assessing Inequality of Human Opportunities: A New Approach for Public Policy in Tunisia

*Hatem Jemmali and Mohamed Amara*

WP 871

Iran's Inflationary Experience: Demand Pressures, External Shocks, And Supply Constraints

*Magda Kandil and Ida A. Mirzaie*

WP 872

Governance Reform to Achieve Social Justice and Inclusive Growth in Egypt: Building Inclusive Economic Institutions

*Hafez Ghanem*

WP 873

Top Incomes and the Measurement of Inequality in Egypt

*Vladimir Hlasny and Paolo Verme*

WP 874

Determinants of FDI Location in Egypt: Empirical Analysis Using Governorate Panel Data

*Shima'a Hanafy*

WP 875

The Emergence of Highly Sophisticated Lebanese Exports in the Absence of an Industrial Policy

*Sami Atallah and Ilina Srour*

WP 876

Threshold Effects in the Capital Account Liberalization and Foreign Direct Investment Relationship

*Mouna Gammoudi and Mondher Cherif*

WP 877

Real Exchange Rates and Export Performance in Oil-Dependent Arab Economies

*Ibrahim A. Elbadawi and Linda Kaltani*

WP 878

Implementing Extended Producer Responsibility: Comparative Analysis of Packaging Waste Management

*Faten Loukil and Lamia Rouached*

WP 879

Financial Constraints Risk Aversion and Sharecropping in Rainfed Agriculture: Application to North West Tunisia

*Mohamed Salah Matoussi and Neji Saidi*

WP 880

Job Accession, Separation and Mobility in the Egyptian Labor Market Over the Past Decade

*Chaimaa Yassine*

WP 881

Foreign Direct Investment and Wages: Does the Level of Ownership Matter?

*Cagatay Bircan*

WP 882

Firms Informality: A Model and Empirical Evidence for Lebanon  
*Rawaa Harati*

WP 883

Structural Breaks, Dynamic Correlations, Volatility Transmission, and Hedging Strategies for International Petroleum Prices and U.S. Dollar Exchange Rate

*Walid Mensi, Shawkat Hammoudeh, Seong-Min Yoon*

WP 884

BRICS vs. MENA Countries: Mapping Out Threats and Opportunities

*Marouane Alaya, Imed Mezghani, and Azzouz Zouaoui*

WP 885

Financial Development and Democracy: Is the Relationship Non-Linear?

*Wafa Ghardallou and Abdelkader Boudriga*

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The Impact of Oil Price Fluctuations on the Sudanese Stock Market Performance

*Suliman Zakaria S. Abdalla*

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Trade Liberalization and the Costs and Benefits of Informality: An Intertemporal General Equilibrium Model for Egypt

*Abeer Elshennawy and Dirk Willenbockel*

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Wage Inequality and Wage Mobility in Turkey

*Aysit Tansel, Basak Dalgic and Aytekin Guven*

WP 889

The Institutional Curse of Natural Resources in the Arab World

*Hoda Selim and Chahir Zaki*

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The Distributional Consequences of Economic Growth and Public Spending Programs in Iran

*Hadi Esfahani and Seyed Karimi*

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Natural Resources, Incentives and Human Capital: Reinterpreting the Curse

*Salim M. Araji and Hamid Mohtadi*

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The Pros and Cons of Formalizing Informal MSES in the Palestinian Economy

*Belal Fallah*

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Formal-Informal Gap in Return to Schooling and Penalty to Education-Occupation Mismatch: A Comparative Study for Egypt, Jordan, and Palestine

*Tareq Sadeq*

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Informality and Poverty: A Causality Dilemma with Application to Egypt

*Hanan Nazier and Racha Ramadan*

WP 895

The Political Economy of Monetary Policy in Resource-Rich Arab Economies

*Ghassan Dibeh*

WP 896

Defining and Measuring Informality in the Turkish Labor Market

*Elif Oznur Acar and Aysit Tansel*

WP 897

The Coverage Gap in the Egyptian Social Insurance System During a Period of Reforms and Revolts

*Rania Roushdy and Irene Selwaness*

WP 898

Determinant of Transitions Across Formal/Informal Sectors in Egypt

*Aysit Tansel and Zeynel Abidin Ozdemir*

WP 899

Diffusion of Dissidence in Arab Public Opinion

*Mohamad Al-Ississ and Samer Atallah*

WP 900

# Annexes

## Annex D. Financial Statements



Allied for Accounting & Auditing  
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### Audit Report

To the Board of Trustees of the **Economic Research Forum**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Economic Research Forum, represented in the financial position as of 31 December 2014, and the related statements of activities and change in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

These financial statements are the responsibility of the Organization's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,



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but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

#### *Opinion*

In our opinion, the financial statements referred to above give a true and fair view, in all material respects, of the financial position of **Economic Research Forum** as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.



**Ashraf Emil Botros**  
**Cairo: 26 February 2015**

# Economic Research Forum (ERF)

## Financial Position

As of 31 December 2014

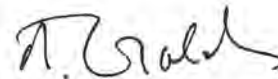
	Note	2014 USD	2013 USD
<b>Non-current Assets</b>			
Fixed Assets	(3)	4,580,305	4,706,467
Investments	(4)	11,248,834	10,964,509
Other Investments	(5)	1,936,861	1,884,591
Contributions and Grants Receivable	(6)	4,702,768	2,901,191
<b>Total Non-current Assets</b>		<b>22,468,768</b>	<b>20,456,758</b>
<b>Current Assets</b>			
Contributions and Grants Receivable	(6)	505,302	189,122
Prepaid Expenses and other Debit Balances	(7)	533,641	626,367
Cash on Hand and at Banks	(8)	4,051,585	6,465,984
<b>Total Current Assets</b>		<b>5,090,528</b>	<b>7,281,473</b>
<b>Total Assets</b>		<b>27,559,296</b>	<b>27,738,231</b>
<b>Current Liabilities</b>			
Provisions	(9)	130,451	137,098
Accrued Expenses and other Credit Balances	(10)	213,133	292,126
<b>Total Current Liabilities</b>		<b>343,584</b>	<b>429,224</b>
<b>Net Assets</b>			
Unrestricted		8,560,912	8,226,474
Temporarily Restricted		4,813,216	5,108,121
Permanently Restricted		13,313,403	13,313,403
<b>Total Net Assets</b>		<b>26,687,531</b>	<b>26,647,998</b>
<b>Non-current Liabilities</b>			
Employees' End of Service Benefits		528,181	661,009
<b>Total Non-current Liabilities</b>		<b>528,181</b>	<b>661,009</b>
<b>Total Liabilities and Net Assets</b>		<b>27,559,296</b>	<b>27,738,231</b>

- The accompanying notes from (1) to (16) are an integral part of these financial statements.

- Auditor's report attached.



Director of Finance and Administration



Managing Director



# Economic Research Forum (ERF) Statement of Activities and Change in Net Assets

for the Year Ended 31 December 2014

	Note	Unrestricted	Temporarily Restricted	Permanent- ly Restricted	Year Ended 31/12/2014	Year Ended 31/12/2013
		USD	USD	USD	USD	USD
<b>Revenues and other Support</b>						
Grants	(11)	-	4,019,144	-	4,019,144	7,174,179
Interest Income		91,783	-	-	91,783	68,967
Return on Investments		364,117	-	-	364,117	355,321
Other Income		69,925	-	-	69,925	82,544
Provisions no Longer Required		30,640	-	-	30,640	-
Gain from Sale of Fixed Assets		2,146	-	-	2,146	40,763
Realized Gain from Investments		26,134	-	-	26,134	183,336
Unrealized Gain from Investments		431,966	-	-	431,966	419,367
<b>Total Revenues and other Support</b>		<b>1,016,711</b>	<b>4,019,144</b>	<b>-</b>	<b>5,035,855</b>	<b>8,324,477</b>
Net Assets Released from Restriction		3,609,670	(3,609,670)	-	-	-
<b>Total Revenues, Other Support and Net Assets Released from Restriction</b>		<b>4,626,381</b>	<b>409,474</b>	<b>-</b>	<b>5,035,855</b>	<b>8,324,477</b>
<b>Less: Functional Expenses</b>	(12)	<b>(4,097,573)</b>	<b>-</b>	<b>-</b>	<b>(4,097,573)</b>	<b>(3,732,286)</b>
<b>Less: Unrealized (loss) from Investments</b>		<b>(43,761)</b>	<b>-</b>	<b>-</b>	<b>(43,761)</b>	<b>(89,103)</b>
<b>Change in Net Assets</b>		<b>485,047</b>	<b>409,474</b>	<b>-</b>	<b>894,521</b>	<b>4,503,088</b>
<b>Net Assets - Beginning of the Year</b>		<b>8,226,474</b>	<b>5,108,121</b>	<b>13,313,403</b>	<b>26,647,998</b>	<b>22,144,910</b>
Net Assets Adjustments	(15)	(150,609)	(704,379)	-	<b>(854,988)</b>	-
<b>Net Assets - End of the Year</b>		<b>8,560,912</b>	<b>4,813,216</b>	<b>13,313,403</b>	<b>26,687,531</b>	<b>26,647,998</b>

- The accompanying notes from (1) to (16) are an integral part of these financial statements.

# Economic Research Forum (ERF)

## Statement of Cash Flows

for the Year Ended 31 December 2014

	Note	Year Ended 31/12/2014 USD	Year Ended 31/12/2013 USD
<b>Cash Flows from Operating Activities</b>			
Changes in Net Assets		894,521	4,503,088
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided from Operating Activities</b>			
Fixed Assets Depreciation		209,050	220,684
Gain from Sale of Fixed Assets		(2,146)	(40,763)
Provisions		49,951	28,752
Provisions no Longer Required		(30,640)	-
Employees' End of Service Benefits		198,789	86,270
Realized (Gain) from Investments		(26,134)	(183,336)
Unrealized (Gain) from Investments		(388,205)	(330,264)
<b>Net Assets before Changes in Assets and Liabilities</b>		<b>905,186</b>	<b>4,284,431</b>
Change in Contributions and Grants Receivable		(2,117,757)	249,801
Change in Prepaid Expenses and Other Debit Balances		92,726	226,728
Change in Accrued Expenses and Other Credit Balances		(78,993)	(282,873)
<b>Cash Flows (Used in) Provided from Operating Activities</b>		<b>(1,198,838)</b>	<b>4,478,087</b>
Provisions Used During the Year		(25,958)	(176,808)
Employees' End of Service Benefits		(331,617)	-
<b>Net Cash Flows (Used in) Provided from Operating Activities</b>		<b>(1,556,413)</b>	<b>4,301,279</b>
<b>Cash Flows from Investing Activities</b>			
Change in Investments		77,744	(2,225,509)
Payments to Acquire Fixed Assets		(157,547)	(169,265)
Proceeds from Sale of Fixed Assets		76,805	40,764
<b>Net Cash Flows (Used in) Investing Activities</b>		<b>(2,998)</b>	<b>(2,354,010)</b>
<b>Cash Flows from Financing Activities</b>			
Net Assets Adjustment		(854,988)	-
<b>Net Cash Flows (Used in) Financing Activities</b>		<b>(854,988)</b>	<b>-</b>
Net Change in Cash and Cash Equivalent during the Year		(2,414,399)	1,947,269
<b>Cash and Cash Equivalent - Beginning of the Year</b>		<b>6,465,984</b>	<b>4,518,715</b>
<b>Cash and Cash Equivalent - End of the Year</b>	(8)	<b>4,051,585</b>	<b>6,465,984</b>

- The accompanying notes from (1) to (16) are an integral part of these financial statements.

