

ECONOMIC RESEARCH FORUM

ANNUAL REPORT

2013



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.

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Message from the Chairman of the Board of Trustees



The events of 2013 have made this another exciting year to be remembered in our region's history. When the political transformations started in 2010, it was apparent that life would never be the same again for the region and indeed, for the rest of the world. After three years, we are all still grappling with the consequences.

Amid this turbulence, our strongest foundation for making sense of the constant change around us is reliable and high quality unbiased research. We are fortunate to have ERF and its network of seasoned researchers to carry out this task.

We are all pleased that Dr. Ahmed Galal has been appointed as Minister of Finance in July 2013 to help Egypt during this critical time to navigate the transition and meet expectations of its people. Given the transitory nature of the ministerial appointment, interim arrangements were put in place assigning Dr. Sherine Ghoneim leadership of ERF as Acting Managing Director.

Throughout 2013, ERF has continued to produce timely research on issues of relevance to the region's needs. It has continued to bring together great minds during its events and conferences to discuss regional challenges. ERF provided timely data to enable researchers to understand the underlying causes. While at the same time it is cultivating second and third tier of young researchers who represent our academic future.

ERF's numerous activities and achievements in 2013, as detailed in this report, are the result of contributions made by many, and it is my pleasure as Chairman of the Board of Trustees, to take this opportunity to acknowledge all of them. I extend my thanks to the Arab Fund For Economic and Social Development for the continued support ERF received this year and the World Bank for partnering with the Arab Fund for Economic and Social Development to support the Research Initiative for Arab Development (RIAD) for the past three years and applaud their commitment to the Arab Spring Development Initiative (ASDI). Gratitude also goes out to the International Development Research Centre, the Swiss Government and the Ford Foundation for their invaluable support.

Finally I must acknowledge the contributions of the members of the Board of Trustees, all ERF fellows and the management and staff of ERF for their continued dedication and hard work. May this cooperation and good spirit continue in the years ahead and support the region in its transformation.

Abdlatif Al-Hamad

A stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke ending in a sharp point.

Chairman of the Board of Trustees
Economic Research Forum



Message from the Managing Director

As I reflect on what 2013 has meant for ERF and the region we seek to understand and influence, I am struck by how ERF has remained steady on its course and thrived amid a turbulent environment. The region has continued to pursue its quest for democracy, economic prosperity and social justice but with a new turn of events almost on a daily basis, one can easily lose direction. ERF has kept its eyes focused on its goal of producing high quality research that will help the region chart its path for the future and even expanded its activities. Statistics reveal that in 2013, ERF managed 49 projects at various stages of development engaging 125 researchers, not counting those who presented around 50 papers to the 19th ERF Annual Conference. ERF also intensified its capacity building efforts this year delivering more than six different training workshops, some of them for the first time.



It was also a good year for communications, with ERF holding two conferences, eight workshops and seminars and the publication of 80 working papers, two new volumes in the production process and three MEDJ issues. The ERF has a new publishing partnership with Routledge, part of the Taylor and Francis group for publishing and distribution of its journal, the Middle East Development Journal which is testimony that MEDJ is increasingly gaining international recognition.

Towards the end of the year, ERF launched its pioneer Open Access Micro Data Initiative (OAMDI), which makes available to researchers several types of micro data that ERF has collected, harmonized and prepared for dissemination. ERF's success at data collection and dissemination is encouraging others to partner with it to make more micro data available.

In recognition of all these efforts, the World Bank has signed on to supporting ERF's new major research initiative: the "Arab Spring Development Initiative (ASDI)". A three-year program to kick off in 2014, ASDI will work on enhancing transparency by making data publicly available, generate new insights through focused research projects, and provide platforms for an open exchange of ideas among various stakeholders.

ERF's past and future work would not have been conceivable were it not for the steadfast support of donors and our gratitude goes out to the Arab Fund for Economic and Social Development, the Ford Foundation, the International Development Research Centre, the Swiss Government and the World Bank for believing in ERF's mission. Finally, as Acting Managing Director, it is my personal privilege to thank the ERF affiliates and staff for always striving to give their best and I am confident that this commitment will lead to 2014, being a landmark year in the organization's history. I am particularly thankful to the ERF Board of Trustees for the opportunity to lead ERF during Dr. Galal's interim ministerial appointment and the staff commitment and hard work to meet ERF objectives and fulfill its role as a leading research network in the region.

Sherine Ghoneim


Acting Managing Director
Economic Research Forum

ERF Network and Capacity Building

ERF prides itself in the strength of its network that has been growing steadily over the past twenty years. Nurturing promising researchers and partnering with like-minded institutions have sustained this expansion and vitality.

ERF Affiliates

In 2013, the ERF network continued to expand attracting economists of diverse interests, age groups and gender. Not only has the network drawn in a greater number of seasoned researchers but an increasing number of young researchers have taken an interest to ERF looking to make the most of its nurturing knowledge-packed environment. (Tables 1 and 2)

At the end of 2013, ERF affiliates numbered 289 in total with the addition of 10 new Research Fellows, 6 Research Associates and 3 Policy Affiliates. The majority of ERF affiliates reside in the region (two thirds). The percentage of female affiliates has continued to rise reaching a quarter of all affiliates (24.9 percent) in 2013. The majority of affiliates continue to be Research Fellows (56 percent). The rest are divided between Research Associates (22 percent), Senior Associates (14 percent) and the newly created category of Policy Affiliates (8 percent).

Table 2. ERF Affiliates by Gender

| | Gender | | Total |
|---------------------|--------|--------|-------|
| | Male | Female | |
| Research Fellows | 128 | 33 | 161 |
| Research Associates | 37 | 27 | 64 |
| Senior Associates | 40 | 2 | 42 |
| Policy Affiliates | 12 | 10 | 22 |
| Total | 217 | 72 | 289 |
| Percent | 75.1 | 24.9 | 100 |

Figure 1. ERF Affiliates 2013

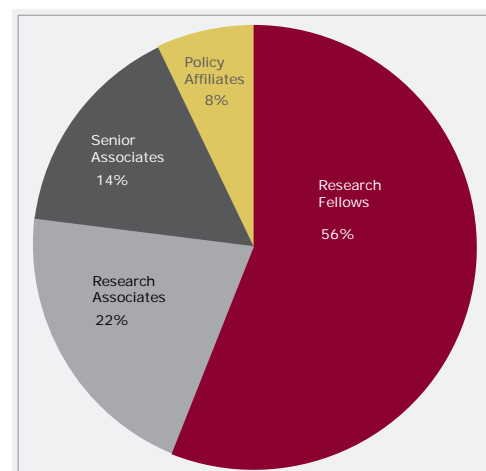


Table 1. ERF Affiliates by Residency

| | Residency | | Total |
|---------------------|-----------|---------|-------|
| | Inside | Outside | |
| Research Fellows | 93 | 68 | 161 |
| Research Associates | 49 | 15 | 64 |
| Senior Associates | 31 | 11 | 42 |
| Policy Affiliates | 17 | 5 | 22 |
| Total | 190 | 99 | 289 |
| Percent | 65.7 | 34.3 | 100 |

CAPACITY Building

ERF has intensified its efforts in 2013 to foster the capacity to produce high quality research by providing researchers with opportunities to acquire new skills and gain exposure to new methods and



concepts through tailored training workshops as well as participation in international conferences.

Training

This year ERF invested in training a diverse audience which included young researchers, journalists as well as its own staff. 6 training workshops were offered where all trainees were selected based on a competitive call for participants and explicit eligibility criteria.

Training Workshop on Measurements of Inequality of Opportunity and Inequality of Outcomes, January 13-15, Cairo, Egypt

As part of its capacity-building activities under the inequality theme, ERF held, for the third year in a row, a training workshop on the Measurement of Inequality of Opportunities. It covered techniques of measuring inequality of income, health and education using a variety of survey data sets from Arab countries. It also covered methods of linking inequality of outcomes to inequalities of circumstances, such as family background, ethnicity, gender, and place of origin.

Training Workshop on Writing Effective Policy Briefs, May 27-29, Cairo, Egypt

ERF produces high quality research on a number of policy-relevant development topics of concern to the region. But the challenge remains for researchers to

present their technical research findings to a non-specialized audience. The policy brief is one of the effective means for doing that; it is used to reach out to policymakers and a general audience. By writing a policy brief, the researcher translates technical research into jargon-free and accessible language and makes an effort to derive policy advice from that research. In order to contribute to bridging the gap between research and policy, ERF organized its first training workshop designed to help researchers write effective policy briefs. The “Most Effective Policy Brief Award” was handed out at the end of the training.

Training Workshop on Writing Winning Research Proposals and Papers, September 28-30, 2013, Dubai, the United Arab Emirates

ERF continued to provide, for the fifth year in a row, a training workshop to develop researchers' capacity to identify research questions that are both relevant to policy making while contributing to the generation of new knowledge and selecting and adopting a proper analytical methodology to tackle these questions. This year's workshop – which focused on the theme of macroeconomics - brought together ten trainees selected from among tens of researchers who had submitted research proposals for presentation at the ERF 20th Annual Conference scheduled to take place in Cairo, March 22-24, 2014.

ERF Network and Capacity Building



Snapshots for trainers and trainees from various training workshops.

Training workshop on Situational Leadership II, November 19-20, Cairo, Egypt

This year the ERF staff received their first Situational Leadership II (SLII) training at the ERF premises in Cairo. SLII is a framework for employee development. It teaches leaders to diagnose the needs of an individual or a team and then use the appropriate leadership style to respond to those needs.

Training Workshop on Analysis of Panel & Retrospective Household Survey Data, December 9-11, 2013, Cairo, Egypt

This three-day training workshop covered techniques for analyzing panel and retrospective data using data from the Egypt Labor Market Panel Surveys conducted in 1998, 2006 and 2012. Organized for the first time, the training focused on retrospective data, which are data for which there are multiple ob-

servations at different points in time for the same individual or information. Retrospective data are essential to analyze change over time.

Training workshop on Addressing Educational Challenges in the Arab World: The Role of Media, December 11-12, Cairo, Egypt

Over the span of two days ERF held its first-ever training workshop for journalists. The main objective of the workshop was to enhance the capacity of young journalists to write about socioeconomic and development related issues more knowledgeably, specifically the issue of education in the Arab world. A group of 10 journalists from Egypt, Jordan and Tunisia had the opportunity to be trained by distinguished journalists and researchers. The trainees were also given tips on how to turn written pieces into social media-friendly content to extend online outreach. This workshop falls within the framework of ERF's recognition that good



*At 20, ERF stands tall.
ERF is recognized as the premier regional
network and think-tank. It is home for the most
dynamic group of researchers. It is the place
where new ideas are born and nourished.
And it is open, transparent and inclusive.
Thanks to these qualities,
ERF is ready to embark on the next 20 years.*



*making
a difference*

media coverage is one of the tools to inform the policy debate as well as to establish the connection between research and policy making.

Participation in International Conferences

As part of its commitment to promote the capacity of researchers in the region and to provide them with opportunities for exposure and cross fertilization, ERF recently supported the participation of five young researchers at the 14th Annual Global Development Conference which took place June 19-21 in Manila, the Philippines. Organized by the Global Development Network (GDN) the focus of the conference was on Inequality, Social Protection and Inclusive Growth.

PARTNERSHIPS

ERF works closely with similar institutions, partners and donors who believe in and are committed to its mission. For the past 15 years, ERF has been partnering with the Institut de la Méditerranée (IM), Marseille, France to coordinate the FEMISE network. The FEMISE network comprises 94 research institutes from the north and south of the Mediterranean. The work of FEMISE complements that of ERF focusing on the intersection between Europe and the South Mediterranean region. In 2013, FEMISE completed all ongoing research projects funded by the European Commission, bringing the total research projects within this partnership to 76 projects, since the initiation of the new phase in 2005, and engaging more than 300 researchers. FEMISE also completed two other research projects funded by the European Investment Bank (EIB).

ERF Network and Capacity Building

ERF continues to be one of seven regional partners to the Global Development Network (GDN). It also houses both the staff and activities of GDN, GDN's knowledge service for research communications from and for the global South. Last year, GDN continued to lend its invaluable support to ERF in the area of outreach, supporting ERF with its experience in electronic media dissemination thus bolstering ERF's communications efforts.

Furthermore ERF has been fortunate to have the support of some very committed organizations that believe in ERF. 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 obliged to the World Bank and Ford Foundation for their generous and continued support to major research undertakings. Without these partnerships, ERF's ability to take on the kind of high quality research needed to help guide regional development would be severely hampered.

NETWORK

News

Ahmed Galal Appointed Minister of Finance, Egypt

Dr. Ahmed Galal, ERF Managing Director was appointed as Minister of Finance in Dr. Hazem El-Beblawi's Interim Government, July 15, 2013.

The appointment comes at a critical time in Egypt's history and we are confident that Dr. Galal's contribution will be instrumental in navigating the transition.

Given the transitory nature of the ministerial appointment, the ERF Board assigned Dr. Sherine Ghoneim the leadership of the ERF as Acting Managing Director.

ERF launches the Arab Spring Development Initiative

ERF is pleased to announce the launch of a new initiative in 2014: the "Arab Spring Development Initiative (ASDI)", a three-year program supported by the World Bank.

ASDI seeks to innovatively contribute to the ongoing political and economic transformation in the region by promoting access to knowledge and data. The main objective of this new initiative is to enhance transparency and accountability by making data publicly available, generate new insights through focused research projects, and provide platforms for an open exchange of ideas among various stakeholders.

ERF Launches the Open Access Micro Data Initiative (OAMDI)

The scarcity of micro data in the ERF region has systematically hindered the production of new research. To overcome this, ERF has embarked over the past years, upon an important effort to collect and acquire micro data in several Arab countries.

Building on these efforts, ERF launched in April 2013 the "Open Access Micro Data Initiative (OAMDI)", an online data portal that gives free access to several types of micro data in several countries in the ERF region and/or during multiple



years. This automated data portal is set up to encourage responsible researchers to use those data sets while respecting the national statistical agencies (NSAs) confidentiality and copyrights. The objectives of OMADI are to: (i) collect micro data and consistently harmonize surveys across countries and over time in order to facilitate comparative research; (ii) lead the production of high quality evidence-based economic research; as well as (iii) promote transparency and accountability.

By enabling access of the research community to these data, ERF seeks to ensure the continuous generation of a wealth of new, fresh and policy-relevant analysis that should ultimately feed into more effective policy formulation.

The initiative capitalizes on ERF's previous extensive efforts to collect labor market surveys – since 1998 - in partnership with NSAs in several countries and during different time periods. In 2009, a major endeavor broke new grounds with NSAs aiming at acquiring, cleaning, harmonizing and preserving household surveys. ERF has pulled off an outstanding work in obtaining the authorization of NSAs in order to disseminate an online, free of charge version of harmonized data sets.

Until end of 2013, the ERF data portal included 28 data sets, of which:

- 17 are Harmonized Household Income and Expenditure Surveys (HHIES) from 3 Arab countries, along with all related resources (data dictionary, questionnaire, methodology, instruction manuals, coding books, etc.)
- 4 Labor Market Panel Surveys from Egypt and Jordan, (for which the raw data is also available for download)
- 7 data sets on micro and small enterprises from four countries

OAMDI is the result of a fruitful partnership between ERF and NSAs. ERF will continue to foster this strategic relationship in order to encourage more statistical offices to participate in OAMDI.

ERF to hold four sessions in the 17th World Congress of the International Economic Association (IEA)

ERF will organize four sessions in the upcoming Seventeenth World Congress of The International Economic Association (IEA) scheduled to take place June 6th to 10th, 2014 in Jordan. During three of the sessions, which tackle issues pertinent to the region's problems, ERF will present its latest findings of recent research projects on "Inequality of Opportunity in Education in Middle East and North Africa", "The Political Economy of Change in the Middle East - What is Driving Change?" as well as "Challenges and Dilemmas of Policy-Making after the Arab Spring". Moreover ERF will hold a special pre-conference Policy Session on "The Dilemma of Subsidy Reform and Equity in MENA". Presentations during the four sessions will be made by distinguished ERF experts and affiliates as well as other international experts.

The World Congress of the IEA aims to promote the interaction between prominent economists, including several World Bank Chief Economists, as well as several Nobel laureates, on issues of global importance. The upcoming World Congress will cover all aspects of economics. Program highlights include numerous keynote addresses as well as a series of plenary and policy sessions, with a number of leading economists already committed to attending. Participants comprise leading academics and policymakers.

Research Activities

This has been another dynamic year on the research front. ERF continued to run research open competitions and solicit research on specific topics. In 2013, ERF managed 49 projects engaging 125 researchers. The projects had either been solicited or were the result of open research competitions. The table below gives a summary on the origin of the projects, number of researchers involved and the geographical coverage. It has also geared up to launching the ASDI in January, 2014.

Whether initiated through open calls for papers or solicited, the selection process was guided by clear criteria, peer reviews and the scrutiny of a reputable Scientific Committee. The work covered a variety of topics, including contemporary issues such as inequality, labor markets, political economy, natural resources and economic diversification and gender issues, among others. The selection of topics was guided by their relative importance to the region and prevalent knowledge gaps. Below is a summary of completed, on-going and initiated projects.

Table 3. Summary of ERF Research Projects in 2013

| How Projects Were Received | Projects (number) | Researchers* | Geographical Coverage | |
|------------------------------|----------------------|--------------|-----------------------|----------|
| | | | Country | Regional |
| Research Competitions | 33 | 49 | 25 | 8 |
| Structured Research Projects | 16 | 76 | 4 | 12 |
| Total | 49 | 125 | 29 | 20 |

* This number excludes those researchers who presented papers at the 19th ERF Annual Conferences

Table 4. ERF Research Projects by Stage of Processing and Lead Researchers, 2013

| Project | Team Leaders |
|--|---|
| Completed Projects | |
| Inequality of Opportunity and Inequality of Outcomes in the Arab Region | Ragui Assaad, Djavad Salehi-Isfahani and Rana Hendy |
| The Egyptian Labor Market in a Revolutionary Era | Ragui Assaad |
| Structural Transformation and Industrial Policy in Selected Southern Mediterranean Countries | Ahmed Galal, Izak Atiyas and Hoda Selim |
| Free Trade Agreement, Non-Tariffs Barriers, R&D Spillovers and T.F.P | Sofian Ghali and Zohour Karray |
| SMEs and Public Procurement Policies in Egypt: The Case of Small and Medium Pharmaceutical Industries | Lobna Abdel Lateef |
| The Elusive Quest for Arab Economic Development | Ahmed Galal and Hoda Selim |
| What Drove Changes in Political Settlements in Iran and Turkey? | Hadi Esfahani and Esra Çeviker Gürakar |
| Rise and Fall of Representative Institutions in Egypt, Sudan, Levant, and Iraq: Role of Geopolitics and Domestic Political Economy | Sami Atallah |



Table 4. Continued

| Project | Team Leaders |
|--|--|
| Completed Projects | |
| The Political Economy of Transformation in the Arab World | Eberhard Kienle |
| A Time to Throw Stones, a Time to Reap: How Long does it Take for Democratic Reforms to Improve Institutional Outcomes? | Khalid Sekkat and Pierre-Guillaume Meon |
| Political Economy of Fiscal Policy and Decentralization in the Arab Countries | Mehmet Serkan Tosun |
| Micro and Small Enterprises (MSEs) in Urban Economies: A Comparative Study of Egypt, Lebanon, Morocco and Turkey at the Province level | Fatma El Hamidi and Cem Başlevent |
| Alternative Finance Mechanisms for Infrastructure in Egypt: Will Users and Developers Pay? | Hesham Osman, Tamer El-Diraby, Magued Osman and Matthew Turner |
| Water Policy And Poverty Reduction In Rural Areas: A Comparative Economy Wide Analysis for Morocco and Tunisia | Chokri Thabet |
| Rural Employment Conditions, Cost of Conflict and Food Security in Palestine | Yousef Daoud |
| Ongoing Projects | |
| Incentives for Better Quality Higher Education | Ragui Assaad |
| Private Sector Development and Economic Diversification in the GCC countries | Mohamed Chemingui |
| 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 |
| Initiated Projects | |
| 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-Isfahani |
| 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 |
| Labor Market Institutions, Employment, and Gender in MENA Countries | Hadi Esfahani |
| 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 |

Research Activities

Table 4. Continued

| Project | Team Leaders |
|--|--|
| Initiated Projects | |
| The Effects of Labor Market Reforms on the Labor Market Dynamics in Turkey | Seyit Mümin Cilasun |
| 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 | The Palestinian Economic Policy Research Institute (MAS) |
| Informality and Poverty: A Causality Dilemma with Application to Egypt | Hanan Nazier |
| The Micro Determinants of Selection into Self-employment in Sudan | Kabbashi M. Suliman |
| Rethinking the Distribution Effects of Informality in Egypt: A Micro-simulation Analysis | Reham Rizk |
| 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 Nexus between Informal Credit and Informal Labor for Micro and Small Enterprises (MSEs) in Egypt | Mohamed El Komi and Mona Said |
| Political Economy of Macroeconomic Policy in Resource-Rich Arab Economies | Ghassan Dibeh |
| 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 |
| Do Natural Resources Inhibit Transparency | Hamid Mohtadi, Michael Ross, and Stefan Ruediger |
| 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 |
| Political Economy Determinants of Private Sector Dynamism in the ERF Region | 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 |
| Gender, Enterprise Ownership, and Labor Allocation in MENA | Hadi Esfahani |



Table 4. Continued

| Project | Team Leaders |
|---|------------------------------------|
| Initiated Projects | |
| 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 |
| Economic Reforms and the Feminization of Poverty: Evidence from Egypt | Shireen Alazzawi |
| Data Collection and Harmonization | |
| Household Survey Data | Hala Abou-Ali and Christiane Wissa |
| Egypt Labor Market Panel Survey (ELMPS) | Ragui Assaad |
| Tunisia Labor Market Panel Survey (TLMPS) | Ragui Assaad |

In 2013, ERF focused on four crucial thematic areas of research: *Equity and Inequality*, *Natural Resources and Economic Diversification*, *Labor and Human Resource Development*, and *The Political Economy of Transformation*. Each area of focus is led by a Thematic Leader, included below:

- Ragui Assaad, *Labor and Human Resource Development*
- Ishac Diwan, *Political Economy of Transformation in the Arab World*
- Ibrahim Elbadawi, *Natural Resources and Economic Diversification*
- Rana Hendy and Djavad Salehi-Isfahani, *Equity and Inequality*

The research projects listed above also covers areas of research carried out under GDN, IDRC and FEMISE programs.

Agriculture and Rural Development*

In the context of the ERF-GDN work on agriculture, ERF completed the following two research projects:

Water Policy and Poverty Reduction in Rural Areas: A Comparative Economy-wide Analysis for Morocco and Tunisia

Chokri Thabet

Water is the main constraining factor facing agricultural development in the Southern and Eastern Mediterranean, particularly in Tunisia and Morocco. In fact, Tunisia and Morocco are facing increasing competition for water due to population and economic growth. This has led the governments of both countries to seek to design and implement new water management policies.

Public interventions have aimed at improving the efficiency of water utilization in agriculture and at redirecting any savings in water towards agricultural expansion as well as urban expansion, tourism and the manufacturing sectors.

* All names noted are those of lead authors or project leaders.

Research Activities

The objective of the study is to explore the impact of alternative domestic water policies in the context of trade liberalization and free trade agreements to which both countries are signatories.

Rural Employment Conditions, Cost of Conflict, and Food Security in Palestine

Yousef Daoud

This research intends to address three issues regarding development in rural Palestine. The first paper will explain wage differential between urban and rural areas (mostly under Israeli control and known as area C), addressing the economic cost of the Palestinian- Israeli struggle. This paper makes use of the 2011 special quarterly labor force surveys in which a West Bank area is identified according to the political division of the Oslo peace accords.

The second piece of research utilizes labor force surveys to investigate employment conditions, the role of agricultural and none-agricultural employment in rural development from a gender perspective. And the third essay investigates food security in rural areas using data from three recent socio economic and food security surveys for the years 2009, 2010 and 2011. A second level of analysis will be based on Palestine Central Bureau of Statistics (PCBS) data on agriculture, and prices of staple commodities.

Equity and Inequality

Work in this area covered issues of income inequality trends, fiscal policy and inequality, and inequality of opportunity.

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

Thomas Piketty and Facundo Alvaredo

This paper aims at understanding income inequality with respect to top incomes in the Middle East and North Africa with a focus on Egypt. To do this, the paper lays out a map of the different methods of understanding top incomes, and analyzes the existing household income and expenditure surveys to learn about the extent of the mid reporting of top incomes in the survey data, in comparison to national accounts. The paper will serve as a background paper for future research on top incomes.

The Impact of Iran's Subsidies on Households

Djavad Salehi-Isfahani

This project studies 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. The government deposits 445,000 rials per person in family bank accounts on a monthly basis (about \$90 in 2010). These transfers are substantial, amounting to about 28% of the average per capita expenditure and greater than the monthly expenditure of 2.8 million Iranians. Since its inception,



the impact of the program has come into question.

It was not clear how the cash transfer could 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 incentive for work.

*Inequality of Opportunity
and Inequality of Outcomes
in the Arab Region*

Ragui Assaad, Djavad Salehi-Isfahani
and Rana Hendy

This completed project aimed to develop a better understanding of the way in which inequality of opportunity translates into inequality of outcome through the behavior of markets for the acquisition and deployment of human capital, specifically in education and skills. It also examined the role of such institutional arrangements as mandatory basic education, tutoring, tracking of secondary school students into general and technical streams and guaranteed public employment for graduates in amplifying inequality of opportunity in the acquisition of human capital.

Gender and Women Economic Empowerment

The emerging political and economic developments in the ERF region have deeply touched the lives of women.

These developments could either result in the advancement of women's rights and roles in a more democratic society or weaken those rights as new social and political players and ideologies come to the fore. There is no question however that a social debate over gender issues and the economic empowerment of women will take place at a heightened scale over the next few years. Enlightening these debates with evidence-based research is of crucial importance.

In an effort to fill the gap in research in this area, ERF, with the support of the International Development Research Centre (IDRC), carried out a call for proposals under the theme of Female Economic Empowerment in Arab countries, Iran, and Turkey. Under this call, ERF has received 22 proposals out of which the review committee has selected the following seven.

*The Work-life Conflict and Well-being
of Employed Women in Turkey*

Cem Baslevent

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

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

Djavad Salehi-Isfahani

This research paper offers a descriptive account of the changes that have come

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over the Iranian family and have influenced women's empowerment within the family. The authors will describe changes in the age and education gaps between spouses, women's childbearing and market work, and availability of household appliances. The authors aim to understand the pattern of women's time allocation, specifically labor market participation vs. childcare and housework. It is hoped that the results will shed light on the question of whether low labor market participation following the decline in fertility is the result of greater involvement of the 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

Throughout two papers the authors will analyze the pattern of enterprise ownership and labor allocation in the Middle East and North Africa (MENA) region in comparison with the rest of the world. In the first paper, the authors are interested in the impact of country characteristics on the probability of ownership of firms of different sizes among men and women.

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 that effect may vary depending on the characteristics of each firm. The authors 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 authors intend to find out 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 paper will focus on what empowers women in Egyptian households. It will examine the decision making aspects of women inside their households. And given the connection between poverty and women 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 authors aim 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 authors will 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

Marika Bontebal

The aim of this research is to gain an understanding of the nature of female formal labor participation in the Sultanate of Oman and the opportunities and challenges facing women. 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 what main constraints and opportunities do they identify with formal employment in the public and private sector. And 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 fe-

males 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.

Labor and Human Resource Development

Work under this area focused on the collection and analysis of data on labor markets and studying labor market regulations. In addition, it analyzed informality issues as well as the incentives for better quality higher education.

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) in 2012, ERF has commissioned a set of papers that have made use of the data. The papers describe different aspects of the labor market in Egypt including the mismatch between

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education and labor market needs, youth transitions to labor market, labor market dynamics, SMEs, wages, international migration etc. This is the third labor market survey that ERF has spearheaded since 1998.

In the context of a research competition on labor market institutions and regulations launched by ERF towards the end of 2013, the following five projects were selected for funding:

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 issued to increase flexibility in the hiring/firing process which has been found to be a major obstacle to job creation in Egypt. The author explores to what extent flexible labor regulations have led to an increase in formal employment and whether its effect was shared equally across gender and age groups. She also looks into the short and the long term impact of the change 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 it means. It 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 intends to find out how and to what extent specific individual and job characteristics and labor market institutions influence worker flows. This piece of research also monitors the evolution of worker flows over the period 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 problem of high unemployment in MENA economies, particularly among the educated youth, especially women, has been blamed on a host of factors ranging from dysfunctional educational systems to the adverse incentives, extensive public sector employment and rigid labor regulations.

This project contributes to better measurement of the effects of various factors on labor market outcomes in MENA. It aims at finding out how labor market institutions and other socio-economic and institutional conditions affect labor market outcomes in MENA countries, how this effect varies across individuals depending on their gender, age and education and 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 aims to examine who has access to social insurance coverage and how long it takes to get 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 will also analyze the impact of recent reform efforts on the extent and nature of worker transitions across different labor market states.

Incentives for Better Quality Higher Education

Ragui Assaad

This on-going project, which covers Egypt, Jordan and Tunisia, explores possible explanations for the poor performance of higher education in the region. It complements a previous project on "Financing Higher Education". This piece

of research investigates the institutional structure governing the operation of higher education institutions and whether the incentive structure facing the provider of higher education is compatible with the desired outcomes or not.

In the context of the ERF-GDN research competition on Informality, the following eight projects were initiated:

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 investigate.

One dynamic aspect of the labor market is the mobility across different sectors, in particular across the formal/informal divide. It will address this issue in the context of both the individual workers and firms. This is the first study on transitions of individual workers and firms between formal and informal sectors using panel data from 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)

This study will try to investigate the transition of firms from the informal to the

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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 incompliance 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 will offer 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 theoretical assumption of the 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

This 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.

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 the formal and informal sectors. It analyzes how income penalties to education-occupation mismatch



in the formal sector differ from the informal sector. The research will compare these features for Egypt, Jordan and Palestine. Each of these countries has a labor market that is different in characteristics. 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 to education-occupation mismatch in the formal and informal sectors.

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

Abeer Elshennawy

The purpose of this project is to highlight the interaction between trade liberalization and labor market rigidities as drivers of informality. The research will look into the extent to which informality reduces the short run unemployment which accompanies trade liberalization due to wage rigidities in the formal sector coupled with adjustment of contracting and expanding sectors. It also looks at the implications for welfare given the lower productivity associated with increased informal employment.

In this respect the research will seek 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 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.

*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 paper 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.

Natural Resources and Economic Diversification

Building on findings from a previous phase of research on the implications of oil windfalls on macroeconomic management, in 2013, work in this area focused on Institutions and Macroeconomic Management in Resource-rich Arab Economies as well as completing previously initiated research projects.

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

Ghassan Dibeh

ERF has initiated this project with the objective of understanding how the na-

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ture and evolution of political institutions have shaped macroeconomic institutions as well as monetary and fiscal policy in oil-rich labor abundant and oil-rich labor importing Arab economies. The paper will focus on the political-economic determinants of macroeconomic policy such as sectoral interests, rentier state, governance and the need to attract international capital inflows.

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

Bassem Kamar

This research will address a multitude of issues related to the conduct of monetary policy in resource-dependent economies. It will assess the independence of central banks, explore the interactions between monetary and fiscal policies, identify the type of monetary policy institutions which have resulted in the best macroeconomic performance and determine to what extent monetary policy has been countercyclical.

Fiscal Institutions and Macroeconomic Management in Resource- Rich Arab Economies

Jeffrey Nugent

This research seeks to examine the role that budget institutions and the rules and procedures that govern them play in the macroeconomic management in resource-rich economies. It 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 research is aimed at understanding 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.

Structural Transformation and Industrial Policy in Selected Southern Mediterranean Countries

Ahmed Galal, Izak Atiyas, and Hoda Selim

Despite the importance of structural transformation for economic development, there is no consensus on how to achieve this objective and what the appropriate role for government is. The objective of this project is thus to undertake a detailed assessment of the experience of a select number of countries in the Southern Mediterranean region (Egypt, Morocco, Tunisia and Turkey) in using active industrial policies to achieve structural transformation and economic diversification.

Private Sector Development and Economic Diversification in the GCC countries

Mohamed Chemingui

The paper undertakes an investigation of why the GCC economies did not succeed in diversifying their economies and reducing their dependency on the oil sector and related activities. Particular attention will be 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 using a unique multi-country exporter-level database for eight countries, namely; Egypt, Iran, Jordan, Kuwait, Lebanon, Morocco, Tunisia and Yemen. It investigates the characteristics of exporters in the MENA region in a systematic manner focusing on understanding whether 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.

*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 World

Work under this theme involved innovative techniques using data from opinion polls to study various aspects of the ongoing social, economic, and political transformations in Arab societies. In addition, research in this area focused on the evolution and structure of fiscal policy as well as the issue of private sector dynamism and political transformation.

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

Ishac Diwan

This project puts together a bold, innovative research program that substantively contributes to advancing the research agenda

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on the political economy of Arab societies and their transformations in the years leading up to 2011. And it does that in a novel way through its use of 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, will be producing 12 papers that seek to fill an existing gap in rigorous, quantitative, evidence-based research on the political economy of contemporary Arab societies. Such research has been rare in the past; studies of Arab politics and society have been either entirely qualitative or limited to narrow political variables such as popular support for democracy in the region. And existing quantitative studies have focused almost exclusively on economic questions, such as the distribution of income, labor participation, and human development.

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

Ishac Diwan

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

Political Economy Determinants of Private Sector Dynamism in the ERF Region

Ishac Diwan

The region suffers from a fragile private sector that is weakly connected with global markets and thrives largely under state patronage. This weak and dependent private sector is one of the most pressing development challenges.

To develop a more refined account of the mechanisms used to privilege insiders and to exclude the vast array of firms and describe the economic effects of these practices, ERF announced at the end of 2013 a call for papers on the political economy determinants of private sector dynamism in the ERF region. This research competition is led by Ishac Diwan (Harvard University), Izak Atiyas (Sabanci University) and Adeel Malik (Oxford University). The review process, selection, and initiation of accepted projects will take place early 2014.

The Elusive Quest for Arab Economic Development

Ahmed Galal and Hoda Selim

This paper reviews the development experience of the Arab countries since World War II, arguing that the lack of inclusive economic and political institutions is the primary cause for the current state of underdevelopment in the region. While macroeconomic mismanagement and oil abundance are important determinants of performance, these factors are shaped primarily by the prevailing political institutions which predated the discovery of oil. In the oil-poor Arab countries, limited progress is attributed to an authoritarian bargain in which the rulers exchanged economic benefits to the poor and the



middle class for political acquiescence. Finally, the paper concludes by speculating whether recent Arab revolts will be remembered in the future as a critical juncture towards more inclusive institutions and shared progress or not. It does not offer a conclusive answer, but suggests that early indications are positive.

What Drove Changes in Political Settlements in Iran and Turkey?

Hadi Esfahani and Esra Çeviker Gürakar

This on-going work explores how the LOA model of North, Weingast, and Wallis can be used to understand the political economy evolution of Iran over the past two decades. On the basis of the analysis, views are developed on the nature of the emerging political settlements in the Arab world and recommendations are derived for the Arab revolutions.

Rise and Fall of Representative Institutions in Egypt, Sudan, Levant, and Iraq: Role of Geopolitics and Domestic Political Economy

Sami Atallah

This project examines how political institutions in Egypt, Sudan, Iraq and the Levant were shaped and reconfigured since the 1860s. To this end, the project investigates the geopolitical interests of Britain and how those interests have shaped the political institutions in these countries through the formation of alliances with local elites or subjugating local populations to Britain's own interest. It also examines the domestic political economy factors which existed during the period of intervention including the opposition groups, their interests, economic strengths, and ability to credibly threaten the existing regime.

The Political Economy of Transformation in the Arab World

Eberhard Kienle

This project examines the economic and social policies that key political actors in Tunisia and Egypt have advocated, debated and partly implemented since the departure of the former authoritarian rulers, Zein Al-Abdin Bin Ali and Hosni Mubarak. The analysis is guided by the overarching objective to gauge the degree to which these policies may contribute to the general welfare and social justice and address socio-economic grievances like youth unemployment which had contributed to the downfall of the old regimes. Emphasis will be placed on medium and long term strategies that relevant actors envisage or already began to implement to shape the economic future of their countries and to resolve distributional conflicts.

A Time to Throw Stones, a Time to Reap: How Long Does it Take for Democratic Reforms to Improve Institutional Outcomes?

Khalid Sekkat
and Pierre-Guillaume Meon

This project aims at finding out whether democratic reforms result in an improvement in institutional outcomes and how long that process takes. To that end, it analyzes measures of democratic reforms and of institutional outcomes.

Political Economy of Fiscal Policy and Decentralization in the Arab Countries

Mehmet Serkan Tosun

This project examines the overall government structure in the Arab countries,

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focusing specifically on the political, economic and demographic determinants of fiscal policy (expenditure and taxation) and decentralization. Based on data availability, the project will examine the case of 12 Arab countries: Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Syria, Tunisia, United Arab Emirates and Yemen.

Regional Integration

Work in this area focused on completing ongoing projects which mainly covered issues of productivity and public procurement.

Free Trade Agreement, Non-Tariffs Barriers, R&D Spillovers and T.F.P

Sofiane Ghali and Zohour Karray

This paper focuses on how to estimate the effects of transaction costs in trade on Total Factor Productivity (TFP) and then on costs of production of the manufacturing sector when considering foreign R&D spillovers in Tunisia and Egypt. It compares the different components of Non-Tariff Barriers (NTBs) in Tunisia and Egypt in order to measure their effects, and more generally the trade transaction costs, on productivity in the two countries. It also examines the effect of the R&D spillover and transaction costs on the costs of production of the manufacturing sectors.

SMEs and Public Procurement Policies in Egypt: The Case of Small and Medium Pharmaceutical Industries

Lobna Abdel Lateef

The authors of this project believe

that it is crucial to carry out a comprehensive assessment of how SMEs operating in the pharmaceuticals sector behave in tenders. This would enable the development of an integrated governance framework to create a better economic environment for those SMEs.

The research will answer the following questions: What is the framework governing pharmaceutical SMEs working in Egypt? What is its impact on SMEs ability to compete for public tenders? What is the governing framework of the public tender market; in what way or to what extent is it designed in favor of SMEs participation? What are the parallels and divergences of the situation in Egypt to general findings? Do SMEs activities show any interdependence between the private and public tender markets? And if so, what are the possible implications of such interdependence on the three key stakeholders: public sector; private distributors; and SMEs.

Urbanization in the ERF Region

In the context of the ERF-GDN work on urbanization, ERF completed two research projects.

Micro and Small Enterprises (MSEs) in Urban Economies: A Comparative Study of Egypt, Lebanon, Morocco and Turkey at the Province Level

Fatma El Hamidi and Cem Başlevent

The objective of this study is to expand the knowledge of the economic and social characteristics under which MSEs operate



in urban regions. The study focuses on Egypt, Lebanon, Morocco and Turkey. In this context, the study examines the sectors' current status, existing constraints, potential for growth and types of activities showing promise of development. This better understanding is expected to lend refined policy prescriptions and programs that would allow this sector to realize its potential growth.

Alternative Finance Mechanisms for Infrastructure in Egypt: Will Users and Developers Pay?

Hesham Osman, Tamer El-Diraby, Magued Osman and Matthew Turner

This project aims to investigate the use of special levies, utility models, and development fees as viable sources for infrastructure financing. Specifically this project aims to identify the willingness-to-pay for improved infrastructure services that are supported by the implementation of special levies and utility models (where appropriate). In addition, the project aims to document the application of development fees as a financing mechanism and policy instrument and propose a road map for the systematic utilization of development fees in Egypt.

Micro Datasets

In 2013, ERF has continued to collaborate with national statistical offices in the region both to acquire, clean, harmonize and disseminate household survey data as well as to carry out labor market surveys.

Household Survey Data

ERF has fostered valuable relationships with the national statistical agencies in order to facilitate the acquisition of household survey data. In 2013, ERF was able to acquire 3 more data sets from Tunisia and Palestine. By the end of 2013, ERF has collected 35 household surveys covering 13 Arab countries, namely Djibouti, Egypt, Jordan, Iraq, Lebanon, Libya, Mauritania, Morocco, Palestine, Syria, Tunisia, United Arab Emirates and Yemen.

During 2013, ERF's in-house statisticians have deployed great effort to clean and harmonize the acquired surveys to ensure their consistency and comparability across time and countries. A harmonized version of 17 of these datasets namely Egypt, Jordan and Palestine, can be found on the ERF data portal.

Moreover, ERF was also able to make progress in terms of encouraging more statistical offices to participate in OAMDI. In fact, the Tunisian statistical office has signed the Memorandum of Understanding at the end of 2013 enabling ERF to add their datasets to the HHIES.

Egypt Labor Market Panel Surveys (ELMPS) 2012

ERF carried out another round of the Egypt Labor Market Panel Survey 2012 in cooperation with the Central Agency for Public Mobilization and Statistics. This survey is the third in a series that began with the Egypt Labor Market survey of 1998 and continued with the ELMPS 2006. It is a multipurpose household survey that inquires about the schooling, housing, marriage and employment of individuals among a number of other topics. The

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2012 sample consisted of 12,060 households, including 6,752 original households from the 2006 sample and 3,308 new households that emerged from the original set of households as well as a refresher sample of 2,000 households. The refresher sample was designed in such a way as to oversample areas with high rates of international migration to allow for a more in-depth analysis of the migration phenomenon. The micro raw data became publicly available in November 2013.

ELMPS 2012 provides a unique opportunity to ascertain the impact of the momentous events accompanying the January 25th revolution on the Egyptian economy and labor market and on the lives of Egyptian workers and their families.

Tunisia Labor Market Panel Survey (TLMPS)

Capitalizing on the successful experience in studying the Egyptian and Jordanian labor markets, this project aims at initiating a labor market survey of Tunisia in 2014. This will be carried out in collaboration with the Institute of National Statistics (INS) and the Applied Social Sciences Forum (ASSF). Once the data collection phase ends, a team of researchers will be commissioned to write a coherent set of papers to study the different aspects of the labor market in Tunisia.

ERF Extended the World Values Survey Coverage in Two MENA Countries

Recognizing the importance of monitoring public opinion in the region, especially during the current period of tumultuous change, ERF is supporting the expansion of the coverage of the 6th wave of the World Values Survey (WVS) to Tunisia and Yemen.

Coverage of societies in the MENA region has slowly increased over successive waves of the World Values Survey since 1999. Previous waves have made important contributions towards understanding cultural and generational changes in MENA societies, particularly concerning religious values, attitudes towards gender equality, and support for democratic values. For the 6th wave (2010-2014), the WVS is covering more than forty countries, including eight from MENA. Expanding the survey to include Tunisia and Yemen will allow researchers to examine the dynamics of value change in these countries and compare it with societies around the world over a four-decade period.



New ERF Initiative

Almost three years into the transition since the political upheaval in the Arab world, several countries are facing daunting challenges. These include a difficult democratization process, deteriorating social and economic conditions and, in many cases, limited knowledge about the best policy options to meet rising aspirations for greater and shared prosperity. These challenges have been compounded by various factors including the lack of research on topical issues and the scarcity of micro data. To help overcome these challenges, ERF has launched the “Arab Spring Development Initiative” (ASDI), which is a three-year research program supported by the World Bank.

ASDI will focus on three main areas of activity namely, (i) open access data, (ii) knowledge creation, and (iii) policy dialogue.

Open Access Data: This new platform follows in the footsteps of the successful World Bank initiative on making data available to researchers and policymakers alike. ERF will capitalize on its knowledge of the region to focus on the Arab countries, where micro data is generally neither available nor accessible. This is a huge undertaking that responds directly to the Arab Spring demand for more transparency and accountability.

Knowledge Creation: Emphasis in this area will be on four themes that are of critical importance to the region at this juncture in its development. These are: The Economics and Politics of Arab

Awakening Inequality, Employment, and Natural Resources and Economic Diversification.

Policy Dialogue: Under this activity, a variety of platforms for policy discussions will be created, varying topics and stakeholders as well as tools and formats to maximize impact. In particular, ERF seeks to broaden its channels of communication and expand the use of social media tools, which have proven instrumental in the buildup to the Arab Spring and during the transitions. A set of activities will be initiated. First: Regional Policy Forums will be organized twice a year to provide a platform for engaging senior policymakers in a discussion of issues of interest. These meetings will be managed by seasoned researchers with solid expertise. Second: ERF will hold Regional Media Seminars, to engage members of the media community in a dialogue about topical issues twice a year. Third: ERF will offer Policy Advice as Public Service and mediate between experts and policymakers on questions of importance for the development of the region, through communications tools such as producing policy perspectives.

“I was involved in the founding of ERF and remember what a radical concept it was in so many ways -- creating not a think tank, but a thinking network; building connections and a community between economists across the region; and building bridges between academics and policy makers. It is remarkable to see how far ERF has come and how it has become an indispensable part of the landscape of economics in the Middle East.”

Nemat Shafik

ERF Research Fellow

Communications and Outreach

While ERF is intent on producing quality research, it is fully aware that the effectiveness of that research only comes about through its dissemination to a wide and diverse audience. And ERF has multiple channels for doing that including publications, conferences, workshops, seminars and expert meetings. 2013 saw multiple events taking place and tens of publications issued.

CONFERENCES

ERF 19th Annual Conference

March 3-5, 2013, AFESD, Kuwait

Economic Development and the Rise of Islamist Parties was the theme of ERF's 19th Annual Conference which took place in March. As always, the conference provided a platform for over 200 regional and international economists to discuss topical issues in economic development and to interact with one another. Besides three plenary sessions, 50 papers were presented in 6 parallel sessions throughout the conference.

Two years after the political uprisings that swept through the ERF region, it

has become painfully obvious to even the most hopeful observers that there will be no swift resolutions. The countries of the region are still struggling to deal with the ramifications of the upheavals, one of the most relevant of which has been the ascendance of political Islam.

The choice of theme for ERF's 19th Annual Conference was especially timely given that Islamic parties had ridden the ballot-boxes into power and had assumed the socioeconomic responsibilities. It was opportune to examine the current economic development under these parties. Having various Islamist parties in different countries raised differing questions around their historical context, capacity to rule and the likelihood of smoothly navigating through a transitional period.



Clockwise from left: Marwan Muasher, Mohammed Al-Sabah, Nathan Brown, Michele Dunne, Mahmoud Al-Jafari, Abdlatif Al-Hamad and Ahmed Galal

The first plenary, *The Causes of the Arab Uprisings and the Rationale for the Rise of Islamist Parties to Power*, kicked off with opening remarks by ERF Managing Director Ahmed Galal and ERF Board of Trustees Chairman, Abdlatif Al-Hamad (Arab Fund for Economic and Social Development). The speakers answered such questions as: were the uprisings due to the failure of previous regimes to provide decent jobs for a growing population, to reduce poverty and to curb inequality and corruption? Were the root causes social in nature, influenced by a growing middle class combined with limited social mobility? Was it due to political oppression and what role did the West play in the process? Why did the uprisings lead to the rise of Islamist parties? Was it the power of ideology and organization? Do they offer a reform agenda that is likely to address the inadequacies of the previous regimes? Finally, what do we know about the rise of such movements and their fates in other Islamic states?

The second plenary session looked at *Comparative Economic Performance in Islamist-Governed Countries*. It examined what happens comparatively when Islamist parties attain power and whether these parties developed defining characteristics as far as economic development policies are concerned. Furthermore it explored whether the resulting development outcomes are similar? What might explain the differences in outcomes across such diverse countries as Indonesia, Iran, Pakistan and Turkey? And what lessons can we draw from this comparative analysis for Arab Spring countries?

The final plenary session presented the *Outlook and Possible Scenarios*. It contemplated the likely scenarios as a result of the Islamist party rule. The Arab Spring revolutions had a clear economic underpinning: they were fuelled by unemployment, poverty, and lack of equal opportunities. At the heart of these revolutions is a search for social and eco-



Clockwise from left: Aysit Tansel, Ishac Diwan, Nemat Shafik, and Djavad Salehi-Isfahani

Communications and Outreach



Panelists and winners of the Best Paper Award at the Award Ceremony and Closing session of the ERF 19th Annual Conference I

nomic justice. The speakers elaborated on their views on the likely political settlements in different countries in the region, and addressed such questions as: after decades in opposition, how well are Islamist political parties likely to manage the economy? To what extent are they likely to adjust their initial positions given the prevailing balance of power in different countries? And will they be able to strike a healthy balance between the neo-liberal economic programs they have espoused with the need for social justice and income distribution?

In addition to the plenary sessions, there were 6 parallel sessions, involving the presentation of almost 50 papers under the themes of: institutional economics, finance, macroeconomics, international economics, labor and human development and microeconomics. Parallel session papers were selected on the basis of a rigorous refereeing process in response to an open call for papers, hence

their diversity. The closing session celebrated the six winners of the Best Paper Award.

The Egyptian Labor Market in a Revolutionary Era: Results from the 2012 Survey

December 7-8, 2013, Cairo, Egypt

Based on the data collected under the ELMPS 2012, ERF had initiated a structured research project that aims at providing a detailed understanding of how political instability and challenging economic conditions have affected the performance of the Egyptian labor market in terms of the structure and evolution of main trends, female participation, youth unemployment and aspirations, labor market dynamics, labor market earnings, the contribution of MSEs to employment and income generation, and international migration, among others.



The primary objective of this conference was to disseminate the results of the ELMPS 2012 survey and present the findings of the research papers to the audience of academia, policy makers and media. More generally, the conference also aimed at providing a platform to discuss and assess how the Egyptian labor market has responded to demographic changes and economic crises in the past several years.

Questions that are raised by the studies being presented include the extent to which the unemployment rate captures labor market distress among vulnerable groups, the extent to which adverse trends in labor demand were attenuated by favorable demographic trends with regard to the growth of the working age population. Are young people experiencing longer transitions from school to work? How have wages, earnings and inequality responded to crises and slowing growth rates?

How have public sector workers fared compared to workers in the private sector since the January 25th revolution? Where have job losses been concentrated and what workers have they affected the most? Did rising international migration trends help cushion falling domestic demand for labor? These questions among many others will be addressed by the paper authors and will be thoroughly discussed in open discussions after each session and in a concluding panel discussion.



Clockwise from left: Abou Bakr El-Gendy, Ragui Assaad, Sherine Ghoneim, Yousef Qaryouti, Ashraf El-Araby, and Maged Osman.

Communications and Outreach

WORKSHOPS and Seminars

Seminar on Egypt's Economy: Swift Solutions to Counter Pressing Challenges

January 2, 2013, Cairo, Egypt

In January 2013 ERF hosted a seminar to help define some of Egypt's pressing economic challenges and discuss possible solutions. The seminar was part of the fourth round of the "National Dialogue for Economic Development," launched by Hesham Kandil, former Prime Minister of Egypt. The National Dialogue was an initiative designed to sound out the opinions of various stakeholders on the problems faced by the Egyptian economy. The seminar attracted a large and diverse crowd: government officials, economists and experts who were representatives of various ideologies and economic sectors. It also included members of the media, public figures and civil society represen-

tatives. The parties involved in the initiative then submitted their recommendations to the government.

Presentation on Why Nations Fail: The Origins of Power, Prosperity and Poverty

January 14 – 26, 2013, in Beirut, Cairo, Alexandria and Tunis

In light of the region's economic and political challenges, ERF in cooperation with the Lebanese Center for Policy Studies (LCPS) and Alexandria University, organized Seminars in four cities in the region for Harvard Professor James Robinson on his recent book "Why Nations Fail? The Origins of Power, Prosperity, and Poverty". The seminars took place in Lebanon between January 14 and 16, in Cairo and Alexandria between January 20 to 22 and in Tunis from January 23 to 26. Written jointly with Daron Acemoglu, economics professor at the Massachusetts Institute



Panelists from different workshops:
clockwise from left: Rania Al-Mashat, Hafez
Ghanem, Mustapha Nabli, Galal Amin, Lisa
Anderson and James Robinson

of Technology, this groundbreaking book attempts to answer the question that has kept experts guessing for centuries: Why are some nations rich and others poor, divided by wealth and poverty? The Seminars featured the presentation of the book by James Robinson followed by discussions with experts and scholars, in addition to wide media coverage and press interviews.

Parallel Session at GDN's 14th Annual Conference Inequality of opportunity and outcomes in the Arab Region

June 19-21, 2013, Manila, Philippine

ERF organized a parallel session at the GDN's 14th Annual Global Development Conference on Inequality, Social Protection and Inclusive Growth held in Manila, the Philippines June 19th – 21st 2013. ERF's parallel session is a tradition that started since it partnered with GDN. The session was an opportunity to bring together global as well as regional perspectives on inequality. These different perspectives were delivered by a distinguished panel which included Francois Bourguignon from the Paris School of Economics, Mustapha Nabli, Former Governor of Central Bank of Tunisia, and Rana Hendy from ERF. Moderated by Ahmed Galal, ERF Managing Director, the session addressed the different aspects of inequality in the region.

RIAD Scientific Committee (SC) Meeting

July 8, 2013, Cairo, Egypt

While ERF holds refereeing committees and calls upon external reviewers to rate proposals received in response to calls for papers, it also engages a high cali-

ber Scientific Committee (SC) to identify research priorities, assess submitted proposals and offer guidance on the research agendas of the Research Initiative for Arab Development (RIAD) initiative. This SC meets twice a year. The most recent meeting was held in Cairo on June 15, 2013. The committee reviewed progress to date and gave feedback on the work plans received under the different themes, as well as ERF data initiatives and efforts.

Workshop on the Political Economy of Transformation in the ERF Region

October 27-28, 2013, Tunis, Tunisia

A workshop on The Political Economy of Transformation in the ERF Region was held to discuss the outcome of the 13th Round of the Regional Research Competition supported by the Global Development Network (GDN). Within the framework of this competition and after a peer-review process, ERF selected six out of 16 research proposals. The selected papers tackle a multitude of issues that should provide a better understanding of how a few powerful groups, be they the local rulers and their crony capitalists, or foreign colonialists driven by their geopolitical interests in the region, have interacted to shape political and economic outcomes. The papers also explore the impact of domestic politics on fiscal decentralization and fiscal accountability and the impact of authoritarianism on governance outcomes. Moreover, the economic policies of transitional governments, which have mainly been of Islamist inclinations, is also assessed in the papers.

The workshop was followed by a policy seminar on "The Performance of the Tunisian Economy in light of the Ongoing

Communications and Outreach

Political Transformations". The Seminar also looked into the reforms needed to enhance growth, improved public services, and inclusion.

The Middle East Centre of the London School of Economics hosted ERF Workshop on "Women Economic Empowerment"

November 29, 2013, London, UK

The Middle East Center of the London School of Economics hosted an ERF workshop on Women Economic Empowerment on November 29, 2013 on its premises in London. The workshop is part of a research project on women economic empowerment that ERF is managing under an International Development and Research Center (IDRC) grant. The workshop provided a forum for researchers to disseminate the preliminary results of the seven proposals that have been selected under an ERF competitive call for papers.

ERF Workshop on Incentives for Better Quality Higher Education in Egypt and Jordan

December 12, 2013, Cairo, Egypt

Building on ERF's previous work on financing higher education and in continuation of its partnership with the Ford Foundation, ERF organized a workshop on Incentives for Better Quality Higher Education in Egypt and Jordan. The objective of the workshop was to share and discuss the findings of a number of research studies that were carried out based on surveys tracking graduates from the business and information technology schools into the labor market in

both Egypt and Jordan. The papers attempted to explain variations in the performance of the graduates in the labor market in light of information about the institutional framework governing higher education in different types of higher education institutions in both countries.

Second Expert Group Meeting on "Sharing Micro Data in the ERF Region: Investing Into the Research Infrastructure of the Future "

December 20, 2013, Tunis, Tunisia

Capitalizing on its know-how in data collection and harmonization, ERF held an Expert Group Meeting on Sharing Micro Data in the ERF Region: Investing into the Research Infrastructure of the Future.

The meeting, organized in partnership with the Higher School of Economic and Commercial Sciences (ESSECT), University of Tunis, brought together around 30 representatives of statistical offices from around the region. The expert group meeting has several objectives: (i) promote cooperation and foster relationships between National Statistical Offices and the research community in the ERF region, (ii) encourage more statistical offices to participate in ERF's data initiative, (iii) showcase ERF recent efforts in data harmonization and OAMDI's impressive progress to date, and (iv) provide a platform to stimulate the exchange of good practices among national statistical offices in data access and sharing especially in the context of preserving user confidentiality and maintaining the integrity of statistical systems and legal requirements.



PUBLICATIONS

Publications are an integral part of ERF's communications efforts. Accordingly, it 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 introducing new methods.

ERF Middle East Development Journal (MEDJ)

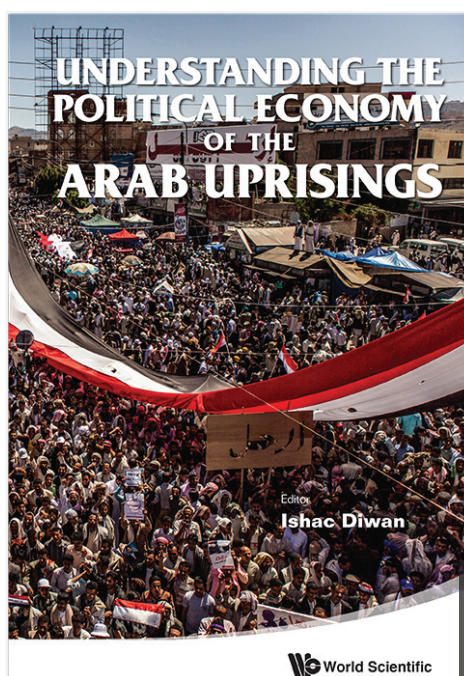
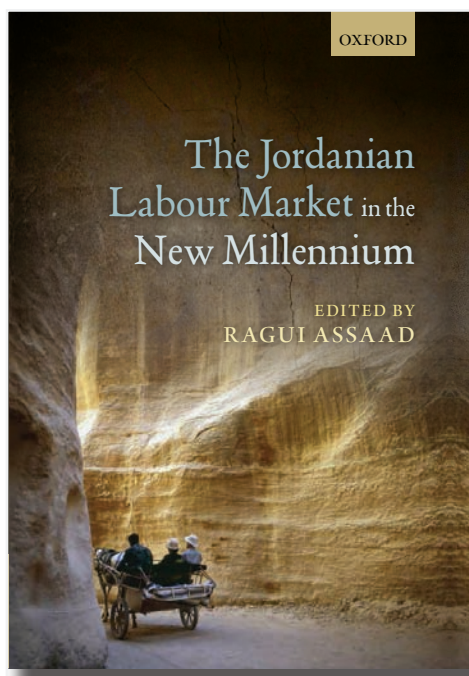
When the *Middle East Development Journal* (MEDJ) was established five years ago, ERF had high hopes for it. Its goal was to provide a solid analytical and empirical base for the promotion of good policy of the challenges facing the region. The hard work of MEDJ's editorial team is finally paying off. The journal

has been gaining widespread recognition, has seen a growth in subscribers and is now about to take its place among firmly established academic publications. Last summer, with rigorous negotiations with the new publisher, Routledge/Taylor and Francis has become the new publisher of MEDJ. The actual production will start in January, 2014.

This year saw the production of one special issue of MEDJ on the Political and Economic Transformations in the Arab World, in addition to the two regularly produced volumes.

Volumes

This year was a good one for edited volumes; ERF has signed on for two volumes with two international publishers. The first volume is *The Jordanian Labor Market in the New Millennium*, edited by



ERF's new edited volumes

Communications and Outreach

Ragui Assaad and published by Oxford University Press. This collection is the first to analyze the results of the Jordan Labour Market Panel Survey of 2010 (JLMPS 2010), a major household survey of labor market conditions carried out in Jordan by ERF. The chapters cover topics that are essential to understanding the conditions leading to the Arab Spring, including the persistence of high youth unemployment despite fairly healthy economic growth, the coexistence of immigration, high unemployment, and out-migration, the very low and stagnant female participation rates despite rapid increases in educational attainment and delayed marriage among Jordanian women, and the unusually early retirement among prime-age male workers. The chapters make use of this unique data set to provide a fresh analysis of the Jordanian labour market that was simply not feasible with previously existing data. The book will prove to be essential reading for anyone interested in the economics of the Middle East and the political economy of the Arab Spring.

The second volume is *Understanding The Political Economy of The Arab Uprisings*, edited by Ishac Diwan and published by World Scientific Press. This volume pro-

vides a broad, holistic understanding of the socio-economic and political-economic aspects of the uprisings. It features contributions from Middle East academics across the world. It examines four broad themes: the reasons behind the uprisings, how democratic transitions transpire, the role of Arab capitalism in the crises, and how the experiences of other countries such as Indonesia, Turkey and Iran, can forecast where these uprisings may lead the Middle East. This book will persuade readers to reassess the interests, potential and constraints of various sociopolitical players and show how important these considerations are in the building of a constructive environment for democratic progress in the Middle East.

Working Papers

This year saw 80 new working papers. These papers, which constitute a work in progress, were published, disseminated weekly via e-mail and posted online on the ERF website.

Table 5. ERF Publications in FY 2007, FY 2008, FY 2009, FY 2010 , FY 2011, FY 2012 and FY 2013*

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

* FY 2010 covers 16 months (September 1, 2009-December 31, 2010). ** two volumes are in production.



Policy Perspectives

ERF Policy Perspectives present a summary of policy-relevant research in a succinct manner. They cover a variety of economic issues relevant to regional development and are targeted towards a wide audience, including policymakers and development practitioners.

Last year ERF published five policy perspectives:

- *Migration, Trade in Services and Employment Interactions in Jordan*, by Anda David and Mohamed Ali Marouani
- *The Impact of Migration on Human Capital in MENA*, by Jackline Wahba
- *The Impact of Foreign Direct Investment in Arab countries*, by Pierre-Guillaume Méon and Khalid Sekkat
- *The Determinants of Foreign Direct Investment to Arab countries*, by Pierre-Guillaume Méon and Khalid Sekkat
- *Can Labor Mobility Spark Employment in Tunisia?* Anda David and Mohamed Ali Marouani

Forum

ERF produces two issues of its newsletter, *Forum*, annually. It is used to communicate with affiliates and a larger regional audience. The newsletter features short articles providing a digest of recent research, book reviews and interviews. Typically, one issue—the one following the annual conference—will be used to focus on the events and participants. The second issue wears a more journalistic hat, asking important contemporary economic questions and covering ERF events. Both issues have detailed information on ERF news and events, a rundown of the last six months and book reviews.

“Over the past 20 years, ERF has matured to become the premier flagship regional think tank in the area of economics research. The network of affiliates has grown and has served the organization and the region well to increase connectivity, dissemination of research and innovative ideas, as well as interactive quality debates”

Magda Kandil

ERF Research Fellow

Annexes

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Fida Karam
Gulf University for Science
and Technology



Zouhour Karray
University of Tunis

Ahmed Khalifa
King Fahd University of Petroleum
and Minerals

Said Khalil
Palestine Monetary Authority

Mahdi Majbouri
Babson College

Samir Maliki
University of Tlemcen

Rock-Antoine Mehanna
Sagesse University

Sami Mensi
Al-Baha University

Walid Mensi
University of Tunis El Manar

Hela Miniaoui
University of Wollongong

Hanan Nazier
Cairo University

Durmus Ozdemir
Istanbul Bigi University

Faezah Raei
International Monetary Fund

Racha Ramadan
Cairo University

Rania Roushdy
Population Council

Sameh Sakr
Arab Academy for Science and
Technology

Nisreen Salti
The American University of Beirut

Hatem Samman
Booz Allen Hamilton,
Middle East Office

Shaker Sarsour
Palestine Monetary Authority

Hoda Selim
Economic Research Forum

Alaa Shehabi
Bahrain Institute for Banking and
Finance

Davoud Souri
Iran Banking Institute

Mohamed Trabelsi
Dubai Economic Council

Chahir Zaki
Cairo University

Annex A. ERF Network and Partners

ERF Affiliates: Senior Associates

Samir Abdullah

Palestine Economic Policy Research
Institute

Sultan Abou-Ali

Zagazig University

Hasan Abu-Libdeh

Ministry of National Economy,
Palestine

Jawad Al Anani

Economic and Social Council
in Jordan

Ali Abdel Gadir Ali

Arab Center for Research and
Policy Studies

Jassim Al-Mannai

Arab Monetary Fund

Mutahar Al-Saidi

Sanaa University

Ali Ahmed Attiga

Arab Thought Forum

Chedly Ayari

University of Tunis

Ziad Bahaa-Eldin

Former Interim Deputy Prime
Minister and Former Minister of
International Cooperation, Egypt

Adel Beshai

The American University in Cairo

Abdullah Dardari

State Planning Commission, Syria

Kemal Dervis

The Brookings Institution

Hazem El-Beblawi

Former Prime Minister, Egypt

Faika El Refaie

Former Governor of Central Bank
of Egypt

Abdullah El-Kuwaiz

Royal Embassy of Saudi
Arabia to the Kingdom of Bahrain

Abda El-Mahdi

UNICONS Consultancy Ltd.

Habib El-Malki

Former Minister of Education,
Morocco

Bernard Hoekman

European University Institute

Jalaleddin Jalali

Institute for Management and
Planning Studies

Taher H. Kanaan

Arab Center for Research and
Policy Studies

Robert Kasparian

Presidency of Ministers in Lebanon

Robert Mabro

Oxford Institute for Energy Studies

Samir Makdisi

The American University in Beirut

Michel Issa Marto

Housing Bank for Trade & Finance

Ali Naghi Mashayekhi

Sharif University of Technology

Mahmoud Mohieldin

Former Minister of Investment,
Egypt

Hicham Mutwally

Economic Consultant

Mustapha K. Nabli

Economic Research Forum

Masoud Nili

Sharif University of Technology

Jeffrey B. Nugent

University of Southern California

Othman Mohamed Othman

Former Minister of Economic
Development, Egypt

John Page

The Brookings Institution

Christopher Pissarides

London School of Economics

Samir Radwan

Former Minister of Finance, Egypt

James Robinson

Harvard University

Guven Sak

Economic Policy Research Institute

Rusdu Saracoglu

Allianz Sigorta A.Ş.

Paul Schultz

Yale University

Ismail Sirageldin

Johns Hopkins University

Lyn Squire

Economic Research Forum

Nabil Sukkar

Syrian Consulting Bureau for
Development & Investment

ERF Affiliates: Policy Affiliates

Ahmed Al-Kawaz
Arab Planning Institute

Mohammed Al-Maitami
Economic Consultant

Savas Alpay
The Statistical, Economic and Social Research and Training Centre for Islamic Countries

Nourah A. Al-Yousef
King Saud University

Marwan Alzoubi
Parsons Lmted

Mohammad Bakhshoodeh
Shiraz University

Abdel-Hameed Bashir
Islamic Development Bank

Hakim Ben Hammouda
Interim Minister of Finance, Tunisia

Ralph Chami
International Monetary Fund

Rola Dashti
Kuwait Economic Society

Mahmoud A. T. Elkhafif
UNCTAD

Laila El Khawaga
Cairo University

Safaa El-Kogali
The World Bank

Alia El Mahdi
Cairo University

Samiha Fawzy
Cairo University

Omneia Helmy
Egyptian Center for Economic Studies

Imed Limam
Arab Fund for Economic and Social Development

Sahar Nasr
The World Bank

Heba Nassar
Cairo University

Saleh M. Nsouli
Economic Consultant

Ibrahim Saif
Minister of Planning and International Cooperation, Jordan

Sahar Tohamy
Egypt Network for Integrated Development

Annex A. ERF Network and Partners

ERF Management and Staff

Management

Ahmed Galal
Managing Director
(January - mid-July)

Sherine Ghoneim
Acting Managing Director
(mid-July - end December)

Marwa Afifi
Executive Assistant to
Managing Director

Rana Hendy
Economist

Maryse Louis
Program Manager

Ramage Nada
Program Assistant

Heba Omar
Research Assistant/Statistician

Hoda Selim
Economist

Christiane Wissa
Consultant

Chahir Zaki
Economist

Hoda Azmi
Conference Manager

Namees Nabeel
Communications Manager

Administration and Finance

Mohamed Youssri
Director of Finance
and Administration

Mohamed Aladdine
Accountant

Anais Hagopian
Senior Administrative Officer

Sherif Osama
Senior Accountant

Rana Saied
Administrative Assistant

Research

Hala Abou-Ali
Project Leader

Hoda El Enbaby
Researcher

Eman ElHadary
Program Officer

Dina El-Halaby
Secretary to the BOT

Yasmine Fahim
Senior Programs Officer

Communications

Niveen Wahish
Director of Communications



ERF Donors/Partners



ARAB FUND FOR
ECONOMIC AND
SOCIAL
DEVELOPMENT
(AFESD)



IDRC  CRDI
INTERNATIONAL
DEVELOPMENT
RESEARCH
CENTER (IDRC)



EUROPEAN
COMMISSION



GDN 
Global
Development
Network



Schweizerische Eidgenossenschaft
Confederation suisse
Confederazione Svizzera
Confederaziun svira

Swiss Confederation represented by the Swiss Agency
for Development and Cooperation



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THE WORLD BANK
THE WORLD BANK GROUP

Annexes

Annex B. Publications

Middle East Development Journal (MEDJ)

MEDJ, Vol. 5, No. 1, March 2013 (Special Edition)

MEDJ, Vol. 5, No. 2, June 2013

MEDJ, Vol. 5, No. 3, December 2013

Volumes

The Jordanian Labour Market in the New Millennium (in press)

Edited by Ragui Assaad

Understanding the Political Economy of the Arab Uprisings (in press)

Edited by Ishac Diwan

Policy Perspectives

Migration, Trade in Services and Employment Interactions in Jordan

Anda David and Mohamed Ali Marouani

The Impact of Migration on Human Capital in MENA

Jackline Wahba

The Impact of Foreign Direct Investment in Arab countries

Pierre-Guillaume Méon and Khalid Sekkat

The Determinants of Foreign Direct Investment to Arab countries

Pierre-Guillaume Méon and Khalid Sekkat

Can Labor Mobility Spark Employment in Tunisia?

Anda David and Mohamed Ali Marouani

Forum

Forum Newsletter Volume 20, No. 1

Forum Newsletter Volume 20, No. 2

Working Papers

Efficiency Gains from Liberalizing Labor Mobility

Frédéric Docquier, Joël Machado and Khalid Sekkat

WP 745

Politico-Economic Development of Turkey and the Transformation of Political Islam

Hasan Ersel

WP 746

Distressed Whales on the Nile – Egypt Capitalists in the Wake of the 2011 Revolution

Hamouda Chekir and Ishac Diwan

WP 747

Exchange Rate Regimes for Post-conflict Recovery

Ibrahim Elbadawi and Raimundo Soto

WP 748

Approche de Négociation dans le Cadre d'un Accord de Libre Echange Régional Liant des Pays du MENA

Nabil Boubrahimi

WP 749

The Global Impact of the Systemic Economies and MENA Business Cycles

Paul Cashin, Kamiar Mohaddes and Mehdi Raissi

WP 750

Aid, Exchange Rate Regimes and Post-conflict Monetary Stabilization

Ibrahim Elbadawi and Raimundo Soto

WP 751

What Determines the Access to Finance of SMEs? Evidence from the Egyptian Case

Hala El-Said, Mahmoud Al-Said and Chahir Zaki

WP 752

Structural Labor Market Transitions and Wage Dispersion in Egypt and Jordan

Chaimaa Yassine

WP 753

How Different Are the Wage Curves for Formal and Informal Workers? Evidence from Turkey

Badi H. Baltagi, Yusuf Soner Baskaya and Timur Hulagu

WP 754

What Happened to Real Earnings in Egypt, 2008 to 2009?

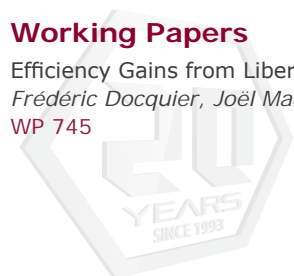
Paul Cichello, Hala Abou-Ali, and Daniela Marotta

WP 755

Reseaux Sociaux Et Insertion Sur Le Marche Du Travail En Algerie

Moundir Lassassi and Christophe Muller

WP 756



The Differential Effects of Oil Demand and Supply Shocks on the Global Economy

Paul Cashin, Kamiar Mohaddes, Maziar Raissi, and Mehdi Raissi

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The Egypt Labor Market Panel Survey: Introducing the 2012 Round

Ragui Assaad and Caroline Krafft

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Assessing the Impact of Trade Reforms on Informality in Egypt

Irène Selwaness and Chahir Zaki

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Factors Affecting the Choice of Households' Primary Cooking Fuel in Sudan

Kabbashi M. Suliman

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Micro and Small Enterprises (MSEs) in Urban Economies: A Comparative Study of Egypt and Turkey at the Province Level

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Wages and On-the-Job Training in Tunisia

Christophe Muller and Christophe J. Nordman

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The Growth of Turkey in World Trade: Opportunity or Threat for MENA Countries?

Marouane Alaya and Imed Mezghani

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Does Islamic Banking Development Favor Macroeconomic Efficiency? Evidence on The Islamic Finance – Growth Nexus

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Understanding Democratic Transitions in The Arab World

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Accounting Information System of Tunisian SMEs: Complexity, Determinants and Impact on Financial Performance

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The Egyptian Economy Post-Revolution: Sectoral Diagnosis of Potential Strengths and Binding Constraints

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Modelling Political Performance of Islamist and Islamist-Rooted Parties in Turkey

Ali T. Akarca

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Asmaa Elbadawy

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Malak Reda

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One Hundred Years of Oil Income and the Iranian Economy: A Curse or a Blessing?

Kamiar Mohaddes and M. Hashem Pesaran

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Business Cycle Synchronization in Euro Area and GCC Countries: A Wavelets-GA Approach

Mustapha Djennas, Mohamed Benbouziane and Meriem Djennas

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Trade Determinants and Potential of Syria: Using A Gravity Model, With an Estimation of The Syrian Crisis' Impact on Exports

Zaki Mehchy, Rabie Nasser, and Marc Schiffbauer

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Competitiveness in Turkish Banking: 2002-2011

Nurhan Davutyan and Canan Yildirim

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Resource Rents, Institutions and Violent Civil Conflicts

Ibrahim Elbadawi and Raimundo Soto

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Dual Banking and Financial Contagion

Mahmoud Sami Nabi

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Does Longer Compulsory Education Equalize Educational Attainment? Evidence From A Major Policy Reform

Murat G. Kirdar, Meltem Dayioglu and Ismet Koc

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Gholamreza Soltani

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Donia Smaali Bouhlila
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Brahim Elmorchid
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Different Arab Springs? The Political Elite and De facto Political
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Mina Balamoune Lutz
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Regression Model: An Evidence for Turkey
Afsin Sahin
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Output-Employment Relationship across Sectors:
A Long- versus Short-Run Perspective
Afsin Sahin, Aysit Tansel and M. Hakan Berument
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The Composition of FDI in the MENA Region and Other Coun-
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Philipp Harms and Pierre-Guillaume Méon
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The Growth Effects of Greenfield Investment and Mergers and
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MENA Countries
Philipp Harms and Pierre-Guillaume Méon
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Proxy Means Tests for Targeting Subsidies Scheme in Iran
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Structural Transformation and Industrial Policy in Morocco
Lahcen Achy
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Vertical Integration in the Egyptian Clothing Industry
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Cem Baslevant
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Does Infrastructure Mitigate the Effect of Urban Concentration
on Poverty in Developing Countries?
Khalid Sekkat
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Sofiane Ghali and Zouhour Karray
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Macroeconomic Shocks and Banking Sector Developments in
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Santiago Herrera and Hoda Youssef
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Structural Change and Industrial Policy in Turkey

Izak Atiyas and Ozan Bakis

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International Labor Mobility and Employment Interactions in Tunisia

Anda David and Mohamed Ali Marouani

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The Structure and Evolution of Employment in Egypt: 1998-2012

Ragui Assaad and Caroline Krafft

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The Evolution of Labor Supply and Unemployment in the Egyptian Economy: 1988-2012

Ragui Assaad and Caroline Krafft

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Trade, Transaction Costs and TFP: Evidence from Tunisia and Egypt

Sofiane Ghali, Habib Zitouna, Zouhour Karray and Slim Driss

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Long Run Versus Short Run Analysis of Climate Change Impacts on Agriculture

Younes Ben Zaied

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How Does Urban Concentration Affect Poverty in Developing Countries?

Khalid Sekkat

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The Formal and Informal Framework of Foreign Direct Investment

Pierre-Guillaume Meon and Khalid Sekkat

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A Comparative Analysis of the Determinants of Foreign Direct Investment in The Arab World and in Asia

Brahim Elmorchid, Nouria Ridha and Khalid Sekkat

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Is There Anything Special With Intra-Arab Capital Flows?

Khalid Sekkat

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Young People and the Digital Divide in Egypt: An Empirical Study

Mona Farid Badran

WP 813

Returns to Foreign Language Skills in a Developing Country: The Case of Turkey

Antonio Di Paolo and Aysit Tansel

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Savings and Investment Decisions from Natural Resource Revenues: Implications for Arab Development

Paul Collier

WP 815

FDI and Exports Diversification in Arab Countries

Pierre-Guillaume Méon and Khalid Sekkat

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Debt, Inflation and Growth: Robust Estimation of Long-Run Effects in Dynamic Panel Data Models

Alexander Chudik, Kammar Mohaddes, M. Hashem Pesaran, and Mehdi Raissi

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The Macro-Micro Nexus and Public Procurement Support Policy for SMEs: The Case of Pharmaceuticals in Egypt

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Do Global Shocks Drive Investor Herds in Oil-Rich Frontier Markets?

Mehmet Balçilar, Riza Demirel, Shawkat Hammoudeh and Ahmed Khalifa

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Effects of NTMs on the Extensive and Intensive Margins to Trade: The Case of Tunisia and Egypt

Sofiane Ghali, Habib Zitouna, Zouhour Karray and Slim Driss

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Resource Windfalls, Optimal Public Investment and Redistribution: The Role of Total Factor Productivity and Administrative Capacity

Rabah Arezki, Arnaud Dupuy and Alan Gelb

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Supplementary Education in Turkey: Recent Developments and Future Prospects

Aysit Tansel

WP 822

The Impact of Labor Mobility on Unemployment: A Comparison between Jordan and Tunisia

Anda David and Mohamed Ali Marouani

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The Labor Mobility-Employment Nexus: A General Equilibrium Analysis for Jordan

Anda David and Mohamed Ali Marouani

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Annexes

Annex C. 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 2013, 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.

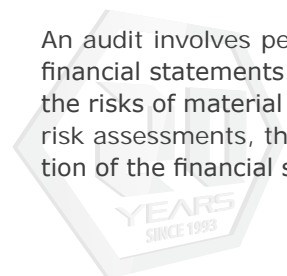
Management's Responsibility for the Financial Statements

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 the 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,





Allied for Accounting & Auditing
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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 the 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 2013, 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: 17 February 2014

Economic Research Forum (ERF)


Financial Position

As of 31 December 2013

| | Note | 2013 USD | 2012 USD |
|--|------|-------------------|-------------------|
| Non-current Assets | | | |
| Fixed Assets | (3) | 4,706,467 | 4,757,887 |
| Investments | (4) | 10,964,509 | 10,109,991 |
| Other Investments | (5) | 1,884,591 | - |
| Contributions and Grants Receivable | (6) | 2,901,191 | 3,149,423 |
| Total Non-current Assets | | 20,456,758 | 18,017,301 |
| Current Assets | | | |
| Contributions and Grants Receivable | (6) | 189,122 | 190,691 |
| Prepaid Expenses and other Debit Balances | (7) | 626,367 | 853,095 |
| Cash on Hand and at Banks | (8) | 6,465,984 | 4,518,715 |
| Total Current Assets | | 7,281,473 | 5,562,501 |
| Total Assets | | 27,738,231 | 23,579,802 |
| Current Liabilities | | | |
| Provisions | (9) | 137,098 | 285,154 |
| Accrued Expenses and other Credit Balances | (10) | 292,126 | 574,999 |
| Total Current Liabilities | | 429,224 | 860,153 |
| Net Assets | | | |
| Unrestricted | | 8,226,474 | 5,616,466 |
| Temporarily Restricted | | 5,108,121 | 5,040,040 |
| Permanently Restricted | | 13,313,403 | 11,488,404 |
| Total Net Assets | | 26,647,998 | 22,144,910 |
| Non-current Liabilities | | | |
| Employees' End of Service Benefits | | 661,009 | 574,739 |
| Total Non-current Liabilities | | 661,009 | 574,739 |
| Total Liabilities and Net Assets | | 27,738,231 | 23,579,802 |

- The accompanying notes from (1) to (14) are an integral part of these financial statements.

- Auditor's report attached.



Acting Managing Director



Director of Finance and Administration

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

for the Year Ended 31 December 2013

| | Note | Unrestricted | Temporarily Restricted | Permanent- ly Restricted | Year Ended 31/12/2013 | Year Ended 31/12/2012 |
|---|------|--------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | USD | USD | USD | USD | USD |
| Revenues and other Support | | | | | | |
| Grants | (11) | 2,081,657 | 3,267,523 | 1,824,999 | 7,174,179 | 7,262,384 |
| Interest on Time Deposits | | 68,967 | - | - | 68,967 | 41,592 |
| Return on Investments | | 355,321 | - | - | 355,321 | 253,674 |
| Other Income | | 82,544 | - | - | 82,544 | 27,217 |
| Gain from Sale of Fixed Assets | | 40,763 | - | - | 40,763 | - |
| Realized Gain from Investments | | 183,336 | - | - | 183,336 | 41,470 |
| Unrealized Gain from Investments | | 419,367 | - | - | 419,367 | 554,814 |
| Total Revenues and other Support | | 3,231,955 | 3,267,523 | 1,824,999 | 8,324,477 | 8,181,151 |
| Net Assets Released from Restriction | | 3,199,442 | (3,199,442) | - | - | - |
| Total Revenues, Other Support and Net Assets Released from Restriction | | 6,431,397 | 68,081 | 1,824,999 | 8,324,477 | 8,181,151 |
| Less: Functional Expenses | (12) | (3,732,286) | - | - | (3,732,286) | (4,605,460) |
| Less: Unrealized (loss) from Investments | | (89,103) | - | - | (89,103) | - |
| Change in Net Assets | | 2,610,008 | 68,081 | 1,824,999 | 4,503,088 | 3,575,691 |
| Net Assets - Beginning of the Year | | 5,616,466 | 5,040,040 | 11,488,404 | 22,144,910 | 18,569,219 |
| Net Assets - End of the Year | | 8,226,474 | 5,108,121 | 13,313,403 | 26,647,998 | 22,144,910 |

Economic Research Forum (ERF)

Statement of Cash Flows

for the Year Ended 31 December 2013

| | Note | Year Ended 31/12/2013 | Year Ended 31/12/2012 |
|---|------|-----------------------------|-----------------------------|
| | | USD | USD |
| Cash Flows from Operating Activities | | | |
| Changes in Net Assets | | 4,503,088 | 3,575,691 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided from Operating Activities | | | |
| Fixed Assets Depreciation | | 220,684 | 209,561 |
| Gain from Sale of Fixed Assets | | (40,763) | - |
| Provisions | | 28,752 | 58,012 |
| Employees' End of Service Benefits | | 86,270 | 161,071 |
| Realized (Gain) from Investments | | (183,336) | (41,470) |
| Unrealized (Gain) Loss from Investments | | (330,264) | (554,814) |
| Net Assets before Changes in Assets and Liabilities | | 4,284,431 | 3,408,051 |
| Change in Contributions and Grants Receivable | | 249,801 | (2,032,617) |
| Change in Prepaid Expenses and Other Debit Balances | | 226,728 | (229,374) |
| Change in Accrued Expenses and Other Credit Balances | | (282,873) | 348,570 |
| Cash Flows Provided from Operating Activities | | 4,478,087 | 1,494,630 |
| Provisions Used During the Year | | (176,808) | (14,657) |
| Net Cash Flows Provided from Operating Activities | | 4,301,279 | 1,479,973 |
| Cash Flows from Investing Activities | | | |
| Change in Investments | | (2,225,509) | (2,090,149) |
| Payments to Acquire Fixed Assets | | (169,265) | (23,376) |
| Proceeds from Sale of Fixed Assets | | 40,764 | - |
| Net Cash Flows (used in) Investing Activities | | (2,354,010) | (2,113,525) |
| Net (Decrease) in Cash and Cash Equivalent during the Year | | 1,947,269 | (633,552) |
| Cash and Cash Equivalent - Beginning of the Year | | 4,518,715 | 5,152,267 |
| Cash and Cash Equivalent - End of the Year | (8) | 6,465,984 | 4,518,715 |

- The accompanying notes from (1) to (14) are an integral part of these financial statements.