

ECONOMIC  
RESEARCH  
FORUM  
ANNUAL REPORT

2009

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# ERF at a Glance

## **Our Mission**

The Economic Research Forum (ERF) is an independent, non-profit, 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 encourage 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; providing training and mentoring programs to junior researchers; organizing seminars and conferences based on research outcomes; and publishing research output through various types of publications, including working papers, books, policy perspectives and the Forum newsletter.

## **Our Network**

The ERF network comprises a distinguished Board of Trustees (BOT), accomplished researchers from the region and highly dedicated head-office staff. The Forum is supported by multiple donors, both from within the region and from abroad.

## **Our Location and Contact Information**

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# Message from the Chairman of the Board of Trustees



It is now well accepted that knowledge is critical for the development prospects of all regions, including the ERF region. This is essentially the business that ERF is engaged in. In light of this, I am gratified by the progress made by ERF last year towards achieving the objectives of enhancing research capacity as well as creating and disseminating knowledge in and about the region. The publication of a first rate regional journal, the initiation of frontier research projects on Inequality, Regional Integration and the Environment, and the increasing visibility of ERF activities are but a few examples.

As the Chairman of the Board of Trustees, I would like to thank all those who made this progress possible. In particular, I wish to express my gratitude to the World Bank for partnering with the Arab Fund for Economic and Social Development in supporting the Research Initiative for Arab Development (RIAD). I would also like to acknowledge with thanks the financial support received from the International Development Research Center (IDRC), the Swiss Government and the Ford Foundation. Last but not least, I wish to thank all the members of the Board of Trustees and Advisory Committee, as well as ERF fellows, management and staff, for their dedication to the cause of the network.

To be sure, making progress is no good cause for complacency. In the years ahead, it will take the kind of dedication and support shown so far to do even better. Ultimately, our aspiration should be to ensure that generated knowledge eventually finds its way into policymaking to make a difference to the quality of life of people in the region.

**Abdlatif Al-Hamad**

A handwritten signature in black ink, consisting of stylized initials and a long horizontal stroke that ends in a sharp hook.

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

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# Message from the Managing Director

Looking back over the past year, there is much for the members of the ERF network and staff to be proud of. As this Annual Report demonstrates, 2008/09 saw notable progress in the areas of capacity building, research activities and communication.

With respect to capacity building, researchers were given the opportunity to participate in multiple research competitions, and some of them received training or mentoring. ERF completed and made available to researchers a new dataset on labor markets in Egypt. A similar attempt is now being made with respect to Jordan and possibly Morocco and effort is underway to collect, harmonize and make public as many household surveys in the region as possible.

In parallel, ERF initiated a number of frontier research projects on “Inequality”, “Regional Integration” and “Environmental Economics”. A further initiative on “Natural Resources” is now in progress. Research teams are predominately from the region but also from abroad in order to facilitate cross-fertilization. The selection of projects is guided by a transparent process and a reputable Scientific Committee.

Finally, greater efforts were put into communication. The first issue of the ERF journal (Middle East Development Journal) was published in June 2009. The number and quality of working papers produced is up. And the Policy Research Report series has been revamped.

In short, 2009 was yet another step towards the implementation of the new ERF strategy, in which a healthier balance is struck between capacity building, production of knowledge and communication. I am confident we will continue to make the same kind of progress, thanks to the commitment of the ERF fellows, the guidance of the Board of Trustees, the dedication of ERF staff and the generous support from our donors.



**Ahmed Galal**

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

*Managing Director*  
**Economic Research Forum**

# ERF Network and Capacity Building

Since its inception, ERF has strived to be home for the most accomplished and promising researchers in the Arab countries, Iran and Turkey. Sustained effort has been made to attract and maintain the best among them, to provide promising researchers with the support they need, and to accord them a credible outlet for their research. Last year was no exception. Below is a brief summary of the status of the network, along with activities undertaken to strengthen research capacity.

*"ERF has strived to be home for the most accomplished and promising researchers in the Arab countries, Iran and Turkey"*

## Membership of the Network

By the end of August 2009, ERF affiliates numbered 264 in total. Slightly more than half (56 percent) of all affiliates are Research Fellows; the rest are divided between Research Associates (28 percent) and Senior Associates (16 percent). As shown in Table 1 below, the majority of affiliates (67 percent) reside in the region, while females account for 19.3 percent. Most countries in the region are well represented. (A full listing of all affiliates is given in Annex A.)

All ERF activities are open to affiliates and non-affiliates from the region. However, there are merits to enlarging the network to around 300 over the next few years to bring about greater gender balance, and a healthier mix of junior and seasoned researchers. An attempt will also be made to attract researchers from countries that are underrepresented. In all cases, strict admission criteria will continue to be applied to maintain the high quality of research.

## Training and Mentoring Activities

In 2009, ERF continued to offer its successful training module on how to write a winning proposal and paper. Support was given to the mentoring of young researchers, more data sets were made available and the participation in international conferences was encouraged and facilitated.

The *training workshop* on "Writing Winning Research Proposals and Papers" was held in July in Cairo and lasted for a period of 4 days. Nine trainees were chosen from amongst those who submitted proposals for the presentation of papers in the ERF 16<sup>th</sup> Annual Conference. The proposals were drawn from two new areas, namely institutional economics and labor and human development. The proposals formed the basis for case studies discussion. The workshop was led by Jeffrey Nugent, University of Southern California, and Ragui Assaad, University of Minnesota. Marcelo Olarreaga and Khalid Sekkat also made presentations to the group.

**Table 1. ERF Affiliates by Gender and Residency**

	Gender			Residency		
	Male	Female	Total	Inside	Outside	Total
Research Fellows	120	28	148	87	16	148
Research Associates	53	21	74	58	16	74
Senior Associates	40	2	42	32	10	42
Total	213	51	264	177	87	264
Percent	80.7	17.9	100	67.0	33.0	100

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In the course of this year, as a way of building stronger capacity for researchers from the MENA region, *mentoring* by experienced fellows has been applied in the context of the ERF-GDN 8<sup>th</sup> and 9<sup>th</sup> research competitions, as well as the competition on Environmental Challenges in the MENA Region. The mentors' role was to work closely with the selected researchers and provide guidance to improve research results and project outcomes. This was achieved by assisting researchers with respect to the research methodology, helping with the interpretation of the results and findings, ensuring the coherence of the write-up, and assisting in the dissemination strategy of the final output.



*Participants in the Training Workshop. Clockwise starting at the back left: Khalid Sekkat, Fouzia Ejjanou, Houcem Smaoui, Sezgin Polat, Ali Souag, Ines Bouassida, Jeffrey Nugent, Zaki Mehchy, Ragui Assaad, Mehtab Hisar-ciklilar, Ozan Bakis, and Rana Hendy.*

## Cross-fertilization

Realizing that researchers from the region could benefit from exposure to international thinking on development issues, ERF secured funding from the Global Development Network (GDN) to support the participation of around 50 researchers from the MENA region in GDN's Annual Conference. The conference focused on natural resources and was held in Kuwait in February 2009. The selection of participants to take part in the conference was in response to an open call for participation and driven by explicit criteria.

Learning was also encouraged last year in the context of new projects, by attaching additional merits to proposals that engage both young researchers and seasoned researchers.

## Datasets

Access to data is a problem in the ERF region. ERF addresses this problem in two ways: (i) generating its own data sets where justified, and (ii) securing access to such data and making it available for use by researchers. Last year, ERF made the dataset collected on the labor market in Egypt available to researchers, which together with the dataset available for 1998, provides unique panel data rarely available in the region. Effort is underway to make as many household surveys available to researchers after harmonization.

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# Research Activities

Besides running multiple research competitions, ERF initiated, conducted and managed selected research projects to address questions where knowledge gaps about the Arab countries, Iran and Turkey are apparent. These projects were either large, covering more than one country, theme and paper, or small and focused. They covered a wide range of topics, focusing primarily on 5 thematic areas: inequality, regional integration, natural resources and economic diversification, environmental economics and institutional dynamics. A list of completed projects in 2009 is given below, followed by ongoing projects from previous years and finally projects initiated in 2009.

*"ERF initiated, conducted and managed selected research projects to address questions where knowledge gaps about the Arab countries, Iran and Turkey are apparent"*

## Completed Projects

Two projects were completed in 2009, one is related to the liberalization of services, the other to the Country Profile series.

### *Promoting Trade in Services in the MENA Region: A Pilot Project*

This project assessed the regulatory barriers facing the telecommunication, transport and financial services sectors in four countries: Egypt, Jordan, Lebanon and Morocco. It also measured the extent to which these countries have liberalized trade in services, explored the economic implications of progress (or lack thereof) to date and outlined the best strategy moving forward.

The research output of the project was discussed in a workshop, held in Cairo in November 2008. The papers were processed in the ERF Working Papers and one Policy Research Report was published on the transport sector. As a by-product of the project, a new dataset was produced, which was collected through detailed questionnaires completed by government officials in the four countries covered by the study. This data set, along with country descriptive reports, is available on the ERF website.

### *Country Profiles for Bahrain, Oman and Yemen*

Last year, ERF brought to a conclusion the Country Profiles Series by publishing the Country Profiles for Bahrain and Oman in English. The Country Profile for Yemen was translated into Arabic to achieve maximum outreach. In each case, a team of experts from the region was assembled to provide an assessment of macroeconomic policies, finance, labor and trade, along with policy recommendations to boost pro-poor growth. The findings provided a solid analytical base for stimulating a constructive dialogue between different stakeholders in each country and to serve as a catalyst for considering alternative strategies and policies going forward.

## Ongoing Projects

Four projects were initiated in 2008 and continued in 2009. A brief account of these projects is given below.

### *Social Policies for More Equitable Outcomes in MENA*

In the context of the ERF-GDN competition, it was decided that the call for papers would focus on the theme of "Social Policies for More Equitable Outcomes in MENA" rather than the 5 or 6 themes



covered under the annual conference, in order to avoid duplication. The shift was also intended to accumulate fresh knowledge on a challenge facing many countries in the region. In response to the call for papers, ERF received 24 proposals, 11 of which were selected by the refereeing committees (see Box 1 for a listing of selected projects). These projects fall under the sub-themes of: Growth, Equity and Poverty; Human Development; and Social Safety Nets. They cover 9 different countries. Out of the 11 teams engaged in different projects, four teams have

been assigned mentors both to enhance capacity and to improve outputs.

### *Financing Higher Education: A Comparative Assessment of Six Arab Countries*

This project aims at assessing the adequacy, efficiency and equity of the level of spending on higher education in selected Arab countries, identifying the factors that are likely to complicate the

#### **Box 1. Projects Selected Under the 8<sup>th</sup> and 9<sup>th</sup> Rounds of the ERF-GDN Competition**

Poverty Alleviation in Southern Sudan: The Case of Renk County, *Adam El-hag AhmedAli Abdel Aziz Salih, So-maia Raghim Gafar*

The Gendered Aspects of MSEs in MENA: Evidence from Egypt and Turkey, *Fatma El-Hamidi, and Cem Baslevnt*

Poverty Reduction, Growth and Inequality In the MENA Region, *Mouna Cherkaoui, Touhami Abdelkhalek, Aurora Angeli, Sami Bibi, Belkacem Laabas, Heba El-Laithy, and Mo-hamed Ali Marouani*

Employment Growth and its Determinants in the Jordanian Private Sector (1980-2006), *Ghassan Omet, and Ibrahim Saif*

Does Agricultural Trade Liberalization Help the Poor in Tunisia? A Micro-Macro View in a Dynamic General Equilibrium Context, *Nadia Belhaj Hassine, Sofiane Ghali, Bernard Decaluwé, and Véronique Robichaud*

The Dynamics of Poverty and Inequality in an Era of Economic Liberalization: The Case of Egypt, *Alia El Mah-di, Shireen AlAzzawi and Mona Said*

Poverty and Macroeconomic Development in Algeria: What is the Contribution of Oil Revenues? *Mohamed Benbouziane, Samir Baha-Eddine Maliki, Abdelhak Benamar, and Soumia Zirar*

The Palestinian Health Care System: A More Equitable Approach, *Awad Mataria, and Rasha Khatib*

The Efficiency and Effectiveness of the Palestinian Vocational Education and Training, *Mahmoud El-Jafari*

Cash Targeting in Polarized Societies: The Case of Lebanon, *Nisreen Salti, and Jad Chaaban*

Unemployment Insurance, Maternity Benefits and Unemployment Duration in Palestine, *Edward Sayre, and Yousef Daoud*

# Research Activities

problem of financing higher education in the future, and reviewing governments' reform efforts to date. Based on the analysis, it will make recommendations to relax the financing constraints without compromising on equity. The countries included in the project are: Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia. These country cases will also be analyzed comparatively. The final outcome of the project will be a Policy Research Report, which will be disseminated electronically.

## *Environmental Challenges in the MENA Region*

Environmental challenges are rarely taken into consideration in the process of formulating economic policies in the ERF region. Moreover, research assessing existing environmental policies is not in abundance. This project is intended to contribute to our knowledge in this area. It is carried out through: (i) an open call for papers, and (ii) the preparation of a structured project dealing with the application of incentives in environmental regulations in the region.

The open call for papers led to the selection, through the refereeing process, of a rich set of proposals. These projects are now being carried out. (See Box 2)

A concept note has been prepared for the structured project and reviewed. Next, researchers were approached to contribute different chapters. Ultimately all papers will be published in an edited volume, which is envisioned to have 3 parts and 10 chapters, including an overview. Part I, will focus on economic evaluation of environmental damages in the region. Beside a broad assessment of selected countries in the region using the World Bank methodology, there will

## **Box 2. Seven Research Projects in the Area of Environmental Economics**

An Application of Contingent Valuation Technique to Estimate the Environmental and Resource Costs of Domestic Water Services: The Case of the Gaza Strip, *Ibrahim Awad*,

Sustainable Development and Environmental Challenges in the MENA Region: Should the MENA Region Establish National Environmental Accounts? *Susan Sakmar*, and *Osamah Al Khazali*

The Environmental Consequences of the Households Fuel Choices in Sudan, *Kabbashi Suliman*

Ancillary Health Benefits of Pollution Abatement Policies in a Small Open Economy: Illustration from Tunisia, *Mohamed Chemingui*

Does Non-Renewable Energy Utilization in Egypt Generate Net Gain or Net Loss? *Heba El Deken*, *Noran Farag* and *Soha Abdou*

The Impact of Trade and FDI on Pollution and Environmental Degradation in Tunisia, *Housseem Eddine Chebbi*, *Marcelo Olarreaga* and *H. Zitouna*

Environmental Innovations in the Manufacturing Small and Medium Sized Enterprises: A Case of Turkey, *Bahar C. Erbas* and *Pinar C. Geylani*

be two case studies of water conditions for agriculture in Egypt and municipal water supply services in the Gaza Strip. Part II, will assess the application of the Two-Part Tariff Scheme, covering traf-

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fic regulation as a means of reducing green house gas emissions in greater Cairo; and mitigating solid waste from the agro-food industry in Jordan. Part III, will assess tradable permits, focusing on the cement industry in selected countries, water scarcity/pollution in the river basin in Morocco and fisheries in North Africa.

### *Inter Lebanese Socio Economic Forum*

This project is different from others in that its primary focus is on mediating between different political parties in Lebanon to help them converge on a common socio-economic vision for Lebanon. A policy paper is prepared ahead of each meeting. The project was initiated by the European Delegation in Beirut and is carried out jointly by ERF and the IM under the umbrella of FEMISE. Thus far, three policy papers have been prepared and three Forums held:

1. The First Forum was devoted to social policies, and held in Beirut on April 21-22, 2008.
2. The Second Forum was devoted to stimulating private sector development, with a special focus on SMEs. The event was held in Beirut on October 15-16, 2008.
3. The Third Forum focused on land management, agricultural policy and rural development. It was also held in Beirut on February 17-19, 2009.

A fourth Forum is expected to take place before April 2010.

### **Initiated Projects**

Perhaps the most significant development in 2009 is the initiation of a large number of new projects. Some of these projects resulted from a process of calls for papers, while others were initiated as structured research projects in the context of the Research Initiative for Arab Countries (RIAD). In both instances, the selection process was guided by clear criteria, independent reviews and the feedback from a reputable Scientific Committee. A summary of these projects is given below.

#### *Equity and Inequality in the Arab Region: Data, Measurement and Evolution*

This research project was initiated primarily to expand access to and improve the quality of data on inequality in the region. In addition, it is intended to improve the state of our knowledge about different aspects of inequality. To achieve the first objective, the project entails collecting as many household surveys in the region as possible, harmonizing these data sets and making them available to researchers. As for the second objective, the project will document and analyze the extent of equity and inequality in the region, both in monetary and non-monetary terms.

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

This project aims to develop a better understanding of the way in which inequality of opportunity translates into inequality of outcome through the working of the markets for the acquisition and de-

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# Research Activities

*"One of the most significant developments in 2009 is the initiation of a large number of new projects."*

ployment of human capital, specifically education and skills. To this end, it will investigate the link between circumstances, such as family background, and the acquisition of education and skills. It will also examine 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 enhancing or amplifying inequality of opportunity in the acquisition of human capital.

## *Trends, Profile and Determinants of Inequality in Selected Arab Countries*

This project will measure, decompose and analyze the determinants of inequality in selected Arab countries. It will further study how and why inequality varies within and between countries. The project will provide new empirical results for some Arab countries for which inequality patterns are simply unknown.

## *Economic and Non-economic Consequences of Intra and Extra Arab Migration*

This project will examine the economic and non economic consequences of intra-Arab and extra-Arab migration. On the non-economic front, it will analyze the influence of diasporas on the quality of institutions at home. On the economic front, it will study the effect of remittances and return migration in five countries, namely: Egypt, Jordan, Lebanon, Morocco and Syria.

## *Arab Passengers' Airlines Framework and Performance*

The starting point for this project is that liberalization of services is an important policy issue for the ERF region. As a follow up to a previous study, this project has been initiated to develop an in-depth understanding of one particular service, namely the airline industry. The objective of the project is to assess the welfare impact of observed changes in the framework governing the airline industry on firms and consumers. It adopts the Structure-Conduct-Performance framework to determine the impact of the structures governing airlines (e.g. agreements, alliances etc.) on the performance of the industry and passengers. The analysis will cover Egypt, Morocco, the UAE and Jordan, along with a comparative analysis of the country cases.

## *Natural Resources and Economic Diversification*

The ERF region is highly endowed with natural resources, especially oil and gas. Beside the need to manage these depletable resources efficiently and equitably, it is also important to identify diversification strategies that are consistent with long-term development. As a starting point for identifying relevant research questions, this project will take stock of existing research and propose a set of priority questions to be carried out by ERF over the next 3-5 years. These priorities will be discussed by experts in the area of natural resources and concerned policymakers before research projects are initiated by ERF.

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## *Efficiency and Equity of Utilities in the ERF Region*

This theme was the subject of the call for papers in the 10<sup>th</sup> Round of the ERF-GDN Research Competition. It was motivated by the observation that, for decades, most countries in the ERF region, relied on publicly owned monopolies for the provision of utilities (e.g. telecom, electricity, water, etc.). Competition was limited and the government played the role of the operator and regulator. Under fiscal pressure and inefficient outcomes, some countries began to rely on the private sector for the provision or management of some utilities and created independent regulatory bodies. The problem is that not much analytical work has been undertaken to assess this experience to date. Accordingly, participants were invited to submit proposals to answer the following questions:

1. What have been the welfare effects associated with privatization of utilities and what are the factors that may have contributed to this outcome?
2. To what extent was the new regulatory regime consistent with optimal regulation in light of the literature or applications in other countries?
3. Given that investment in utilities is asset-specific, how did different countries address the issue of making credible commitments?



# Communications and Outreach

Throughout 2009, ERF continued to pursue an active communication strategy to ensure that knowledge is disseminated widely in the region. This was achieved through the organization of events, the production of various types of publications as well as the website.

## Conferences, Workshops and Seminars

During the fiscal year 2008/09, ERF organized 3 large conferences in Cairo, Istanbul and Amman, and 7 workshops, seminars and meetings. Compared with the last few years, this was a year in

which more effort was made to expand not only in terms of the number of events but also the diversity of locations. (See Table 2 for details)

**Table 2. List of Events**

Events	Location	Date
<b>Conferences</b>		
• ERF 15th Annual Conference	Cairo	November 23-25, 2008
• FEMISE Annual Conference	Istanbul	December 14-15, 2008
• Regional Conference on Financing Higher Education	Amman	June 17-18, 2009
<b>Workshops</b>		
• Workshop on Inequality and Regional Integration	Cairo	November 20-21, 2008
• Workshop on The Liberalization of Trade in Services in The MENA region	Cairo	November 24, 2008
• Workshop on Financing Higher Education in Arab Countries	Cairo	February 15, 2009
• RIAD Scientific Committee Meeting	Cairo	June 7-8, 2009
<b>Seminars</b>		
• Monetary Policy and Inflation Targeting	Tunis	October 24-25, 2008
• Lebanese Forum on Competitiveness	Beirut	October 15-16, 2008
• Lebanese Forum: Rural development	Beirut	February 17-19, 2009

*ERF's 15<sup>th</sup> Annual Conference, held in Cairo, November 23-25, 2008*

The ERF held its 15<sup>th</sup> Annual Conference in Cairo over the period November 23-25, 2008. The theme of the plenary sessions was "Equity and Economic Development", with three plenary sessions covering the Evolution and Determinants of Inequality, Policies for Equitable Distribution of Income and Opportunity, and The Political Economy of Equality and Inequality. These sessions featured distinguished speakers such as James Robinson, Jeffrey Sachs, Ritva Reinikka, Ragui Assaad, Djavad Salehi-Isfahani, Jean-Yves Duclos, Mohamed Lahouel, Galal Amin, and Ali Abdel Gadir Ali.

The conference provided a platform for over 250 economists from the region and abroad to discuss topical issues in economic development, to present close to 55 papers in six parallel sessions, and to interact with one another. In addition, it included two special events: one on youth employment and another on the liberalization of trade in services. (For further details, visit the ERF website: [www.erf.org.eg](http://www.erf.org.eg)).

Preparation for the 16<sup>th</sup> Annual Conference is currently underway. The conference will be held in Cairo on November 23-25, 2008 under the theme "Shocks, Vulnerability and Therapy". (For further details, visit the ERF website: [www.erf.org.eg](http://www.erf.org.eg)).



*ERF 15<sup>th</sup> Annual Conference opening session. From left to right: Abdlatif Al-Hamad, H.E. Abdulkareem Al-Arhabi and Mohamed Lahouel.*



*A plenary session at the ERF 15<sup>th</sup> Annual Conference.*

# Communications and Outreach

## *FEMISE Annual Conference, held in Istanbul, December 14-15, 2008*

ERF and IM under the umbrella of FEMISE held the FEMISE Annual Conference in Istanbul, Turkey on December 14-15, 2008. For the first time, the conference was organized in a southern Mediterranean country rather than in Marseille, France. It was attended by 80 participants, representing 76 members of the FEMISE network, the European Commission and other interested academics and researchers.

The theme of the plenary sessions of the conference was "The EU-Med Region in a Changing Environment", focusing on two major dimensions: the financial crisis and the new concept of the Mediterranean Union. The plenary sessions featured representatives of the European Commission, an ex-governor of the Central Bank of Turkey and an academic professor from Egypt. The eight parallel sessions witnessed the presentation of papers on macroeconomic development and poverty alleviation in the South-Med region, liberalization of services, invest-

ment and capital flows in South Med countries, the impact of energy policy on climate change, the impact of GAFTA on the South-Med region; employment and migration. (For further details and access to the papers, see the FEMISE website: [www.femise.org](http://www.femise.org)).

## *Regional Conference on "Financing Higher Education in Arab Countries", held in Amman, Jordan, June 17-18, 2009*

This conference was organized jointly by ERF and the Jordan Center for Policy Research and Dialogue and attended by 80 participants, including a significant representation from the policymaking community. The objective of the conference was to disseminate the findings of a research project on financing higher education in 6 countries, namely Egypt, Jordan, Lebanon Morocco, Syria and Tunisia. The papers provided an assessment of the adequacy, efficiency and equity of public expenditures on higher education, an analysis of the factors that are likely to complicate the financing of higher educa-



*Financing Higher Education Regional Conference. From left to right: Hassan Nafea, Ahmed Galal and H.E. Mohamed Al Halayqa.*



*Financing Higher Education Regional Conference. A thematic session.*



tion in the future and an assessment of the actions taken to date to meet these challenges. The project also addressed alternative suggestions for facing these challenges. (For further details and access to the papers, see the ERF website: [www.erf.org.eg](http://www.erf.org.eg)).

*Workshop on "Financing Higher Education: A Comparative Assessment of 6 Arab countries", held in Cairo, Egypt, February 15, 2009*

This workshop was organized by ERF and held in Cairo, February 15, 2009 to ensure that the authors of the country cases receive feedback from one another and from other experts. In that sense it was a preparatory event ahead of the regional conference, which was held in Jordan subsequently. All papers were assigned discussants and received feedback from all participants. The six countries covered by the study are: Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia.

*Seminar on "Monetary Policy and Inflation Targeting", held in Tunisia, October 24-25, 2008*

ERF, jointly with the FEMISE association and the University of Tunis El Manar, organized this policy seminar with a view to disseminating research carried out by ERF and FEMISE on the topic to a diverse audience of researchers, policymakers and civil society. The sessions focused on the state of readiness of countries in the region to adopt inflation targeting, including financial soundness, central bank independence and monetary transmission mechanisms. The coverage of countries was not limited to Egypt, Tu-

nisia, Morocco and Turkey but also extended to cover the experience of transition countries in East Europe and other European experiences. The seminar was attended by some 100 participants. (For further details, visit the FEMISE website: [www.femise.org](http://www.femise.org)).



*Monetary Policy Seminar. From left to right: Taoufik Baccar, Jean-Louis Reiffers and Mongi Boughzala.*



*Monetary Policy Seminar. A thematic session.*

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# Communications and Outreach

## *Workshop on "Inequality and Regional Integration", held in Cairo, Egypt, November 21-22, 2008*

This workshop was intended to be the first step towards the launching of the Research Initiative for Arab Development (RIAD). Its ultimate objective was to help ERF determine the research agenda on the two themes of "Inequality" and "Regional Integration". The workshop gathered around 40 participants, including prominent scholars and policymakers. It was organized in two parallel sessions, one for each theme.

To maximize the benefits from the exchange, two approach papers were prepared ahead of the workshop. Each paper provided an assessment of the importance of the issue at hand for the region, a critical assessment of existing research, and a set of priority research questions for further investigation over the next 3-5 years. In addition, a number of top scholars, both from within and outside the region, were invited to make their own contributions in writing. At the end of the workshop, there was convergence on a set of research priorities for the two themes of "Inequality" and "Regional Integration". The two approach papers were subsequently published as Policy Research Reports.

## *Two Inter Lebanese Socio Economic Forums on Rural Development and Competitiveness", held in Lebanon, October 15-16, 2008 and February 17-19, 2009*

These were the second and third Forums organized by ERF and IM under the umbrella of FEMISE to help the Lebanese

Political Parties converge on a common view of issues related to their socio-economic development. The focus of the first forum was on enterprise and competition, whereas the focus of the second forum was on land, agriculture policy and rural development. As in the previous Forums, each meeting gathered around 25 participants and was attended by representatives of all political parties represented in Parliament. The meetings were concluded by getting the participants to sign off on a communiqué of the meeting, followed by a press conference including all participants.

## **Publications**

The publication track record in 2009 was also better than in previous years (see Table 3 for details). Perhaps the most significant novelty was the publication of the first issue of ERF's new Journal, The Middle East Development Journal (MEDJ). In addition, ERF published 2 edited volumes, over 70 Working Papers, 2 Policy Research Reports, and 2 editions of the Forum newsletter. (A full list of all publications in 2008/09 can be found in Annex B)

## *ERF Middle East Development Journal (MEDJ)*

This year saw the publication of the first issue of the Middle East Development Journal (MEDJ), ERF's new journal.

The Journal's ultimate goal is to provide a solid analytical and empirical base for the promotion of good policy within the region. It also provides analyses of

particular challenges facing the region; evaluations of specific economic and social policies or programs applied within- or relevant to- the region; explorations of progress within certain segments of the region's population or within specific locations; investigations of cross-country issues or country-specific issues; and, assessments of the impact of external factors, and comparisons with other regions. Much care has been given to the selection of the Editorial Board, Editorial Team and the publisher of the Journal. Similar attention has been given to the Editorial Policy, which emphasizes the selection criteria on the basis of value-added, rigor of methodology and policy relevance. The Editorial Team is committed to an impartial and speedy review of submitted papers. (For more information on the subscription details, go to: <http://worldscinet.com/medj/>)

## Volumes

Last year, ERF published two volumes; the first was a conference proceedings and the second an edited volume on labor markets in Egypt. The conference proceedings volume includes selected papers from the 15<sup>th</sup> Annual Conference and carries the title of *Equity and Economic Development*. The volume consists of 7 chapters drawn from presented papers in both the plenary and parallel sessions. Contributors include distinguished scholars such as James A. Robinson, Ali Abdel Gadir Ali and Galal Amin.

The second volume was *The Egyptian Labor Market Revisited*, edited by ERF Fellow, Ragui Assaad. This volume is a follow-up to a 1998 volume published by the American University Press for ERF. Its significance is derived from two things: the use of fresh data generated



**Table 3. ERF Publications, 2008-2009**

Type of Publication	2008	2009
• ERF Journal - Middle East Development Journal (MEDJ)	0	1
• Edited Volumes	1	2
• Working Papers	76	72
• Country Profiles	4	4
• Policy Research Reports	1	2
• Forum - Newsletter	2	2



# Communications and Outreach



by ERF and made available to other researchers for use; the second is the solid analytical techniques applied to examine a wide spectrum of pertinent issues concerning the labor market in Egypt. The range of topics covered include labor supply, employment and unemployment, youth labor market school-to-work transition, internal and international migration, earnings and inequality, and gender and education. The contributors are Mohamed Fotouh Abulata, Mona Amer, Ragui Assaad, Ghada Barsoum, Asmaa Elbadawi, Fatma El Hamidi, Alia El Mahdi, Ali Rashed, Rania Roushdy, Mona Said, and Jackline Wahba. (To access the dataset or the volume, visit our website: [www.org.eg](http://www.org.eg))

## Working Papers

Over the duration of the fiscal year 2008/09 a total of 72 Working Papers were published, disseminated weekly via e-mail and posted online on the ERF website. The papers published in this series are drawn mainly from ERF sponsored research, either in the context of the annual conference, research projects or research competitions. They constitute work in progress and can be easily downloaded from the ERF website: [www.erf.org.eg](http://www.erf.org.eg).

## Country Profiles

This year saw the publication of the last 3 Country Profile reports in the series: Bahrain, Oman and Yemen. Each Profile covers the themes of Macroeconomics, Finance, Trade, Labor and Governance and is written by a team of distinguished national economists specialized in these areas. They address the issues and challenges that have faced each country economy in the recent past - within each

theme - and present the policy options for the country's future economic development. The reports on Bahrain and Oman are published in English while the Yemeni report has been translated and published in Arabic in order to achieve maximum outreach and impact in the Yemeni research and policy community.

## Policy Research Reports

A new line of publication was introduced this year to present and disseminate the findings of large policy research projects. These are the Policy Research Reports, or PRRs. Two reports were published last year: one on liberalization of services; the other on regional integration.

The PRR on *Liberalization of Transport Services in Egypt, Jordan and Morocco* is authored by Subidey Togan. It covers economic liberalization of maritime and road transportation services. It benefited from the country reports on the liberalization of these services and previous work by the author in the context of projects supported by the FEMISE network and another project supported by ERF.

The second PRR was on *Deeper Integration of Goods, Services, Capital and Labor Markets: A Policy Research Agenda for the MENA*. It is co-authored by Bernard Hoekman and Khalid Sekkat. Its objective was to provide ERF with a sound basis for designing a research program to be carried out over the next 3-5 years in this area. In the process the report is informative in that it also surveys critically available literature on regional integration in the region.



## Forum Newsletter

Finally, two editions of the Forum Newsletter were produced and disseminated in January 2009 and July 2009. The first covered the 15<sup>th</sup> Annual conference of ERF with 3 articles on each of the plenary sessions: Evolution and Determinants of Inequality, Policies for Equitable Distribution of Income and Opportunity, and The Political Economy of Equality and Inequality. The second edition presented two articles on social policies in the region, based on ERF-GDN sponsored research and written by ERF Fellows; as well as an interview on the financial crisis and the poor. Both editions also highlighted ERF news, activities, events and publications and were published online and disseminated electronically.

## ERF Website

The ERF website is continually undergoing assessment in terms of the various communications and dissemination functions it performs. On the basis of this systematic assessment, various functions have been upgraded and other new ones introduced. There are plans in the future to build an Arabic version of the website, as well as to introduce other functions to increase its networking and communication capacity. Evidence of the increasing benefit of the website to the ERF community can be seen by the considerable increase in website activity over the past year, as indicated in Table 4.



**Table 4. ERF Website Summary of Activities**

Indicators	2008	2009
Average Number of Visits per Day	978.5	1074
Average Monthly Visits	21,161.5	27,825
Average Visit Length	0:35:00	0:37:00
Average Page Views per Day	4,256	5,913
Monthly Unique Visitors	10,645	10,352

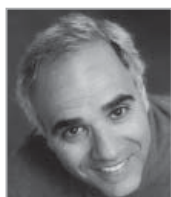
# Annexes

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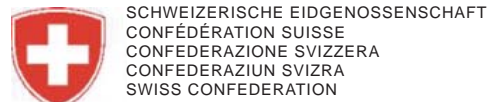
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## Annex B. Publications

### **Middle East Development Journal (MEDJ)**

MEDJ, Vol. 1, No. 1, June 2009

#### **Volumes**

Equity and Economic Development, Volume of Selected Papers from the ERF 15<sup>th</sup> Annual Conference Proceedings

The Egyptian Labor Market Revisited  
*Edited by Ragui Assaad*

#### **Country Profile Reports**

Bahrain Country Profile

Oman Country Profile

Yemen Country Profile

Yemen Country Profile (Arabic translation)

#### **Policy Research Reports**

Liberalization of Transport Services in Egypt, Jordan and Morocco  
*Subidey Togan*

Deeper Integration of Goods, Services, Capital and Labor Markets: A Policy Research Agenda for the MENA Region  
*Bernard Hoekman and Khalid Sekkat*

#### **Forum**

Forum Newsletter Volume 16, No. 1

Forum Newsletter Volume 16, No. 2

# Annex B. Publications

## Working Papers

Structure du Capital et Gouvernance des Sociétés Cotees au Maroc

*Sidi Mohamed Rigar and Sanae Solhi*

WP 431

Modélisation TAR des Fonctions de Demande d'Importations et d'Exportations au Maroc

*Khalil Meslouhi et Ahmed Laaboudi*

WP 432

Potentiel Entrepreneurial en Algérie: Entre Capital Humain et Informalité, Quelle Croissance?

*Nacer-eddine Hammouda et Moundir Lassassi*

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Religion, Politics, and Development: Lessons from the Lands of Islam

*Jean-Philippe Platteau*

WP 434

Growth Fundamentals and Economic Growth in the MENA Region

*Hadi Salehi-Esfahani*

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Labor Governance and Economic Reform in the Middle East and North Africa: Lessons from Nordic Countries

*Mansour Omeira, Simel Esim, and Sufyan Alissa*

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BIT Contracting and FDI Impact in the GCC Countries

*Wasseem Mina*

WP 437

The Political Economy of Trade Policy in Tunisia

*Sonia Naccache*

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Oil Greasing the Wheels: When Do Natural Resources Become a Blessing?

*Nisreen Salti*

WP 439

The Impact of Capital and Remittance Flows on Economic Performance in Mena Countries

*Magda Kandil and Ida Mirzaie*

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Readiness of The Gulf Monetary Union: Revisited

*Rock-Antoine Mehanna and M. Kabir Hassan*

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Patterns of Private Investments in Palestinian Higher Education: Potential and Constraints

*Mahmoud K. Eljafari*

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Authoritarianism, Credibility of Reforms, and Private Sector Development in the Middle East and North Africa

*Mustapha Nabli, Carlos Silva-Jauregui, and Ahmet Faruk Aysan*

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Are the Conditions for the Adoption of IT Satisfied in Morocco?

*Adel Boughrara, Mongi Boughzala and Hassouna Mousa*

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Inflation Targeting in Turkey

*Hasan Ersel and Fatih Özatay*

WP 445

How Institutions Change over Time

*James Robinson*

WP 446

Integration Sud-Sud Et Son Impact Sur Les Pays Arabes Du Sud De La Mediterranee : Le Cas Des Pays De La

Declaraion D'Agadir

*Mohamed Boussetta*

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Credibility of Inflation Targeting in Morocco and Tunisia

*Adel Boughrara, Mongi Boughzala and Hassouna Mousa*

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The Effects of Bank Regulations, Competition and Financial Reforms on MENA Banks' Profitability

*Samy Ben Naceur and Mohammed Omran*

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Taking Technical Education Seriously in MENA: Determinants, Labor Market Implications and Policy Lessons  
*Mona Said and Fatma El-Hamidi*

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Private Supplementary Tutoring in Turkey Recent Evidence on Its Various Aspects  
*Aysit Tansel and Fatma Bircan*

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Iranian Economy in Twentieth Century: A Global Perspective  
*Hadi Salehi Esfahani and M. Hashem Pesaran*

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Gulf Monetary Union and Regional Integration  
*M. Kabir Hassan and Ashraf Nakibullah*

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The 2007 Credit Crisis: A Long-term View  
*Ismail Sirageldin*

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On the Linkage between Monetary Policy and MENA Stock Markets  
*Samy Bennaceur, Adel Boughrara and Samir Ghazouani*

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Informality in Egypt: a Stepping Stone or a Dead End?  
*Jackline Wahba*

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To What Extent Can Profit Margin, Value Added Growth and Ownership Concentration Portrait Corporate Governance Systems?

*Abid Fathi and Salma Fourati*

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Intrahousehold Resource Allocation in Egypt: Women Empowerment and Investment in Children  
*Soiliou Namoro and Rania Roushdy*

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Social, Political and Economic Determinants of Turkish Voter Choice in the 2002 Parliamentary Election  
*Ali T. Akarca and Aysit Tansel*

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Monetary Transmission Mechanisms in Morocco and Tunisia

*Adel Boughrara*

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Economic Performance of the OIC Countries and the Prospect of an Islamic Common Market

*Kabir Hassan*

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La Rentabilité des Banques et ses Determinants: Cas du Maroc

*Brahim Mansouri et Saïd Afroukh*

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Spillovers in the MENA Region: the Case of Turkey  
*Teoman Pamukçu and Erol Taymaz*

WP 463

Asset Allocation with Liquidity-Adjusted Market Risk Modeling: Empirical Relevance to Emerging GCC Financial Markets

*Mazin A. M. Al Janabi*

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Tracking the Impact of Change in Ownership on the Efficiency of Commercial Banks in MENA Countries using a Malmquist Index-Based Approach

*Said Gattoufi, Sameh Sakr and Mohammed Omran*

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Efficiency et Productivité des Banques Commerciales Marocaines: Approche non Paramétrique

*Touhami Abdelkhalek et Sanae Solhi*

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Effect of Auditee Business Risk, Audit Risk and Auditor Business Risk on Auditor Auditee Negotiation Outcomes: An Experimental Study in Tunisian Context,

*Manel Hadrache Sahnoun and Mohamed Ali Zarai*

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Intergenerational Transmission of, and Returns To Human Capital And Changes Therein over Time: Empirical Evidence from Egypt

*Jeffrey B. Nugent and Mohamed Saleh*

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*Meltem Dayioglu, Murat G. Kirdar and İsmet Koç*

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Is There A Bank Lending Channel of Monetary Policy in Selected MENA Countries? A Comparative Analysis

*Adel Boughrara and Samir Ghazouani*

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Does Trade Facilitation Matter in Bilateral Trade?

*Chahir Zaki*

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On The Optimality of The Maghreb Area: An Analysis of The Macroeconomic Shocks

*Mohamed Ben Abdallah & Zouheir Bouchaddakh*

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Education-Occupation Mismatch and the Effect on Wages of Egyptian Workers

*Fatma El-Hamidi*

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Analyzing the Fiscal Process under a Stochastic Environment: Evidence from Egypt

*Amir Kia and Norman Gardner*

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Productivity and Investment Climate in Developing Countries: How Do MENA Industries Perform?

*Tidiane Kinda, Patrick Plane, Marie-Ange Veganzones-Varoudakis*

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Entry, Exit, Resource Reallocation and Productivity Growth in the Tunisian Private Manufacturing Industries

*Riadh Ben Jelili & Mohamed Goaid*

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Spatial Patterns and Geographic Determinants of Welfare and Poverty in Tunisia

*Mohamed Ayadi and Mohamed Amara*

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Economic and Social Impacts of Groundwater Overdraft: The Case of Iran

*Gholamreza Soltani and Mahmood Saboohi*

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The Effects of Exchange Rate Fluctuations on Exports: A Sectoral Analysis for Turkey

*Nergiz Dincer and Magda Kandil*

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La Croissance Economique Est-T-Elle Pro Pauvre au Maroc ? Une Tentative D'explication par L'approche Monétaire et L'approche Non Monétaire

*Abdelkader Elkhider, Abdelhamid El Bouhadi and El Mustapha Kchirid*

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Understanding Financial Structure of Non-Listed Firms in MENA Panel Data Approach Applied to Moroccan Firms

*Lahcen Achy and Jawad El Otmani*

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The Poverty and Equity Implications of A Rise in the Value Added Tax: A Microeconomic Simulation for Lebanon

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Innovation and R&D Investment of Tunisian Firms: A Two-Regime Model with Selectivity Correction

*Zouhour Karray and Mohamed Kriaa*

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Long and Short-Run Linkages between Economic Growth, Energy Consumption and Co2 Emissions in Tunisia

*Housseem Eddine Chebbi*

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Moral Hazard, Corporate Governance, and Bank Failure: Evidence from The 2000-2001 Turkish Crises

*Canan Yildirim*

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The Effect of Macroeconomic Environment on Productive Performance in Turkish Banking

*Ihsan Isik and Ali Darrat*

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Optimal Monetary Policy for Postwar Iraq

*Bedri Kamil Onur Tas and Selahattin Togay*

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An Estimation of Service Sectors Restrictiveness in The MENA Region

*Novella Bottini and Mohamed Ali Marouani*

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Geographical Features vs. Institutional Factors: New Perspectives on The Growth of Africa and Middle-East

*Olivier Parent and Abdallah Zouache*

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Cooperation Against Theft: A Test of Incentives for Water Management in Tunisia

*Wided Mattoussi and Paul Seabright*

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Trade and Job Reallocation: Evidence for Morocco

*Novella Bottini and Michael Gasiorek*

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The Political Economy of Inequality

*James Robinson*

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Unmet Need for The Utilization of Women's Labor: Findings from Three Impoverished Communities in Outer Beirut, Lebanon

*Marwan Khawaja, Rozzet Jurdi, Shireen Assaf, and Joumana Yerezian*

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Post-Privatization Corporate Governance and Firm Performance: The Role of Private Ownership Concentration, Identity and Board Composition

*Mohammed Omran*

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Assessing Barriers to Trade in Services in The MENA Region

*Mohamed Ali Marouani and Laura Munro*

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Investigating Generic and Brand Name Pharmaceutical's Market Shares and Prices in Tunisia,

*Ines Ayadi, Housseem Eddine Chebbi and Younes Boujelbene*

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Exchange Rate Regime Choice and Currency Crises

*Ahmet Atil Asici*

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What Drives the Efficiency of Selected MENA Banks? A Meta-Frontier Analysis

*Samy Ben Naceur, Hichem Ben-Khedhiri and Barbara Casu*

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The Political Economy of Equality and Inequality: Income Distribution, Technological Change and Power

*Galal Amin*

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Regional Employment Growth and Spatial Dependencies in Algeria (1998-2005)

*Yacine Belarbi and Abdallah Zouache*

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The Political Economy of Inequality in the Arab Region and Relevant Development Policies

*Ali Abdel Gadir Ali*

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# Annexes

## Annex C. Financial Statements



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### Audit Report

To the Board of Trustees of the Economic Research Forum (ERF)

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Economic Research Forum (ERF) which comprise the balance sheet as at August 31, 2009, statement of activities and changes in net assets and statement of cash flows for the financial 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 ERF's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing 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; management 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 the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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



## Hazem Hassan

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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, 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 present fairly, in all material respects, the financial position of Economic Research Forum (ERF) as at August 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

### *Report on Other Legal and Regulatory Requirements*

ERF maintains proper books of account, which include all that is required by law and by the statutes of the ERF, the financial statements are in agreement thereto.

**KPMG Hazem Hassan**

**Cairo, Egypt**

October 8, 2009

# Economic Research Forum (ERF)

## Balance Sheet

As of August 31, 2009

	Note No.	31/08/2009 U.S.\$	31/08/2008 U.S.\$
<b>Assets</b>			
<b>Long-term Assets</b>			
Fixed Assets (Net)	(4)	97,973	38,097
Project under Construction	(5)	3,359,776	3,359,776
Long Term Investment	(6)	4,756,725	4,716,993
Contributions and Grants Receivables (long-term)	(7)	1,240,946	2,592,291
<b>Total Long-term Assets</b>		<b>9,455,420</b>	<b>10,707,157</b>
<b>Current Assets</b>			
Contributions and Grant Receivables (short-term)	(7)	2,110,012	2,506,005
Debtors and other Debit Balances	(8)	346,616	305,744
Cash at Banks and on Hand	(9)	5,172,742	3,208,636
<b>Total Current Assets</b>		<b>7,629,370</b>	<b>6,020,385</b>
<b>Total Assets</b>		<b>17,084,790</b>	<b>16,727,542</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Payables and Accrued Expenses	(10)	248,394	202,343
Provisions	(11)	358,798	350,662
<b>Total Current Liabilities</b>		<b>607,192</b>	<b>553,005</b>
<b>Net Assets</b>			
Unrestricted		4,134,283	3,862,690
Temporarily Restricted		4,416,566	4,385,098
Permanently Restricted		7,926,749	7,926,749
<b>Total Net Assets</b>		<b>16,477,598</b>	<b>16,174,537</b>
<b>Total Liabilities and Net Assets</b>		<b>17,084,790</b>	<b>16,727,542</b>

The notes to the financial statements form an integral part of these statements and to be read therewith



**Managing Director**



**Finance/Admin. Manager**



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

For the year ended August 31, 2009

	Note No.	Unrestricted U.S.\$	Temporarily Restricted U.S.\$ (Note No.12)	Permanently Restricted U.S.\$ (Note No.17)	Total 2009 U.S.\$	Total 2008 U.S.\$
<b>Revenues and other Support</b>						
Grants		0	3,291,268	0	3,291,268	8,618,124
Interest on time deposits		27,111	0	0	27,111	53,998
Long term investments gain		258,859	0	0	258,859	246,307
Miscellaneous income		18,493	0	0	18,493	29,922
Capital gain		324	0	0	324	0
Realized gain from investments		19,797	0	0	19,797	0
Foreign currency gain		0	0	0	0	43,135
<b>Total Revenues and other Support</b>		<b>324,584</b>	<b>3,291,268</b>	<b>0</b>	<b>3,615,852</b>	<b>8,991,486</b>
Net assets released from restrictions	(13)	2,959,800	(2,959,800)	0	0	0
<b>Total Revenues, Other Support and Net Assets Released from Restrictions</b>		<b>3,284,384</b>	<b>331,468</b>	<b>0</b>	<b>3,615,852</b>	<b>8,991,486</b>
<b>Less: Functional Expenses</b>	(14)	<b>(2,762,040)</b>			<b>(2,762,040)</b>	<b>(2,005,269)</b>
<b>Less: Provisions</b>	(11)	<b>(14,604)</b>			<b>(14,604)</b>	<b>(24,386)</b>
<b>Changes in Net Assets</b>		<b>507,740</b>	<b>331,468</b>	<b>0</b>	<b>839,208</b>	<b>6,961,831</b>
Adjusted net assets at beginning of the year	(16)	3,864,566	4,085,098	7,926,749	15,876,413	9,333,024
<b>Less: Unrealized (loss) from invest- ments</b>		<b>(238,023)</b>	<b>0</b>	<b>0</b>	<b>(238,023)</b>	<b>(120,318)</b>
<b>Net Assets at the End of the Year</b>		<b>4,134,283</b>	<b>4,416,566</b>	<b>7,926,749</b>	<b>16,477,598</b>	<b>16,174,537</b>

The notes to the financial statements form an integral part of these statements and to be read therewith

# Economic Research Forum (ERF) Statement of Cash Flows

For the year ended August 31, 2009

	Note No.	2009 U.S.\$	2008 U.S.\$
<b>Cash Flows from Operating Activities</b>			
Changes in Net Assets		839,208	6,841,513
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Flows Provided by Operating Activities</b>			
Fixed assets depreciation	(4)	47,317	23,082
Loss from fixed assets		0	129
Capital gain		(324)	0
Provisions	(11)	14,604	28,974
Unrealized Loss from Investments	(6)	238,023	120,318
<b>Net Assets before Changes in Assets and Liabilities</b>		<b>1,138,828</b>	<b>7,014,016</b>
<b>Changes in Assets and Liabilities</b>			
Contributions and grants receivables	(7)	1,747,337	(2,897,253)
Debtors and other debit balances	(8)	(40,872)	54,188
Payables and accrued expenses	(10)	46,051	(44,776)
Provisions used during the year	(11)	(6,468)	(17,462)
Other changes in net assets	(16)	(298,122)	(15,775)
<b>Net Cash Provided by Operating Activities</b>		<b>2,586,754</b>	<b>4,092,938</b>
<b>Cash Flows from Investing Activities</b>			
Long term investments	(6)	(495,662)	430,257
Purchases of fixed assets	(4)	(107,193)	(24,813)
Project under construction		0	(3,359,776)
Realized gain from investments		(19,796)	0
Sale of fixed assets		0	714
<b>Net Cash (used in) Investing Activities</b>		<b>(622,651)</b>	<b>(2,953,618)</b>
<b>Change in Cash and Cash Equivalents during the Year</b>		<b>1,964,103</b>	<b>1,139,320</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<b>3,208,638</b>	<b>2,069,318</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	(9)	<b>5,172,741</b>	<b>3,208,638</b>

The notes to the financial statements form an integral part of these statements and to be read therewith