

forum forum

Newsletter of the Economic Research Forum

Vol. 22 No. 2 Winter 2015

A Word from the Managing Director	3
<i>Ahmed Galal</i>	
Facilitating the Exchange of Ideas: Insights on Gender Inequality	4
The Gender Gap Runs Deeper than Religion or Education by <i>Mahmoud El-Gamal</i>	4
The Empowerment of Women in the Household starts with their Empowerment in the Market by <i>Zafiris Tzannatos</i>	6
Thinking about Tomorrow's Needs: Social Policy that Redresses Market failures and Injustices by <i>Hania Sholkamy</i>	8
Capacity Building - Training Workshops	11
Research Activities and News	13
Communications and Outreach	21
Recent Events	21
Latest Publications	26

ERF Board of Trustees

Abdlatif Al-Hamad (Chairman)
Arab Fund for Economic and Social Development (AFESD), Kuwait

Fatima Al Shamsi
Paris-Sorbonne University Abu Dhabi, UAE

Hassan Aly
Ohio State University, USA

Ragui Assaad
University of Minnesota, USA

Mouna Cherkaoui
University Mohamed V, Morocco

Shantayanan Devarajan
World Bank, USA

Hadi Esfahani
University of Illinois, USA

Benjamin Frey
Swiss Agency for Development and Cooperation, Egypt

Samir Makdisi
American University of Beirut, Lebanon

Susanne Szabo (Observer)
International Development Research Center (IDRC), Canada

Aysit Tansel
Middle East Technical University, Turkey

Subidey Togan
Bilkent University, Turkey

Mona Zulficar
Zulficar Partners, Egypt

ERF Advisory Committee

Touhami Abdelkhalek
National Institute of Statistics and Applied Economics, Morocco

Izak Atiyas
Sabanci University

Meltem Dayioglu-Tayfur
Middle East Technical University, Turkey

Ishac Diwan
Paris-Dauphine University

Samir Ghazouani
Manouba University

Bernard Hoekman
European University Institute

Kamiar Mohaddes
University of Cambridge

Paul Schultz
Yale University

Jackline Wahba
University of Southampton
(Chairman of the Advisory Committee)

Staff

Management

Ahmed Galal
Managing Director

Marwa Afifi
Executive Assistant to the Managing Director

Research

Yasmine Fahim
Senior Programs Officer

Yasmine Fekry
Statistician

Ingy Hab El Roman
Programs Assistant

Rana Hendy
Economist

Maryse Louis
Program Manager

Ramage Nada
Program Assistant

Heba Omar
Statistician/Research Assistant

Hoda Selim
Economist

Sara Taraman
Programs Officer

Christiane Wissa
Statistical Consultant

Jala Youssef
Researcher

Chahir Zaki
Economist (Part-time)

Communications

Hoda Azmi
Conference Manager

Ahmed Goher
Editor

Namees Nabeel
Communications Manager

Rana Saied
Communications Assistant

Admin & Finance

Mohamed Youssri
Director of Finance and Administration

Mohamed Aladdine
Accountant

Anais Hagopian
Senior Administrative Officer

Sherif Osama
Senior Accountant

Editor: Ahmed Goher | Design and Layout: Namees Nabeel
ERF Editorial office: 21 Al-Sad Al-Aaly, Dokki, Giza, Egypt.
Tel: (202) 33318600 Fax: (202) 33318604
Email: erf@erf.org.eg | Website: www.erf.org.eg



A Word from the Managing Director

A Second Generation of Ideas

***I**t has been almost six years since the wave of uprisings known as the Arab Spring rocked the Arab World. A lot has happened since, both on the ground and in terms of the research that the Economic Research Forum (ERF) produces. On the latter, ERF is moving into what could be called a second generation of ideas. This issue of Forum presents some of these ideas.*

Having explored the economic and non-economic consequences of oil rents and how policies can be used to convert a resource curse into a blessing, ERF organized a conference on monetary and fiscal institutions in resource-rich Arab economies. After all, macroeconomic policies are designed and implemented by ministries of finance and central banks according to rules that may or may not be appropriate, with or without a reasonable level of coordination, and in a political context that serves certain interests.

Similarly, while ERF has done a lot of work on the measurement and drivers of inequality, especially inequality of opportunity, it has recently given special attention to the issue of gender inequality. A conference was held recently on this topic, building on ERF's research and benefiting from the knowledge and experience of world renowned gender experts.

Finally, ERF continued to provide impartial national forums for open debates on topical issues among various stakeholders. More concretely, a second Egyptian national dialogue was held in September on the relationship between political reform and economic development. The first national dialogue covered a wide range of issues, while the second aspired to further our understanding of the complex and sometimes controversial specifics of the relationship between political reform and economic development in Egypt. A similar activity is planned for Tunisia.

The above are only some highlights of what this edition of Forum offers. I hope you find it useful and please let us have your feedback.

Happy reading,

Ahmed Galal

A handwritten signature of Ahmed Galal in black ink, written in a cursive style.

Gender Inequality

In an effort to contribute to ending the significant political and economic disadvantages women in the region face, ERF held a conference on women's social and economic empowerment in the Arab World on October 24-25, 2015, in Cairo, Egypt. Key international experts, regional academics, policy leaders and the media discussed and debated ways to overcome the main obstacles preventing the full participation of women in the region. Participants explored the socioeconomic and political factors that explain why women in the region are not treated as equally as most would like. In the next few pages, you can read a number of articles written by some of the speakers at the conference, outlining their insights on why the problem of gender inequality is particularly acute in the Arab World.



The Gender Gap Runs Deeper than Religion or Education

by *Mahmoud El Gamal*

In the context of his participation in ERF's conference on gender equality in the Arab World, Rice University Professor of Economics and Statistics Mahmoud El-Gamal presents his insight on the role of religion and education when it comes to the gender gap in the Arab World.

CAPMAS, the official Egyptian statistical agency, announced in 2014 that job market participation rates were three times higher for males (at 72.3%) than for females (at 23.1%). The average figures for the entire MENA region are slightly more lopsided, as reported by the World Bank based on ILO estimates, at 75% for males, and 22% for females over 15 years of age. Researchers noted that the gender gap in labor market participation in MENA is three times its counterpart in other emerging regions. Had this gap been two thirds of its size over the past decade, International Monetary Fund researchers calculated (box 1.3, p. 29), regional GDP would have been a trillion Dollars higher for that decade.

Social attitudes may hold the key to this large gender gap in labor market participation. Wave 6 of the World Values Survey (WVS6), collected between 2010 and 2013, sheds significant light on this issue. This wave of the survey covered 55 countries, including twelve countries from MENA (Algeria, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Palestine, Qatar, Tunisia, and Yemen), to which I added Turkey, which is one of the ERF countries, to form MENAT.

It's Not Simply an Islamic Issue

In what follows, I will focus mainly on one question in particular that was asked in WVS6: "When jobs are scarce, men should have more right to a job than women," eliciting responses of "Agree," "Neither," or "Disagree."

Affirmative responses to this question in MENAT (at 67.3%) were more than twice as high as they were for the remaining 42 countries (31.1%). The higher

rates applied to both genders (74.7% for males and 60% for females in MENAT, as compared to 35.7% for males and 27% for females outside MENAT).

In the entire sample, the percentage of Muslims who agreed with the statement (at 61.8%) was nearly double the percentage of non-Muslims (at 32.5%). However, majority-Muslim populations do not entirely explain the difference in responses between MENAT and the rest of the world. In fact, within MENAT, the percentage of Muslims who agreed with the statement (at 66%) was less than the percentage of non-Muslims who did (at 68.7%).

Education is One Problem

An elaborate statistical analysis (using Bayesian Networks and Multinomial Logit estimation, and accounting for numerous variables) revealed that (lack of) education is the main observed factor contributing to variations in responses within MENAT. Those with a low level of education (primary school or less) had much higher rates of approval of the statement (at 73%) than those with more education (at 64%). However, even for the highest educated (college degree or higher) in MENAT, the rates of agreement with the statement (at 61.4%) are still much higher than the average agreement response outside the region.

The Bigger Zero-Sum Problem

Hence, the educational gap that needs to be bridged in the region is not simply one of schooling. For example, responses that agreed with another statement-question in the survey, “If a woman earns more money than her husband, it’s almost certain to cause problems,” were also much higher for MENAT (at 41.8%) than they were for the rest of the world (at 27.4%). Even more categorically, fully 74% of those surveyed in MENAT either agreed strongly or agreed with the statement “When a mother works for pay, the children suffer,” whereas the corresponding responses outside MENAT only accounted for 38% of all responses.

Thus, the region’s negative social attitude towards women’s participation in the labor force is viewed through a zero-sum lens, not only in the short-sighted sense of reducing job opportunities for men, but also in terms of family welfare. Arithmetic on lost GDP due to the high participation gap is unlikely to solve this deep social problem, and, as I have shown, the social issue runs too deep for simple solutions in education, secular or religious, desirable as they may be.



Gender Inequality

The Empowerment of Women in the Household starts with their Empowerment in the Market

By Zafiris Tzannatos

Senior Consultant for Strategy and Policy Zafiris Tzannatos writes on the empowerment of women in the Arab World.

A precondition for effective bargaining (or, as some put it, negotiation) is to have some kind of power. This power can derive from “voice,” whereby you put your claim out in the open and hope to get a favorable response (think of shaming your spouse or seeking legal recourse). Or, if you have an acceptable alternative, power can take the form of “exit” (voting with your feet: think of divorce or emigration when political/economic conditions deteriorate).

Women did not have much of either option in the past. Their voices were silenced by patriarchal institutions, work opportunities were few and exit options (to where?) were limited. Of course, individuals can rise or fall depending on the circumstances they face and their own deeds. However, collectively we are bound by the constraints imposed by prevailing economic, societal and political institutions, or, in other words, the laws, regulations, norms, culture, customs, and religion that provide the framework within which two fundamental human activities take place: production/market and reproduction/family (both in their broadest sense, i.e., including all transactions and types of households).

Production and reproduction have for long been characterized by a strict division of labor. This division started becoming blurred in high-income

countries after World War II. In the 30 years that followed the end of the war (“Les Trente Glorieuses”), fast economic growth led to full employment conditions.

As the limited supply of male workers started to be exhausted, real wages started rising and, with them, family incomes. Rising incomes reduced the need for women to work in what used to be their main “employers” before the War (farming and domestic service) or to even work at all. On the other hand, rising wages made staying at home increasingly expensive for women. The issue thus became an empirical one: Would the wage carrot win over the stick of need?

The carrot won and women did not end up becoming “Victorian ladies of leisure” and a broader win-win situation emerged. Rising wages provided women with incentives to join the labor force and, with that, the desire to invest more in their human capital. And, as the saying goes, employers were only too happy to pay women half of what they would have paid men to get twice as much.

These developments in the labor market started to be at odds with the established gender division of labor in production and at home. In the 1950s, most norms, legal or customary, were working against the economic independence of women, thus lowering their voice and limiting their exit options. The norm entailed a more or less religiously sanctioned family in which the man was the chef de famille, the breadwinner, the one to make decisions and to

be obeyed. Women, family and motherhood were so connected that in some countries, even until the 1950s, working women had to resign once they got married. The idea was that the combination of work and motherhood were incompatible with the values of the State.

In some cases, employment regulations directly marginalized women by prescribing lower pay rates for them though they worked in similar/ same jobs as men, or by prohibiting women from working in certain jobs or advancing above a certain grade.

In other cases, the effect was indirect: For couples, taxes were not levied separately on the incomes of each family member but on the total family income. Thus, the wages of the “secondary earner” (typically the wife) were taxed at higher rates than those of the breadwinner (typically the husband) thus lowering the incentive to women for work. Just to realize what “secondary earner” means today, in 40% of heterosexual American marriages the wife earns more than her husband. This is way above what it was in 1960 (11%) and not that far off the 50% equality mark.

Today, there are many hard-won equal pay and employment anti-discrimination laws that have paved a more level playing field for women and men. They are supplemented by a host of other laws with respect to hiring, training, apprenticeships, promotions, working conditions (e.g., for part-time workers and the self-employed), pensions, social protection, sexual harassment, affirmative action and, importantly, who would bear the burden of proof if a dispute arises.

What the past tells us is that institutions adapt and have changed, and were even annulled or reversed, to accommodate production needs. And not only that. By giving women louder voice and exit options, reproduction changed. Today, fertility in most high-income countries is barely at replacement level.

What could the future be like in the Arab region, which used to have one of the lowest female literacy rates and highest fertility rates in the 1960s and today has the widest gender gap in employment? Perhaps, answering that question is not very difficult.

Today, there is little left of the gender gap in education and in some Arab countries most students are female. In fact, many Arab women outperform their male counterparts in exams. The age of marriage has increased significantly and fertility has gone down from seven to around three children per woman in the course of only one generation – a process that took the U.S. 100 years. In some countries, one in three women between the ages of 15-40 are not married. Across the region, one in three of all Arab women who ever worked since the 1950s are still in the labor market, forming a productive army that cannot be ignored. And there are nearly 7 million unemployed “breadwinners” compared to 4.5 million unemployed “secondary workers.”

Production and reproduction have changed in the Arab region. Women are now out in the market but this is not enough: To achieve gender equality, men will need to be equal in the home. And if the past is any indicator, the institutional changes that have already started are likely to accelerate.



Gender Inequality

Thinking about Tomorrow's Needs: Social Policy that Redresses Market Failures and Injustices

By Hania Sholkamy

This article is written by Egyptian anthropologist Hania Sholkamy in the context of her participation in ERF's conference on gender equality in the Arab World.

Work and welfare are fields of profound political, economic and social disquietude. The meaning and value of work are subject to revisions necessitated by paradigm changes in technology, consumer behavior, production systems, trade and changing structures of opportunity and access to markets. The past five years of political turmoil, war and breakdown in many Arab countries are having profound implications on opportunities for work and on the welfare needs of populations. Emerging from the rubble left behind by current historic events will be a new notion of citizenship that is shaped by changing political, economic, demographic and social environs. Another outcome to anticipate from today's tragic events will be chaotic and unstable labor markets.

Marshall suggested that modern European citizenship is the fruition of a democratization that spans three centuries. In the eighteenth century, the foundations were laid with the principle of legal-civil rights; political rights emerged in the nineteenth century; and, as a preliminary culmination of the democratic ideal, we see the consolidation of social citizenship in the twentieth century. Hence the construction of the welfare state, which has become an intrinsic part of capitalism's post war golden age, an era of prosperity, equality and full employment, seemed in perfect harmony. Stable democracy demands a level of social integration that only genuine

social citizenship can inculcate. The welfare state was therefore also a political project of nation building; the affirmation of liberal democracy against the twin perils of fascism and bolshevism. Many countries became self-proclaimed welfare states, not so much to give a label to their social policies as to foster national social integration as Esping Andersen argued.

Fractured Arab countries will need a model for social integration that will neutralize the effects of defeat for the defeated and the triumphalism of the triumphant and hold together societies torn apart by blood, crisis, economic hardships and/or terrorism. In their post-independence years, most Arab countries offered a model of social citizenship that was contingent on state led development and offered its citizens protection and access to opportunity through a mixture of universal subsidies and state provided services such as health and education, inputs to production such as agricultural subsidies, employment and even arts and culture. The state provided schools, doctors, newspapers and television, higher education, work and subsidized utilities, energy, housing and food. This was the model of the moment all over the world but economic transformations have undone its structures and undermined its sustainability and desirability (in some cases). This social model aimed at creating a middle class but had no explicit economic development objectives.

For example, observers, including the EHDR, Galal and Marfleet & el-Mahdy, have noted the need

for a new social model for Egypt and have amply described the efficacy and cost of generous but ineffective welfare provisions. This line of inquiry is not new. Several studies have addressed the same question for the Egyptian case, either by analyzing overall social expenditures (e.g., World Bank and Kamaly and Sholkamy) on the education sector (e.g., Birdsall and O'Connell, El Baradei and Galal), health sector (e.g., Vidal, and Nandakumar) or subsidy programs (e.g., Adams). Other Arab countries will also soon need to reconsider their social provisions whether because of falling revenues due to changing demand for oil or increasing demands for services after years of stateless chaos such as in Libya and Yemen or due to the ravages of war as is the case of Syria and of Iraq. The near future will necessitate a revision of the social terms of state citizen relations.

Most urgent will be a vision of social protection that can offer quick and effective support to individuals and families embarking on a new path of normality. Global competition does narrow the field of domestic policy choices often imposing strictures on social spending and public profligacy. The state confirms its commitment to citizens, and its guests as well, through the provision of social services, benefits and protection. These provisions should be financed through state revenue. Many of the deficits faced by the welfare state globally are a result of badly functioning labor markets that produce an overload on existing social programs. The edifice of social protection in many countries is 'frozen' in a past socio-economic order that no longer obtains, rendering it incapable of responding adequately to new risks and needs.

The model of social citizenship that is emerging is one whereby the state only commits to the very poor through the provision of targeted support, mostly in the form of cash transfers and social pensions. This transition from a model that sought to forge a middle class to one that commits itself only to the poor needs careful consideration. Arab countries must consider their demographic structures, the capabilities of their population and their needs for social cohesion and peace. These considerations may lead to the adoption of a set of social rights and a model of social citizenship that is distinct from the inefficient and ineffective welfare regime of the past

but is more considered and politically contextualized than the current offerings of the narrative on cash transfers and on the virtues of austerity.

The vast differences in country social policies and provisions make it difficult to recommend one approach or model for all countries. Cash based programs are recommended as an alternative tool of social protection but they need to be designed in a way that ensures their ethicality, fairness, effectiveness and sustainability. They should be targeted to those who need them but must not cause social fragmentation or competition. They should be available to all who need them.

Contemplating the future of social citizenship needs a broad spectrum of engagement that articulates economic, political and social rights and ideals. Arab countries should not create more dependency or stifle markets. They should also not start cash programs unless they have the information systems, expertise, public acceptance and support, trained staff and willingness to share information and data to ensure the success of such programs. Cash programs should also not displace the desire for work. They have to offer their beneficiaries an exit option that avails them to work. Therefore, an essential ingredient of successful cash based social protection is a viable employment and skills development policy.

The narrative on protection has not developed a sufficient engagement with gendered inequalities in access to welfare. The gender lens has informed policies and politics that seek to redress gendered market inequalities (resulting in many models and measurements such as GEME and gender equality indices) and has shaped the agenda on women and poverty as Kabeer, Chant, and Nussbaum showed, but the intersections between welfare and women as mediated by work merits some reflection and more empirical engagements. The abundance of work on micro-credit and the feminization of poverty dwarf the literature that discusses women's right to social protection in non-western contexts.

The crisis in welfare has been diagnosed under three main headings. The market-distortion view, which argues that the welfare state stifles the market and erodes incentives to work, save, and invest; the sec-

ond view focuses on the cataclysmic effects of demographic changes, dependence structures and aging; and the third focuses on the consequences of the global economy, which mercilessly punishes profligate governments and uncompetitive economies as Esping-Andersen argues. Arab countries need to address the social needs of tomorrow and consider social justice and protection not as labels or rhetoric but as policy options that will have profound implications to the survival of state and society.

Training Workshops

ERF is fully committed to supporting the next generation of economists and development champions. Deploying the latest technologies and methodologies, ERF organized a number of capacity building activities for researchers in the region since the last edition of *Forum*.

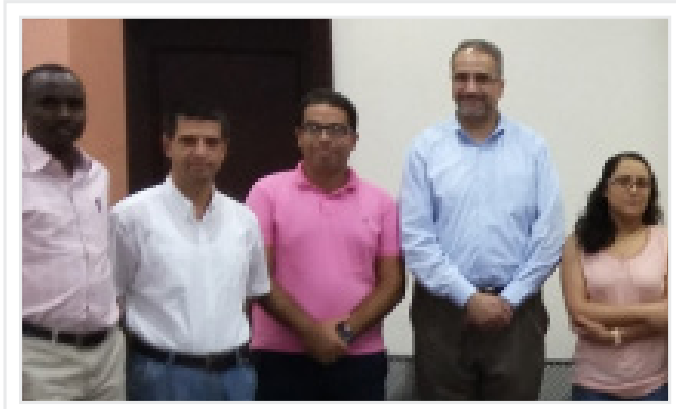
Econometric Analysis of Financial Time Series

August 9-11, Cairo, Egypt

Over the span of three days, ERF organized a hands-on training workshop, led by Mahmoud El Gamal and Diao Noureldin. It focused on using different econometric methods, such as CAPM, volatility modelling, and risk measurement, for the analysis of financial time. The workshop convened 18 participants from the ERF region. Participants are encouraged to write a paper utilizing some of these methods using a dataset of their choice, and deliver it 6 months after the workshop. The papers will be subject to a refereeing process, and published in the ERF Working Paper Series if approved.



Participants with the trainers of the workshop



National Statistical Agencies Staff Training

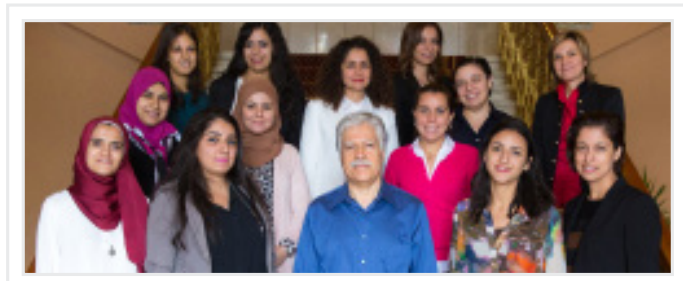
October 17-19, Cairo, Egypt

ERF in partnership with CAPMAS organized a training workshop for 30 participants from the National Statistical Agencies of the Arab countries. The training focused on Collection and Statistical Analysis of Economic Census Data. The workshop was part of the capacity-building activities under ERF's OAMDI.

Writing Winning Research Proposals and Papers

November 26-27, Cairo, Egypt

ERF continued to provide, for the 6th 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, the training, facilitated by Hadi Esfahani, and focused on the theme of Institutions. It brought together 9 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.



Participants with the trainer at the workshop

Training Workshops

Writing Policy Briefs

December 8-9, 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; translating technical research into jargon-free accessible language and deriving policy advice from that research. In order to contribute to bridging the gap between research and policy, ERF organized a two days Writing Policy Briefs workshop for 10 researchers from across the region selected on competitive basis. Facilitated by Mustapha Nabli and Romesh Vaitilingam, the workshop featured sessions on What Policy Makers Look For in a Policy Brief; Planning, Writing and Checking a Policy Brief; and Visual Aids and Tips for an Effective Policy Brief. Surgery sessions were convened for providing peer review and the workshop concluded with the announcement of the Most Effective Policy Brief Award.



Participants with the trainers of the workshop

Supporting Participation of Young Researchers in GDN 16th Global Development Conference and Training

June 11-13, 2015, Casablanca, Morocco

As part of its commitment to upgrade the capacity of researchers in the region and to provide them with opportunities for exposure and interaction in the international research arena, ERF supported the participation of 10 young researchers at the 16th Annual Global Development Conference, which took place on June 11-13, 2015, Casablanca, Morocco. Organized by the Global Development Network (GDN), the focus of the conference was on “Agriculture for Sustainable Growth: Challenges and Opportunities for a New Green Revolution”.

The selection of young researchers was based on an open essay competition on “Rural Development Strategies in the MENA Region”, and 10 were selected based on merit to attend to the Conference as well as participate in a dedicated training workshop to enhance their capacity for analytical rigor and quality of exposition and written expression. Moreover, the conference was in itself an opportunity for the selected 10 young researchers to network and exchange views with researchers, policymakers and development practitioners from across the world.

Research Activities



Whether initiated through open calls for papers or solicited, the selection process of ERF research is 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 brief description of the new research work initiated under each theme.

Natural Resources and Economic Diversification

Sovereign wealth funds: stabilization, investment strategies and lessons for oil-rich Arab economies,

Diaa Noureldin and Ibrahim Elbadawi

In view of their dependence on the intrinsically temporary and highly volatile hydrocarbon sector of the economy, many oil-rich Arab countries realized the importance of sovereign stabilization and long-term investment institutions early on. The Arab SWFs display notable differences in their structural features, investment strategies and risk appetites, making their study important from both regional and global perspectives. This research contributes to the growing but still nascent literature and policies on SWFs by addressing some key positive and normative dimensions of the issues arising from the new challenges and opportunities facing sovereign investors, especially SWFs. Three broad clusters of issues are addressed: (i) SWF organization and investment practice and results, and SWF links to fiscal policies and structural features of their home countries, (ii) the macroeconomics of SWFs and their relation to fiscal policies; and (iii) SWF investment policies and

practices including the portfolio composition of a SWF.

Dealing with Multinational Oil Companies: Issues, Experiences and Lessons for the Arab Oil Countries, *Jenik Radon*

Many oil state-owned enterprises in the Arab region are increasingly having to adapt in order to survive in a changing hydrocarbon sector. Old oil fields are maturing and becoming more difficult and expensive to exploit, and the importance of natural gas and non-traditional sources, e.g. shale, is growing rapidly. In order to remain as players in the sector, and to continue to generate revenues for home governments, SOEs are having to acquire new skills to continue producing at home, and also improve their ability to operate abroad in a competitive international market. In this environment, the role of contractual arrangements between SOEs and IOCs, and, particularly, the potential for SOEs to acquire technology and skills from IOCs, has become vital. So, too, home governments' political constraints on SOEs are now, in fact, determining factors of whether

an SOE is able to move abroad and compete internationally. This paper will explore SOEs and contracts in the Arab world in the context of this changing environment, and will critically assess the role of contracts and host government political processes in the ability of SOEs to remain relevant and competitive in the coming years. Two Arab countries will be used as case studies: Oman and Algeria.

How oil has impacted political institutions in the Middle East Beyond Revenues: A Historical and Comparative Approach, *Sami Atallah*

Most of the empirical work on the relationship between oil and political regimes argues that oil leads to the rise of authoritarian governments. Looking at history, however, the support for authoritarian governments has often preceded the influx of oil revenues. This research aims to examine how securing oil fields, bargaining over rents, transporting oil to markets, and managing revenues have impacted political regimes in the Arab world. It posits as a starting point that oil is a geopolitical commodity which must be secured by world powers to ensure military superiority and economic prosperity. The research will examine from a historical perspective how oil affects political regimes in the Middle East across the various phases of the value chain: Securing oil fields, bargaining over rents, transporting oil to markets, and managing revenues.

The Political Economy of Transformation in the Arab Region

Is there a MENA variety of capitalism?, *Steffen Hertog*

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

Banking and Crony Capitalism in Egypt, *Ishac Diwan and Marc Schiffbauer*

Since the mid-2000s, financial liberalization in Egypt accelerated, and dynamic and seemingly competitive private banks emerged and grew, with several foreign banks entering the market, in some cases in associations with local banks. The cronyism of the 1980s and 90s on the other hand was much more centrally connected with directed state credit, as banking was then dominated by the state. This project looks at the relation between banking and cronyism in liberalized economies, with a focus on the case of Egypt. The main question asked is: In a liberalized banking system, by which mechanism is private credit channeled disproportionately to politically connected firms (CFs), as we know has happened in Egypt and Tunisia between 2003-2011?

Crony Capitalism in Lebanon's Banking Sector, *Jad Chaaban*

While many consider the Lebanese banking sector as the crown jewel of the national economy, with consolidated assets well over 300% of GDP, there are voices being raised against the banks' extraordinary influence on monetary, fiscal, and even political policy. Lebanese banks have been quite close to the country's ruling apparatus, often sustaining clientelistic networks and heavily intervening in monetary and exchange rate policy. Yet evidence-based research on the extent to which Lebanon's banks are dominated by a crony form of capital is non-existent. This paper aims to fill in this gap, and analyze the impact of elite capture of the banking sector on the efficiency of the country's financial system.

Cronyism and Job Creation in Lebanon, *Ishac Diwan and Jamal Haidar*

The interest in the relation between power and money has risen sharply in the MENA region following the uprisings of 2011. The most recent World Bank Enterprise Survey shows that three-fifths of firms identify corruption as a major constraint for growth in Lebanon. Being more competitive as well as more sectarian than most MENA countries, the Lebanese political economy context can thus furnish useful variations since the boundary between cronyism and corruption. This study aims to improve the under-

standing of why job creation is limited in Lebanon by studying the micro foundations of firm-level employment growth with novel research and analysis on employment growth at the firm and detailed sector levels.

Mapping Firm Ownership Structure in the Islamic Republic: Parastatal and Private Sectors in Relational Perspective, *Kevan Harris*

In 2013, Iran's Tehran Stock Exchange (TSE) listed 314 companies with a total market capitalization of over 60% of GDP, a significant increase from previous years. This study will utilize the new shareholding data for 2013-14 to measure ownership concentration, institutional ownership, and relative shares of private vs. semi-public capital by economic sector. In addition, the study attempts to map a more realistic political economy of firm ownership by coding particular institutional investors with their associated sociopolitical position in contemporary Iran. This would enable better assessment and analysis of the broad and growing swath of Iran's economy in comparison with other MENA countries.

Public Private Partnerships in Egypt: Rules versus Deals, *Sahar Tohamy*

In its attempt to expand private economic activity, the Egyptian government has resorted to encouraging local private industry through various investment incentives and foreign trade tariffs. With respect to liberalization and privatization in utility sectors, Egypt's efforts to introduce private investment in these sectors started shortly after launching "Egypt's Economic Reform and Structural Adjustment Program" (ERSAP) as a mechanism to curtail public investment needs in utilities. This study summarizes the overall policy framework for both sectors highlighting similarities and differences at the sector policy level. It aims to analyze how market-specific variables may have facilitated reform progress in telecommunication as opposed to electricity. In addition, it evaluates the extent to which other factors may have played a role in limiting or expanding de-facto regulatory space.

Anatolian Tigers and the Emergence of the Devout Bourgeoisie in Turkey, *Izak Atiyas, Ozan Bakis and Esra Ceviker Gurakar*

The new growth centers of Anatolia, referring to Anatolian provinces that apparently have increased their share in overall economic activity as well as exports of manufactured goods, have witnessed the emergence of a "devout bourgeoisie" amidst the Turkish economy. This phenomenon is an important dimension of social dynamics that eventually carried the Justice and Development Party to political power. While the traditional industrial centers still have higher productivity and still carry out most economic activity, there is evidence of catch-up. The purpose of the proposed project is to examine the emergence of these Anatolian Tigers through both quantitative and qualitative means; focusing on factors of time, contribution, size, productivity and concentration.

The Role of the State in MENA Capital Markets, *Alissa Amico and Steffen Hertog*

The role of the state in the social contract of the transitions of Arab societies and economies has been addressed from various angles in the past few years. While the state is not generally perceived as an accountable owner of corporate wealth in the MENA region, performance of State-owned Enterprises (SOEs) across the region shows significant variation. This project aims at compiling a database of all listed companies where the state exercises ownership, which would allow to potentially compare private and public companies operating in specific sectors in order to be able to draw conclusions on the efficiency of state ownership in the MENA region. It also investigates the methods and timing of privatization with a view to drawing conclusions on the impact of various mechanisms of privatization with outcomes for the state, and analyses the stakes that governments have accumulated through the accumulation of ownership stakes in listed companies and draw conclusions about the overall presence of the state in capital markets.

The Network of Interlocking Directorates in Morocco: Controlling Banks and insurances and Capturing Pension Funds, *Oubenal Mohamed*

Unlike US and European capitalism where banks or

insurances are central, financial companies in Morocco are under the control of holding families. Existing literature of the constitution and evolution of Moroccan economic elite uses a conception of business control based mainly on capital ownership, however neglect the role of board membership. These boards play a major role in the strategy of the holding families of banks and insurances to control other companies due to the transformation of the structure of Moroccan companies, emphasizing the existence of a cohesive group of directorates and a large periphery. This paper studies the recent structure of economic elites using a network analysis approach, combining centrality measures and graphic representation of the structure of interlocking directorates of listed companies with a qualitative research.

Unpacking Non-Tariff Barriers in the Middle East, *Adeel Malik and Ferdinand Eibl*

In thinking about protectionist trade policies, research has predominantly focused on the role of tariff barriers. However, as recent literature has suggested, many of the region's labor-abundant economies are especially burdened by non-tariff barriers (NTBs). These barriers are essentially complicated trade frictions caused by arbitrary regulations, procedures, and a variety of discretionary controls that are both hard to measure and evaluate. Their importance in political economy terms is, however, well recognized. This proposal seeks to enhance the understanding of the politics of trade protection in the Middle East; exploring both their determinants and impact.

Labor and Human Resource Development

Work under this area continued to pursue the collection and analysis of data on labor markets, studying labor market regulations, in addition to informality issues, labor market dynamics, education challenges as well as emigration and labor mobility.

Employment and Unemployment in Tunisia, *Mongi Boughzala and Ragui Assaad*

Following the data collection phase of the new labor market panel survey in Tunisia, which was carried out in collaboration with The Applied Social Science Forum (ASSF) and The National Institution of Sta-

tistics (INS), ERF has commissioned a set of papers exploring the data and the new insights it reveals. The papers addressed different aspects of the labor market in Tunisia including, but not limited to, labor supply, unemployment, wage inequalities, and migration. The output of this project will be published as an edited volume by Oxford University Press.

Labor Market Dynamics in MENA, *Ragui Assaad*

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

Gender and Women Economic Empowerment

The theme is led by Rana Hendy, an economist at ERF, within the framework of ERF's continued cooperation with IDRC. Work under this theme covered issues of work-life conflicts, time use, entrepreneurship and the feminization of poverty. The next steps involve the initiation of a structured project on the Economics of Life Course Transitions in the Middle East and North Africa. In addition to that, ERF launched a call for proposals on the issue of gender and social protection.

Institutional Challenges for Responsive Gender Budgeting in Egypt: Budgetary vs political institutions, *Lobna M. Abdellatif, Mohamed A. Ramadan, and Mohamed Zaky*

The project is giving evidenced-based answers to whether the allocation of public resources in Egypt is gender sensitive. More precisely, the project inves-

investigates how the public recognize the importance of public services for women protection, and whether the political institutions are capable of turning public values about women protection with clear weights. It does not only relate to public values and gender values, but also relates to the mechanism of budgeting allocation. The research is driven by three types of data sources: public believes, planners and administration experience, as well as documented public regulations, laws and political speeches.

Women's economic empowerment through micro-finance services - Focus: Tunisia, *Walid Jebili, and Mathilde Bauwin*

The study addresses the issue of women's economic empowerment through microfinance in Tunisia. It investigates the role of gender in the growing process of microfinance clients' businesses and whether it is a determining factor in this process. The innovation of this research lies in the definition of "economic empowerment", where it is more linked to the business development process rather than to the client's socioeconomic characteristics. In this research, a double approach, static and dynamic, is considered, with a multinomial logit model, and a multistate-business-driven observation (BDO) model.

Energy Subsidy Reform in Egypt: The Gender – "Energy" Poverty Nexus, *Fatma El-Hamidi*

The objective of this study is to examine the economic and social impact of the proposed energy subsidy reform policies on the Egyptian household, which started in July 2014 and is expected to be phased out in five years. In this context, the study quantifies disparities in expenditure patterns on energy types, and transport across income/expenditure levels. It examines current levels and types of energy consumption by the gender of the head of the household. The findings of this study suggest further angles that may guide towards refined policy prescriptions to mitigate the negative consequences of restructuring energy subsidies, hence, predicting and avoiding future shortages and bottlenecks.

The Effect of Survivors' Benefits on Poverty and Health Indicators of Women and Children in Sin-

gle-Mother Households: A Turkish Case Study, *Oznur Ozdamar, and Eleftherios Giovanis*

Although there are publicly provided survivors' benefits to the single-mother households in Turkey, only a single source of income categorize these households under low-income families. The aim of this project is to empirically analyze the effect of survivors' benefits on poverty indicators of single-mother households in Turkey. It, also, investigates whether survivors' benefits promote health status of women and children in these families. The study uses three different surveys: Cross-Sectional Income and Living Conditions Survey of Turkey -2006-2012, Panel Income and Living Conditions Survey of Turkey -2009-2012, and Cross Sectional Health Survey of Turkey -2010, 2012.

Pension payments, social transfers, and income inequality in Turkey: How important is the gender dimension?, *Cem Baslevent*

The main purpose of this project is to determine the extent to which social transfers and pension payments have an impact on income inequality and the incidence of poverty in Turkey. Using descriptive and econometric analyses, this research identifies the amounts of various types of income received by households, distinguishes between the incomes of male and female household members, and examines the gender dimension of the research question. The findings of this research might point to the importance of the continued economic activity of women in terms of social justice. Also, by quantifying the contribution of social transfers to inequality, concrete empirical evidence of whether social policies of the government have had an impact on political outcomes will be present.

Ladies and Gentlemen, Microfinance Needs to Consider your Different Social, Risk and Time Preferences: An Experimental Study in Rural Egypt, *Mohamed El-Komi*

Microfinance has been identified by many as a useful tool in aiding economic development, even though the actual impact on poverty is still a matter of debate. Women empowerment is a preset objective of many microfinance institutions. Yet, even without targeting women, certain types and characteristics of

microfinance loans are not appealing for men. This study investigates the effect of gender preferences on the choice of microfinance. As gender differences exist with respect to risk, time, social preferences as well as competitiveness, the implications of such dissimilarities are particularly crucial when designing financial and social protection policies. Consequently, the project suggests a mechanism to incorporate these differences in the design of the microfinance (and other financial policies that target the poor).

Social Protection, Gender, and the Consumption Patterns of the Poor: The Role of NGOs in Poverty Reduction in Iran, *Hadi Salehi Esfahani, and Roksana Bahramitash*

The purpose of this project is to assess the differential impact of NGOs on the consumption patterns of poor households in Iran. The project sheds light on whether the households that receive support from NGOs are indeed potentially among the poorest, how their expenditure patterns vary from the non-recipients, and whether the gender of the recipient and her/his status as head of household matters in the way NGO support. The study selects a group of 20 NGOs offering social protection services in Iran, and carries out household income and expenditure surveys on samples of their support recipients. Half of the NGOs are selected among those that target women and the other half are those whose agendas are not gender specific. Notably, the surveys rely on an extended version of the recent Household Income and Expenditure Survey (HIES) questionnaires used by the Statistical Center of Iran.

Social Protection and Gender in Iran: Assessing the Differential Impact of Social Protection Activities on Female-Headed versus Male-Headed Households, *Hadi Salehi Esfahani, and Seyed Mohammad Karimi*

The aim of this project is to assess the differential impact of social protection services on household expenditure in Iran with respect to the gender of the head of household. The issue is important since poverty rates tend to be much higher among female-headed households; also, the gains from social protection might be diminished significantly if the rules and policies governing the provision of social protection

tilt the benefits towards male-headed households. The research relies on quantile regressions of household expenditure distributions in Iran's provinces on indicators of social protection activity, controlling for household and province characteristics and other relevant and observable factors. The main sources of data are the annual Household Expenditure and Income Surveys (HEIS) and Iran's Statistical Yearbook produced by the Statistical Center of Iran and during 1991-2013.

Does Microcredit Reduce Gender Inequality? An Application of Decomposition Analysis to Egypt, *Mohamed Arouri, and Nguyen Viet Cuong*

Although Egypt has achieved relatively high economic growth with an annual growth rate of around 5%, poverty rate remains high and gender inequality still is a serious problem. To reduce poverty and empower women, Egypt has implemented microcredit programs. This project investigates whether access to microcredit can help empower women and reduce gender inequality in Egypt. Additionally, it examines the policy implications for microcredit programs so that these programs can be more effective. The study relies on data from Egypt Labor Market Panel Surveys in 2006 and 2012.

The Impact of the Turkish Employment Subsidy Programs in Increasing the Level of Social Protection for Women, *Belgi Turan, Seyit Mumin Cilasun, and Binnur Balkan*

The Turkish government started a labor market program in July 2008, to subsidize the employers' social security contributions for the two target groups: young men (of age between 18 and 29) and all women above 18. The aim of this study is to investigate and analyze the impact of the program on social protection of women by checking the transitions in the labor market states. Using difference-in-differences (DID) and regression discontinuity design (RDD) techniques, the effectiveness of the policy will be assessed by analyzing the switches from informal employment to formal employment, from unemployment to formal employment and from out of the labor force to formal employment. Last, the study will carry out analysis on social protection with respect to firm size, since the degree of social protection in the

intensive margin differs across firm size. Overall, the project aims to assess whether the subsidy program has been effective in reducing the gender gaps in the Turkish labor market in terms of the level of social protection.

GDN 16 RRC on “Economics of Healthcare in the ERF Region”

ERF in collaboration with the MENA Health Policy Forum (MENA HPF) announced a call for proposals, supported by the Global Development Network (GDN) under the theme of “Economics of Healthcare in the ERF Region”. Researchers from the ERF region were invited to submit proposals on the following subthemes: State provision, financing and regulation of healthcare services; the role of the private and non-governmental sectors, including private clinics, pharmaceutical companies, and NGOs; health insurance schemes and household self-finance; the efficiency and equity of the markets for healthcare services; the link between healthcare, productivity and growth. ERF received 9 proposals which has been screened by a refereeing committee. 7 projects were selected for funding under this project. The eight selected projects cover the following topics:

Causal Effects of Morbidity on Labor Supply and Productivity in Turkey, *Aysit Tansel, T. Paul Schultz and Ali Berker*

Health is a form of human capital, valued by both employers and employees. Conversely, morbidity is one of the most important factors in individuals' labor supply decision and the wages s/he commands. Morbidity should reduce individual labor market participation and productivity and individual welfare. Good health is a determinant of economic growth and morbidity adversely affects national economic growth and national well-being. There is beyond anecdotal evidence that health problems not only adversely affect labor market outcomes of the individuals but also significantly reduce their job satisfaction. Morbidity should reduce participation in the labor force, hours supplied for work and should make individuals less productive. These are important questions to address in both labor economics and health economics. Therefore, this study will investigate the causal effect of morbidity on labor force par-

ticipation, labor supply and productivity in Turkey, a developing country. This research will estimate the effect of morbidity on labor force participation decision, hours of work supplied, wages and earnings in Turkey without bias. The analysis will be carried out separately for men and women.

Determinants and Impact of Household's Out-Of-Pocket Healthcare Expenditure in Sudan, *Ebeidalla Mahjoub Ebeidalla & Mohammed Elhaj Mustafa*

The principal aim of this study is to understand the determinants and the outcomes of households' health expenditures in Sudan. Specifically the study aims at: 1. identifying the determinants of households' health expenditures in Sudan. 2. Detecting the factors that contribute in making health spending catastrophic for Sudanese households. 3. Investigating whether the determinants of general health expenditures and catastrophic expenditures vary among different social group (i.e. urban versus rural population). 4. Inspecting whether determinants of health and catastrophic expenditure vary among different categories of income quintiles. 5. Analyzing the impact of catastrophic health expenditure on households' economic status (i.e. poverty and impoverishment).

Access to Healthcare, Utilization and Health Outcomes in Turkey, *Firat Bilgel and Burhan Can Karahasan*

Studies have shown that the distribution of health services infrastructure, the ongoing socioeconomic and demographic factors and ethnic gaps act as barriers to healthcare access. To this end, geographical information systems (GISs) and exploratory spatial data analysis (ESDA) have been widely used to visualize spatial patterns in the assessment of access to healthcare, health outcomes and the resulting health disparities. However, much less research have been conducted in examining the actual delivery of care using GIS approaches or understanding the spatial associations between healthcare access, utilization and health outcomes. This research aims at filling this gap. It aims to purport preliminary evidence on the effects of primary care access and utilization on health outcomes in Turkey and their relationship to the geographic environment by conducting a set of spatial analyses for the 2008-2013 period. This re-

search is the first attempt to reveal these spatial associations in Turkey and one of the very few endeavors to assess spatial ties in healthcare within a framework that also accounts for temporal dynamics. Unraveling the spatial spillovers and heterogeneity in utilization and health outcomes is conducive to sound health policies that are designed to prevent health inequalities and ensure an equitable geographic distribution of healthcare resources by identifying regions that suffer from shortages of healthcare infrastructure and health workforce.

Who Pays More: Public, Private, Both or None? The Effects of Health Insurance Schemes and Health Reforms on Out-of-Pocket and Catastrophic Health Expenditures in Turkey, *Eleftherios Giovanis and Oznur Ozdamar*

This is the first study which employs and examines various topics on OOPE and catastrophic health expenditures in Turkey. The project examines the relationship between OOPE and catastrophic health expenditures with the health insurance coverage, access to health care and possible barriers as distance to health centers in Turkey. In addition, the analysis accounts for socio-economic characteristics of the individual and household, such as education, wealth, marital status and location of the 2 household, like urban and rural areas.

The Link between Health Insurance Schemes, Health Expenditures, Productivity and Living Conditions Growth of Households in Turkey, *Eleftherios Giovanis and Oznur Ozdamar*

This project aims to explore various topics including the linkages between health status, living conditions, disability, chronic illnesses, out-of-pocket expenditures (OOPEs), health insurance schemes and productivity in terms of wage level and hours worked or hours absent from work and the role of private and non-governmental health sectors. Moreover, the productivity loss because due to illness, disability and health problems is calculated. It explores two topics: the relationship between health expenditures, disability and chronic illness, productivity, health insurance programs and their impact on economic growth defined as the standard of livings (SoL) in households in Turkey.

Out of Pocket Health Expenditure and Household Budget: Evidence from Arab Countries, *Reham Rizk and Hala Abou-Ali*

This paper contributes to the existing literature on catastrophic health expenditure by analyzing the occurrence and the determinants of catastrophic health expenditure in Arab countries in addition to identifying the associated socio-economic indicators. Arab Countries are considered a good choice for two reasons. First, the relation was not examined before in a comparative framework. Second, out-of-pocket expenditure accounts for about 46% of total private expenditure on health care in the MENA region which is fairly high compared to other regions, calling for more attention from policy makers. This project will try to answer the following questions: To what extent total household's expenditure is affected by out-of-pocket health payment in Arab countries? What are the patterns of out-of-pocket health payment in Arab countries? To what extent it differs with household characteristics? What are the main determinants of impoverishment resulting from out-of-pocket health payment in Arab countries? Do they differ from one country to another?

Out-of-Pocket Health Expenditures in Turkey in the Aftermath of the Reforms, *Burcay Erus*

This study aims to perform the analysis for Turkish case and track use of healthcare services as well as expenditures by the households in a time frame spanning about ten years, from 2003, when the reforms have started, to 2013, most recent year for which micro level data is available. This being the primary aim of the proposed research, there also is a secondary objective. Turkish reform was interesting in that it replaced a system where physicians had their own private practices with one in which hospitals became main service providers. In the new system physicians are more attached to the hospitals and less independent. In the meantime pharmaceutical drug prices fell down but they became easier to achieve. Using detailed micro level expenditure data which provides type of healthcare service paid for, it attempts to measure whether and how this affected payments to physicians, hospitals and drugs.

Communications and Outreach



Providing an effective platform for networking and the exchange of ideas is key to ERF’s mission. ERF has been particularly active during the past few months, organizing workshops, dialogues and conferences on a multitude of topics, while producing a range of publications.

Recent Events

**ERF Second National Dialogue:
Between Political Reform
and Economic Develop-
ment...Egypt the Future**
September 30, Cairo, Egypt

ERF held a national dialogue on September 30, 2015, under the title “Between Political Reform and Economic Development...Egypt the Future.”

Renowned economists, political scientists, policy makers and journalists attended the dialogue to debate the nature of the relationship between economic development and political reform. This timely topic comes as Egypt approached the holding of much anticipated parliamentary elections - the third and final step of the political roadmap set forth after the June 30 uprising - making the need to clarify the relationship between political reform and economic development all the more pressing.

The dialogue, held in Arabic, was moderated by ERF Managing Director Ahmed Galal and featured former Arab League head Amr Moussa, former Minister of

International Cooperation Ziad Bahaa-Eldin, former Member of Parliament Amr El-Shobaki, and former Director of Research at the National Bank of Egypt Salwa el-Antary.

Together, participants tackled the following questions: Is there really a “cruel choice” between economic growth and political reform? Conversely, does the pursuit of economic and political reform need to be simultaneous? If not, which should come



Ahmed Galal

first, economic development or political reform?

In his introductory remarks, Galal noted the importance of understanding that the diversity of opinions is valuable in itself. In this sense, he stressed that ERF’s national dialogue provides an open and independent platform through which different ideas can be discussed.

Galal also stressed the importance of ideas and their immense impact on human history and societies, highlighting John Maynard Keynes’ quote that “the ideas of economists and political philosophers, both when they are right and when they are wrong are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually slaves of some defunct economist.”

Moving on, the dialogue began with Antary’s take on the relationship between political and economic reform. She argued that politics and economics are inseparable and that while people usually agree that economic problems exist, they disagree on how to solve them. In this sense, she noted that different solutions for economic problems entail different biases and different costs and benefits to different actors.

Moreover, Antary identified two conditions for economic development that inherently involve political dimensions: combating monopolies and fighting corruption. Citing World Bank reports, Antary stressed that the main obstacle facing Egypt’s private sector manifests in politically well-connected monopolies that crowd out the market and ultimately lead to the economic challenges and disparities the country suffers from. On the other hand, corruption, she said, places a huge burden on the Egyptian economy and results in billions of pounds, which could have gone toward development, being lost to a quagmire of venality.

Speaking next, Shobaki underlined the concept of political development. He explained that while much has been said about the importance of political reform and economic development, little do people approach the topic of political development.



Amr Moussa



Ziad Bahaa-El Din



Amr El-Shobaki



Participants at the national dialogue

Shobaki added that one way to achieve political development is by capitalizing on the values of professionalism, integrity and efficiency that fueled mega projects in Egypt, like the new Suez Canal project. Such values he said, are a core gain from economic achievements that should be spread to all aspects of societal life so that they become reflected in reality.

On his part, Bahaa-Eldin said that economic decisions are inherently political and agreed that economic development can in no way take place without adequate political reform that opens the way for political participation.

In this context, Bahaa-Eldin identified five economic benefits that result from having a solid political foundation, one characterized by stability and room for participation. The first such benefit is that it ensures the efficient formulation of economic policies by allowing for diverse perspectives to be taken into account. The second is that a good political system will guarantee that economic decisions promote social justice. Thirdly, political participation is conducive to less-corrupt economic policymaking since decisions are taken in a transparent manner that allows society to absorb them. Fourthly, political participation makes economic decisions

more viable and more prone to actually being implemented. Finally, political participation ensures that governments have more opportunities to correct their mistakes. In this sense, Bahaa-Eldin said that the strength of a political system manifests in its ability to correct its mistakes and not simply cover them up.

Speaking next, Moussa started by saying that Egypt is in dire need of a comprehensive project for reform. In this framework, he noted that such a project needs to encompass administrative reform alongside political and economic reform.

In terms of the challenges facing Egypt, Moussa identified neglect, terrorism, corruption and hypocrisy as the main ills afflicting the country and stressed the need to work to overcome them. Finally, Moussa emphasized that the road in front of Egypt is clear and that the country is past the phase of experimentation. He referenced India and Brazil as examples of countries that are on their way towards development and are now knocking on the doors of great powers to make their voices heard.

Gender Equality in MENA

October 24-25, Cairo, Egypt

ERF held a conference on women’s social and Economic empowerment in the Arab World on October 24-25, 2015, in Cairo, Egypt. The event, hosted in cooperation with Canada’s International Development Research Centre (IDRC), was intended to contribute to ending the significant political and economic disadvantages women in the region face. Over six sessions and a panel discussion, key international experts, regional academics, policy leaders and the media discussed and debated ways to overcome the main obstacles preventing the full participation of women in the region. Topics included ways to narrow down the gender gap and discrimination against women; women’s empowerment within the household and in the labor market; women entrepreneurship; gender and social protection policies, and stereotypes surrounding the relationship between gender, religion and politics.

From the policy leaders’ side, the conference featured former Egyptian Minister of Family and Population Moushira Khattab, former Egyptian Parliamentarian Mona Makram-Ebeid, and Egypt’s Director of the Karama and Takaful programs Nevine Kabbage.

International experts who spoke at the conference included Arjan De Haan (International Development Research Center), Maria Floro (American University), Stephanie Seguino (University of Vermont), Suzan Joeques (London School of Economics) Zafiriz Tzannatos (Senior Consultant for Strategy and Policy). Nicola A Jones, (Overseas Development Institute), Aili M. Tripp, (University of Wisconsin-Madison), and Caren Grown, (World Bank).

From the region, the conference hosted Ragui Assaad (University of Minnesota), Fatma El-Hamidi (Pittsburgh University) Hania Sholkamy (American University in Cairo), Amel Grami (University of Tunis), Rana Hendy (Economic Research Forum), Hadi Esfahani (University of Illinois), and Mahmoud El Gamal, (Rice University).

At the start of the conference, ERF Managing Director Ahmed Galal said the event was being held

to advance the position of women in the Arab World, noting that there is a need to “dig a bit deeper” into the socioeconomic and political factors that explain why women in the region are not treated as equally as most would like. He added that while women are discriminated against globally, the problem is more acute in the Arab World.

Throughout the two days, speakers offered a number of recommendations to advance the position of women in the Arab World. Conference keynote speaker Floro stressed that gender equality needed to be pursued in the context of environmental sustainability and noted that it involves a “shared path,” requiring collective efforts to bring about governance reforms to tackle inequality in all its forms and not just gender inequality.



Participants at the conference.

Monetary and Fiscal Institutions in Resource-Rich Arab Economies

November 4-5, Kuwait

ERF held a conference on Monetary and Fiscal Institutions in Resource-Rich Arab Economies on November 4-5, 2015, in Kuwait City, Kuwait. The event, held in cooperation with the Arab Fund for Economic and Social Development, was intended to address the challenges facing macroeconomic institutions in oil-rich Arab countries, particularly those responsible for monetary and fiscal policies.

The problem is that while oil-rich Arab countries account for close to half of global oil reserves and a quarter of natural gas reserves, they have neither achieved economic prosperity nor approached the ranks of developed nations. The efficiency (or lack thereof) of monetary and fiscal institutions in resource-rich Arab economies could explain this phenomenon, at least partially.

More than 50 participants from the region and abroad examined the prospects and policy options

for achieving fiscal and monetary stability in oil-rich Arab countries. Over five sessions and a panel discussion, experts tried to understand the rules and procedures governing fiscal and monetary policies in oil-rich Arab countries, the degree of independence and interaction between fiscal and monetary institutions, and the influence of politics on both.

Regional policy leaders and experts participating at the conference included former Kuwaiti Minister of Finance Abdlatif Al-Hamad, Kuwaiti former Deputy Prime Minister and Minister of Foreign Affairs Mohammad Al-Sabah, Economic Advisor at the Amiri Diwan Yousef H. Al Ebraheem, former Egyptian Minister of Finance Ahmed Galal, Ibrahim Elbadawi (Dubai Economic Council), Samir Makdisi (American University in Beirut) and Sami Atallah (Lebanese Center for Policy Studies). World renowned experts who spoke at the conference included Adeel Malik (University of Oxford), Jeffrey Nugent (University of Southern California), Michael L. Ross (University of California), Emilie J. Rutledge (United Arab Emirates University), Raimundo Soto (Universidad Católica de Chile) and Shantayanan Devarajan (World Bank).



Left to right clockwise: Abdlatif Al-Hamad, Ibrahim Elbadawi, Mohammed Al Sabah, Adeel Malik, Kamiar Mohaddess, and Youssef Al-Ebraheem.

Latest ERF Publications

The Middle East Development Journal (MEDJ)

ERF is proud to announce the publication of the seventh volume of the Middle East Development Journal (MEDJ).



Vol. 7, No. 2. December 2015

Return migration and entrepreneurship in Morocco
Bachir Hamdouch & Jackline Wahba
10.1080/17938120.2015.1072696

Total factor productivity and technology spillovers in Egypt
Engy Raouf Abdel Fattah
10.1080/17938120.2015.1072697

Measures of fiscal risk in oil-exporting countries
Carlos Caceresa & Leandro Medina
DOI:10.1080/17938120.2015.1072700

Capital requirements, banking supervision and lending behavior: evidence from Tunisia
Brahim Guizani
DOI:10.1080/17938120.2015.1072930

An applied endogenous growth model with human and knowledge capital accumulation for the Turkish economy
Ebru Voyvoda & Erinc Yeldan
DOI:10.1080/17938120.2015.1072698

Trade determinants and potential of Syria: using a gravity model 'with an estimation of the Syrian crisis' impact on exports
Zaki Mehchy, Rabie Nasser & Marc Schiffbauer
DOI:10.1080/17938120.2015.1072699

On Egypt's de facto integration in the international financial market
Sara B. Alnashar
DOI:10.1080/17938120.2015.1083219

Working Papers Series

Since the last issue of Forum, 61 working papers have been published and disseminated electronically. All papers can be downloaded from the ERF website: www.erf.org.eg. The recently published papers are listed below:

Intergenerational mobility in women's employment outcomes in Egypt
Maia Sieverding
Working Paper 978

Emigration, wealth and inequality: evidence from Egypt
Anda David and Joachim Jarreauz
Working Paper 977

Is There An Informal Employment Wage Penalty in Egypt?
Aysit Tansel and Halil Ibrahim Keskin
Working Paper 976

Economic features of the Arab Spring
David Cobham and Abdallah Zouache
Working Paper 975

Catastrophic and Impoverishing Effects of Out-of-Pocket Health Expenditure: New Evidence from Egypt,
Ahmed Shoukry Rashad and Mesbah Fathy Sharaf
Working Paper 974

A Quarter Century of Changes in Labor Force Participation
Rana Hendy
Working Paper 973

Socio-political Attitudes across the World: To What Extent Are They Affected by One's Religion, Its Importance, Majority Status and Relative Income?
Jeffrey B. Nugent, Malgorzata Switek and Fengyu Wu
Working Paper 972

Late-life living arrangements and intergenerational ties in Egypt. Elderly socio-

economic conditions from Labor Market Surveys

Aurora Angeli

Working Paper 971

On the Interaction between Trade Reforms and Labor Market Regulation: Evidence from the MENA Countries' Labor Markets

Irène Selwaness and Chahir Zaki

Working Paper 970

Technical Efficiency and Stability to Shocks: A Comparison Between Islamic Banks and Conventional Banks in MENA Region

Mohamed Chaffai

Working Paper 969

Household and Contextual Indicators of Poverty in Tunisia: A Multilevel Analysis

Mohamed Amara and Hatem Jemmali

Working Paper 968

Budgetary Institutions, Fiscal Policy, and Economic Growth: The Case of Saudi Arabia,

Ashraf Galal Eid

Working Paper 967

Competitive Real Exchange Rates Are Good for the Poor: Evidence from Egyptian Household Surveys

Ibrahim Elbadawi and Eman Refaat

Working Paper 966

Can Banks Lead the Economic Recovery of The Arab Spring?

Mahmoud Haddad and Sam Hakim

Working Paper 965

Does ICTs Reduce Youth Unemployment in MENA Countries?

Ebaidalla Mahjoub Ebaidalla

Working Paper 964

An Estimation of Tariff Pass-through in Tunisia

Leila Baghdadi, Hendrik Kruse and Inma Martínez-Zarzoso

Working Paper 963

Assessing Fiscal Sustainability in Algeria: A Nonlinear Approach

Abderrahim Chibi, Sidi Mohamed Chekouri and Mohamed Benbouziane

Working Paper 962

Political Connections and Tariff Evasion: Evidence from Tunisia

Bob Rijkers, Leila Baghdadi, and Gael Raballand

Working Paper 961

Algeria–Mali Trade: The Normality of Informality

Sami Bensassi, Anne Brockmeyer, Mathieu Pellerin and Gaël Raballand

Working Paper 960

Empowerment is a Community Affair: Community level Determinants of Married Women's

Empowerment in Egypt

Ragui Assaad, Hanan Nazier, and Racha Ramadan

Working Paper 959

Understanding Democratic Transition using Self-Organizing Maps: a Special Focus on Arab Spring Countries

Houda Haffoudhi, Racem Mehdi and Gam

Abdelkader

Working Paper 958

Women and Political Change: Evidence from the Egyptian Revolution

Nelly El Mallakh, Mathilde Maurel, and Biagio Speciale

Working Paper 957

Which Firms Create the Most Jobs in Developing Countries? Evidence from Tunisia

Bob Rijkers, Hassen Arouri, Caroline Freund, Antonio Nucifora

Working Paper 956

Tests de séparabilité dans les décisions des ménages agricoles : cas du Maroc

Touhami Abdelkhalek and Fouzia Ejjanou

Working Paper 955

Arab Countries between Winter and Spring: Where Democracy Shock Goes Next!

Hany Abdel-Latif, Tapas Mishrab and Anita Stanevac

Working Paper 954

Political Instability, Uncertainty, Democracy, and Economic Growth in Egypt

Hossam Eldin Mohammed Abdelkader

Working Paper 953

Sectoral Shifts, Diversification, Regional

Unemployment on the Eve of Revolution in Tunisia: Sequential Spatial Panel Approach

Walid Jebili and Lotfi Belkacem

Working Paper 952

Gender, Enterprise Ownership, and Labor Allocation in MENA

Hadi Esfahani and Roksana Bahramitash

Working Paper 951

The Determinants of Child Health Disparities in Jordan

Caroline Krafft

Working Paper 950

Do Telecom Restrictive Policies Matter for Telecom Performance? Evidence from MENA Countries

Riham Ezzat and Nora Aboushady

Working Paper 949

Financial Vulnerability and Export Dynamics

Melise Jaud, Youssouf Kiendrebeogo, and Marie-Ange Veganzones-Varoudakis

Working Paper 948

Public Spending Efficiency, Governance, Political and Economic Policies: Is There a Substantial Causal Relation? Evidence from Selected MENA Countries

Riadh Brini and Hatem Jemmali

Working Paper 947

Comprendre l'utilisation de la recherche en sciences sociales par les organisations de la société civile : la leçon marocaine

Hind Hourmat Allah et Brahim Elmorshid

Working Paper 946

Are we Sure about the Effects of the Egyptian Uprisings? A SURE Approach

Amr Hosny

Working Paper 945

How Does Reducing Years of Compulsory Schooling affect Education and Labour Market Outcomes in a Developing Country?

Ahmed Elsayed and Olivier Marie

Working Paper 944

Measurement of Total Factor Productivity and its Determinants: Case of Wheat Sector in Tunisia

Ali Chebil, Aymen Frija and Rached Alyani

Working Paper 943

Inequality of Opportunity in Individuals' Wages and Households' Assets in Egypt

Hoda El Enbaby and Rami Galal

Working Paper 942

A Multilevel Analysis of Individuals' Attitudes toward Welfare State Responsibilities

Cem Başlevent and Hasan Kirmanoğlu

Working Paper 941

Growing Without Changing: A Tale of Egypt's Weak Productivity Growth

Hanan Morsy, Antoine Levy and Clara Sanchez

Working Paper 940

The Economic Determinants of Political Islam: An empirical Investigation of the Arab Spring in Egypt

May Attallah

Working Paper 939

Does Income Growth Relocate Ecological Footprint?

Sevil Acar and Ahmet Atıl Aşıcı

Working Paper 938

An Empirical Analysis of Demand for Mobile Services in Turkey

Hulisi Ögut, Asunur Cezar and Merve Güven

Working Paper 937

Modelling the Density of Egyptian Quarterly CPI Inflation

Doaa Akl Ahmed and Mamdouh M. Abdelsalam

Working Paper 936

Fiscal Institutions and Macroeconomic Management in Resource Rich Economies: the Case of Yemen

Mahmoud Al Iriani and Yahsob Al Eriani

Working Paper 935

The Unfolding of Gender Gap in Education

Nadir Altinok and Abdurrahman Aydemir

Working Paper 934

How Did Wars Dampen Trade in the MENA Region?

Fida Karam and Chahir Zaki

Working Paper 933

Inequality of Opportunity in the Labor Market for Higher Education Graduates in Egypt and Jordan

Caroline Krafft and Ragui Assaad

Working Paper 932

Determinants of Poverty by Household Type: Endowments or Discrimination?

Shireen AlAzzawi

Working Paper 931

Bank Market Power and Non-interest Income in Emerging Markets

Canan Yildirim and Adnan Kasman

Working Paper 930

Access to Finance—Mind the Gender Gap

Hanan Morsy and Hoda Youssef

Working Paper 929

The Political Economy of Transformation in the Arab World

Eberhard Kienle

Working Paper 928

Country-Specific Oil Supply Shocks and the Global Economy: A Counterfactual Analysis

Kamiar Mohaddes and M. Hashem Pesaran

Working Paper 927

Is there Feminization of Poverty in Egypt?

Shireen AlAzzawi

Working Paper 926

Bank's Capital Buffers and Business Cycle: Evidence from GCC Countries, 2004-2011

Mohamed Trabelsi, Ibrahim Elbadawi and Dhuha Fadhel

Working Paper 925

An Investigation of the Month-of-The-Year Effect for the Sudanese Stock Market

Suliman Zakaria Suliman Abdalla

Working Paper 924

Inequality of Opportunities of Educational Achievement in Turkey over Time

Aysit Tansel

Working Paper 923

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

Rania Salem, Yuk Fai Cheong, Kristin VanderEnde, and Kathryn M. Yount

Working Paper 922

The Impact of Arab Spring on Hiring and Separation Rates in the Tunisian Labor Market

Ilham Haouas and Almas Heshmati

Working Paper 921

Impacts of Fiscal Legal Setting and Institutions on Budget Outcomes in the Rentier State of Kuwait

Abbas Al-Mejren

Working Paper 920

How to Achieve Efficiency in Public Procurement Auctions

Bedri Kamil Onur Tas

Working Paper 919

Adjustment of Separation and Job Finding Rates to Flexible Employment Protection: The New Egypt Labor Law

François Langot and Chaimaa Yassine

Working Paper 918