

# forum forum

Newsletter of the Economic Research Forum

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*A Word from the Acting Managing Director*

## **Navigating the Whitewater**

*Several years ago, Stephen Covey coined the phrase “whitewater world” to describe the noisy unpredictable turbulence of modern life. Having witnessed the dramatic events that took place in Egypt this summer, this metaphor seems more appropriate than ever for the Arab region. Even as this issue of ‘Forum’ is being produced, the world is holding its breath while international, regional and national discussions take place about the future of the ERF region, knowing that the decisions made will have far-reaching consequences.*

*Closer to home, political change in Egypt has meant changes for ERF, with Ahmed Galal selected to serve as Egyptian Minister of Finance, and myself given the privilege of helming the organization in his absence through some interesting waters. ERF is not a passive actor however, it is also an agent of change and in the run up to the 20<sup>th</sup> Anniversary Conference we will be reflecting on the impact ERF has had in the world and look to how the world in which it operates is likely to alter in the future. Focusing on Social Justice and Economic Development, the Conference will be an occasion to celebrate ERF’s achievements and an arena in which renowned economists and opinion leaders will draw on lessons from the past that can support positive transformation in the region.*

*During times of dramatic change, policymakers need swift access to good quality information and people need to see data that they can trust. The coming months will see the launch of the new Arab Spring Development Initiative, a World Bank-funded ERF program that responds to these demands and will help data and new ideas make a difference in Arab countries. In the coming months, the new ERF website and knowledge portal will also be launched and I look forward to sharing news of both of these initiatives with you.*

*I hope you enjoy this issue of ‘Forum’; particularly that we have an exclusive interview with Ahmed Galal where he shares with us how moving to the policymaking arena has changed his perspective as an academic at heart.*

*Sincerely,*

*Sherine Ghoneim*

*Acting Managing Director*

## ERF Turns 20

*Around this time 20 years ago the Economic Research Forum came to life; September 1993 to be exact. It was set up to be a networking organization for economists, researchers and policymakers interested in the Arab region, Iran and Turkey.*

*Its objective was to produce high quality independent and objective research that would support growth and development of the region and to disseminate that output.*

*Twenty years later, ERF is doing all this and more. It has become a catalyst of research activity. Not only has it remained true to its vision, but it has grown and evolved into the prestigious think tank that it is today.*

*ERF will be marking its 20th anniversary in March during the annual conference and in the presence of everyone who has helped make ERF possible.*

*ERF has become a recognizable brand, not only regionally, but on an international level. Its research has earned the reputation of being of the highest standards in terms of methodology, rigor, objectivity and quality.*

*While the strength of ERF emanates from its wide network of seasoned researchers, it remains a youthful organization; not only in that it has just turned 20, but because it pro-*



*vides the opportunity and capacity building to numerous young researchers to produce quality work. ERF has become a platform to share ideas not just among researchers but also with policymakers, to enable them to make informed decisions.*

*ERF has stayed faithful to its goals over the past 20 years and will remain so for many more years to come.*

## Call of duty

After three months in office as Finance Minister in Egypt's interim government, Ahmed Galal, ERF Managing Director gives the *Forum* insight on the challenges and policy priorities for the Egyptian economy and similar economies in the region and whether being an executive has changed his perspective

**Having changed hats from an academic to an executive, how do you view Egypt's problems, are they better or worse than expected?**

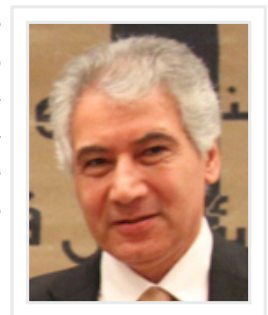
The understanding of the nature of the problems is the same; becoming an executive only makes one better appreciate the constraints. And the reality tends to be worse than one expected. The understanding of the nature of the solutions is also the same, but now one has to implement them rather than think about them. Perhaps the most visible difference is the greater appreciation of the political constraints, which tend to be more binding than one had assumed.

**What do you want to achieve while you are interim finance minister?**

Transitions are difficult. And I set up goals for the Ministry of Finance that are difficult to achieve, namely to strike a balance between financial discipline, activating the economy and moving towards social justice. What makes these conflicting objectives achievable however is two things: getting injections of funds from outside along with the willingness to do some reforms internally. And both are happening. We have received \$12 billion from the Gulf. Half of them in the form of grants and the other half is deposits, interest free, for five years.

That is really a strong helping hand, which we are using in a stimulus package of public investment in infrastructure to create jobs now and pave the way for higher growth in the future. But we know that this is not sustainable. The government needs to implement some reforms that needed to be done anyway. One of them is the energy subsidies and that is something we are taking very seriously along with several other reforms, including cash transfers

and the formalization of the informal sector. Even if we do not do all of these reforms fully during the interim government, we are setting the stage such that these reforms can be pursued afterwards.



Ahmed Galal

**Eighty thousand teachers have recently been appointed and a decision to raise the minimum wage to LE1200 has been taken... some observers criticize this as giving in to populist demands?**

Well, these decisions reflect the nature of the political reality we have to deal with. We know that bringing about social justice will take a lot of reforms over a long period of time. It would entail improving education and health, changing the social protection agenda, activating the economy and creating jobs. The problem is that people can not wait. And the question is what can be done now so that they cope with you while you are doing a lot of the other reforms. I would call this a political equilibrium that is achieved at a level of affordable economic cost.

**What are the toughest challenges that you are facing? Which have you begun tackling immediately and which are you postponing?**

The real challenge that combines a lot of things is the gap between aspirations and feasibility. People want a lot of things now and the trouble is one may be able to do something about it over time but not immediately. This is the one constraint that I am finding incredibly binding. Nonetheless on the level of macroeconomic stability we are in a much better shape now than we were on June 30. Reserves



are up from around \$14 billion to almost \$20 billion. The pressure on the pound disappeared and the black market for the exchange of the dollar is no longer there. The cost of domestic borrowing for the Ministry of Finance is declining dramatically from around 14 per cent to around 10 per cent. At the same time, we are using the resources we got from outside to activate the economy and to retire part of the budget deficit and therefore the need for borrowing and that has positive implications on the private sector. A positive virtuous circle is setting in. It is pulled back a little by increasing the wage bill, but an expansionary fiscal policy is in place and investment is being increased. Investment will activate the economy and it will pay off over time; the economy will be able to grow faster because we are improving the infrastructure. But certainly we are not where we want to be.

**Some observers believe that the improved macro economic status is because of the funds that Egypt received and that the government efforts may not be fruitful given that things have not yet stabilized, what is your comment?**

This government is preoccupied with dealing with immediate problems as well as laying the foundations for future governments. We are also aware of the important link between economics and politics. We believe that implementing the political roadmap will form the basis for inclusive institutions of all Egyptians irrespective of their political orientations. At the same time, it is true that the relief we are getting is a temporary relief from outside but it is important to look at how we are using that money. And that makes a big difference. We are using it to reduce the budget deficit, the public debt, the crowding out of the private sector and we are increasing investment in infrastructure; all of it will help the development process later on.

Moreover, when you complete the political roadmap, bring about greater macroeconomic balances, and when you activate the economy, all of this will generate its own momentum. For instance, higher revenues from taxes are likely to follow when economic growth is restored and that contributes to a lower budget deficit and so on. So it is not fair to say

that it is all because of outside support and there is nothing happening at home.

**What are the policy priorities for countries in the region, especially countries in Egypt's same position?**

Tunisia, Jordan and Morocco are likely to be in a similar boat; the aspirations of the people are high but the resources are scarce. To be sure, these aspirations are legitimate and may be overdue, but there is a time and a place for everything. The case has to be made to people that subsidies are not the best way to achieve social justice. The fundamental point I had made in a paper titled "Authoritarianism and inequality in the Arab Region" is that the forms of bringing about more equality in the Arab countries are neither necessarily optimal nor sustainable. Commodity subsidies, public employment, and grants are not the best way going forward. To meet the aspirations of the new generation for more lasting social justice, governments would need to pursue job creating growth policies, engage in serious reforms of education and health while making sure that the poor have equal opportunity and finally putting in place a social safety net to cater for the very poor. Countries need to move from commodity subsidies to targeting those in need.

**Going forward, should academic research be done differently?**

No. Some academics are engaged in basic research and they should continue doing so because this is what provides real insights. The connection between what they do and policymakers may not be direct but it is critical that they pursue their path. And there is another group of economists and researchers who ask policy relevant questions and attempt to address the dilemmas that policy makers face. The issue here is how to create systematic channels of communication between them and policymakers for the benefits of both sides.

One channel of transmitting policy relevant knowledge to policymaking is when academics take up government positions. In such cases, they take with

## Interview

them the knowledge they have acquired in the past. The link between academics and policymaking becomes strong immediately.

### **You have been asked to take ministerial positions before, why did you accept this time around?**

When you join a government, you ask yourself a few questions. First: do you associate with the regime or not? Is this group likely to do something useful or not? And are they a coherent set? And finally does the government have enough time to be useful for people or not?

When I asked myself these questions, my answer this time was, on balance, yes, although the challenges are huge and the time is short.

## Research Activities



Female empowerment and Political Transformation of the Arab Region are among the main research topics covered by ERF

Since the last edition of the *Forum*, ERF has initiated numerous research activities. It has launched three calls for proposals and has commissioned new research under ERF's backbone themes which include the Political Economy of Transformation, the Natural Resources and Economic Diversification, Inequality as well as Labor and Human Resource Development. The ERF has also been active partnering with others to produce research in other areas such as female empowerment and supporting others to produce much needed data on the region

### Open Call for Proposal

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

For years, many countries in the region had been growing at an average of five to seven percent. Yet, that growth never trickled down to the population, a reality which observers believe is one of the main triggers of the Arab Spring revolutions. In fact it is the Arab Awakening that has revealed that these high growth rates were associated with economic exclusion. One such measure of exclusion is informality in both production and employment. In this context, ERF has launched a call for proposals under the theme of "Economics of Informality in the ERF Region." The call has been initiated as part of the 14th round of the Regional Research Competition supported by the Global Development Network (GDN).

ERF and non-ERF affiliates from the ERF region (Arab Countries, Iran and Turkey) were invited to submit proposals for original research on a wide range of issues including: the trends, characteristics

and drivers of informality during economic booms and transitions, benefits and costs of informality, the implications of informality on poverty and welfare and the connection between informality, entrepreneurship and innovation. ERF received 12 proposals which are currently being screened.

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

Several countries in the ERF region have, in recent year, embarked on reforming their labor market institutions and regulations. The reforms have included changes in labor codes, social insurance regulations, as well as retirement and pension laws. In addition, there are also numerous calls for reforming the role of trade unions and of the legislations governing minimum and maximum wage. In this context, ERF deemed it crucial to assess the impact of these reforms on the performance of labor markets in the region, including their effects on real wages, unemployment rates and durations, job search effectiveness, the informality of jobs, and job creation. Accordingly it launched a call for papers under the



topic of “the Impact of Labor Market Regulations and Institutions on Labor Market Performance and Outcomes”. 10 proposals were received of which the following five were selected:

**Labor Regulations and Informality in Egypt,**  
*Jackline Wahba*

This project sets out to assess the impact of the 2003 Labour Law on the performance of the Egyptian labour market. This law was in theory issued to increase flexibility in the hiring/firing process which has been found to be a major obstacle to job creation in Egypt.

This author will explore to what extent flexible labor codes have led to an increase in formal employment and whether its effect was shared equally across gender and age groups. She will also look into the short and the long term impacts of the change in regulations and whether the economic crisis has dampened the effects of the law.

**Adjustments to Shocks and Labor Market Dynamics in Egypt: The Egypt New Labor Law 2004,**  
*Chaimaa Yassine*

This project assesses whether labor adjustments to shocks in Egypt in the presence of imperfect markets occur on the earnings or the mobility side of the market.

The aim of this project is to find out why workers change jobs and what it means. Furthermore it intends to find out how and to what extent specific individual and job characteristics and labor market institutions influence worker flows. It also hopes to understand the evolution of worker flows over the period 1998-2012, and link changes in the rate of job creation, job destruction or job switching to the implementation of the 2003 New Egyptian Labor Law.

**Labor Market Institutions, Employment, and Gender in MENA Countries,**  
*Hadi Esfahani*

The problem of high unemployment rates, particularly among the educated youth, and with substantially higher rates for women compared to men in most MENA economies, has been blamed on a host of factors ranging from dysfunctional educational systems to the adverse incentives created by the dis-

tribution of resource rents, extensive public sector employment and rigid labor regulations.

The proposed project contributes to better measurement of the effects of various factors on labor market outcomes in MENA. It aims at finding out how labor market institutions and other socio-economic and institutional conditions affect labor market outcomes in MENA countries, how this effect varies across individuals depending on their gender, age and education and to what extent the differences between MENA countries and other regions are due to the effect of various factors in the region, as opposed to differences in the level of those factors?

**How Long It Takes To Get Social Insurance? Informality Dynamics on the Egyptian Labor Market during the 1998-2012 Period,**  
*Irene Selwaness and Rania Roushdy*

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

**The Effects of Labor Market Reforms on the Labor Market Dynamics in Turkey,**  
*Seyit Mümin Cilasun*

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

*ERF and IDRC support Female Economic Empowerment*

Within the framework of ERF continued cooperation with IDRC, the ERF invited submissions of proposals under the theme of Female Economic Empowerment. The total number of proposals received was

22, all of which underwent a rigorous review process. Seven projects were accepted.

**The Work-life conflict and well-being of employed women in Turkey, *Cem Baslevent***

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

**Female Empowerment and Time Use of Urban Women in Iran, *Djavad Salehi Isfahani***

This research paper offers a descriptive account of the transformation changes that occurred to the Iranian family and has influenced women's empowerment within the family. The authors will describe changes in the age and education gaps between spouses, women's childbearing and market work, and availability of household appliances. The authors aim to understand the pattern of women's time allocation, specifically labour market participation vs. childcare and housework. It is hoped that the results will throw light on the question of whether low labour market participation following the decline in fertility is the result of greater involvement of the women in their children's education, which is consistent with increased empowerment, or if it results from more housework and/or leisure..

**Gender, Enterprise Ownership, and Labor Allocation in MENA, *Hadi Esfahani***

Through two papers the authors will analyze the pattern of enterprise ownership and labor allocation in the Middle East and North Africa (MENA) region in comparison with the rest of the world. In the first paper, the authors are interested in the impact of country characteristics on the probability of ownership of firms of different sizes among men and women. The second paper focuses on the effects of government policies and the business environment on firm operations, while taking into account the ways in which that effect may vary depending on the characteristics of each firm. The authors assess whether regulatory policies, the administrative process, and the court system have been applied differ-

ently and whether their impact has varied based on the gender of the firm owner. In particular, the authors intend to find out if the institutional and policy environments have constrained female-owned SMEs in MENA.

**Women Empowerment and Poverty: Application on the case of Egypt, *Hanan Nazier***

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

**Is Women's Work a Pathway to Their Agency in Rural Egypt?" Principal investigator, *Kathryn Yount***

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

**Women at work in Oman's emerging private sector: Opportunities and constraints of female labour participation in a rentier economy in transition, *Marika Bontebal***

The aim of this research is to gain an understanding of the nature of female formal labour participation in the Sultanate of Oman; opportunities and challenges. As private sector development is an important precondition to a sustainable post-oil economy, the research focuses in particular on addressing the challenge of increasing female employment in the private sector. The research is centered on finding

out the structure and segmentation of the labour force in Oman and the pattern of formal labour participation of Omani women in the country. It also seeks to investigate the determinants of Omani female employment and how they have affected women's participation in the labour force. Furthermore it intends to study the perceptions and expectations of Omani women of public versus private sector employment and what main constraints and opportunities do they identify with formal employment in the public and private sector. And finally the research seeks to identify the opportunities for policy intervention to further promote and encourage female labour participation, specifically in Arab Gulf rentier economies.

#### **Economic Reforms and the Feminization of Poverty: Evidence from Egypt, *Shireen Alazzawi***

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

## *Structured Research*

In the area of structured research ERF has initiated new projects under three of the thematic areas which have been deemed critical within the Regional Initiative for Arab Development (RIAD).

### *Equity and Inequality*

To provide a greater understanding of how the Arab region can tackle disparity and provide greater social justice, the ERF has commissioned two new projects in the area of Equity and Inequality.

#### **The incidence of fiscal policy on inequality in the MENA region, *Nora Lustig***

ERF has commissioned research with the objective of understanding how fiscal policy can contribute to redistribution and therefore positively affect inequality and poverty reduction in some countries of the region.

Using the Household Income and Expenditure surveys data collected by ERF, Lustig and her team will be examining these issues in Egypt, Tunisia and Morocco. In particular, they will assess to what extent social spending such as subsidies and revenues through taxation can affect redistribution and poverty reduction. In a second Phase, which starts in July 2014, the project will extend this analysis to more countries from the MENA region.



Photo by: the Middle East Voices

*The pulse of the Arab street is the focus of one the research projects undertaken*



**The Impact of Iran's Subsidies on Households,**  
*Djavad Salehi Esfahani*

This project aims to study the impact of the targeted subsidy reform program launched in Iran in December 2010. Iran's program is noteworthy for its innovative cash transfer program as well as the large size of price adjustments. The government deposits 445,000 rials per person in family bank accounts on a monthly basis (about \$90 in 2010). These transfers are substantial, amounting to about 28% of the average per capita expenditure and greater than the monthly expenditure of 2.8 million Iranians. Since its conception, the impact of the program has come into question. It was not clear how the cash transfer would reach the poor who had no bank accounts and those in remote rural areas where no banks were located. There was also skepticism about the impact of the transfers on the poor, how many it would lift out of poverty and whether it might cause loss of incentive for work.

*Natural Resources and Economic Diversification*

Building on findings from a previous phase of research on the implications of oil windfalls on macroeconomic management, ERF has commissioned three new research projects on Institutions and Macroeconomic Management in Resource-rich Arab Economies.

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

ERF has initiated this project with the objective of understanding how the nature and evolution of political institutions have shaped macroeconomic institutions as well as monetary and fiscal policy in oil-rich populous (labour abundant) and oil-rich non-populous (labour importing) Arab economies. The paper will focus on the political-economic determinants of macroeconomic policy such as sectoral interests, rentier state, governance and the need to attract international capital inflows.

**Institutional Requirements for Optimal Monetary Policy in the Resource-Dependent Arab Economies,** *Bassem Kamar*

This project will address a multitude of issues related to the conduct of monetary policy in resource-dependent economies. It will assess the independence of central banks, explore the interactions between monetary and fiscal policies, identify the type of monetary policy institutions which have resulted in the best macroeconomic performance and determine to what extent monetary policy has been countercyclical. This project has received a favorable review from three independent referees as well as a strong endorsement from the Regional Initiative for Arab Development (RIAD) scientific committee.

**Do Natural Resources Inhibit Transparency,** *Hamid Mohtadi, Michael Ross, and Stefan Ruediger*

The research is aimed at understanding the relationship between natural resources and transparency with a focus on oil producing economies of the MENA region. Understanding this link and the specific channels through which it operates is important for devising policies that encourage greater transparency.

*The Political Economy of Transformation in the Arab Region*

After a first phase of research that sought to unravel the causes behind the recent Arab revolutions, ERF has commissioned a new round of research projects on the Political Economy of Transformation in the Arab Region.

**The pulse of the Arab Street: Understanding the political economy of the Arab uprisings using novel public opinion data,** *Ishac Diwan*

This project intends to find out more on how Arab societies have transformed socially, economically and politically in the years leading up to 2011-12.

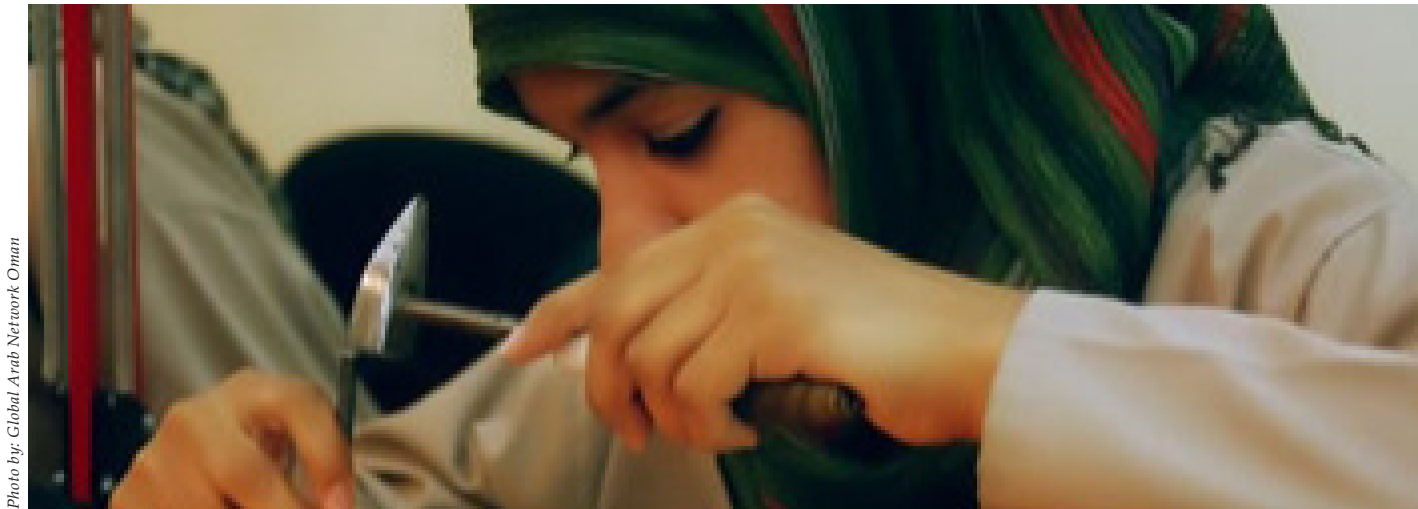


Photo by: Global Arab Network Oman

Women at work in Oman

Through a set of 12 research papers, this project promises to deliver down to earth findings. The 2011 uprisings have shown that focusing on economic variables alone can cause researchers to overlook critical aspects of the story. To overcome that shortcoming, the project spearheads a new line of research that uses surveys as a key source of data. It will use nationally-representative survey data to examine developments and transformations on the “Arab street” through the eyes and voices of the most relevant, yet most under-researched players – that is, ordinary Arab citizens.

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

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

#### *ERF supports the expansion of World Values Survey coverage in two MENA Countries*

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



## Recent Events

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

June 19-21, 2013, Manila, Philippines

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

of Central Bank of Tunisia, and Rana Hendy from ERF. Moderated by Ahmed Galal, ERF Managing Director, the session addressed the different aspects of inequality in the region. Bourguignon delivered a comparative presentation of inequality measures. He showed that inequality in the MENA region witnessed no significant change over time; it did not improve, nor did it worsen.

Meanwhile, Nabli presented pioneering research produced by ERF on inequality of outcomes versus inequality of opportunity. He pointed out that the lack of data regarding top incomes and access to job opportunities make it difficult to compute inequality measures based on income as is the norm. But this could be about to change. Hendy showed how the ERF s, together with national statistical offices from across the region, is increasingly making available harmonized, comparable and openly accessible household survey data from the region which could facilitate future measurement of inequality based on income.

### Workshop and Policy Seminar on *The Political Economy of Transformation in the ERF Region*

October 27-28, 2013, Tunis, Tunisia

A workshop and policy Seminar on The Political Economy of Transformation in the ERF Region was held on October 27-28, 2013 in Tunis. The workshop discussed the outcome of the 13th Round of the Regional Research Competition supported by the Global Development Network (GDN). Within the framework of this competition and after a peer-review process, ERF selected 6 out of 16 research proposals.



Participants at the workshop on Political Economy of Transformation

The selected papers tackle a multitude of issues that should provide a better understanding of how a few powerful groups, be they the local rulers and their crony capitalists, or foreign colonialists driven by their geopolitical interests in the region, have interacted to shape political and economic outcomes. The papers also explore the impact of domestic politics on fiscal decentralization and fiscal accountability and the impact of authoritarianism on governance outcomes. Moreover, the economic policies of transitional governments, which have mainly been of Islamist inclinations is also assessed in the papers.

The workshop was followed by a policy seminar on The Performance of the Tunisian Economy in light of the Ongoing Political Transformations. The Seminar will also look into the reforms needed to enhance growth, improved public services, and inclusion.

### *Upcoming Events*

#### **LSE hosts ERF Workshop on Women Economic Empowerment**

**November 29, 2013, London, UK**

The Middle East Center of the London School of Economics is scheduled to host an ERF workshop on Women Economic Empowerment on November 29, 2013 at its premises in London. The workshop is part of a research project on women economic empowerment that ERF is sponsoring under its International Development and Research Center (IDRC) grant. It will look into the preliminary results of the seven proposals that have been selected under the ERF call on the topic. During the workshop the lead researchers of the seven selected proposals will present and discuss the progress of their work to benefit from the expertise of LSE's senior researchers. This is considered as an exceptional opportunity for the inter-regional exchange of knowledge in this research area.

#### **Training Workshop on Analysis of Panel & Retrospective Household Survey Data**

**December 7-9, 2013, Cairo, Egypt**

A three-day hands-on training workshop on "Analysis of Panel & Retrospective Data" is scheduled to take place in the ERF premises in Cairo 6-8 December, 2013. The training, which will be delivered by Ragui Assaad and Caroline Krafft will cover techniques for analyzing panel and retrospective data. These are data for which there are multiple observations at different points in time for the same individual or information. These data are essential to analyzing change over time. The workshop will include applied work using data from the Egypt Labor Market Panel survey conducted in 1998, 2006 and 2012.

The workshop is part of the household survey micro data initiative ERF is sponsoring under its Research Initiative for Arab Development (RIAD).

#### **Second Expert Group Meeting on Data Harmonization and Open Access to Micro Data**

**December 19-20, 2013, Tunisia**

ERF has been engaged in collecting micro data for many years and has made significant efforts in collecting and harmonizing household survey data over the past four years from many countries in the ERF region. These efforts have allowed ERF to launch the "Open Access Micro Data Initiative (OAMDI)" last year which is a portal that gives micro data users access to some of these household surveys (please see <http://www.erfdataportal.com/index.php/catalog> ). To pursue those efforts, ERF plans to hold

an “Expert Group Meeting for Data Harmonization and Open Access to Micro Data” in Tunisia on December 19-20, 2013.

This meeting, to which ERF has invited the heads of statistical offices in the region, will be an opportunity to present the progress made by ERF in collecting, harmonizing and making available to the public, the data on household surveys. It will also be an

occasion where the interaction between the research community and the data owners, namely the statistical offices, could improve their collaboration. A previous meeting, held in 2010, had aimed at exchanging ideas and best practices about how to address the conceptual and practical issues related to the production of harmonized and comparable statistics on household income and expenditure distribution.



**ERF 20<sup>th</sup> Annual Conference**  
*Economic Development and Social Justice*  
**March 22-24, 2014, Cairo, Egypt**

*Mark your calendar ...*

for the annual conference of the Economic Research Forum (ERF). It is scheduled to take place March 22-24, 2014 in Cairo Egypt. Next year’s conference is very special; it will be an occasion to celebrate the 20th anniversary of ERF. Since its establishment in 1993 ERF has transformed itself into a unique independent regional institution renowned for excellence and it has become a home for aspiring researchers.

The 2014 Annual Conference, scheduled to be attended by more than 200 participants, will be devoted to the theme of Social Justice and Economic Development. This is a timely topic in light of the significant political transformation in the region. The plenary sessions will feature renowned economists and opinion makers who will focus on what social justice might mean, how different societies were able to bring it about, and what are the lessons from these experiences to the region.

Besides the plenary sessions, there will be six parallel sessions, where more than 50 papers will be presented under the themes of: macroeconomics, finance, labor and human development, international economics, microeconomics and institutional economics. Papers presented to the parallel sessions are selected on the basis of a rigorous refereeing process in response to an open call for papers. A number of special sessions and pre-conference events have also been lined up.

For more information on this important event, please visit

[http://www.erf.org.eg/cms.php?id=events\\_details&news\\_id=182](http://www.erf.org.eg/cms.php?id=events_details&news_id=182)

## Network and Capacity Building

### Training Workshop on Writing Effective Policy Briefs

May 27-29, 2012, Cairo, Egypt

Producing high quality research to aid development in its region is one of ERF's main goals. However, while such research has always been of value to researchers, recent political developments have shown that the value of this research can be multiplied if it is delivered to other stakeholders, like policy makers, the media, Non Governmental Organizations (NGOs) and the business community. The question, then, is how to present specialized research to a non-specialized audience. The policy brief is one of the most effective means for a researcher to translate his or her work to such an audience. These documents are aimed at presenting the findings of research to a non-specialized audience, exploring the lessons learnt from that research and then translating them into analysis or policy advice.

But writing policy briefs is no easy feat. Hence the ERF has decided to organize a workshop to explain to researchers exactly how to do that. The workshop, which falls within the framework of ERF's continu-

ous capacity building efforts, aims at explaining how to turn quality research into policy advice. The two-day training provided the trainees with the skills that would enable them to produce a policy brief. ERF fellow Ragui Assaad, professor of Planning and Public Affairs at the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota offered participants guidelines on how to extract policy advice from research. Mirette F. Mabrouk former director of communications at ERF gave participants a hands-on on how to write up that advice into a brief. And Zeinab Sabet, capacity building manager at GDNNet, provided tips on how to visualize data for a brief. At the conclusion of the training, an award was given for the Most Effective Policy Brief.



Participants of the workshop on Writing Effective Policy Briefs

### Supporting Participation of Researchers from the ERF Region to GDN 14th Annual Conference

June 19-21, 2013, Manila, Philippines

As part of its commitment to upgrade the capacity of researchers in the region and to provide them with opportunities for exposure and interaction with the international research arena, ERF recently supported the participation of five young researchers at the 14th Annual Global Development Conference which

took place in Manila, the Philippines, June 19-21. Organized by the Global Development Network (GDN) the focus of the conference was on Inequality, Social Protection and Inclusive Growth.

The conference was an opportunity for the selected five researchers to network and exchange views with researchers, policymakers and development practitioners from across the world.

The lucky five, from Egypt, Lebanon, Sudan, Tunisia and Turkey, had responded to an open call for participation and were chosen based on explicit criteria.



## Training Workshop on *Writing Winning Research Proposals and Papers* September 28-30, 2013, Dubai, UAE

Tens of research proposals annually by ERF in response to competitions or calls for papers. But many of these proposals are often found unfit for further development and are turned down. While many of these proposals address policy relevant questions they are judged weak on their methodological approach. Others use strong analytical tools but do not ask the right questions.

To bridge the gap, ERF has sought to offer a training workshop intended to help researchers develop proposals that ask policy relevant question using rigorous techniques.

The latest of these workshops was held in Dubai, the UAE, September 28-30, 2013.

Ten researchers were trained on how to identify research questions in the area of macroeconomics, that are relevant to policy making while contributing to the generation of new knowledge, and selecting and adopting a proper analytical methodology to tackle these questions. The trainees were 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 of the workshop on Writing Winning Research Proposals*



## ERF News

A roundup of news of interest to the ERF community, including the nomination of new fellows and the launch of a new initiative.

### *ERF launches the Arab Spring Development Initiative (ASDI)*

Almost three years into the transition since the political upheaval in the Arab world, several countries are facing daunting challenges. These include a difficult democratization process, deteriorating social and economic conditions and, in many cases, limited knowledge about the best policy options to meet rising aspirations for greater and shared prosperity. These challenges have been compounded by various factors including the scarcity of micro data and the lack of research on topical issues.

To help overcome this knowledge gap and scarcity of data the ERF is pleased to announce the launch of a new major research initiative: the “Arab Spring Development Initiative (ASDI)”, a three-year program supported by the World Bank.

ASDI seeks to innovatively contribute to the ongoing political and economic transformation in the region, by promoting good governance through enhanced access to knowledge and data.

The main objective of this new multi-topic research initiative is to enhance transparency and accountability by making data publicly available, generating new insight through focused research projects, and providing platforms for an open exchange of ideas among the various stakeholders.

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

*Open Access Data:* This new platform follows in the footsteps of the successful World Bank initiative on making data available to researchers and policymakers alike. ERF will capitalize on its knowledge of the region to focus on the Arab countries, where micro data is generally neither available nor accessible.

This is a huge undertaking that responds directly to the Arab Spring demand for more transparency and accountability.

ERF has long recognized that micro data is essential for conducting solid policy-relevant research. Accordingly, significant effort and resources have already been devoted towards the collection of primary data, as well as securing other sets of micro data and working to make them available to researchers. ERF’s next and largest phase on data collection, harmonization and dissemination will be demanding and costly in terms of human and financial resources. This phase will entail finalizing the harmonization of the rest of the 33 surveys ERF currently possesses, acquiring new household and labor market surveys as they become available and updating the data sets. It also involves securing license agreements from statistical offices to release the data, and making the data available through open online communication. Where needed, ERF will also continue to conduct and make available more labor surveys.

*Knowledge Creation:* The emphasis in this area will be on four themes that are of critical importance to the region at this juncture in its development. The first theme is that of The Economics and Politics of Arab Awakening which will focus on supporting the establishment of good governance in the post transition era. The second theme is that of Inequality where the emphasis will be on what causes inequality and how it can be measured. Employment is the third theme where more attention will be given to labor market regulations, labor market dynamics and adjustment to shocks and gender issues. The fourth theme is that of Natural Resources and Economic Diversification which will be assessing fiscal and monetary institutions, the political economy of oil rents, and financial management of large oil windfalls, especially in relation to Sovereign Wealth Funds (SWFs).

*Policy Dialogue:* In this area of activity effort will be made to create a variety of platforms for policy dis-

cussions, by varying topics and stakeholders as well as tools and formats to maximize impact. In particular, we seek to broaden our channels of communication and expand the use of the social media tools, which have proven instrumental in the buildup to the Arab Spring as well as during the transitions. A set of activities will be initiated. First: Regional Policy Forums will be organized twice a year to provide a platform for engaging senior policymakers in a discussion of issues of interest. These meetings will be managed by seasoned researchers with solid expertise.

Second: ERF will hold Regional Media Seminars, which will engage members of the media community in a discussion and open dialogue about topical issues twice a year.

Third: ERF will offer Policy Advice as Public Service. The intention here is to nurture a set of experts on various topics. ERF also intends to mediate between experts and policymakers on questions of importance for development of the region.

## Nominate New Affiliates

Research Fellows are invited to nominate new Research Associates and/or Research Fellows to join the ERF network no later than November 30th 2013.

The nomination process is as follows:

- The nominator should explain why the proposed candidate is eligible for affiliation with ERF.
- The candidate who receives two letters of recommendation should provide ERF with a letter of intent indicating the reasons for his/her desire to join ERF and the role he/she would play as an ERF affiliate in promoting ERF's activities and dissemination efforts.
- The Advisory Committee will screen the proposed candidates according to established criteria and make a recommendation to the Board of Trustees.
- The Board of Trustees will make a final decision on accepting/rejecting proposed candidates.

Nominated candidates for the Research Associate category should meet the following criteria:

- The candidate should originally be from the ERF region.
- The candidate must have a PhD in economics or closely related fields.
- The candidate should be a promising researcher in economics or closely related fields.

- The candidate should have completed no more than 10 years after obtaining their PhD at the time of appointment.
- Active participation in ERF activities is desired.

Nominated candidates for the Research Fellow category should meet the following criteria:

- The candidate should originally be from the ERF region.
- The candidate must have a PhD in economics or closely related fields.
- The candidate should currently be an active researcher in economics or closely related fields.
- The candidate must have at least two articles published in refereed journals cited in the Social Science Citation Index (SSCI) or equivalents in languages other than English.
- Active participation in ERF activities is desired.

Please send your nominations to Dina El Halaby (dhalaby@erf.org.eg) along with the contact information of the nominees by November 30th 2013.

## Latest ERF Publications

### The Middle East Development Journal (MEDJ)

The Economic Research Forum is proud to announce the publication of the third issue of the Middle East Development Journal (MEDJ).

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



*The Political Economy of Petroleum Wealth: Some Policy Alternatives*  
**Michael L. Ross**

*Arab Passengers' Airlines Framework and Performance: A Cross Countries Analysis*  
**Brahim Elmorchid, Noha Samy, Khalid Sekkat, Jay Squalli**

*Economic Development and Structural Change: The Role of The Agriculture Sector in Turkey*  
**Öner Günçavdi, Suat Küçükçifçi, Ayse Aylin Bayar**

*Inflation Differentials in The GCC: Does The Oil Cycle Matter?*  
**Kamiar Mohaddes and Oral H. Williams**

*Labor Income and Oil Wealth: A Broader Sustainability Framework for Saudi Arabia*  
**Hend Al Sheikh and S. Nuri Erbas**

*Has The Basel Capital Requirement Caused Credit Crunch in The MENA Region?*  
**Sami Ben Naceur and Magda Kandil**

### ERF Working Papers Series

Since the last issue of *Forum*, 32 working papers have been published and disseminated electronically. All papers can be downloaded from the ERF website: [www.erf.org.eg](http://www.erf.org.eg). The recently published papers are listed below:

*Different Arab Springs? The Political Elite and De facto Political Power*  
**Mina Baliamoune Lutz**  
Working Paper 790

*Impact of Exchange Rate Volatility on Macroeconomic Performance in Sudan*  
**Ebaidalla Mahjoub Ebaidalla**  
Working Paper 789

*Does Improved Local Supply of Schooling Enhance Intergenerational Mobility in Education? Evidence from Jordan*  
**Ragui Assaad and Mohamed Saleh**  
Working Paper 788

*Did Trade Liberalization Benefit Female Workers? Evidence on Wage and Employment Effects from Egypt*  
**Shireen AlAzzawi**  
Working Paper 787

*Banking and Monetary Crises: Impacts on Exports of MENA Countries*  
**Mohamed Ben Abdallah and Zouheir Bouchaddakh**  
Working Paper 786

*Contribution of Structural Change to Productivity Growth: Evidence from Tunisia*  
**Mohamed Ali Marouani and Rim Mouelhi**  
Working Paper 785

*Palestinian Household Willingness and Ability to Pay for Public Utilities in The West Bank: The Case of Electricity and Water*  
**Mahmoud K. El-Jafari**  
Working Paper 784

*Terrorism and Integration of Muslim Immigrants*  
**Ahmed Elsayed and Andries de Grip**  
Working Paper 783

*Partis islamistes, Pouvoir et Etat profond dans le monde arabe: analyse en termes du Principal-Agent*

**Brahim Elmorchid**

Working Paper 782

*Profit Sharing, Income Inequality and Capital Accumulation*

**Mahmoud Sami Nabi**

Working Paper 781

*Private Tutoring and the Question of Equitable Opportunities in Turkey*

**Aysit Tansel**

Working Paper 780

*Students' Achievement in the MENA Countries: The Heyneman-Loxley Effect Revisited Using TIMSS 2007 Data*

**Donia Smaali Bouhlila**

Working Paper 779

*Agricultural Water-Use Efficiency in a Global Perspective: The Case of Iran*

**Gholamreza Soltani**

Working Paper 778

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

**Murat G. Kirdar, Meltem Dayioglu and Ismet Koc**

Working Paper 777

*Dual Banking and Financial Contagion*

**Mahmoud Sami Nabi**

Working Paper 776

*Resource Rents, Institutions and Violent Civil Conflicts*

**Ibrahim Elbadawi and Raimundo Soto**

Working Paper 775

*Competitiveness in Turkish Banking: 2002-2011*

**Nurhan Davutyan and Canan Yildirim**

Working Paper 774

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

**Zaki Mehchy, Rabie Nasser, and Marc Schiffbauer**

Working Paper 773

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

**Mustapha Djennas, Mohamed Benbouziane and Meriem Djennas**

Working Paper 772

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

**Kamiar Mohaddes and M. Hashem Pesaran**

Working Paper 771

*The Effect of Mergers and Acquisitions on Bank Efficiency: Evidence from Bank Consolidation in Egypt*

**Malak Reda**

Working Paper 770

*The Effect of Tutoring on Secondary Streaming in Egypt*

**Asmaa Elbadawy**

Working Paper 769

*Modeling Political Performance of Islamist and Islamist-Rooted Parties in Turkey*

**Ali T. Akarca**

Working Paper 768

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

**Amr Hosny, Magda Kandil and Hamid Mohtadi**

Working Paper 767

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

**Yosra Nour and Sami Mensi**

Working Paper 766

*Understanding Democratic Transitions in The Arab World*

**Ibrahim Elbadawi and Samir Makdisi**

Working Paper 765

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

**Laurent Gheeraert and Laurent Weill**

Working Paper 764

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

**Marouane Alaya and Imed Mezghani**

Working Paper 763

*Wages and On-the-Job Training in Tunisia*

**Christophe Muller and Christophe J. Nordman**

Working Paper 762

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

**Fatma El-Hamidi and Cem Baslevant**

Working Paper 761

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

**Kabbashi M. Suliman**

Working Paper 760

*Assessing the Impact of Trade Reforms on Informality in Egypt*

**Irène Selwaness and Chahir Zaki**

Working Paper 759