

ECONOMIC
RESEARCH
FORUM



منتدى
البحوث
الاقتصادية



Annual Report 2018

About ERF

Our Mission

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

Our Objectives

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

Our Activities

To achieve these objectives, ERF carries out a portfolio of activities. These include mobilizing funds for well conceived proposals; managing carefully selected regional research initiatives, collecting and sharing micro data and providing training and mentoring programs to junior researchers. It also includes organizing seminars and conferences based on research outcomes; and publishing research output through multiple channels including working papers, books, policy briefs and perspectives, Middle East Development Journal (MEDJ) and the ERF Policy Portal - *The Forum*.

Our Network

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

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Message from the Chairman of the Board of Trustees



It gives me a great pleasure to introduce the Economic Research Forum's 2018 Annual Report.

I have observed the ERF grow over the years and I am delighted that the institution has become a *leading network of distinguished economists from around the world as well as promising young researchers in the Middle East and North Africa*. ERF is now a *well-established foundation for generating and sharing knowledge* for the purpose of greater economic and social impact. And it provides a *forum to inform policymaking debates* in our societies about vital development and growth challenges facing the region and beyond.

More concretely, ERF has managed to adapt itself to the needs of the region's rapidly changing environment. It has successfully initiated the new 2017-2021 strategy, launched *new research initiatives, created international and policy partnerships and platforms for debates* among various stakeholders and made their recommendations accessible. The focus of research on such issues as the *Post-Conflict Economic Reconstruction Agenda* as well as the *New Normal in the Global Economy – Challenges and Prospects for MENA* is of great relevance to public concerns. So too are novel approaches to communications to inform the policy process through an array of policy conferences and platforms, publications and articles published through the ERF Policy Portal – *The Forum*.

Such progress would not have happened without a great deal of work and commitment by our partners and many people. To all of them I would like to convey my sincere thanks. I am particularly grateful to ERF's affiliates, management and dedicated staff. Just as importantly, I must also thank our partners –the World Bank, the International Development Research Center (IDRC), the Ford Foundation and the Arab Fund for Economic and Social Development– for their continued support. Most notably, I would like to express my appreciation for the guidance and support of all members of the ERF Board of Trustees, which I am honored to chair.

While 2019 will undoubtedly be a challenging year, I am confident that with hard work and concerted efforts, ERF will be able to fulfill its mandate and even exceed it.

Abdlatif Al-Hamad

Chairman of the Board of Trustees
Economic Research Forum

Message from the Managing Director

Last year was marked by tremendous socio-economic, political and climate challenges in the ERF region. In addition to the mainstream development challenges, an urgent emerging concern, is how to approach *Conflicts, Governance and Post-Conflict Economic Agenda in War Afflicted Arab Countries?* In search for answers, and with support from the Ford Foundation and IDRC, ERF launched a multi-year research program to address key issues of pertinence.

In 2018, ERF steadily contributed to generating and sharing new research for economic development and prosperity. ERF managed a total of 89 projects, involving 114 researchers and published an impressive total of 110 new working papers, 15 policy briefs and perspectives, coordinated the work towards four edited volumes to be published by Oxford University Press and published more than 100 policy articles on the ERF Policy Portal – *The Forum*.

ERF also held 13 highly successful seminars, workshops and conferences, bringing together more than 500 participants from the ERF extensive network of affiliates, research and policymaking community members. Among these events, ERF partnered with the Department of Statistics (DOS) in Jordan, and the Economic Social Council (ESC) for the organization of the *Policy Conference on Employment, Education and Housing in Jordan: The Impact of Syrian Refugee Influx*.

On the Data front, ERF completed the fourth round of the Egypt labor market panel survey 2018 in collaboration with CAPMAS. For many years, the rich longitudinal and publicly available data of the ELMPs have been the workhorse of labor market and gender research in Egypt.

The Arab Fund and the World Bank extended further support for ASDI II. The multi-year partnership has been pivotal to ERF's growth and success over the years. New funding from IDRC, UN Women, AFD (Agence Française de Développement) and International Labor Organization (ILO) marked the initiation of new partnerships, new programs and new thematic areas of work for ERF. The Dubai office is now fully operational supporting the initiation of new projects and facilitating the expansion of existing projects and partnerships.

ERF @25 is looking forward to the future. ERF will be articulating its role and research agenda around *Knowledge, Research Networks and Development Policy*. The ERF management and network are committed to supporting new initiatives, new modalities, new partnerships to embrace change and contribute to our region's prosperity.

I would like to express my deepest gratitude and appreciation to the wisdom and guidance of our Board of Trustees, the generosity and support of our partners, the commitment of our network affiliates, and the dedication of staff. Together, I am certain we are well positioned to serve our region for years to come.

Ibrahim Elbadawi

Managing Director
Economic Research Forum

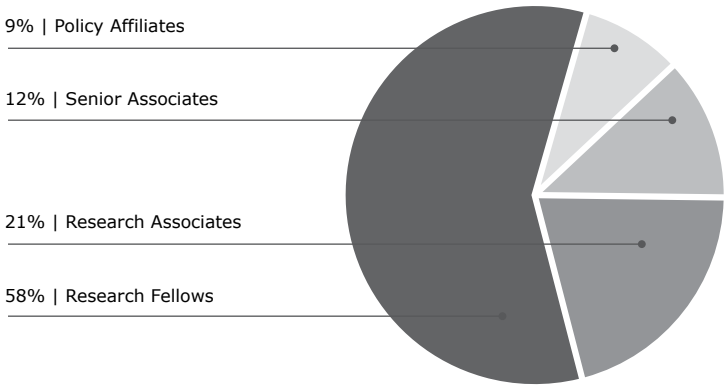
Network and Capacity Building

One of ERF’s main distinguishing features is its rich network of researchers, who have been the cornerstone of its activities and contributed over the years to making ERF the leading regional research institution it is today. Since its inception in 1993, sustained efforts have been made to strengthen the ERF network, and 2018 was no exception.

ERF Affiliates

In 2018, the ERF network continued to expand, attracting seasoned and young researchers of diverse interests, age groups, and gender. The number of ERF affiliates reached a total of 338 members in 2018, and the ERF Board of Trustees approved the affiliation of four new Research Fellows and six new Research Associates into the network.

Figure 1. ERF Affiliates by Category, 2018



By the end of 2018, the total number of Research Fellows accounted for 58 percent of the total network, while Research Associates accounted for 21 percent and Senior Associates and Policy Affiliates accounted for 12 and nine percent, respectively. Affiliates came from prominent research and academic institutions, international organizations, and governments both inside and outside the region.

Table 1. ERF Affiliates by Residency

Affiliation	Gender		Total
	Inside	Outside	
Research Fellows	119	79	198
Research Associates	56	14	70
Senior Associates	28	13	41
Policy Affiliates	24	5	29
Total	227	111	338

CAPACITY BUILDING

One of the key pillars of the ERF Strategy 2017-2021 is the effective targeting of capacity building programs in order to selectively build research capacity in a regionally uneven, but potentially globally-interconnected research environment.

In 2018, ERF sponsored promising and carefully-selected researchers based on explicit eligibility criteria to present their research findings and gain exposure to regional and international research.

Training Workshops

In 2018, ERF organized three training workshops. In almost all cases, trainees were selected through an open and competitive call for participation on the basis of explicit eligibility criteria. Overall, ERF sponsored the participation of 71 trainees in different workshops. The majority of participants were non-ERF affiliates (89 percent), and most of them were from the ERF region (92 percent). There was a strong gender balance, with women representing 48 percent of trainees.

Structural Change, Resource Misallocation, and Growth Dynamics in the MENA Region

February 28 - March 1, Luxor, Egypt

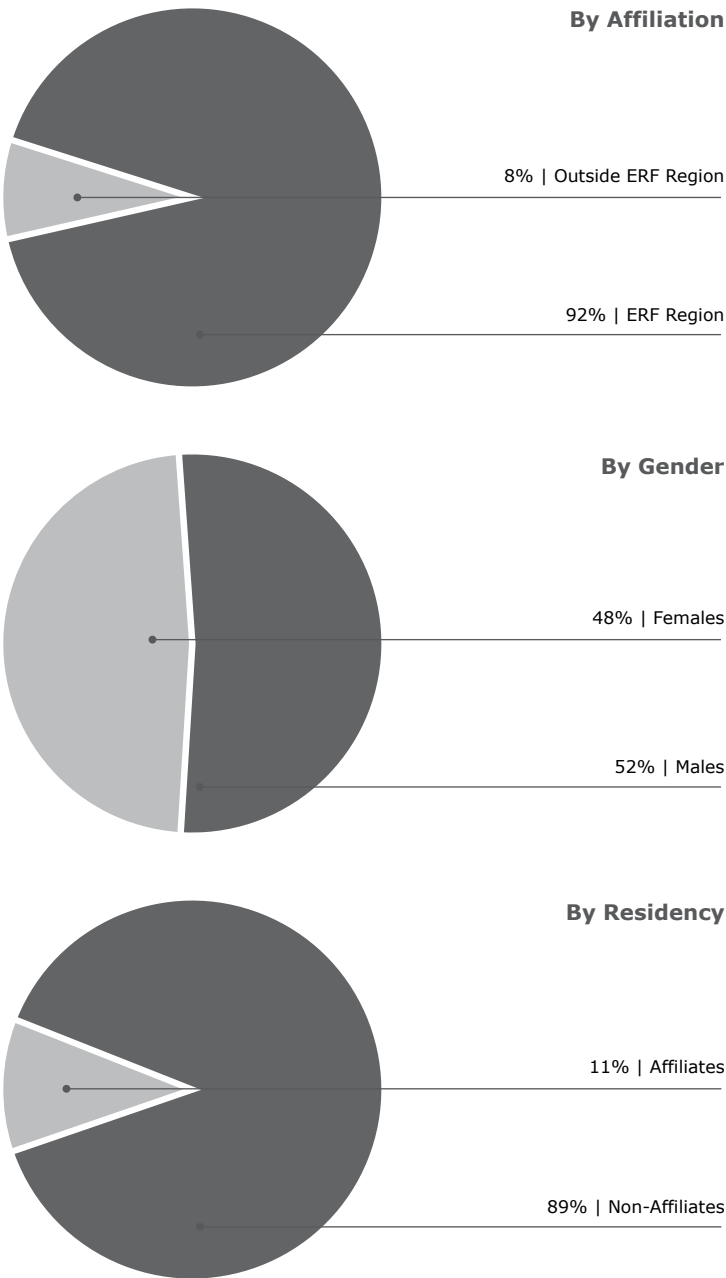
In collaboration with the Enterprise Analysis Unit of the World Bank Group, ERF organized a two-day training workshop on “Structural Change, Resource Misallocation, and Growth Dynamics in the MENA Region” as part of its capacity building mandate. The main objective of the training was to provide an in-depth understanding of firm-level productivity measurement and modeling issues using World Bank Enterprise Survey data. The sessions covered the content of the Enterprise Surveys as well as practical experience on how Total Factor Productivity (TFP) is estimated using Enterprise Surveys and alternative sources of micro data. The participants included researchers working on several ERF research projects from different themes as well as researchers from relevant Egyptian institutes, namely the Central Bank of Egypt and the Egyptian Center for Economic Studies.

Analyzing the Jordan Labor Market Panel Survey 2016

July 15-16, Amman, Jordan

In partnership with the Department of Statistics in Jordan (DoS), ERF organized a two-day training workshop for 30 participants from DoS, the Ministry of Labor, the Ministry of Planning and International Cooperation, the Ministry of Education, and other universities and international organizations. Held in Amman, Jordan, the training focused on the statistical analysis of the 2016 Jordan Labor Market Panel Survey (JLMPS) and covered the structure of JLMPS data and documentation, com-

Figure 2: Participation in Training Events by Affiliation, Gender, and Residency



Network and Capacity Building

puting and graphing labor force statistics, and structure of employment and refugees with STATA application.

Advanced Panel Data Techniques Applied to Economic Modeling
October 29-31, Cairo, Egypt

ERF organized a three-day training workshop for 22 young researchers from the ERF region (Arab countries, Iran, and Turkey) to participate in a hands-on training workshop on panel data econometrics. The training, which was conducted by Raimundo Soto (Pontificia Universidad Católica de Chile), presented different techniques in the econometrics of panel data (including static and dynamic models). At the end of the training, participants were asked to write a paper applying these techniques on the topic of their choice. The winning paper will be subject to a refereeing process and mentorship, and it will be published in the ERF Working Paper Series.

PARTICIPATION in International Conferences

As part of its commitment to upgrade the capacity of researchers in the region and provide them with opportunities for exposure to and interaction with international researchers, ERF supported the participation of four young researchers and statistical office employees in international conferences. In addition, ERF enabled several researchers to participate in the following events.

The 38th Annual Meeting of the Middle East Economic Association (MEEA)
January 4-7, Philadelphia, United States

ERF supported the participation of seven young researchers from the region who had been accepted to present their research work at the MEEA meeting. The meeting was held following the Allied American Economic Association (ASSA) sessions, where approximately 55 associations in related disciplines held a three-day meeting to present papers on general economic subjects.

The 5th World Congress for Middle Eastern Studies (WOCMES) 2018
July 16-20, Seville, Spain

ERF organized a call for papers in collaboration with the German Development Institute (DIE) for three panels at the 5th World Congress for Middle Eastern Studies (WOCMES), which was held from 16-20 July 2018 in Seville, Spain. ERF received a total of 70 abstracts, 39 of which were selected to submit a paper after the review process. After the refereeing process, nine ERF affiliates were chosen to present their papers at WOCMES in three different panels. The first panel was on "Building Prosperity through Sound Economic Policies in MENA: Industrial Policy, Growth, Employment, Investment, Informality, and International Trade," while the second panel was on "Social Policies in MENA Countries: Do They Pursue Social, Economic or Political Goals?" Finally, the third panel discussed "New Social Contracts for MENA Countries: Political Settlement and Societal Reconstruction."

PARTNERSHIPS

Forum Euro-Méditerranéen des Instituts des Sciences Economiques (FEMISE)

Established as a French non-profit organization in 2005, FEMISE is a Euro-Mediterranean network coordinated by ERF and the Institut de la Méditerranée (IM) in France. Its main objective is to promote dialogue and research on socioeconomic issues in South-Med countries. The network currently comprises 100 economic research institutes from the North and South regions of the Mediterranean, representing 37 countries.

In its 2018 strategy, FEMISE research focused on four themes considered a priority in the EU-Med region: "Trade Integration," "Growth, Jobs, Private Sector, and Innovation," "Climate and Environment," and "Inclusiveness." The network produces a large number of publications every year, including reports, research papers, policy briefs, and newsletters, in addition to an annual conference and a number of policy seminars, which provide a platform for debate with policymakers.

The EU-FEMISE project launched in 2014 on "Support to Economic Research, Studies, and Dialogues of the Euro-Mediterranean Partnership" entered its fourth year in 2018. So far, the project has enabled the production of more than 22 research reports in collaboration with researchers from the North and South Med region, as well as the publication of 13 Policy Briefs, more than 40 articles on various issues of interests in the region, and a number of thematic reports on climate change and issues of transition (the Euromed report). The project witnessed the organization of more than 10 policy seminars and three international annual conferences.

This year, FEMISE launched the fourth internal competition (open for affiliate institutions) under three of its themes to widen its scope of work and increase participants' opportunities. Out of 16 submitted research proposals, seven were selected for funding by FEMISE: four under the "Inclusiveness" theme, two under the "Trade Agreements/Trade/Technological Transfers" theme and one under the theme of "Climate/Energy/Health."

In 2018, FEMISE initiated the second phase of the "Next Society: Innovators Shaping the Future in the Mediterranean" project funded by the European Commission and led by ANIMA Investment Network, a multi-country cooperation platform for economic development in the Mediterranean.

In the first phase, FEMISE (through the ERF team) created a South-Med National Innovation Scoreboard, which measured the performance of innovation of the seven countries included in the project. The Scoreboard was presented in each of the countries to the National Advocacy Panel created in the country for input and discussion. The second phase involved a more in-depth analysis of the innovation systems in these countries, with the aim to provide a roadmap on how to establish and promote innovation systems.

The FEMISE team started their second advocacy panels in Lebanon, Jordan, and Egypt to present the findings of the country reports and discuss the recommendations needed to boost the innovation system in these countries with different stakeholders. The team is currently working on the country reports of Tunisia, Morocco, and Palestine, which were presented in their advocacy panels at the end of the year.

Research Activities

The promotion of high-quality economic and relevant research to expand the knowledge base and address lingering and emerging new development challenges in the region is the second pillar of the *ERF Strategy 2017-2021*. To fulfill its mandate, ERF continues to encourage and support economic research about its region with a particular focus on areas where knowledge gaps are most striking.

- In 2018, research topics came under the following five themes: Equity and Inequality, Macroeconomics of Natural Resources, Structural Transformation and Growth, Political Economy of Transformation, and Labor and Human Resource Development, as well as a new research theme on Peace-Building and Reconstruction. In addition, research covered other economic areas in the context of the ERF Annual Conference. Each area of focus is led by a Thematic Leader (Figure 3). The progress made in each area is outlined below:
- On Equity and Inequality, the research agenda proceeded under two sub-themes: (1) non-monetary dimensions of inequality and poverty among youth in the ERF Region, and (2) inequality of opportunities in health and education, as well as gender inequality in Arab countries.
 - On Labor Markets, work continued to focus on building the data infrastructure. In addition, further work was carried out on labor demand, youth vulnerability, and the impact of refugees in Jordan.
 - On Natural Resources, Structural Transformation and Growth, progress was made on several fronts, including issues of the oil curse and conflict, structural transformation, and long-term sustainability questions.
 - On the Political Economy of Transformation, the research agenda involved understanding the pulse of the Arab street (wave 2) and various aspects of the ongoing social, economic, and political transformations in Arab societies. In addition, research in this area put emphasis on the issue of private sector dynamism, cronyism, and state-business relations.

Table 2. Summary of ERF Research Projects in 2018 - in numbers

Research Projects	Projects	Researchers*	Geographical Coverage	
			Country	Regional
Research Competitions	49	73	28	21
Structured Research Projects	40	41	28	12
Total	89	114	56	33

*These numbers exclude the research presented at the ERF 24th Annual Conference
The table does not cover the research projects undertaken under the umbrella of FEMISE.

Figure 3. Thematic Leaders, 2018

Paul Makdissi Equity and Inequality	Ragui Assaad Labor and Human Resource Development
Kamiar Mohaddess and Daa Nouredin Macroeconomics of Natural Resources, Structural Transformation, and Growth	Ishac Diwan Political Economy of Transformation in the Arab World
Samir Makdisi Peace-Building and Reconstruction	

- On peace-building and reconstruction, progress was made on three thematic papers covering the areas of: (1) understanding the underlying causes of conflicts in the countries where the uprisings have erupted; (2) peace-building and political transitions in the post-conflict phase; and (3) the economic agenda for post-conflict reconstruction. A call for papers to identify case studies was launched and a capacity building workshop was held to discuss research techniques using data on conflict issues in the ERF region and the four selected case studies for Syria, Yemen, Iraq, and Libya.

In terms of research projects, ERF initiated five new projects under different themes in 2018, bringing the total number of ongoing and new projects to 89 projects engaging 114 researchers (Table 2).

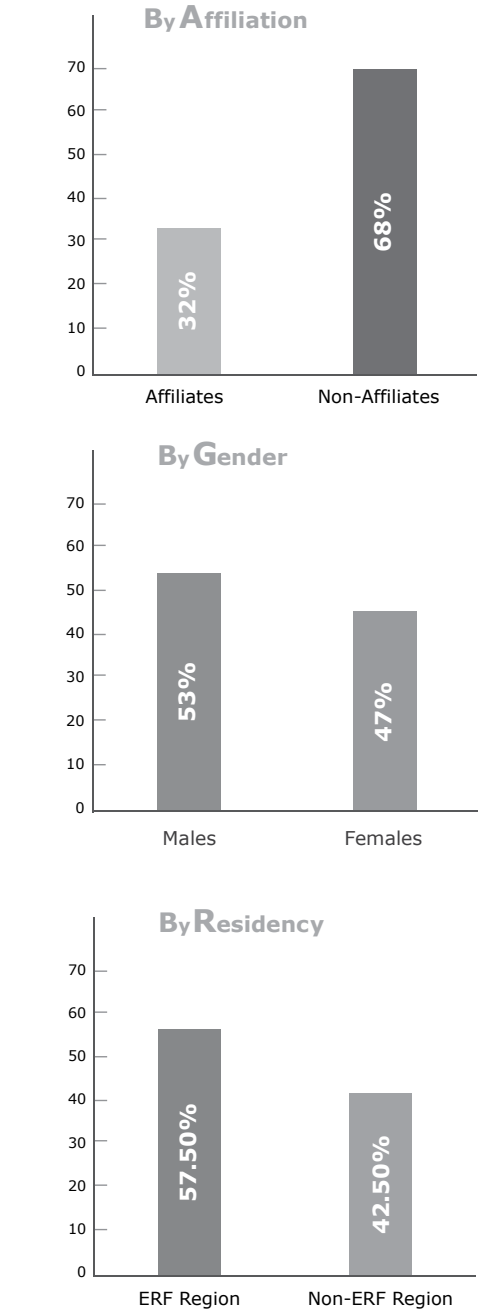
Research projects were initiated through competitive calls for proposals or commissioned directly to well-established experts. Around 55 percent of all ERF-managed projects in 2018 were conceived through a competitive process.

Research Profile

As shown in Figure 4, research projects engaged 114 researchers, 53 of whom were women, 78 of whom were non-affiliates (68 percent), and 66 of whom resided in the region.

As of the end of 2018, ERF completed 57 projects, continued to manage 27 ongoing projects, and initiated five new ones (Table 3).

Figure 4: Research Projects, 2018
(% of total numbers of projects)



Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2018

Project	Team Leaders
Completed Projects	
01 Economic Geography, Growth Dynamics, and Human Capital Accumulation in Turkey: Evidence from Regional and Micro Data	Burhan Can Karahasan and Firat Bilgel
02 Productivity, Structural Change and Skills Dynamics in Tunisia and Turkey	Mohamed Ali Marouani, Michelle Marshalian, Ulas Karakoc and Gunes Asik
03 Structural Transformation in Egypt, Morocco and Tunisia: Patterns, Drivers, and Constraints	Rim Ben Ayed Mouelhi and Monia Ghazali
04 State Business Relations and the Dynamics of Job Flows in Egypt and Turkey	Eleftherios Giovanis and Oznur Ozdamar
05 Productivity and Resource Misallocation: Evidence from Firms in Middle East and North Africa (MENA) Region Countries	Eleftherios Giovanis and Oznur Ozdamar
06 Ethnic Discrimination in the Turkish Labor Market: Evidence from Survey and Field Data	Binnur Balkan and Seyit M. Cilasun
07 Does Gender Discrimination Contribute to Low Labor Force Participation of Women in Turkey? Evidence from Survey and Field Data	Binnur Balkan, Seyit M. Cilasun
08 Picking Winners at the Ballot Box: Votes and Local Economic Growth in Turkey	Davide Luca
09 Patrons or Clients? Measuring and Experimentally Evaluating Political Connections of Firms in Morocco and Jordan	Robert Kubinec
10 Price Synchronicity, Inter-Firm Networks, and Business Groups in the Middle East and North Africa	Michael Charles Siemon
11 The Nexus between Business-Investment Climate and Firm Performance in the Middle East and North Africa (MENA) Region	Eleftherios Giovanis and Oznur Ozdamar
12 The Political Economy of Business Elites in Tunisia: Actors, Strategies, and Identities	Mohamed Oubenal and Houda Ben Hamouda
13 Global Value Chain Participation and Prospects for Local Upgrading in the Egyptian-Chinese Economic and Trade Cooperation Zone	Safaa Joudeh
14 State Business Relations and Financial Accessibility: Explaining Firm Performance in the MENA Region	Burhan Can Karahasan and Firat Bilgel
15 Introducing the Jordan Labor Market Panel Survey 2016	Caroline Krafft and Ragui Assaad
16 The Composition of Labor Supply and its Evolution from 2010 to 2016 in Jordan	Caroline Krafft, Ragui Assaad and Caitlyn Keo
17 The Structure of Employment and Job Creation in Jordan: 2010-2016	Ragui Assaad and Colette Salemi

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2018

Project	Team Leaders
18 School-to-Work Transition in Jordan, 2010-2016	Mona Amer
19 The Evolution of Wage Formation and Inequality in Jordan in 2010-2016	Rami Galal and Mona Said
20 Migration Dynamics during the Refugee Influx in Jordan	Jackline Wahba and Bilal Malaeb
21 Syrian Refugees in Jordan: Demographics, Livelihoods, Education, and Health	Caroline Krafft, Maia Sieverding, Caitlyn Keo and Colette Salemi
22 Housing and Living Conditions in Jordan, 2010-2016	Ahmed Elsayed
23 The Evolution of Social Security in Jordan’s Labor Market: A Critical Comparison Between Pre- and Post-2010 Social Security Reform	Ibrahim Al-Hawarin and Irène Selwaness
24 Own Account Workers in Jordan: Profile and Work Characteristics	Reham Rizk and Colette Salemi
25 Marriage and Fertility Patterns among Jordanians and Syrian Refugees in Jordan	Maia Sieverding, Nasma Berri and Sawsan Abdulrahim
26 Education of Jordanians: Outcomes in a Challenging Environment	Mahmoud Ali Hailat
27 Migration Shocks and Housing: Evidence from the Syrian Refugee Crisis in Jordan	Ibrahim Al-Hawarin, Ragui Assaad and Ahmed Elsayed
28 Impact of Syrian Refugees in Jordan on Education Outcomes for Jordanian Youth	Ragui Assaad, Thomas Ginn and Mohamed Saleh
29 The Impact of Refugees on Employment and Wages in Jordan	Belal Fella, Caroline Krafft and Jackline Wahba
30 Jordan’s Fertility Stall and Resumed Decline: An Investigation of Demographic Factors	Caroline Krafft and Maia Sieverding
31 Syrian Refugees and the Migration Dynamics of Jordanians: Moving in or Moving out?	Nelly El-Mallakh and Jackline Wahba
32 Schooling Choices’ Responses to Labor Market Shocks: Evidence From a Natural Experiment	Belal Fella and Ayhab Saad
33 Armed Conflict and Child Labor: Evidence from Iraq	George Naufal, Michael Malcolm and Vidya Diwakar
34 Does Precarious Employment Damage Youth Mental Health, Well-Being, and Marriage? Evidence from Egypt Using Longitudinal Data	Ahmed Shoukry Rashad and Mesbah Fathy Sharaf
35 The Quality of Life of Youth with Disabilities in Egypt with Special Focus on Educational Achievement	Somaya M. El Saadani and Soha Metwally
36 A Multi-Dimensional Measure of Well-Being among Youth: The Case of Palestinian Refugee Youth in Lebanon	Nisreen Salti, Jad Chabaan, Alexandra Irani and Rima Al Mokdad
37 Inclusive Services for Youth in Cairo’s Informal Areas	Deena Khalil, Amr Abdelaal, Yasmin Khalafallah and Marwa Barakat



Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2018

Project	Team Leaders
38 Services for Syrian Refugee Children and Youth in Jordan: Forced Displacement, Foreign Aid, and Vulnerability	Colette Salemi, Jay A. Bowman and Jennifer Compton
39 Youth Entrepreneurship in MENA	Caroline Krafft and Reham Rizk
40 Job Creation or Labor Absorption? An Analysis of Private Sector Job Growth in Egypt	Ragui Assaad, Caroline Krafft and Shaimaa Yassin
41 Do More Productive Firms Pay Workers More? Evidence from Egypt	Caroline Krafft and Ragui Assaad
42 Female Labor in Egyptian Manufacturing Sector: The Demand Side Story	Hanan Nazier
43 Gender Diversity, Productivity, and Wages in Egyptian Firms	Mona Said, Rami Galal, Susan Joeques, and Mina Sami
44 Firm Productivity and Agglomeration Economies: Evidence from Egyptian Data	Karim Badr, Reham Rizk and Chahir Zaki
45 Trade Policy and Input Liberalization: The Effect on Egyptian Firms’ Productivity	Inmaculada M. Zarzoso, Mona Said, and Chahir Zaki
46 The Exceptional Performance of Exporters: Evidence from Egyptian Firms	Ayhab Saad
47 Gender Differences and Time Allocation: A Comparative Analysis of Egypt and Tunisia	Hanan Nazier and Asmaa Ezzat
48 Time Poverty in Egypt and Tunisia: Is There A Gender Gap?	Hanan Nazier and Asmaa Ezzat
49 The Informalization of the Egyptian Economy (1998-2012): A Factor in Growing Wage Inequality?	Amirah El-Haddad and May Gadalla
50 Does it Still Pay to Go to College in Egypt? Decomposition Analysis of Wage Differentials For College and Non-College Graduates	<i>Hatem Jemmali and Fatma Al-Hamidi</i>
51 The Dynamics of Family Formation and Women’s Work: What Facilitates and Hinders Female Employment in the Middle East and North Africa?	Irene Selwaness and Caroline Krafft
52 Public versus Private Sector Earnings Premium in Egypt: Evidence from Panel Data Analysis	Aysit Tansel, Halil Ibrahim Keskin and Zeynel Abidin Ozdemir
53 The Commuting Gender Gap and Females’ Participation and Earnings in the Egyptian Labor Market	Maye Ehab
54 Determinants of Fertility and Population Policies in MENA Countries	Mehmet S. Tosun and Jingjing Yang
55 Chronic Illness and Labor Market Participation in Arab Countries: Evidence from Egypt and Tunisia	Ebaidalla Mahjoub Ebaidalla and Mohammad Elhaj Mustafa Ali
56 Impact of Refugees on Immigrants’ Labor Market Outcomes	<i>Bilal Malaeb and Jackline Wahba</i>

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2018

Project	Team Leaders
57 Estimating Labor Demand Elasticities and Elasticities of Substitution in Egyptian Manufacturing Sector: A Firm Level Static Analysis	Hanan Nazier
Ongoing Projects	
58 The Role of Labor Market Frictions in Structural Transformation	Khalid Elfayoumi and Gregory Auclair
59 Global Value Chains and Business Environment: Which Factors Really Matter?	Marion Dosis and Chahir Zaki
60 Structural Change, Resource Misallocation, and Growth Dynamics in the MENA Region	Yilmaz Kilicaslan, Oytun Mecik and Ugur Aytun
61 Firm Performance and Agglomeration Effects: Evidence from Tunisian Firm-Level Data	Mohamed Amara
62 Exchange Rate and other Macroeconomic Policy Regimes: Lessons from World Experience for Oil-Dependent MENA Countries	Klaus Schmidt Hebbel and Ibrahim Elbadawi
63 Oil Rents and Political Violence	Ibrahim Elbadawi and Chahir Zaki
64 Post-Conflict Reconstruction in the Aftermath of Destructive Civil Wars: A Growth Strategy for Syria	Ibrahim Elbadawi
65 The Division of Ownership and Control in Listed Jordanian Firms	Ghada Tayem
66 Stock Market's Reaction to Political Connections Driven by Capital Structure of GCC Banks	Fatma Ahmed
67 The Politics of Trade Protection in North Africa	Adeel Malik and Ferdinand Eibl
68 Crony Capitalism: Unpacking Political Allegiances and Economic Alliances in the Occupied West Bank	Tariq Dana
69 Do Politically-Connected Firms Innovate?	Marc Schiffbauer, David Francis and Sahar Hussain
70 Cronyism, Firms’ Productivity, and Informal Competition in Egypt	Nesma Ali and Boris Najman
71 Winners and Losers in Industrial Policy 2.0: An Evaluation of the Impacts of the Tunisian Industrial Upgrading Program	Mohamed Ali Marouani and Michelle Marshalian
72 Are Politically Connected Firms Turtles or Gazelles? Evidence from the Egyptian Uprising	Hassan Aly and Hany Abdel-Latif
73 Firms’ Lifecycle under Conflict-Related Mobility Restrictions in Palestine: Evidence from Establishment Censuses	Vladimir Hlasny and Shireen AlAzzawi
74 A Decade of Competition Policy in Arab Countries: A De Jure and De Facto Assessment	Jala Youssef and Chahir Zaki



Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2018

Project	Team Leaders
75 Youth Vulnerability in Egypt and Jordan: Dimensions and Determinants	Shireen AlAzzawi and Vladimir Hlasny
76 Education Interrupted: Enrollment, Attainment, and Dropout of Syrian Refugees in Jordan	Maia Sieverding, Caroline Krafft, Nasma Berri, Caitlyn Keo, and Mariam Sharpless
77 Persistence and Change in Marriage Practices among Syrian Refugees in Jordan	Maia Sieverding, Caroline Krafft, Nasma Berri, and Caitlyn Keo
78 Socioeconomic Status and the Changing Nature of School-to-Work Transitions in Egypt, Jordan, and Tunisia	Ragui Assaad, Caroline Krafft and Colette Salemi
79 The Number and Geographical Distribution of Syrians in Jordan: A Multi-Source Analysis	Ragui Assaad, Caroline Krafft, Susan Razzaz and Caitlyn Keo
80 Youth Access to Services in Informal Greater Cairo	Maia Sieverding, Rania Roushdy, Rasha Hassan and Ahmed Ali
81 Sources of Firm-Level Labor Productivity in Egypt’s Ready-Made Garment Industry	Abeer Elshennawy and Mohamed Bouaddi
82 Power-Sharing and Peace-Building	Nicolas Sambanis
83 Economic Agenda for Post-Conflict Reconstruction	Samir Makdisi and Nicolas Sambanis
84 Grievance and Civil War: The State of the Literature Horizontal Wealth Inequality and Oil – Is There a Contingent Effect?	Cristina Bodea and Christian Houle
85 Call for proposals on “Non-Monetary Dimensions of Inequality and Poverty Among the Youth in the ERF Region”	Paul Makdissi
86 Call for proposals on “Conflict, Peace-Building and Post-Conflict Reconstruction in four Arab Conflict Affected Countries”	Samir Makdisi
87 Inequality of Opportunities in Health in the Arab World: What New Can We Learn?	Mesbah Sharaf and Ahmed Rashad
88 Inequalities of Opportunities in Education in the Arab World	Rana Hendy
89 Gender Inequalities in the Arab Region	Hanan Nazier and Racha Ramadan
Micro Datasets	
01 Household Surveys Data	ERF data team
02 Egyptian Labor Market Panel Survey (ELMPS) 2018	Ragui Assaad
03 Jordan Labor Market Panel Survey (JLMPS)	Ragui Assaad and Bassem Shannaq



MICRO DATA

Macro data is, by and large, accessible in many global databases, so the most binding constraint is associated with micro data. ERF has long recognized that micro data is essential for conducting solid policy-relevant research.

ERF believes that availability of data as a public good is instrumental to evidence based quality research. Since its first collaboration with the Central Agency for Public Mobilization and Statistics (CAPMAS) – Egypt in 1998, ERF took a leading role in creating the micro data infrastructure in the ERF region required to carry out research projects. Since then, ERF has continued to expand its pioneering work and collaborate with national statistical offices across the region to acquire micro datasets and provide free access to researchers.

ERF Data Portal in Numbers

27 Harmonized Household Income and Expenditure Surveys (HHIES) from seven Arab countries (Egypt, Iraq, Jordan, Palestine, Sudan, Somalia, and Tunisia)

36 Harmonized Labor Force Surveys (HLFS) from Egypt, Jordan, Palestine, Tunisia, and Yemen

04 Harmonized Health Surveys (HHHS) from Iraq and Sudan

08 Labor Market Panel Surveys (LMPS) from Egypt, Jordan, and Tunisia

02 Higher Education Graduates Surveys (HEGS) in two Arab countries (Egypt and Jordan)

02 Surveys of Young People in Egypt (SYPE)

02 Harmonized Surveys of Young People in Egypt (HSYPE)

01 Survey of Young People in Informal Urban Areas of Greater Cairo (SYPE-IGC)

07 Datasets on Micro and Small Enterprises from four countries (Egypt, Lebanon, Morocco, and Turkey)

04 Datasets on exports and imports from Egypt

01 Dataset on the constraints facing the development of Micro and Small Enterprises from two governorates in Egypt

05 UNIDO databases on Industrial Statistics and Industrial Demand-Supply Balance

An online page is available among the OAMDI pages on the ERF website to give researchers access to useful links to other types of micro data or different surveys provided by institutions other than those available through the ERF initiative.

Research Activities

Egypt Labor Market Panel Survey (ELMPS)

ERF carried out the Egypt Labor Market Panel Survey (ELMPS) 2018 in cooperation with CAPMAS. This survey is the fourth in a series that began with the 1998 ELMPS and continued with the 2006 and 2012 ELMPS. It is a multipurpose household survey comprising inquiries about the schooling, housing, marriage, and employment trajectories of individuals. It also elicits detailed information about their employment and earnings, among a number of other topics.

Open Access Micro Data Initiative (OAMDI)

Open access to data is critical to ensure transparency. Historically, many household surveys and firm data have never been publicly shared in the region. Providing researchers with open access to micro data will promote innovation as data collected for one purpose may be useful for many, and only open data will ensure that data are used efficiently. OAMDI is a unique initiative providing researchers with free access to several types of micro data. This online automated data portal is set up to encourage responsible use of micro data by registered researchers while respecting the confidentiality and copyrights of the national statistical offices and ERF. Since its launch in April 2013, OAMDI

continues to serve the global community of researchers.

In 2018, ERF’s online data portal served the needs of 2,140 users, compared to 1,723 users by the end of 2017 and 1,275 users by the end of 2016 (Figure 5).

Access to the wealth of data is open to all, regardless of whether they are from the ERF region or affiliated to ERF. Less than half of the researchers accessing the data were from the ERF region (44 percent). Only a minor percentage (around three percent) are affiliated to ERF; illustrating good outreach for the ERF data portal outside the ERF region and community.

To date, ERF has also granted access to around 3,902 micro datasets. The number of surveys accessed during 2018 (1,111 surveys) is greater than the total number of approved surveys during 2017 (1,045), as shown in (Figure 6).

Around 62 percent of the accessed datasets were for harmonized household surveys (Harmonized Household Income and Expenditure Survey (HHIES), Harmonized Labor Force Survey (HLFS), Harmonized Survey of Young People in Egypt (HSYPE), and Harmonized Household Health Survey (HHHS). A total of 28.7 percent were for labor market panel surveys (LMPS), and 9.3 percent were for different firm and sector-level datasets and other types of surveys.



Figure 5: Number of OAMDI Users since launch by region

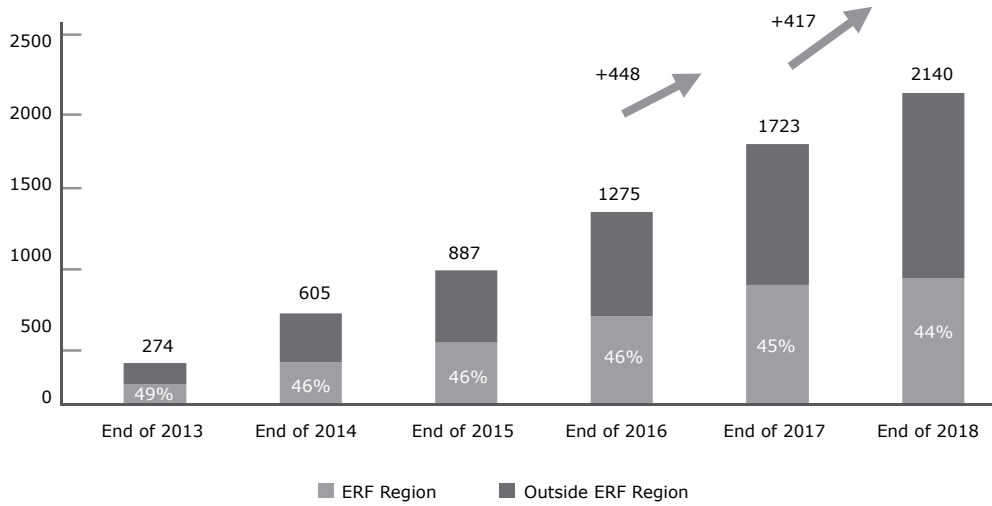
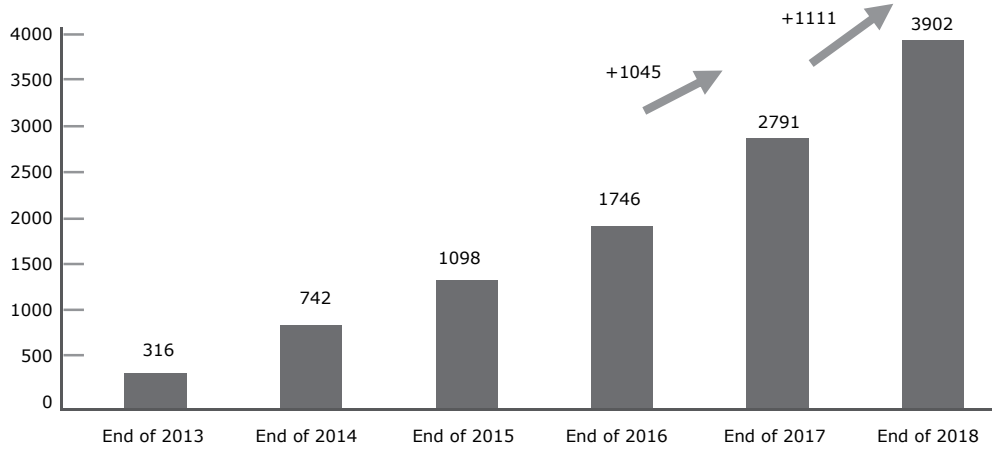


Figure 6: Number of accessed/downloaded surveys since launch



Communications and Outreach

Focus on research uptake and policy outreach to maximize the impact of ERF research is an integral component of the ERF Strategy 2017-2021. Building on the extensive body of knowledge generated by ERF research and the profile of ERF network members, and learning from ERF’s experience in convening national policy dialogues and producing policy briefs and perspectives, a variety of policy platforms were envisaged and implemented in 2018. These policy platforms aimed to maximize the impact of ERF research, stimulate evidence-based policy, and reach out to policymakers in the region. ERF focused in 2018 on instituting two key policy outreach and engagement channels, namely the ERF Policy Conference and the ERF Policy Portal – *The forum*.

ERF Policy Conferences are relatively large events with the objective to disseminate a critical mass of ERF-sponsored research to a mixed group of policymakers and researchers. In 2018, one successful policy conference was organized jointly with the Department of Statistics in Jordan (DoS) and the Economic and Social Council (ESC) on Employment, Education, and Housing in Jordan: the Impacts of the Syrian Refugee Influx, on May 13 in Amman, Jordan.

The new ERF Policy Portal – *The forum* launched in October 2017 continued serving as a platform for rich and relevant regional debates on economic, social, and political development issues.

In order to share research findings with a wide and diverse audience, ERF relies on multiple channels, including publications,

conferences, workshops, policy seminars, and a multi-function website. In 2018, ERF organized 13 meetings/events (including conferences, workshops and policy seminars) and produced 110 working papers, 12 policy briefs, and three policy perspectives.

Meetings/Events

ERF organized a variety of events in 2018 (Table 4). These events attracted around 504 participants from the research and policy communities, 139 of whom attended the ERF Annual Conference. Most of the participants were non-affiliates of ERF (76 percent) and were from the ERF region (77 percent). Female participation accounted for 44 percent (Figure 7).

Figure 7: Participation in ERF Events by Residency and Gender

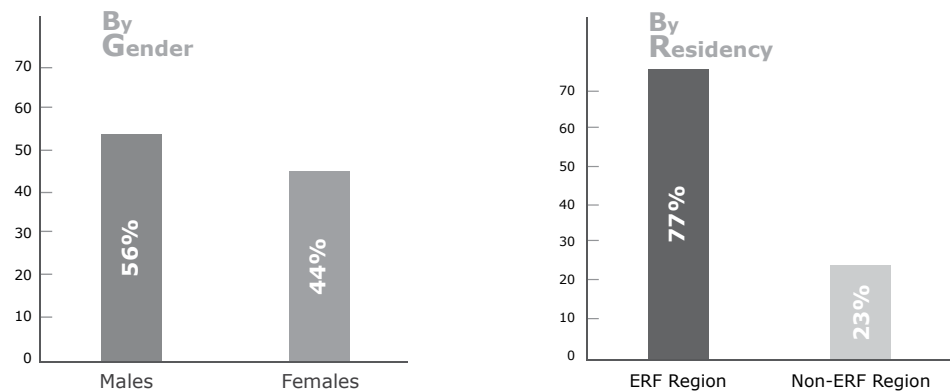


Table 4. ERF Events, Locations and Dates, 2018

Event	Location	Date
Bibliotheca Alexandrina International Conference on "Impact of Quantitative Analysis on Development"	Alexandria, Egypt	February 18-19
ERF Workshop on "Structural Change, Resource Misallocation and Growth Dynamics in the MENA Region"	Luxor, Egypt	February 28
ERF-APS Discussion on "Equality of Opportunity: A Way towards Greater Social Justice"	Cairo, Egypt	March 20
Policy Roundtable for the Forum of China-Africa Cooperation	Cairo, Egypt	April 15
Policy Conference on "Employment, Education and Housing in Jordan: The Impacts of the Syrian Refugee Influx"	Amman, Jordan	May 13
Seminar on "Jordanian Labor Market: Fragility or Resilience?"	Amman, Jordan	May 14
Workshop on "The Political Economy of State Business Relations and Growth in the Middle East and North Africa"	Paris, France	June 21-22
ERF 24th Annual Conference on "The New Normal in the Global Economy: Challenges & Prospects for MENA"	Cairo, Egypt	July 8-10
ERF-EBRD Seminar on "Job Creation and Productivity in Egypt: Evidence from the Egypt Economic Census"	Cairo, Egypt	October 20
Workshop on "Towards Inclusive Services for Youth in Cairo's Informal Areas"	Cairo, Egypt	October 21
Workshop on "Conflicts, Governance, and Post-Conflict Economic Agenda in War Afflicted Arab Countries"	Casablanca, Morocco	November 5-8
ERF's Session in the ISSR Conference	Cairo, Egypt	December 3-5
Economic Development Bulletin Annual Report 2017/18 Launch Event	Cairo, Egypt	December 18

Communications and Outreach



Speakers and participants during the ERF 24th Annual Conference

ANNUAL CONFERENCE

ERF 24th Annual Conference

March 19-21, Cairo, Egypt

The ERF Annual Conference is a regional platform for economists from within and outside the MENA region to discuss frontier thinking about economic development, learn from one another, and interact with international scholars.

The main theme of the conference was "The New Normal in the Global Economy: Challenges & Prospects for MENA." Three key plenaries addressed three major themes. First, what do MENA countries need to do in order to lay the foundation for sustained growth under the new normal and what are the lessons learned from the Asian experience? Second, what is the most appropriate macroeconomic framework for absorbing extended shocks associated with the new normal? Third, what is the growth agenda for the MENA region under the new normal in the global economy, especially with regards to the seemingly secular oil price bust?

The conference plenaries featured a number of prominent speakers, including: Keun Lee, Seoul National University, H.E.

Rania Al-Mashat, the Minister of Tourism, Raimundo Soto, the Catholic University of Chile, Kamiar Mohaddes, the University of Cambridge, Hadi Esfhanai, the University of Illinois, Rabah Arezki, World Bank, Gouda Abdel-Khalek, Cairo University, Diaa Noureldin, the American University in Cairo, Mustapha Nabli, North Africa Bureau of Economic Studies International, Paul Makdissi, the University of Ottawa, Maged Osman, Baseera Center, Sherine Al-Shawarby, Cairo University, Atif Kubursi, McMaster University, Hala Abou-Ali, Cairo University, and Abeer Elshennawy, Cairo University.

Plenary Session 1: Laying the Foundation for Sustained Growth under the New Normal: Lessons Learned from the Asian Experience

Structural change constitutes one of the main ingredients of economic development since the reallocation of resources is expected to generate higher overall productivity and, therefore, higher incomes. Despite the importance of structural transformation in the process of economic development, there is no consensus on how to achieve this objective and what the exact role of government should be. Moreover, what should be the optimum policy mix from a menu of often conflicting instruments, including import

substitution and state economic planning, to trade openness, specialization and sophistication, technological spillovers, and the joining of global value chains?

The recent wave of post-financial crisis interventionism has reinforced the argument that the state could play an active role in facilitating the process of structural change and transformation. More recently, and taking into account the evolving economic structure of factor endowments and varying economic development levels, new structural economics argue that policies which target activities that are not Comparative Advantage Defying (CAD) are the most likely to contribute to structural transformation. Policies should thus target Comparative Advantage Facilitating (CAF) activities to help solve and overcome problems of coordination and externalities that beset processes of structural transformation and innovation. This plenary asked a number of pressing questions. Which industrial policies can be derived from the new structural economics? What would be the optimal role of the state in achieving effective structural change in MENA countries? What explains structural transformation in MENA or lack thereof?

Plenary Session 2: A Macroeconomic Framework for Growth Under the New Normal



In the context of the macroeconomic framework of dealing with shocks and secular global developments, there are important lessons to be learned by contrasting the experiences of the MENA region and that of Latin America, another major commodity- and mineral-dependent region. The combination of commitment to flexible exchange rate regimes and inflation targeting have created favorable macroeconomic and political economy prerequisites for steady real exchange rate depreciation, which in turn allowed the agricultural and industrial sectors of several Latin American countries to act as a shock absorber in the face of declining oil, mineral, and commodity prices.

Against this backdrop, this plenary asked the following questions: How normal is the New Normal likely to be? What is the optimal macroeconomic framework for dealing with secular commodity price decline? What are the likely growth consequences of different approaches?

Plenary Session 3: Towards a Growth Agenda for MENA under the New Normal in the Global Economy

The ERF region is understandably diverse: comprising the highly endowed countries of the GCC (Bahrain, Kuwait, Qatar, Saudi Arabia, Oman, and the United Arab Emir-



Speakers and participants during the ERF 24th Annual Conference

Communications and Outreach

ates); populous oil exporting economies (Algeria, Iran, and Iraq); middle-income oil importers (North Africa, Turkey, and Lebanon); and a lower middle-income group (Sudan, Mauritania, and Yemen). Nonetheless, all these countries are affected by developments in global oil markets, which account for a variety of factors and issues. This plenary asked some fundamental questions. Is the era of growth miracles over? What sort of implications (if any) does this have for the region? What growth agenda should we consider for the diverse MENA-plus region under the New Normal?

Special Sessions

- Besides the plenary sessions, three special plenaries were held on three different topics: The first plenary was on "Rethinking Inequality in the Arab World," with the objective to present the collaboration between ERF and the Economic and Social Commission for Western Asia (ESCWA) in the area of inequality, and to solicit feedback and views on the envisaged research in the context of producing an ESCWA report on "Rethinking Inequality in Arab States: How Big of a Problem is it? What can be Done?"
- The second plenary was on "Subsidies Reforms and Social Justice." This special plenary was in the context of the broad-based collaboration between ERF and the Egyptian Center for Economic Studies (ECES), whereby a special session in collaboration between the two institutions will be organized in Egypt every other year during the ERF Annual Conference. The session typically provides a platform to discuss topical issues of relevance to Egypt and the region. This session addressed the critical issue of subsidies and social justice as a partial mitigating policy response to the consequences of global and external shocks.
- The third plenary discussed the "Environmental Challenges in MENA: Better Research for Better Policy Outcomes." Environmental concerns in MENA are not sufficiently taken into consideration in the design of public policy, despite the fact that most countries in the region now have specific ministries or entities with a specific focus on the environment. This neglect is not justified. The region is exhausting its natural resources at rates well above sustainable levels. The environmental challenges facing the region are deep and varied, ranging from local to glob-



Speakers and participants during the ERF 24th Annual Conference



Speakers and participants during the ERF 24th Annual Conference

al pollution problems, water scarcity, and degradation of arable land, to solid waste problems, and/or illegal or over-harvesting problems due to slack regulation or lack thereof. One reason why environmental problems tend to receive less attention than necessary in the region is the shortage of systematic knowledge about their magnitude, causes, and possible remedies, as well as weak research capacity in the area of environmental economics. This session, organized in collaboration with The United Nations Environment Programme (UNEP), aimed to present the research efforts carried out so far by ERF to fill this knowledge gap, the current research agenda and proposed research, as well as the most important challenges and issues of priority in the region.

Parallel Sessions

In addition to the plenary sessions, six parallel sessions were held involving the presentation of around 50 papers under the themes of: Institutional economics, finance, macroeconomics, international economics, labor and human development, and microeconomics. Parallel session papers were selected on the basis of a rigorous refereeing process in response

to an open call for papers, hence their diversity. The final drafts of the papers are being published in the ERF Working Papers Series, and authors are encouraged to publish their papers in refereed journals.

OTHER CONFERENCES

Policy Conference on "Employment, Education and Housing in Jordan: The Impact of the Syrian Refugee Influx"

May 13, 2018, Amman, Jordan

The deteriorating security situation in the region as a whole, and Syria in particular, resulted in large flows of refugees into Jordan as well as a reduction in tourism and foreign investment. The challenges facing Jordan have put serious strains on the Jordanian economy and its labor market. This was manifested in a substantial slowdown in economic growth, a decline in employment rates among Jordanians, and an increase in their unemployment rates.

In this context, ERF organized a policy conference in collaboration with the Department of Statistics (DoS) and the Economic Social Council (ESC) to examine

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Speakers and participants during the ERF 24th Annual Conference

the impact of the Syrian refugee influx on various aspects of life for Jordanians, including their labor market outcomes, their access to education services and housing, and their demographic behavior in terms of marriage and fertility. The opportunity to carry out such an analysis by researchers affiliated with ERF was made possible by data collected as part of the second wave of the 2016 and 2017 JLMPS implemented by ERF and DoS.

Seminar on “Jordanian Labor Market: Fragility or Resilience?”

May 14, 2018, Amman, Jordan

ERF organized a seminar on “Jordanian Labor Market: Fragility or Resilience?” in collaboration with DoS and the Economic Social Council (ESC). Other partners include Al-Yarmouk University and Al-Hussein University, whose researchers participated in the analysis of the data. This seminar presented the results of the JLMPS survey on specific aspects of the Jordanian labor market. The JLMPS is a major, nationally-representative longitudinal household survey that was first carried out in Jordan by ERF and DoS in 2010 on a sample of 5,000 households. The second wave in 2016 followed all the households originally interviewed in 2010, as well as

all the households that split from them. It also added a refresher sample of 3,000 households that oversampled neighborhoods with a high proportion of non-Jordanians as a way to obtain a representative sample of refugees and migrants.

WORKSHOPS and SEMINARS

Bibliotheca Alexandrina International Conference on “Impact of Quantitative Analysis on Development”

February 18-19, 2018, Alexandria, Egypt

The Bibliotheca Alexandrina hosted the International Conference on “Impact of Quantitative Analysis on Development” organized by the Serageldin Institute for Multi-Disciplinary Advanced Research (SIMAR). ERF took part by presenting under the title of “Evidence-Based Policy Dialogue in Development Policy,” covering topics such as “Custom Data and Firm-Level Performance in MENA” and “Sub-National data and Structural Transformation in the Egyptian Village Economy.”

The demand for quantitative analysis across all sectors is steadily growing and is proven to be a necessary tool for develop-

ment in order to rise to all future challenges. In this regard, the conference gathered eminent international, regional, and national scholars to share their experiences in the use of quantitative techniques in various disciplines. The exchange of experiences and discussions allowed the participants to address some of the tough developmental questions of our time, thus helping build bridges across disciplines – including the social and natural sciences as well as the humanities – while harnessing the latest scientific advancements for development.

ERF Workshop on “Structural Change, Resource Misallocation and Growth Dynamics in the MENA Region”

February 28, 2018, Luxor, Egypt

There is little understanding of the determinants of the pace of structural transformation in the region and its implications for economic growth. At the macro level, long-term growth depends on the extent of allocative efficiency within sectors. Resource misallocation at the firm/sector level can indeed explain productivity differentials across sectors, as well as more aggregately across countries in the region.

Against this backdrop, ERF launched a call

for proposals to enhance the understanding of the structural factors underpinning growth dynamics, which could be explored through extensive analysis at the firm and sector level. This project falls under ERF’s research agenda on “Macroeconomics of Natural Resource, Structural Transformation, and Growth.” To that effect, ERF received a large number of proposals, out of which nine projects were selected for funding based on a double-blind reviewing process. In this context, ERF organized a half-day workshop aiming to provide a platform for discussing the draft papers of these projects among authors and experts in order to improve the final output.

ERF-APS Discussion on “Equality of Opportunity: A Way Towards Greater Social Justice”

March 20, 2018, Cairo, Egypt

ERF and Alternative Policy Solutions (APS) organized a discussion on equality of opportunity as a way towards achieving greater social justice and an alternative measure of development. The event featured a dialogue between Dr. John E. Roemer, Elizabeth S. and A. Varick Stout Professor of Political Science and Economics at Yale University, and Dr. Ragui Asaad, the Distinguished Visiting Professor in the Economics Department at The



Speakers and participants during the ERF 24th Annual Conference

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American University in Cairo.

The conversation tackled the definition, explanations, and measurement of inequality of opportunity with a focus on the Egyptian case.

Policy Roundtable for the Forum of China-Africa Cooperation (FOCAC)

April 15, 2018, Cairo, Egypt

The ERF and the Chinese Embassy in Egypt organized and co-hosted a policy roundtable focusing on the forum of China-Africa Cooperation. The roundtable witnessed the attendance of several representatives from the academic and business communities as well as government entities. The latter topic comprised presentations about "Structural Transformation and Industrialization," "Towards a Green Growth Strategy," "Financing Development and Infrastructure," and "Trade & Investment Framework."

Workshop on "The Political Economy of State Business Relations and Growth in the Middle East and North Africa"

June 21-22, 2018, Paris, France

This workshop is part of a joint ERF-FEMISE research project on "The Political Economy of State Business Relations and Growth in MENA Region". The project aspires to encourage researchers to apply rigorous quantitative techniques to shed light on the relation between power, state, and markets. The overall goal is to better understand the conditions and policies that can lead to higher levels of job creation and growth in the region in the aftermath of the Arab Spring of 2011 and in the context of lower oil prices. The focus is on several sub-themes, including the impact of cronyism on growth and job creation, the mechanisms of privilege, the evolution of business elites and their relation to power, the role of the financial markets and market-regulating institutions, and the political economy of informality and SMEs.

The workshop was held with the objective to provide a platform for discussing 17 draft papers among authors and experts in order to improve the final output. The workshop took place at the Dauphine University in Paris on 21-22 June 2018, gathering around 35 participants.

ERF-EBRD Seminar on "Job Creation and Productivity in Egypt: Evidence from the Egypt Economic Census"

October 20, 2018, Cairo, Egypt

The ERF and EBRD organized a joint event to provide a platform for presenting, discussing, and disseminating papers among the research and policymaking communities in Egypt. Creating jobs, particularly formal, skilled, and decent ones, is one of the most pressing challenges facing the Egyptian economy, in addition to the development of a vibrant private sector.

The ERF project focused on aspects of labor demand and job creation. With rising informality, irregularity, and wage stagnation, weak labor demand has been identified as a key constraint and driver of poor labor market outcomes. The availability of data made it possible to analyze job creation, wage inequality, and gender aspects of the labor market, among other topics. The EBRD project focused on the institutional foundation of a market economy, seen from the point of view of firms. The report conducted a bottom-up analysis, starting from the firm level and moving to sectors and regions, to assess the type of institutional and regulatory gaps blocking the structural transformation of the Egyptian economy.

Workshop on "Towards Inclusive Services for Youth in Cairo's Informal Areas"

October 21, 2018, Cairo, Egypt

In light of the growing interest in Egyptian youth and their role during the post-2011 transition phase, ERF and Takween Integrated Community Development (TICD) organized a one-day workshop to disseminate and discuss research findings under the "Youth Vulnerability in Informality" research project funded by the Ford Foun-

dation and addressing the socioeconomic inclusion of youth in Cairo's informal areas and their access to basic services.

The workshop allowed participants to discuss themes/issues such as education, healthcare, basic infrastructure, solid waste management, and cultural/recreational activities. Understanding inequality within informal areas of Cairo – as well as between formal and informal areas – is critical to designing better programs and policies to improve services for these areas' residents.

The workshop included interactive group work in the form of a "knowledge café," where attendees engaged in an open discussion, shared experiences, and deliberated ways to interpret and utilize the research findings. An exhibition of maps helped visualize the lack of basic services in Greater Cairo by showcasing its various forms of spatial inequality. The participants included several representatives from civil society, the academic community, the private sector, and government entities.

Workshop on "Conflicts, Governance and Post-Conflict Economic Agenda in War Afflicted Arab Countries"

November 5-8, 2018, Casablanca, Morocco

The civil wars generated in the wake of the Arab uprisings in Iraq, Libya, Syria, and Yemen have resulted in massive internal and external displacement and the reversal of years of economic development and social cohesion. Looking forward, it is important to understand the ongoing dynamics that led these countries to where they now stand and the policies that best serve the objectives of peacebuilding and sustained development in the post-conflict phase.

With this in mind, ERF launched a new multi-year research program to help en-



Speakers and participants during various ERF events and workshops

Communications and Outreach

hance the indigenous capacity for undertaking policy-oriented research in these countries as well as in the MENA region at large. In this context, ERF launched a call for papers to identify and select potential researchers, mainly drawn from, but not confined to, the four countries in question, which would constitute the core network for this new research theme. The workshop provided a platform for the presentation of nine selected proposals, which will constitute the project's first batch of research papers to be followed by planned future calls on related structured projects. The workshop addressed several conflict-related issues, including causes of conflict, the transition from war to peace, and the post-conflict economic agenda.

ERF's Session in the ISSR Conference

December 3-5, 2018, Cairo, Egypt

During the 53rd Annual International Conference of the Institute of Statistical Studies and Research (ISSR), ERF organized a special session wherein the ERF data team presented an overview of its activities and events. The main objective of the session was the presentation of the ERF OAMDI initiative and highlighting its main features and progress since its launch in 2013. The conference acted as a platform for ERF to announce its data dissemination services and interact with other like-minded institutions.

Economic Development Bulletin Annual Report 2017/18 Launch Event

December 18, 2018, Cairo, Egypt

The event celebrated the launch of the first Economic Development Bulletin Annual Report 2017/18 issued by the Ministry of Planning, Monitoring and Administrative Reform in Egypt. The report portrays the main economic indicators in the country

within the regional and global contexts examining economic development, FDIs, inflation, employment, fiscal balances and debts among other issues. H.E. Dr. Hala El Said, Minister of Planning, Monitoring and Administrative Reform, made the welcome remarks followed by a presentation of the report and a panel discussion. The event was organized by the Macro-Economic Unit of the Ministry of Planning, Monitoring and Administrative Reform in partnership with ERF.

PUBLICATIONS

Publications are an integral part of ERF's communications efforts. ERF continuously works hard to expand and streamline its publications channels, to extend research outreach, up- take and impact.

ERF Middle East Development Journal

The Middle East Development Journal (MEDJ) was established ten years ago with the goal of providing a solid analytical and empirical base for the promotion of sound policymaking to tackle the challenges facing the region. The journal, which publishes two issues annually, has gained widespread recognition, becoming firmly established among academic publications and enjoying a steady growth in the number of subscribers. In 2018, Taylor & Francis and Routledge continued their production of the journal.

A Word from the Managing Editor of the MIDDLE EAST DEVELOPMENT JOURNAL

The Middle East Development Journal (MEDJ) seeks to promote outstanding research that addresses the most important economic and development issues facing the Middle East and North Africa. The journal's two issues each year are published in hard copy and online by the Taylor & Francis Group. Now entering its eleventh year, it's fitting to see where the journal stands after its first decade.

Submissions: As Managing Editor, the most impressive development is, I believe, the remarkable improvement in the quality of submissions, a tribute to the capacity-building efforts of ERF and other regional institutions. The journal struggled in its first years to attract enough papers of acceptable standard to fill two issues. Now virtually every submission is well prepared, meets international standards with respect to format and content, and explores a regionally relevant research issue. Of course, not every paper is accepted – in 2017, the latest year for which data are available, the journal received almost sixty submissions, of which twenty percent were accepted for publication.

Reviews: The journal maintains a thorough and independent review process. Every paper receives two scholarly reviews, while additional professional guidance and assistance with exposition are provided as required. The average time between submission and first decision stood at 14 weeks in 2017 on a par with the World Bank Economic Review (14 weeks) and the Journal of Development Economics (15 weeks). During the last ten years, the journal has reviewed over 500 papers thanks to the hard work of the journal's Editorial Team – currently Ragui Assaad (University of Minnesota), Ali Darrat (Louisiana Tech University), Kamiar Mohaddes (University of Cambridge) and Khalid Sekkat (University of Brussels) -- and the many reviewers from within and without the region. Without their support, there would be no journal. Thank you.

Downloads: What makes the progress in the quality of submissions and the continued strength of the review process especially satisfying is the extent to which published papers receive wide distribution. The journal enjoyed almost 4,000 article downloads in 2017. Among the most frequently downloaded papers (more than 60 downloads in 2017) are:

- Popular grievances in the Arab region: evaluating explanations for discontent in the lead-up to the uprisings; Melani Cammett, Nisreen Salti (72)
- Natural resources, incentives and human capital: reinterpreting the curse; Salim M. Araji, Hamid Mohtadi (67)
- Algeria and the natural resource curse: oil abundance and economic growth; Sidi Mohammed Chekouri, et al. (64)
- Return migration and entrepreneurship in Morocco; Bachir Hamdouch, Jackline Wahba (62)

Congratulations to all these authors.

Lyn Squire
Managing Editor, MEDJ



Communications and Outreach

POLICY BRIEFS

The ERF Policy Briefs series seeks to communicate clear, research-based views on policy-relevant topics in a concise manner derived mainly from ERF's research, as well as other sources. Policy Briefs strictly present solutions or actionable recommendations to economic debates and policy problems. In 2018, ERF published 12 Policy Briefs as detailed in Annex (C).

POLICY PERSPECTIVES

ERF Policy Perspectives present a summary of policy relevant research in concise manner. Their purpose is to convince the target audience that a current and urgent problem exists and requires the adoption of a certain course of action. They cover a variety of economic issues relevant to the region's development agenda and target a wide audience, including policymakers, and development practitioner. In 2018, ERF published three policy perspectives.



ERF POLICY PORTAL THE FORUM

The forum – is a new Policy Portal launched by ERF in October 2017 to promote quality debates and ideas in the region which are evidence and research-based. It aims to become “the platform” for rich and relevant debates in the region on economic, social and political development issues. The complete list of articles published online is available in Annex (C).

The Forum: improving the economic policy debate in the MENA region

Economic policy debates have moved to the web: first through the blogs of individual researchers and more recently through the launch of ‘policy portals’ that feature the policy-relevant research of a wider group of researchers in universities, the private sector and government.

This shift to the web has been sparked by a perceived need to improve the quality of the public debate on economic policy, combined with a perception that traditional media cannot serve this need. Newspapers, magazines and their websites are fast-moving and reach a wide audience, but most cover only ‘newsworthy’ policy discussions and the content of their coverage is vastly oversimplified for a broad audience. Academic publications such as working papers, journal articles and books often move too slowly and reach much too small an audience to influence policy debates.

The idea behind these policy portals is simple: they offer a managed, well-edited platform that offers a ‘space’ in the debate, somewhere between what newspapers are prepared to publish and what journals can provide. They offer an opportunity to write articles longer than newspaper op-eds (up to 1,500 words) containing a degree of technical nuance, but which do not go into the same level of detail as a journal article. They provide an outlet for researchers to air policy insights and arguments based either on an existing body of original research, or to comment on unfolding economic events.

On the supply-side, these platforms make it easier for serious researchers to contribute their knowledge to important economic policy issues. On the demand side, they make the knowledge of these researchers more accessible to the public, especially economists and users of economic research in governments, international organisations, academia and the private sector, as well as journalists and commentators specialising in economics, finance, business and public policy.

In October 2017, ERF initiated its own project of this kind, launching The Forum, a policy portal for the Middle East and North Africa that aims to become ‘the platform’ for rich and relevant debates in the region on economic, social and political development issues. It includes summaries of research papers and policy reports as well as research-based commentaries on issues relevant for the ERF region, at the national, regional and international level.

Most of the columns are commissioned directly by the co-managing editors, but The Forum also posts some unsolicited columns. Leading economists who are interested in writing a ‘research-based policy analysis and commentary’ are encouraged to communicate directly with the co-managing editors and the editorial board.

Following his sterling efforts in establishing The Forum, founding editor Mustapha Nabli has now stepped down from his role as co-managing editor with Romesh Vaitilingam and his place has been taken by ERF managing director Ibrahim Elbadawi.

The rest of the editorial board consists of Hala Abou Ali (Cairo University); Ragui Asaad (American University in Cairo and University of Minnesota); Ishac Diwan (Paris Sciences et Lettres and Columbia University); Abda El-Mahdi (UNICONS Consultancy); Jamal Ibrahim Haidar (Center for International Development, Harvard Kennedy School); Samir Makdisi (American University of Beirut); Kamiar Mohaddes (Girton College, University of Cambridge); and Sherine Ghoneim (ERF).

From when the policy portal was launched in October 2017 until the end of 2018, The Forum had published over 150 columns written by more than 170 contributors.

The Forum has published columns in 30 broad areas of economic policy concerns. Topics that have received particularly extensive coverage include labour markets and human resources (28 columns); political economy (27); growth and development (23); education (20); inequality and poverty (19); international trade (19); business and productivity (18); oil and natural resources (16); fiscal policy (14); structural transformation (14); gender (12); institutions (11); and migration and remittances (10).

Similarly, The Forum has published columns focusing on all countries in the region, as well as on particular groups of countries, such as the GCC, and on pan-regional, pan-African and global policy issues. Countries for which there has been particularly extensive coverage include Egypt (28 columns); Turkey (25); and Jordan (12).

The Forum is now moving to a new stage of development and welcomes ideas for new contributors and policy questions on which research evidence can provide valuable insights.

Communications and Outreach

Table 5: ERF Publications from FY 2008 to FY 2017

Type of Publication/Year	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Working Papers	76	72	78	85	80	80	76	94	95	96	110
Policy Perspectives/Briefs	2	-	2	2	3	5	3	9	21	8	15
MEDJ	-	1	2	2	2	3	2	2	2	2	2
Volumes	1	2	2	2	2	2	2	2	2	3**	3

* FY 2010 covers 16 months (September 1, 2009-December 31, 2010).

**Indicates that the volumes are in press.

Volumes

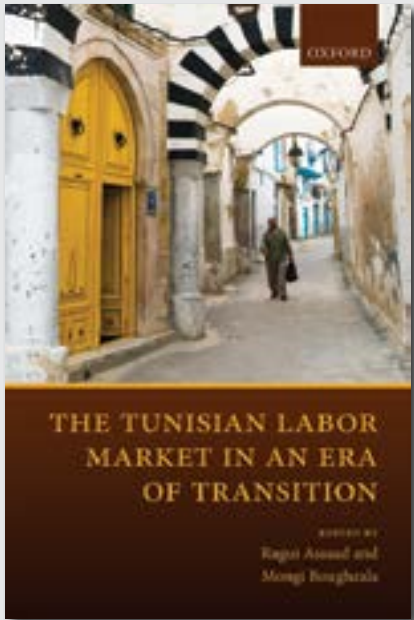
ERF regularly publishes comprehensive volumes on topics pertinent to the economic development of the region. This year was a particularly good one for edited volumes.

One volume published, two in press to be published by mid 2019 and signed on a new one to be published towards end of 2019.

Working Papers

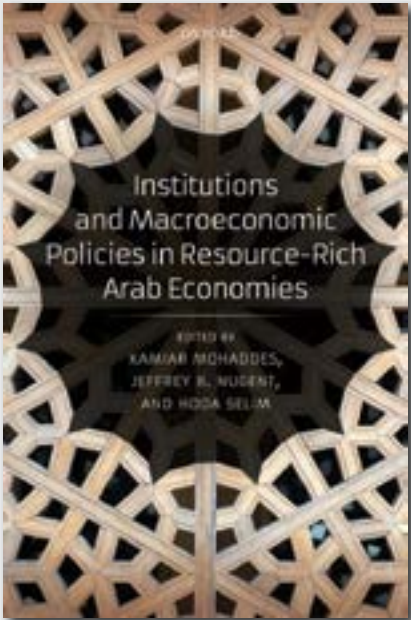
This year saw the production of a record high 110 new working papers.

These papers were published and disseminated weekly via e-mail and posted online on the ERF website where they can be accessed for free. A list of all publications is available in Annex (C)



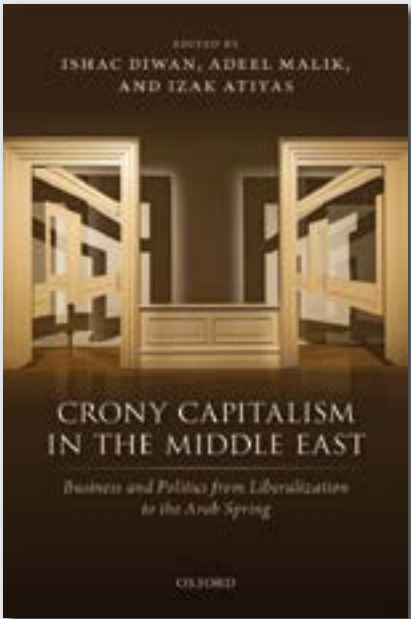
The Tunisian Labor Market in an Era of Transition, edited by Ragui Assaad and Mongi Boughazala;

Published in 2018



Institutions and Macroeconomic Policies in Resource-Rich Arab Economics, edited by Kamiar Mohaddes, Jeffrey B. Nugent and Hoda Selim.

To be published in 2019



Crony Capitalism in the Middle East, edited by Izak Atiyas, Ishac Diwan and Adeel Malik;

To be published in 2019

Upcoming in 2019, edited by Caroline Kraftt and Ragui Assaad *Jordanian Labor Market: Between Fragility and Resilience*

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Natural Resources, Structural Transformation and Growth

Under this theme, ERF completed nine projects, while three are still ongoing.

Completed Projects

Economic Geography, Growth Dynamics, and Human Capital Accumulation in Turkey: Evidence from Regional and Micro Data

Burhan Can Karahasan and Firat Bilgel

This study explores the endogenous relationship between market access, wages, and human capital accumulation in Turkey. The first set of analyses tests the impact of market access on human capital development using regional data at the NUTS III level. Results – robust to the inclusion of spatial spillovers, regional structural differences in production, possible endogeneity issues, and the unobserved regional heterogeneities – validate that regions with better access to markets are the ones that accumulate more human capital in Turkey. The second set of analyses aims to explore the background of human capital accumulation using individual-level data, which allowed the authors to combine market accessibility, returns to education (wages), and human capital development. Once the authors include wages and treat them as endogenous, they find evidence that the impact of market access on human capital development diminishes. Overall, the findings of this study validate that the background of the NEG model does not work in line with expectations; rather, the influence of geographical proximity on wages and individual decisions on human capital investment are not identical.

Productivity, Structural Change and Skill Dynamics in Tunisia and Turkey

Gunes Asik, Mohamed Ali Marouani, Michelle Marshalian, Ulas Karakoc

This article explores the contribution of the structural change and skill upgrading of the labor force to productivity growth in Tunisia and Turkey during the post-World War II period. The authors’ growth decomposition show that productivity growth is explained by intra-industry changes for both countries during the import substitution period. Structural change played an important role in Turkey for a longer period of time compared to Tunisia. Based on a regression analysis, the authors find evidence that skill upgrading had a causal impact on productivity growth in Turkey, as

productivity has mainly been driven by the increasing share of highly-educated workers within sectors rather than the reallocation of skilled labor between sectors. In addition, skill upgrading has been as important as physical capital accumulation. However, OLS and IV evidence do not support similar mechanisms for Tunisia.

Structural Transformation in Egypt, Morocco, and Tunisia: Patterns, Drivers, and Constraints

Rim Ben Ayed Mouelhi and Monia Ghazali

This paper conducts an analysis of structural transformation in Tunisia, Morocco, and Egypt for the period 1960-2010. The authors examine labor productivity evolution and structural change (SC) contribution to productivity growth over different sub-periods and analyze the contribution of the different economic sectors to the aggregate SC in the three countries. An econometric analysis was also performed to identify the main factors underlying the intensity and the pattern of structural change. Results suggest that the three countries initiated and achieved some progress in structural transformation over the 1970’s, 1980’s, and early 1990’s. However, this process has stagnated at low levels of income and has remained unfinished. Deindustrialization occurred at an early stage of development in the three countries, in contrast to what has been noticed in developed and emergent countries.

State Business Relations and the Dynamics of Job Flows in Egypt and Turkey

Eleftherios Giovanis and Oznur Ozdamar

This study, which was motivated by the ongoing interest of policymakers in the possible sources of job creation and destruction, aims to explore the dynamics of job creation, destruction, and net job creation rates in Egypt and Turkey, including various firm characteristics that have not been studied so far, such as business-state relations (SBRs), whether the firm has been accredited with an international qualification of quality assurance and control, and whether one of the owners is female. The analysis relied on firm-level data derived from the World Bank Enterprise Surveys. Using weighted ordinary least squares (OLS), the findings show that constraints to finance and political instability are the main obstacles of SBRs in both countries, in addition to tax rates and constraints in electricity. The quality of SBRs is found to be positively associated to job growth.

Productivity and Resource Misallocation: Evidence from Firms in Middle East and North Africa (MENA) Region Countries

Eleftherios Giovanis and Oznur Ozdamar

Resource reallocation from low to high productivity firms can generate large aggregate productivity gains with further potential benefits to economic growth. This study examines the productivity and resource misallocation in a sample of countries in the MENA region and Turkey. The analysis relied on data derived from the World Bank Enterprise Surveys over the period 2008-2016 for firms in Egypt, Turkey, and Yemen. In the analysis, the authors include various firm characteristics and explore major state-business relations (SBRs) and their association to resource misallocation. The results are mixed; in Egypt and Turkey, female ownership and international quality are positively associated with productivity and allocation efficiency, while in all cases, obstacles in SBRs present a negative and significant correlation with the firms’ performance and productivity, reducing allocation efficiency and increasing the dispersions on output and capital.

The Role of Labor Market Frictions in Structural Transformation

Khalid Elfayoumi and Gregory Auclair

Contrary to what theory predicts, large productivity gaps across sectors persist and the process of structural transformation is stagnant in many developing economies. This wedge between observed and optimal labor allocations suggests the presence of institutional and market frictions, which impose costs on the reallocation of labor from low to high productivity sectors and lead to sub-optimal allocations and a loss in aggregate labor productivity. Using a panel of cross-country sector-level data, the authors estimate a dynamic panel error correction model that captures the dynamic adjustment of labor flows across sectors. They find that, on average, labor flows from low to high productivity sectors. In regards to labor market regulations, the authors find a significant positive association between the pace of labor reallocation across sectors and the freedom level of labor market institutions. However, lowering firing costs slows down the structural transformation process. The results suggest that the discouraging effect of having lower job security on the labor supply side is stronger than the benefits that firms gain from more flexible labor market conditions.

Global Value Chains and Business Environment: Which Factors Really Matter?

Chahir Zaki and Marion Dovis

This study attempts to assess the effect of the business environment on the possibility of a firm becoming part of a global value chain (GVC). Hence, it provides a bridge between two active works of literature on GVCs and business environment. Using a comprehensive firm-level dataset from the World Bank Enterprise Survey (WBES, with a special focus on the case of MENA countries), this paper provides various and more consistent measures of GVC and examines the association between an array of business environment variables (infrastructure, labor conditions, and access to finance, among others) on the likelihood of integrating a GVC. For these business environment variables, the paper compares both perception-based (based on firms’ perceptions) and factual (based on facts whether from the WBES or from the Doing Business dataset) impediments that might be hindering a firm’s participation in a GVC. The authors’ main findings show that, for factual variables, the number of procedures to get electricity, the lack of credit bureau coverage, and the number of tax payments, among other factors, have a negative and significant association with the integration into a GVC. For perception-based variables, the following variables are perceived as statistically significant constraints for GVC: transport, labor regulations, and informality.

Structural Change, Resource Misallocation, and Growth Dynamics in the MENA Region

Yilmaz Kilicaslan, Oytun Mecik and Ugur Aytun

In this study, the authors examine how firms’ positions (supplier, consumer, or both) in both global and domestic value chains (GVC and DVC) affect their productivity. This is said to be the first attempt in exploring the impact of firms’ integration to GVCs on productivity generation in the Turkish manufacturing industry at the firm level. The analysis, which relies on firm-level data obtained from the Turkish Statistical Institute (TurkStat), covers the period 2003-2015. The data used in the analysis includes all firms employing 20 or more employees in the Turkish manufacturing industry. The authors’ findings, based on both fixed-effects and GMM estimations, show that while the supplier position on the domestic chain has a negative effect on productivity, the same position in GVC removes this effect. Consumer position in the GVC, on the other hand, provides more benefits to SMEs than to large-scale firms.



ANNEX B: RESEARCH PROJECTS

Firm Performance and Agglomeration Effects: Evidence from Tunisian Firm-Level Data

Mohamed Amara

Using Tunisian manufacturing data between 1998 and 2004 and by referring to a multilevel approach, this paper investigates the impact of agglomeration and individual characteristics on firm’s performance. The empirical results show the importance of considering both regional and firm characteristics when examining firm performance. They also support the validity of self-selection and learning-by-exporting hypotheses. Urbanization and localization effects are significant and positive for firms’ export behavior, but only localization economies have a positive effect on firm productivity. However, the results of the quantile approach show that selection, rather than agglomeration economies in larger cities, better explain spatial productivity differences.

Ongoing Projects

Exchange Rate and Other Macroeconomic Policy Regimes: Lessons from World Experience for Oil-Dependent MENA Countries

Klaus Schmidt Hebbel and Ibrahim Elbadawi

This ongoing project draws lessons from theory and world experience about different exchange rate regimes and their effectiveness and usefulness, as part of broader macroeconomic regimes, to improve macroeconomic performance in commodity-exporting countries facing high volatility and large unpredictable structural changes in international commodity prices. To address this question, the paper starts by reviewing the descriptive evidence on the evolution of exchange rate regimes in the world. It then surveys the evidence on the evolution of regimes in three other key macro areas that interact with exchange rate regimes: monetary-policy, fiscal-policy, and macro-prudential policy regimes. This allows for the identification of current frontier macroeconomic policy regimes. The authors review the evidence on the determinants of the choice of exchange rate regimes and the evidence on their macroeconomic and policy consequences. This provides a deeper look into existing evidence on exchange rate regimes in the MENA region, their causes, their macroeconomic consequences, and their relation to other macroeconomic regimes. The paper ends by identifying open policy research issues that should be addressed to contribute to better exchange rate and overall macro policy management in MENA countries in an era of lower energy prices.

Oil Rents and Political Violence

Ibrahim Elbadawi and Chahir Zaki

This ongoing project aims to investigate the role of the hydrocarbon resource in promoting conflicts, especially in ethnically polarized societies. More specifically, it asks whether there is a threshold effect, beyond which oil rent mitigates rather than promotes conflicts. The threshold argument hinges on the view that high enough rents (in per capita terms) create an incentive for incumbent authoritarian regimes to spend on public goods and social welfare in order to pre-empt an incipient revolt, hence neutralizing the economic ‘grievance’ cause of conflicts. This question is of high relevance to the Arab world; unlike their counterparts in populous and relatively less endowed Arab oil countries, incumbent authoritarian regimes in the GCC have in fact used their unusually high rents to invest in public goods and social welfare. Furthermore, the paper seeks to investigate how sensitive the estimated threshold is to social characteristics and institutional qualities.

Post-Conflict Reconstruction in the Aftermath of Destructive Civil Wars: A Growth Strategy for Syria

Ibrahim Elbadawi

The aim of this project is two-fold. First, to build on the detailed and extensive data on the economic impact of the war to estimate some key parameters for simulating the likely path of post-conflict growth in Syria. Second, to apply insights from the endogenous growth literature to inform the design of post-conflict reconstruction for Syria accounting for the peculiar characteristics of the Syrian conflict.

The Political Economy of Transformation in the Arab Region

Under this theme, ERF completed 15 projects, while four are still ongoing.

Completed Projects

Ethnic Discrimination in the Turkish Labor Market: Evidence from Survey and Field Data

Binnur Balkan and Seyit M. Cilasun

The labor market consequences of the ethnic conflict between Kurds and Turks in Turkey are not examined in detail mainly due to data restrictions. In this paper, the authors attempt to fill this gap in the literature by providing both survey and correspondence audit evidence of ethnic discrimination in the Turkish labor market against the Kurdish minority. The authors begin by showing that Kurds have lower educational attainment, higher unemployment rate, and longer unemployment spells. They then conduct a correspondence audit and find that Kurdish applicants receive fewer callbacks than their Turkish counterparts, although their resumes get similar attention at the earlier stages. When considering the gender dimension, the authors see no differential treatment of Kurdish males and Turkish males, but for each callback a Kurdish woman receives, a Turkish woman receives 2.5. Hence, the authors conclude that differential treatment by ethnicity might be a feature of the Turkish labor market, especially for females.

Does Gender Discrimination Contribute to Low Labor Force Participation of Women in Turkey? Evidence from Survey and Field Data

Binnur Balkan and Seyit M. Cilasun

Low female labor force participation continues to be an important problem in the Turkish labor market. The labor market participation of women might be worsened by cultural and traditional factors, such as the division of labor in the household, or economic factors such as discrimination against females. In this paper, the authors try to identify hiring stage differences among men and women through correspondence audit methodology. In doing so, they produce two new measures of employer response in addition to the standard callback measure used in the literature to show that employers treat male and female applicants’ resumes similarly prior to the callback stage. However, there

is positive discrimination against female applicants in the Turkish labor market. Hence, hiring stage discrimination does not contribute to low female labor force participation in Turkey.

Picking Winners at the Ballot Box: Votes and Local Economic Growth in Turkey

Davide Luca

While there is systematic evidence of how governments affect policy outputs for strategic reasons, few studies have assessed whether these distortions are consequential for economic growth. Using data from Turkey over the period 2004-2013, this paper measures the effect of voting for the national incumbent party on local economic performance. New instrumental variable estimates suggest that battleground provinces where the electoral race for the Justice and Development Party (AKP) was closer have experienced faster per-capita GVA and employment growth rates. The effect is economically substantive. Results also provide evidence that the government has affected growth through the selective provision of state goods.

Patrons or Clients? Measuring and Experimentally Evaluating Political Connections of Firms in Morocco and Jordan

Robert Kubinec

In this paper, the author uses an original survey of firm employees in Morocco and Jordan to construct an index of political-connectedness that collapses several possible indicators of connectedness down to a single latent dimension. To do so, the author employs the item-response theory on a subset of questions from the survey with a prior theoretical belief that these factors should either be caused by or the cause of political-connectedness. This index is used to better understand political-connectedness as a continuous measure that reflects the broad range of political interactions firms may have, rather than as a dichotomous measure of connected versus unconnected firms. The author also employs an experimental design embedded in the survey that simulates a hypothetical interaction between the firm and a party offering political benefits in exchange for resources in order to understand if this measure of political connectedness can predict political activity across domains. The analysis reveals that politically-connected firms are able to exchange political loyalty to regimes for lighter regulatory burdens and access to protected markets that insulate them from competition.

ANNEX B: RESEARCH PROJECTS

Price Synchronicity, Inter-Firm Networks, and Business Groups in the Middle East and North Africa

Michael Charles Siemon

Business groups are an essential part of the political economy in almost all capitalist countries. Although they have been intensely studied in regions like Latin America and East Asia, the study of business groups in the Middle East and North Africa is relatively less developed. This study presents evidence on the value relevance – which is measured in terms of over-time correlations of stock returns, family business groups, government ownership, and other inter-firm relationships – among 1,185 publicly traded firms in 11 countries in the MENA region. Due to the difficulty in obtaining direct observations of business group membership, business groups are inferred with methods from a network analysis. More specifically, the author uses a community-detection algorithm to look for clusters of different types of relationships and then applies a Bayesian multilevel model to estimate the associations between group co-membership (as well as other relationships) and pairwise stock returns correlations. Seven exchanges in the sample show evidence in favor of the value relevance of inferred family business groups while six show additional correlations due to government ownership beyond that associated with co-ownership more generally.

The Nexus between Business-Investment Climate and Firm Performance in the Middle East and North Africa (MENA) Region

Eleftherios Giovanis and Oznur Ozdamar

Business and investment climate indicators may take the form of formal, regular, and informal interactions and their scope can include the economy as a whole, or they may target specific types of firms in specific sectors or certain policy processes. An effective business and investment climate is important as it can lead to a higher rate of investment, profits, and improved productivity. This study aims to explore the impact of the business-investment climate on firms’ value added, labor, and total factor productivity (TFP) in a sample of six countries in the MENA region and Turkey. The analysis relies on micro-level data derived from the World Bank Enterprise Surveys over the period 2006-2016. To reduce endogeneity resulting from possible reverse causality and the perceptions of business climate, the authors follow an instrumental variables (IV) approach applying the two-stage least squares (2SLS) method. Based on their favored 2SLS estimates, the obstacles in business climate may reduce firm performance measures by 15-40 percent. These findings indicate the importance of quality in the business

climate and how its improved effectiveness can have a very considerable positive impact on firms’ performance and thus in the overall economic growth of a country.

The Political Economy of Business Elites in Tunisia: Actors, Strategies, and Identities

Mohamed Oubenal and Houda Ben Hamouda

In this paper, the authors study the political economy of state-business relationships in Tunisia with a focus on the position of economic elites, their strategy regarding the local political actors, and the existence of dissent voices inside those elites. They focus on business elites with specific identities such as those coming from Sfax and the place of financial institutions such as insurance companies or pension funds. The authors study the structure of connections based on a methodology combining a Social Network Analysis (SNA) of board co-membership among listed companies and a qualitative history of the political economy in Tunisia and notice that the CEOs of insurance companies are central inside the network of board members. The finance sector, including banks and insurance companies, is dominated by the State, but some Djerbian families such as Ben Yedder and Mzabi have important positions. The Sfaxian entrepreneurs are organized in clusters that control some major industrial companies. Six years after the end of the hegemony of the RCD party, the authors observe the relative marginalization of the CEOs, such as Djilani, that had important familial and business relationships with Ben Ali.

Global Value Chain Participation and Prospects for Local Upgrading in the Egyptian-Chinese Economic and Trade Cooperation Zone

Safaa Joudeh

This paper focuses on the global integration of economic zones for the movement of knowledge and technology. Using the case of China’s Economic and Trade Cooperation Zone in Egypt, it examines the dynamics of coordinating global value chain (GVC) activity in a foreign-operated industrial cluster highlighting two main determinants of achieving technical progress, industrial planning, and institutional dynamics. The key question asked is whether a framework for the operation of economic zones controlled by lead economies can succeed in enhancing industrial competitiveness of domestic enterprises. As evidenced by this case study, the organization of global production, including decisions relating to the choice of location, industry focus, vertical cooperation and shifts in value chain activity, is not determined endogenously within the chain, but by the

policy imperatives of the lead economy. The opportunity for domestic enterprises to participate in global production is strategically circumscribed by nodal firms that play a role in organizing global production. The argument put forward is that accelerating GVC participation fails to ensure the vertical move upward of domestic enterprises, and may counter the development of indigenous capabilities in the host economy.

State Business Relations and Financial Accessibility: Explaining Firm Performance in the MENA Region

Burhan Can Karahasan and Firat Bilgel

This study investigates the triangular relationship among state-business relations, financial access, and economic performance using firm-level data for selected MENA countries. The authors hypothesize that financial intermediation acts as a mediating factor in the relationship between state-business relations and firm performance. Employing a causal mediation analysis, results show that inefficient ties with the state are a cause of poor firm performance. Depending on the performance measure, inefficient state-business relations reduced firm performance by about 2.3-4.4 percent through access to finance and by about 12 to 40 percent via its direct effect. About three to 16 percent of the total effect is mediated through financial access while the remaining is the direct effect of inefficient state-business relations on firm performance. The results highlight that financial intermediation is a significant mediating factor in the mechanism between state-business relations and firm performance.

The Division of Ownership and Control in Listed Jordanian Firms

Ghada Tayem

Firms listed in the Amman Stock Exchange (ASE) represent an important part of the economic activity in Jordan as they accounted for 63.5 percent of market capitalization to GDP in 2016. However, little is known about the ownership of Jordanian listed firms. This study is the first to document the ownership and control structures of more than 200 firms listed on the ASE in detail. The author documents the immediate ownership of shareholders who control over five percent of the votes in the sample firms. Percentage control is then computed using the weakest link rule to identify the ultimate controller at different cut-offs. If the corporation is identified as closely held, the author assigns it one of the following identities: Family, Foreign, State, Widely Held Financial Institution, Widely Held Corporation, and Other.

The study shows that around one-third of listed firms are single firms, and the other two-thirds of listed firms are group-affiliated. The control of group-affiliated firms is mostly in the hands of families with some groups controlled by foreigners (mainly from Saudi Arabia) and the state. Finally, corporate wealth is concentrated among a small number of investors, mostly families.

Stock Market’s Reaction to Political Connections Driven by Capital Structure of GCC Banks

Fatma Ahmed

This paper examines the stock market reaction to the political connections of banks on banks driven by capital structure in the GCC. The paper moves in two research directions. The first trend of literature is concerned with the political connections and banking capital structure in the region, while the second focuses on the value relevance of capital structure of politically-connected and unconnected banks.

Crony Capitalism: Unpacking Political Allegiances and Economic Alliances in the Occupied West Bank

Tariq Dana

This paper contributes to the growing debates on the critical political economy of the occupied Palestinian territories. It interrogates the complex political-economic networks operating within the framework of Israel’s colonization and the persistent patterns of international aid to the occupied West Bank. In particular, by exploring the large-scale public and private monopolistic practices in strategic sectors of the Palestinian economy, the paper contends that crony capitalism is a defining feature of the Palestinian Authority’s relations with a handful of capitalists and business groups. Crony capitalism may be more pronounced in situations characterized by political uncertainty in which political-business collusion and the expansion of neopatrimonialism serve as a meta-mechanism for social control and political stabilization. In the occupied Palestinian territories, crony capitalism was consciously developed as part and parcel of the political allegiances and economic alliances that underpin the structures created by Oslo process, despite its disastrous political outcomes on the ground that run counter to the goals of the Palestinian liberation movement.

Do Politically-Connected Firms Innovate?

David Francis, Sahar Hussain and Marc Schiffbauer

The authors of this paper present new evidence that

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cronyism discourages firms’ innovation activities through an analysis based on novel establishment survey data from The Arab Republic of Egypt, which provides information on establishments’ political connections, innovation activities, and access to policy privileges. The authors find that the probability of firms investing in new products increases from under one percent for politically-connected firms to over seven percent for unconnected firms. The results are robust across different innovation measures. Despite innovating less, politically-connected firms are more capital intensive, as they face lower marginal costs of capital due to the generous policy privileges they receive, including exclusive access to input subsidies, public procurement contracts, favorable exchange rates, and financing from politically-connected banks. These privileges are largest when compared with their direct competitors operating in the same four-digit sectors. The findings suggest that connected firms outrival competitors by lobbying for privileges instead of innovating. In the aggregate, these policy privileges may reduce Egypt’s long-term growth potential by diverting resources away from innovation and into the inefficient capital accumulation of a few large, connected firms. A wide array of supporting evidence suggests that this effect is causal and not due to selection.

Cronyism, Firms’ Productivity and Informal Competition in Egypt
Nesma Ali and Boris Najman

This paper uses a panel dataset of Egyptian formal firms to analyze the impact of cronyism on formal firms’ labor productivity and total factor productivity (TFP) in the presence of high competition among informal firms in the aftermath of the 2011 revolution. The authors follow a constructive approach to indicate politically-connected firms based on the findings of the previous literature. Using a propensity score reweighting estimator combined with a DiD estimator, they find that post-revolution cronyism has a significant and lasting negative impact on formal firm-level TFP, totally offsetting any potential positive impacts on firms’ labor productivity. The authors also show that cronyism shifts employment to smaller informal activities, which leads to the creation of a larger informal sector that strengthens the intensity of informal competition perceived by formal firms and decreases their TFP. The negative combined effect of cronyism and informal competition after the revolution is largely strengthened when considering pre-revolution crony firms that remained crony after the revolution. This paper provides evidence on the change in formal firms’ response to cronyism and informal competition after the 2011 revolution.

Firms’ Lifecycle under Conflict-Related Mobility Restrictions in Palestine: Evidence from Establishment Censuses
Vladimir Hlasny and Shireen AlAzzawi

The Israeli occupation of Palestine has been accompanied by a repressive security and regulatory regime affecting the mobility of labor and capital. In this paper, the authors explore how these policies have impacted Palestinian business establishments during 1997–2012, particularly between regions facing the most versus least restrictive regimes, by constructing an index of mobility restrictions in individual governorates and years using a principal component analysis of multiple indicators collected from OCHA-oPt, B’Tselem, World Bank databases, and other sources. Implications for establishments’ operational and legal status, economic activity, and female and total employment are assessed, and data from up to 500,000 establishment-year observations are used. DiD type regressions show that establishments facing tighter security regimes in their governorates are more likely to suspend operations through temporary or permanent closure, or restructure their operations through preparatory or ancillary activities rather than be in active operation. Restrictions are also associated with a reduction in establishments’ scale in terms of total employment, female employment, and female share of employment. Surviving firms respond to restrictions by retaining fewer workers, and female workers appear to be the first to be fired and the last to be rehired.

Ongoing Projects

The Politics of Trade Protection in North Africa
Adeel Malik and Ferdinand Eibl

This project seeks to extend the authors’ ongoing work on the politics of trade protection in a number of important directions, focusing on the relationship between trade policy and political connections across countries, sectors, and over time with a special focus on Tunisia and Morocco; two countries where anecdotal evidence suggests that cronyism and trade protection go hand in hand. The project also plans to expand the scope of enquiry from manufacturing to services sectors, which have been relatively neglected in the debate yet demonstrate a significant presence of cronies. The research will also extend to Egypt and Tunisia during the post-Arab Spring period where the regime shifts in 2011 present an excellent setting to explore the impact of cronyism.

Winners and Losers in Industrial Policy 2.0: An Evaluation of the Impacts of the Tunisian Industrial Upgrading Program
Mohamed Ali Marouani and Michelle Marshalian

In exploring how Industrial Policies 2.0 works, this paper focuses on the impact of the Tunisian Industrial Upgrading Program using the national firm registry database, a perceptions’ survey administered by the national research institute, and firm-level data on large firms from Orbis. The program is expected to improve firm and labor outcomes and international competitiveness. However, using inverse propensity score re-weighted DiD regressions and various controls, the authors find that large-listed firms experienced a negative impact on value-added over-employment costs and no impact on any other component. Gains are mostly retained by capital when funds are distributed to large firms and firms in protected sectors, while some benefits to the distribution of profits to labor are perceived when funds are allocated to medium-sized firms.

Are Politically Connected Firms Turtles or Gazelles? Evidence from the Egyptian Uprising
Hassan Aly and Hany Abdel-Latif

Using an original firm-level database and utilizing the incidence of the Egyptian 2011 uprising, this paper provides an empirical investigation of the effects of firms’ political connections on employment growth in Egypt. Using a unique dataset covering 7,594 firms between 2004-2016, the authors identify 735 politically-connected firms and set up a quasi-natural experiment environment to explore how job creation responds to negative shocks to political connections. They then use DiD framework to compare employment growth in both politically-connected firms and their unconnected counterparts before and after the Egyptian uprising. To minimize possible bias in the DiD estimation due to dealing with a heterogeneous group of firms, the authors apply the propensity score matching (PSM) in addition to estimating quantile DiD at different points in the distribution. They find that firms that were connected before the shock decreased their job creation after the uprising, which implies that employment growth in PCFs declined after receiving a negative political shock.

A Decade of Competition Policy in Arab Countries: A De Jure and De Facto Assessment
Jala Youssef and Chahir Zaki

To date, many Arab countries have at least ten years of experience in competition policy. However, there appear to be no cross-country studies assessing the market outcomes of competition policy in this group of countries. Against this backdrop, this paper aims to assess competition policy in Arab countries in terms of rules (de jure) and implementation (de facto) as well as the impact of competition policy rules (de jure) and implementation (de facto) on competition outcomes (factual-based and perception-based). This empirical exercise uses the authors’ own indices and World Bank Enterprise Surveys data (WBES). The main findings generally show that the overall assessment of Arab countries’ competition legislations seems to be broadly average. In particular, Egypt and Tunisia had better scores in their implementation index compared to their corresponding rules index, while it is the inverse in the Jordanian and Moroccan cases. Moreover, the Djiboutian and Yemeni legislations were the weakest among the group. As per competition outcomes, the de facto advocacy and the de jure implementation are crucial for both factual-based and perception-based outcomes. In addition, the overall de jure competition index increases the firms’ perception of competition pointing out the importance of promulgating a competition law to protect them.

Labor and Human Resource Development

Under this theme, ERF completed 43 projects, while seven are still ongoing.

Completed Projects

Introducing the Jordan Labor Market Panel Survey 2016
Caroline Krafft and Ragui Assaad

This paper introduces the 2016 wave of the JLMPS, which is a follow-up on the initial 2010 wave. There has been substantial turmoil in the region since 2010, including the onset of the Syrian conflict and influx of refugees into Jordan. The 2016 wave oversampled areas with high proportions of non-Jordanians in order to represent and examine this important population. The paper describes this sampling strategy, attrition from 2010 to 2016 and weighting that corrects for attrition and accounts for the sampling strategy. The authors compare key demographic measures and labor

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market statistics with other sources of data on Jordan to demonstrate the sample’s representativeness. The data provides an important opportunity for detailed analysis of Jordan’s changing labor market and society.

The Composition of Labor Supply and its Evolution from 2010 to 2016 in Jordan
Caroline Krafft, Ragui Assaad and Caitlyn Keo

This paper investigates the changing character of labor supply in Jordan in light of recent demographic developments as well as the rapid increases in educational attainment among Jordanians. A particular focus of the paper is on the demographic changes generated by the recent refugee influx. Labor force participation and its components of unemployment and employment are examined, along with differential patterns of participation by age, gender, education, and place of residence. Data from the 2010 and 2016 JLMPS are supplemented with annual data from the Jordanian Employment and Unemployment Survey (EUS) for the intervening years.

The Structure of Employment and Job Creation in Jordan: 2010-2016
Ragui Assaad and Colette Salemi

In this paper, the authors analyze the structure of employment and job creation in Jordan over the period 2010-2016. This period coincided with a notable downturn in the economy, which substantially reduced the rate of job creation. Nonetheless, Jordan continued to rely on a growing population of migrant workers whose numbers were further boosted by the influx of Syrian refugees, resulting in approximately one out of two new jobs going to a non-Jordanian. For Jordanians, employment rates continued to fall, and employment became more precarious for the poorest, least educated workers, despite an increase in the share of public sector employment. Unskilled Jordanian males shifted out of informal regular wage employment into irregular work as well as non-employment. With regard to labor market dynamics, the share of the public sector in the first-time employment of new entrants had started to increase after an extended decline. The increase has now reversed again, but many recent entrants still managed to obtain public sector jobs five years after entry. The transition from school to work is very protracted, with a large fraction of youth excluded from education, employment or training (NEET) for an extended period of time.

School-to-Work Transition in Jordan, 2010-2016
Mona Amer

This paper presents an analysis of the school-to-work transition in Jordan from 2010 to 2016 in the context of a demographic shock due to a massive influx of Syrian refugees. It examines the trend of youth unemployment and labor force participation, first labor market status, and transitions over four years after school. The results show sharp increases in male and female unemployment rates and unemployment duration. In parallel, youth male labor force participation has declined and women with post-secondary education are less active. The school-to-work transition has deteriorated between 2010 and 2016 as young Jordanians are less active after leaving school and take longer to work after school. Furthermore, the Jordanian labor market is very segmented as transitions between different types of employment (public, formal and informal private jobs) are scarce. Public employment is also less frequent after unemployment or inactivity.

The Evolution of Wage Formation and Inequality in Jordan in 2010-2016
Rami Galal and Mona Said

This paper investigates wage formation and inequality in Jordan over the period 2010-2016 using JLMPS data. The authors take stock of the main distributional features of the Jordanian wage structure in 2016 compared to 2010 while focusing on population subgroups, including gender, sector, occupational skill-level, industry, geographic location, and level of education as well as low-wage earners. They utilize the panel aspects of the data to shed light on mobility within the distribution and estimate the returns to education, as well as sector-based and gender-based wage differentials that correct for differences in worker characteristics to provide some explanation for the evolution of inequality. The results show a rise in real wages and a decline in inequality over the period 2010-2016. Wages across different subgroups display compression from both ends of the distribution, with fewer Jordanians falling below the low-wage earnings line, and wages for the highest-paid groups declining. Rises in median wages hold across the population, even among more disadvantaged groups, such as the illiterate. Declining incremental returns to education and narrowing sector-based and gender-based wage differentials are consistent with the overall decline in wage inequality.

Migration Dynamics during the Refugee Influx in Jordan
Jackline Wahba and Bilal Malaeb

This paper provides evidence of the migration dynamics in Jordan between 2010 and 2016, during which the country experienced a large influx of Syrian refugees. The authors provide a detailed description of immigration in Jordan during that period, with a particular focus on the composition, characteristics, and labor market activities of immigrants in Jordan. The emigration and return migration patterns of Jordanians, as well as the changes in their migration dynamics before and after the inflow of Syrian refugees, are also examined. The evidence shows a fall in temporary international migration of Jordanians during this period and indicates that almost half of current emigrants have left Jordan with their entire family. Furthermore, the authors find a decrease in return migration across the two years. When analyzing data on immigrants, a change is found in immigrants’ geographical distribution in 2016 compared to 2010, with lower shares of immigrants in areas with high populations of refugees. Despite similar distribution across occupations of immigrants and refugees in 2016, the authors find lower immigrants’ share in sectors like manufacturing, in which refugees are concentrated. Immigrants themselves have increased their engagement in informal work and differed in occupations and economic activities from 2010 to 2016; suggesting that immigrants might have been affected by the refugee influx.

Syrian Refugees in Jordan: Demographics, Livelihoods, Education, and Health
Caroline Krafft, Maia Sieverding, Caitlyn Keo and Colette Salemi

Since 2011, Jordan has been hosting a substantial number of refugees from Syria. This paper profiles the Syrian refugee population in Jordan in terms of demographic characteristics, participation in the labor market, education, and health outcomes. Syrian refugees are disproportionately young, with half the refugee population under the age of 15. Despite the availability of work permits, less than a fifth of refugees are working, and those who do work are primarily in informal employment and working without permits. Enrollment rates are well below universal, with many refugee children not returning to school after an interruption, which was often caused by the conflict. Low enrollment rates also suggest that refugees face challenges in persisting through basic education in school in Jordan. Refugees have limited access to health insurance and although most do access health services, they are more likely than Jordanians to rely on charitable organizations and pharmacies as their usual

source of care. Despite food support, refugees, particularly those residing in camps, also suffer from higher levels of food insecurity.

Housing and Living Conditions In Jordan – 2010-2016
Ahmed Elsayed

This paper uses a new and original dataset from the 2010 and 2016 JLMPS to study living and housing conditions in Jordan. In 2016, the JLMPS oversampled regions with high concentrations of refugees, which enabled the author to investigate the living and housing conditions of refugees who live inside and outside refugee camps. The paper documents changes in housing characteristics for Jordanian households over the period 2010-2016 and compares the living and housing conditions of refugees inside and outside camps in 2016 to that of locals. An improvement is shown in the living and housing conditions for local households (both established and newly-formed) with the share of homeownership and the share of households living in private houses, relative to flats, increasing between 2010 and 2016. The paper further shows that while the majority of refugees live outside refugee camps, those who live in camps are doing much worse in terms of living conditions; manifested mainly in smaller living areas, worse access to public facilities, and less ownership of durable assets.

The Evolution of Social Security in Jordan’s Labor Market: A Critical Comparison between Pre- and Post-2010 Social Security Reform
Ibrahim Al-Hawarin and Irène Selwaness

Jordan has undergone a profound social security reform since 2010, primarily aiming to ensure the financial sustainability of the system over time. Using data from the 2010 and 2016 JLMPS, this paper examines the dynamics of Jordanian workers’ access to social security before and after the 2010 reform and the coverage incidence across different firm sizes and workers’ characteristics. The paper also explores the time taken to acquire social security coverage on the labor market before and after the reform. Moreover, trends in early retirement incidences among middle-aged male workers are examined. Findings show that the overall incidence of social insurance coverage appears to slightly increase in 2016 for private sector wage workers, irregular wage workers, and non-wage workers (employers and self-employed). Workers starting in the public sector were the most likely to acquire social insurance coverage at the start of their jobs, followed by private wage workers in establishments. Both men and women who started their first job after the 2010 reform

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experienced a decline in their proportion of acquiring social insurance coverage upon the start of their jobs. Moreover, the average incidence of early retirement slightly declined among men while still being highly prevalent around ages 40-46.

Own Account Workers in Jordan: Profile and Work Characteristics

Reham Rizk and Colette Salemi

In this paper, own account workers (employers and the self-employed) are compared to private sector wage workers in Jordan using 2010 and 2016 JLMPS data. The results demonstrate that own account workers are demographically dissimilar from wage workers in the private sector; own account workers tend to be older, male, and have more work experience. While they have lower educational attainment than private sector wage workers, own account workers exhibit relatively higher wealth outcomes. Capital transfers from fathers who were also own account workers are an important determinant of a worker being an employer or self-employed. In terms of job characteristics, the self-employed were more likely than other private sector workers to work outside of a fixed establishment, with many engaged in transportation-related activities. Employers and self-employed workers were also concentrated in wholesale and retail trades in both 2010 and 2016. Own account workers frequently reported being overqualified for their jobs, and the self-employed exhibited the lowest levels of job satisfaction of all private sector job types.

Marriage and Fertility Patterns among Jordanians and Syrian Refugees in Jordan

Maia Sieverding, Nasma Berri and Sawsan Abdulrahim

This paper utilizes 2010 and 2016 JLMPS data to examine recent changes in marriage and fertility outcomes among Jordanians and Syrian refugees in Jordan. Jordanian men and women have seen very modest increases in median age at first marriage of one or two years over recent cohorts. Education is the main factor associated with later ages at marriage. In addition, the cost of marriage in real terms has declined since 2010, so marriage costs are unlikely to be a major contributor to recent trends. Despite the relatively small increase in age at first marriage, the data suggest a resumed fertility decline in Jordan after a long period of stall. Syrian refugees generally experienced an earlier transition to marriage and a higher total fertility rate (TFR) of 4.4 in 2016, which is lower than their TFR prior to the conflict and their arrival in Jordan. The marriage and fertility patterns of

Syrian refugees in Jordan are consistent with this population being selected on factors associated with earlier marriage ages and higher TFR in Syria. Syrian refugees in Jordan were more disadvantaged in their marriage outcomes, and women who married before the age of 18, both Syrian and Jordanian, also experienced poorer outcomes upon marriage than those who married at older ages, including larger age and education gaps with their husbands.

Education of Jordanians: Outcomes in a Challenging Environment

Mahmoud Ali Hailat

This paper employs the 2010 and 2016 JLMPS to investigate the educational enrollment and attainment of Jordanians, as well as variations in school characteristics and student performance. While enrollment in education deteriorated slightly in 2016 compared to 2010, educational attainment has improved in 2016 relative to 2010. Household socioeconomic conditions, especially the wealth and education of parents, are related to enrollment in education and educational attainment. There are gender-based disparities in enrollment between urban and rural areas, and across the Middle, North, and South regions. Enrollment rates were higher among females and the urban South region was disadvantaged. Disease, poverty, and the wishes of parents and individuals were the main barriers to entering education for the younger generations, while poverty, traditions, and lack of schools were the main barriers for older generations. The decline in levels of educational attainment was offset by more adults who obtained a university degree.

Migration Shocks and Housing: Evidence from the Syrian Refugee Crisis in Jordan

Ibrahim Al-Hawarin, Ragui Assaad and Ahmed Elsayed

This paper investigates the impact of migration shocks on housing conditions and rental prices for locals. The identification comes from the regional variation in the large influx of Syrian refugees to Jordan in the wake of the Syrian conflict starting in 2011. The authors employ a DiD approach to evaluate the change in housing conditions and rental prices in areas with relatively higher flows of Syrian refugees compared to areas with relatively lower flows of Syrian refugees. The paper shows that the share of Syrian refugees seems to have a negative yet small impact on housing conditions of locals. Heterogeneity analyses show that while poorer households are affected more negatively, richer households experience an improvement in their housing outcomes in response to the share of refugees

Impact of Syrian Refugees in Jordan on Education Outcomes for Jordanian Youth

Ragui Assaad, Thomas Ginn and Mohamed Saleh

This paper examines the impact of Syrian refugees during the Syrian Civil War on the educational outcomes of Jordanians. Examined outcomes include school entry, school enrollment at various levels, and advancement from one level to the next. The project employs 2016 JLMPS data, which record retrospective educational outcomes for a nationally representative sample of Jordanians. The authors employ a DiD strategy that exploits cross-locality variation in exposure to Syrian refugees across cohorts before and during the influx of refugees and find no evidence that greater exposure to Syrian refugees has affected the attainment of Jordanians. Evidence from the Ministry of Education's Educational Management Information System (EMIS) suggests that Jordanian schools responded to the influx by adding a second shift in schools in high-Syrian areas and that teacher-to-student ratio and classroom size are both unaffected by the influx.

The Impact of Refugees on Employment and Wages in Jordan

Belal Fellah, Caroline Krafft and Jackline Wahba

As of 2015, there were an estimated 1.3 million Syrians in Jordan compared to just 6.6 million Jordanians. The refugees are largely living and, in some cases, working in Jordanian host communities. This paper investigates the impact of the refugee influx on the Jordanian labor market. Panel data from 2010 and 2016 combined with information on where the refugee influx was concentrated allow the authors to identify the impact of refugees on Jordanian labor market outcomes. Overall, the authors find that Jordanians living in areas with additional refugees have had no worse labor market outcomes than Jordanians with less exposure to the refugee influx.

Jordan's Fertility Stall and Resumed Decline: An Investigation of Demographic Factors

Caroline Krafft and Maia Sieverding

From the late 1990s until 2010, the fertility transition in Jordan was stalled, with the total fertility rate (TFR) well above replacement level. In this paper, the authors present new evidence that fertility rates in Jordan have continued to decline and examine the possible mechanisms behind this trend. Based on data from the 2016 JLMPS, fertility has declined from a TFR of 3.8 in 2010 to 3.3 in 2016 among

Jordanians. Despite challenging economic conditions, age at marriage has remained stable. Therefore nuptiality cannot be the main driver of the recent fertility decline. Although fertility rates have declined across parities and population groups, there is evidence of reduced fertility, particularly among more educated women.

Syrian Refugees and the Migration Dynamics of Jordanians: Moving In or Moving Out?

Nelly El-Mallakh and Jackline Wahba

This paper examines the impact of the Syrian refugee inflows on the migration dynamics of Jordanians. Using unique data from Jordan, the authors exploit the geographical distribution of Syrian refugees across Jordanian sub-districts and examine its impact on international, return, and internal migration patterns of Jordanians. The authors rely on retrospective information to construct individual and household panel data before and after the beginning of the 2011 Syrian war. Using a DiD specification that takes into account unobserved heterogeneity, findings show that the Syrian refugee inflows in Jordan do not have any effect on the international and return migration patterns of Jordanians. However, the Syrian presence increases the probability of Jordanian internal migration. Particularly, being a resident in camp governorates increases the probability of moving out while it decreases the probability of moving in. This paper's results are the first to show the impact of the massive refugee inflows on the host country's migration dynamics.

Schooling Choices' Responses to Labor Market Shocks: Evidence from a Natural Experiment

Belal Fellah and Ayhab Saad

This paper uses the closure of the Israeli labor market to examine the effect of a large labor market shock on educational choices for Palestinian youth. Right after the outbreak of the Second Intifada in October 2000, Israel severely restricted the entrance of Palestinian workers (commuters) to its market, which resulted in a more than 50 percent reduction in the number of Palestinian workers in Israel, mostly males. The authors' identification strategy relies on the variation in the geographical distribution of commuters within the West Bank prior to the Second Intifada. By implementing a DiD strategy, the authors compare high school dropout rates between localities with different commuting shares prior to the shock over time and find that the closure had significantly decreased high school dropout rates for males aged 15-19, but not for females. The triple difference analysis confirms that the gender

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gap in high school dropout rates had decreased more in localities with high commuting shares than that in localities with low commuting shares. These effects are driven by the significant decline in employment prospects for school dropouts, as commuters were mainly concentrated in low-skill, male-dominant jobs.

Armed Conflict and Child Labor: Evidence from Iraq
George Naufal, Michael Malcolm and Vidya Diwakar

This paper examines the relationship between armed conflict intensity and child labor using household-level data from Iraq and taking advantage of a quasi-experimental setup. Armed conflict intensity is measured as the number of deaths related to conflict and child labor is separated by type of work: economic and household. After controlling for individual and household characteristics that determine child labor, the authors find that armed conflict intensity is associated with a higher likelihood of economic child labor, but is not associated with changes in household labor. These results provide further evidence of the long-term costs of war on households.

Does Precarious Employment Damage Youth Mental Health, Well-Being, and Marriage? Evidence from Egypt Using Longitudinal Data
Ahmed Rashad and Mesbah Sharaf

Although the number of precarious jobs has increased in Arab countries over the recent decades, little is known about their social and health consequences. Using Egypt as a case study, this paper aims to fill this gap in the literature by adding new evidence on the social consequences of precarious employment from an understudied region. The authors focus on the impact of precarious employment on mental health, self-rated health, and happiness in marriage using longitudinal data from the Survey of Young People in Egypt (SYPE) conducted in 2009 and 2014. To estimate the causal impact of precarious employment, the authors employ several identification strategies, namely fixed and random effect regressions and an instrumental variable two-stage least squares method. The main findings, which suggest that precarious employment is associated with poor mental health and worse well-being among youth, remain consistent across different identification strategies with different assumptions. The adverse impact of precarious work is likely to be mediated, though in some models it is a partial mediation, through poor working conditions such as low salary, mistreatment at work, job insecurity, and harassment from colleagues.

The Quality of Life of Youth with Disabilities in Egypt with Special Focus on Educational Achievement
Somaya M. El Saadani and Soha Metwally

Although youth with disabilities represent a heterogeneous group with respect to disability domain and degree of severity, they are disadvantaged in almost all dimensions of the quality of life. The aim of this research is to examine the impact of disability among youth on one dimension of the quality of life: education opportunities. The authors use data of the nationwide 2016 Household Observatory Survey conducted by the Egyptian Cabinet Information and Decision Support Center (IDSC) to study a population of 12,651 individuals aged 15-29. The study applied the random effect logit model to examine the impact of disability among youth on the likelihood of attending school. Results suggest that disability has the strongest deterrent impact on school enrollment and interacts with the individual’s standard of living in a way that exacerbates inequity. On the other hand, the results of the sequential transition model indicate that although disability tremendously reduces the chance of school enrollment, its effect on continuing education to preparatory and secondary levels is weakened and statistically insignificant, signifying that once a disabled child is enrolled in education, s(he) is capable of continuing education. Additionally, gender, region of residence, parental level of education, and family wealth significantly impact the educational opportunities of Egyptian youth.

A Multi-Dimensional Measure of Well-Being among Youth: The Case of Palestinian Refugee Youth in Lebanon
Nisreen Salti, Jad Chabaan, Alexandra Irani and Rima Al Mokdad

This paper develops a youth well-being index, which allows for expanding the measurement of national well-being to cover non-nationals with a focus on young people for the first time. Using micro data from the 2015 socioeconomic survey of Palestinian refugees’ conducted in Lebanon, the newly devised index allows the authors to measure well-being along various dimensions, including education, health, housing, employment, and access to information. The index results across sub-regions and refugee groups show that a richer and more holistic measurement of youth human development can provide better tools for a more efficient and equitable targeting of scarce assistance funds.

Inclusive Services for Youth in Cairo’s Informal Areas
Deena Khalil, Amr Abdelaal, Yasmin Khalafallah and Marwa Barakat

This paper studies access to basic services and infrastructure among youth populations in Cairo’s informal areas. Inequality in access to services has been garnering increasing attention particularly in the wake of the 2011 uprising, in which youth called for justice and equality. The majority of the population in Egypt is below the age of 30 and youth make up the bulk of the demand for services. Yet the Egyptian government has continually struggled to keep up with demand for services, and inequality in access has remained persistent. This paper focuses on how the location of residence, specifically, how residing in an informal area, impacts youths’ access to basic services and infrastructure. The study draws on research that has shown that informal areas are inadequately served in terms of the availability of basic services as well as connection to public infrastructure networks. In light of this, the paper aims to answer the following questions: What/who are the different entities providing basic services to informal areas in the Greater Cairo Region? What are the gaps in the service provision system, and the different barriers towards youth accessing these services? How do gaps in access to services and infrastructure contribute to youths’ long-term vulnerabilities and jeopardize their transition to adulthood?

Services for Syrian Refugee Children and Youth in Jordan: Forced Displacement, Foreign Aid, and Vulnerability
Colette Salemi, Jay A. Bowman and Jennifer Compton

This report provides an overview of the current services available for Syrian refugee youth and children in Jordan, with a focus on the following sectors: education, cash assistance, nutrition, health, livelihoods, water and sanitation, shelter, and protection. Using a multi-method strategy, the authors describe the governance structure of the current Syrian refugee assistance program in Jordan and describe the policies central to the sectors of interest. Based on key informant interviews, persistent barriers to services for young Syrians are identified. The report concludes with a discussion of overall governance constraints.

Youth Entrepreneurship in MENA
Caroline Krafft and Reham Rizk

Entrepreneurship is promoted by government policies and international agencies as a solution to high rates of youth

unemployment in the MENA region. This paper investigates the potential for entrepreneurship to deliver on promises of alleviating unemployment. The authors specifically examine who entrepreneurs are (in comparison to the unemployed), their working conditions and earnings, and the dynamics of their occupational choices. Findings show that entrepreneurs, and especially the employers who are relatively more successful entrepreneurs who can create jobs for others, are essentially the opposite of the unemployed. For example, entrepreneurs are older and less educated, while the unemployed are highly-educated new entrants. Entrepreneurship does not generally lead to higher earnings and has fewer benefits. Thus, promoting entrepreneurship is not only unlikely to be successful in reducing unemployment, but if it is successful, it may even be harmful to youth.

Job Creation or Labor Absorption? An Analysis of Private Sector Job Growth in Egypt
Ragui Assaad, Caroline Krafft and Shaimaa Yassin

Creating jobs, especially good jobs, is one of the greatest challenges facing Egypt. This paper investigates the nature of job growth in Egypt, including the firm, industry, and worker characteristics that are related to job growth. Using data from Egypt’s establishment censuses linked to various firm and labor surveys, the authors examine job growth in private sector establishments over the period 1996-2017. They find that job growth has primarily followed a labor absorption paradigm, with job growth unrelated to productivity and highest for firms with more informal employment.

Do More Productive Firms Pay Workers More? Evidence from Egypt
Caroline Krafft and Ragui Assaad

Theoretically, in perfectly competitive markets with full information, the marginal productivity of labor and workers’ wages should be equalized across firms, and wages should not be linked to the productivity of a firm. Empirically examining the relationship between wages and productivity across various types of firms can reveal important deviations from perfect competition and full information. This paper investigates the wage-productivity relationship in the case of Egypt. The authors find that wages are related to firm productivity, even after accounting for worker quality. The relationship between wages, productivity, and firm characteristics suggests that the association is due in part to imperfect competition and in part to the use of efficiency wages by employers.

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Female Labor in Egyptian Manufacturing Sector: The Demand Side Story

Hanan Nazier

This study investigates the demand for female labor in the Egyptian manufacturing sector. It utilizes information provided in the C13 together with data from the ELMPS 2012 to estimate wage rate by gender in the C13 and then estimated a labor demand function for females. Determinants included in the analysis covered firm characteristics as well as industry-specific characteristics. Results indicate a positive association between female employment on one side and micro and small-sized firms and firms that export on the other side, and suggested a negative association between capital employed by the firm and female labor indicating substitutability. Moreover, results confirm the important role played by industries in determining female labor demand; where the number of females employed by firms is higher in industries with higher shares of firms that export, and in high technology industries. Accordingly, promoting female employment requires more openness and integration into global markets and hence more exports, especially in labor-intensive. In addition, more attention should be given to policies that encourage and promote micro-startups, as well as encouraging high technology industries like manufacturing of basic pharmaceutical products and manufacturing of computer, electronic, and optical products, where the highest association with female employment was evident.

Gender Diversity, Productivity, and Wages in Egyptian Firms

Mona Said, Rami Galal, Susan Joeques, and Mina Sami

Women’s employment is not evenly distributed across sectors and this variance in gender diversity can impact firms’ productivity and wages. Using the newly available EC 2013 dataset, this paper explores the relationship between gender diversity, productivity, and wages. The first finding is that gender diversity is positively associated with productivity and wages in the knowledge-intensive service sector. This result is consistent with the notion that higher gender diversity increases the heterogeneity of beliefs and values, and thus may be linked to greater critical thinking required in knowledge-based industries. The second finding reveals that there is a negative or no association with productivity and wages among less knowledge-intensive service and both high- and low-tech manufacturing firms. These relationships are robust across different industry classifications and measures of diversity.

Firm Productivity and Agglomeration Economies: Evidence from Egyptian Data

Karim Badr, Reham Rizk and Chahir Zaki

This paper attempts to shed light on the nexus between firm productivity and economies of agglomeration in Egypt. Using a large dataset of 62,108 firms in 342 four-digit activities in 27 governorates, the authors introduce three measures of agglomeration, which are: (1) urbanization or firm diversification, measured by the number of firms in the governorate, (2) localization and specialization, measured by the average productivity in the governorate and sector (generating externalities and knowledge spillovers), and finally (3) competition, measured by the number of firms operating in the same governorate and sector. There is strong evidence on the existence of agglomeration economies in Egypt after controlling for firm age, location, economic activity, and legal status. In the Egyptian context, productivity spillovers gained from agglomeration economies outweigh the negative effects of congestion implied by the paper’s competition measure. When regressions are run by firm size and activity, findings show that micro and small firms are more likely to benefit from localization and diversification. Finally, service firms benefit more from a high level of diversification, while manufacturing firms gain more from knowledge spillovers and specialization. The results support promoting entrepreneurship through the creation of industrial clusters located outside Cairo to lessen disparities between regions and acquire the full advantages of agglomeration.

Trade Policy and Input Liberalization: The Effect on Egyptian Firms’ Productivity

Inmaculada M. Zarzoso, Mona Said, and Chahir Zaki

This paper explores the link between trade liberalization and firm performance in Egypt by combining macro and micro data. Using the 2013 Economic Census of Egypt, the authors examine the association between tariff and non-tariff measures (NTM) imposed on intermediate inputs and total factor productivity (TFP). TFP is first estimated as the residual of a Cobb-Douglas/Translog production function, and then it is regressed on weighted tariffs and NTM imposed on intermediate inputs. Egyptian input-output tables are used to construct the weights. The main findings show a positive and significant association between imported inputs and value-added and a significantly negative relationship between tariffs and TFP.

The Exceptional Performance of Exporters: Evidence from Egyptian Firms

Ayhab Saad

This paper examines the manufacturing export market in Egypt after the Arab Spring using firm-level census data from 2013. Exports are quite rare in Egypt; concentrated in a few industries and regions and dominated by superstar exporters. The estimated conventional export premia are very high, except for firm productivity. Exporters have stark effects on labor market outcomes, including wages, employment, and demand for skilled and female workers, wage inequality, and job security. These findings have two important implications. First, manufacturing exports might be monopolized by large but not necessarily the most efficient firms, and second, promoting exports could potentially improve labor market outcomes by providing good jobs, especially for college graduates and females.

Gender Differences and Time Allocation: A Comparative Analysis of Egypt and Tunisia

Hanan Nazier and Asmaa Ezzat

This paper aims to examine the gender differences in time allocation between market, house, and care work in Egypt and Tunisia, and to analyze the determinants of time allocated to each type of work across gender. The authors rely on the data provided by the 2012 ELMPS and 2014 TLMPS. The methodology involves using Maximum Simulated Likelihood (MSL) to simultaneously estimate three Tobit equations, each of which focuses on one type of work. The main empirical result shows that ‘gender’ is the most important determinant of time allocation, and that females tend to spend less time on market work and more time on both house and care work compared to males.

Time Poverty in Egypt and Tunisia: Is There a Gender Gap?

Hanan Nazier and Asmaa Ezzat

This paper investigates the gender differences in time poverty in two MENA countries, particularly Egypt and Tunisia, as well as examining its determinants across gender. To that end, the authors employ data provided by the 2012 ELMPS and 2014 TLMPS to estimate probit regressions and identify various determiners that explain time poverty. The empirical findings show that the probability of time poverty in both countries is lower for females compared to males. In addition, the determinants of time poverty (individual, household, and community variables) and their marginal effects differ across gender.

The Informalization of the Egyptian Economy (1998-2012): A Factor in Growing Wage Inequality?

Amirah El-Haddad and May Gadalla

Variations in hourly wage rates largely explain inequality in gross earnings among workers in most countries (OECD 2011). By running re-centered influence function regressions, the authors use Firpo et. al’s (2007) distributional approach to identify each control variable’s contribution to the traditional decomposition of wage changes into structure and composition effects. The authors address this question for waged men using 1998, 2006, and 2012 ELMPS data. Wage changes between 1998 and 2012 mainly resulted in increased inequality. Due to its unregulated nature and informality, the private sector has responded dramatically to the competitive pressures caused by the departing middle classes of the public sector by suppressing mid- and low-end wages; resulting in sharp wage gaps at the tails. On the other hand, wage setting dynamics of the public sector and the direction of labor movements since liberalization cause much higher contributions to wage inequality. Thus, when the majority of the labor force is outside the formal sector, the minimum wage becomes an instrument that increases inequality. Implementing self-targeted public works programs similar to those of the National Rural Employment Guarantee Act (NREGA) in India serve to increase the “effective informal minimum wage,” thus curbing wage inequality. This will potentially enable wage progression; thereby breaking the informality trap of low-skill low-wage inertia.

Does it Still Pay to Go to College in Egypt? Decomposition Analysis of Wage Differentials For College and Non-College Graduates

Hatem Jemmali and Fatma Al-Hamidi

This paper analyzes educational wage differentials among youth graduates in Egypt using a nationally-representative dataset extracted from labor market surveys. The authors follow the empirical framework of Mincer’s estimation of the simple schooling model; extending the model by adding additional control variables. On average, college graduates are found to earn more hourly wages than their counterparts who did not attend college. The educational attainment wage gap varies across youth earners’ wage distribution. Using newly developed methods, the authors decompose the educational wage differentials among youth graduates into endowment effects, explained by differences in productivity characteristics and discrimination effects attributable to unequal returns to covariates. Findings show that discrimination effects contribute more significantly

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to the educational wage gap than endowment effects throughout the wage distribution.

The Dynamics of Family Formation and Women’s Work: What Facilitates and Hinders Female Employment in the Middle East and North Africa?

Irene Selwaness and Caroline Krafft

This paper investigates the dynamic relationship between family formation and women’s employment, a previously unexplored aspect of female labor force participation, in the MENA region. The paper studies Egypt, Jordan, and Tunisia, leveraging unique retrospective data on work, marriage, childbearing, and child-rearing. The time variation allows the authors to estimate discrete hazard models for the duration of different labor statuses. This paper examines three sets of outcomes: (1) duration in employment, (2) duration in non-employment, and (3) duration in different labor market states and specific types of work. Findings show that anticipating marriage and childbearing are strongly associated with women’s employment outcomes. Non-employment is an absorbing state, particularly after marriage.

Public versus Private Sector Earnings Premium in Egypt: Evidence from Panel Data Analysis

Aysit Tansel, Halil Ibrahim Keskin and Zeynel Abidin Ozdemir

This paper considers the public and private sector wage earners in Egypt and examines their wage distribution during 1998-2012 using ELMPS data. The authors estimate the public-private sector wage gap with Mincer wage equations at the mean and different quantiles of wage distribution while taking into account observable and unobservable individual characteristics using the panel feature of the data with a fixed effects model. By addressing the sector of employment selection issues for both males and females, it is found that there is very little evidence of sample selection in the data. Therefore, the authors present selection-corrected results and results with no selection correction and find a persistent public sector wage penalty for males and public sector wage premium for females in the face of extensive sensitivity checks. They are larger when unobserved heterogeneity is taken into account for males, but insignificant for females. They are also similar across the quantiles for males but smaller at the top than at the bottom of the conditional wage distribution for females. The public sector wage gap is further examined over time and in different sub-groups according to age and education. The sector’s wage penalty for males has decreased over time and is larger for the better

educated and younger. The authors also find substantial regional differences in public sector wage gap for males.

The Commuting Gender Gap and Females’ Participation and Earnings in the Egyptian Labor Market

Maye Ehab

The length of commute time to work influences the access to employment opportunities and individual outcomes. Women are unable to take the same lengthy commute time to work as men, resulting in a commuting gender gap. Using 2006 and 2012 ELMPS data, this paper analyzes the determinants of the commuting time for men and women to identify the reasons behind the differences in commuting time according to gender. In addition, the effect of the workers’ commute on the labor market outcomes is analyzed by examining the impact of commute time on working hours and wages by gender. Due to the potential endogeneity of the commuting time, an instrumental variable estimation is used to determine the relationship between mobility and labor market outcomes. For women, the effect on the daily working hours is positive with a negative effect on the weekly labor supply. Commuting time has a negative effect on men’s hourly wages but has a positive effect on their daily and weekly labor supply.

Determinants of Fertility and Population Policies in MENA Countries

Mehmet S. Tosun and Jingjing Yang

In this study, the authors examine the relationship between fertility and population policies and other potential determinants using panel data from the United Nations World Population Policies database, Integrated Labor Market Panel Survey (ILMPS) database, and the World Development Indicators. In the first part of the analysis, the authors find a significant negative association between government policy to reduce fertility and the change in the total fertility rate. On the other hand, there is no significant and robust relationship between government policy to raise fertility, government policy to support family planning, and the change in the total fertility rate. In addition, there is evidence of spatial autocorrelation in the total fertility rate and spatial spillovers from government policy on fertility. In the second part of the analysis, the authors examine the determinants of fertility using micro data on Egypt, Jordan, and Tunisia. They find a positive and significant association between fertility and age, household size, marital status, and a dummy variable that takes the value 1 if the first child is female and 0 otherwise. At the same time, findings reveal

a negative and significant association between fertility and urban areas, education level, labor force participation, and wealth.

Chronic Illness and Labor Market Participation in Arab Countries: Evidence from Egypt and Tunisia

Ebaidalla Mahjoub Ebaidalla and Mohammad Elhaj Mustafa Ali

This study examines the effect of chronic illness on labor force participation in Egypt and Tunisia, using 2012 ELMPS and 2014 TLMPS data. The study also investigates the reverse effect of labor force participation on the incidence of chronic diseases. The endogeneity of chronic disease in the labor force participation equation is addressed by estimating both chronic and labor force participation equations simultaneously using two-step instrumental variable probit models. In addition, the sample selection bias in labor participation force equation is addressed using Heckman selection procedure, as a robustness check. Moreover, the authors examine whether non-workers over report their chronic illness status by adopting the Kredier’ procedure of measurement bias. Expectedly, across all specifications, the results indicate that chronic illnesses have a negative and significant effect on labor force participation for both Egypt and Tunisia. However, for the feedback effect, the results reveal that labor force participation has no significant effect on chronic illness, rejecting the so-called justification hypothesis for both countries. Furthermore, the analysis of measurement bias in chronic illness shows that non-workers over-report their chronic illness status in the two countries. Finally, the paper ends with some recommendations that aim to reduce the effect of chronic illness on labor force participation in Arab countries.

Impact of Refugees on Immigrants’ Labor Market Outcomes

Bilal Malaeb and Jackline Wahba

The Syrian refugee influx in Jordan came on top of an additional 1.6 million foreigners residing in Jordan. The non-national population of refugees and immigrants has increased Jordan’s population of 6.6 million by about 45 percent. This raises an important question on whether the inflow of refugees has displaced immigrants in the Jordanian labor market. In this paper, the authors use novel data on Jordan from before and after the Syrian refugee influx to test whether economic immigrants were affected by Syrian refugees. The authors address several threats to identifications: the selectivity of immigrants and the

geographic sorting of immigrants and refugees within Jordan using an instrumental variable approach. Findings show that, as a result of the Syrian refugee influx, immigrants were more likely to work in the informal sector, and they worked fewer hours and had lower total wages as a result. The results suggest that the main competition that occurred in the Jordanian labor market was not between refugees and natives, but rather between refugees and economic migrants.

Estimating Labor Demand Elasticities and Elasticities of Substitution in Egyptian Manufacturing Sector: A Firm-Level Static Analysis

Hanan Nazier

This paper attempts to investigate crucial questions of labor demand related to how firms respond to changes in wages and how this responds to changes according to skill levels. This is reached through estimating own wage elasticities of demand for labor, and elasticities of substitution among different labor inputs disaggregated according to skill level in Egypt. The paper relies on micro establishment level data obtained from the 2008 Egypt Enterprise Survey conducted by the World Bank. Though skill can be described by education level, the present study uses occupation to define skills. As such, it identifies four occupations: professionals, skilled production workers, unskilled production workers, and non-production workers.

Ongoing Projects

Youth Vulnerability in Egypt and Jordan: Dimensions and Determinants

Shireen AlAzzawi and Vladimir Hlasny

Youth unemployment in the MENA region is the highest in the world, at over 40 percent for males and close to 60 percent for females. These high levels force the most vulnerable of these youth to accept jobs in the informal sector that are insecure and often unsafe. Understanding youth outcomes in the labor market thus requires a broader focus that encompasses a study of not only unemployment and self-employment, but also the availability of decent work. In this study, the authors analyze the static and dynamic nature of vulnerable employment in Egypt and Jordan using recent LMPS data. They define vulnerable employment as the total of self-employment, unpaid family workers, irregular wage workers, and informal private sector workers. Using transition matrices and multinomial logistic regressions,

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the authors examine workers’ labor market outcomes and the interactions of their employment vulnerability with other measures of welfare and deprivation, and family socioeconomic status. In addition to a static analysis of youth workers’ status, workers’ employment growth later in life is also studied. Results show growing trends of vulnerable employment over time in both countries, more so for youth than for older cohorts. Once young workers start out in a vulnerable job, they are very unlikely to exit to a better job later on.

Education Interrupted: Enrollment, Attainment, and Drop Out of Syrian Refugees in Jordan

Maia Sieverding, Caroline Krafft, Nasma Berri, Caitlyn Keo, and Mariam Sharpless

Children affected by the Syrian conflict are at risk of becoming a “lost generation” due to interruptions in schooling. Jordan hosts one of the largest populations of Syrian refugees. This paper assesses how educational enrollment, attainment and the drop out of Syrian refugees have been affected by conflict, displacement, and educational opportunities and experiences after arrival in Jordan. The authors rely on nationally-representative survey data from Jordan in 2016 and in-depth interviews with 71 Syrian refugee youth. Syrian refugees in Jordan faced disrupted schooling in Syria due to the conflict, followed by challenges in joining the Jordanian school system. However, enrollment rates, at least through 2016, have recovered to pre-conflict levels for basic education among Syrians in Jordan in 2016. Refugee youth faced a number of barriers to school reentry and persistence in Jordan, including school interruptions leading to students being older than their classmates, discrimination from peers and teachers, and academic difficulty, particularly at the secondary level. For male youth, the pressure to work to support their families underlay many non-enrollment decisions. Although some youth faced documentation challenges upon initial enrollment in school, they were able to overcome these challenges, demonstrating the importance of Jordan’s efforts to expand public school access to refugees.

Persistence and Change in Marriage Practices among Syrian Refugees in Jordan

Maia Sieverding, Caroline Krafft, Nasma Berri, and Caitlyn Keo

Since the onset of the Syrian conflict, there has been considerable attention to reports of high rates of early marriage among Syrian refugee women. Yet, assessing

whether early marriage increased among refugee populations has been complicated due to data issues. Using nationally-representative data from Jordan in 2016 and Syria in 2009, as well as qualitative interviews with Syrian refugee youth in Jordan, the authors examine changes in age at marriage and drivers of early marriage among Syrian refugees in Jordan. Results show that the Syrian refugee population in Jordan has younger ages of marriage now compared to the national (pre-conflict) rate in Syria prior to their displacement. The probability of marrying early has, descriptively, remained similar comparing pre- and post-conflict patterns. Marrying at similar ages since the conflict started is confirmed by hazard models. Qualitative interviews indicate that poverty and security concerns have created additional drivers for early marriage in a context of displacement.

Socioeconomic Status and the Changing Nature of School-to-Work Transitions in Egypt, Jordan, and Tunisia

Ragui Assaad, Caroline Krafft and Colette Salemi

This paper examines the evolution of initial labor market outcomes across cohorts of new entrants by education and socioeconomic status in Egypt, Jordan, and Tunisia. As educational attainment has risen, youth in the MENA region have experienced increasingly protracted and difficult school-to-work transitions. The decline in the public sector and the slow growth of the private formal sector have resulted in a limited supply of good jobs. These jobs are increasingly allocated according to socioeconomic status. The authors find that the quality of initial jobs deteriorated for educated new entrants, particularly among those with lower socioeconomic status.

The Number and Geographical Distribution of Syrians in Jordan: A Multi-Source Analysis

Ragui Assaad, Caroline Krafft, Susan Razzaz and Caitlyn Keo

Jordan has experienced a substantial influx of refugees from Syria. There are varying estimates of their number and geographical distribution. In this context, this paper presents data from the Jordan Population Censuses of 2004 and 2015, 2016 JLMPS data (using two different weighting approaches), the Education Management Information System database of 2016/17, and the UNHCR registered refugee statistics. The authors investigate the patterns of similarities and differences across these data sources to better understand the number of refugees and discrepancies.

Youth Access to Services in Informal Greater Cairo

Maia Sieverding, Rania Roushdy, Rasha Hassan and Ahmed Ali

It is estimated that the majority of Egypt’s 40 million urban residents, which include 11 million youth, live in informal urban areas. Previous studies have demonstrated that there is considerable diversity in informal areas in terms of physical characteristics and basic infrastructure, yet there has been much less research assessing access to health and social services in informal areas, despite its importance for youth well-being and human capital development. In this paper, the authors use a mixed methods approach to assess different dimensions of youth access to health, education, and cultural/recreational services across informal areas of Greater Cairo. Results from the Survey of Young People in Egypt – Informal Greater Cairo show that youth perceptions of the geographic availability and affordability of services were generally high, but perceptions of service quality were considerably lower. There was also inequality in the availability of services by community-level wealth status, particularly for education and health services. More in-depth case studies of service access in specific informal areas showed variation in different dimensions of access for different services across areas as well as by gender. The authors conclude that policy towards the upgrading of informal areas in Cairo needs to adopt a more comprehensive approach that addresses health and social services as well as basic infrastructure.

Sources of Firm-Level Labor Productivity in Egypt’s Ready-Made Garment Industry

Abeer Elshennawy and Mohammed Bouaddi

Egypt’s Ranking in the World Competitiveness Report deteriorated between 2004 and 2017. Boosting competitiveness requires reforms on several important fronts, but raising labor productivity and TFP is perhaps the most pressing. This paper identifies the correlates of both labor productivity and TFP at the firm level in Egypt’s manufacturing sector using Economic Census data for the year 2012/2013. The authors find significant heterogeneity in both labor productivity and TFP between firms. By econometrically dichotomizing firms into low and high productivity regimes, the correlates of productivity differ between these two sets of firms. By identifying the sources of heterogeneity between low and high productivity firms, the authors show that there is considerable scope for the former to catch up with the latter based on factors that are internal to the firm. However, the literature does not offer enough insight as to how high productivity firms can increase their productivity further.

Under Equity, Inequality and Inclusive Growth:

Under this theme, four new projects were initiated.

Call for Proposals on “Non-monetary Dimensions of Inequality and Poverty Among Youth in the ERF Region”

Paul Makdissi

ERF launched a new call for proposals on the non-monetary dimensions of inequality and poverty among youth in the MENA region. In addition to understanding poverty and inequality in income (expenditures), an inclusive growth approach also requires a focus on other important dimensions of inequality. There are two strands of the literature focusing on inequality in non-income dimensions. The first addresses measurement of multidimensional poverty and inequality. Since the seminal work of Alkire and Foster discussing the non-cardinal nature of many non-income variables, empirical work on multidimensional poverty and inequality has flourished. Although some research has addressed multidimensional poverty in the MENA region, more research on this issue is needed to increase the knowledge of these aspects of poverty in the region. The other strand of literature on non-income dimensions of inequality looks at socioeconomic inequality in a non-income attribute, i.e. the correlation (broadly defined) with income. These papers are mainly in the area of socioeconomic health inequalities building on the contribution of Wagstaff, Paci and van Doorslaer. This approach is based on the assumption of a decomposable multi-attributes rank-dependent social welfare function. Since these social welfare functions are additive in the different attributes, researchers can use the same framework to analyze socioeconomic inequalities in other non-income dimensions, such as education. In this context, affiliates and non-affiliates were invited to submit proposals on of the two sub-themes: “Multidimensional Poverty and Inequality in MENA” and “Socioeconomic Inequalities in Health and Education in MENA.” ERF received 45 proposals in total, currently being reviewed by the refereeing committee.

Inequality of Opportunities in Health in the Arab World: What New Can We Learn?

Mesbah Sharaf and Ahmed Rashad

This paper investigates the inequality of opportunities in health (child health: stunting, wasting, underweight, immunization, under-five mortality; maternal health: skilled attendance at birth, antenatal care, postnatal care; and health-related living conditions: access to improved water,

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access to improved sanitation, and overcrowding) using nationally representative data from 12 Arab countries. To assess the impact of public policies, the paper will also examine the evolution of the inequalities of opportunities in these health indicators over time and hence the analyses will cover two points in time: one in the early 2000s and another after 2010. The paper will examine the inequality of opportunities between males/females, poor/rich households, urban/rural areas, and educated/non-educated household heads.

Inequalities of Opportunities in Education in the Arab World

Rana Hendy

This paper examines inequality of opportunity in education between and within 12 Arab countries and its trend over the years between the early 2000s and late 2010. The paper covers disparities in opportunities between rural and urban areas, wealth quintiles, and the education level of the head of household, as well as other household characteristics.

Gender Inequalities in the Arab Region

Hanan Nazier and Racha Ramadan

The paper will examine gender inequality in health, education, and employment using data from 12 Arab countries to help inform the discourse on gender equality and point out areas of concern and the determinants of gender inequality. This can help identify priorities in policy and programmed interventions. The evolution of these inequality indicators over time will also be examined in order to assess the impact of public policy.

Under Peace-Building and Reconstruction:

Under this theme, three projects are ongoing and one project was initiated.

Power-Sharing and Peace-Building

Nicolas Sambanis

This paper reviews key questions and empirical evidence on the relationship between power-sharing institutions in post-conflict trajectories of countries that have experienced civil war. It identifies the main questions that are still debated in the literature and can be used to guide case studies focusing on the mechanisms that connect power-sharing to conflict recurrence risk. The paper focuses on three themes: (1) How has power-sharing been measured in the literature? (2) Under which conditions will we see different types of power-sharing? (3) What are the consequences of power-sharing on the risk of war recurrence and post-conflict democratization?

Economic Agenda for Post-Conflict Reconstruction

Samir Makdisi and Raimundo Soto

This paper lays out the framework for the economic agenda to be implemented by the Arab countries recovering from civil conflicts and domestic violence. It complements two other thematic papers on the causes of violence and post-conflict political governance. The paper is divided into two parts. The first section discusses the reconstruction challenges and the role of economic policy in this regard. The analysis is guided by two vital premises. The first is that reconstruction should be primarily geared towards changing, improving or, in an extreme case, eliminating altogether the pre-war institutional fabric of the country, i.e., the set of key institutions that helped create the conditions for an inevitable conflict. The second premise is that reconstruction effort ought to focus on achieving wider economic inclusion and lesser inequality as well as generating increasing employment opportunities if it is to gain legitimacy and be sustainable.

Grievance and Civil War: The State of the Literature Horizontal Wealth Inequality and Oil – Is there a Contingent Effect?

Cristina Bodea and Christian Houle

Prominent early accounts of the determinants of civil war downplay the role of “grievance” as a determinant of civil conflict. The authors study how grievance is perceived in the literature from democratic institutions and horizontal wealth inequality (HWI) to the exclusion of groups from political power. They investigate how HWI interacts with natural resource endowments to increase or mitigate the risk of civil war. A key point in the data used from Cederman et al. (2011) is that wealth inequality among groups generates an emotional reaction to the perceived lack of resources compared to other groups, or the need to redistribute to poorer groups. On the one hand, oil resources can aggravate the distributional conflict when the state does not spend on public goods, for example. On the other hand, grievance is argued to contribute to violent collective action. Oil resources can have a counter effect by affording higher military spending, which deters mobilization and civil war onset. The authors find that the effect of HWI is likely limited to oil-rich countries and does not increase the likelihood of conflict in oil-poor countries. Oil-rich countries show large variations in how oil revenue is allocated to military and other types of spending, and results show that more military spending mitigates the risk of civil war that emanates from high HWI.

Call for Proposals on “Conflict, Peace-Building, and Post-Conflict Reconstruction in Four Conflict-Affected Arab Countries”

Over seven years have passed since the initial eruption of the Arab uprisings. The civil wars they generated in their wake in Iraq, Syria, Libya, and Yemen have resulted in untold destruction and suffering, including massive internal and external displacements and reversed years of economic development and social attainments. Looking forward, we not only need to understand the ongoing politic/economic dynamics of these four countries and reflect on how the current political changes can affect what can be done on the economic front, but there is also a need for a plan to

reconstruct the economy. This would include, inter alia, the formulation of an economic agenda that supports the reconstruction effort by identifying priorities, constraints, challenges, and required resources. In this context, ERF gave 12 participants from Arab countries the opportunity to participate in a training workshop on cutting-edge research techniques in preparation for case studies of the aforementioned four countries using various data on armed conflicts. Three thematic papers were prepared under this project covering three areas, namely: (1) understanding the underlying causes of conflicts in the countries where the uprisings have erupted; (2) peace-building and political transitions in the post-conflict phase; and (3) the economic agenda for post-conflict reconstruction. These thematic papers will serve as general guiding frameworks for the case studies.

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Public procurement: the value of making global commitments
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Going beyond Doing Business to foster job creation
Jamal Haidar and Hedi Larbi

Inequality in higher education: Egypt, Jordan and Tunisia
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Energy subsidy reform: progress and challenges
Amyra Asamoah, Emine Hanedar and Baoping Shang

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Inflation targeting and exchange rate flexibility in Egypt
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Replace discretion with rules to boost economic performance
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How to diversify oil-producing economies
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Getting more women into employment in Egypt
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Ageing and pensions coverage in Arab countries
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Sticks rather than carrots to expand the formal economy
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When you’re stuck in quicksand, stop kicking
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Women’s education: harbinger of another spring?
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Adeel Malik and Ferdinand Eibl

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Ralph de Haas and Cevat Giray Aksoy

Multidimensional poverty in the poorest parts of MENA: agenda for action
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Healthcare reform in Turkey: achievements and challenges
Oznur Ozdamar and Eleftherios Giovanis

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Education gains through compulsory schooling: evidence from Turkey
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The promise of Middle East sovereign wealth funds
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Investment climate and firms’ exports in Egypt: when politics matters <i>Nora Aboushady and Chahir Zaki</i>	Undocumented migration: Egyptian evidence of a long-term wage penalty <i>Nelly El Mallakh</i>
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Euro-Med trade agreements, macroeconomic stability and income convergence <i>Simon Neaime</i>	Inflation targeting versus nominal exchange rate targeting in MENA <i>Simon Neaime</i>
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The investment decisions of Arab sovereign wealth funds <i>Mohamed Arouri, Sabri Boubaker and Wafik Graïs</i> Turkey’s reversal of fortune <i>Bilin Neyapti</i>	Contagion vulnerability of MENA economies <i>Simon Neaime</i>





To the Board of Trustees of the Economic Research Forum

Report On The Financial Statements

We have audited the accompanying financial statements of Economic Research Forum which comprise the statement of financial position as of 31 December 2018 and the statements of activities and change in net assets and cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility For The Financial Statements

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

Auditors’ Responsibility.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Economic Research Forum as at 31 December 2018, and of its financial performance and its cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Economic Research Forum annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Ashraf Mamdouh

A handwritten signature in blue ink, appearing to read "Ashraf Mamdouh".

R.A.A. 26231
Mansour & Co. PricewaterhouseCoopers
Cairo: 20 February 2019



FINANCIAL POSITION

As of 31 December 2018

(All amounts in US Dollars)

	Note	Head Quarter 2018	Branch Dubai 2018	Total ERF 2018	Restated Total ERF 2017
ASSETS					
Non-Current Assets					
Fixed Assets	(5)	4,203,573	14,359	4,217,932	4,283,230
Investments	(6)	14,863,719	-	14,863,719	15,637,577
Contributions And Grants Receivable	(7)	221,083	381,973	603,056	342,519
Total Non-Current Assets		19,288,375	396,332	19,684,707	20,263,326
Current Assets					
Contributions And Grants Receivable	(7)	1,490,966	431,847	1,922,813	949,780
Due From Related Party		517,983	-	-	-
Prepaid Expenses And Other Receivables	(8)	100,893	5,004	105,897	171,065
Cash On Hand And At Banks	(9)	517,344	223,231	740,575	1,784,048
Total Current Assets		2,627,186	660,082	2,769,285	2,904,893
Total Assets		21,915,561	1,056,414	22,453,992	23,168,219
Net Assets					
Unrestricted	(10)	7,431,846	(471,596)	6,960,250	8,066,896
Temporarily Restricted	(10)	789,137	1,009,486	1,798,623	1,177,227
Permanently Restricted	(10)	13,313,403	-	13,313,403	13,313,403
Total Net Assets	(11)	21,534,386	537,890	22,072,276	22,557,526
LIABILITIES					
Non-Current Liabilities					
Employees’ End Of Service Benefits	(12)	82,230	-	82,230	339,389
Total Non-Current Liabilities		82,230	-	82,230	339,389
Current Liabilities					
Provisions	(13)	88,284	-	88,284	59,639
Due To Related Parties		-	517,983	-	-
Accrued Expenses And Other Payables	(14)	210,661	541	211,202	211,665
Total Current Liabilities		298,945	518,524	299,486	271,304
Total Liabilities And Net Assets		21,915,561	1,056,414	22,453,992	23,168,219

- The accompanying notes on pages 6 to 28 (of the auditor’s report) form an integral part of these financial statements
- Auditor’s report attached (notes pages 82 to 103)


DIRECTOR OF FINANCE AND ADMINISTRATION


MANAGING DIRECTOR

STATEMENT OF ACTIVITIES AND
CHANGE IN NET ASSETS

For the Year Ended 31 December 2018

(All amounts in US Dollars)

	Note	Head Quarter 2018	Branch Dubai 2018	Total ERF 2018	Restated Total ERF 2017
REVENUES AND OTHER SUPPORT					
Grants	(15)	1,652,248	1,143,568	2,795,816	1,896,206
Interest On Time Deposits		16,763	-	16,763	19,586
Return On Investments		128,637	-	128,637	733,826
Other Income		17,126	-	17,126	1,091
Gain From Sale Of Fixed Assets		425	-	425	191
Realized Gain From Investments		14,339	-	14,339	11,458
Unrealized Gain From Investments		1,723	-	1,723	129,102
Total Revenues And Other Support		1,831,261	1,143,568	2,974,829	2,791,460
Less: Functional Expenses	(16)	(2,740,729)	(399,938)	(3,140,667)	(2,683,503)
Less: Unrealized Loss From Investments		(168,642)	-	(168,642)	-
Less Realized Loss From Investment		(150,770)	-	(150,770)	(40,992)
Change In Net Assets		(1,228,880)	743,630	(485,250)	66,965
Net Assets - Beginning Of The Year		22,763,266	(205,740)	22,557,526	22,490,561
Net Assets - End Of The Year		21,534,386	537,890	22,072,276	22,557,526

- The accompanying notes on pages 6 to 28 (of the auditor’s report) form an integral part of these financial statements
- Auditor’s report attached (notes pages 82 to 103)



STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2018

(All amounts in US Dollars)

	Note	2018	Restated 2017
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES			
Change In Net Assets		(485,250)	66,965
Adjustments To Reconcile Change In Net Assets To Cash Provided By Operating Activities			
Fixed Assets Depreciation	(5)	72,411	82,929
Gain On Sale Of Fixed Assets		(425)	(191)
Provisions Formed	(13)	40,788	54,043
Defined Employees’ Benefits Obligation	(12)	84,308	64,035
Net Realized Loss From Investments		136,431	29,534
Net Unrealized Loss/(Gain) From Investments		166,919	(129,102)
Net Assets Before Changes In Assets And Liabilities		15,182	168,213
CHANGES IN ASSETS AND LIABILITIES			
Change In Contributions And Grants Receivable		(1,233,570)	(642,916)
Change In Debtors And Other Debit Balances		65,169	161,649
Change In Creditors And Other Credit Balances		(463)	15,540
Cash Flows Used In Operating Activities		(1,153,682)	(297,514)
Provisions Utilised During The Year	(13)	(12,143)	(17,377)
Defined Employees’ Benefits Paid	(12)	(341,467)	(363,693)
Net Cash Flow Generated Used In Operating Activities		(1,507,292)	(678,584)
CASH FLOWS FROM INVESTING ACTIVITIES			
Change In Investments		470,507	(733,087)
Payments For Purchase Of Fixed Assets		(12,623)	(20,768)
Proceeds From Sale Of Fixed Assets		5,935	191
Net Cash Generated From / (Used In) Investing Activities		463,819	(753,664)
Net Decrease In Cash And Cash Equivalents			
Net Decrease In Cash And Cash Equivalents		(1,043,473)	(1,432,248)
Cash And Cash Equivalents At Beginning Of Year		1,784,048	3,216,296
Cash And Cash Equivalents At End Of Year	(9)	740,575	1,784,048

- The accompanying notes on pages 6 to 28 (of the auditor’s report) form an integral part of these financial statements
- Auditor’s report attached (notes pages 82 to 103)

NOTES TO THE FINANCIAL STATEMENTS



1. GENERAL INFORMATION

The Economic Research Forum (ERF) is an independent international, non-governmental, not-for-profit Organization working in Egypt based on a Circular from the Egyptian Government dated 2 August 1995, ERF was working in Egypt through an annual agreement with the UNDP under contract No. 0012365 ended on 31 December 2009. According to Non-Governmental Organizations Law 84 for 2002, ERF has submitted a request to the Ministry of Foreign Affairs to be registered under that law. Accordingly License No. 37 for a non governmental foreign organization to practice the activity of societies was issued to ERF on 23 February 2005 and the License has been renewed in the years 2014 for 5 years.

The Board of Trustees shall comprise thirteen Trustees, of which seven are elected by the General Assembly of Research Fellows, four are appointed by the Board of Trustees from among representatives of donors to ERF and two are appointed by the Board of Trustees.

The Board of Trustees decided on 18 March 2017 to establish a branch in Dubai.

The principal activity of the Organization is to promote high quality economic research to contribute to sustainable development in the Arab Countries. The Organizations’ core objectives are to build strong research capacity in the region; to encourage the production of independent high quality economic research; and to disseminate research output to a wide and diverse audience through mobilizing funds for well-conceived proposals; managing regional research initiatives; training and monitoring programs seminars and conferences and publishing research output through various types of publications.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are summarised below. They were applied consistently over the presented financial periods unless otherwise stated:

A. Basis of preparation

These financial statements have been prepared in accordance with the Egyptian Accounting Standards (EASs) and the relevant laws, and on the basis of the historical cost convention.

The Organization presents its assets and liabilities in statement of financial position based on current/ non-current classification. The asset is classified as current when it is:

- * Expected to be realised or intended to be sold or used in normal operating course.
- * Held primarily for trading.
- * Expected to be realised within 12 months after the end of the reporting period, or
- * Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting period.

All other assets are classified as non-current.

The liability is classified as current when:

- * It is expected to be settled in normal operating course.
- * Held primarily for trading.
- * Expected to be settled within 12 months after the end of the financial reporting period, or

NOTES TO THE FINANCIAL STATEMENTS



* The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Organization classifies all other liabilities as non-current.

The preparation of the financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires the Organization’s management to exercise its judgment in the process of applying the Organization’s accounting policies. Note (4) describes the significant accounting estimates and assumptions of these financial statements, as well as

Significant judgments used by the Organization’s management when applying the Organization’s accounting policies.

The EASs require the reference to the International Financial Reporting Standard (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

B. Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in US Dollars, which is the Organization’s functional and presentation currency.

(2) Transactions and balances

Transactions made in foreign currency during the period are initially recognized in the functional currency of the Organization on the basis of translation of foreign currency using the spot prevailing exchange rates between the functional currency and the foreign currency at the date of the transaction. The monetary items denominated in foreign currency are also translated using the closing rates at the end of each financial period. Foreign exchange gains and losses resulting from the settlement of such monetary items and from the translation of monetary items denominated in foreign currencies at the same period or in previous financial statements, are generally recognised by the Organization in the statement of activities and change in net assets in the period in which these difference arise, except when currency exchange differences resulting from the translation of non-monetary items are deferred in statement of activities and change in net assets, which constitute an effective part of net investment hedges in a foreign operation or an effective part of cash flow risk hedges.

Exchange differences resulting from the changes in the amortised cost of the monetary financial asset available for sale are recognised in statement of activities and change in net assets. Any changes in the carrying amount are recognised within statement of activities and change in net assets.

Translation differences on non-monetary financial assets and liabilities are recognised as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in Statement of Activities and change in net assets as part of fair value gain or loss. For available for sale financial assets, which do not represent monetary items (e.g. equity instruments).

C. Reporting polices

ERF reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- Unrestricted net assets are assets with no restrictions imposed by donors, or assets in which the donor-imposed restrictions have expired.
- Temporarily restricted net assets are assets with restrictions imposed by donors that require ERF to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by the action taken. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are included in the Statement of Activities and change in net assets as net assets released from restrictions.
- Permanently restricted net assets contain donor-imposed stipulations that require ERF to maintain the resources permanently, but permit the ERF to use or expend part or all of the income derived from the restricted net assets as specified by the donor.

D. Fixed assets

The Organization applies the cost model at measurement of Fixed assets, and the Fixed assets are recognized at their costs net of the accumulated depreciation and accumulated impairment losses. The cost of the Fixed assets includes any costs directly associated with bringing the asset to a working condition for its use intended by the management of the Organization.

The Organization recognises subsequent costs of the acquisition of the Fixed assets as a separate asset, only when it is probable that future economic benefits will flow to the Organization and the cost of the item can be measured reliably. The Organization recognizes in the carrying value of fixed asset the cost incurred to replace part of that asset on the date such costs are borne, and the carrying amount of replaced parts are derecognised. The Organization recognizes the costs of daily servicing of the Fixed assets in the Statement of Activities and change in net assets.

The straight line method is used to allocate the depreciation of Fixed assets consistently to their residual values over their estimated useful lives, except for lands, which are characterised with unlimited estimated useful life. Below are the estimated useful lives of each type of the assets’ groups:

Description	Useful life
Building	50 years
Furniture and fixtures	05 years
Office equipment	03 years
Motor Vehicles	03 years

The Organization reviews the residual value of Fixed assets and estimated useful lives of Fixed assets at the end of each fiscal year, and adjusted when expectations differ from previous estimates.

The carrying amount of the fixed asset is reduced to the recoverable amount, if the recoverable amount of an asset is less than its carrying amount. This reduction is considered as a loss resulting from impairment.

Gains or losses on the disposal of an item of Fixed assets from the books are determined based on the difference between the net proceeds from the disposal of the item and the book value of the item. The gain or loss

resulting from the disposal of Fixed assets is included in the Statement of Activities and change in net assets

E. Impairment of non-financial assets

Non-financial assets that have definite useful lives are tested by the Organization for impairment, and they are subject to depreciation or amortisation whenever events or changes in circumstances indicate that there is a possibility for the asset to incur impairment losses.

The asset is tested for impairment by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows from other inflows of assets or groups of assets (cash-generating units).

The Organization recognises impairment losses in the statement of Statement of Activities and change in net assets whenever the carrying amount of an asset exceeds its recoverable amount.

At the end of each financial period, the Organization assesses whether there is an indication that the impairment loss of any asset other than goodwill, which is recognized in prior years are not impaired. The Organization then evaluates the recoverable amount of that asset.

Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Loss of impairment, which should not exceed the carrying amount would have been determined (net of depreciation). Such reversal is recognised in the Statement of Activities and change in net assets.

F. Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand and with banks, deposits held at call with banks with original maturities of not more than three months from the date of placement, less bank overdrafts. In the statement of financial position, bank overdrafts are shown within current liabilities.

G. Financial assets

(i) Classification

The Organization classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling or re-purchase in the short-term or as the part of a specified managed financial instruments portfolio. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be recovered within 12 months from the date of the end of financial period.

Investments in equity securities with readily determinable fair values and all debt securities are initially measured at the acquisition cost and subsequently reported in the Statement of Financial Position at quoted market value at the end of each fiscal year. ERF realizes gains or losses on the sales of securities at the date of sale or maturity. This amount represents the difference between the net proceeds and the cost of the investments.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets listed in such group are presented as current assets if expected to be recovered within 12 months from the date of the end of the financial period. The Organization's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalent' and 'due from related parties' in the statement of financial position.

(ii) Initial recognition and measurement

A financial asset is recognised when the Organization becomes a party to the contractual provisions of the financial asset.

The acquisition of a financial asset is initially measured at fair value, in addition to other costs directly associated with the execution of the transaction. Except for financial assets that are designated at fair value through profit or loss, which are measured initially at fair value only and all other costs associated with the execution of the transaction are charged to the Statement of Activities and change in net assets.

(iii) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Increase or decrease in the fair value during the year is recognised in the statement of Activities and change in net assets. Loans and receivables are then measured at amortised cost using the effective interest rate. Interests calculated are recognized in the statement of Statement of Activities and change in net assets.

(iv) De-recognition

- Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or where the Organization has transferred substantially all risks and rewards of ownership.
- The financial asset is de-recognised at its carrying amount at the date of de-recognition, and profit / (loss) of de-recognition is recognised in the Statement of Activities and change in net assets.
- The profit/ (loss) of the de-recognition of financial asset represents the difference between the carrying amount at the date of de-recognition and the proceeds resulting from the de-recognition of the financial asset.

H.Offsetting financial asset and liability

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Organization has an intention to settle on a net basis or realise the asset and settle the liability simultaneously. In order for the legal right to make an offset be enforceable, it must be available on future events which are usually represented in the other party's failure and should reflect the Organization's normal practices and requirements of financial requirements and other conditions related to the considerations of the risk and timing of the Organization's cash flows.

I. Impairment of financial assets

Financial assets

The Organization assesses impairment at each financial position date whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, violation of contract terms such as default or delinquency in interest or principal payments, or the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows since the initial recognition, or, changes in economic of domestic conditions that correlate with defaults of the Organization’s assets.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Activities and change in net assets. Loans expected to be uncollectible are written off by deduction from the relevant provision, and any subsequent proceeds are recognised as revenue in the Statement of Activities and change in net assets. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Organization may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Activities and change in net assets.

J. Financial liabilities

(1) Classification

The Organization classifies its financial liabilities as other financial liabilities. The classification of the financial liability depends on the purpose of acquisition at the initial recognition.

(2) Recognition and de-recognition

A financial liability is recognised by the Organization in the statement of financial position when - and only when - the Organization becomes a party to the contractual provisions of the financial liability. The Organization removes the financial liability (or part of it) from the statement of financial position when it is disposed, cancelled or expired.

The Organization accounts for the exchange between an existing borrower and lender of debt instruments with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between

the carrying amount of a financial liability (or part of it) extinguished or transferred to another party including non-amortised expenses, and the consideration paid to settle the Liability are recognised in Statement of Activities and change in net assets.

(3) Measurement

The other financial liabilities, represented in trade payables and other payables are subsequently measured at amortised cost using the effective interest method.

K. Employees’ benefits

i. Defined benefit plans

A defined benefit plan is a post-employment plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, using a formula that is usually dependent on employees’ final wages, and the number of the years of service.

The contributions made by the Organization and the employee are as follows:
5% of the monthly salary by the employee,
2.5% - 5% of the monthly salary by the Organization based on the years of service.

The net defined benefit obligation recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period ,the present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using discount rate at the end of the financial reporting period on market returns of government bonds that are denominated in the currency and the estimated period for the defined benefit obligations.

ii. Defined contribution plans

The defined contribution plan is a pension plans under which the Organization pays fixed contributions to the General Authority for Social Insurance on mandatory basis. The Organization had no further payment obligations once it discharged its obligations. The regular contributions constitute net year costs for the year in which they are due and as such are included in staff costs.

L. Provisions

Provisions are recognised when the Organization has a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. The Organization recognises the commitments required for restructuring and not related to the Organization’s effective activities within the costs of the provision for restructure.

Contingent liability is a present obligation that arose due to past events, and was not recognised because it was not expected to have an outflow of resources embodying economic benefits to the Organization to settle the obligation, or the amount cannot be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. However, it is expected that an outflow of resources is required to settle all items of obligations.

Where the impact of the time value of money is significant, the amount of the provision is the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the book value of the provision due to passage of time is recognised as borrowing cost in the Statement of Activities and change in net assets.

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Organization, the Organization recognises the reimbursement when it is virtually certain that



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reimbursement will be received if the Organization settles the obligation. The reimbursement should be recognised as a separate asset in the statement of financial position. The amount recognised should not exceed the amount of the provision.

M. Creditors and other credit balances

Trade payables are recognised initially at the amount of goods or services received from others, whether they have been billed or not.

N. Revenue recognition

(a) Contribution and Grants

The ERF records contributions received as temporarily restricted revenue if they are received with donor stipulations that limit their use either through purpose or time restrictions and The ERF believes that it will ultimately meet the restrictions. The ERF recognizes conditional contributions as revenue when the organization substantially meets the conditions on which they depend.

The part of the restricted revenues that should cover ERF overheads are released from restriction upon receiving the money from the donors.

(b) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. When a receivable balance resulting from the recognition of interest is impaired, the carrying amount is reduced to the present value of the future cash flows discounted at the original effective interest rate.

O. Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

3. FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

The Organization’s activities expose it to a variety of financial risks. These risks include market risks (including foreign currency exchange risks and cash flow and fair value interest rate risks and fair value risks), and liquidity risks.

The Organization’s management aims to minimise the potential adverse effects on the Organization’s financial performance.

The Organization does not use any derivative financial instruments to hedge specific risks.

A. Market risk

i. Foreign currency exchange risk

Foreign exchange rates risks are the risks of fluctuations in the fair value of future cash flows of a financial instrument due to changes in foreign currency exchange rates. The following analysis shows the calculation of the effect of reasonable and possible changes in foreign currencies against the functional currency of the Organization while keeping all other variables constant, on the statement of activities and change in net assets:



	2018	2017
EGP 10%	13,314	7,261
AED 10%	-	676
CAD 10%	8,289	-
EUR 10%	81,206	127,772
GBP 10%	-	12,135
KWD 10%	143,295	70,195

The following table shows the currencies’ position denominated in US Dollars at the date of the financial position:

	2018		2017	
	Assets	Liabilities	Net	Net
EGP	206,905	(72,764)	134,141	72,611
AED	269	(269)	-	6,762
CAD	82,892	-	82,892	-
EUR	813,206	(1,147)	812,059	1,277,717
GBP	-	-	-	121,345
KWD	1,432,948	-	1,432,948	701,946

ii. Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in interest rates.

The Organization is exposed to interest rate risk on all interest bearing assets and liabilities (bank deposits).

The below table shows the analysis of sensitivity to possible and reasonable changes in interest rates, while holding the other variables constant on the Statement of Activities and change in net assets.

The sensitivity on the Statement of Activities and change in net assets is the effect of the assumed changes in the interest rates on the Organization’s results for one year based on financial assets and liabilities with variable interest rates at 31 December.

	Increase/ decrease	Effect of Statement of Activities and change in net
31 December 2018	+ 3%	503
31 December 2017	+ 3%	588

B. Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due, due to shortage of funding. Organization’s exposure to liquidity risk results primarily from the lack of offset between profiles of maturities of assets and liabilities.

The management makes cash flow projections on periodic basis, which are discussed, and necessary actions are taken to negotiate with suppliers, follow-up the collection process from Donors in order to ensure sufficient cash is maintained to discharge the Organization’s liabilities. The Organization’s management monitors

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liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient cash cover to meet the cash outflows to settle the obligations to be able to maintain financial terms, guarantees and covenants at all times.

The Organization limits liquidity risk by maintaining sufficient bank facilities and reserves, and by monitoring cash forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Balances due to suppliers are normally settled within 30 days from the date of purchase. The table below summarises the maturities of the Organization’s undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2018	Less than 6 months	Between 6 months & 1 year	Between 1 & 2 years	More than 2 years
Accounts payable	52,253	-	-	-
Accrued expenses	1,473	-	-	-
Other credit balances	157,476	-	-	-
Total	211,202	-	-	-

At 31 December 2017	Less than 6 months	Between 6 months & 1 year	Between 1 & 2 years	More than 2 years
Accounts payable	51,502	-	-	-
Accrued expenses	14,428	-	-	-
Other credit balances	145,735	-	-	-
Total	211,665	-	-	-

(2) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or pay the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or the liability.

The Organization should be able to have access to the principal market or the most advantageous market. In the absence of principal market, the Organization does not need to conduct a thorough search of all possible markets to determine the principal or the most advantageous market. However, the Organization takes into consideration all information reasonably available.

The table below shows the financial assets and liabilities at fair value in the financial statements at 31 December 2018 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which the organization can have access to at the date of measurement.
- Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability,

- either directly or indirectly.
- Level 3- Unobservable inputs of the asset or the liability.

Financial assets	Level 1	Level 2	Level 3	Level 4
Financial assets at fair value through profit or loss				
Trading investments	14,863,719	-	-	-
Total financial assets	14,863,719	-	-	-

The table below shows the financial assets and liabilities at fair value in the consolidated financial statements at 31 December 2017 within the hierarchy of fair value.

Financial assets	Level 1	Level 2	Level 3	Level 4
Financial assets at fair value through profit or loss				
Trading investments	15,637,577	-	-	-
Total financial assets	15,637,577	-	-	-

The Organization determines the level, in the case of transfers between levels within the hierarchy of fair value through the revaluation of the classification (based on the lowest input levels that are considered to be significant to the fair value measurement as a whole). The Organization did not make any transfers between levels 1 and 2 during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(1) Critical accounting estimates and assumptions

The Organization makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results. No estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year.

(2) Critical judgments in applying the Organization’s accounting policies

Generally, the Organization’s accounting policies do not require from management the use of judgment (except relating to critical accounting estimate and judgments “Note 4-1”), as such judgment could have a material effect on the amounts recognised in its financial statements.

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5. Fixed Assets

A. HEAD QUARTER	Land	Building	Furniture & Fixtures	Office equipment	Motor vehicles	Total
1 JANUARY 2017						
Cost	2,822,749	1,564,962	536,431	509,776	49,746	5,483,664
Accumulated depreciation	-	(173,856)	(466,803)	(497,613)	(1)	(1,138,273)
Net carrying value	2,822,749	1,391,106	69,628	12,163	49,745	4,345,391
FINANCIAL YEAR ENDED 31 DECEMBER 2017						
Net book value at the beginning of the year	2,822,749	1,391,106	69,628	12,163	49,745	4,345,391
Additions	-	-	-	899	-	899
Disposals	-	-	-	(33,298)	-	(33,298)
Accumulated depreciation of disposals	-	-	-	33,298	-	33,298
Depreciation expense	-	(31,319)	(21,827)	(11,823)	(16,582)	(81,551)
Net book value at the end of the year	2,822,749	1,359,787	47,801	1,239	33,163	4,264,739
31 DECEMBER 2017						
Cost	2,822,749	1,564,962	536,431	477,377	49,746	5,451,265
Accumulated depreciation	-	(205,175)	(488,630)	(476,138)	(16,583)	(1,186,526)
Net carrying value	2,822,749	1,359,787	47,801	1,239	33,163	4,264,739
FINANCIAL YEAR ENDED 31 DECEMBER 2018						
Net book value at the beginning of the year	2,822,749	1,359,787	47,801	1,239	33,163	4,264,739
Additions	-	-	1,604	11,019	-	12,623
Disposals	-	-	(4,522)	(18,820)	-	(23,342)
Accumulated depreciation of disposals	-	-	4,522	13,310	-	17,832
Depreciation expense	-	(31,319)	(19,773)	(605)	(16,582)	(68,279)
Net book value at the end of the year	2,822,749	1,328,468	29,632	6,143	16,581	4,203,573
31 DECEMBER 2018						
Cost	2,822,749	1,564,962	533,513	469,576	49,746	5,440,546
Accumulated depreciation	-	(236,494)	(503,881)	(463,433)	(33,165)	(1,236,973)
Net carrying value	2,822,749	1,328,468	29,632	6,143	16,581	4,203,573

B. DUBAI BRANCH	Furniture & Fixtures	Office equipment	Total
1 JANUARY 2017			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net carrying value	-	-	-
FINANCIAL YEAR ENDED 31 DECEMBER 2017			
Net book value at the beginning of the year	-	-	-
Additions	18,646	1,223	19,869
Disposals	-	-	-
Accumulated depreciation of disposals	-	-	-
Depreciation expense	(1,243)	(135)	(1,378)
Net book value at the end of the year	17,403	1,088	18,491
31 DECEMBER 2017			
Cost	18,646	1,223	19,869
Accumulated depreciation	(1,243)	(135)	(1,378)
Net carrying value	17,403	1,088	18,491
FINANCIAL YEAR ENDED 31 DECEMBER 2018			
Net book value at the beginning of the year	17,403	1,088	18,491
Additions	-	-	-
Disposals	-	-	-
Accumulated depreciation of disposals	-	-	-
Depreciation expense	(3,729)	(403)	(4,132)
Net book value at the end of the year	13,674	685	14,359
31 DECEMBER 2018			
Cost	18,646	1,223	19,869
Accumulated depreciation	(4,972)	(538)	(5,510)
Net carrying value	13,674	685	14,359



NOTES TO THE FINANCIAL STATEMENTS

5. Fixed Assets

C. TOTAL FIXED ASSETS	Land	Building	Furniture & Fixtures	Office equipment	Motor vehicles	Total
1 JANUARY 2017						
Cost	2,822,749	1,564,962	536,431	509,776	49,746	5,483,664
Accumulated depreciation	-	(173,856)	(466,803)	(497,613)	(1)	(1,138,273)
Net carrying value	2,822,749	1,391,106	69,628	12,163	49,745	4,345,391
FINANCIAL YEAR ENDED 31 DECEMBER 2017						
Net book value at the beginning of the year	2,822,749	1,391,106	69,628	12,163	49,745	4,345,391
Additions	-	-	18,646	2,122	-	20,768
Disposals	-	-	-	(33,298)	-	(33,298)
Accumulated depreciation of disposals	-	-	-	33,298	-	33,298
Depreciation expense	-	(31,319)	(23,070)	(11,958)	(16,582)	(82,929)
Net book value at the end of the year	2,822,749	1,359,787	65,204	2,327	33,163	4,283,230
31 DECEMBER 2017						
Cost	2,822,749	1,564,962	555,077	478,600	49,746	5,471,134
Accumulated depreciation	-	(205,175)	(489,873)	(476,273)	(16,583)	(1,187,904)
Net carrying value	2,822,749	1,359,787	65,204	2,327	33,163	4,283,230
FINANCIAL YEAR ENDED 31 DECEMBER 2018						
Net book value at the beginning of the year	2,822,749	1,359,787	65,204	2,327	33,163	4,283,230
Additions	-	-	1,604	11,019	-	12,623
Disposals	-	-	(4,522)	(18,820)	-	(23,342)
Accumulated depreciation of disposals	-	-	4,522	13,310	-	17,832
Depreciation expense	-	(31,319)	(23,502)	(1,008)	(16,582)	(72,411)
Net book value at the end of the year	2,822,749	1,328,468	43,306	6,828	16,581	4,217,932
31 DECEMBER 2018						
Cost	2,822,749	1,564,962	552,159	470,799	49,746	5,460,415
Accumulated depreciation	-	(236,494)	(508,853)	(463,971)	(33,165)	(1,242,483)
Net carrying value	2,822,749	1,328,468	43,306	6,828	16,581	4,217,932

6. Investments

	2018	2017
EFG-Hermes Portfolio*	7,984,861	8,905,413
AFESD Endowment fund**	6,878,858	6,732,164
	14,863,719	15,637,577

EFG-Hermes Portfolio

* During February 2006, a contract was signed between the Organization and EFG-Hermes Financial Management (Egypt) Ltd. to invest its long term investments in debt securities, time deposits and secured money market instruments according to the Organization’s policies endorsed by the Board of Trustees. The portfolio is as follows:

	2018			2017		
	No. of Shares	Cost	Fair value	No. of Shares	Cost	Fair value
Middle East and Development Africa (MEDA)	43,830	1,209,000	1,303,943	43,830	1,209,000	1,424,913
Egypt Euro Bonds	13,000	1,315,600	1,315,769	13,000	1,315,600	1,363,440
Treasury Bills	8,000	41,425	43,149	65,000	326,358	329,060
			2,662,861			3,117,413
			5,322,000			5,788,000
			7,984,861			8,905,413

AFESD Endowment fund

** ERF agreed with AFESD to invest the fund on behalf and in favour of ERF. This amount represents the endowment fund and is financed by donor.

	2018	2017
Endowment fund	6,732,164	6,078,484
Transferred from Grant Receivables	329,652	-
Return/(loss) on endowment fund	(150,770)	571,124
Currency revaluation	(32,188)	82,556
	6,878,858	6,732,164



NOTES TO THE FINANCIAL STATEMENTS

7. Contributions and grants receivable

The balance due to the Organization from donors as of 31 December 2018 amounted to USD 2,525,869 as follows:

	2018			2017
	Head Quarter	Branch Dubai	Total	Total
Balance due	1,712,049	813,820	2,525,869	1,292,299
Treasury Bills	(1,490,966)	(431,847)	(1,922,813)	(949,780)
	221,083	381,973	603,056	342,519

The Balance by donor is as follow:

	2018			2017
	Head Quarter	Branch Dubai	Total	Total
Arab Fund for economic and social development (AFESD)*	1,406,791	-	1,406,791	701,946
International development research centre (IDRC)	-	82,893	82,893	-
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	-	352,085	352,085	-
Ford Foundation	-	378,842	378,842	165,000
World bank	45,000	-	45,000	-
European Commission	179,996	-	179,996	304,008
Agence francaise de developpement (AFD)	80,262	-	80,262	-
University of Southampton	-	-	-	121,345
	1,712,049	813,820	2,525,869	1,292,299

8. Prepaid expenses and other receivables

	2018			2017
	Head Quarter	Branch Dubai	Total	Total
Prepaid expenses	5,711	5,004	10,715	13,685
Advances to researchers	46,249	-	46,249	98,931
Advances to suppliers	29,388	-	29,388	87,227
Accrued interests	12,857	-	12,857	15,279
Other receivables	6,688	-	6,688	9,788
	100,893	5,004	105,897	224,910
Impairment in value of prepaid expenses and other receivables	-	-	-	(53,845)
	100,893	5,004	105,897	171,065



9. Cash on hand and at banks

	2018		2017	
	Head Quarter	Branch Dubai	Total	Total
Current accounts- USD	140,934	222,962	363,896	651,218
Current accounts- foreign currencies	153,127	269	153,396	996,058
Time deposits	223,048	-	223,048	136,544
Cash on hand	235	-	235	228
	517,344	223,231	740,575	1,784,048

10. Net assets

Unrestricted net assets

This type of funds is used by ERF management in order to be expensed on any type of ERF activities without restrictions from the respective donor(s)

Temporarily restricted net assets

This type of temporary restricted revenue represents a restriction on the time and purpose of the fund, the details of all the temporarily restricted endowments are as follows:

	2018		2017	
	Head Quarter	Branch Dubai	Total	Total
Arab Fund for economic and social development (AFESD)	345,248	-	345,248	216,777
International development research centre (IDRC)	-	149,740	149,740	-
Institute of labour economics (IZA)	-	349,033	349,033	-
Ford Foundation	-	510,713	510,713	252,516
World bank	139,848	-	139,848	188,681
European Commission	176,518	-	176,518	354,938
Agence francaise de developpement (AFD)	79,800	-	79,800	-
University of Southampton	21,003	-	21,003	122,266
Baker Institute	16,419	-	16,419	19,248
Global development network	10,301	-	10,301	22,801
	789,137	1,009,486	1,798,623	1,177,227

Permanently restricted net assets

This type of funds is restricted by the donor for a designated purpose and has a time restriction that will never expire throughout the ERF’s life, the purpose is that the principle amount of the fund could be utilized in investment, time deposit or anything else throughout the ERF’s life and ERF will utilize the return on this fund for its activities.

NOTES TO THE FINANCIAL STATEMENTS

Net assets (continued)

ERF has no right to utilize the principal amount of the fund unless it gets a written approval from the respective donor. The details of all the permanently restricted endowments are as follows:

	2018	2017
Arab Fund for economic and social development (AFESD)	11,698,501	11,698,501
International development research centre (IDRC)	614,905	614,905
Ford Foundation	999,997	999,997
	13,313,403	13,313,403

11. Statement of Activities and change in net assets

REVENUES AND OTHER SUPPORT	Unrestricted	Temporarily restricted	Permanently restricted	2018	Restated 2017
Grants	-	2,795,816	-	2,795,816	1,896,206
Interest Income	16,763	-	-	16,763	19,586
Return on investments	128,637	-	-	128,637	733,826
Other operating income	17,126	-	-	17,126	1,091
Gain from sale of fixed assets	425	-	-	425	191
Realized gain from investments	14,339	-	-	14,339	11,458
Unrealized gain from investments	1,723	-	-	1,723	129,102
Total revenues and other support	179,013	2,795,816	-	2,974,829	2,791,460
Net assets released from restriction	2,174,420	(2,174,420)	-	-	-
Total revenues and other support	2,353,433	621,396	-	2,974,829	2,791,460
Less: functional expenses	(3,140,667)	-	-	(3,140,667)	(2,683,503)
Unrealized Loss from investments	(168,642)	-	-	(168,642)	-
Realized gain/loss from investments	(150,770)	-	-	(150,770)	(40,992)
Change in net assets	(1,106,646)	621,396	-	(485,250)	66,965
Net assets - beginning of the year	8,066,896	1,177,227	13,313,403	22,557,526	22,490,561
Net assets - end of the year	6,960,250	1,798,623	6,828	22,072,276	22,557,526

12. Defined employees’ benefits obligations

The Organization pays an amount to employees at retirement according to the defined benefits plan. The amount is paid based on the employee’s period of service, salaries and benefits enforced at the date of retirement. The result of the defined benefits plan is calculated using the expected credit method, after taking into consideration the following assumptions:

	2018	2017
Discount Rate	17.7%	18%
Average rate of salaries increase	10%	10%

Amounts recognized at the date of the statement of financial position are as follows:

	2018	2017
Present value of liabilities	82,230	339,389
Liabilities as per the statement of financial position	82,230	339,389

The movement of the net liabilities shown in the statement of financial position is as follows:

	2018	2017
Balance, January 1	339,389	639,047
Additions during the year	84,308	64,035
Paid during the year	(341,467)	(363,693)
Balance at 31 December	82,230	339,389

13. Provisions

	2018	2017
Balance, at the beginning of the year	59,639	22,973
Formed during the year	40,788	54,043
Used during the year	(12,033)	(17,534)
Revaluation	(110)	157
	88,284	59,639

14. Accrued expenses and other payables

	2018		2017	
	Head Quarter	Branch Dubai	Total	Total
Accounts payable	52,253	-	52,253	51,502
Accrued expenses	932	541	1,473	14,428
Other credit balances	157,476	-	157,476	145,735
	210,661	541	211,202	211,665



NOTES TO THE FINANCIAL STATEMENTS

15. Grants

During the year ended 31 December 2018, the organization was granted the following temporarily restricted grants:

	2018		2017	
	Head Quarter	Branch Dubai	Total	Total
Arab Fund for Economic and Social Development (AFESD)	1,043,448	-	1,043,448	1,065,500
World Bank	425,000	-	425,000	500,000
University of Southampton	-	-	-	164,864
European Commission	-	-	-	165,842
Ford Foundation	-	578,842	578,842	-
International development research centre (IDRC)	-	205,088	205,088	-
Institute of labour economics (IZA)	-	359,638	359,638	-
Agence francaise de developpement (AFD)	79,800	-	79,800	-
International labour organization (ILO)	74,000	-	74,000	-
The United nation entity for gender equality and empowerment of women (UN Women)	30,000	-	30,000	-
	1,652,248	1,143,568	2,795,816	1,896,206

16. Functional expenses

	Note	2018		2017	
		Head Quarter	Branch Dubai	Total	Total
Research programs		1,137,672		1,137,672	1,133,746
Events (conferences, workshops,)		383,603	78,012	461,615	529,241
Publications (books, reports, online subscription,)		363,825		363,825	330,916
Global Development Network (GDNNet)		-	-	-	872
General and administrative expenses		746,562	317,794	1,064,356	551,756
		2,631,662	395,806	3,027,468	2,546,531
Fixed assets depreciation	(5)	68,279	4,132	72,411	82,929
Provisions	(13)	40,788	-	40,788	54,043
		2,740,729	399,938	3,140,667	2,683,503

17. Tax position

A. Corporate taxes

The Organization is not subject to corporate tax.

B. Payroll taxes

The Organization’s records were inspected till the year 2013 and the taxes due were paid.

The Organization is currently under tax inspection for the years from 2014 till 2017.

18. Retrospective restatement of errors

The interest receivable was overstated due to the double recording of one of the company’s investment return, also there was a misclassification between the temporary restricted and unrestricted net assets. The management recorded the following adjustments to correct the error in prior year figures.

Effect of restatement on Statement of financial position:

	31 December 2017	Adjustment	Restated 31 December 2017
CURRENT ASSETS			
Prepaid expenses and other receivables	222,566	(51,501)	171,065
NET ASSETS			
Unrestricted net assets	(7,844,683)	(222,212)	(8,066,895)
Temporary restricted Net assets	(1,450,941)	273,714	(1,177,227)

Adjustments effect on Statement of Activities and change in net assets:

	31 December 2017	Adjustment	Restated 31 December 2017
Return on Investments	(785,327)	51,501	(733,826)

* The opening balance of 2017 was not presented in a separate column in the statement of financial position as the error related to year 2017 with no impact on the opening balance of 2017.

19. Financial instruments by category

Assets as per statement of financial position

	31 December 2018		
	Assets at fair value through profit or loss	Receivables	Total
Investments	14,863,719	-	14,863,719
Contributions and grants receivable	-	2,525,869	2,525,869
PREPAID EXPENSES AND OTHER RECEIVABLES	-	105,897	105,897
Total	14,863,719	2,631,766	17,495,485

Liabilities as per the statement of financial position



NOTES TO THE FINANCIAL STATEMENTS

31 December 2018		
	liabilities Other financial	Total
Accrued expenses and other payables	211,202	211,202
Total	211,202	211,202

Assets as per statement of financial position

31 December 2017			
	Assets at fair value through profit or loss	Receivables	Total
Investments	15,637,577	-	15,637,577
Contributions and grants receivable	-	1,292,299	1,292,299
PREPAID EXPENSES AND OTHER RECEIVABLES	-	171,065	171,065
Total	15,637,577	1,463,364	17,100,941

Liabilities as per the statement of financial position

31 December 2017		
	liabilities Other financial	Total
Accrued expenses and other payables	211,665	211,665
Total	211,665	211,665





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