

ECONOMIC RESEARCH FORUM

Annual Report 2019

ECONOMIC
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FORUM



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ERF

Annual Report
2019

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



While 2019 was a year of global unrest, 2020 is undoubtedly more challenging. During one of most turbulent beginnings to a decade in recent history; we've observed a highly underestimated pandemic takeover, unprecedented economic and financial ramifications, as well as unparalleled political and social turmoil. This transitional period is set to shake the very core of our existing infrastructures that have shaped our modern societies and economies across the globe.

Amidst the instability, our foundation remains solid, built upon robust evidence-based research and actionable insights to shed some light on this perpetual change. We are confident that ERF and its distinguished network of researchers and policymakers are well positioned to take on this seemingly insurmountable challenge.

During this period of global transformation, Sudan is no exception. We are proud that Dr. Ibrahim Elbadawi, has been appointed as Minister of Finance and Economy as of September 2019, to assist the country's transition during a critical time. Interim arrangements were made, assigning Dr. Sherine Ghoneim leadership of ERF as Acting Managing Director.

ERF has consistently made progress towards fulfilling its mission. We produced timely research on highly relevant issues concerning the region's needs. We brought together some of the best minds during events and conferences to discuss challenges, and identify opportunities moving forward. ERF's timely findings enable researchers and policymakers to better understand underlying causes, and provide relevant policy insights. In parallel, we've cultivated a young generation of second and third tier researchers that are set to represent our future.

ERF's accolades in 2019 are a result of the commitment made by many. It is my distinct pleasure as Chairman of the Board of Trustees, to take this opportunity to acknowledge them all.

I extend my thanks to the Arab Fund for Economic and Social Development (AFESD), International Development Research Center (IDRC) and the Ford Foundation for their unwavering commitment towards our partnership. Additionally, my gratitude extends to the International Labor Organization (ILO), UN Women, IZA Institute of Labor Economics and Agence Francaise de Developpment (Afd) for their invaluable support.

Finally, I would like to acknowledge and appreciate our Board of Trustee's devotion and guidance. I would also like to recognize the Advisory Committee, ERF affiliates, management and staff for their exemplary dedication and diligence. May this cooperation and positive spirit continue to flourish in the years ahead.

Abdlatif Al-Hamad



Chairman of the Board of Trustees
Economic Research Forum

Message from the Managing Director

As I reflect on what 2019 means for ERF and the region we seek to understand and influence, I am proud to recognize the organization's efforts in remaining steadfast and thriving amidst a turbulent environment. As the region continues to pursue its everlasting quest for democracy, economic prosperity and social justice, our purpose is now more pronounced than ever. We are committed to our goal of consistently producing high quality research that enables the region to chart its path for the future.

Our methodology encompasses enhancing transparency by making data readily available, generating insights through focused research projects, and providing platforms for an open exchange of ideas amongst various stakeholders. We successfully managed 79 projects, engaging 126 researchers, in order to address the emerging challenges within the region.

In an auspicious start to the year, celebrating ERF's 25th anniversary, our Annual Conference was held in Kuwait to inspire innovation for *Knowledge, Research Networks and Development Policy*. We coordinated a series of 20 events, gathering more than 1000 participants from the research and policy communities to create platforms for knowledge sharing and assessing policy options amongst stakeholders. Further harnessing the impact of our research, ERF's renowned communications portfolio published more than 200 publications.

Events in 2019 boasted partnerships with an array of national and international institutions to diversify and extend our outreach to new stakeholders. Subsequently, we are able to launch new initiatives that empower us to meet the discerning needs of our communities across the region.

Our success is largely due to the dedicated commitment of our esteemed partners who enabled us to turn our vision into reality. Our gratitude goes out to the Arab Fund for Economic and Social Development (AFESD), International Development Research Center (IDRC) and the Ford Foundation, International Labor Organization (ILO), UN Women, IZA Institute of Labor Economics and Agence Francaise de Developpment (AfD) for their continued support.

It is my privilege, as Acting Managing Director, to extend our appreciation to the ERF affiliates, management and staff for their determination to consistently deliver. I am confident that this excellent performance will carry us through 2020 to be a landmark year in the organization's history. I am particularly thankful to the Board of Trustees for the opportunity to lead ERF, during Dr. Elbadawi's interim ministerial appointment, in fulfilling the organization's role as a leading research network in the region.

Even in the face of the health emergency that is engulfing the world, ERF is well poised to reach new heights in 2020. The turmoil in the region is in dire need of a new vision to create, develop and inspire new solutions and systems of change that empower our societies. ERF's guiding principles of inclusivity, integrity, transparency and a commitment to prosperity, together will pave the way for a better future.

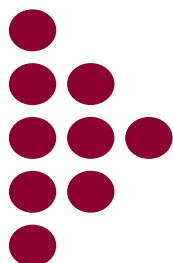
Sherine Ghoneim



Acting Managing Director
Economic Research Forum



Network and Capacity Building



ERF has emerged as the leading network of distinguished economists from around the world as well as promising young researchers from the MENA region. ERF prides itself in the strength of its network that has been growing steadily over the past 25 years. Nurturing promising and aspiring young researchers and partnering with like-minded institutions have sustained this dynamic expansion.

ERF AFFILIATES

In 2019, the ERF network continued to expand, attracting economists of diverse interests, age groups, and gender. Not only has the network drawn in greater number of seasoned researchers but an increasing number of young researchers have taken interest to ERF looking to make the most of its nurturing knowledge-packed environment, dynamic network and potential to make a difference (Table 1).

Table 1. ERF Affiliates by Residency

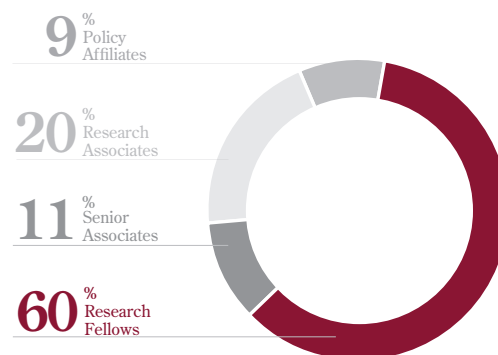
Affiliation	Gender		Total
	Inside	Outside	
Research Fellows	132	84	216
Research Associates	57	14	71
Senior Associates	28	14	42
Policy Affiliates	27	5	32
Total	244	117	361

At the end of 2019, ERF affiliates numbered 361 in total with the addition of 16 new Research Fellows, seven new Research Associates, two Policy Affiliates, and one Senior Associate.

ERF affiliation is a highly selective process based on a robust review and assessment criteria. ERF affiliates came from prominent research and academic institutions, international organizations, and governments both inside and outside the region. They bring to the network impressive research and policy expertise and provide the potential for promising young scholars.

By the end of 2019, the total number of Research Fellows accounted for 60 percent of the total network, while Research Associates accounted for 20 percent and Senior Associates and Policy Affiliates accounted for 11 and nine percent, respectively. Affiliates came from prominent research and academic institutions, international organizations, and governments both inside and outside the region.

Figure 1. ERF Affiliates by Category, 2019



CAPACITY BUILDING

ERF focused efforts in 2019 to foster the capacity to produce high quality research by providing researchers with opportunities to acquire new skills and gain exposure to new methods and concepts through tailored training workshops as well as participation in international conferences.

Training

This year ERF invested in training in specialized areas focusing in particular robust technical analysis towards informing policy processes, in three areas specific areas, namely: Applied Micro-economics and Public Policy; Computable General Equilibrium Models and Policy Analysis; UN Women Gender and Economics. The three workshops were offered, where all trainees were selected based on a competitive call and explicit eligibility criteria.

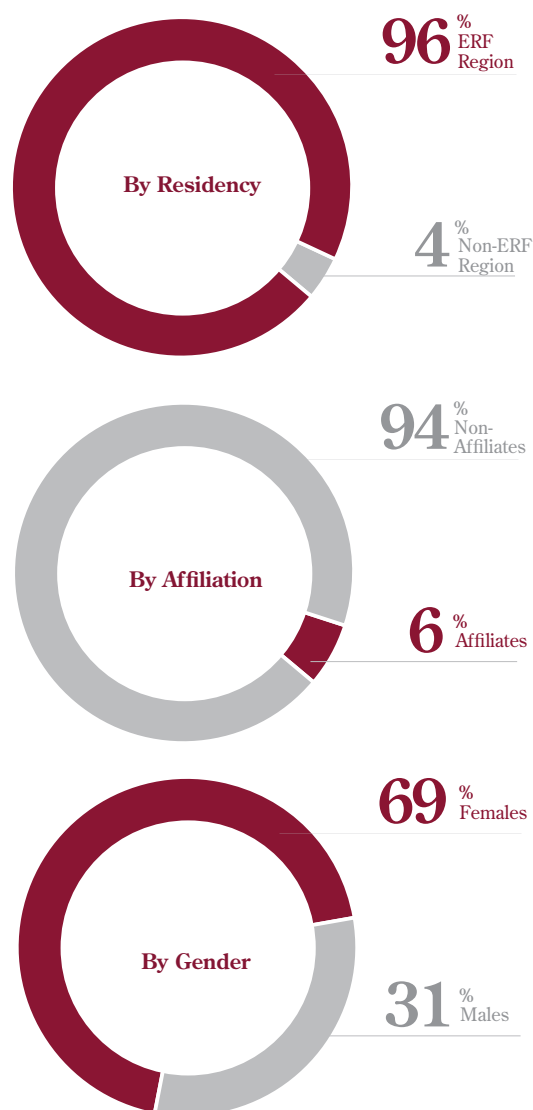
A total of 68 trainees participated in the three workshops. The majority of participants were non-ERF affiliates (94 percent), and most of them were from the ERF region (96 percent). Most of the trainees were females (69 percent). The training workshops are increasingly of interest to the young scholars and are highly evaluated amongst the most valued services (Figure 2).

Applied Micro-econometrics and Public Policy Evaluation August 1-2, Cairo, Egypt

Participants confidently acquired detailed knowledge of and hands-on experience in public policy evaluation techniques. The two-day workshop focused on providing a deeper understanding of micro-econometric estimation techniques that are widely used in public policy evaluation. Several methods were illustrated and discussed including selection correction models, instrumental variables, difference-in-difference, panel data models (fixed and random effects), and matching estimators.

Computable General Equilibrium Models and Policy Analysis November 8-10, Dubai, UAE

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



The workshop focused on the most instrumental tools for constructing and implementing a general equilibrium model for policy analysis. It clearly addressed the importance of articulating the research question and policy challenges. It emphasized theory and applications. GAMS software was used for applying the quantitative methods and running simulations studied on empirical economic

Network and Capacity Building



Trainers and trainees in Micro-econometrics and Public Policy Evaluation training

problems through computer exercises. By the end of the training, participants acquired detailed knowledge and hands-on experience in CGE models, in particular: the structure of open economy general equilibrium models, calibrating a CGE model, implementing the model using the GAMS software, modeling trade, fiscal and environmental policies, formulating scenarios and running policy simulations, and reporting and interpreting the results.

*UN Women Gender and Economics Training Workshop
December 15-19, Cairo, Egypt*

This five-day training workshop organized in collaboration with UN Women, aimed to strengthen the capacity of a wide range of stakeholders on the importance of gender-responsive economic policy. More specifically, the training introduced participants to economics in general and presented feminist approaches to macroeconomics,

microeconomics, and international economics; exposed participants to critical analyses of global and regional economic trends, including those related to economic crises; enhanced the skills of participants in formulating gender-responsive economic policy for program implementation, policymaking, and advocacy; and strengthened the capacity of participants to network with other development practitioners, scholars, and policymakers.

PARTICIPATION in International Conferences

ERF supported the participation of five researchers this year and statistical office staff in international conferences to nurture capacity building and foster international collaboration.

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 more than 100 economic research institutes from the North and South regions of the Mediterranean, representing 37 countries.

FEMISE research focuses 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. This contributed to FEMISE entering the list of the Top 100 “Think Tank Networks” in 2019 according to the Think Tanks and Civil Societies Program (TTCSP2018) of the University of Pennsylvania. In 2019, FEMISE participated in three major EU-funded projects.

Firstly, the *Support to Economic Research, Studies, and Dialogues of the Euro-Mediterranean Partnership* (ENPI) project, which entered its final year and was completed in September 2019. Over the course of four and a half years, the project enabled the production of more than 37 research reports in collaboration with researchers from the North and South Med region, as well as the publication of 28 Policy Briefs, more than 40 articles on various issues of interests in the region, more than 20 awareness-raising videos, and a number of thematic reports. The project witnessed the organization of more than 20 high-profile Policy Dialogue Seminars and four international annual conferences. The outputs of this project have been disseminated widely to policymakers along with the research community, the private sector, the civil society, and stakeholders interested in EU-Med region issues.

This year, one of the major publications produced under this contract was the new EuroMed Report *Repatriation of Refugees from Arab Conflicts: Conditions, Costs and Scenarios for Reconstruction*.

Secondly, in 2019 FEMISE completed another phase of the *The Next Society: Innovators Shaping the Future in the Mediterranean* project led by ANIMA. 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 National Advocacy Panels created 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 them. The FEMISE team finished their second round of advocacy panels in Lebanon, Jordan, Morocco, Tunisia, Palestine, and Egypt; presenting the findings of the country reports and discussing recommendations needed to boost the innovation systems with different stakeholders. The team produced country profiles for the six studied countries, presenting the key findings of the research. FEMISE is finalizing the full version of the six country reports that will be disseminated and presented in 2020.

Thirdly, FEMISE participated in an EU-funded project entitled *Evaluation of the impact of trade chapters of the Euro-Mediterranean Association Agreements with six partners: Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia* in partnership with ECORYS (leader) and CASE. The purpose of this project, which will continue during 2020, is to assess the effectiveness, efficiency, relevance, and coherence of the trade chapters of the Association Agreements between the EU and respectively Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia. The “Inception Report” was the evaluation’s first deliverable in 2019. It provided an account of how the evaluation team intends to assess whether the objectives have been met. Public consultations took place in selected South-Med countries (Tunisia, Morocco) which enriched the economic analysis and sustainability analysis, all of which lead to the preparation of the draft



Network and Capacity Building

Interim Report which was the second output produced in 2019.

ERF-LIS Collaboration on “Inequality trends around the Mediterranean”

ERF and LIS joined forces to utilize the former’s harmonized data covering MENA countries and the latter’s coverage of most developed countries as well as parts of the developing world to offer access to the largest database available. It comprises harmonized microdata, mainly on income and expenditure/consumption, to enable researchers to easily conduct a socio-economic analysis of various dimensions of inequality (income, consumption, education, employment, possession of durables...etc.) using all datasets available from both institutions.

In that context, ERF and LIS launched a call for proposals on “Inequality trends around the Mediterranean,” where selected authors were granted access to the database and invited to present their papers at the first ERF-LIS conference held in December in Cairo, Egypt. The papers will also be published in the ERF Working Papers series.

Rethinking Inequality in Arab States Report in Collaboration with the UN Economic and Social Commission for Western Asia (ESCWA)

The ESCWA-ERF report on “Rethinking Inequality in the Arab Region” assesses inequality in the non-income dimensions using both opportunity and outcome inequality approaches as they are equally important. The report examines inter-group inequality between selected social,

economic, spatial and demographic groups and considers the combination of different socioeconomic characteristics to identify the most vulnerable groups of the population. The report also provides an in-depth analysis of the drivers of inequality including poor economic structures, poor governance, and rentierism. It also provides some policy recommendations and further research considerations.

The report, published in late 2019 as a joint collaboration between ESCWA and ERF, rethinks the conventional wisdom on Arab inequality.

NETWORK NEWS

Ibrahim Elbadawi Appointed as Minister of Finance and Economy, Sudan

Dr. Ibrahim Elbadawi, ERF Managing Director was appointed as Minister of Finance and Economic Planning in Dr. Abdalla Hamdok Interim Government, 8 September 2019.



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

As an interim arrangement, the ERF Board assigned Dr. Sherine Ghoneim the leadership of ERF as Acting Managing Director.



*GCC in the Midst of Global Challenges:
Responding to a New Economic Order
Conference organized in partnership with
Sultan Qaboos University marking the
launch of the GCC Economic Research
Initiative (GCCeRI)*

ERF and a consortium of GCC initiatives launched the GCC Economic Research Initiative (GCCeRI) which aims at building a network for GCC researchers where they can interact with each other and the wider ERF research community to share ideas and collaborate on policy oriented research. The GCCeRI will provide a platform for GCC researchers and policymakers to discuss research and policy issues as well as regional and global developments; and, disseminate research outcomes to the public through means of publications, newsletters, conferences and workshop. The conference was the inaugural event of GCCeRI.

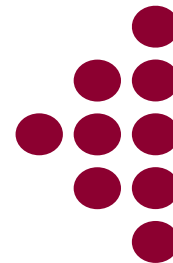
*Care Work and Care Policies in the MENA
Region Report in Collaboration with UN
Women*

UN Women and ERF are working together to produce a regional companion report on “Care Work and Care Policies in the MENA Region” in line with the 2019-2020 edition of the Progress of the World’s Women on “Families in a Changing World.” Producing this flagship report aims to contextualize some of the issues addressed in the Global Report, and, more specifically, the issue of unpaid care work and care policies by providing an overview of the situation in the Arab region and looking in more depth at four countries in particular: Egypt, Jordan, Palestine, Tunisia, and Morocco. The objectives of this project are to analyze the

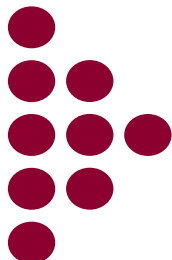
burden and distribution of care work (paid and unpaid) in the Arab states and to link cross-national differences in the care economy to existing care policies and recommendations for future areas of policy focus.

*ERF-ILO Network of Experts on Jobs and
Growth in North Africa*

With the support of the International Labor Organization, ERF recently formed a network of experts to foster dialogue and exchanges between micro and macro economists, social scientists, data producers and decision makers around the twin goals of promoting jobs and growth. The network is planned to be maintained for five years (2019 – 2023). The project activities will additionally include producing a themed report studying the non-linear relationship between growth and employment creation and the factors and policy instruments that may influence these in the countries of North Africa. A dissemination event will take place towards the end of 2020.



Research Activities



In 2019, ERF has been highly productive on the research front. ERF continued to run open research competitions and solicit research on specific topics. In 2019, ERF managed 78 projects engaging 126 researchers. The projects had either been solicited or were the result of open competitions. This section provides a summary on the origin of the projects, number of researchers involved and the geographical coverage.

Around 58 percent of all ERF-managed projects in 2019 were conceived through a competitive process. Whether initiated through open calls for papers or solicited, the selection process was guided by clear criteria, peer reviews and the scrutiny of thematic or project leaders.

The work covered a variety of topics, including contemporary issues such as inequality, labor markets, political economy, natural resources and economic diversification, peace-building and reconstruction, among others. The selection of the topics was guided by their relative importance to the region and prevalent knowledge gaps.

THEMATIC COVERAGE

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 trends around the Mediterranean.
- On Labor Markets, work continued to focus on building the data infrastructure. Also, the project on the Egyptian Labor Market Panel survey was completed, and work on labor demand, youth vulnerability,

and the impact of refugees in Jordan was finalized.

- On Natural Resources and Economic Diversification, progress was made to finalize work on structural change, resource misallocation, and growth dynamics.
- On the Political Economy of Transformation, the research agenda involved finalizing the second wave of the project on the issue of private sector dynamism, cronyism, and state-business relations.
- 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.

In terms of research projects, ERF initiated 32 new projects under different themes in 2019, bringing the total number of projects to 78 projects engaging 126 researchers (Table 2).

Table 2. Summary of ERF Research Projects in 2019 (in numbers)

Research Projects	Projects	Researchers*	Geographical Coverage	
			Country	Regional
Research Competitions	46	77	22	24
Structured Research Projects	32	49	17	15
Total	78	126	39	39

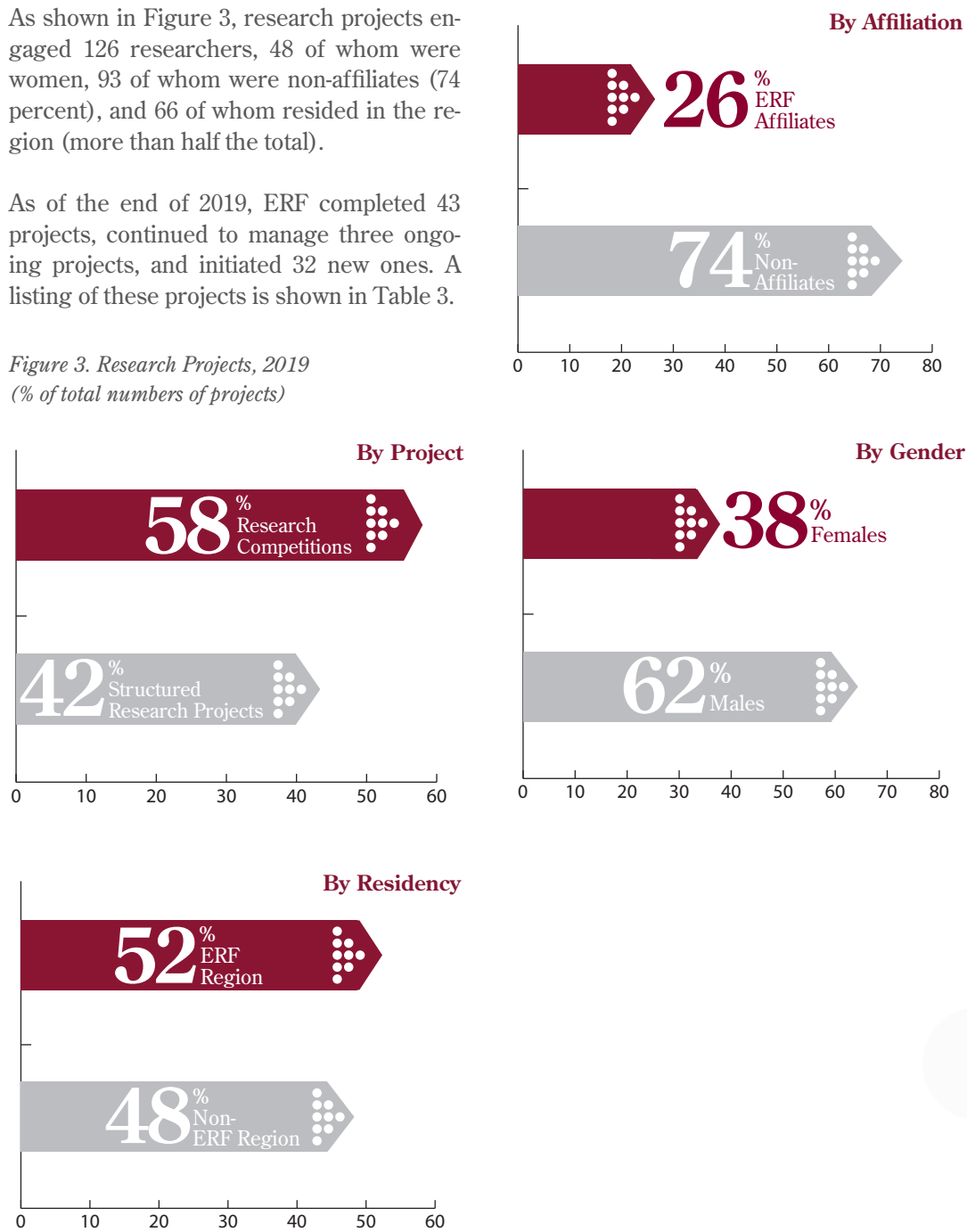
*These numbers exclude the research presented at the ERF 25th Annual Conference
 ** The table does not cover the research projects undertaken under the umbrella of FEMISE.

RESEARCH PROFILE

As shown in Figure 3, research projects engaged 126 researchers, 48 of whom were women, 93 of whom were non-affiliates (74 percent), and 66 of whom resided in the region (more than half the total).

As of the end of 2019, ERF completed 43 projects, continued to manage three ongoing projects, and initiated 32 new ones. A listing of these projects is shown in Table 3.

Figure 3. Research Projects, 2019
(% of total numbers of projects)



Research Activities



Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2019

Project	Team Leaders
Completed Projects	
01 The Role of Labor Market Frictions in Structural Transformation	Khalid Elfayoumi and Gregory Auclair
02 Global Value Chains and Business Environment: Which Factors Really Matter?	Marion Dosis and Chahir Zaki
03 Global Value Chain Integration and Productivity: The Case of Turkish Manufacturing Firms	Yilmaz Kilicaslan, Oytun Mecik and Ugur Aytun
04 Firm Performance and Agglomeration Effects: Evidence from Tunisian Firm-Level Data	Mohamed Amara
05 Exchange Rate and other Macroeconomic Policy Regimes: Lessons from World Experience for Oil-Dependent MENA Countries	Klaus Schmidt Hebbel and Ibrahim Elbadawi
06 The Division of Ownership and Control in Listed Jordanian Firms	Ghada Tayem
07 The Politics of Trade Protection: Evidence from an EU-mandated Tariff Liberalization in Morocco	Christian Ruckteschler, Adeel Malik and Ferdinand Eibl
08 Do Politically-Connected Firms Innovate?	Marc Schifffbauer, David Francis and Sahar Hussain
09 Cronyism, Firms' Productivity, and Informal Competition in Egypt	Nesma Ali and Boris Najman
10 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
11 Are Politically Connected Firms Turtles or Gazelles? Evidence from the Egyptian Uprising	Hassan Aly and Hany Abdel-Latif
12 Firms' Lifecycle under Conflict-Related Mobility Restrictions in Palestine: Evidence from Establishment Censuses	Vladimir Hlasny and Shireen AlAzzawi
13 A Decade of Competition Policy in Arab Countries: A De Jure and De Facto Assessment	Jala Youssef and Chahir Zaki
14 Youth Vulnerability in Egypt and Jordan: Dimensions and Determinants	Shireen AlAzzawi and Vladimir Hlasny
15 Education Interrupted: Enrollment, Attainment, and Drop Out of Syrian Refugees in Jordan	Maia Sieverding, Caroline Krafft, Nasma Berri, Caitlyn Keo and Mariam Sharpless
16 Persistence and Change in Marriage Practices among Syrian Refugees in Jordan	Maia Sieverding, Caroline Krafft, Nasma Berri and Caitlyn Keo
17 Socioeconomic Status and the Changing Nature of School-to-Work Transitions in Egypt, Jordan, and Tunisia	Ragui Assaad, Caroline Krafft and Colette Salemi
18 The Number and Geographical Distribution of Syrians in Jordan: A Multi-Source Analysis	Caroline Krafft, Susan Razzaz, Caitlyn Keo and Ragui Assaad
19 Perceptions of Service Access in a Context of Marginalization: The Case of Young People in Informal Greater Cairo	Maia Sieverding, Rania Roushdy, Rasha Hassan and Ahmed Ali

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2019

Project	Team Leaders
20 Sources of Heterogeneity in Labor Productivity and Total Factor Productivity in Egyptian Manufacturing	Abeer Elshennawy and Mohammed Bouaddi
21 Introducing ELMPS 2018	Caroline Krafft, Ragui Assaad and Khandker Wahedur Rahman
22 Evolution of Labor Supply and Female Labor Force Participation in Egypt from 1998-2018	Caroline Krafft, Ragui Assaad and Caitlyn Keo
23 Job Creation and Economic Vulnerability: Is the Economy Creating Good Jobs?	Ragui Assaad, Abdelaziz AlSharawy and Colette Salemi
24 School to Work Transition and Youth Economic Vulnerability	Mona Amer and Marian Atallah
25 Inequality and Income Mobility in Egypt	Mona Said, Rami Galal and Mina Sami
26 Rural Women in Egypt: Opportunities and Vulnerabilities	Caitlyn Keo, Caroline Krafft and Luca Fedi
27 Trends and Patterns of Women's Entrepreneurship in Egypt	Reham Rizk and Ali Rashed
28 Social Protection and Vulnerability in Egypt: A Gendered Analysis	Irène Selwaness and Maye Ehab
29 Household Vulnerability and Resilience to Shocks in Egypt	Imane Helmy and Rania Roushdy
30 Associations between Economic Vulnerability and Health and Wellbeing in Egypt	Maia Sieverding and Rasha Hassan
31 Internal versus International Migration in Egypt: Together or Far Apart	Anda David, Nelly El-Mallakh and Jackline Wahba
32 Youth Multidimensional Poverty and its Dynamics: Evidence from Selected Countries in the MENA Region	Oznur Ozdamar and Eleftherios Giovanis
33 Regional Employment Support Programmes and Multidimensional Poverty of Youth in Turkey	Oznur Ozdamar and Eleftherios Giovanis
34 The Topography and Sources of Multidimensional Poverty in Turkey	Burhan Can Karahasan and Firat Bilgel
35 The Formulation of a Regional Opportunity index: Empirical Evidence from Tunisia	Lamia Mokaddem and Imtinen ben Saied
36 Employment Transitions of Youth and Health Implications in Egypt	Maye Ehab
37 Changes in Height-for-Age of Egyptian Children 1995 to 2014	Reem Hashad
38 The Effect of Refugees on Native Adolescents' Test Scores: Quasi-experimental Evidence from PISA	Semih Tumen
39 Inequality of Opportunities in Health in the Arab World: What New Can We Learn?	Mesbah Sharaf and Ahmed Rashad
40 Inequalities of Opportunities in Education in the Arab World	Rana Hendy



Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2019

Project	Team Leaders
41 Gender Inequalities in the Arab Region	Hanan Nazier and Racha Ramadan
42 Power-Sharing and Peace-Building	Nicolas Sambanis
43 Repatriation of Refugees from Arab Conflicts: Conditions, Costs and Scenarios for Reconstruction	Ibrahim Elbadawi, Belal Fallah, Jala Youssef, Maryse Louis, Roger Albinyana, Samir Makdisi and Semih Tumen
Ongoing Projects	
44 Oil Rents and Political Violence	Ibrahim Elbadawi and Chahir Zaki
45 Economic Agenda for Post-Conflict Reconstruction	Samir Makdisi and Raimundo Soto
46 Grievance and Civil War: The State of the Literature Horizontal Wealth Inequality and Oil – Is There a Contingent Effect?	Cristina Bodea and Christian Houle
Initiated Projects	
47 Rethinking Inequality in Arab States Report in Collaboration with UN ESCWA	Racha Ramadan, Hanan Nazier, Mesbah Sharaf, Ahmed Rashad, Rana Hendy and Paul Makdissi
48 Care Work and Care Policies in the MENA Region Report in Collaboration with UN Women	Abdel Khalek Touhami, Abdel Rahman El Lahga, Belal Fallah, Ibrahim Al Hawarin, Imane Helmy, Maia Sieverding, Marina Hesham, Mohamed Amara, Najat Elmekkaoui, Nasma Berri, Racha Ramadan, Ragui Assaad and Irene Selwaness
49 ERF-ILO Network of Experts on Jobs and Growth in North Africa	Ragui Assaad and Mohamed Ali Marouani
50 ERF-ILO Report on Jobs and Growth in North Africa	Ragui Assaad and Mohamed Ali Marouani
51 Conflict, Peace-Building and Post-Conflict Reconstruction in four Arab Conflict Affected Countries	Samir Makdisi
52 Income Inequality Effects on Real Exchange Rate: Do Differentials between Tails Matter?	Ahmed Mohamed Ezzat
53 Fuel Poverty Exposure and Drivers: A Comparison of Vulnerability Landscape between Egypt and Jordan	Fateh Belaid
54 The Effects of taxes and Benefits on income Distribution in the European Union and in the MENA Countries	Francesco Figari and Luca Gandullia
55 Inequality of Opportunity in Education: Estimates from Re-centered Influence Function Regressions in the MENA Region	Reham Rizk and Ronia Hawash
56 De-routinization of Jobs and Polarization of Earnings: Evidence from 35 Countries All Over the World	Carsten Schroder, Matteo Targa and Maximilian Wenzel

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2019

Project	Team Leaders
57 Migration and Inequalities around the Mediterranean Sea	Bjorn Nilsson and Racha Ramadan
58 Accounting for Non-positive Incomes from the Welfare and Capabilities Perspectives: The Case of Mediterranean Surveys Regions	Vladimir Hlasny, Lidia Ceriani and Paolo Verme
59 Income Inequality Convergence Across Egyptian Regions	Ioannis Bourkanis, Mona Said, Antonio Savoia and Francesco Savoia
60 Measuring the Economic Cost of Conflict: Evidence from Satellite Data	Semih Tumen
61 Post Conflict Growth Agenda	Semih Tumen
62 The Micro-Level Analysis of the Impact of Violent Conflict on Lives and Livelihoods in the MENA Region	Tilman Bruck, Samir Makdisi and Raimundo Soto
63 Oil Price Shocks and Macroeconomic Instability in an Oil-Dependent Economy	Ibtisam Al Abri, Gülcan Önel and Kelly A. Grogan
64 Fiscal Policy in the GCC: Challenges of sustainability	Assil El Mahmah and Magda Kandil
65 Fiscal Multipliers and Prospects for Consolidation: Evidence from GCC Countries	Moez Ben Tahar, Mohamed Ali Houfi and Sarra Ben Slimane
66 The Recent Dynamic Relationship between Oil Price Shocks and Global Economy: The Case of MENA Countries	Essahbi Essaadi and Rafik Jbir
67 Economic Growth and Total Factor Productivity for a Resource-Rich Economy Under Uncertainty: The Case of the United Arab Emirates (UAE)	Kassim Dakhllallah
68 Energy Consumption, CO2 Emissions and Economic Growth Nexus in Oman: Evidence from ARDL Approach to Cointegration and Causality Analysis	Sufian Abdel-Gadir
69 Food Security in the GCC: Is it a Climate Issue?	Assil El Mahmah and Amine Amar
70 Second-Generation Labor Market Policies and FDI Flows to GCC Countries	Wasseem Mina
71 The Determinants of Entrepreneurship Intentions and Activity Among Qatari Nationals	Nader Kabbani and Nejla Ben Mimoune
72 Entrepreneurial Intention among Female University Students in Oman	Abdelghani Echchabi, Mohammed Mispah Said Omar and Abdullah Mohammed Ayedh
73 Converting Oil Rents to Inclusive Growth: Lessons for the GCC Region	Hassan Hakimian
74 What Makes the Difference: Decomposition of Tourist Expenditures in Oman	Usamah Alfarhan
75 Inequality and Inclusive Finance in Saudi Arabia	Fatma Mohamed Mabrouk and Noreha Halid

Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2019

Project	Team Leaders
76 Islamic Finance, in the Light of Institutional and Regulatory Framework, for Marco-Economic Resilience and Multi-Polar Economic World	Mughees Shaukat
77 Is There a Systemic Risk between Sharia, Sukuk, and GCC Stock Markets? A CoVaR Risk Metric-based Copula Approach	Khamis Al-Yahyaee, Syed Jawad Shahzad, Walid Mensi and Seong-Min Yoon
78 Islamic Finance and GCC Economic Integration	Russell Kruger
Micro Datasets	
79 Household Surveys	ERF data team
80 Egypt Labor Market Panel Survey (ELMPS 2018)	Ragui Assaad
81 Sudan Labor Market Panel Survey (SLMPS 2020)	Ragui Assaad
82 Tunisia Labor Market Panel Survey (TLMPS 2020)	Ragui Assaad and Mohamed Ali Marouani

MICRO DATA

Micro data is essential for conducting solid policy-relevant research. In recognition of its importance, ERF has been working diligently forging partnerships with national statistical offices regionwide, harmonizing a broad array of datasets and availing them online to provide for an evidence based research foundation.

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

To date, the ERF data portal holds 113 datasets, compared to 99 datasets in 2018, 93 datasets in 2017, and 68 datasets in 2016, including:

44

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

27

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

9

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

7

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

5

UNIDO databases on Industrial Statistics and Industrial Demand-Supply Balance

4

Surveys of Young People from Egypt and Iraq

4

Harmonized Health Surveys (HHHS) from Iraq and Sudan

4

Datasets on exports and imports from Egypt

3

Harmonized Surveys of Young People in Egypt (HSYPE)

2

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

1

Child Labor Survey from Jordan

1

Household Health Survey from Egypt

1

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

1

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

In addition, 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.

Labor Market Panel Surveys (LMPS)

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 several other topics.

In 2019, ERF efforts focused on revolutionizing its LMPS portfolio, for the upcoming period. The long awaited second round for Tunisia is finally forming to follow the success of the first round back in 2014. Moreover, an unprecedented event is unfolding, which is the integration of Sudan among the list of countries that currently witness this unique survey.

Following turmoil and dire challenges that Tunisia experienced in recent years, it is vital to capture the country's current status quo. The impact of developed governmental policies, aimed to offset these adversities, needs to be traced to analyze their effectiveness in achieving the proposed objectives. The second wave of the TLMPS, the TLMPS 2020, will provide rich data to inform policies and support the ongoing efforts to improve the existing economic climate. This round follows the significant advancements done by

Research Activities

the first wave, the TLMPS 2014. The TLMPS 2020 will act as an opportune event to bring our understanding of the Tunisian labor market up to date, as well as the human development results and the policies' effect among these scopes. The recent round will enable a valuable panel study in Tunisia that enriches both domains of research and evaluation of public policies, by tracking the surveyed households and individuals in 2014. Furthermore, a new sample of 3,000 households will be included, with a focus on the areas of high migration, to reflect the dynamics of the internal and external migration in Tunisia. An additional module on shocks and adaptation will be encompassed. The TLMPS 2020 proposes detailed research on the three most imperative scopes to Tunisia, especially in recent years; 1. Transition from education to work, unemployment and youth underemployment, 2. Inequality, and 3. Informality.

The proposed Sudan Labor Market Panel Survey (SLMPS) 2020 will serve to fill the data deficit and provide answers to the nation's enduring dilemmas of labor market stagnancy and gender disparities in labor market outcomes. It will investigate the interactions between different domains of human development and the labor market. Moreover, it aims to collect much richer and more detailed information than the carried out quarterly Labor Force Survey, which focuses on producing descriptive statistics but does not allow for analysis of the complex relationships that drive labor market dynamics and outcomes. The survey is also uniquely designed to collect dynamic information, rather than simply the current labor market conditions, through retrospective questions about developments in the individual life course and through its panel design that consists of revisiting the same households and individuals every six years. The SLMPS addresses a variety of human development challenges (education, migration, inequality...etc.). It will provide insights for optimal

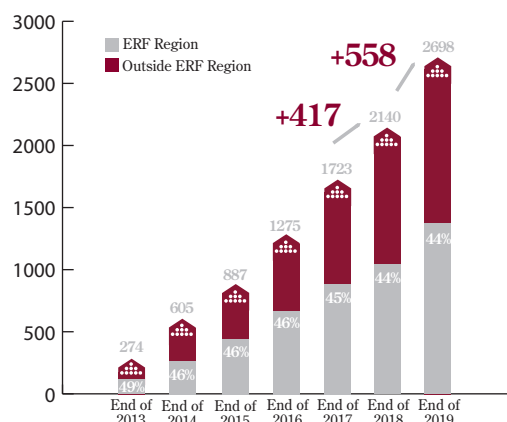
human capital investment strategies to decrease youth unemployment, increase labor force participation for women, and increase employment opportunities in the formal private sector. The SLMPS 2020 will highlight an unparalleled outlook on the following research scopes: 1. Transition of youth to adulthood, 2. Female labor force participation, 3. Investment in educational human capital and its interaction with the labor market, 4. Labor market dynamics, 5. Labor market vulnerability, 6. Vulnerable workers' fare, and 7. Link between poverty and the labor market.

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 2019, ERF's online data portal subscribers reached 2,698, compared to 2,140 by the end of 2018, 1,723 by the end of 2017, and 1,275 by the end of 2016, as shown in Figure 4. Based on OAMDI users' survey, it was highlighted that the data is mainly employed in publishing research papers (for example: Shireen AlAzzawi and Vladimir Hlasny

Figure 4. Number of OAMDI Users since Launch by Region



(2019) Household Asset Wealth and Female Labor Supply in MENA. Quarterly Review of Economics and Finance 73:3-13, August 2019), obtaining academic degrees and other research purposes such as producing the Poverty Probability index.

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 two percent) are affiliated to ERF; illustrating good outreach for the ERF data portal outside the ERF region and community.

By the end of 2019, ERF has also granted access to around 4,804 micro datasets.

Figure 5. OAMDI Users by Affiliation (% of total number of users)

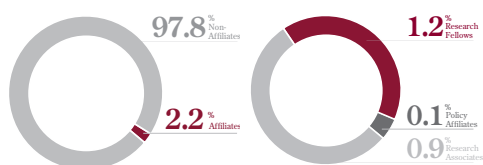
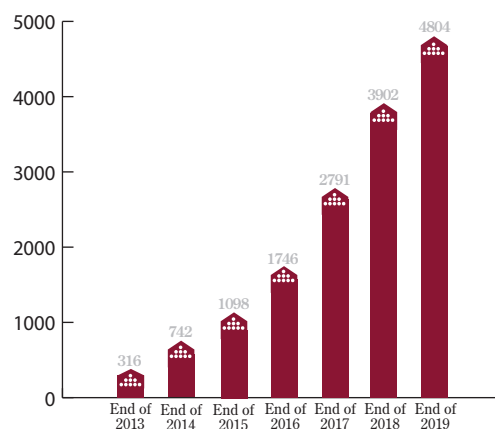
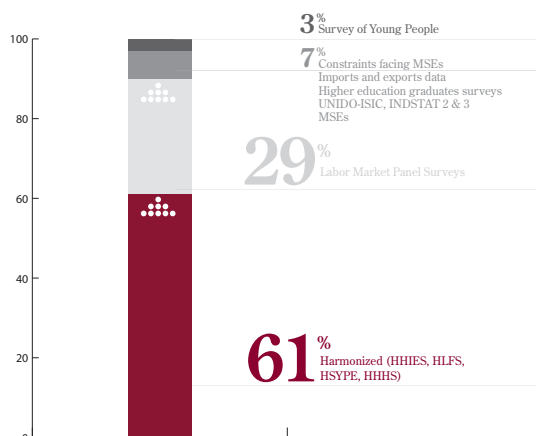


Figure 6. Number of Accessed/ Downloaded Surveys since Launch

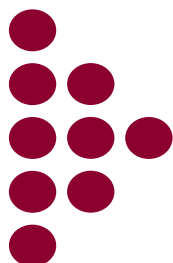


Around 61 percent of the accessed datasets were for harmonized household surveys (Harmonized Household Income and Expenditure Survey (HHIES), Harmonized Labor Force Survey (HLFS), Harmonized Survey of Young People in Egypt (HSYPE), and Harmonized Household Health Survey (HHHS)). A total of 29 percent was for labor market panel surveys (LMPS), and 10 percent were for different firm and sector-level datasets in addition to other types of surveys, as illustrated in Figure 7.

Figure 7. Accessed Datasets by Type since Launch



Communications and Outreach



ERF has made significant strides this year, with communications at the forefront. Strategic partnerships, research communications and uptake, policy forums and publications are core mechanisms that harness a more powerful impact, leveraging our extensive body of evidence based policy research generated by ERF projects, networks and activities; the active engagements of the ERF network members; and learning from ERF's experience in convening national policy dialogues and producing policy briefs and perspectives, a series of conferences and events were held to celebrate the ERF 25th anniversary.

The ERF 25th Annual Conference marked the celebration of the ERF 25th Anniversary addressing Knowledge, Research Networks and Development Policy. The conference which was kindly hosted by our longstanding partner and supporter, the Arab Fund for Economic and Social Development, brought together more than 220 great minds and speakers, featuring more than 70 papers of interest to the region.

Three conferences were then held in partnership with the Ministry of Planning, Egypt in June; with University of Sultan Qaboos in December in Muscat and with LIS in December in Egypt. A special Policy Conference on The Egyptian Labor Markets Facts and Prospects: A Focus on Gender and Economic Vulnerability was held in October in Cairo, Egypt. A series of book launch events were also organized in the US, UK and Morocco.

Partnerships underlined a number of our activities this year. A series of consultations and seminars were organized in partnership with international organizations, namely the UNDP, IMF, UN Women, ILO and regional institutions such as KAPSARC as well as national organizations such as statistical offices and national institutions.

To harness the impact of our research, ERF's renowned portfolio of publications produced 100 working papers, 74 policy articles published in the ERF Policy Portal – *The Forum*, contributed by renowned experts on key topical issues, 7 labor specific policy briefs, 3 policy reports, 3 new volumes published by Oxford University Press, and 2 MEDJ issues featuring 15 refereed articles covering a broad array of issues. Our publications are subject to a robust refereeing and editorial process and are promoted to a broader community of more than 3500 subscribers.

Meetings/Events

ERF organized a variety of events in 2019 targeting the research and policymaking community. As shown in Table 4, five conferences, five workshops, and seven seminars/meetings and book launches were held.

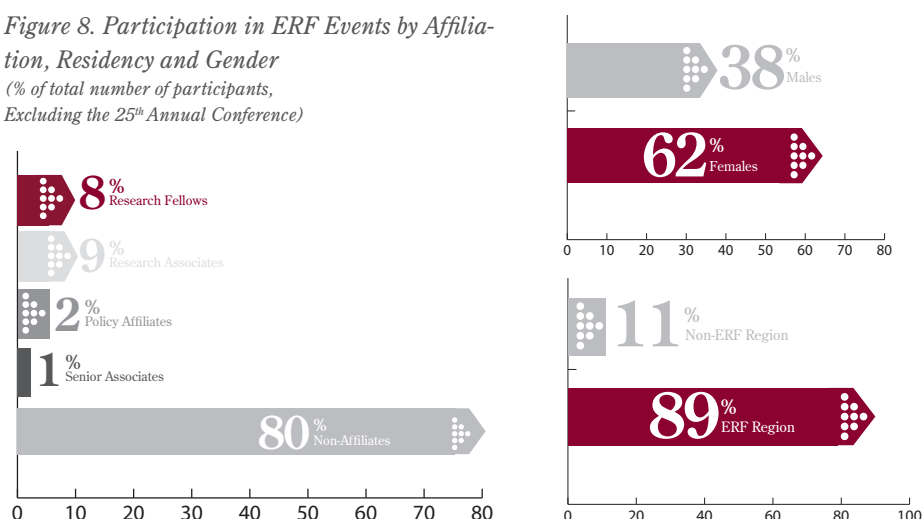
These events attracted more than 1000 participants from the research and policy communities, 218 of whom attended the ERF Annual Conference. Aside from the ERF Annual Conference, participants in all the other events held in 2019 were non-affiliates of ERF (79 percent) and from the ERF region (89 percent). Most of the participants were females (62 percent) (See Figure 8).



Table 4. ERF Events, Locations and Dates, 2019

FEB.	Cairo, Egypt 12 Feb. Access to Finance for SMEs	Cairo, Egypt 19 Feb. Fostering Small and Microenterprises Support in Egypt
MAR.	Kuwait City, Kuwait 10 Mar. Knowledge, Research Networks, and Development Policy	Kuwait City, Kuwait 10 Mar. Closed Meeting Statistics Centers Representatives in the Region
APR.	Cairo, Egypt 7 Apr. 2019 Human Development Report on Inequality	Riyadh, Saudi Arabia 17 Apr. Macroeconomic Stability and Diversification in Oil-based Economies
JUN.	Cairo, Egypt 17 Jun. Planning for Egypt's Future using Evidence from Egypt Census 2017	
JUL.	Cairo, Egypt 3 Jul. The Analysis of Egypt Labor Market Panel Survey 2018	Cairo, Egypt 7 Jul. Non-Monetary Dimensions of Inequality & Poverty among the Youth in the ERF Region
SEP.	Washington, USA 23 Sep. Institutions and Macroeconomic Policies in Resource-Rich Arab Economies	Amman, Jordan 28 Sep. Care Work and Care Policies in the MENA Region
OCT.	Cambridge, UK 15 Oct. Institutions and Macroeconomic Policies in Resource-Rich Arab Economies	Bonn, Germany 23 Oct. Climate Change Policy Alternatives for MENA after Paris
NOV.	Cairo, Egypt 20 Nov. Conflict, National Peace Building & Post Conflict Economic Agenda	Cairo, Egypt 27 Oct. Egyptian Labor Market-facts & Prospects
DEC.	Cairo, Egypt 5 Dec. Inequality Trends Around the Mediterranean	Cairo, Egypt 8 Dec. GCC in the Midst of Global Changes: Responding to New Economic Order
		Cairo, Egypt 14 Dec. Jobs and Growth in North Africa

Figure 8. Participation in ERF Events by Affiliation, Residency and Gender
(% of total number of participants, Excluding the 25th Annual Conference)



Communications and Outreach



Speakers and participants during the ERF 25th Annual Conference

ANNUAL CONFERENCE

Knowledge, Research Networks & Development Policy

ERF 25th Annual Conference

March 10-12, Kuwait City, Kuwait

The main theme of the conference was “Knowledge, Research Networks & Development Policy.” This was a timely topic in light of the significant political, social, and economic transformation currently witnessed in the region, and it was also highly relevant to ERF’s celebration of its achievements, aspirations, community, and partners. Three plenaries addressed the following issues: first, Knowledge, Economic Research Networks and Development Policy; second, The Role of Knowledge in the Process of Innovation in the New Global Economy, and third, Job-creating Growth in the Emerging Global Economy. Another special plenary highly relevant to ERF’s anniversary asked the question of which schools of thought have dominated economic research and policy-

making in MENA and how they evolved over time. In addition, the first panel documented the emerging role of the ERF in partnership with statistics offices in the region as a premier repository of labor, households, and other micro datasets from the region. The second panel addressed the role of the new ERF research agenda in tackling new challenges faced by the region. Finally, there was a special session on the Faces and Voices from the ERF Community reflecting on their past experiences with the ERF and their aspirations for the future.

The conference plenaries featured a number of prominent speakers, including Paul Collier (University of Oxford), Xavier de Souza Briggs (Ford Foundation), Albert G. Zeufack (World Bank), Barbara Shenstone (IDRC), Mahmoud Mohieldin (World Bank), Rohinton Medhora (Centre for International Governance and Innovation), Shahrokh Faridoust (College of William & Mary), Fatima Al Shamsi (Paris-Sorbonne University Abu Dhabi), Mohamed Trabelsi (International Monetary Fund), Nader Kabbani (Brookings Doha Center), Mustapha Nabli (Former

Central Bank of Tunisia) Mouna Cherkaoui (Mohamed V University), Lant Pritchett (University of Oxford), Massoud Karshenas (University of London), Ishac Diwan (Paris Sciences et Lettres) and Noha El-Mikawy (Ford Foundation).

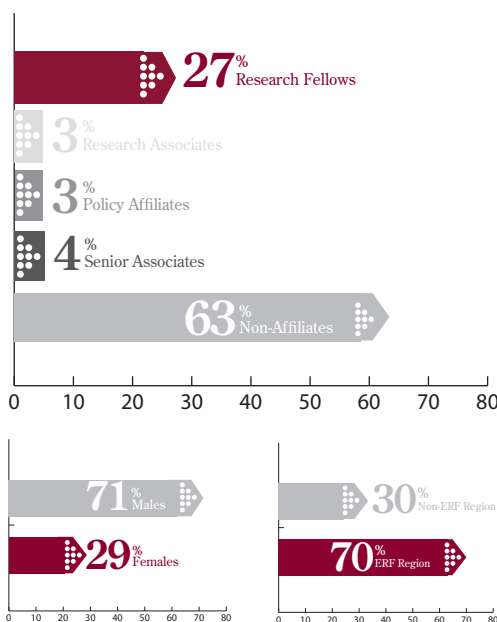
It attracted 218 participants from the research and policy communities. Most of the participants were non-affiliates of ERF (63 percent) and from the ERF region (70 percent). Female participation accounted for 29% (See Figure 9).

Plenary Session 1: Knowledge, Economic Networks, and Development Policy

The use and application of knowledge along with the expansion of information and communication technologies, known as the Knowledge Revolution, are a major source of economic development. However, MENA countries lag behind other countries in this regard given the low investment in education, information infrastructure, and research and development. Thus, economic networks connecting firms with researchers, universities, and other stakeholders as policymakers and international organizations allow for the creation, transfer, and dissemination of knowledge and innovation. This knowledge may lead to the emergence of new industries or the reform of existing ones, which will therefore result in creating jobs, increasing growth, and achieving sustainable development.

This panel aimed to tackle the process of moving forward on the path towards a knowledge economy by answering the following questions: What are the main barriers facing the MENA region? What are the main lessons to learn from the International community? What is the role of existing research networks, such as the ERF, in catalyzing knowledge and achieving sustainable development? What is the likely future di-

Figure 9. Participation in ERF 25th Annual Conference by Affiliation, Residency and Gender (% of total number of participants)



rection of development research in the new era of digitalization, big data, and GVCs, and how should development research networks, such as the ERF, shape their future research agenda?

Plenary Session 2: The Role of Knowledge in the Process of Innovation in the New Global Economy

In a new global economy witnessing a knowledge revolution, investment in intangible assets has become the main characteristic of the Knowledge Economy. This intangible economy is driven by proprietary knowledge, ideas, and innovation. Although characterized by high upfront costs as well as high risks, these intangible investments pave the way for low marginal costs and large potential returns and rewards to strategic behavior. Therefore, this panel discussed the following questions: What are the main conditions needed for intangible investment? What are the main channels needed to produce knowledge and transform it into

Communications and Outreach

innovation in the MENA region? What is the institutional framework needed to incentivize the creation of patents and proprietary knowledge? How can we achieve a balance between protecting intellectual properties and protecting consumers against the power of innovative firms? What role should governments play on the national, regional, and global scales?

Plenary Session 3: Job-Creating Growth in the Emerging Global Economy

A knowledge- and innovation-based economy requires a young, educated, and skilled population able to utilize current knowledge to create new ideas that can be transformed into new products valued by the market. Innovation Networks such as “cluster” or “milieu innovateur” include innovative firms, universities, and other institutions. Created locally or globally, these networks are prime sources of knowledge creation and innovation. New ideas are therefore transferred and diffused between the different mem-

bers of the network; consequently creating new jobs to absorb new entrants to the labor market. Therefore, this panel attempted to answer the following questions: How might the emerging digitized global economy and GVCs, among others, affect the development strategies for MENA and other developing countries? This includes the relative effectiveness of manufacturing and services as enablers of job creating growth, and the role of knowledge and innovation in shaping public policy and development strategies in general. How might the collaboration between innovative firms and universities solve the existing mismatch between the outputs of the educational system and the needs of the labor market? What are the main challenges faced by the MENA region in regards to investing in skilled and educated human capital? And what is the role of early childhood education in developing the skillsets needed for new jobs? How will governments react to the unemployment created by the disappearance of jobs due to the emergence of new technology and knowledge?



Speakers and participants during the ERF 25th Annual Conference



Speakers and participants during the ERF 25th Annual Conference

Special Sessions

Besides the plenary sessions, special plenaries were held on different topics:

A special plenary was held on “Schools of Thought and Economic Research and Policy-making in MENA.” It deliberated the schools of thought that dominated the economic sphere in MENA. The discussions, which were based on a region-wide survey of economists, aimed to apprehend how economic policies are and have been designed in MENA. Given the recent political and economic changes in the region, it is important to understand how the schools of thought play a role in shaping public policies as well as overall development strategies.

A plenary session on “From Data to Policy – Rewarding Partnership with Statistics Centers in the Region,” convened the heads of National Statistical Offices (NSOs) from the region, as well as researchers and policymakers, to celebrate the achievements of the ERF Open Access Micro Data Initiative (OAMDI), and to showcase the ERF data collection and harmonization efforts made possible through the strategic cooperation with NSOs. The session also highlighted the

value of sharing micro data and emphasized the research-to-policy link.

Another plenary discussed “ERF in the Emerging New Normal and the Changing Nature of Works.” The ERF is a research network that generates and disseminates knowledge addressing the main challenges faced by the MENA region. These challenges include large scale violence and civil wars, inequality, employment, climate change, environmental damage, and subsidies and social justice.

However, in the emerging global context of technological progress and innovation changing the nature of work and the dramatic decline in oil prices known as the New Normal, these challenges will remain, and new challenges will appear. Although innovation is known to transform living standards, it may be the reason behind widespread unemployment as John Maynard Keynes warned in 1930. However recent research, such as the new World Development Report 2019 on The Changing Nature of Work, showed that technology will provide “opportunities to create new jobs, increase productivity, and deliver effective public services. Through innovation, technology generates new sectors and new tasks.”

Communications and Outreach



Speakers and participants during the ERF 25th Annual Conference

Against this backdrop, this panel reflected on the quarter century of ERF research and policy outreach, including the first two years of the current ERF Strategy 2017/2021, and explored the future direction of the ERF; accounting for ideas from a wide and diverse group of ERF researchers, policymakers from the region, and partners from the development and knowledge community.

Parallel Sessions

The design of this year's conference was different from previous years. Twenty one parallel sessions featured a larger number of diverse papers (62 papers) across cross-cutting critical themes selected on the basis of a rigorous refereeing process in response to an open call for papers. The final drafts of the papers were published in the ERF Working Papers Series, and authors are encouraged to publish their papers in refereed journals. The closing plenary session celebrated the winners of what has become a regional certificate of excellence: The Best Paper Award.

OTHER CONFERENCES

Planning for Egypt's Future Using Evidence from Egypt Census 2017

Policy Conference

June 17, 2019, Cairo, Egypt

The Ministry of Planning (MOP) formed a group of experts to prepare policy papers studying and analyzing the Egypt Census 2017 results announced by the Central Agency for Public Mobilization and Statistics (CAPMAS). ERF and MOP organized a policy conference to discuss and debate the results amongst the research and policymaking communities. The papers addressed the impact of the findings on different interconnected sectors as well as future trends with emphasis on population and job creation policies. Special sessions addressing health, education, and urban development sectors were held.

The Egyptian Labor Market-Facts and Prospects: A Focus on Gender and Economic Vulnerability

Policy Conference

October 27-28, 2019, Cairo, Egypt

The study of labor market behaviors and dynamics is a central part of Egypt's development process and the creation of new jobs. Since good quality data is the basis for any sound scientific research, the ERF has invested time and effort in carrying out the Egyptian labor market survey over the past 20 years. The ERF conducted four survey rounds in 1998, 2006, 2012, and 2018, in collaboration with the Central Agency for Public Mobilization and Statistics (CAPMAS). The 2018 Egyptian Labor Market Panel Survey (ELMPS) included a sample of 15,746 households representing 61,231 individuals. The conference aimed to provide a platform for the dissemination of the results of the ELMPS 2018 and discuss the impact of these results on public policies with decision makers and experts from academia, international organizations, civil society and the private

sector. The first day dealt with the topics of gender and employment opportunities while the second day dealt with the issues of social protection and the degree of vulnerability to economic changes. The conference concluded by discussing the final recommendations for the Egyptian labor market policies.

Inequality Trends around the Mediterranean

First ERF-LIS Conference

December 5, 2019, Cairo, Egypt

In partnership with LIS Cross-National Data Center in Luxembourg, the ERF organized the first joint conference on "Inequality Trends around the Mediterranean" to exploit the richness of harmonized data offered by the ERF covering the MENA region countries and the LIS covering most of the developed countries in addition to parts of the developing world. The two institutions joined forces to offer access to the largest database available, containing harmonized microdata, mainly on income and expenditure/



Speakers and participants during various ERF events in 2019

Communications and Outreach

consumption, to enable researchers to easily conduct socio-economic analysis of various dimensions of inequality (income, consumption, education, employment, possession of durables...etc.) using all datasets available from both institutions. In this regard, a call launched under the same title generated eight papers, where the authors were given access to all datasets which are harmonized according to a common template. The conference provided a platform for discussing the findings of these research activities. The day started with the keynote speech by Francisco Ferreira, World Bank, on “Is Inequality Really Increasing Everywhere?” and the last session was dedicated to the launch of the UN-ESCWA and ERF report on “Rethinking Inequality in Arab States.”

GCC in the Midst of Global Changes: Responding to New Economic Order

First ERF GGCERI Conference

December 8-9, 2019, Muscat, Oman

The conference was organized jointly by the ERF and the College of Economics and Political Science at Sultan Qaboos University. It featured high profile policymakers and provided a platform to present 20 papers addressing issues of particular importance and interest to the GCC region. The conference started with a keynote speech that discussed the Oman experience in diversification and the new economic vision Oman 2040. It also discussed the opportunities and challenges facing the GCC economics, and looked at how the GCC countries are adjusting to the low oil price environment, the role of oil in macroeconomic stability, the speed of fiscal adjustment, and the challenges of sustainability. In addition, it discussed the role of Islamic Finance in terms of macroeconomic stability.

WORKSHOPS AND SEMINARS



Access to Finance for SMEs

ERF-IMF-AUC Seminar

February 12, 2019, Cairo, Egypt

In partnership with the International Monetary Fund (IMF) and the American University in Cairo, the ERF held a seminar on “Access to Finance Small and Medium Enterprises.” The discussions focused on how small and medium-sized enterprise financial inclusion is at the core of the economic diversification, growth, and job creation challenges many countries are facing. This is especially pertinent in the Middle East and North Africa and Pakistan, which lag behind other regions when it comes to SME access to finance and financial inclusion strategies.

Fostering Small and Micro-enterprises Support in Egypt

EU-SME

February 19, 2019, Cairo, Egypt

In collaboration with the American University in Cairo, an event was held in Cairo on February 19, 2019 to highlight the importance of “Fostering ASME Support in Egypt.”

Statistics Centers Representatives in the Region

Closed Meeting

March 11, 2019, Kuwait City, Kuwait

The panel on “From Data to Policy – Rewarding Partnership with Statistics Centers in the Region” was followed up with a closed meeting with representatives from National

Statistical Offices' (NSOs) from 14 different countries from the region along with subject matter experts to discuss the venues of collaborations with ERF supporting the efforts of the Open Access Microdata Initiative (OAMDI) that ERF started in 2009 and launched in 2013. The meeting also discussed the partnerships modalities preferred by the NSOs, their capacity building needs, and the means to exchange knowledge and experience among the NSOs in the region.

**Beyond Income, Beyond Averages,
Beyond Today: Inequalities in Human
Development in the 21st Century -UNDP
Human Development Report 2019**

ERF – UNDP/HDRO

Expert Group Meetings

April 07-08, 2019, Cairo, Egypt

In collaboration with the United Nations Development Programme, Human Development Report Office (HDRO), the ERF convened in the offices in Cairo on 7-8 April 2019 for a two-day Expert Group Meeting to discuss the 2019 Human Development Report and the way forward.

Macroeconomic Stability and Diversification in Oil-based Economies

KAPSARC Workshop

April 17, 2019, Riyadh, Saudi Arabia

King Abdullah Petroleum Studies and Research Center (KAPSARC) held a workshop on “Macroeconomic Stability and Diversification in Oil-based Economies” at the KAPSARC campus in Riyadh, Saudi Arabia. KAPSARC is undertaking a research project to address the macroeconomic and diversification challenges facing oil-rich economies, focusing on the economic performance and policy responses of Saudi Arabia and other



Speakers and participants during various ERF events in 2019

Gulf countries during oil price booms and downturns. The workshop provided an opportunity to discuss main themes relevant to hydrocarbon-based, mid-income economies such as the GCC economies.

The Tunisian Labor Market in an Era of Transition

Book Launch

April 24, 2019, Tunis, Tunisia

Why is unemployment among women, youth, and educated people so high in Tunisia? Drawing on a new ERF book “The Tunisian Labor Market in an Era of Transition,” an event was held to launch the book based on the analysis of the Tunisia Labor Market Panel Survey (TLMPS) 2014 exploring three key factors: labor supply pressures, weak demand for skilled labor, and rigidities in the core institutions of the labor market, in addition to potential policy responses.

Communications and Outreach



Speakers and participants during various ERF events in 2019

The Analysis of Egypt Labor Market Panel Survey 2018 with a Focus on Gender and Economic Vulnerability

Workshop

July 3-4, 2019, Cairo, Egypt

In an attempt to analyze the new round of the Egypt Labor Market Panel Survey (ELMPS) 2018, the ERF commissioned a new book in the LMPS series. This book project seeks to investigate the evolution of Egypt's labor market from 2012 to 2018, with a focus on gender and economic vulnerability. The 2018 round followed three previous rounds carried out in 1998, 2006, and 2012. The survey captured a sample of 15,746 households representing 61,231 individuals. The ELMPS 2018 continues to measure indicators related to employment, labor market activity, household wealth and assets, education, marriage, and family formation. The 2018 wave adds new measures of vulnerability. The workshop aimed at providing a platform

to discuss the first drafts of the book chapters and their findings among authors and invited discussants to improve the final output.

Non-Monetary Dimensions of Inequality & Poverty among the Youth in the ERF Region

Workshop

July 7, 2019, Cairo, Egypt

ERF launched a call for papers under the title of the workshop. Several subthemes were identified, such as multidimensional poverty and inequality in MENA, and the socioeconomic inequalities in health and education in MENA. The workshop provided a platform for discussing the draft papers and their preliminary findings among authors and experts in equity and inequality in order to improve the final output. The workshop falls under the ERF Equity and Inequality in the Arab countries thematic track.

Care Work and Care Policies in the MENA Region

Consultation Workshop

September 28-29, 2019, Amman, Jordan

The dynamics of the care economy are critical for women's wellbeing in the Arab States. In addition to the centrality of unpaid and paid care work to women's economic roles in the region, the weakness of institutional arrangements for early childhood care and education and long-term care for the elderly impact the development, health, and wellbeing of the youngest and the oldest in Arab societies. Therefore, UN Women commissioned the ERF to conduct a flagship report to discuss the issues of care economy in the region. The purpose of the inception consultation workshop was to bring together the ERF research team, representatives from

UN Women, and international experts on care work and care policies to review the project concept note and make key decisions regarding the scope and focus of the analytic work.

Institutions and Macroeconomic Policies in Resource-Rich Arab Economies

Book Launch

September 23, 2019, Washington DC, USA, and October 15, 2019, Cambridge, UK

Three book launch events were held in Georgetown University, USA on September 23, and at Cambridge University, England, on October 15, for the book titled “Institutions and Macroeconomic Policies in Resource-Rich Arab Economies.” The book focuses on the unique features of the Arab world to explain the disappointing outcomes of macroeconomic policy. It explores the interaction between oil and institutions to draw policy recommendations on how Arab countries can best exploit their oil revenues to avoid the resource curse. Case studies and contributions from experts provide an understanding of macroeconomic institutions (including their underlying rules, procedures, and institutional arrangements) in oil-rich Arab economies and their political economy environment, which has largely been overlooked in previous research.

Climate Change Policy Alternatives for MENA after Paris

ERF Session in GDN Annual Conference
October 23-25, 2019, Bonn, Germany

The ERF organized a session during the 2019 Annual Global Development Conference on, “Knowledge for Sustainable Development: The Research to Policy Nexus.” The session provided a platform for discussing the most critical aspects of climate change in

the MENA region and the possible mitigation and adaptation policies enabling them to meet the set targets and understanding their macroeconomic implications.

Conflict, National Peace Building and Post Conflict Economic Agenda

Workshop

November 20-21, 2019, Cairo, Egypt

This workshop served as a platform for presenting and discussing the six country case studies touching upon several conflict-related issues, including causes of the conflicts, transition from war to peace, and the post-conflict economic agenda. The topics were discussed in light of literature findings and available data. While there is no doubt that the conflicts that have erupted cannot be pinpointed to one cause, it is important to provide evidence for their most pertinent roots in order to move forward with the other research topics that will follow. Thus,



Speakers and participants during various ERF events in 2019

Communications and Outreach

the workshop additionally addressed the issues of the impact of conflicts on lives and livelihoods as well as how to measure the economic costs of conflicts. Combined, the three projects will help identify the conditions governing the transition to peace and the rebuilding of institutions and social cohesion in the four countries, all which are at the cornerstone of any sustainable economic and political post-conflict development. The workshop dedicated a special session for the presentation of the FEMISE Euromed Report of 2019, which covers the complementary topic of “Repatriation of Refugees from Arab Conflicts: Conditions, Costs and Scenarios for Reconstruction.”

Jobs and Growth in North Africa

Expert Group Meeting

December 14, 2019, Cairo, Egypt

In North Africa, most will acknowledge that high growth in the 2000s had left many on the sidelines; that while real per capita GDP was rising, most were not benefiting – rather, they were falling behind compared to the wealthy in their societies. Effective public policy is, to a large extent, a factor of the quality of the “national discourse” that informs and monitors it. Improving the national discourse involves breaking silo tendencies within economics and economic policymaking - with macro, micro, labor and other economic disciplines engaging only too rarely; enhancing the availability, reliability, and use of key economic data, including labor statistics; or mitigating preconceptions and mistrust among individuals. Keeping that in mind, the ERF, in collaboration with the International Labour Organization (ILO), commenced an expert group meeting to initiate dialogue and collaboration across economists, social scientists, and data producers

in North Africa, around the twin goals of promoting jobs and growth, ultimately to strengthen evidence-based policymaking. The network activities are planned to last until the end of 2023.

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 (MEDJ)

The Middle East Development Journal (MEDJ) was established twelve 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 2019, Taylor & Francis and Routledge continued their production of the journal.



A Word from the Managing Editor Middle East Development Journal (MEDJ)

As we move into 2020, it gives me great pleasure to share with you some of the achievements of The Middle East Development Journal (MEDJ), now in its twelfth year. Perhaps nothing measures success better than the number of articles accepted for publication in the journal. This year, MEDJ will reach a record number of articles – eighteen, up from the twelve that we have been averaging over the last few years. This suggests that research on key development issues facing the Middle East and North Africa by researchers from both within and outside the region is flourishing and indicates that MEDJ has the capacity to accommodate an expanding supply of top-class submissions.



The latest data for MEDJ show that 31 manuscripts were submitted in 2019 from a wide range of countries, the main ones being Egypt, Germany, Tunisia, Turkey, United Arab Emirates, United Kingdom, and USA. Of these, 16 were accepted for an acceptance rate of 52 percent. Remarkably, there were 4,746 full text downloads, an increase of 52 percent from the previous year. Clearly, research published in MEDJ is attracting serious attention. The top paper – Fiscal policy, inequality, and poverty in Iran: assessing the impact and effectiveness of taxes and transfers by Ali Enami, Nora Lustig, and Alireza Taqdiri – had 922 downloads.

The data on downloads reflect the effort put into dissemination. MEDJ is currently accessible to readers via direct subscriptions, online-only sales packages with institutions and as part of the Taylor and Francis Group's Social Sciences and Humanities Library. In 2018, the latest year for which we have data, 2,938 institutions had access to MEDJ, up 20 percent from 2017. MEDJ articles are included in RePEc via IDEAS and EconPapers. In addition, Scopus confirmed that it has accepted MEDJ for indexing and the journal should have a homepage on Scopus during spring 2020.

Many individuals contribute to making MEDJ a success. Our reviewers are of course indispensable. Without them, MEDJ cannot exist. Let me also pay tribute to our stellar Editorial Team – Ragui Assaad (University of Minnesota), Leila Baghdadi (University of Tunis), Ali Darrat (Louisiana Tech University), and Kamiar Mohaddes (University of Cambridge). Their attention to the review process ensures that only articles of the highest quality appear in the pages of MEDJ.

The journal publishes two issues each year – June and December – in hard copy and online through the Taylor & Francis Group. If your research addresses an important development issue confronting the region and if you want to see your research widely disseminated then I encourage you to think of MEDJ as an outlet for your work. I look forward to seeing your article in a future issue of MEDJ.

Lyn Squire
Managing Editor, MEDJ

Communications and Outreach



ERF Policy Portal - *The forum*

Improving the economic policy debate in the MENA region

In October 2017, ERF launched *The Forum*, a policy portal for the Middle East and North Africa, with the aim of becoming ‘the platform’ for rich and relevant debates in the region on economic, social and political development issues. *The Forum* features 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.

the forum
ERF Policy Portal

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 contributing a ‘research-based policy analysis and commentary’ – or simply a summary of their latest research papers for a lay audience – are encouraged to communicate directly with the co-managing editors and the editorial board.

The Forum offers an opportunity for economists 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. It provides 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, social and political events.

On the supply side, the platform makes it easier for economists to contribute their knowledge to important policy issues. On the demand side, it makes the knowledge of these researchers more accessible to the public, especially users of research in governments, international organisations, academia and the private sector, as well as journalists and commentators specialising in economics, finance, business, social affairs, development and public policy.

The Forum’s founding editor was Mustapha Nabli and he was co-managing editor with Romesh Vaitilingam from the policy portal’s launch in October 2017. Since 2018, Ibrahim Elbadawi and Sherine Ghoneim have been co-managing editors alongside Romesh.

The rest of the editorial board consists of Hala Abou Ali (Cairo University); Ragui Assaad (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 (American University in Cairo and Harvard University); Samir Makdisi (American University of Beirut); and Kamiar Mohaddes (King’s College, University of Cambridge).

From when the policy portal was launched in October 2017 until the end of 2019, *The Forum* had published more than 220 columns (including 74 in 2019) written by more than 220 contributors. Ten contributors have been particularly prolific, publishing at least five columns to date:

- Rabah Arezki (Chief Economist for Middle East and North Africa Region at the World Bank) has written 14 columns on macroeconomics, competition policy, trust, structural transformation and the digital economy (including 10 in 2019).
- Khalid Abu-Ismaïl (Chief of Economic Development and Poverty Section at the United Nations Economic and Social Commission for Western Asia) has written 13 columns on poverty, inequality, fiscal policy and aid effectiveness (including five in 2019).

-
- Caroline Krafft (Saint Catherine University) has written 13 columns on issues around gender, migration, refugees, education, housing, marriage and the labour market in Egypt, Jordan and Tunisia (including five in 2019).
 - Simon Neaime (Director of the Institute of Financial Economics at the American University of Beirut) has written 11 columns on fiscal and monetary policy, trade agreements, financial stability and exchange rates (including four in 2019).
 - Ragui Assaad has written seven columns on labour markets in the region, including youth transitions, refugees and human resource development (including three in 2019).
 - Jackline Wahba (University of Southampton) has written six columns on education, gender, migration and the labour market (including two in 2019).
 - Ferid Belhaj (Vice President for the Middle East and North Africa at the World Bank) has written five columns on competition policy, growth policy and trust (including four in 2019).
 - Samir Makdisi (American University of Beirut) has written five columns on political economy, regional development and post-conflict reconstruction (including three in 2019).
 - Magda Kandil (Chief Economist and Head of Research and Statistics Department at the Central Bank of the United Arab Emirates) has written five columns on fiscal policy, oil prices, banks, corporate ownership and Iran.
 - Ralph De Haas (Director of Research at the European Bank for Reconstruction and Development) has written five columns on gender discrimination, life satisfaction, microcredit, constraints on private enterprise and the demographic transition.

The Forum has published columns in 34 broad areas of economic policy concerns. Topics that have received particularly extensive coverage include labour markets and human resources (45 columns); political economy (45); growth and development (35); education (31); business and productivity (30); inequality and poverty (27); international trade (25); gender (24); structural transformation (20); conflict and instability (19); fiscal policy (19); migration and remittances (19); oil and natural resources (19); institutions (14); and public spending (12).

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 (42 columns); Turkey (34); Jordan (15); Syria (13); Tunisia (13); and Lebanon (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.

<http://theforum.erf.org.eg>



Communications and Outreach



Table 5: ERF Publications from FY 2009 to FY 2019

Type of Publication/Year	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Working Papers	72	78	85	80	80	76	94	95	96	110	100
Policy Perspectives/Briefs	-	2	2	3	5	3	9	21	8	15	7
MEDJ	1	2	2	2	3	2	2	2	2	2	2
Volumes	2	2	2	2	2	2	2	2	3**	3	3

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

**Indicates that the volumes are in press.

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 2019, ERF published 7 Policy Briefs as detailed in Annex (C).

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.

Three volumes were co-published by Oxford University Press (OUP) in 2019.

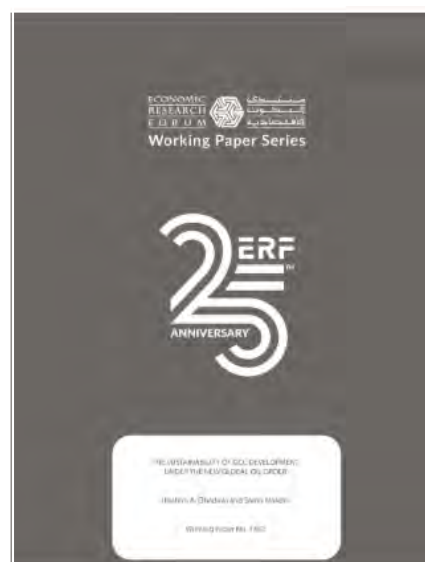
Policy Research Reports

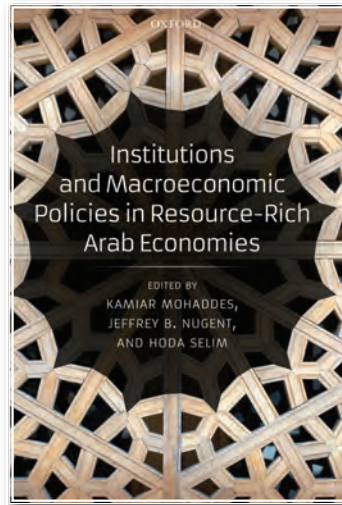
Policy Research Reports present and disseminate the findings of large policy research projects. In 2019, ERF published 3 Policy Research Reports as detailed in Annex (C).

Working Papers

This year saw the production of 100 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).





Institutions and Macroeconomic Policies in Resource-Rich Arab Economies

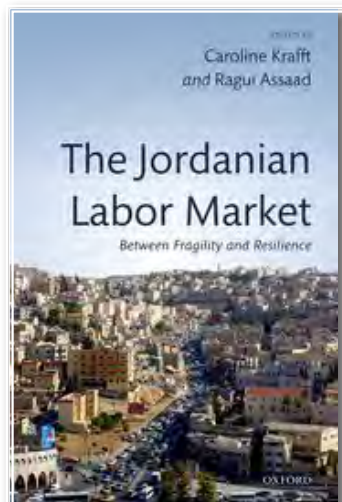
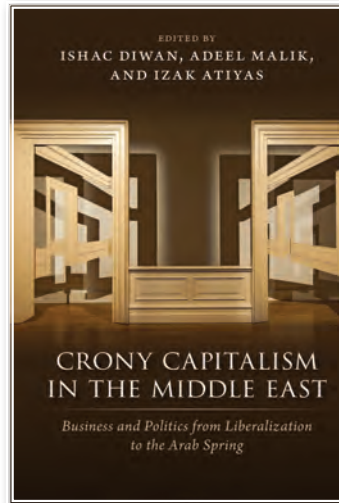
Edited by
*Kamiar Mohaddes, Jeffrey B. Nugent,
and Hoda Selim*

Co-Published with Oxford University Press
Published: 22 May 2019 - 464 Pages
ISBN: 9780198822226

Crony Capitalism in the Middle East: Business and Politics from Liberalization to the Arab Spring

Edited by
*Ishac Diwan, Adeel Malik,
and Izak Atiyas*

Co-Published with Oxford University Press
Published: 28 May 2019 - 464 Pages
ISBN: 9780198799870



The Jordanian Labor Market: Between Fragility and Resilience

Edited by
Caroline Krafft and Ragui Assaad

Co-Published with Oxford University Press
Published: 01 October 2019 - 384 Pages
ISBN: 9780198846079

ANNEXES

ANNEX A: ERF NETWORK AND PARTNERS



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ANNEX A: ERF NETWORK AND PARTNERS



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ANNEX A: ERF NETWORK AND PARTNERS



ERF MANAGEMENT AND STAFF

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(January - End of August)

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(September - End of December)

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ERF DONORS



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ANNEX B: RESEARCH PROJECTS



Natural Resources and Diversification

Under this theme, the ERF completed five projects, while one is still ongoing.

Completed Projects

The Role of Labor Market Frictions in Structural Transformation

Khalid Elfayoumi and Gregory Auclair

Against 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, thus leading to sub-optimal allocations and a loss in aggregate labor productivity. Using a panel of cross-country sector-level data, the authors estimated a dynamic panel error correction model that captures the dynamic adjustment of labor flows across sectors. They found that, on average, labor flows from low to high productivity sectors. With regard to labor market regulations, the authors found a significant positive association between the pace of labor reallocation across sectors and the freedom level of labor market institutions. However, in contrast to neo-classical intuition, they found that lowering firing costs slows the structural transformation process. 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. Hence, policy reforms need to steer between the goal of easing job creation and destruction, while supporting labor supply incentives to reallocate and shift industries through strong social nets, labor protection, and risk sharing.

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

Chahir Zaki and Marion Dovis

This paper attempted to assess the effect of the business environment on the possibility of a firm becoming part of a global value chain (GVC). Hence, it provided 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 provided various and more consistent measures of GVC and examined 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 compared 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 showed 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.

Global Value Chain Integration and Productivity: The Case of Turkish Manufacturing Firms

Yilmaz Kilicaslan, Oytun Mecik and Ugur Aytun

In this paper, the authors examined 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 integration of firms to the GVCs on productivity generation in the Turkish manufacturing industry at the firm level. The analysis was based on firm-level data obtained from the Turkish Statistical Institute (TurkStat) and covers the period from 2003 to 2015. The data used in the analysis includes all firms employing 20 or more employees in the Turkish manufacturing industry. Findings, based on both fixed-effects and GMM estimations, showed that while supplier position on the domestic chain has a negative effect on productivity, the same position in GVC diminishes this effect. Consumer position in the GVC, on the other hand, provides more benefits to SMEs than large-scale firms.

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 investigated the impact of agglomeration and individual characteristics on firm performance. The empirical results showed 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 showed that selection, rather than agglomeration economies in larger cities, better explain spatial productivity differences.

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

Klaus Schmidt Hebbel and Ibrahim Elbadawi

The end of the commodity super-cycle imposes major challenges for macroeconomic regimes and policy actions in commodity-exporting countries in general and MENA countries in particular. This paper drew 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 that face high volatility and large unpredictable structural changes in international commodity prices. To address this question, the paper started by reviewing the descriptive evidence on the evolution of exchange-rate regimes in the world. It then surveyed 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 allowed for the identification of current frontier macroeconomic policy regimes. Then the paper reviewed the evidence on the determinants of the choice of exchange-rate regimes and the evidence on their macroeconomic and policy consequences. This allowed for a deeper look at the existing evidence for MENA countries on exchange-rate regimes, their causes, and their macroeconomic consequences, as well their relation to other macroeconomic regimes. The paper ended 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.

Ongoing Projects

Oil Rents and Political Violence

Ibrahim Elbadawi and Chahir Zaki

This paper 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.

The Political Economy of Transformation in the Arab Region



Under this theme, the ERF completed eight projects.

Completed Projects

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 paper is the first to document the ownership and control structures of more than 200 firms listed on the ASE in

ANNEX B: RESEARCH PROJECTS

detail. The author documented 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 showed 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.

The Politics of Trade Protection: Evidence from an EU-mandated Tariff Liberalization in Morocco

Christian Ruckteschler, Adeel Malik and Ferdinand Eibl

Although non-tariff measures (NTMs) have surpassed tariffs as the most prevalent instrument of trade protection globally, our knowledge of what drives these NTMs is extremely limited. This paper sheds light on the political determinants of non-tariff protection using a rich empirical setting in Morocco. Taking advantage of a bilateral EU-Morocco trade agreement that resulted in an across-the-board tariff cut and a subsequent rise in NTMs, the authors used a difference-in-differences regression framework to show that sectors with close prior political connections to the royal family received disproportionately higher levels of non-tariff protection than unconnected sectors. They also demonstrated that, in the wake of the EU-induced tariff cut, connected sectors were mainly compensated through technical barriers to trade that depend on administrative oversight and are vulnerable to political influence.

Do Politically-Connected Firms Innovate?

David Francis, Sahar Hussain and Marc Schiffbauer

In this paper, the authors presented new evidence that cronyism discourages firms' innovation activities. The analysis was based on novel establishment survey data from Egypt which provides information on establishments' political connections, their innovation activities, and their access to policy privileges. The authors find that the probability that firms invest in products new to the firm 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 suggested that connected firms outlive their 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 investigated the role of informal firms' competition in determining the micro-level effect of cronyism on formal-firms' productivity in the aftermath of the 2011 Egyptian revolution. Based on the World Bank panel Enterprise Surveys, the authors followed a constructive approach to indicate politically-connected firms based on the findings of previous literature. Using a propensity score reweighting a difference-in-difference estimator, they found that being a crony firm after the revolution could generate unsustainable gains in terms of productivity. This is mostly due to cronyism externalities that engender a stronger intensity of informal competition, which jeopardizes any increase in productivity and creates a large disequilibrium at the firm level. The authors also provided evidence that crony firms' excess in labor is the main channel through which this effect occurs. Hence, crony firm survival in Egypt depends on their ability to balance between the sustained provision of privileges and the threats imposed by the growth of the informal sector.

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

Large scale business subsidies tied to national industrial development promotion programs are notoriously difficult to study and inseparable from the political economy aspect of large government programs. In Tunisia, the Tunisian Industrial Upgrading Program, initiated in the late 80's to improve the competitiveness of Tunisian firms increasingly exposed to international competition through firm subsidies, is such an example. The continuation and resurgence of industrial development programs, such as the Tunisian IUP, makes the rigorous evaluation of this type of program within the political economy framework increasingly important. The authors use the Tunisian national firm registry database and a perceptions survey administered by the national research institute to measure the impact of the IUP and its beneficiaries. Using inverse propensity score re-weighted differences-in-differences regressions, they find that when program recipients are large firms, gains of the program are mostly retained by capital-owners, while when subsidies are distributed to small-sized firms, more gains are perceived by labor.

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 provided 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 identified 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 used 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 applied the propensity score matching (PSM) in addition to estimating quantile DiD at different points in the distribution. They found 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.

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 explored how these policies impacted Palestinian business establishments during 1997–2012, particularly between regions facing the most versus least restrictive regimes. They constructed an index of mobility restrictions in individual governorates and years and assessed implications for establishments' operating and legal status, economic activity, and female and total employment. Difference-in-difference type regressions showed that establishments facing tighter security regimes in their governorates are more likely to suspend their operations through temporary or permanent closure or restructure of 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. Mobility restrictions are thus damaging to employment in Palestine for several reasons. Some firms do not survive or enter hibernation engaging in peripheral activities. Surviving firms respond to restrictions by retaining fewer workers. Female workers appear to be the first to be fired, and last to be rehired. The authors found no evidence that establishments try to escape mobility restrictions in one governorate for another governorate, which validates their governorate-level analysis of the creation, expansion, and disappearance of firms.

A Decade of Competition Policy in Arab Countries: A De Jure and De Facto Assessment

Jala Youssef and Chahir Zaki

In the 1990s, many Arab countries started to adopt economic reform programs. This was followed by a wave of adopting competition laws in the 2000s. However, the adoption of law does not seem to be sufficient on its own; what really matters is the enforcement of the law. Against this backdrop, the objective of this paper was twofold. First, to assess competition policy in Arab countries in terms of rules (de jure) and implementation (de facto). The authors construct indices assessing three categories: enforcement, advocacy and institutional effectiveness.

ANNEX B: RESEARCH PROJECTS

Second, to assess the impact of competition policy rules (de jure) and implementation (de facto) on competition outcomes (factual-based and perception-based). Main findings showed that, in general, 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 the Yemeni legislations are 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.

analysis of youth workers' status, workers' employment growth later in life was also studied. Results showed 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 assessed 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 relied 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

Labor and Human Resource Development

Under this theme, the ERF completed 18 projects.

Completed 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 paper, the authors analyzed the static and dynamic nature of vulnerable employment in Egypt and Jordan using recent LMPS data. They defined 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, the authors examined 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

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 examined changes in age at marriage and drivers of early marriage among Syrian refugees in Jordan. Results showed 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 examined 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 found 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

Caroline Krafft, Susan Razzaz, Caitlyn Keo and Ragui Assaad

Jordan has experienced a substantial influx of refugees from Syria since 2011. The Jordanian government and the international community have expended significant resources to address the urgent humanitarian needs of these refugees and to mitigate negative impacts on the Jordanian population. Although several data sources describe the number and characteristics of Syrians in Jordan, a systematic comparison of the similarities and differences among the data sources has not been

made. The authors sought to fill this gap using several data sources: the Jordan Population Census of 2015, the UNHCR registration database as of 2016, the Ministry of Education Management Information System of 2016/2017, and the Jordan Labor Market Panel Survey of 2016. They examined the number of Syrians in Jordan and their characteristics, including registration status, geographic and age distribution, and children's enrollment status.

Perceptions of Service Access in a Context of Marginalization: The Case of Young People 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 used 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 showed 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 concluded 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 Heterogeneity in Labor Productivity and Total Factor Productivity in Egyptian Manufacturing

Abeer Elshennawy and Mohammed Bouaddi

Egypt's Ranking in the World Competitiveness Report deteriorated between 2004 and 2017. Boosting

ANNEX B: RESEARCH PROJECTS

competitiveness requires reforms on several important fronts, but raising labor productivity and TFP is perhaps the most pressing. This paper identified 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 found 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 showed 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.

Introducing ELMPS 2018

Caroline Krafft, Ragui Assaad and Khandker Wahedur Rahman

This paper introduced the 2018 wave of the Egypt Labor Market Panel Survey (ELMPS), previously fielded in 1998, 2006, and 2012. These publicly-available longitudinal data are nationally representative, tracking both households and individuals over two decades. In this paper, the authors described key characteristics of the 2018 wave, including sampling, fielding, and questionnaire design. They examined patterns of attrition and presented the construction of weights designed to correct for attrition, as well as to ensure the sample remains nationally representative. The authors then compared the ELMPS data to other Egyptian data sources, namely the 2017 Census and various rounds of the Labor Force Survey. The data provided important new insights into Egypt's labor market, economy, and society.

Evolution of Labor Supply and Female Labor Force Participation in Egypt from 1998-2018

Caroline Krafft, Ragui Assaad and Caitlyn Keo

This paper investigated the character of labor supply and especially female labor force participation in Egypt and its evolution over the 20-year span from 1988 to 2018 using various waves of the Egypt Labor Market Panel Survey. The paper paid particular attention to women's labor force outcomes while examining trends in labor

force participation, employment, and unemployment. The population and labor supply in Egypt are analyzed by demographic characteristics such as age, sex, educational attainment, and location. Demographic changes, including in age at marriage and fertility, are explored as important determinants of both labor supply and women's participation.

Job Creation and Economic Vulnerability: Is the Economy Creating Good Jobs?

Ragui Assaad, Abdelaziz AlSharawy and Colette Salemi

In terms of overall growth rates, the Egyptian economy has rebounded from the slowdown it experienced as a result of the global financial crisis, the 2011 revolution, and the revolution's aftermath. The question explored in this paper was whether the recovery in growth rates has been accompanied by an improvement in the quantity, and especially the quality, of employment in Egypt. The authors examined how overall employment and job creation have evolved and delved into the composition of employment in terms of sector, formality, industry structure, location in and out of establishments, and establishment size. They also examined other aspects of job quality such as skill requirements, regularity, access to paid leaves, health insurance, hours of work, and exposure to workplace hazards and injuries and related these aspects to the type of work that people are engaged in. As a measure of subjective job quality, the authors examined workers' satisfaction with various aspects of their jobs and how it changed over time and also traced the evolution of underemployment in the economy in the form of involuntary part-time work and educational over-qualification.

School to Work Transition and Youth Economic Vulnerability

Mona Amer and Marian Atallah

This paper explored the school-to-work transition patterns of young people in Egypt over the past two decades (1998-2018). In particular, it sought to update the findings on labor market insertion trajectories using data from the most recent Egypt Labor Market Panel Survey (ELMPS) fielded in 2018 along with its predecessor surveys in 1998, 2006 and 2012. The analysis makes use of the 2018 labor market history module to elicit information on early labor market outcomes such as the time taken to find the first job and the type of job found after completing education.

The authors also define youth economic vulnerability in the work setting and investigate its symptoms in the Egyptian labor market including forms of precarious employment (such as informality and irregular work). Finally, they shed light on socioeconomic status as one of the potential channels behind this vulnerability. Results revealed a rise in informal employment among youth in recent years and suggested that belonging to a lower socioeconomic bracket (as proxied by mother's education and father's occupation) increases exposure to informality.

Inequality and Income Mobility in Egypt

Mona Said, Rami Galal and Mina Sami

This paper explored trends in wage and income levels and inequality and mobility in Egypt, especially since 2012 using data from the 1998, 2006, 2012, and 2018 waves of the Egypt Labor Market Panel Survey (ELMPS). The findings pointed to declining real wages and incomes and a rise in inequality between 2012 and 2018. As a result, the share of wage workers below the low waged line (the working poor) has increased, especially for older workers, workers with higher education, and government workers. Circumstances such as parental background and area of birth have continued to play an important role in determining individuals' wages. Focusing on the panel of individuals present in multiple waves of the survey, mobility since 2006 has remained mostly unchanged. The wage workers who tended to fare better from 2012 to 2018 were males, those in the public sector, and those with higher skills and education. However, the differences across subgroups were not large. The deteriorating relative wage position of women in the private sector and increase in the working poor as a result of real wage declines require policy action to reverse those trends.

Rural Women in Egypt: Opportunities and Vulnerabilities

Caitlyn Keo, Caroline Krafft and Luca Fedi

This paper investigated the lives and livelihoods of rural women in Egypt. Rural women have lower economic participation, by standard measures, than urban women or men. This paper introduced additional measures of economic participation and found that standard measures vastly underestimated the economic engagement of rural women. These additional measures also allowed the authors to better delineate the nature of women's contributions to the economy and society. Rural

women were frequently engaged in tending livestock, household non-farm enterprises, and domestic work. Rural women had distinct patterns of family formation, with higher rates of early marriage than urban women and higher fertility rates. Although gender role attitudes were equitable in some respects, such as gender equality in education, other aspects, such as attitudes towards work and domestic violence, showed rural women were particularly vulnerable.

Trends and Patterns of Women's Entrepreneurship in Egypt

Reham Rizk and Ali Rashed

This paper conducted a detailed analysis of the trends and patterns of women's role in household non-agricultural enterprises in Egypt. The paper used the Egypt Labor Market Panel Survey (ELMPS) waves of 1998, 2006, 2012 and 2018. First, the paper examined whether households have enterprises and how this varies across female and male-headed households over time. Second, it investigated whether men and women own enterprises and how this differs by their characteristics. Third, it investigated the characteristics of women-owned enterprises vis-à-vis men. Finally, it examined the gendered patterns of participation in enterprises. The findings demonstrated that women are less likely to engage in or own non-agricultural enterprises than men. Although the trend in participation in enterprises has been declining for men, it has been flat for women. Women-owned enterprises are more likely to be informal, have less capital, and be home-based.

Social Protection and Vulnerability in Egypt: A Gendered Analysis

Irène Selwaness and Maye Ehab

This paper presented a comprehensive review of the state of social protection in Egypt using data from the Egypt Labor Market Panel Surveys of 1998, 2006, 2012 and 2018. First, the authors focused on issues of social insurance coverage at work, how it evolved over time, and the time it takes to acquire social insurance. They then examined the patterns of social protection benefits receipt at the household level and analyzed the coverage of the newly launched conditional cash transfer programs Takaful and Karama as well as the smart food ration cards. Finally, as a component of social protection, they examined health insurance coverage rates. Findings

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suggested that the social insurance coverage gap widened among all workers, particularly in private sector wage employment, for both men and women. This was likely due to the expansion of outside of establishment wage work; highlighting issues of increased vulnerability at work. Moreover, the coverage gap does not close with years of work and is highly contingent on the type of first job, suggesting an informality trap. As for social protection benefits receipt, the most common types of benefits were retirement or social assistance pensions. If the social insurance coverage gap continues to widen, such benefits receipt would be strongly affected. Finally, women, and in particular rural women, as well as youth aged 20-24 were the most vulnerable in terms of health insurance coverage.

Household Vulnerability and Resilience to Shocks in Egypt

Imane Helmy and Rania Roushdy

A growing body of literature points to the role of exposure to shocks in reducing economic resilience. While all households are negatively affected by various shocks, poor households are more likely to be exposed to different risks. This paper used the 2018 round of the Egypt Labor Market Panel Survey (ELMPS) to examine the nature of shocks experienced by different socioeconomic groups of households and the ex-post coping mechanisms that were adopted. The results showed that almost a quarter of the Egyptian households experienced food insecurity either solely or in combination with shocks. Economic shocks were the most common distress followed by health shocks during the year preceding the ELMPS interview. Households used consumption rationing or depended on their social capital as a coping mechanism in response to a shock or food insecurity. Households whose heads had less than intermediate education, worked in the informal private sector or agriculture, or were self-employed were more likely to have experienced a shock. Also, households residing in rural areas, particularly in Upper Egypt, or with large family size, were more vulnerable to shocks during the study period.

Associations between Economic Vulnerability and Health and Wellbeing in Egypt

Maia Sieverding and Rasha Hassan

There is a well-established relationship between economic vulnerability and health. The study of this

relationship is complicated by reverse causality; poor economic outcomes contribute to poor health and poor health can lead to worse economic outcomes. Yet, even descriptive studies of the relationship between economic and health outcomes are lacking in the Middle East and North Africa region. The Egypt Labor Market Panel Survey 2018 includes a range of new health measures, including the UN-Washington Group disability instrument, self-rated health, and the WHO-5 subjective wellbeing scale that allow us for a detailed examination of the associations between economic vulnerability and health in the Egyptian population. The authors found a substantial burden of poor health among the working age and older populations in Egypt, particularly along measures of disability and subjective wellbeing. Several groups emerge as particularly vulnerable to poor health across health outcomes, including divorced women, the urban poor (particularly poor urban women), and those in precarious and hazardous forms of employment. Further multivariate studies are needed to disentangle the relationships between multiple forms of economic vulnerability and poor health.

Internal versus International Migration in Egypt: Together or Far Apart

Anda David, Nelly El-Mallakh and Jackline Wahba

This paper examined the relationship between internal, international, and return migration in Egypt. Using the Egypt Labor Market Panel Survey (ELMPS), this paper documented the evolution and patterns of internal migration over time. The authors examined patterns and trends of international and return migration, as well as the characteristics of international and return migrants. They then investigated the relationship between internal and international migration and found evidence that internal migration has been rather low in Egypt. However, international migration rates have been rather high and prominent across all educational groups. Suggestive evidence indicates that individuals tend to engage in one type of migration only and that few engage in both internal and international migration.

Equity, Inequality and Inclusive Growth

Under this theme, ten projects were completed and eight new projects were initiated.

Completed Projects

Youth Multidimensional Poverty and its Dynamics: Evidence from Selected Countries in the MENA Region

Oznur Ozdamar and Eleftherios Giovanis

A broad consensus among academic and other national and international institutions is that poverty cannot be measured and simply defined by the lack of monetary resources; rather it is a combination of a range of non-monetary factors. These factors may act as constraints on individuals' abilities to reach their capabilities; affecting their well-being. Hence, the socio-economic development of a household and a country's overall welfare cannot be limited to either economic or social factors, but it must be determined by combining both of these aspects. The Multidimensional Poverty Index (MPI) illustrates the importance of taking multiple dimensions of poverty into account. The first aim of this paper was to measure the poverty of youth, aged 15-24, in selected countries of the Middle East and North Africa (MENA) region using the Alkire-Foster (AF) method. The second aim was to explore the determinants of the MPI in the youth population. The results of this study were mixed, as the authors found that poverty is reduced in the case of Egypt and Tunisia, but it is increased in Jordan and Iraq. Policy implications are further discussed.

Regional Employment Support Programmes and Multidimensional Poverty of Youth in Turkey

Oznur Ozdamar and Eleftherios Giovanis

The objective of alleviating poverty in many nations remains a significant issue. To comprehend the risks posed by the issue of poverty, its dimensions, and the process by which it can become deeper must be known, identified, and recognized. A broad consensus among policymakers, academic and other institutions is that poverty can be a mixture of various monetary and non-monetary components that can limit people's ability to fulfill their potential and affect their well-being.

Therefore, the socio-economic growth of a family and the general welfare of a country should be defined in the combination of both monetary and non-monetary aspects. The Multidimensional Poverty Index (MPI) shows how important it is to take into consideration various aspects of poverty. The first aim of this paper was to estimate the MPI in Turkey over the period 2006-2015. The second aim was to evaluate the effect of the Regional Investment Incentive Scheme implemented in Turkey in 2012. The authors applied the Differences-in-Differences (DID) framework combined with the Propensity Score Matching (PSM) approach. The results of the study showed a significant improvement in wealth, especially in the Eastern part of the country, across the period explored. Furthermore, the findings suggested that the Regional Investment Incentive Scheme had a positive impact on the poverty level in the Eastern part of Turkey, which is the main region of the policy's interest.

The Topography and Sources of Multidimensional Poverty in Turkey

Burhan Can Karahasan and Firat Bilgel

Economic inequality and poverty have been extensively analyzed in monetary terms and the ability to reach a certain income level has been regarded as an important dimension of poverty. However, other aspects of poverty, such as education, health, environment, and standards of living are important factors that are also essential for human well-being. Using a host of non-monetary aspects of poverty, this paper shed light on the geographical distribution of multidimensional poverty in Turkey. Results from survey data highlighted that the regional distribution of non-monetary dimensions of poverty is conspicuously different than that of monetary dimensions of poverty in Turkey.

The Formulation of a Regional Opportunity Index: Empirical Evidence from Tunisia

Lamia Mokaddem and Imtinen ben Saied

This paper aimed to propose a new measure of regional development based on a method developed by the World Bank called the Human Opportunity Index, which quantifies the total contribution of individual socioeconomic and demographic circumstances to inequality of opportunity in accessing basic services in six Tunisian regions for the years 2005, 2010, and 2015. The authors used the Principal Component Analysis (PCA) method to determine the weighting factors of

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the Regional composite Human Opportunity Index (RCHOI). This regional development index makes it possible to compare the disparities in the level of development between regions, and the results showed that Tunisia experienced considerable disparities between the different regions during two periods. The interior region of the country, particularly the central-western and north-western regions, lag behind other regions and thus occupy the latest development rankings compared to coastal areas.

Employment Transitions of Youth and Health Implications in Egypt

Maye Ehab

Youth in Egypt suffer from high rates of unemployment and inactivity. They are also heavily affected by the widespread use of informal employment. This paper addressed the effects of employment transitions on the health of youth in Egypt. It specifically focused on the effect of temporary and informal employment compared to non-employment on the psychological health of youth. Using data from the Survey of Young People in Egypt for the years 2009 and 2014, the author identified the causal effects of various employment transitions on mental health outcomes by estimating a matched difference-in-differences. Results showed that the transition from non-employment to employment improves the individual's mental health in general. There are differences in the magnitude of the effect according to gender and the type of employment where those in informal and temporary employment have lower improvements compared to formal and permanent employment.

Changes in Height-for-Age of Egyptian Children 1995 to 2014

Reem Hashad

Malnutrition is currently one of the largest threats to public health, with three million children dying worldwide per year as a result. This paper examined the determinants of children's nutritional status in Egypt over time using an anthropometric index, height for age z score (HAZ), to assess children's nutritional status. Over the last two decades, the HAZ distribution and the stunting rates in Egypt have changed markedly, however, the reasons why remain unknown. Using data from Egypt's Demographic and Health Survey (EDHS) for the years 1995, 2003, and 2014, the author identified factors correlated with the change in the height of children

aged two-four. She used a semi-parametric approach proposed by Dinardo, Fortin and Lemieux (DFL,1996) that decomposes the changes in the HAZ distribution and stunting rates into differences that could potentially be explained by differences in covariates and/or return to covariates. The results indicated that the variation in HAZ distribution and stunting rates in Egypt are driven mainly by a change in the return to covariates. There is suggestive evidence that the change in the return to mother's height and weight over time had a positive impact on the change of the child's height. Additionally, health inequality exists across households with different income. Better policies targeted at increasing household income, mother's employment, and education can help reduce stunting rates by reducing illness and malnutrition.

The Effect of Refugees on Native Adolescents' Test Scores: Quasi-experimental Evidence from PISA

Semih Tumen

Existing evidence suggests that low-skilled refugee influx increases high school enrollment among native youth due to increased competition for jobs with low skill requirements. In this paper, the author asked whether the refugee influx also increased the intensity of human capital accumulation for those enrolled in school. Using the PISA database and implementing an empirical strategy designed to exploit the time variation in regional refugee intensity within a quasi-experimental setting, he showed that the Math, Science, and Reading scores of native Turkish adolescents have notably increased following the Syrian refugee influx conditional on parental education, which is used as a proxy for unobserved ability. The increase in PISA scores is more pronounced for males than females. Most importantly, the increase in test scores mostly comes from the lower half of the test score distribution. This suggests that the refugee influx has reduced the test score inequality among natives. He concluded that the labor market forces that emerged in the aftermath of the refugee crisis have led native adolescents, who would normally perform worse in school, to take their high school education more seriously.

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

Mesbah Sharaf and Ahmed Rashad

This paper investigated 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, access to improved sanitation, and overcrowding) using nationally representative data from 12 Arab countries. To assess the impact of public policies, the paper also examined the evolution of the inequalities of opportunities in these health indicators over time and hence the analyses covered two points in time: one in the early 2000s and another after 2010. The paper examined 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 examined 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 covered 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

This paper examined 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.

Initiated Projects

Income Inequality Effects on Real Exchange Rate: Do Differentials between Tails Matter?

Ahmed Mohamed Ezzat

Although the distributive effects of government policies are linked to many macroeconomic variables, the effects on real exchange rate (RER) were relatively neglected. Additionally, estimating the differences between the two tails changes of income inequality in affecting RER

has relatively little attention. Theoretically, two main intermediaries for income inequality to affect RER are addressed: economic growth and relative prices of non-traded goods (hereafter denoted by non-tradables) to traded goods (hereafter denoted by tradables). Empirically, the relationship can be positive or negative. In this paper, a dynamic panel model is estimated using macroeconomic data for MENA and Mediterranean region. The paper proved that inequality is of main determinants of RER. Moreover, changes in both the right-tail inequality and the left-tail inequality are effectively affecting RER in opposite directions. Also, having different initial income levels between economies lead to differentials in the effects of inequality on RER. All of these require greater cautiousness when dealing with income inequality especially if it is used as a tool to encourage growth and the competitiveness of domestic products.

Fuel Poverty Exposure and Drivers: A Comparison of Vulnerability Landscape between Egypt and Jordan

Fateh Belaid

Using ERF-LIS harmonized micro data, this paper develops an empirical model to investigate the extent and fuel poverty explanatory factors in Egypt and Jordan. First, the authors use the “Low income – High Consumption” indicator to measure the fuel poverty extent. They then implement multivariate statistical approach to untangle the fuel poor household profile. Then, to explore the factors driving the risk of falling into fuel poverty situations, they use a logistic regression model. This research is an important empirical contribution to the sparse literature of fuel vulnerability in MENA countries. It puts forward an empirical approach, which is helpful in discerning and targeting families most in need of energy and financial related assistance. From policy perspectives, the findings provide promising ways of accounting for the fuel poverty phenomenon as a vector of inequality trends in the MENA region. The main findings of the research point to the crucial instrumental role of economic conditions; reducing inequalities and access to education facilities in attenuating fuel poverty in Egypt and Jordan.

The Effects of Taxes and Benefits on Income Distribution in the European Union and in the MENA Countries

Francesco Figari and Luca Gandullia

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There is much variety of tax and benefit policies across the European Union and even more in MENA countries with different impacts on individuals and households. Focusing on the differences between the two sides of the Mediterranean Sea, this paper aims to bring novel evidence on the social impact of fiscal policies. In particular, the authors aim to examine how taxes and benefits affect income distributions. A distributional analysis of taxes and benefits requires data at the individual and household level and a number of studies showed the feasibility of such studies relying on survey micro-data. These studies have primarily focused on the OECD countries. Seminal contributions are Atkinson et al. (1995) and Mahler and Jesuit (2006) who directly exploit national survey datasets harmonized by the Luxembourg Income Study. Even so, the consistency and comparability of results across countries as well as the level of detail of the analysis have been constrained due to the differences in the underlying national datasets. In this paper, the authors seek to test the feasibility of extending such redistributive analysis to the MENA countries to provide comprehensive and detailed information on personal taxes and benefits.

Inequality of Opportunity in Education: Estimates from Recentered Influence Function Regressions in the MENA Region

Reham Rizk and Ronia Hawash

This paper examines the determinants and sources of education inequality in the MENA region using harmonized income and expenditure surveys. More attention is given to income and regional disparities as sources of education inequality. The paper makes use of the RIF unconditional regression to examine education inequality in years of schooling across the entire distribution in each country and to identify the determinants of the Gini index of education across countries. The findings show that household composition, region, and income are the main sources of education inequality. The urban-rural education inequality shows that households located in urban areas continue to be much favored than households located in rural areas, except for Israel. The decomposition of rich-poor education inequality reveals that the education gap appears to increase for the poor compared to the rich. Finally, there is a declining trend in educational inequality over time for Egypt, Iraq, and Israel. However, the gap seems to be widening for Jordan.

De-routinization of Jobs and Polarization of Earnings: Evidence from 35 Countries All Over the World

Carsten Schroder, Matteo Targa and Maximilian Wenzel

The job polarization hypothesis suggests a u-shaped pattern of employment growth along the wage/skill distribution, as driven by simultaneous growth in the employment of high-skill/high-wage and low-skill/low-wage occupations due to routine-biased technological change (Acemoglu, Autor (2011). An aspect that has received less attention but is of high social and political relevance is the distributional implications of job polarization and technological change for wage and earnings distributions through the displacement of routine workers and changing returns to skills and occupations. This paper makes two contributions. First, using a novel harmonized dataset provided by the Luxembourg Income Study, the authors test the job polarization hypothesis for 35 countries around the world. Second, they provide an in-depth analysis of the distributional implications of job polarization and technological adoption on the earnings distribution. They find evidence for employment polarization for the vast majority of the analyzed countries. However, counterfactual estimates show that these displacement effects in the workforce do not have polarizing effects on the earnings structure. They conclude that job de-routinization is a general pattern in employment structures over the world, but is unable to fully explain the heterogeneity in inequality trends observed worldwide, pointing out a weak link between employment and earnings polarization.

Migration and Inequalities around the Mediterranean Sea

Bjorn Nilsson and Racha Ramadan

This paper aims to quantify the effects from migration on net income distributions, disentangling the roles played by factor reallocation and remittances and focusing on two (primarily) destination countries (Spain and Italy) and two (primarily) origin countries (Jordan and Iraq). Using LIS-ERF data sets for the four countries, the paper relies separately on a variant of a shift-share instrument to identify the effect of migration on inequalities at the regional level in Spain and Italy, and on quantile regression to estimate the impact of receiving remittances on per capita expenditure in Iraq and Jordan. The results suggest that migration increases inequality in both origin and receiving countries.

Accounting for Non-positive Incomes from the Welfare and Capabilities Perspectives: The Case of Mediterranean Surveys

Vladimir Hlasny, Lidia Ceriani and Paolo Verme

Incomes in household surveys suffer from various measurement problems, most notably in the tails of their distributions. In this paper, the authors study the high prevalence of negative and zero incomes and their implications for the measurement of inequality and poverty. They rely on 56 harmonized surveys for 1995–2016 from 12 states in the Mediterranean, a region known for its high rate of socio-economic deprivation, low formal employment, and high self-employment. They survey the prevalence of negative and zero incomes, explain their composition and sources, propose corrections for them, and assess the distributional impacts of alternative approaches on poverty and inequality measures.

Income Inequality Convergence Across Egyptian Regions

Ioannis Bourkanis, Mona Said, Antonio Savoia and Francesco Savoia

Income inequality has been found to be low in Egypt and has been further declining after the Arab Spring. Social inequalities and injustice are regarded as the key drivers behind the Egyptian Revolution in 2011 (Egyptian Center for Economic Studies) and this is a paradox compared to the low values of income inequality reported in World Bank statistics. Historically, persistent income inequalities drive political developments that can further affect socio-economic factors. The present figures available about income inequality in Egypt (Hlasny and Vermer, 2018; Al-Shawarby, S. 2014; Alvaredo and Piketty, 2014) focus on the distribution of national average income without looking at how income is distributed within regions. As a consequence, there is very limited information on how income inequality across regions evolves over time. The main goal of the paper is to fill this gap by exploring whether the low level of income inequality that is observed at the national level is compatible with the patterns of income inequality at the more disaggregated regional level. More specifically, the primary objective of the paper is to provide estimates of income inequality convergence (both conditional and unconditional) across Egyptian regions. This will shed light on the paradox of reporting officially low levels of

national income inequality, while it has been a common belief that the existence of substantial socio-economic disparities led to the 2011 revolution.

Peace-Building and Reconstruction



Under this theme, the ERF completed two projects, while two are still ongoing and three projects were initiated.

Completed Projects

Conflict, Peace-Building, and Post-Conflict Reconstruction in Four Conflict-Affected Arab Countries

Samir Makdisi

Over nine years have now passed since the initial eruption of the Arab uprisings. The civil wars they generated in their wake in Iraq, Syria, Libya and Yemen have brought untold destruction and sufferings, including massive internal and external displacements of population, and reversed years of economic development and social attainments. Looking forward, it is important to understand the ongoing dynamics that led to where these countries now stand and reflect on how the ongoing political changes can affect the post conflict economic and social agenda. In this context, as the first of a three-part project on national peace building and post conflict transition, ERF launched a call for papers to address post conflict economic and political transition in the conflict afflicted countries. Thematic papers by top researchers were commissioned and through an open call six proposals for case.

Power-Sharing and Peace-Building

Nicolas Sambanis

This paper reviewed key questions and empirical evidence on the relationship between power-sharing institutions in post-conflict trajectories of countries that have experienced civil war. It identified open questions in the literature and outlines a research agenda conducive to mixed methods design. Specifically, it presented key results from the quantitative literature that can be further explored via structured case-studies focusing on the mechanisms that connect power-sharing to conflict recurrence. The paper presented different measures

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and concepts of power-sharing; reviewed the literature on the conditions that are favorable to different types of power-sharing; and considered the consequences of power-sharing for the risk of war recurrence and for post-conflict democratization.

Ongoing Projects

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 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 the pre-war institutional fabric of the country altogether (i.e. the set of key institutions that helped create the conditions for an inevitable conflict). The second premise is that reconstruction efforts 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 sustainability.

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.

Initiated Projects

Measuring the Economic Cost of Conflict: Evidence from Satellite Data

Semih Tumen

This paper aims to estimate the economic cost of conflict in Iraq, Libya, Syria and Yemen – the four most severely destroyed economies in the MENA region – using satellite data on night lights. Estimates will also be provided at a province/governorate level within each of the four countries. The estimation methodology and data science techniques used will be described in detail. The implications for the estimates for post-conflict growth, reconstruction, and repatriation will be discussed from a policy perspective.

Post Conflict Growth Agenda

Semih Tumen

The 2011 Arab uprisings have substantially shaken the political and economic foundations of many countries in the MENA region. Tunisia has been able to move towards democratic governance but continues to face substantial economic and social challenges. Egypt initially faced internal conflicts and has since been attempting to forge a new path for political stability. Syria, Yemen, and Libya have experienced devastating wars and terrorism with huge physical and human capital costs, large-scale institutional degradation, multi-dimensional conflict, and state failures. Millions of people have been forced to leave their homes. Cities, cultures, and infrastructure have been utterly destroyed. Intensity of conflict and violence have declined recently; however, wars have not fully ended yet and risks are still alive. The ERF is launching a new structured project that aims to promote timely and high-quality research on “Post-conflict Growth and Reconstruction” in the region and bring together a set of papers digging further into the

following issues: Measurement of economic destruction, Micro-econometric approach to post-conflict growth, Macro-econometric approach to post-conflict growth, Repatriation and the “new” institutions, and Political stability and post-conflict growth.

The Micro-Level Analysis of the Impact of Violent Conflict on Lives and Livelihoods in the MENA Region

The MENA region is characterized by several interrelated socio-economic trends, including rapidly growing populations, high degrees of (youth) unemployment, strong gender differences in terms of labor market participation, and political radicalization. The countries in the region often have weak and/or authoritarian central government institutions, declining public revenues from natural resources except in a few very resource-rich countries, and climate change impacts on agriculture and water management. Above all, insecurity and violent conflicts shape societies in several MENA countries directly or indirectly, via conflicts in neighboring countries. The conflicts differ in cause, nature, duration, and intensity and hence have diverse and changing impacts on people. More importantly, these impacts may in turn compound the other aforementioned trends by, possibly, affecting population growth, unemployment, gender norm differentiation, political radicalization, weakening state institutions, and increased needs to fund public services and infrastructure but reduced abilities to do so. Despite these fundamental and interlinked societal challenges, the MENA region is comparatively under-researched in terms of applied micro-level analysis, both by economists and other social scientists. In particular, it is not very well understood how some of these security and socio-economic trends shape each other. For a given conflict, there are a multitude of topics that can be addressed, ranging from demography, social issues, health, education, labor markets and migration via agriculture, product markets and trade to social norms, attitudes and political behavior and, of course, to the role and the effectiveness of policies and interventions. Against this backdrop, the ERF launched a call for proposals on “The Micro-Level Analysis of the Impact of Violent Conflict on Lives and Livelihoods in the MENA Region.” ERF affiliates and non-affiliates are invited to submit proposals that address either the impact of conflict, insecurity and fragility on people (especially women and children) or the impact of women on peace-building.

Repatriation of Refugees from Arab Conflicts: Conditions, Costs and Scenarios for Reconstruction *Ibrahim Elbadawi, Belal Fallah, Jala Youssef, Maryse Louis, Roger Albinyana, Samir Makdisi and Semih Tumen*

In the context of FEMISE, ERF carried out a research project with the aim of producing a Euro-Med report on the issue of repatriation of refugees and how it impacts countries of the South Med region. Through its four chapters, the authors look into the characteristics of these refugees and the conditions affecting their decisions to return. This overview is followed by an analysis of the possible political settlement scenarios and reconstruction potentials, with a focus on the possible role of the international community. The authors also analyze the economic costs of conflicts as well as post-conflict growth scenarios. The report concludes by highlighting the main findings and providing policy insights on how to address this issue to ensure a safe, sustainable, and dignified return of refugees to their home countries.

Call on “The GCC at Cross-Roads: Responding to the New Economic Order”

The ERF and a consortium of GCC universities have recently launched the GCC Economic Research Initiative (GCCeRI), which is aimed at building a network for GCC researchers where they can interact with each other and the wider ERF research community to share ideas and collaborate on policy-oriented research. In this context, the GCCeRI would provide a platform for GCC researchers and policymakers to discuss research and policy issues as well as regional and global developments and disseminate research outcomes to the public through means of publications, newsletters, conferences, and workshops. This conference is designed to be the major inaugural event of the GCCeRI. Against this backdrop, ERF launched a call on “The GCC at Cross Roads: Responding to the New Economic Order.” Researchers from the GCC region were invited to submit proposals on any topic of relevance to GCC economic development and public policy issues. ERF received 49 proposals, out of which 16 were accepted and presented during a conference in Muscat on December 8-9. Below is the list of papers under this call.

ANNEX B: RESEARCH PROJECTS

Oil Price Shocks and Macroeconomic Instability in an Oil-Dependent Economy

Ibtisam Al-Abri, Gülcan Önel and Kelly A. Grogan

There is no consensus among economists on whether natural resource abundance is a curse or a blessing for countries heavily endowed with such resources. Oman is a small oil-exporting country that heavily relies on oil revenues. Recent adverse shocks to oil prices have left Oman's economy more vulnerable relative to other countries relying on oil for their main source of income. One reason for this outcome may be that Oman's private non-oil sector heavily depends on government spending and projects, which typically decelerate after negative oil shocks. Using a co-integrating Vector Autoregressive Regression (VAR) model and quarterly data covering the period 2000 to 2015, the authors evaluate the "oil-curse" phenomenon for Oman by exploring long-run and short-run relationships among economic growth sourced from non-oil producing sectors, oil revenues, and government expenditures. They also use causality tests and impulse responses to measure the extent of short-run and long-run macroeconomic implications of negative oil shocks for Oman. Results suggest that a sound fiscal policy that allows for true sectoral diversification of income is crucial to avoid an oil curse in Oman.

Fiscal Policy in the GCC: Challenges of Sustainability

Assil El Mahmah and Magda Elsayed Kandil

This paper examines the sustainability of fiscal policy in GCC by exploring governments' reaction to rising public debt accumulation via the estimation of a fiscal reaction function to higher debt. Subsequently, the paper compares the obtained results with other similar and non-similar groups, in terms of economic structures and oil dependency, in order to understand how some macroeconomic factors differently affect fiscal policy responses, in the context of oil price shocks and high price volatility. Results show that the coefficient of the lagged debt stock was significant and positive, which means that GCC countries are increasing the pace of reforms and the fiscal primary balance as they issue more debt to ensure a sustainable fiscal policy. The evidence supports the notion that the region's public finances have improved in response to recent fiscal adjustments. However, national experiences differ considerably, especially given variation in the fiscal breakeven prices against the new normal of low oil prices. Moreover, findings reveal that various measures of economic performance, as captured by economic

growth, openness, and the oil price were also found to be important factors in explaining fiscal performance. The combined effects of low oil prices and high degrees of openness warrant further efforts to reform the budget to increase the primary balance while safeguarding priority spending to mobilize non-energy growth and ensure debt sustainability in GCC.

Fiscal Multipliers and Prospects for Consolidation: Evidence from GCC Countries

Moez Ben Tahar, Mohamed Ali Houfi and Sarra Ben Slimane

This paper develops a methodology to calculate fiscal multipliers and policy discussion on GCC countries with scant evidence on fiscal multipliers while addressing the following questions: How can growth-friendly fiscal consolidation be enacted in GCC countries? Is curbing current spending less disruptive to growth than curbing capital spending?

The Recent Dynamic Relationship between Oil Price Change and Global Economy: The Case of MENA Countries

Essahbi Essaadi and Rafik Jbir

This paper aimed to analyze the impact of the dynamic change in oil prices on macroeconomic variables for both oil importers and exporters in MENA countries in recent years. To examine this dynamic, the authors consider the Time-Varying Structural VAR model (TV-SVAR) model that features a time-varying variance covariance matrix of the additive innovations besides time-varying coefficients. In doing so, they can capture the possible changes in the link between their variables of interest for a selection of MENA countries. The authors also detect endogenously structural changes in oil prices series. Empirical results support the change in the response of macroeconomic aggregates to the oil external shocks in the MENA region. Indeed, impulse response functions indicate the different monetary policy of the MENA group and a lack of diversification in oil exporter countries during the last three decades.

Economic Growth and Total Factor Productivity under Uncertainty for a Resource-Rich Economy: Evidence from the United Arab Emirates and Kingdom of Saudi Arabia

Kassim Dakhallallah

The United Arab Emirates and the Kingdom of Saudi Arabia embarked on economic reforms to diverge their economies from reliance on oil revenue. The efforts undertaken by the two resource-rich economies are the sequences of earlier attempts that envisioned an economy independent of oil. Henceforth, to assess the effectiveness of the reform measures, this paper employs the Cobb-Douglas production model to calculate growth decomposition and Total Factor Productivity (TFP). It also adopts a stochastic simulation approach to forecast the economic performance of the two economies and their respective TFPs. In an attempt to reevaluate the effectiveness of the reform measures, the author uses varying simulations techniques to trigger waves of adverse oil shocks and reassess the impacts of the adverse shocks on the performance of the two economies. Findings show that since its economic reform in 2011, the UAE economy proved to be resilient to adverse oil shocks and that efficiency or productivity has improved. Most importantly, the economy is deviating from reliance on low-cost labor. In assessing the effectiveness of the KSA economy that was initiated in 2016, the economy is showing strong signs of improvement, although it is still too early to evaluate. TFP is exhibiting an upward trend, and there is a negative correlation between oil revenue and economic performance. Also, the economy demonstrates resiliency when an adverse oil shock occurs.

Energy Consumption, CO2 Emissions and Economic Growth Nexus in Oman: Evidence from ARDL Approach to Cointegration and Causality Analysis

Sufian Eltayeb Mohamed

The paper examines the nexus between economic growth, energy consumption, and carbon dioxide emissions (CO₂) in Oman from 1980 to 2018 using ARDL bounds, Johansen Cointegration and the Granger-causality tests. The bound test as well as the Johansen Cointegration test both reveal the existence of a long-term relationship between CO₂ emissions and its determinants. This relationship indicates that CO₂ emissions in Oman are positively influenced by economic growth and energy consumption. The analysis also suggested that, in the short run, approximately 15.1 percent of total disequilibrium in CO₂ emissions was being corrected each year. Moreover, the Granger causality analysis indicated that there is a unidirectional causality running from each of the energy consumption (EC) and GDP per capita (economic growth) CO₂ emissions. Based on the results obtained, policymakers should pay attention

to energy conservation policies and controlled CO₂ emissions and form a proper strategy for encouraging renewable energy and technological innovation.

Food Security in the GCC: Is it a Climate Issue?

Assil El Mahmah and Amine Amar

This paper focused on how a few macroeconomic variables may affect food security in the MENA region despite climate conditions and the importance of the agriculture sector in the region. The authors provided empirical evidence on the macroeconomic determinants of food security based on the FAO's four pillars, namely: Availability, Accessibility, Utilization, and Stability. To that end, they constructed a panel data model for each pillar over the period 1990-2017 by adopting the Generalized Method of Moments (GMM) approach to estimate the relationship between all the variables. Results showed that the determinants of food security in MENA vary according to the adopted pillars. In addition, food security in this region depends not only on agricultural factors, but essentially on various macroeconomic factors as well, such as trade openness and international food prices, which may directly or indirectly affect the country's food security position, regardless of its dependency on the agriculture or oil sectors.

On the Relationship between Second-Generation Labor Market Policies and FDI Flows to the GCC Countries: Do Education Quality and Political Rights Matter?

Wasseem Mina

Examining the relationship between labor market policies and FDI flows has important implications for addressing unemployment in general and youth unemployment in particular. In this paper, the author empirically examined the impact of second-generation, market-oriented labor policies on inward FDI flows to the GCC countries using a locational advantage hypothesis-based model. Empirical evidence suggested that hiring and firing, linking pay to productivity, and the reliance on professional management attract FDI flows for the GCC region. However, such a positive influence is subject to country-specificity. For example, in Qatar, wage determination flexibility and linking pay to productivity encourage FDI flows. Similarly, in Saudi Arabia linking pay to productivity attracts FDI flows. In addition, trade openness, infrastructure development, and control of corruption serve as key locational advantages that

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encourage inward FDI flows. Educational quality has no statistical significance influence in almost all specifications. The influence of political institutions suggests that more political rights attract FDI flows. This last result is novel in the GCC countries context.

The Determinants of Entrepreneurship Intentions and Activity among Qatari Nationals

Nader Kabbani and Nejla Ben Mimoune

Qatar has experienced strong economic growth over the past two decades. However, this growth has been driven primarily by an increase in revenues from oil and natural gas and associated increases in government spending. The development of a vibrant private sector is a key ingredient for sustainable long-term economic growth. This paper examined the determinants of business ownership, entrepreneurial activity and startup intentions among Qatari citizens. The analysis found significant differences in the profiles of entrepreneurs at different stages of business development. For example, while Qatari women are far less likely than men to be owners/managers of an established business, they are almost on par with men in terms of intentions to start a business. Age and educational attainment are both important determinants of entrepreneurial activity, but the relationships are non-linear and change across stages of business development. Finally, Qatari employees are more likely to be engaged in early stage entrepreneurial activity and demonstrate intentions to start a business than non-employees. These findings can inform policy efforts to support entrepreneurial activity in the country.

Entrepreneurial Intention among Female University Students in Oman

Abdelghani Echchabi and Mohammed Mispah Said Omar

The aim of this paper was to identify the factors that influence the entrepreneurial intention among female students in Oman. The paper used a survey questionnaire to collect data for a sample of 384 respondents in Oman. The authors ensured that the major country regions and universities were covered. The collected data were analyzed using the partial least square (PLS) method as well as basic descriptive statistics. Findings revealed that perceived behavioral control and personal attitude were the main factors that influence the entrepreneurial intention of Omani female students. Meanwhile, attitude to risk, facilitating conditions, and subjective norm were found to have no significant impact on entrepreneurial

intention. The focus on female entrepreneurship is both timely and necessary worldwide and particularly in Oman. The findings have significant theoretical and practical implications that would certainly improve the entrepreneurship activities among female undergraduate students in Oman.

Converting Oil Rents to Inclusive Growth: Lessons for the GCC Region

Hassan Hakimian

Copious literature on the resource curse correlates oil rents with poor economic outcomes in resource-rich economies. The common yardstick for evaluating economic performance in these countries is generally GDP growth rates. This paper focused on the broader question of whether oil-exporters in the MENA region in general and in the GCC states in particular have been successful in turning their hydrocarbon wealth for the benefit of their population at large. To find out if their experience has been conducive to inclusive growth, the authors computed a novel Inclusive Growth Index and associated rankings for 154 countries to shed light on their performance both over time and in a comparative context. The results showed a marked deterioration in the case of MENA's oil-exporting countries over the period 2001-2005 and 2006-2010, particularly marred by a poor record in job creation, especially for their young population.

What Makes the Difference: Decomposition of Tourist Expenditures in Oman

Usamah Alfarhan

Tourist expenditures are a construct of a component measured by constituent characteristics representing tourists' willingness and ability to pay, and another measured by contributory values at which the former characteristics are transformed into monetary outlays at home and at the destination. In this paper, the author introduces hedonic counterfactual decomposition methodologies to the field of tourism economics, which permit expenditure differentials within any expenditure-based market segmentation to be identified into these two distinct components and allow for implications to be drawn regarding tourists' willingness and ability to pay. With an application to an underrepresented destination, he shows that higher expenditures of majority versus non-majority tourists to Oman are explained by a higher willingness to pay for their trip-specific characteristics, and by higher payments for their respective satisfaction

levels. These effects converge within the higher end of expenditure distributions. The results facilitate better-informed marketing strategies, and a more efficient resource allocation in the tourism industry.

Inequality and Inclusive Finance in Saudi Arabia

Fatma Mohamed Mabrouk and Noreha Halid

This paper examined the relationship between income inequality and financial inclusion in Saudi Arabia. Using the Global Financial Inclusion Database (Global Findex) published by World Bank and Probit models, this paper attempts to explain the impact of financial inclusion on Saudi income. Indicators of financial inclusion measure how people borrow, save, make secure payments and deal with risks. Data are collected for all adults by key demographic characteristics (gender, age, education and employment status) and cover more than 1,000 individuals for the year 2017. The paper looks at how financial inclusion can play the role of catalyst for reducing inequality. Results showed that access and usage pillars are significantly reducing the probability to be in the lowest and second income quintile. However, availability-quality is not significant.

Islamic Finance, in the Light of Institutional and Regulatory Framework, for Marco-Economic Resilience and Multi-Polar Economic World

Mughees Shaukat

With the objectives of enhanced and sustainable economic development and financial inclusion, Islamic finance has grown unprecedentedly to offer the global economy a diverse and resilient financial setup that provides the necessary means to meet the required ends. Driven by the Shariah rules, the Islamic financial system is based on Al-Bay (risk sharing) based financing. This paper, while considering the new age disruptive dynamics of new normals and multipolar economic regime, specifies risk sharing based financing as the value proposition of Islamic finance, signified by the Islamic institutional framework. It propounds the importance of the same for better macro-economic resilience. The paper asserts the contingency on a suitable regulatory framework and provides inferences for the same. In order to support the analytical and deductive claims, the author utilizes the 'Dynamic Heterogeneous Panel Techniques' on a sample of 18 Islamic countries and assesses the dynamics of the stock market (proxy for the institution of risk sharing

financing) vis-a-vis long-term economic growth. The results affirmed that risk sharing contributes better to economic growth, providing more stability on a comparative scale.

Is there a Systemic Risk between Sharia, Sukuk, and GCC Stock Markets? A CoVaR Risk Metric-based Copula Approach

Khamis Al-Yahyaee, Syed Jawad Shahzad, Walid Mensi and Seong-Min Yoon

This paper examined the dependence structure and systemic risk concerning Sukuk, Sharia, and the Gulf Cooperation Council (GCC) stock markets. The authors first use copula functions to investigate the dependence structure between these markets, and subsequently apply the conditional value-at-risk (CoVaR) and delta CoVaR (ΔCoVaR) to assess the systemic risk. Results showed evidence of time-varying symmetric tail dependence between Islamic stock markets and GCC stock markets, except for Saudi Arabia, where an average tail dependence is observed. Sukuk has symmetric tail dependence with Bahrain, Oman, and Abu Dhabi; average dependence with Qatar and Saudi Arabia; and asymmetric tail dependence with Dubai and Kuwait. Importantly, no evidence of systemic risk for Islamic (DJIM and Sukuk) and Gulf stock markets was found.

Islamic Finance and GCC Economic Integration

Russell Krueger

The GCC economic integration process is taking place among countries that officially embrace Islam and with heavily Muslim populations. This paper discussed how intrinsic characteristics of Islamic finance might tend to partially isolate it from the general financial system in the GCC with consequences for overall financial integration prospects and financial stability. Special actions might be needed to effectively integrate Islamic finance to support the economic and policy efforts of the integration program. Higher degrees of regional financial integration such as a common market or monetary union require a high level of harmonization of rules and practices in multiple spheres, including financial market integration, which encompasses Islamic finance as well as conventional finance.



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Middle East Development Journal (MEDJ)

MEDJ, Vol. 11, No. 1, June 2019

Estimating poverty and inequality in the absence of consumption data: an application to the Middle East and North Africa
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DOI: 10.1080/17938120.2019.1583493

Pension systems contribution determinants: a cross sectional analysis on Tunisia
Mehdi Ben Braham & Mohamed Ali Marouani
DOI: 10.1080/17938120.2019.1583507

Fiscal policy, inequality, and poverty in Iran: assessing the impact and effectiveness of taxes and transfers
Ali Enami, Nora Lustig & Alireza Taqdiri
DOI: 10.1080/17938120.2019.1583510

Targeting debt in Lebanon: a structural macro-econometric model
Salim Araj, Vladimir Hlasny, Loyal Mansour Ichrakieh & Vito Intone
DOI: 10.1080/17938120.2019.1583508

How foreign investors influence stock markets? The Saudi Arabian experience
Saqib Sharif
DOI: 10.1080/17938120.2019.1583511

Spatial distribution of healthcare access and utilization: do they affect health outcomes in Turkey?
Burhan Can Karahasan & Firat Bilgel
DOI: 10.1080/17938120.2019.1583509

Son Preference and Child Under nutrition in the Arab Countries: Is There a Gender Bias against Girls?
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DOI: 10.1080/17938120.2019.1664837

On the potential and Limitations of monetary policy in Turkey
Ilker Domac, Gultekin Isiklar & Magda Kandil
DOI: 10.1080/17938120.2019.1664838

Armed conflict and child labor: evidence from Iraq
George Naufal, Michael Malcolm & Vidya Diwakar
DOI: 10.1080/17938120.2019.1672020

Growth and environmental degradation in MENA countries: methodological issues and empirical evidence.
Imad A. Moosa
DOI: 10.1080/17938120.2019.1673090

Invited Papers from 25th Annual ERF Conference

Ideas, networks and jobs: rebasing growth in the Middle East and North Africa.
Paul Collier
DOI: 10.1080/17938120.2019.1664843

Policy choices in the 21st century – where to start?
Rohinton P. Medhora
DOI: 10.1080/17938120.2019.1664839

Book review

Institutions and macroeconomic policies in resource-rich Arab economies. by *Kamiar Mohaddes, Jeffrey B. Nugent, and Hoda Selim*, Oxford University Press, Oxford, 2019, US\$ 135.00, ISBN: 978-0-19-882222-6. *Klaus Schmidt-Hebbel*
DOI: 10.1080/17938120.2019.1675020

MEDJ, Vol. 11, No. 2, December 2019

How gender biased are female-headed household transfers in Egypt?
Lobna M. AbdelLatif, Mohamed Ramadan & Sarah A. Elbakry
DOI: 10.1080/17938120.2019.1668162

Determinants and impact of household's out-of-pocket healthcare expenditure in Sudan: evidence from urban and rural population.
Ebaidalla M. Ebaidalla & Mohammed Ehaj Mustafa Ali
DOI: 10.1080/17938120.2019.1668163

Volumes

Institutions and Macroeconomic Policies in Resource-Rich Arab Economies

Edited by *Kamiar Mohaddes, Jeffrey B. Nugent, and Hoda Selim*
Co-Published with Oxford University Press
Published: 22 May 2019 - 464 Pages
ISBN: 9780198822226





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Islamic Finance and GCC Economic Integration

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Amirah El-Haddad

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Simon Neaime

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Published: September 16, 2019

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Jala Youssef and Chahir Zaki

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Caroline Krafft and Emma Kettle

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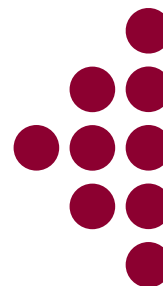
Khalid Abu-Ismail and Sherine Farouk Ghoneim

Published: December 24, 2019

Distrust fuels protests in the Middle East and North Africa

Rabah Arezki and Ferid Belhaj

Published: December 24, 2019



ANNEX D: FINANCIAL STATEMENTS

Auditors' Report



To the Board of Trustees of the Economic Research Forum

Report on the financial statements

We have audited the accompanying financial statements of Economic Research Forum which comprise the statement of financial position as of 31 December 2019 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 2019, 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



R.A.A. 26231

F.R.A. 383

Cairo: 26 March 2020

ANNEX D: FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2019

(All amounts in US Dollars)

Assets	Notes	2019	2018
Non-Current Assets			
Fixed assets	(5)	4,173,232	4,217,932
Investments	(6)	15,947,564	14,863,719
Contributions and grants receivable	(7)	42,760	603,056
Total non-current assets		20,163,556	19,684,707
Current Assets			
Contributions and grants receivable	(7)	1,475,488	1,922,813
Due from related party	(8)	97,590	-
Prepaid expenses and other receivables	(9)	98,036	105,897
Cash on hand and at banks	(10)	495,340	740,575
Total current assets		2,166,454	2,769,285
Total assets		22,330,010	22,453,992
Net Assets			
Unrestricted	(11)	7,009,417	6,960,250
Temporarily restricted	(11)	1,549,252	1,798,623
Permanently restricted	(11)	13,313,403	13,313,403
Total net assets	(12)	21,872,072	22,072,276
Liabilities			
Non-current liabilities			
Employees' end of service benefits	(13)	150,013	82,230
Total non-current liabilities		150,013	82,230
Current Liabilities			
Provisions	(14)	120,119	88,284
Accrued expenses and other payables	(15)	187,806	211,202
Total current liabilities		307,925	299,486
Total liabilities and net assets		22,330,010	22,453,992

- The accompanying notes on pages 6 to 26 form an integral part of these financial statements

- Auditor's report attached

DIRECTOR OF FINANCE AND ADMINISTRATION
26 MARCH, 2020 - CAIRO

ACTING MANAGING DIRECTOR
26 MARCH, 2020 - CAIRO

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in US Dollars)

	Notes	Head Quarter 2019	Branch Dubai 2019	Total ERF 2019	Total ERF 2018
Revenues and other support					
Grants	(16)	1,235,865	42,986	1,278,851	2,795,816
Interest on time deposits		6,801	-	6,801	16,763
Return on investments		1,129,395	-	1,129,395	128,637
Other income		1,176	-	1,176	17,126
Gain from sale of fixed assets		-	-	-	425
Realized gain from investments		6,555	-	6,555	14,339
Unrealized gain from investments		211,183	-	211,183	1,723
Total revenues and other support		2,590,975	42,986	2,633,961	2,974,829
Less: functional expenses	(17)	(2,387,157)	(446,825)	(2,833,982)	(3,140,667)
Less: unrealized loss from investments		-	-	-	(168,642)
Less realized loss from investment		(183)	-	(183)	(150,770)
Change in net assets		203,635	(403,839)	(200,204)	(485,250)
Net assets - beginning of the year		21,534,386	537,890	22,072,276	22,557,526
Net assets - end of the year		21,738,021	134,051	21,872,072	22,072,276

- The accompanying notes on pages 6 to 26 form an integral part of these financial statements.

ANNEX D: FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in US Dollars)

	Notes	2019	2018
Cash flows generated from operating activities			
Change in net assets		(200,204)	(485,250)
Adjustments to reconcile change in net assets to cash provided by operating activities			
Fixed assets depreciation	(5)	76,091	72,411
Impairment of fixed assets	(5)	10,225	-
Gain on sale of fixed assets		-	(425)
Provisions formed	(14)	78,433	40,788
Defined employees' benefits obligation	(13)	74,065	84,308
Net realized loss from investments		(6,372)	136,431
Net unrealized loss/(gain) from investments		(211,183)	166,919
Net assets before changes in assets and liabilities		(178,945)	15,182
Changes in assets and liabilities			
Change in contributions and grants receivable		1,007,621	(1,233,570)
Change in debtors and other debit balances		7,861	65,169
Change in creditors and other credit balances		(23,396)	(463)
Change in due from related parties		(97,590)	-
Cash flows generated from/ (used in) operating activities		715,551	(1,153,682)
Provisions utilised during the year	(14)	(46,598)	(12,143)
Defined employees' benefits paid	(13)	(6,282)	(341,467)
Net cash flow generated from (used in) operating activities		662,671	(1,507,292)
Cash flows from investing activities			
Change in investments		(866,290)	470,507
Payments for purchase of fixed assets		(41,616)	(12,623)
Proceeds from sale of fixed assets		-	5,935
Net cash generated from / (used in) investing activities		(907,906)	463,819
Net decrease in cash and cash equivalents		(245,235)	(1,043,473)
Cash and cash equivalents at beginning of year		740,575	1,784,048
Cash and cash equivalents at end of year	(10)	495,340	740,575

- The accompanying notes on pages 6 to 26 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

1. GENERAL INFORMATION

The Economic Research Forum (ERF) is an independent international, non-governmental, Not-for-Profit Organization that launched working in Egypt through an annual agreement with UNDP under contract no. 0012365, based on a Circular from the Egyptian Government dated 2 August 1995. Later on, ERF applied to the Ministry of Foreign Affairs to be registered under the Non-Governmental Organization Law Number 84 for 2002 and accordingly acquired on the 23rd of February 2005 License No. 37 from The Ministry of Social Solidarity, for a Non-Governmental Foreign Organization to practice the activity of societies, and the license has been renewed until mid 2020.

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

On the 18th of March 2018 the BOT decided to establish a branch in Dubai which was closed down on the 26th of December 2019. However, ERF registered in Dubai a new entity through Dubai International Financial Center (DIFC) as a Non-Profit Incorporated Organization in the name of Economic Research Forum NPIO.

The principle activity of the ERF is to promote high quality economic research to contribute to sustainable development in the MENA Region. ERF's 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.

ANNEX D: FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

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
- 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. New Egyptian Accounting Standards ("EAS") and interpretations not yet adopted

On 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. These changes are mainly represented in three new standards which should be adopted for the financial periods commencing on or after 1 January 2020 as follows:

(1) EAS No. (47) – "Financial instruments":

This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

The standard includes a new classes of classification and impairment model for financial assets which reflects the business model in order to manage the assets and their cash flows through this business model.

EAS No. (47) replaced 'incurred loss' model in EAS No. (26) by 'expected credit loss' model.

(2) EAS No. (48) – "Revenue from contracts with customers":

This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

This standard established a comprehensive framework for determining how much and when revenues should be recognized. This standard replaces EAS No. (11) 'revenues' and EAS No. (8) 'construction contracts'.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

(3) EAS No. (49) – “Leases”:

This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

The standard includes a new classes of classification and impairment model for financial assets which reflects the business model in order to manage the assets and their cash flows through this business model.

EAS No. (47) replaced ‘incurred loss’ model in EAS No. (26) by ‘expected credit loss’ model.

C. 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).

D. Reporting policies

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

ANNEX D: FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

- 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.

E. 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.

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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.

F. 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.

G. 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.

H. 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

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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.

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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.

I. 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.

J. 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 or 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.

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K. 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.

L. 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.

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M. 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 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.

N. 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.

O. 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.

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P. 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:

	2019	2018
EGP 10%	850	13,414
CAD 10%	1,007	8,289
EUR 10%	48,651	81,206
AED 10%	766	-
KWD 10%	949,234	831,181

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

	2019		2018
	Assets	Liabilities	Net
EGP	214,974	(206,473)	8,501
CAD	10,073	-	10,073
EUR	486,511	-	486,511
AED	7,657	-	7,657
KWD	9,492,336	-	9,492,336

(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.

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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 2019	+ 3%	204
31 December 2018	+ 3%	503

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 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 2019	Less than 6 months	Between 6 months & 1 year	Between 1 & 2 years	More than 2 years
Accounts payable	88,047	-	-	-
Accrued expenses	428	-	-	-
Other credit balances	99,331	-	-	-
Total	187,806	-	-	-

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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	-	-	-

(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 2019 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	Total
Financial assets at fair value through profit or loss				
Trading investments	15,947,564	-	-	15,947,564
Total financial assets	15,947,564	-	-	15,947,564

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The table below shows the financial assets and liabilities at fair value in the consolidated financial statements at 31 December 2018 within the hierarchy of fair value.

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

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

	Land	Building	Furniture & Fixtures	Office equipment	Motor vehicles	Total
1 JANUARY 2018						
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
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
Net book value at the beginning of the year	2,822,749	1,328,468	43,306	6,828	16,581	4,217,932
Additions	-	-	24,001	17,615	-	41,616
Impairment expense	-	-	(9,944)	(281)	-	(10,225)
Depreciation expense	-	(31,319)	(21,178)	(7,013)	(16,581)	(76,091)
Net book value at the end of the year	2,822,749	1,297,149	36,185	17,149	-	4,173,232
31 DECEMBER 2019						
Cost	2,822,749	1,564,962	576,160	488,414	49,746	5,502,031
Accumulated depreciation	-	(267,813)	(530,031)	(470,984)	(49,746)	(1,318,574)
Accumulated impairment	-	-	(9,944)	(281)	-	(10,225)
Net carrying value	2,822,749	1,297,149	36,185	17,149	-	4,173,232

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6. Investments

	2019	2018
EFG-Hermes Portfolio*	7,115,181	7,984,861
AFESD Endowment fund**	8,832,383	6,878,858
	15,947,564	14,863,719

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:

	2019			2018		
	No. of Shares	Cost	Fair value	No. of Shares	Cost	Fair value
Middle East and Development Africa (MEDA)	43,830	1,209,000	1,508,628	43,830	1,209,000	1,303,943
Egypt Euro Bonds	13,000	1,315,600	1,316,263	13,000	1,315,600	1,315,769
Treasury Bills	17,250	94,551	99,290	8,000	41,425	43,149
			2,924,181			2,662,861
			4,191,000			5,322,000
			7,115,181			7,984,861

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.

	2019	2018
Endowment fund	6,878,858	6,732,164
Transferred from Grant Receivables	939,369	329,652
Return/(loss) on endowment fund	1,007,579	(150,770)
Currency revaluation	6,577	(32,188)
	8,832,383	6,878,858

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7. Contributions and grants receivable

The balance due to the Organization from donors as of 31 December 2019 amounted to USD 1,518,248 as follows:

	2019	2018
Balance due	1,518,248	2,525,869
Current portion	(1,475,488)	(1,922,813)
	42,760	603,056

The Balance by donor is as follow:

	2019	2018
Arab Fund for economic and social development (AFESD)	646,492	1,406,791
International development research centre (IDRC)	10,073	82,893
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	355,585	352,085
Ford Foundation	189,125	378,842
World bank	-	45,000
European Commission	25,606	179,996
Agence francaise de developpement (Afd)	-	80,262
The United nation entity for gender equality and empowerment of women (UN Women)	129,924	-
International labour organization (ILO)	161,443	-
	1,518,248	2,525,869

8. Due from related parties

The Organization entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise of companies under common control, and/ or joint management and control, and their partners and employees of senior management. The partners of joint arrangement and non- controlling interest are considered by the Organization as related parties. The management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses. Below is the statement that shows the nature and values of transaction with related parties during the year, and the balances due at the date of the financial statements:

(A) Related party transactions

	Nature of relationship	Nature of transactions	31 December 2019
Economic Research Forum (Dubai)	Affiliate	Amounts paid on behalf	97,590

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(B) Due from related parties

	31 December 2019
Economic Research Forum (Dubai)	97,590
	97,590

9. Prepaid expenses and other receivables

	2019	2018
Prepaid expenses	7,387	10,715
Advances to researchers	29,064	46,249
Advances to suppliers	36,309	29,388
Accrued interests	21,211	12,857
Other receivables	4,065	6,688
	98,036	105,897

10. Cash on hand and at banks

	2019	2018
Current accounts- USD	317,124	363,896
Current accounts- foreign currencies	111,502	153,396
Time deposits	66,478	223,048
Cash on hand	236	235
	495,340	740,575

11. 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:

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	2019	2018
Arab Fund for economic and social development (AFESD)	340,310	345,248
International development research centre (IDRC)	29,963	149,740
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	350,440	349,033
Ford Foundation	405,697	510,713
World bank	-	139,848
European Commission	64,297	176,518
Agence francaise de developpement (AFD)	-	79,800
University of Southampton	-	21,003
Baker Institute	-	16,419
Global development network	-	10,301
The United nation entity for gender equality and empowerment of women (UN Women)	193,151	-
International labour organization (ILO)	165,394	-
	1,549,252	1,798,623

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.

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:

	2019	2018
Arab Fund for economic and social development (AFESD)	9,750,901	9,750,901
International development research centre (IDRC)	2,562,505	2,562,505
Ford Foundation	999,997	999,997
	13,313,403	13,313,403

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

12. Statement of Activities and change in net assets

	Unrestricted	Temporarily restricted	Permanently restricted	2019	2018
Revenues and other support					
Grants	-	1,278,851	-	1,278,851	2,795,816
Interest Income	6,801	-	-	6,801	16,763
Return on investments	1,129,395	-	-	1,129,395	128,637
Other operating income	1,176	-	-	1,176	17,126
Gain from sale of fixed assets	-	-	-	-	425
Realized gain from investments	6,555	-	-	6,555	14,339
Unrealized gain from investments	211,183	-	-	211,183	1,723
Total revenues and other support	1,355,110	1,278,851	-	2,633,961	2,974,829
Net assets released from restriction	1,528,222	(1,528,222)		-	-
Total revenues and other support	2,883,332	(249,371)	-	2,633,961	2,974,829
Less: functional expenses	(2,833,982)	-	-	(2,833,982)	(3,140,667)
Unrealized Loss from investments	-	-	-	-	(168,642)
Realized gain/loss from investments	(183)	-	-	(183)	(150,770)
Change in net assets	49,167	(249,371)	-	(200,204)	(485,250)
Net assets - beginning of the year	6,960,250	1,798,623	13,313,403	22,072,276	22,557,526
Net assets - end of the year	7,009,417	1,549,252	13,313,403	21,872,072	22,072,276

13. Statement of Activities and change in net assets

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 projected unit credit method, after taking into consideration the following assumptions:

	2019	2018
Discount Rate	14%	17.7%
Average rate of salaries increase	10%	10%

ANNEX D: FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

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

	2019	2018
Present value of liabilities	150,013	82,230
Liabilities as per the statement of financial position	150,013	82,230

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

	2019	2018
Balance at 1 January	82,230	339,389
Additions during the year	61,187	84,308
Actuarial loss	12,878	-
Paid during the year	(6,282)	(341,467)
Balance at 31 December	150,013	82,230

14. Provisions

	2019	2018
Balance, at the beginning of the year	88,284	59,639
Formed during the year	78,433	40,788
Used during the year	(48,257)	(12,033)
Revaluation	1,659	(110)
	120,119	88,284

15. Accrued expenses and other payables

	2019	2018
Accounts payable	88,047	52,253
Accrued expenses	428	1,473
Other credit balances	99,331	157,476
	187,806	211,202

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

16. Grants

During the year ended 31 December 2019, the organization was granted the following temporarily restricted grants:

	2019	2018
Arab Fund for Economic and Social Development (AFESD)	734,575	1,043,448
World Bank	-	425,000
The institute of international Education, Inc.	21,023	-
Ford Foundation	20,123	578,842
International development research centre (IDRC)	-	205,088
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	1,839	359,638
Agence francaise de developpement (AFD)	-	79,800
International labour organization (ILO)	241,443	74,000
The United nation entity for gender equality and empowerment of women (UN Women)	259,848	30,000
	1,278,851	2,795,816

17. Functional expenses

	Notes	2019	2018
Research programs		783,359	1,137,672
Events (conferences, workshops,)		674,453	461,615
Publications (books, reports, online subscription,)		353,573	363,825
General and administrative expenses		868,073	1,064,356
		2,679,458	3,027,468
Fixed assets depreciation	(5)	76,091	72,411
Provisions	(14)	78,433	40,788
		2,833,982	3,140,667

18. 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 2017 and the taxes due were paid.

The Organization is currently under tax inspection for the year 2018

ANNEX D: FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

19. Financial instruments by category

31 December 2019			
Assets as per statement of financial position	Assets at fair value through profit or loss	Receivables	Total
Investments	15,947,564	-	15,947,564
Contributions and grants receivable	-	1,518,248	1,518,248
Prepaid expenses and other receivables	-	98,036	98,036
Due from related parties	-	97,590	97,590
Total	15,947,564	1,713,874	17,661,438

31 December 2019		
Liabilities as per the statement of financial position	Other financial liabilities	Total
Accrued expenses and other payables	187,806	187,805
Total	187,806	187,805

31 December 2018			
Assets as per statement of financial position	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

31 December 2018		
Liabilities as per the statement of financial position	Other financial liabilities	Total
Accrued expenses and other payables	211,202	211,202
Total	211,202	211,202

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In the notes all amounts are shown in USD unless otherwise stated)

20. Events subsequent to the date of the financial statements

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and global economic activity. The Organization considers this outbreak to be a non-adjusting post balance sheet event.

The potential impact of the coronavirus outbreak on the Organization 's performance remains uncertain. Up to the date of this Report, the outbreak has not had a material impact on the results of the Organization. However, management continue to monitor the situation closely, including the potential impacts on the Organization's results and our employees. The situation could change at any time and there can be no assurance that the coronavirus outbreak will not have a material adverse impact on the future results of the Organization.

As the situation is fluid and rapidly evolving, management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Organization's assets and liabilities. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the Organization's EAS 47 estimates of expected credit loss provisions in 2020.

ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

Independent Auditor's Report



To the Board of Trustees of the Economic Research Forum - NPIO

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Economic Research Forum - NPIO ("the Organisation") as at 31 December 2019, and its financial performance and its cash flows for the period from 16 May 2019 to 31 December 2019 in accordance with International Financial Reporting Standards.

What we have audited

The Organisation's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of activities and change in net assets for the period from 16 May 2019 to 31 December 2019;
- the statement of cash flows for the period from 16 May 2019 to 31 December 2019; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The management is responsible for the other information. The other information comprises the information included in the Economic Research Forum - NPIO 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 identified above 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit proce-

ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

Independent Auditor's Report



dures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Further, we report that the Organisation's financial statements have been properly prepared in accordance with the applicable provisions of the Companies Law - DIFC Law No. 5 of 2018.

PricewaterhouseCoopers
7 April 2020

A handwritten signature in blue ink, appearing to read 'H. ElBorno', with a stylized flourish at the end.

Mohamed ElBorno
Registered Auditor Number 946
Dubai, United Arab Emirates

PricewaterhouseCoopers Limited, License no. CL0215
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ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

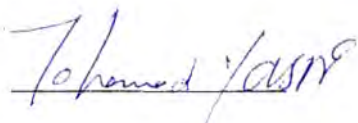
STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019
		USD
ASSETS		
Current assets		
Prepayments and other receivables	(4)	19,491
NET ASSETS AND LIABILITIES		
NET ASSETS		
Unrestricted	(5)	(88,099)
LIABILITIES		
Current liabilities		
Other payables		10,000
Due to a related party	(6)	97,590
Total liabilities		107,590
Total liabilities and net assets		19,491

The notes on pages 7 to 14 are an integral part of these financial statements.

The financial statements were approved by the Board of Trustees on _ _ _ _

and signed on its behalf by:



DIRECTOR OF FINANCE AND ADMINISTRATION



ACTING MANAGING DIRECTOR

ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

	Notes	Period from 16 May 2019 to 31 December 2019
		USD
Expenses		
Functional expenses	(7)	(88,099)
Change in net assets		(88,099)
Net assets at the beginning of the year		-
Net assets at the end of the year		(88,099)

The notes on pages 7 to 14 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Period from 16 May 2019 to 31 December 2019
	USD
Operating activities	
Change in net assets	(88,099)
Changes in working capital	
Prepaid expenses and other receivables	(19,491)
Other payables	10,000
Due to a related party	97,590
Net cash generated from operating activities	-
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	-

The notes on pages 7 to 14 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

1. General information

The Economic Research Forum - NPIO (“the Organisation”) is an independent international, non- governmental, non- profit incorporated organization (“NPIO”) working in Dubai based on an operating licence No.OL3299 from the Government of Dubai dated 16 May 2019.

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 amongst the representatives of donors to the Organisation and two are appointed by the Board of Trustees.

The principal activity of the Organization is to promote high quality economic research to contribute to sustainable development in the Arab countries. The Organization’s 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.

The Organisation’s registered office is at Unit GV-00-10-03-BC-42-0, level 3, Gate Village Building 10, Dubai International Financial Centre, PO Box 345012, Dubai, United Arab Emirates.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the period, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations issued by the IFRS Interpretation Committee (“IFRS IC”) applicable to entities reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention.

The Organisation has a net liability position of USD 88,099 as at 31 December 2019. The continuation of the Organisation’s operations is dependent upon the continued financial support of the trustees. The trustees have resolved to continue the operations of the Organisation and have confirmed their intention to provide financial support to the Organisation, as and when required, for a period of at least twelve months from the date of approval of these financial statements to enable it to both meet its liabilities as they fall due and to carry out its business without significant curtailment of operations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Organisation’s accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

New standards and amendments not yet adopted by the Organisation

Certain new accounting standards and interpretation have been published that are mandatory for the Organisation's accounting periods beginning 1 January 2020 or later periods but have not been early adopted by the Organisation. These standards are not expected to have a material impact on the Organisation's financial statements in the current or future reporting periods and on foreseeable future transactions.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Organisation are measured using the currency of the primary economic environment in which the Organisation operates ("the functional currency"). These financial statements are presented in United States Dollar ("USD"), which is the Organisation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end / year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of activities and change in net assets in the period in which these differences arise.

2.3 Reporting policies

The Organisation 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 the Organisation 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 the Organisation to maintain the resources permanently, but permit the Organisation to use or expend part or all of the income derived from the restricted net assets as specified by the donor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

2.4 Financial assets

(a) Classification

The Organisation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Organisation's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Management determines the classification of its investment at initial recognition.

(b) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date, being the date on which the Organisation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Organisation has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Organisation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of activities and change in net assets.

Subsequent measurement of debt instruments depends on the Organisation's business model for managing the asset and the cash flow characteristics of the asset. The Organisation classifies its debt instruments in the following category:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of activities and change in net assets. Impairment losses are presented as separate line item within the statement of activities and change in net assets.

(d) Impairment

The Organisation assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Organisation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

2.5 Offsetting financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Organisation or the counterparty.

2.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances.

2.7 Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection is expected in one year or less (or in the normal operating cycle of the business if longer) from the statement of financial position, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.8 Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Organisation determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value.

The Company's financial liabilities include other payables and due to related parties.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of activities and change in net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

2.9 Other payables

These represents liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) after the statement of financial position date. If not, they are presented as non- current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Contribution and grants from donors

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

The part of the restricted contribution that cover the Organisation’s overheads are released from restriction upon receiving the money from the donors.

2.11 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.12 Leases

Payments associated with short-term lease is recognised on a straight-line basis as an expense in the statement of activities and change in net assets. Short-term leases are leases with a lease term of 12 months or less.

3. Financial risk management

3.1 Financial risk factors

The Organisation’s activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. These risks are evaluated by management on an ongoing basis to assess and manage critical exposure. The Organisation’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Organisation’s financial performance.

ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

(a) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Organisation's measurement currency.

The Organisation is not exposed to foreign currency risk as majority of its transactions are in United Arab Emirate Dirham (AED), which is pegged to the USD.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual instrument or its issuers or factors affecting all the instruments traded in the market.

The Organisation has no significant exposure to price risk as it does not have any price sensitive financial instruments.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Organisation is not exposed to interest rate risk as it does not have any interest-bearing financial assets and liabilities.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from other receivables.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Organisation will not be able to meet its financial obligations as they fall due. The Organisation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organisation's reputation.

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 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 at all times.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

The table below analyses the Organisation's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying value	Less than 12 months	More than 12 months
As at 31 December 2019	USD	USD	USD
Other payables	10,000	10,000	-
Due to a related party (Note 6)	97,590	97,590	-
Total	107,590	107,590	-

3.2 Fair value estimation

The fair values of the Organisation's financial assets and liabilities as at 31 December 2019 approximate their carrying amounts as reflected in these financial statements.

4. Prepayments and other receivables

	2019
	USD
Prepaid expenses	12,630
Advances to researchers	2,000
Other receivables	4,861
	19,491

5. Net assets

Unrestricted net assets

These type of funds are used by the Organisation's management to be expensed on any type of activities carried out by the Organisation without restrictions from the respective donor(s) from the return on endowments or interest income on time deposits.

6. Related party disclosures

Related parties' comprise of trustees and businesses which are controlled directly or indirectly by the trustees ("Affiliates") and affiliated organisations which have full control through the board of trustees on the Economic Research Forum - NPIO.

ANNEX D: FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

Transactions with related parties

During the period, the Organisation entered into the following significant transactions with related parties in the ordinary course of business at mutually agreed terms.

	2019
	USD
Amounts paid on behalf of the Organisation (Affiliate)	97,590

Balances with related parties

Amounts due to a related party represent balances arising from payment made on behalf of the organization in the normal course of business. Outstanding balances as at period end are unsecured and interest free. Balance with related party included in the statement of financial position is as follows:

	2019
	USD
Due to a related party	
Economic Research Forum (Egypt)	Affiliate 97,590

7. Functional expenses

	For the period from 16 May 2019 to 31 December 2019
	USD
Rent	60,874
Professional fees	10,000
Administrative fees	8,678
Exchange loss	2,587
Travelling	2,247
Others	3,713
	88,099

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 16 MAY 2019 TO 31 DECEMBER 2019 (ERF-NPIO)

8. Financial instruments by category

	2019
	USD
Financial assets – at amortised cost	
Prepayments and other receivables (excluding prepaid expenses)	6,861
Financial liabilities –at amortised cost	
Other payables	10,000
Due to a related party (Note 6)	97,590
	107,590

9. Events subsequent to the date of the financial statements

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and global economic activity. The Organization considers this outbreak to be a non-adjusting post balance sheet event.

The potential impact of the coronavirus outbreak on the Organization 's performance remains uncertain. Up to the date of this Report, the outbreak has not had a material impact on the results of the Organization. However, management continue to monitor the situation closely, including the potential impacts on the Organization's results and its employees. The situation could change at any time and there can be no assurance that the coronavirus outbreak will not have a material adverse impact on the future results of the Organization.

As the situation is fluid and rapidly evolving, management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Organization's assets and liabilities. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the Organization's IFRS 9 estimates of expected credit loss provisions in 2020.

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