

ECONOMIC RESEARCH FORUM

ANNUAL REPORT

2017



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.

Contact Information

Address: 21 Al-Sad Al-Aaly St. Dokki, Giza, Egypt

Telephone: 00 202 333 18 600 - 603 **Fax:** 00 202 333 18 604

Email: erf@erf.org.eg **Website:** <http://www.erf.org.eg>

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Message from the Chairman of the Board of Trustees



As I look back at 2017, I am convinced that the dramatic changes we are witnessing in the Arab countries, make the ERF mandate and role even more relevant than ever before. ERF remains firmly committed *to promoting high quality economic research that contributes to inclusive and sustainable development in the region*. This is the time to call on our brightest scholars in the region to build on the wealth of knowledge generated by ERF over the past 24 years to respond to emerging challenges and enhance policy impact.

This has been a special year for ERF setting the foundation for the new *ERF Strategy 2017 – 2021*, expanding the research agenda to address emerging regional challenges, forging new partnerships and building bridges between research and policy. It also marks the launch of the second phase of the Arab Spring Development Initiative: ASDI II (2017-2019), in support of the ERF mandate, new strategic directions and conducting high quality research on the major challenges facing the region.

ERF has been instrumental in developing a strong regional economic research community. My long-held views were confirmed by the ASDI I (2014-2016) evaluation which examined the relevance of the program's objectives and design, the extent to which it achieved its stated goals, its efficiency and cost effectiveness, and its influence and impact. The following statement from the report sums it all up:

"ERF has been increasingly successful in supporting the development of an economic research community. It remains the leading economic research network in MENA".

Such progress does not happen automatically. It takes commitment and perseverance by a lot of people to bring it about. To all of them, my sincere thanks. I am particularly grateful to ERF affiliates, donors, management and staff.

As Chairman of the Board of Trustees, I must express special thanks to both the World Bank and the Arab Fund for Economic and Social Development for their support of ASDI I (2014-2016) and for extending their support for ASDI II (2017–2019). I would also like to acknowledge the members of the Board of Trustees for their dedication to the institution and for their guidance.

Thanks to the commitment of the ERF network members, ERF is in good standing to meet the challenges for years to come. Special wishes for 2018 as it marks ERF's 25th Anniversary. May it be a year of hard work and concerted efforts for the prosperity of this organization, the region and the world.

Abdlatif Al-Hamad

A handwritten signature in black ink, appearing to be 'Al-Hamad', followed by a long horizontal line that ends in a small upward hook.

Chairman of the Board of Trustees
Economic Research Forum

Message from the Managing Director

As I reflect on what 2017 meant for ERF and our region, it is remarkable how ERF remained steady on its course and continued to thrive amidst turbulent environment and uncertainties. ERF has kept focus on its goal of producing high quality research and deploying the knowledge generated to promote evidence-based policy dialogue to help the region chart its path for the future. In 2017, ERF managed 91 projects, engaging 131 researchers, not counting those who presented around 50 papers in the ERF 23rd Annual Conference in Amman. In addition, in 2017 ERF published 96 working papers, the Euro-Med flagship report, eight policy briefs and perspectives, and two issues of the Middle East Development Journal.



It was also a good year setting the foundation for the *ERF Strategy 2017 – 2021*, expanding data activities and introducing new policy platforms, portal and publications. The implementation of the strategy, endorsed by the ERF Board in March 2017, introduced a new research agenda on growth and structural transformation; broadened the coverage of the data portal; and is well underway to addressing one of the major sub-regional gaps through the GCC Economic Research Initiative (GCCeRI) and incorporating partnerships with leading international, regional and national institutions: UN ECA, UN ESCWA, and the Islamic Development Bank to enhance policy impact. This year also proudly marks establishing the foundation of a regional policy portal – *The forum*; managed by experienced co-editors, supported by management and a distinguished editorial board of founding members. ERF also setup a branch office in Dubai to promote ERF partnerships in the GCC countries, as well as complement the head office in Cairo at the operational level and consolidate the ERF regional aspect, presence and mandate.

The second phase of the Arab Spring Development Initiative (ASDI II) has been launched earlier in 2017. Towards the end of the year, evaluation of ASDI I (2014-2016) was successfully completed providing ERF management with an endorsement of building on and expanding the ASDI program and providing valuable input to guide future management activities redesign set out for 2018.

In 2018, ERF management plans to strengthen and expand the research, data and policy dialogue activities set out in the *ERF Strategy 2017 – 2021*; reconfigure our flagship annual conference in time for the ERF 25th Anniversary in 2019; retool a number of management processes to cater for efficient and effective operations, focus on research uptake and policy impact within the ERF mandate.

ERF past and future work would not have been conceivable without the steadfast support of our donors, and our gratitude goes out to them. On the occasion of the renewal of the ASDI program earlier this year, I would like to pay special tribute to the Arab Fund for Economic and Social Development and the World Bank for extending their support to ASDI II, for their unwavering commitment to the ERF mission, and for their guidance and support of its strategic direction. It is my personal privilege to thank the ERF Advisory Committee, affiliates and staff for always striving to give their best. I am confident that this commitment will lead in 2018 being a landmark in ERF history, marking 25 years of setting out exemplary research by leading economists from the region. I am particularly thankful to the ERF Board of Trustees for their guidance and endorsement.

Ibrahim Elbadawi



Managing Director
Economic Research Forum

2017 Highlights

SETTING THE FOUNDATION

for the *ERF 2017 – 2021 Strategic Directions*

ERF management firmly believes that ERF has made commendable progress in achieving its overarching objectives of building capacity for undertaking high quality policy-oriented economic research, enhancing policy impact and deploying research capacity to promote evidence-based policy dialogue in the ERF region. Success can be gratefully attributed to a product of a winning ensemble of factors, namely, relevance of the ERF concept and the effectiveness of its operational model, the vitality of its community, the generosity and progressiveness of its donors, and the astute leadership of its Board and dedication of its staff.

The five-year ERF management strategic outlook, therefore, would build upon and nurture the key “winning” tenets of the ERF operations. Nonetheless, the new strategy entails new and major *elements of departure* to address emerging challenges to development policy in the region. ERF research and policy outreach agenda would need to consider issues such as the alarming region-wide conflicts and political instability, the global economic transformations and the emerging “new normal” in the global oil markets, the rapidly accelerating climate change and the worsening region-wide water scarcity and droughts, and finally the glaring geographic gaps in terms of research capacity and the ensuing disparities in the quality of the policy dialogues within the ERF region.

A key new feature of the ensuing programmatic landscape is built around *synergetic interfaces* between: standard *research*, *capacity-building* and *policy outreach* modalities and new *self-standing* thematically cross-cutting initiatives to respond to emerging and lingering challenges and close the gap in research capacity and policy outreach.

ERF management, therefore, believes in the need for new themes, new modalities

and broader partnerships to effectively address these challenges.

The four pillars of the ERF Strategy:

- Selectively build *research capacity* in a regionally uneven, but potentially globally interconnected, research environment
 - Promote *high quality* economic (and related) *research* to expand the knowledge base for addressing lingering and emerging new development challenges in the ERF region
 - Maintain and expand *fundraising efforts* especially with regard to increasing resources for broad programs and the Endowment Fund
 - Maintain a lean and efficient *ERF Secretariat*, with highly motivated and adequately remunerated staff, to support expanding pool of ERF Affiliates
- Successful implementation of the Strategy along the lines of the above four pillars, would entail
- Incrementally expanding the current thematic research in response to the emerging challenges

- Exploring new self-standing and thematically cross-cutting research initiatives to build new areas of potential comparative advantage in the context of institutional networking
- Expanding policy outreach modalities to promote research uptake and use of evidence-based policy research effectively deploying a series of face to face nation-specific and region-wide policy seminars, organizing policy debates, producing policy perspectives and alerts, and moderating a Vox MENA online impact initiative.

New Research Themes

To align with the new strategic directions, a number of new research themes and projects were initiated in 2017:

- In response to the compelling challenge posed by the region-wide political instability, a new research theme on *conflicts, post-conflict transition and peace building* was launched;
- Extending the macroeconomics of natural resource management theme to cover the dynamics of growth and structural transformation. A new research project was launched;
- ERF data portal now includes global sectoral data, in addition to links to various sources of firm level data as well as data on conflicts to support the growth and structural transformation research efforts.

New Partnerships

Partnerships to pool comparative advantages and enhance policy relevance are an integral component of the *ERF Strategy 2017 – 2021*. Consolidated

efforts have been in place and result in the following:

- Discussions with the Islamic Development Bank Group (IDBG) to launch a series of joint policy research and training projects of interest to IDBG member countries from the ERF region;
- ERF signed an MOU with the UN Economic Commission for Africa to launch a joint research effort on growth and structural transformation in Africa;
- ERF has an understanding with the UN Economic and Social Commission for Western Asia (ESCWA) to develop a joint research project on inequality.

New Capacity Building Initiatives

In collaboration with several GCC universities and policy institutions, ERF has started a research, capacity-building and policy outreach initiative, led by a steering committee of representatives from the GCC institutions.

New Policy Outreach Initiatives

Towards enhancing policy impact, ERF envisages to use policy forums and publications which are more intensive and selective in terms of themes and geographical coverage. One successful policy conference was organized jointly with the Arab Fund for Economic and Social Development: “Arab Oil Exporters: Coping with a New Global Oil Order”, in November 26-27, 2017 in Kuwait. The ERF Policy Portal – *The forum* was successfully launched in September 2017. The forum is positioned as a “game changer” attracting contributions by leading economists from the region.

2017 Highlights

INITIATION

of the Arab Spring Development Initiative ASDI II 2017 – 2019

Thanks to extended support from the Arab Fund for Economic and Social Development and The World Bank, ERF launched ASDI II early in 2017. ASDI II will continue to build on the success of the ASDI I to further develop the ERF key thematic areas: The Economics and Politics of Arab Awakening; Inequality and Inclusive Growth; Employment and Human Resource Development; Macroeconomics of Natural Resources, Structural Transformation and Growth; and Conflicts, Post-conflict Transitions and Peace-building. ASDI II entails more focus on Policy Dialogue as it aims to contribute to and inform the challenging process of policymaking and development thinking in the currently prevailing fluid and complex political and economic transformations in the region, with a view to promoting peace-building, social cohesion and shared prosperity in a context of good governance and enhanced access to knowledge and data. Moreover, ASDI II brings a stronger emphasis on broadening the spectrum of micro data.

In the context of the ERF new strategic directions and ASDI II, ERF aims to enhance and expand the relevance and impact of economic research on policymaking through a portfolio of activities including policy platforms, portal and publications.

EVALUATION

of the Arab Spring Development Initiative ASDI I 2014 – 2016

ERF has undergone an evaluation, required by the World Bank, of the Arab Spring Development Initiative (ASDI). ASDI I, a three years program (2014-2016), jointly supported by the Arab Fund for Economic and Social Development and the World Bank.

ERF management would like to thank the independent evaluator for a careful and thorough job. The process provided an independent vantage point from which to collect and review a significant amount of information across key pillars and activities.

The main conclusions of the report can be summarized as follows:

Firstly, ASDI I met most of the targets for intermediate outcomes, and related indicators specified in the Program's Results Chain:

- The number of datasets collected, harmonized, and disseminated reached 68 in 2016, far in excess of the target of 20. The number of visits to the portal and downloads of datasets rose from 0 in 2013 to 1,762 in December 2016;
- Research output produced in the four thematic areas of the program, including working papers, reached 152 by the end of the program period, with the number of publications reaching

84 (including working papers) during 2016, exceeding the target of 25;

- The number of workshops, seminars, conferences, and policy dialogues on the four thematic areas reached 35. Thirteen events took place in 2016, against the target of 10 events. The number of policy makers, scholars, and development practitioners who attended ASDI-related events reached 390 in 2016, well above the target of 200.

Secondly, on view of the tremendous success of the ASDI I and its enormous potential value added for the network in the future, it would be very worthwhile to mainstream the program to all countries in the ERF region.

Thirdly, ERF's financial viability has improved since the early 2000s. The rising relevance of its research has resulted in more diversified sources of funding. The potential for volatility in donor funding, particularly for core financing, and for funding that is significantly below the current level of support of about \$2 million a year presents ERF and its network with significant downside risks, however.

The ERF management commends the effort and dedication of the evaluator for his objective and professional evaluation. We are very pleased that the report recognizes and highlights the main positive achievements of ASDI I. The report also identifies some areas that may benefit from further improvement.

ERF management concurs with the evaluation's main findings and suggested areas of improvement. Many of these findings and recommendations reinforce important messages already captured in the new *ERF Strategy 2017 - 2021*, and some have already been implemented by ERF management starting 2017.

"ERF has been in creasingly successful in supporting the development of an economic research community. It remains the leading economic research network in MENA"

Source: ASDI Evaluation

2017 Highlights

Summary of the Evaluation Findings and Assessment of ASDI I Performance

The evaluation examined the relevance of the program's objectives and design, the extent to which it achieved its outputs or outcomes, its efficiency and cost-effectiveness, and its influence and impact. It also identifies strengths and weaknesses, lessons, and highlighted possible sustainability issues, including financial sustainability going forward. The evaluation also assessed the quality of selected research outputs.

Relevance

Most researchers in the ERF network agree or strongly agree that ASDI activities and outcomes address policy-relevant issues in the region. Three-quarters of stakeholders indicated that the strategic relevance of ASDI increased as a result of evolving regional and global economic and political developments during 2014–16.

Researchers and policy makers interviewed appreciate the contributions of ASDI and the ERF network in enhancing their collective voice. They believe that ASDI-supported research made some breakthroughs, in the areas of employment and labor supply, equity and inequality of opportunity, the political economy of transition (particularly by substantiating endemic cronyism), and the macroeconomic policies of resource-rich countries during a period of sharply declining export revenues.

Effectiveness

ASDI achieved its three overarching objectives, to varying degrees:

Data: The ERF Open Access Micro Data Initiative (OAMDI) was launched in April 2013. By end of 2016, ERF has been able to collect and acquire 106 household and firm level datasets, from 15 Arab countries. ERF has also signed 15 Memoranda of Understanding with the National Statistical Offices and other data producers allowing ERF to disseminate the micro data sets on its data portal. Over the three-year period of the program, 68 datasets have been made publicly available on the portal.

More than two-thirds of stakeholders strongly believe that ASDI achieved its objective of making new economic data publicly and freely available to the public; less than 10 percent indicated that achievement in this area was weak. A few researchers indicated that the data program should include more countries (particularly Saudi Arabia, Iran, and Turkey) and more in-depth cross-country research. Others indicated that the process of accessing data is too cumbersome and time consuming and may be discouraging some researchers from using the data.

Research: Over the three-year period of the program, ERF affiliates produced more than 119 working papers under ASDI. Sixty-seven of them were published in peer-reviewed journals or as chapters in edited

volumes, and 29 policy briefs and policy perspectives. ERF also produced four edited volumes (three under ASDI), published by reputable publishers, such as Cambridge University Press, Oxford University Press, and World Scientific.

Nearly all respondents (93 percent) indicated that ASDI had strongly (54 percent) or adequately (39 percent) achieved its objective of generating insights through research on new areas of concern since the Arab Spring. Some respondents suggested that topics that involve multi-country/regional research should be encouraged.

Policy Dialogue and dissemination: During the evaluation period, ERF held 18 workshops, 9 seminars and two major conferences. Participation averaging about 30 researchers at workshops, 50 at seminars, and 100 at conferences.

Ninety percent of respondents indicated that ASDI met this objective either strongly (52 percent) or adequately (38 percent). But many stakeholders strongly recommended improvements in communications activities related to both research and non-research activities. A more technologically advanced communications strategy that uses social media platforms more effectively could make the regional network of ERF-affiliated researchers more inclusive, covering all countries in the region.

Efficiency, Governance, and Work Organization

ERF is an efficient institution. With fewer than 25 staff, it manages a complex, multi-year work program while working with its affiliates across much of the region and leading a well-established network of researchers and policy makers. It has produced a large number of research papers and conducted a number of seminars and workshops (including for capacity building) and conferences at several locations within the region more or less on time and within the budget.

The evaluative evidence suggests that ASDI met its main milestones in a timely and cost-effective manner. There is no evidence of significant budget overruns or major delays in the delivery of the program's main outputs.

ASDI has six thematic leaders (for natural resources and economic diversification, labor and human resource development, the political economy of transformation in the Arab world, equity and inequality, policy dialogue, and the open access micro-data initiative). Most respondents thought all thematic platforms were effectively and proficiently led, though there were some variations, largely related to the management style of the thematic leader.

Source: ASDI I Evaluation Report, November 2017

Network and Capacity Building

One of ERF's main distinguished features is its rich network of researchers, which has been the cornerstone of its activities and has over the years contributed to making ERF the leading regional research institution in the Middle East and North Africa. Since its inception in 1993, sustained effort has been made to strengthen the ERF network, and 2017 was no exception.

ERF Affiliates

In 2017, the ERF network continued to expand, attracting both seasoned and young researchers of diverse interests, age groups and gender. By the end of 2017, ERF affiliates reached a total of 335 members. Last year, the ERF Board of Trustees approved the affiliation of seven new Research Fellows and 12 new Research Associates into the network.

By the end of 2017, the total number of Research Fellows accounted for 57 percent of the total network, Research Associates accounted for 22 percent, while Senior Associates and Policy Affiliates accounted for 12 and 9 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, 2017

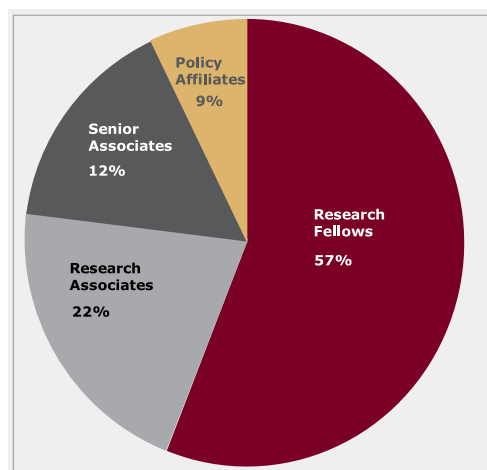


Table 1. ERF Affiliates by Residency

Affiliation	Residency		
	Inside	Outside	Total
Research Fellows	106	86	192
Research Associates	58	16	74
Senior Associates	32	9	41
Policy Affiliates	24	4	28
Total	220	115	335

CAPACITY Building

Effective targeting of capacity building programs to selectively build research capacity in a regionally uneven, but potentially globally interconnected research environment is one of the key pillars of the *ERF Strategy 2017–2021*.

ERF aims to anchor research capacity building on the core areas of competence, mainstream selectivity and targeting to the main capacity building programs, thus enhancing the engagement of researchers from relatively low research capacity countries; helping them consider self-standing cross-cutting initiatives and/or sub-regional capacity building hubs to promote peer pressure and cross-fertilization between seasoned and junior research with more manageable research environments.

In 2017, ERF sponsored carefully selected promising researchers based on explicit eligibility criteria to present their research findings and gain exposure to regional and international research.

Training Workshops

Evaluating Labor Market Programs in MENA July 2-6, Amman, Jordan

ERF sponsored the participation of five young development practitioners in an ILO training workshop on the evaluation of labor market programs. The course comes in the context of ERF's capacity building mandate as well as ILO's TAQEEEM Initiative: What works in Youth Employment which aims to improve labor market outcomes of young people in the Middle East and North Africa by strengthening results measurement and evidence-based policies and programs. The advanced executive course targeted project teams, policymakers, and young scholars from the region that would like to strengthen their capacity to evaluate labor market programs. Participants in the course learned cutting edge techniques for evaluation, including randomized controlled trials, quasi-experiments and results-based management.

PARTICIPATION in International Conferences

The 37th Annual Meeting of the Middle East Economic Association (MEEA) January 5-8, Chicago, Illinois, USA

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

New Perspectives on the Political Economy of the Middle East 27-28 October, 2017, Oxford, UK

Organized by the Oxford Centre for Islamic Studies and the Oxford Department of International Development, a workshop brought together researchers working on different aspects of economic development in the Middle East, to address economic policies which could and/or should be considered by governments in the region. The workshop considered in particular emerging perspectives on the Political Economy of the Middle East. Targeting fresh PhD holders and early career researchers, ERF sponsored the travel, accommodation, and participation of five promising candidates from the region.

PARTNERSHIPS

Expanding partnerships with international, regional, and national institutions is integral to the *ERF Strategy 2017 - 2021*.

Forum Euro méditerranéen des Instituts des Sciences Economiques (FEMISE)

FEMISE is a Euro-Mediterranean network, established as a French non-profit organization in 2005, coordinated by ERF and the Institut de la Méditerranée (IM) in France. The network currently comprises close to a 100 economic research institutes from the North and South regions of the Mediterranean, representing 37 countries.

FEMISE carries out a variety of activities such as conducting research on the Euro-Mediterranean region, thus complementing ERF's work. In 2014, FEMISE won a call for funding by the European

Network and Capacity Building

Commission for the following project: "Support to Economic Research, Studies and Dialogues of the Euro-Mediterranean Partnership." The project, launched in March 2015 for the duration of four years, includes a number of research and dissemination activities, workshops and conferences.

FEMISE launched the third internal competition (open for affiliate institutions) in 2017, under the theme of "The Role of the EU in Facilitating the Modernization, the Transition and International Openness of the Mediterranean Countries". Out of 19 submitted research proposals, nine were selected for funding by FEMISE. In 2017, ERF also produced the EuroMed report entitled "Economic Management under Fire".

In 2017, FEMISE, along with ERF and IM as co-applicants, won a call for funding by the European Commission on *"Med Valley - Develop Competitive Innovation Ecosystems in the Mediterranean"* with ANIMA being the team leader of the project. FEMISE, through the coordination of ERF and IM, is responsible for two main activities within the project. ERF activities include the creation of a South-Med regional innovation scoreboard. More specifically, seven national tailored scoreboards will be created to assess each South-Med country's innovation performance. To that effect, ERF participated in three advocacy panels in 2017, namely in Jordan, Lebanon and Palestine, with the aim of sharing each respective national scoreboard findings with the relevant national stakeholders.

NETWORK News

ERF signs a Memorandum of Understanding with the United Nations Economic Commission for Africa (ECA)

A partnership established with the purpose of strengthening capacity building efforts, contributing to research in the fields of development and structural economic transformation in light of the deep commitment to capacity development, knowledge production and information sharing on the fundamentals of Africa narrative and practice. Moreover, this partnership is aimed at enhancing the policy relevance and impact of ERF through potential access to ECA policy platforms, such as the Annual Conference of the Council of African Ministers of Finance.

ERF explores potential areas of collaboration with The Islamic Development Bank, Jeddah, Saudi Arabia

A meeting was held on the 26th of September, 2017 between H.E. Dr. Bandar Haggag, President of the Islamic Development Bank and Dr. Ibrahim Elbadawi, Managing Director of ERF, to explore and determine potential areas of collaboration with regards to advancing the Sustainable Development Goals agenda and extend research to policy activities to member countries as part of the institutional mandate of the two institutions.

ERF initiates discussions with the UN Economic and Social Commission for Western Asia (ESCWA)

ERF and ESCWA agreed to set up a joint research program on inequality that would address inequality challenges in the region. The program will include a series of research projects and publications; training workshops and policy seminars. Similar to the partnership with the ECA,

this initiative aims to enhance the policy relevance of ERF research.

ERF Establishes Branch Office in Dubai

In March 2017, the ERF Board of Trustees endorsed the set up of an ERF branch office in Dubai. The office was setup by mid-year to extend further support to the expanding pool of affiliates regionwide, enhance business operations and network presence in GCC countries.



Participants during various OF events, 2017.

Research Activities

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

In 2017, research topics came under the following five themes: Equity and Inequality, Macroeconomics of Natural Resources, Structural Transformation and Growth, Political Economy of Transformation, Labor and Human Resource Development as well as a new research theme on Peace Building and Reconstruction. In addition, research covered other areas in economics in the context of the ERF Annual Conference. Meanwhile, work on micro data also proceeded vigorously.

Each area of focus is led by a Thematic Leader or a Program Leader (see Figure 2). The progress made under each area is outlined below:

- On Equity and Inequality, the research agenda proceeded under three sub-themes: (i) inequality measurement,

which included making progress on ongoing work on household assets, (ii) the policy drivers of inequality, and (iii) rural poverty, rural development and rural-urban migration.

- On Labor Markets, work continued to focus on building the data infrastructure. In addition, further work was carried out on labor demand, youth vulnerability and the impact of refugees in Jordan.
- On Natural Resources and Economic Diversification, progress was made on several fronts, including issues of the oil curse and conflict, structural transformation, sovereign wealth funds and long-term sustainability questions. The latter included the implications of the fracking revolution on Arab oil economies, the contractual relationships between

Figure 2. Thematic and Program Leaders, 2017

Themes	
<i>Paul Makdissi and Naouel Chtioui</i> Equity and Inequality	<i>Ragui Assaad</i> Labor and Human Resource Development
<i>Hoda Selim, Kamiar Mohaddess & Daa Nouredin</i> Macroeconomics of WP1, Structural Transformation and Growth	<i>Ishac Diwan</i> Political Economy of Transformation in the Arab World
<i>Samir Makdissi and Raed Safadi</i> Peace Building and Reconstruction	
Programs	
<i>Christiane Wissa</i> Open Access Micro Data Initiative	<i>Mustapha Nabli</i> Policy Dialogue Program

host governments and MNCs, capital market financing of firms and the historical role of political institutions in shaping oil management.

- On the Political Economy of Transformation, the research agenda involved understanding the pulse of the Arab street (wave 2) and various aspects of the ongoing social, economic and political transformations in Arab societies. In addition, research in this area put emphasis on the issue of private sector dynamism, cronyism and state-business relations.
- A new theme has been added on peace building and reconstruction.

This theme is of great importance in light of the unfolding events in the region. To start making sense of the future, comprehending how political factors and economic policies have interacted in the past will be crucial. Looking forward, there is a need to research how best to design governance systems in socially polarized societies and the post-economic agenda for promoting political stability and economic development.

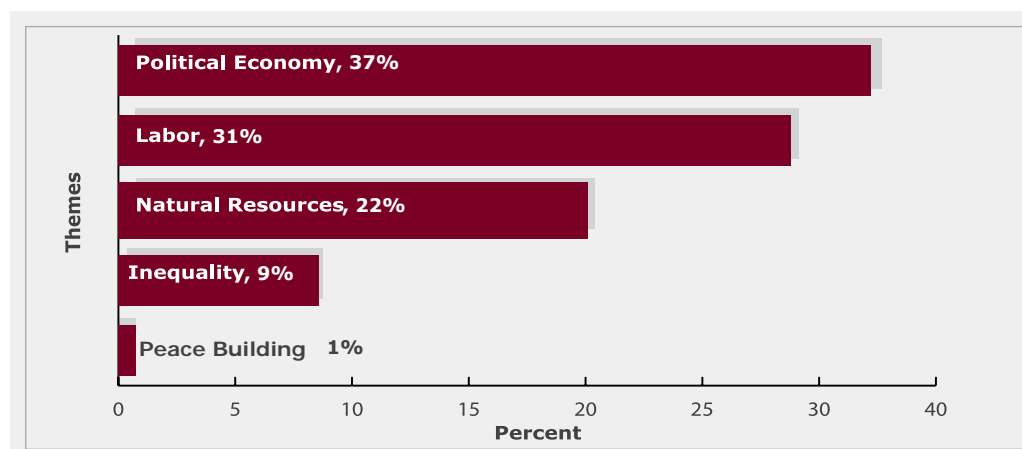
In terms of research projects, ERF initiated 48 new projects under various different themes in 2017, bringing the total number of ongoing and new projects to 91 projects engaging 131 researchers (Table 2).

Table 2. Summary of ERF Research Projects in 2017
(in numbers)

Research Projects	Projects	Researchers*	Geographical Coverage	
			Country	Regional
Research Competitions	64	97	38	26
Structured Research Projects	27	34	11	16
Total	91	131	49	42

*These numbers exclude the research presented at the ERF 23rd Annual Conference: The table does not cover the research projects undertaken under the umbrella of FEMISE.

Figure 3. Research Projects by Theme
(% of total number of projects)



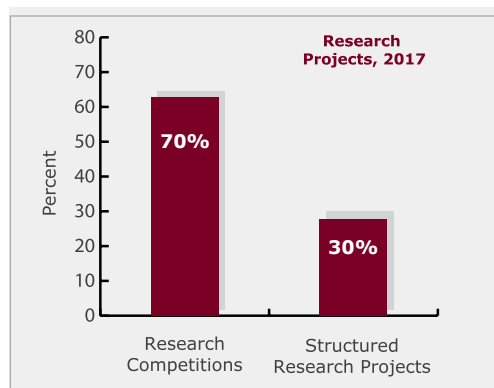
Research Activities

Thematic Coverage

The distribution of these projects by theme is shown in Figure 3. The theme on “Political Economy of Transformation” has delivered the highest number of projects (34 projects), followed by Labor & Human Resource Development (28 projects).

Research projects were initiated through competitive calls for proposals or commissioned directly to well-established experts in specific fields. Around 70 percent of all ERF-managed projects in 2017 were conceived through a competitive process. Regardless of the modality of initiation, the selection process was guided by clear criteria and peer reviews.

Figure 4. Research Projects, 2017

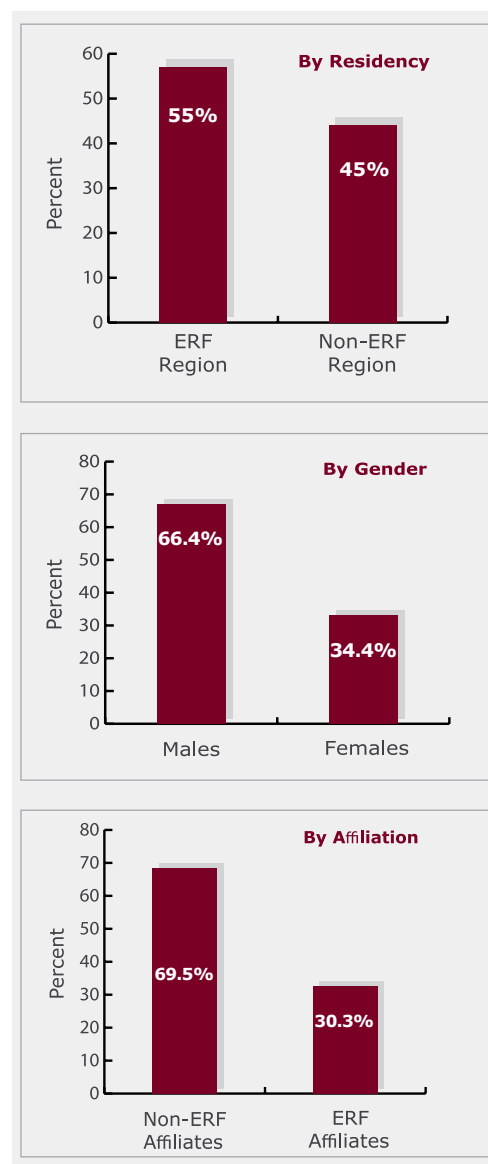


Research Profile

As can be seen from Figure 5, research projects engaged 131 researchers, a third of whom were women, 91 were non-affiliates (69.5 percent) and 72 resided in the region (more than half the total).

By the end of 2017, ERF completed 38 projects, continued to manage 5 ongoing projects and initiated 48 new ones. Below is a listing of these projects.

Figure 5. Research Projects, 2017





Trainers and trainees during various ERF workshop, 2017.

Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2017

Project	Team Leaders
Completed Projects	
Regional Inequalities in Child Malnutrition in Egypt, Jordan and Yemen: A Blinder-Oaxaca Decomposition Analysis	Mesbah Sharaf and Ahmed Rashad
Socioeconomic Inequalities in Infant Mortality in Egypt: Analyzing Trends Between 1995 and 2014	Mesbah Sharaf and Ahmed Rashad
Asset Inequality in MENA: The Missing Dimension?	Shireen AlAzzawi and Vladimir Hlasny
Composition and Distribution of Household Asset, Labor Market Outcomes and Women's Empowerment in MENA	Shireen AlAzzawi and Vladimir Hlasny
Does Household Asset Inequality Cause Migration? Evidence from Egypt	Mohamed Arouri and Cuong Nguyen
Linking Empowerment and Agricultural Production to Women's Access to Land in Egypt	Dina Najjar and Aymen Frija
Welfare, Inequality and Political Cleavage: Evidence from Iran	Atiyeh Vahidmanesh
Household Asset Inequality in Turkey: How Informative is the Survey of Income and Living Condition?	Cem Baslevant
The Lack of Productive Employment in the Middle East and North Africa	Howard Pack and Shantayan Devarajan
Consumption Smoothing and Shock Persistence: Optimal Simple Fiscal Rules for Commodity Exporters	Arthur Mendes and Steven Pennings
Do Sovereign Wealth Funds Dampen the Negative Effects of Commodity Price Volatility?	Kamiar Mohaddes and Mehdi Raissi
Political Economy of Sovereign Wealth Funds in the Oil Exporting Countries of the Arab Region and Especially the Gulf	Jeffrey Nugent and Sarah Bazobandi
On the Determinants of Sovereign Wealth Funds' Investments: Are Arab SWFs Different?	Mohamed Arouri, Sabri Boubaker and Wafik Grais,
Sovereign Wealth Funds and Macroeconomic Stabilization in the Home Economy	Ibrahim Elbadawi, Raimundo Soto and Hoda Youssef
Optimal Asset Allocation and Consumption Rules for Oil-Based Sovereign Wealth Funds	Diaa Noureldin and Khouzeima Moutanabbir
Sovereign Wealth Funds, Cross-border Investments and Institutions: Are Arab Countries Different?	Ibrahim Elbadawi, Raimundo Soto and Chahir Zaki
Assessment of Competition Policy in Arab Countries in Transition	Ishac Diwan and Jala Youssef
Transforming Gender Attitudes and Democratic Preferences in the Middle East	Veronica Kostenko, Eduard Ponarin, Musa Shteivi and Olga Igushkina
Decomposition analysis of economic inequality in Tunisia, 2005-2010	Hatem Jemmali and Mohamed Amara
Do Tunisian Young Children Have Equal Chances in Access to Basic Services? A Special Focus on Opportunities in Healthcare and Nutrition	Hatem Jemmali and Mohamed Amara

Table 3. Continued

Project	Team Leaders
The Effect of Patriarchal Culture on Women's Labor Force Participation	Ishac Diwan and Irina Vartanova
Grievances or Skills? The Effect of Education on Youth Political Participation and Attitudes in Egypt and Tunisia	Ragui Assaad, Caroline Krafft and Miquel Pellicer
Diaspora Networks as a Bridge between Civilizations	Jackline Wahba, Ishac Diwan and Michele Tuccio
Do Migrants Transfer Political and Social Norms to Their Origin Country? Evidence from Arab Countries	Jamal Bouoiyour
The Effect of Mothers' Employment on Youth Gender Role Attitudes: Evidence from Egypt	May Gadallah, Rania Roushdy and Maia Sieverding
Young People's Gender Role Attitudes over the Transition to Adulthood in Egypt	May Gadallah, Rania Roushdy and Maia Sieverding
Does Education Indoctrinate? The effect of Education on Political Preferences in Democracies and Autocracies	Ishac Diwan and Irina Vartanova
The Tenacity of the Arab Spring in People's Perceptions: Trends in Values Among Egyptians	Mansoor Moaddel
Empirical Applications of Collective Household Labor Supply Models in Iraq	Oznur Ozdamar and Eleftherios Giovanis
How Gender Biased are Female-Headed-Households Transfers in Egypt?	Lobna Abdellatif, Mohamed Ramadan and Sarah Elbakry
Employment and Unemployment in Tunisia	Mongi Boughzala and Ragui Assaad
The Effect of Public Sector on Private Jobs: Evidence from Palestine	Belal Fallah
Estimating Labor Demand Elasticities and Elasticities of Substitution in Egypt: A Firm Level Static Analysis	Hanan Nazier
In Search of a New Development Model for Tunisia: Assessing the Performance of the Offshore Regime	Leila Baghdadi, Sonia Ben Kheder and Hassen Arouri
Information and Communication Technologies and Employment Generation in the Turkish Manufacturing Industry	Yılmaz Kılıçaslan and Ünal Töngür
Turtles or Gazelles: Understanding the Determinants of Employment Creation in the Labor Market in MENA Countries	Hassan Aly, Youssef Daoud, Amr Ragab and Ayhab Saad
Innovation & Labor Demand in MENA	Tamer Taha, Robin Cowan, Micheline Goedhuys and Pierre Mohnen
Education Effects on Days Hospitalized and Days out of Work by Gender: Evidence from Turkey	Aysit Tansel

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Table 3. Continued

Project	Team Leaders
Ongoing Projects	
Exchange-Rate and other Macroeconomic Policy Regimes: Lessons from World Experience for Oil-dependent MENA Countries	Klaus Schmidt Hebbel and Ibrahim Elbadawi
Oil Rents and Political Violence	Ibrahim Elbadawi and Chahir Zaki
Post-conflict Reconstruction in the Aftermath of Destructive Civil Wars: a Growth Strategy for Syria	Ibrahim Elbadawi
Ethnic Discrimination in the Turkish Labor Market: Evidence from Survey and Field Data	Binnur Balkan and Seyit M. Cilasun
Does Gender Discrimination Contribute to Low Labor Force Participation of Women in Turkey? Evidence from Survey and Field Data	Binnur Balkan, Seyit M. Cilasun
Initiated Projects	
Economic Geography, Growth Dynamics and Human Capital Accumulation in Turkey: Evidence from Regional and Micro Data	Burhan Can Karahasan and Firat Bilgel
Frictions in Labor Reallocation and Job Creation A Cross-Country Approach with Lessons for MENA Economies	Khalid Elfayoumi and Sanaa Nadeem
Global value chains and firm dynamics	Marion Dovis and Chahir Zaki
Global Value Chain Integration and Productivity: The Case of Turkish Manufacturing Firms	Yilmaz Kilicaslan, Oytun Mecik and Ugur Aytun
Structural change, productivity and skills dynamics in three labor-abundant MENA countries (Egypt, Tunisia and Turkey)	Mohamed Ali Marouani, Michelle Marshallian, Ulas Karakoc and Gunes Asik
Structural Change Transformation in MENA Countries: Constraints and Drivers	Rim Ben Ayed Mouelhi and Monia Ghazali
Dynamics of Growth, Productivity and Resource Misallocation: Evidence from Firms in Middle East and North Africa (MENA) Region Countries	Eleftherios Giovanis and Oznur Ozdamar
Firm performance and agglomeration effects: Evidence from Tunisian firm-level data	Mohamed Amara
Assessing the Impact of International Sanctions on Iran's Industrial Firms	Hadi Esfahani and Kowsar Yousefi
Achieving growth through the ballot box: The politics of Turkey's local economic dynamics	Davide Luca and Alpay Filiztekin
The political Economy of business elites in Tunisia and Morocco: comparing actors, strategies and identities	Mohamed Oubenali, Houda Ben Hamouda and Omar Radi
A Survey of Firm-level Political Involvement in Legislative Elections	Robert Kubinec and Zeyad Elkelani
The Division of Ownership and Control in Listed Jordanian Firms	Ghada Tayem
Economic zones in Egypt and Tunisia as spatial strategy	Safaa Joudeh
Predicting Stock Price Similarity using Inferred Business Groups in the Middle East and North Africa	Michael Charles Siemon

Table 3. Continued

Project	Team Leaders
Stock Market's reaction to political connections driven by capital structure of GCC Banks	Fatma Ahmed and Hany Abdel-Latif
The Political Economy of Trade Protection in North Africa	Adeel Malik and Ferdinand Eibl
The Political Economy of the Palestinian Authority-Business Relations	Tariq Dana
State Business Relations and Financial Accessibility	Burhan Can Karahasan and Firat Bilgel
The State-Business Relations and Firm Performance Nexus in the Middle East and North Africa (MENA) Region	Eleftherios Giovanis and Oznur Ozdamar
Are close state-business relations in the Egypt economy catalyzing or blocking technological change?	Marc Schiffbauer, David Francis and Sahar Hussain
The political Economy of informality and SMEs in Egypt	Nesma Ali and Boris Najman
Industrial Policies, Firms and Jobs: An evaluation of the Programme de Mise à Niveau (PMN) in Tunisia	Mohamed Ali Marouani and Michelle Marshalian
Are politically connected firms turtles or gazelles? Evidence from the Egyptian uprising	Hassan Aly, Mohamed F. Omran and Hany Abdel-Latif
Power, Protection and Privilege: Industrial Policy, Firm Performance and Labor Market Outcomes	Vladimir Hlasny and Shireen AlAzzawi
A Decade of Competition Policy in Arab Countries: Time for Assessment?	Jala Youssef and Marc Dutz
Migration Shocks and Housing: Evidence from the Syrian Refugee Crisis in Jordan	Ragui Assaad, Ibrahim Alhawarin, Ahmed Elsayed, and Mikki Coogle
Impact of Syrian Refugees in Jordan on Education Outcomes for Jordanian Youth	Ragui Assaad, Mohamed Saleh, and Mikki Coogle
Impact of Refugees on Employment/Sectoral Choice Unemployment and Wages	Belal Fallah, Caroline Krafft, and Jackline Wahba
Family formation in Jordan: Marriage and fertility in a time of demographic pressures	Caroline Krafft and Maia Sieverding
Syrian Refugees and the Migration Dynamics of Jordanians: Don't Push Us Out	Nelly El-Mallakh and Jackline Wahba
The Status of Women	Jackline Wahba and Michele Tuccio
Impact of Refugees on Immigrants' Labor Outcomes	Jackline Wahba and Bilal Malaeb
Youth Vulnerability in the Egypt: Dimensions and Determinants	Shireen AlAzzawi and Vladimir Hlasny
Armed Conflict, School Drop-Out and Child Labor: Evidence from Iraq	George Naufal, Michael Malcolm and Vidya Diwakar
Does Precarious Employment Damage Youth Mental Health, Wellbeing, and Marriage? Evidence from Egypt Using Longitudinal Data	Ahmed Rashad and Mesbah Sharaf

Research Activities

Table 3. Continued

Project	Team Leaders
Schooling Choices Responses to Labor Market Shocks: Evidence from A Natural Experiment	Belal Fallah and Ayhab F. Saad
The Quality of Life of Youth with Disabilities in Egypt With Special Focus on Educational Achievement	Somaya El-Saadani and Soha Metwally
Job Creation from 1996 to 2012	Ragui Assaad, Caroline Krafft and Shaimaa Yassin
Estimating Labor Demand Models for Egypt	Hanan Nazier
Do More Productive Firms Pay Workers More?	Caroline Krafft and Ragui Assaad
Gender Diversity and Inter-Industry Wage and Productivity Differentials in Egypt	Mona Said, Susan Joeke and Rami Galal
Sources of Firm Level Labor Productivity in Egypt's Ready-Made Garment Industry	Abeer Elshennawy and Mohammed Bouaddi
Productivity and Agglomeration	Karim Badr, Reham Rizk and Chahir Zaki
Trade Policy, Productivity, and Firm Growth	Inmaculada Martinez Zarzoso, Mona Said and Chahir Zaki
Are Egypt's Exporters Different?	Rana Hendy, Amr Ragab and Ayhab Saad
New Theme: Peace Building and Reconstruction	Samir Makdisi and Raed Safadi
ERF-DIE Research competition on three Panels at the 5 th World Congress for Middle Eastern Studies (WOCMES) 2018	Amirah El-Haddad
Micro Datasets	
Household Survey Data	Christiane Wissa
Egyptian Labor Market panel Survey (ELMPS) 2018	Ragui Assaad
Jordan Labor Market Panel Survey (JLMPS)	Ragui Assaad and Bassem Shannaq

* A brief summary of each project is given in Annex B at the end of this annual report.

Micro Data

Macro data is, by and large, accessible in many global databases, so the most binding constraint is associated with micro data. ERF has long recognized that micro data is essential for conducting solid policy-relevant research. And since data are a public good, ERF has worked to address this problem as a priority.

Since its first collaboration with the Central Agency for Public Mobilization and Statistics (CAPMAS)- the Egyptian statistical office- in 1998, ERF has taken 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 collaborates with national statistical offices across the region to acquire micro datasets and provide free access to researchers. Under the data program, several activities take place including: (i) Data Collection and Harmonization, (ii) Provision of the Open Access Micro Data Initiative (OAMDI), and (iii) Strengthening the Relationship with Statistical Offices and Other Partners.

Data Collection and Harmonization

Data collection efforts continued to intensify during 2017 by adding 15 new households, firm and sectoral-level datasets to the ERF wealth of micro data. To date, ERF has acquired 43 Household Income and Expenditure Surveys (HIES) from 15 Arab countries (Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen), 55 Labor Force Surveys (LFS) from 5 Arab countries

(Egypt, Jordan, Palestine, Tunisia and Yemen), and 2 Household Health Surveys (HHS) from Sudan.

ERF has also been able to acquire the Survey of Young People in Informal Urban Areas of Greater Cairo, 2016, and signed a Letter of Understanding (LOU) with the Population Council in Egypt- the raw data producer- in December 2017, allowing ERF to make this dataset publicly available on its data portal.

Building on previous successful cooperation with National Statistical Offices during 2017, ERF has completed the data collection of a second round of the Jordan Labor Market Panel Survey (JLMPS) in collaboration with the Department of Statistics (DoS) in Jordan. The dataset is expected to be made available on the ERF data portal by June 2018.

In collaboration with CAPMAS in Egypt, ERF has also started to organize for the collection of a fourth round of the ELMPS, which is expected to take place in early 2018.

In early 2017, a dataset containing the Integrated Consumption and Poverty Estimates for the Labor Market Panel Surveys, for Egypt's 1998, 2006, and 2012 rounds, along with the Jordan 2010 and Tunisia 2014 LMPSSs, was also made available on the ERF Data Portal. The Integrated Consumption and Poverty Estimates are an extension of the Labor Market Panel Surveys (LMPSSs), providing consumption estimates for households included in the LMPSSs. Per capita consumption is modeled based on contemporaneous Household Income, Expenditure, and Consumption Surveys (HIECSs) and overlapping variables for each country and round. Data are de-

Research Activities

signed to be merged with the Integrated Labor Market Panel Survey (ILMPS) data also available from the ERF data portal.

Building on ERF's successful experience in making Household-Level Micro data available, 2017 also witnessed an expansion in ERF's Sectoral and Firm-Level surveys data base, by disseminating five of the United Nations Industrial Development Organization (UNIDO) databases on Industrial Statistics and Industrial Demand-Supply Balance. The UNIDO Industrial Statistics databases include around 170 countries covering the years 1963 through 2014, and provide data on the number of establishments, number of employees, wages and salaries, output, value added, gross fixed capital formation and number of female employees on the year, country and sectoral level. The UNIDO Industrial Demand-Supply Balance databases include around 68 countries covering the years 1990 through 2012, and provide data on the domestic output, total imports, total exports, apparent consumption, imports from developing and emerging industrial economies, imports from industrialized economies, exports to developing and emerging industrial economies and exports to industrialized economies on the year, country and sectoral level.

The World Bank Enterprises and Investment Climate Surveys Data is also a very useful source for firm-level data in 148 countries, among which 18 are in the ERF region. However, to promote access to those surveys since the datasets are already publicly available on the World Bank Micro Data Portal, a comprehensive presentation was produced by the ERF team, and made available under the data section on the ERF website, to describe the coverage, struc-

ture, content, objectives, in addition to the access policy of those surveys.

ERF continues to explore different platforms for collaboration with organizations concerned with the collection of data on conflicts, such as the Armed Conflict Location and Event Data Project (ACLED). The ACLED data set presents a realistic assessment of violent political activities that occurred between 1997 and 2016 in a number of African and Asian countries so far. Activity is expected to expand in 2018 to cover the Middle East and a number of other countries.

Data cleaning, harmonization and dissemination efforts by ERF's in-house team of statisticians also continued vigorously in 2017. By the end of 2017, twenty-five new datasets were made publicly available through OAMDI.

To date, the ERF data portal holds 93 data sets, compared to 68 datasets in 2016, of which 27 are Harmonized Household Income and Expenditure Surveys (HHIES) from seven Arab countries (Egypt, Iraq, Jordan, Palestine, Sudan, Somalia, and Tunisia), 32 Harmonized Labor Force surveys (HLFS) from Egypt, Jordan, Palestine, Tunisia and Yemen, 4 Harmonized Health Surveys (HHHS) from Iraq and Sudan, 7 Labor Market Panel Surveys (LMPS) from Egypt, Jordan and Tunisia, two Higher Education Graduates Surveys (HEGS) in two Arab countries, two Surveys of Young People in Egypt (SYPE), two Harmonized Surveys of Young People in Egypt (SYPE) in addition 17 firm-level datasets (7 on Micro and Small Enterprises from four countries, 4 datasets on exports and imports from Egypt, a dataset on the constraints facing the development of Micro and Small Enterprises from 2 gov-

ernorates in Egypt, and 5 UNIDO databases on Industrial Statistics and Industrial Demand-Supply Balance).

In addition to all datasets currently made available on the ERF data portal, a new online page was also created among the OAMDI pages on the ERF website, to give researchers access to useful links to other types of micro data or different surveys than those available through the ERF initiative.

It is expected that 2018 will continue to witness the dissemination of more harmonized datasets through the ERF online data portal as more progress is made on the cleaning, harmonization and documentation of acquired datasets.

Access to the Open Access Micro Data Initiative (OAMDI)

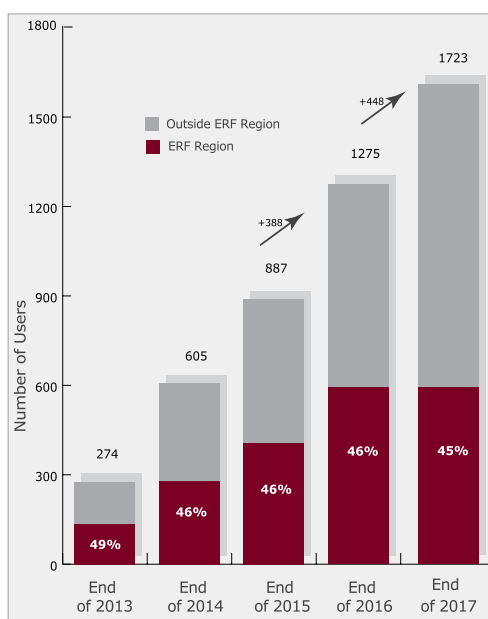
Open access to data is critical to ensure transparency. Historically, many household surveys and firm data have never been publicly shared in the region. Providing researchers with open access to micro data will promote innovation, as data collected for one purpose may be useful for many, and only open data will ensure that data are used efficiently.

The Open Access Micro Data Initiative (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, respecting the confidentiality and copyrights of the national statistical offices and ERF.

Since its launch in April 2013, OAMDI continues to serve the global commu-

nity of researchers. By the end of 2017, the ERF Data Portal held 93 data sets, 76 of which are household-level surveys (of which 65 are harmonized household-level surveys) and 17 are firm-level surveys. This is in addition to the growing diversification in the surveys provided by OAMDI. By December-2017, ERF's online data portal served the needs of 1723 researchers, compared to 1275 users by end of 2016, and almost half the number (887) by end of 2015, as shown in Figure (6).

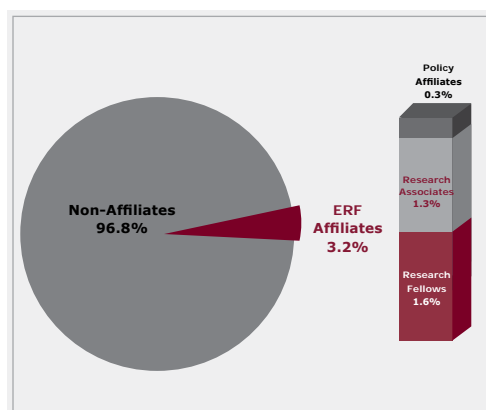
Figure 6. Number of OAMDI Users since Launch by Region



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 (45 percent) as shown in Figure (7). Only a minor percentage (around 3 percent) are affiliated to ERF, illustrating good outreach for the ERF data portal outside the ERF region and community, Figure (7).

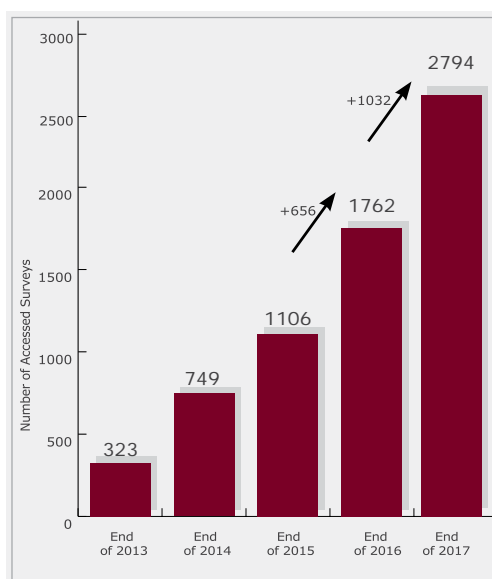
Research Activities

Figure 7. OAMDI Users by Affiliation



To date, ERF has also granted access to around 2794 micro datasets. The number of surveys accessed during 2017 (1032 surveys) exceeds by 57 percent the total number of approved surveys during 2016 (656), confirming the users' growing trust in OAMDI data quality and credibility, Figure (8).

Figure 8. Number of Accessed/Downloaded Surveys since Launch

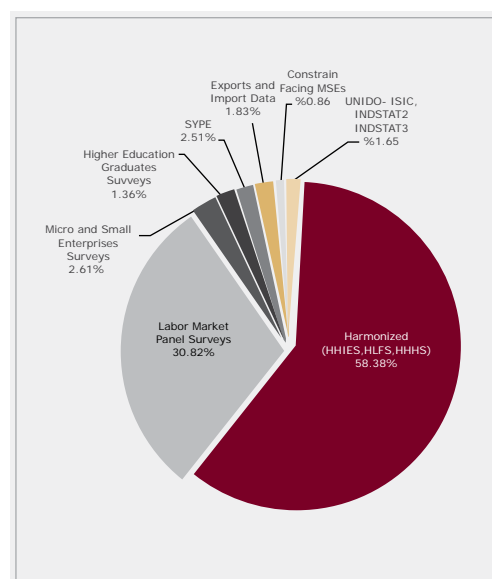


Around 58 percent of the accessed data sets were for harmonized household surveys (Harmonized Household Income and Expenditure Survey (HHIES), Harmonized Labor Force Survey (HLFS) and Harmonized Household Health Survey (HHHS), 31 percent were for labor market panel surveys (LMPS), and 7 percent were for different firm and sectoral-level datasets. The remaining 4 percent are distributed between other types of surveys, as illustrated in Figure (9).

Relationship with Statistical Offices and Other Partners

Building on previous collaboration, ERF has signed a new Letter of Understanding (LOU) with the Population Council in Egypt, to acquire and disseminate the latest "Survey of Young People in Informal Urban Areas of Greater Cairo" for the year 2016, on the ERF data portal.

Figure 9. Accessed Data Sets by Type since Launch



During 2017, in compliance with the LOU previously signed with LIS Cross-National Data Centre in Luxembourg, ERF affiliates continued to enjoy free access to all LIS database. Meanwhile, a new LOU including more areas of collaboration on the short, medium and long term is also being discussed by the two organizations. The new LOU aims at (i) increasing the exposure and visibility of both entities, (ii) promoting access to, and use of, micro data in academic and evidence-based policies, (iii) enabling cross-country comparisons between Arab countries and other World regions for which data are available in LIS, and (iv) encouraging the dissemination of different research outputs. The LOU is expected to be finalized and signed by early 2018.

On another front, ERF has also been persistently working on obtaining the authorization of national statistical offices to make a clean and a harmonized version of the acquired datasets publicly available on its data portal.

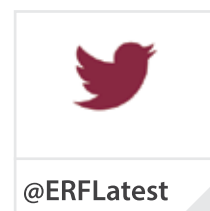
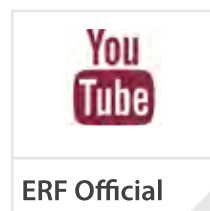
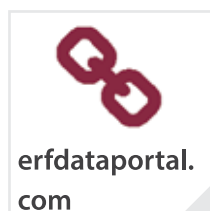
To date, ERF has signed LOUs with eight Arab Statistical Offices. More discussions are still going on with several other countries that have expressed interest, including Morocco, Mauritania and Djibouti.

In response to the support needed by its partners from the National Statistical Offices, in early 2017, the ERF has financially supported the attendance of part of the CAPMAS' delegation in the forty-eighth session of the United Nations Statistical Commission which was held in New York during March 2017. The UN Statistical Commission is the highest body in the international statistical system where global statistical standards are considered and approved. The forty-eighth session of the Com-

mission discussed, among other things, reports by the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDG), the High-Level Group for Partnership, Coordination and Capacity-Building for Statistics for the 2030 Agenda for Sustainable Development, as well as reports on social statistics, national accounts and big data. All other data activities between ERF and its partners from the National Statistical Offices were going on throughout the whole year.

Upon revamping OAMDI pages on the ERF website, a new page was also created to list all of ERF's National and International Data Partners.

ERF intends to continue its efforts to establish stronger relationships and closer collaboration with statistical offices and other partners to increase data collection and promote free access of micro data.



Communications and Outreach

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

A policy conference is a relatively large event, aimed at disseminating a critical mass of ERF-sponsored research to a mixed group of policymakers and researchers. One successful policy conference was organized jointly with the Arab Fund for Economic and Social Development on: “Arab Oil Exporters: Coping with a New Global Order”, in November 26-27, 2017 in Kuwait.

Building on the decision to launch the ERF Policy Portal in March during the ERF Annual Conference in Amman, a significant amount of work was done in 2017 over a six-month period to design, develop and launch the new ERF Policy Portal – *The forum*. *The forum* was launched during the first week of October 2017. By the end of 2017, a total of 57 blogs were posted, with an average of 4.4 posts per week from leading economists worldwide.

In order to share research findings with a wide and diverse audience, ERF relies on multiple channels, including publications, conferences, workshops, policy seminars and a multi-function website. In 2017, ERF organized ten meetings/events (including conferences, workshops and policy seminars) and produced 96 working papers, seven policy briefs and one policy perspective.

Meetings/Events

ERF organized a variety of events in 2017, targeting the research and policy-making community. As shown in Table 4 below, two conferences, four workshops, two essay competition events and two seminars/lectures were held.

Table 4. ERF Events, Location and Dates, 2017

Event	Location	Date
ERF-World Bank “Egypt: Youth Essay Competition”	Cairo, Egypt	January 17 & May 24
ERF’s 23 rd Annual Conference “Regional Cooperation, peace & Development: Issues & lessons for MENA”	Amman, Jordan	March 18-20
Reducing Poverty and Promoting Social Development: How Evidence Can Inform Better Policy in MENA” Lecture by Professor Abhijit Banerjee	Cairo, Egypt	November 14
FEMISE – ERF Launch of the FEMISE Euro-Mediterranean Report on “Economic Management under Fire”	Brussels, Belgium	November 23

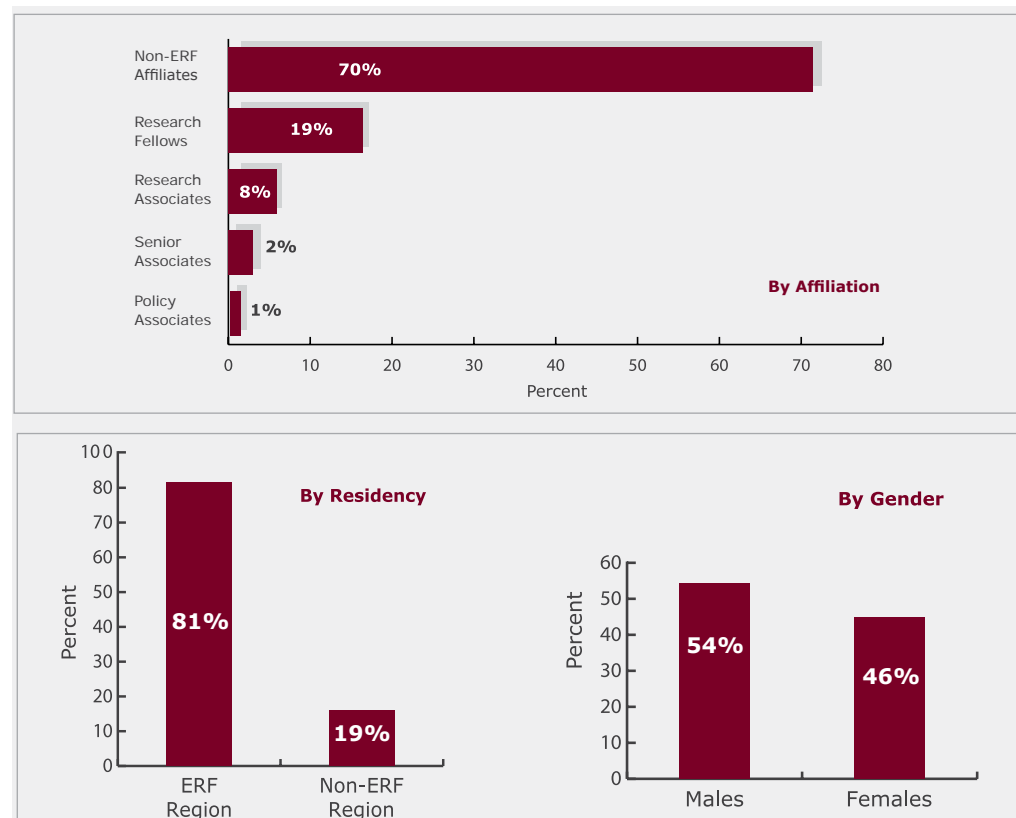
Table 4. Continued

Event	Location	Date
Policy Conference on "Arab Oil Exporters: Coping with a New Global Oil Order"	Kuwait City, Kuwait	November 26-27
ERF Eminent lecturer series on "Global Poverty and Anti-Poverty Policies"	Cairo, Egypt	December 10
Workshop on "The Jordanian Labor Market: Fragility or Resilience in the Face of Crisis? "	Cairo, Egypt	December 15
Workshop on "Youth Vulnerability in the MENA Region"	Cairo, Egypt	December 16
ERF-FEMISE Workshop on "The Impact of Syrian Refugees Influx on Neighboring Countries"	Cairo, Egypt	December 17

These events attracted around 527 participants from the research and policy communities, out of which 146 attended ERF's Annual Conference. Most of the

participants were non-affiliates of ERF (70 percent) and were from the ERF region (81 percent). Female participation accounted for 46 percent (See Figure 10).

Figure 10: Participation in ERF Events by Affiliation, Residency and Gender
(% of total number of participants)



Communications and Outreach

ANNUAL CONFERENCE

ERF 23rd Annual Conference

March 18-20, Amman, Jordan

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

The main theme of the conference was “Regional Cooperation, Peace & Development: Issues & Lessons for MENA”. Three key plenaries addressed three major themes. First, why might regional cooperation, and especially regional economic blocks, be good for development? Second, how best can such regional initiatives and the associated regional public goods be built? Third, what are the reasons behind the lackluster performance of economic cooperation and the lack of adequate regional public goods, most notably, regional peace, in MENA, and what is the ensuing development cost to the region?

The conference plenaries featured a number of prominent speakers, including Abdelatif Al-Hamad, Arab Fund for Economic and Social Development, Chief Economist of the World Bank, MENA Region, Shantanayan Devarajan, Jaime De Melo, University of Geneva, André Sapir, Université libre de Bruxelles, Ishac Diwan, Paris Sciences et Lettres, Ragui Assaad, University of Minnesota, Hadi Salehi Isfahani, University of Illinois, Louis Goodman, American University's School of International Service, Jan Willem Gunning, Vrije Universiteit Amsterdam, Abdalla Hamdok, United Nations Economic Commission for Africa, Amre Moussa, former Foreign Minister of Egypt and former Secretary General of the League of Arab States, and Catherine Mann, OECD.

Plenary Session 1: Why are Regional Economic Blocks and Regional Public Goods Important for Development?

There is a wide consensus among scholars and practitioners alike regarding the importance of regional economic blocks in promoting deeper economic integration within and between regions. The speakers in this plenary addressed the



Speakers during the ERF 23rd Annual Conference

cluster of issues associated with why regional economic cooperation and regional public goods are important from a country-specific development perspective. Among other relevant issues, the speakers asked questions such as: what is the economic and political concept of a 'region' and what do we mean by 'regionalism'? From a country-specific development perspective, what are the relative advantages and drawbacks of relying on regional objectives? How might regional economic blocks promote reciprocal trade, policy harmonization, regional infrastructure and conflict resolution? How successful have broad regional coordination approaches been in promoting deeper trade and overall economic integration? Or, instead, how has the latter spearheaded broader and more robust regional coordination?

Plenary Session 2: How Has Regional Cooperation Evolved in Practice?

This question covered all forms of regional economic cooperation and should address a myriad of issues related to the scope, sequencing and institutional

aspects of regional economic cooperation. However, it is useful to take the case of RTAs as an intensive form of regional cooperation to assess different experiences and institutional designs of regional economic initiatives across the world. RTAs have been the centerpiece of regional cooperation initiatives, with many developing countries pursuing them for more than five decades now. However, RTAs have lost some of their appeal with the advent of global multilateral trade initiatives-even though the pendulum might be swinging their way now that the global economic crisis and the ensuing slowing demand from major global markets have started to impact growth in the developing world. With the Doha Round of multilateral trade talks stalled, RTAs might offer an alternative approach to increase trade, spur stronger economic growth and lower unemployment rates in participating countries. However, whether or not RTAs could deliver these goals remains to be seen and several issues need to be considered.



Speakers and participants during the ERF 23rd Annual Conference

Communications and Outreach

In particular, the speakers addressed several questions in this context, including: What are the misgivings and qualifications associated with the concepts and experiences of RTAs? What are the similarities and contrasts between the major RTAs in the world (EU, NAFTA, ASEAN, COMESA, MERCOSUR, MAGREHB, GCC, etc.) in terms of objectives, institutional design features, sequencing and political commitments? How realistically could RTAs ameliorate global economic slowdown and promote regional growth? What role have RTAs played in preventing conflicts and promoting regional peace?

Plenary Session 3: Regional Cooperation in MENA: A Story of High Hopes, Stagnation and Setbacks

The speakers in this session addressed a host of issues, such as: Is the MENA region different in terms of its regional cooperation experiences and why? What has been the cost of failures to promoting stronger regional cooperation, not only in terms of economic development but also in terms of the proneness to conflicts and insecurity? What lessons could be learned from other regional experiences, especially with regard to the challenge of building a self-reinforcing approach to resolving conflicts and promoting regional cooperation?

Special Sessions

Besides the plenary sessions, two special plenaries were held to showcase the outcome of ERF recent work:

The Economics of Life Course Transitions in the Middle East and North Africa
This session showcased the work done by ERF on the research project "The Economics of Life Course Transitions in the Middle East and North Africa".

Celebrating ERF Books Launch.

This session featured the launch of two new ERF books, "Understanding and Avoiding The Oil Curse in Resource Rich Arab Economies," and "The Middle East Economies in Times of Transition".

Parallel Sessions

In addition to the plenary sessions, there were 6 parallel sessions, involving the presentations of about 50 papers under the themes of: Institutional economics, finance, macroeconomics, international economics, labor and human development and microeconomics. Parallel session papers were selected on the basis of a rigorous refereeing process in response to an open call for papers, hence their diversity. The final drafts of the papers are being published in the ERF working papers series, and authors are encouraged to publish their papers in refereed journals.

The closing session celebrated the six winners of the Best Paper Award.

For more information and the conference agenda go to <http://erf.org.eg/events/erf-23rd-annual-conference/>

Policy Conference on "Arab Oil Exporters: Coping with a New Global Oil Order"

November 26-27, 2017, Kuwait City, Kuwait

The causes and consequences of the recent drop in oil prices and the ensuing policy responses have invited heated debates. Nowhere are these debates more relevant than for the Arab region which is blessed with large hydrocarbon endowments, holding about half of global oil reserves and a quarter of natural gas reserves. It also controls close to 33 percent and 14 percent of oil and

natural gas production, respectively. For the Arab region, the severe drop in oil revenues is expected to have wide-ranging consequences for the region's growth and development prospects.

In an effort to provide a platform for timely debates and open discussions about the recent dynamics in global oil markets and their consequences for the Arab region, ERF and the Arab Fund have jointly organized a Policy Conference on "Arab Oil Exporters: Coping with a New Global Oil Order". The conference was held during November 26-27, 2017 at the premises of Arab Fund for Economic and Social Development (AFESD), in Kuwait City. Over the course of two days, the conference gathered around 100 participants including international experts, regional academics, and policymakers. Prominent speakers included Hafez Ghanem, World Bank, Majid Al Moneef, former OPEC governor, Yousef Al Ebraheem, Al Diwan Al Amiri, Kuwait, Hilde Bjørnland, BI Norwegian

Business School, Abdullah El-Kuwaiz, Oxford Institute of Energy Studies, Rabah Arezki, World Bank, Farouk Bastaki, Kuwait Investment Authority, Mustapha Nabli, North Africa Bureau of Economic Studies, Ziad Bahaa-Eldin, Former Deputy Prime Minister for Economic Development and Abda El Mahdi, Former State Minister of Finance and National Economy, Kamiar Mohaddes, University of Cambridge and Daa Nouredin, American University in Cairo.

The conference addressed the following policy issues: *What is the medium- to long-term outlook for oil prices? What is the optimal macroeconomic policy response for Arab oil exporters and importers? Is there room for countercyclical macroeconomic policy? What is the role of sovereign wealth funds in short-term stabilization and in economic diversification? Can the existing social contract in the GCC survive a prolonged decline in oil prices?*



Speakers and participants during the ERF 23rd Annual Conference and various ERF workshop

Communications and Outreach

WORKSHOPS and Seminars

In 2017, ERF organized a series of workshops to allow researchers to present and discuss their research findings with fellow researchers.

ERF-World Bank Egypt: Youth Essay Competition

January 17 and 24 May, Cairo, Egypt

To engage youth in finding innovative solutions to youth employment and social entrepreneurship promotion in Egypt, ERF and the World Bank launched two consecutive rounds of the “Youth Essay Competition”. The first round addressed youth unemployment in Egypt, particularly focusing on youth training and job creation. On the second round, participants were invited to present solutions to promote entrepreneurship ideas with social impact in one of the following categories: financial technology, energy efficiency, and infrastructure. The two rounds were open to all Egyptians up to age 30 and invited youth to submit a 2500-word solution-based essay (in Arabic or English).

Each round of essays was evaluated by a technical refereeing committee based on relevant evaluation criteria. The best 10 finalists from each round were invited to present their essays in an award event. The first and second round events were held on the 17th of January 2017 and the 24th of May 2017 respectively in Cairo, Egypt.

The objective of these events was to provide finalists with a venue to present their ideas to policy makers, academia, and relevant stakeholders. Panelists evaluated the 10 finalists based on the overall quality of the submission taking

into consideration the presentation skills of the applicant and how convincing and feasible their recommendations are. The first five winners gained a monetary award. The audience also played an important role by voting for the best presented essay. The winning essay with the most votes gained the “People’s Choice Award”.

Reducing Poverty and Promoting Social Development: How Evidence Can Inform Better Policy in MENA Lecture by Professor Abhijit Banerjee

November 14, 2017, Cairo, Egypt.

Professor Abhijit Banerjee (MIT) was invited to make a presentation followed by a panel discussion moderated by Dr. Ragui Assaad (University of Minnesota). The event was jointly organized by ERF, the Economics Department of the American University in Cairo, and the Sawiris Foundation for Social Development. The lecture focused on evidence from J-PAL affiliated professors’ randomized evaluations and how this research can be used to develop effective policies and programs tailored to the unique needs of the MENA region. The lecture was attended by a diverse audience that includes economists, development practitioners, policymakers, and executives from the private sector.

FEMISE – ERF Launch of the FEMISE Euro-Mediterranean Report on Economic Management under Fire

23 November, 2017, Brussels, Belgium

FEMISE and ERF launched their 2017 Euro-Mediterranean report on the tran-

sition of the South Mediterranean economies. The report provides a critical analysis of the responses of select countries in the region to the economic, social and political challenges in the wake of the uprising, and includes recommendations on how to move forward to ensure a successful transition.

The launch event included several sessions where report findings and recommendations were presented by the chapters' authors. In addition, some of FEMISE's research project findings were presented and discussed. The event concluded with a roundtable discussion where suggestions for an EU-Med research agenda were presented. The audience consisted of the report's authors, European Commission officials, policy-makers from the South-Med region in addition to other stakeholders.

ERF Eminent lecturer series on Global Poverty and Anti-Poverty Policies

December 10, Cairo, Egypt

ERF organized a special event, in the context of the ERF research agenda on Inequality and Inclusive Growth with Prof. Martin Ravallion, Georgetown University to address Global Poverty and Anti-Poverty Policies followed by a discussion moderated by Dr. Ibrahim El Badawi, ERF and Dr. Sherine El Shawarbi, Faculty of Economics and Political Science, Cairo University. The first session on "Global Poverty revisited" was based on Prof. Ravallion's work with Shaohua Chen.

New measures of global poverty are developed that take seriously the idea of relative-income comparisons within countries but also acknowledge that latent norms defining poverty vary sys-

tematically across countries. The ideal, welfare-consistent, measures are shown to be bounded below by a fixed absolute line and above by weakly-relative lines derived from a model of relative-income comparisons calibrated to data on national poverty lines.

Both bounds indicate falling global poverty incidence, but more slowly for the upper bound. Either way, the developing world as a whole has a higher poverty incidence but is making more progress against poverty than the developed world. The percentage of the population of MENA living below the upper bound has fallen from 39% in 1990 to 28% in 2013. However, survey coverage is still weak for MENA.

The second session on "Informational Constraints on Antipoverty Policies", was also based on Ravallion's research with Caitlin Brown and Dominique van de Walle. It has often been said that the world's aggregate poverty gap is modest so it should not cost much to eliminate poverty using targeted transfers. However, identifying who is poor and by how much is particularly challenging for policymakers. With imperfect information about levels of living, the amount of money needed to eliminate poverty can quickly balloon. The presentation covered two new papers that try to assess whether the data typically available and routinely used by policymakers in Africa are adequate to reliably identify who is poor. The results suggest that the standard data sources and targeting methods are not very effective in reaching poor households or poor individuals. Policy interventions will require either much more individualized information or broader coverage through less finely targeted, more universal, transfers.

Communications and Outreach

ERF Workshop on The Jordanian Labor Market: Fragility or Resilience in the Face of Crisis?

December 15, Cairo, Egypt

Jordan stands in the middle of a turbulent region, experiencing substantial refugee flows and economic challenges due to the conflict and insecurity of its neighbors. While the Jordanian economy and labor market in 2010, prior to the refugee crisis, had been shifting in a positive direction, it remains an unanswered question how the labor market is faring during these challenging times. The new Jordan Labor Market Panel Survey (JLMPS) 2016/2017 offers an unprecedented opportunity to assess the challenges Jordan is facing across several markets and services. In addition to a depressed regional economy contributing to potential retrenchments in the Jordanian labor market, there have been enormous demographic shifts and pressures on different markets due to the refugee crisis. As of 2016, Jordan hosted more than 1.3 million Syrians, including 630,000 registered as refugees, of whom 110,000 are in refugee camps. These shifts have placed pressure on the labor market, particularly the unskilled and low wage end, including construction and agriculture, as well as placing pressure on health, education, housing services and markets.

This workshop acted as a platform for discussing the progress made on the analysis of preliminary JLMPS 16 data, scheduled to be made publicly accessible on ERF's data portal mid-2017.

The 11 papers presented will collectively constitute chapters of an upcoming book on the Jordanian Labor Market.

ERF Workshop on Youth Vulnerability in the MENA Region

December 16, Cairo, Egypt

Young people throughout the MENA region face an array of economic, social, political, and health challenges during their transition to adulthood. Demographic trends have led to a disproportionately large youth population in MENA while institutions and services are increasingly struggling to support young people. The economic conditions across the region have been exacerbated by the eruption of revolutions and conflict, from which a massive forced migration has been generated leading to a refugee influx to neighboring countries.

With the generous support of the Ford Foundation, ERF launched a research project to examine youth vulnerability in the region. The workshop discussed the preliminary drafts from the research conducted under this project. The project comprised an open research competition, in addition to a directed research project that focused on the socio-economic conditions of young people in MENA countries, and youth access to services. The project also included a qualitative study that aimed to understand how Syrian refugee youth in Jordan experience and manage vulnerability in the areas of education, employment, marriage and health during the transition to adulthood.

ERF-FEMISE Workshop on The Impact of Syrian Refugees Influx on Neighboring Countries,

December 17, Cairo, Egypt

This workshop comes at an important and critical time for the EU-Med region where the refugee crisis remains a serious challenge and represents a great concern. The eruption of the Syrian conflict in 2011 has generated massive forced migration. Close to five million Syrians have fled for their lives to neighboring countries. By the end of 2015, about 1.4 million of them have resided in Jordan. The influx of refugees has raised concerns regarding the accommodating capacity of the hosting countries. One pressing issue is the impact on local labor markets. On the one hand, refugees could represent unexploited human capital that could benefit the hosting country in terms of developing its economic growth, but on the other hand, they constitute a huge pressure on these economies' resources and social sectors. Whether the host is an EU country or a South Med country, this trade-off is valid, however, there is a great difference in the conditions and environment where these countries operate and hence recommendations and implications would be substantially different.

The first part of the workshop presented the preliminary drafts of the papers commissioned by ERF, which address the social impact of refugees on the Jordanian economy in terms of educa-

tion, labor market, migration dynamics housing and family formation. The second part of the workshop was handled by FEMISE experts and addressed the issue from both an economic and social dimension and looked at the impact of refugees on the Turkish and Jordanian economies. The impact refugees have on the European Economies was also addressed. FEMISE projects were among those recently selected during the third internal competition and will still be in the initial phase.

PUBLICATIONS

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

ERF Middle East Development Journal

The Middle East Development Journal (MEDJ) was established nine 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 2017, Taylor & Francis and Routledge continued their production of the journal.

Communications and Outreach

A Word from the Managing Editor of the Middle East Development Journal

A Regional Journal with Global Reach: The Middle East Development Journal, now entering its ninth year, continues to progress. Submission and download statistics show a consistent upward trend. For example, for the first three quarters of 2017 (the latest period for which information is available), the journal received 52 submissions, already more than the total (31) for all of 2016. The same picture emerges for downloads with 2,966 in the first three quarters of 2017 compared with 2,012 for the same period in 2016. Interestingly, the data demonstrate that the journal now has a global presence: submissions were received in 2017 from Australia, France, Germany, UK and USA as well, of course, from most of the ERF member countries, and almost half of all downloads occurred in North American and European institutions.

Rigorous Review Combined with Support for Authors: The journal maintains a thorough and independent review process under the direction of an Editorial Team of top-class researchers – Ragui Assaad (University of Minnesota), Ali Darrat (Louisiana Tech University), Kamiar Mohaddes (University of Cambridge) and Khalid Sekkat (University of Brussels). While every paper receives two scholarly reviews, additional professional guidance is provided as is assistance with both language and exposition as required. Turning to the key numbers, the acceptance rate for the most recent years with full information (2014, 2015, and 2016) has hovered around 40 percent while the average time between submission and first decision stood at 14 weeks in 2016 on a par with the World Bank Economic Review (14 weeks) and the Journal of Development Economics (15 weeks). Review time should decline further in 2017 and beyond thanks to several measures – automatic reminders to reviewers (seven and fourteen days after invitation and one week before due date) and an extension in the default time for initial review (to obviate the need to find new reviewers and restart the process from scratch) – suggested at the recent ERF conference and implemented in 2017.

Looking to the Future: The healthy pipeline – 13 new submissions under review and a further 15 papers already in revise-and-resubmit status – suggests that the journal is poised to move from its current two issues a year to three in the near future. Looking further ahead, a central goal remains to have the journal listed, not only on the Emerging Sources Citation Index as it already is, but also on the Social Science Citation Index.

Lyn Squire
Managing Editor, MEDJ
January 28, 2018

Policy Briefs

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 2017, ERF published seven Policy Briefs.

Policy Perspectives

The ERF purpose policy perspective is to inform the target audience that a current and urgent problem exists and requires the adoption of preferred alternatives or the outlined course of action. Last year, ERF published one policy perspective.

Volumes

ERF regularly publishes comprehensive volumes on topics pertinent to the economic development of the region. This year was a good one for edited volumes. ERF has signed on for three volumes with Oxford University Press.

The ERF Volumes

The Tunisian Labor Market in an Era of Transition, edited by Ragui Assaad and Mongu Boughazala; Crony Capitalism in the Middle East, edited by Izak Atiyas, Ishac Diwan and Adeel Malik; Institutions and Macroeconomic Policies in Resource-Rich Arab Economies, edited by Kamiar Mohaddes, Jeffrey B. Nugent and Hoda Selim.

ERF Policy Portal – *The forum*

The forum – is a new Policy Portal launched by ERF in October 2017 to promote quality debates and ideas in the region which are evidence and research-based. It aims to become “the platform” for rich and relevant debates in the region on economic, social and political development issues. In its first three months of operations, fifty seven articles were published attracting in excess of 20,000 views.



Special thanks are extended to *The forum* Co-Managing Editors, Editorial Board and Founding Contributors for setting the foundation of a potentially game-changing platform to inform the economic policy debate in the region.

Working Papers

This year saw the production of 96 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.

Table 5: ERF Publications from FY 2007 to FY 2017

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

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

**Indicates that the volumes are in press.

Annexes

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German Cooperation - GIZ

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Arab Investment & Export Credit Guar-
antee Corporation

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Sarra Ben Slimane
Tabuk University

Moez Ben Tahar
Economic and Financial Consultant

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Cairo University

Adel Boughrara
University of Sousse

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Asmaa Elbadway
Consultant

Amirah El-Haddad
Cairo University

AbdelRahmen El Lahga
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Ashland University

Rana Hendy
Qatar University

Amr Hosny
International Monetary Fund

Nader Kabbani
Silatech

Fadhel Kaboub
Denison University

Muhsin Kar
Çukurova University

Fida Karam
Gulf University for Science & Technology

Zouhour Karray
University of Tunis

Ahmed Khalifa
Qatar University

Saed Khalil
Palestine Monetary Authority

Yilmaz Kilicaslan
Anadolu University

Moundir Lassassi

Centre de Recherche en Economie Appliquée pour le Développement

Bashar Malkawi

University of Sharjah

Sami Mensi

Al-Baha University

Walid Mensi

University of Tunis El Manar

Hela Miniaoui

Qatar University

Diaa Noureldin

The American University in Cairo

Hanan Nazier

Cairo University

Adam Osman

University of Illinois

Racha Ramadan

Cairo University

Ahmed Rashad

Frankfurt School of Finance and Management

Rania Roushdy

Population Council

Rania Salem

University of Toronto

Nisreen Salti

The American University of Beirut

Shaker Sarsour

Palestine Monetary Authority

Irène Selwaness

Cairo University

Mesbah Sharaf

University of Alberta

Alaa Shehabi

Bahrain Institute for Banking and Finance

Donia Smaali Bouhlila

University of Tunis El-Manar

Davoud Souri

Iran Banking Institute

Gokce Uysal

Bahcesehir University

Mohammad Vesal

Sharif University of Technology

Suliman Zakaria

University of Khartoum

Annex A. ERF Network and Partners

ERF Affiliates: Senior Associates

Samir Abdullah
Palestine Economic Policy Research
Institute

Sultan Abou-Ali
Zagazig University

Hasan Abu-Libdeh
Ministry of National Economy, Palestine

Jawad Al Anani
Economic and Social Council
in Jordan

Ali Abdel Gadir Ali
Consultant

Jassim Al-Mannai
Arab Monetary Fund

Mutahar Al-Saidi
Sanaa University

Ali Ahmed Attiga
Arab Thought Forum

Chedly Ayari
University of Tunis

Ziad Bahaa-Eldin
Egyptian Initiative for Prevention of
Corruption

Adel Beshai
The American University in Cairo

Abdullah Dardari
State Planning Commission, Syria

Kemal Dervis
Brooking Institute

Hazem El-Beblawi
International Monetary Fund

Faika El Refaie
Former Governor of Central Bank of
Egypt

Abdullah El-Kuwaiz
Royal Embassy of Saudi
Arabia to the Kingdom of Bahrain

Abda El-Mahdi
UNICONS Consultancy Ltd.

Habib El-Malki
Former Minister of Education, Morocco

Bernard Hoekman
European University Institute

Jalaleddin Jalali
Institute for Management and Planning
Studies

Taher H. Kanaan
Arab Center for Research and Policy
Studies

Robert Kasparian
Presidency of Ministers in Lebanon

Samir Makdisi
The American University of Beirut

Michel Issa Marto
Housing Bank for Trade & Finance

Ali Naghi Mashayekhi
Sharif University of Technology

Mahmoud Mohieldin
The World Bank

Hicham Mutwally
Economic Consultant

Mustapha K. Nabli
North Africa Bureau of Economic Stud-
ies (NABES)

Masoud Nili
Sharif University of Technology

Jeffrey B. Nugent
University of Southern California

Othman Mohamed Othman
Former Minister of Economic
Development, Egypt

John Page
The Brookings Institution

Christopher Pissarides
London School of Economics

Samir Radwan
Former Minister of Finance, Egypt

James Robinson
University of Chicago

Guven Sak
Economic Policy Research Institute

Rusdu Saracoglu
Allianz Sigorta A.Ş.

Paul Schultz
Yale University

Ismail Sirageldin
Johns Hopkins University

Lyn Squire
Economic Research Forum

Nabil Sukkar
Syrian Consulting Bureau for
Development & Investment

ERF Affiliates: Policy Affiliates

Khalid Abu-Ismaïl

United Nations Economic and Social
Commission for Western Asia

Ahmed Al-Kawaz

Arab Planning Institute

Mohammed Al-Maitami

Sanaa University

Savas Alpay

The Statistical, Economic and Social
Research and Training Centre for Is-
lamic Countries

Nourah A. Al-Yousef

King Saud University

Marwan Alzoubi

Parsons Lmtd

Mohammad Bakhshoodeh

Shiraz University

Abdel-Hameed Bashir

Islamic Development Bank

Hakim Ben Hammouda

Former Interim Minister of Finance,
Tunisia

Ralph Chami

International Monetary Fund

Rola Dashti

Kuwait Economic Society

Sofiane Ghali

University of Tunis

Adam Elhiraika

United Nations Economic
Commission for Africa

Mahmoud A. T. Elkhafif

UNCTAD

Laila El Khawaga

Cairo University

Safaa El-Kogali

The World Bank

Alia El Mahdi

Cairo University

Samiha Fawzy

Cairo University

Omneia Helmy

Cairo University

Faten Al Jabsheh

Kuwait Institute for Scientific Research

Imed Limam

Arab Fund for Economic and
Social Development

Sahar Nasr

Ministry of International Cooperation,
Egypt

Heba Nassar

Cairo University

Mohamed Omran

The Egyptian Exchange

Ibrahim Saif

Minister of Energy and Mineral Re-
sources, Jordan

Wassim N. Shahin

Lebanese American University

Sahar Tohamy

Egypt Network for Integrated
Development

Nihal El-Megharbel

Ministry of Planning, Egypt

ERF Management and Staff

Management

Ibrahim Elbadawi
Managing Director

Marwa Afifi
Executive Assistant to
Managing Director

Research

Doaa El-Damaty
(June, 2017)
Statistician

Yasmine Fekry
Statistician

Madonna Magdy
Statistician

Racha Ramadan
Economist (Part-time)

Christianne Wissa
Statistics Manager

Jala Youssef
Researcher

Chahir Zaki
Economist (Part-time)

Programs

Yasmine Fahim
Programs Manager

Ingy Hab El Roman
Programs Assistant

Maryse Louise
FEMISE General Manager

Ramaga Nada
Programs Officer

Aalaa Naguib
Program Officer

Sara Taraman
(October, 2017)
Programs Officer

Communications

Hoda Azmi
Conference Manager

Sherine Ghoneim
Director of Communications

Rana Mohamed
Communications Assistant

Namees Nabil
(November, 2017)
Communications Manager

Administration and Finance

Mohamed Aladdine
Accountant

Anais Hagopian
Administration Manager

Sherif Osama
Senior Accountant

Mohamed Youssri
Director of Finance
and Administration

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Annexes

Annex B: Research Projects

This annex provides a brief summary of ERF research projects under the 5 main themes of its work: Equity and Inequality, Natural Resources and Economic Diversification, the Political Economy of Transformation, Labor and Human Resource Development, and Gender and Women's Economic Empowerment.

Equity and Inequality

Under this theme, ERF completed 8 projects.

Completed Projects

Regional Inequalities in Child Malnutrition in Egypt, Jordan and Yemen: A Blinder-Oaxaca Decomposition Analysis

Mesbah Sharaf and Ahmed Rashad

The project investigated the underlying factors that account for the regional disparities in child malnutrition in Egypt, Jordan and Yemen. The authors used data on a nationally representative sample from the most recent waves of the Demographic and Health Survey. A Blinder-Oaxaca decomposition analysis was conducted to decompose the rural-urban differences in child nutrition outcomes into two components: one that is explained by regional differences in the level of the determinants (co-variate effects) and another explained by differences in the effect of the determinants on the child nutritional status (coefficient effects).

Socioeconomic Inequalities in Infant Mortality in Egypt: Analyzing Trends Between 1995 and 2014

Mesbah Sharaf and Ahmed Rashad

This project examined trends in the socio-economic inequalities of infant mortality rates in Egypt during the period 1995-2014, using repeated cross-sectional data from the National Demographic and Health Survey. A multivariate logistic regression model, concentration curves and concentration indices were used to examine demographic and socio-economic correlates of infant mortality, and how the degree of socio-economic disparities in child mortality rates has evolved over time.

Asset inequality in MENA: The Missing Dimension?

Shireen AlAzzawi and Vladimir Hlasny

The purpose of this research project was to examine economic inequality in several MENA countries using measures of household wealth rather than the commonly used measures of income or expenditure. It also used high-quality panel surveys harmonized over time and partially harmonized across countries. This project aimed to explore how inequality in dimensions other than income and expenditure have evolved over time in the region. The authors developed an index of household wealth based on productive and nonproductive household assets, de-

scribing its distribution and measuring the overall degree of inequality in these assets within countries, as well as inequality across regional, gender and other demographic dimensions. They then decomposed the observed inequality in wealth into portions that can be explained by households' observable endowments and those that cannot, commonly referred to as the "treatment" effect. Both decompositions were formed at the mean, in a decomposition following the Oaxaca-Blinder methodology, as well as at different quantiles of the distribution, to determine whether certain groups within the economy face differing degrees of inequality due to unexplained factors. Results were used to draw conclusions about the changes in the size and composition of the middle class in the MENA region over the past decade.

Composition and Distribution of Household Asset, Labor Market Outcomes and Women's Empowerment in MENA

Shireen AlAzzawi and Vladimir Hlasny

Inequality in assets across households may lead to inequality in an individuals' early-life and lifetime achievements. It has also been found to affect investment in physical and human capital in developing economies with imperfect markets and an imperfect enforcement of contracts. An evaluation of the effect of household assets on individuals' educational and labor-market outcomes over time was thus warranted. Assets and wealth might also be related to the role of women in society and their overall empowerment. It has been argued, for example, that oil wealth is an important factor of low female labor force participation and low gender equality in the region. Lastly, the authors investigated whether such macro conjectures about the impact of the so-called "resource curse" can also be extended to other types of overall wealth, and whether they can be backed by evidence at the micro level.

Does Household Asset Inequality Cause Migration?

Evidence from Egypt, Mohamed Aroui and Cuong Nguyen

Egypt has achieved a high economic growth rate during the past years, but it has not been very successful in poverty reduction. The poverty rate in Egypt was found to be 25.2 percent while 75 percent of the poor live in rural areas. Moreover, inequality between regions was also evident. Migration was found to be an important livelihood strategy for households seeking to increase income and reduce poverty, especially in developing countries. This research paper aimed to investigate whether inequality and poverty are push or pull factors of internal migration in Egypt. The authors studied the effect of level and inequality of household assets on migration across different regions in Egypt. The findings, and their policy implications, could play a role with regards to migration and household asset inequality in Egypt.

Linking Empowerment and Agricultural Production to Women's Access to Land in Egypt

Dina Najjar and Aymen Frija

Research conducted over the course of the past three decades showed that access to land empowers women on a number of fronts. However, studies in sub-Saharan Africa have confirmed that women with access to land are less productive than their male counterparts with access to land. Relatively little is known about the relations between women, land, productivity and empowerment in the Middle East, however. In the context of these knowledge gaps, this project examined the extent of empowerment for women based in Egypt (particularly in Noubariya and Kafr Shiekh) who manage land as renters or owners, relative to that of wives who help their husbands with farming.

Welfare, Inequality and Political Cleavage: Evidence from Iran

Atiyeh Vahidmanesh

This research project aimed to measure household asset inequality and assess whether it affected the voting behavior of citizens. This exercise, although never done before for Iran, was important due to growing concerns about increasing levels of economic inequality, bringing the unequal distribution of wealth to the attention of Iranian policy makers. The author aimed to address whether a change in household asset distribution affected political voting preferences over the past decade by using an original voting dataset and General Census of Population and Housing (Census) data, as well as Household Expenditure and Income Survey (HEIS) data. Using the voting data of the presidential elections in 2005, 2009 and 2013 at the district level helped the author measure changes in the political behavior of Iranians, with a focus on the change in asset distribution of households in each district.

Household Asset Inequality in Turkey: How Informative is the Survey of Income and Living Condition?

Cem Baslevent

The main purpose of this project was to carry out descriptive and econometric analyses to determine the extent of asset inequality in Turkey and how it related to the labor market decisions of individuals. The available income survey data helped the author conduct his research by identifying the various types of incomes received by households. Since no information on household wealth was available through a nationally representative survey, analyses of wealth inequality in Turkey were based on the constructed amounts of financial assets, among other types. The main difference between this methodology and the one employed in the 2015 Global Wealth Report – in which the Gini coefficient estimate of wealth inequality for Turkey was 0.821 – was that the author constructed the wealth figures from the income figures at the household level rather than using the overall Gini coefficient of income inequality for the country. The project's results assessed whether wealth inequality figures derived from this methodology were similar to those estimated in the Global Wealth Report.

Natural Resources and Economic Diversification

Under this theme, ERF completed 8 projects, while three are still ongoing and nine new ones initiated.

Completed Projects

The Lack of Productive Employment in the Middle East and North Africa

Howard Pack and Shantayan Devarajan

This project proposed several hypotheses, one of which was the role of natural resources, especially oil, in preventing the growth of the tradable sector in MENA (the Dutch disease) and in generating rents – in both oil exporting and importing countries – that enabled the public sector to expand, creating low-productivity jobs, often at the expense of a dynamic private sector with high-productivity jobs. In contrast, most Asian economies exposed themselves to the global economy, registering rapid employment and income growth as well as advances in technology transfer. The second hypothesis was the behavior of political elites, who in the MENA region consolidated power and rents to a small group, rather than promoting broad-based growth as in Asia. The latter reinforced the outward-looking orientation of Asian economies. A third hypothesis was that external actors played very different roles in the two regions and this affected outcomes. In the MENA region, colonial and other Western powers drew some of the national boundaries and intervened militarily and politically in the countries, while in Asia, the relationship with the West was primarily focused on trade and investment.

Consumption Smoothing and Shock Persistence: Optimal Simple Fiscal Rules for Commodity Exporters

Arthur Mendes and Steven Pennings

This paper evaluated the welfare consequences of simple fiscal rules using the model of a small commodity-exporting country with a share of financially constrained households, where fiscal policy takes the form of transfers. A main finding is that balanced budget rules for commodity revenues often outperform more sophisticated fiscal rules where commodity revenues are saved in a Sovereign Wealth Fund (SWF). Because commodity price shocks are typically highly persistent, the households' current income is close to their permanent income, making balanced budget rules close to optimal. For commodities like oil, where price shocks are highly persistent, it is optimal to spend more than two-thirds of windfall revenues in times of high prices, and in some cases even spend the entire windfall. But for commodities where price shocks are less persistent, like bananas or sugar, the optimal rule involves spending less than half of above-average commodity revenues (with the rest saved in a SWF). It is also best to respond counter-cyclically to non-resource GDP shocks, because those shocks are less persistent (and also affect households' other income). The government does not have the ability to perfectly smooth constrained households' consumption without adversely affecting unconstrained households.

Do Sovereign Wealth Funds Dampen the Negative Effects of Commodity Price Volatility?

Kamiar Mohaddes and Mehdi Raissi

This paper studied the impact of commodity terms of trade (CToT) volatility on economic growth (and its sources) in a sample of 69 commodity-dependent countries, and assessed the role of Sovereign Wealth Funds (SWFs) and quality of institutions in their long-term growth performance. Using annual data over the period 1981-2014, the paper employed the Cross-Sectionally augmented Autoregressive Distributive Lag (CS-ARDL) methodology for estimation to account for cross-country heterogeneity, cross-sectional dependence, and feedback effects. It was found that while CToT volatility exerts a negative impact on economic growth (operating through lower accumulation of physical capital and lower TFP), the average impact is dampened if a country has a SWF and better institutional quality (hence more stable government expenditure).

Political Economy of Sovereign Wealth Funds in the Oil Exporting Countries of the Arab Region and Especially the Gulf

Sarah Bazoobandi and Jeffrey B. Nugent

In no other region of the world are Sovereign Wealth Funds (SWFs) as numerous, long-standing, and diverse as in the Arab region. Unlike funds serving some of the same functions in other parts of the world, Arab SWFs were for the most part funds set up, and in many cases headed, by sovereign heads of state or their family members. This paper traced their origin and evolution over time in general terms, showing the role of environmental changes, such as those in oil prices, regional political changes (e.g. the Arab Spring) and individual country needs and priorities, and outlined a political economy model that helped explain both the determinants and effects of SWF activities. Arab SWFs were shown to serve some six different functions, which vary from one SWF to another and over time. A central theme in the political economy framework was the notion of a social contract between the sovereign and the citizenry wherein the citizenry agrees to being excluded from information and management of the SWF in return for being assured of a reasonable standard of living. While a common characteristic of these SWFs prior to the global financial crisis was their extreme lack of transparency, the political economy model was drawn upon to explain why transparency may have been increasing in some SWFs but not others, and the possible consequences thereof. The paper concluded with some suggestions for improvement in both Arab SWFs and relevant policy reforms.

On the Determinants of Sovereign Wealth Funds' Investments: Are Arab SWFs Different?

Mohamed Aroui, Sabri Boubaker and Wafik Graiss

This paper investigated the determinants of Arab Sovereign Wealth Funds (SWFs) investment decisions. Using a sample of 223 listed firms targeted by SWFs, over the 2000-2014

period among which 73 were targeted by SWFs owned by Arab countries, the paper found that, compared to non-Arab SWFs, Arab SWFs prefer larger firms operating in strategic industries based in countries with higher levels of economic and capital market development, political stability, a significant degree of confidence in rules and a low degree of corruption. Moreover, Arab SWFs are not prone to investing in firms with higher liquidity, profitability, growth or dividend payout. Taken together, results based on the sample suggested that Arab SWFs' acquisitions may not be solely motivated by financial considerations.

Sovereign Wealth Funds and Macroeconomic Stabilization in the Home Economy

Ibrahim Elbadawi, Raimundo Soto and Hoda Youssef

The analysis of this paper suggested that SWFs have a robust stabilizing role against fiscal procyclicality and have also been strong contributors to the sustainability of fiscal balance. Also, other fiscal institutions, such as revenue, expenditure and debt rules, were found to be associated with fiscal stabilization, though with a lesser degree of robustness. The policy recommendation was, therefore, for emerging countries to consider the enactment of an SWF as an important institution that would bring both stabilization capabilities and an additional resource that can improve the sustainability of fiscal policies. The paper also recommended reinforcing the role of certain fiscal rules (either based on limiting the public debt or the expansion of expenditures) in the design of SWFs. In this context, the paper highlighted the case of the GCC countries which, despite their highly-endowed SWFs, will likely need to consider adopting some fiscal rules in order to support the stabilizing role of SWFs. This is especially the case under the new "normal" of relatively long-term low prices of oil and other commodities.

Optimal Asset Allocation and Consumption Rules for Oil-Based Sovereign Wealth Funds

Diaa Noureldin and Khouzeima Moutanabbir

This paper studied the optimal asset allocation for a sovereign wealth fund of an oil-exporting country subject to a stochastic stream of oil income. Using Epstein and Zin (1989) utility, the paper assumed the funds objective was to maximize the discounted utility of intertemporal consumption subject to a budget constraint which incorporates the fund's accumulated assets, the stochastic stream of oil income and the rate of return on the fund's portfolio. The paper used a log-linear approximation to solve for the model's optimal asset allocation and consumption rules. Using historical data, it estimated the model parameters using the maximization-by-parts algorithm of Song et al, (2005). It then calibrated the model to study the optimal allocation and consumption for different levels of risk aversion, elasticity of intertemporal substitution and oil income volatility. The results were of significance to mature as well as newly-incepted SWFs, which sought to maximize the utility of current and future generations while facing an uncertain stream of commodity-based income.

Sovereign Wealth Funds, Cross-border Investments and Institutions: Are Arab Countries Different?

Ibrahim Elbadawi, Raimundo Soto and Chahir Zaki

This paper analyzed the determinants of SWF capital allocation decisions between the home country and abroad. In particular, it asked whether SWF investment decisions reflect profitability and economic objectives or other strategic considerations, such as geopolitical or institutional considerations, for both the probability of investing abroad (extensive margin) and the level of investment (intensive margin). Preliminary findings, based on a baseline gravity-type model, showed that while foreign investors have a positive bias for Arab destination countries at the extensive margin level, there is a negative bias against them at the intensive one. Yet, effective economic governance institutions and control of corruption and higher relative profitability of investment tend to reduce this bias at the extensive margin and completely eliminate it at the intensive margin. On view of the evidence that the size of SWFs investments was fully explained by the extended model and the starkly low quality of economic governance institutions in the Arab investment recipient countries, the latter was likely to be the main factor behind the relatively low cross-border investments in the Arab world.

Ongoing Projects

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

Klaus Schmidt Hebbel and Ibrahim Elbadawi

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

Oil Rents and Political Violence

Ibrahim Elbadawi and Chahir Zaki

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

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

Ibrahim Elbadawi

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

Initiated Projects

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

Burhan Can Karahasan and Firat Bilgel

While human capital accumulation is explained based on the higher returns (wages) in central high market access regions, discussing how wages evolve is not exhaustively studied. Therefore, the paper will look at the individual and heterogeneous factors explaining wage income distribution across different sectors and occupations in Turkey. The authors use a unique micro-level data set which allows them to construct sectoral- and occupation-based data at a broader regional disaggregation. Finally, the authors aim to test whether factors affecting the background of resource allocation are subject to variation among regions that they distinguish based on their geographical market accessibility.

Frictions in Labor Reallocation and Job Creation A Cross-Country Approach with Lessons for MENA Economies

Khalid Elfayoumi and Sanaa Nadeem

This project estimates a panel error correction model that captures the dynamic adjustment of labor across sectors in response to variations in within-sector productivity growth rates. It analyzes the speed of labor reallocation (a measure of structural transformation efficiency) and the role of structural frictions in education, labor and product market regulation, governance, trade and openness in impeding efficient labor adjustment. The results are fed into a distance to frontier analysis to inform policy reform priorities for the MENA region.

Global Value Chains and Firm Dynamics

Marion Dovis and Chahir Zaki

Developing countries are increasingly engaged in international production networks. Yet, we know little about incentives and constraints that influence firms to integrate in global value chains (GVC), making it hard to identify policy levers to address this problem. MENA countries are largely dominated by small and medium-sized enterprises; with small firms having little incentive to introduce GVCs. Since introducing GVC may facilitate upgrading and the competitiveness of exported goods, it is important to analyze the constraints faced by small and medium-sized domestic firms in terms of business environment. The research questions that this paper addresses will shed light on the importance of the business environment, sometimes also referred to as the investment climate, for integrated firms in GVC in the MENA region. Lastly, the issues under which firms' integration to GVC may be more likely to occur will also be tackled in the research.

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

Yilmaz Kilicaslan, Oytun Mecik and Ugur Aytun

This paper will study the role of global value chain (GVCs) integration from both the buyer and seller. Interestingly, an average import share is more beneficial for the exporting-productivity nexus than low or high import shares. This seems to suggest that there is an inverse U-shaped impact of import share: That is, an average import share seems to contain a higher potential for productivity increase than low or high import shares (via backward linkages, technology spillovers or skills demand, etc.). Low import shares reflect a smaller integration into GVCs and a lower productivity potential, while large import shares might indicate a lack in in-house capabilities. Different extents of export share, by contrast, do not show any differential effects on the productivity gains from importing inputs. The value added of this work, therefore, will be the clarification of these linkages between GVC integration and the productivity of the firm.

Structural Change, Productivity and Skills Dynamics in Three Labor-Abundant MENA Countries (Egypt, Tunisia and Turkey)

Mohamed Ali Marouani, Michelle Marshallian, Ulas Karakoc and Gunes Asik

This authors set out to conduct a deep analysis of the productivity structural change nexus and the determinants of structural change. They also investigate the links between structural change and the demand of skills. For that purpose, they will discuss and test the relative weights of structural change and skill-biased technological change in the process of labor force upskilling. The implications in terms of public policies are significant: In one case, industrial policies should focus on the most promising sectors while in the second case, they should be targeted to the most innovative firms independently of their sector of origin.

Structural Change Transformation in MENA Countries: Constraints and Drivers

Rim Ben Ayed Mouelhi and Monia Ghazali

We might consider that higher and steadier productivity gains are necessary to set MENA economies on a faster growth trajectory to meet socioeconomic challenges. Productivity gains could result from capital accumulation, technical change, and innovation as well as from structural change through a reallocation of production factors from low productivity sectors to higher productivity sectors. To fill this gap, this project aims to study MENA countries' structural transformation over a long-time span. The objective is to analyze labor productivity evolution and structural change contribution to productivity growth in a number of MENA countries since the 1960s, namely Tunisia, Morocco, and Egypt.

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

Eleftherios Giovanis and Ozgur Ozdamar

The analysis in this paper aims to provide valuable insights about firm dynamics assessment, employment growth and the efficiency of economies in allocating resources to the most efficient firms. Various questions may arise, such as whether small firms result from high dynamism and if most of them are young startups or whether the lack of opportunities, inefficient resource reallocation, and obstacles affect performance. Therefore, another input of this paper is to explore the obstacles faced by firms, such as electricity, transportation, trade, customs and labor regulations, corruption, practices of competitors in the informal and formal sectors, access to finance, tax administration and rates, and political instability among other factors. Secondly, the authors explore the resource misallocation that occurs, especially in distorted economies, where labor and capital flow from less productive to more productive firms is prevented.

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

Mohamed Amara

This paper seeks to estimate the impact of agglomeration on firm-level performance (in terms of total factor productivity growth, export performance, and growth rate of employment) in manufacturing using the National Annual Survey Reports on Firms (NASRF) and the Tunisian Business Register (RNE). Firm-level data is integrated with other regional and sector-level related data sets from the Commissariat Général au Développement Régional (CGDR) and the Agency for the Promotion of Industry and Innovation (APII). The author uses production theory models and measures to explore how urban agglomeration economies affect firm performance. Therefore, the extent to which the performance of Tunisian firms is conditioned by their location, controlling for the specific characteristics of each firm (firm heterogeneity) as well as sector and regional characteristics will be evaluated. More specifically, hierarchical models (multilevel analysis) are used to deal with the individual, regional and industrial factors influencing the firm's performance.

Assessing the Impact of International Sanctions on Iran's Industrial Firms

Hadi Esfahani and Kowsar Yousefi

The aim of this paper is to assess the impact of the intensification of international sanctions on Iran in 2012 as they relate to the country's industrial firms. Intensified sanctions acted like an exogenous shock that led to a sudden sizable reduction in the economy's openness. Assessing the micro-level effects of this shock can offer a better understanding of the value of openness and the ways in which industrial firms, individually and as a group, react to reduced access to international markets. The results can also provide insights about future trends in the Iranian industry under various scenarios of easing or tightening sanctions (e.g., how reduced sanctions may help or hurt each sector and firm type, how employment, capital formation and productivity may evolve, etc.). Lastly, the exercise can also inform policymakers in other countries about the consequences of restrictive trade policies and trade liberalization.

The Political Economy of Transformation in the Arab Region

Under this theme, ERF completed 14 projects, two still ongoing and seventeen new ones initiated.

Completed Projects

Assessment of Competition Policy in Arab Countries in Transition

Ishac Diwan and Jala Youssef

In the 1990s, many Arab countries started to adopt economic reform programs that were mostly market packages aimed

at reducing the role of the state. Encouraged by international organizations, many of them adopted a competition law to regulate their business environment. However, in practice, there were many factors that prevented the region from having competitive markets, including public sector dominance and benefits to politically connected firms and corruption. This research project contributed to the scarce literature on competition policy in Arab countries in transition. It took stock of the status of competition in these countries, including challenges related to competition implementation. Moreover, it assessed the effectiveness of competition policy implementation in these economies throughout the previous decade.

Transforming Gender Attitudes and Democratic Preferences in the Middle East

Veronica Kostenko, Eduard Ponarin, Musa Shteivi and Olga Igushkina

This paper focused on transformations of gender attitudes in a number of Arab societies covered by the Arab Barometer. We analyzed age and cohort differences in thirteen countries using generalized additive modeling (GAM). We argued that stagnation or even retrogression of gender attitudes in some societies may be caused in part by the ideological shift of the 1970s–1980s, from largely secular and socialist-oriented national movements of the 1950s–1960s, to the more conservative period often associated with the rise of political Islam. On the other hand, the youngest cohorts in those societies that have always promoted conservative gender attitudes are getting somewhat more liberal, although they remain slightly less gender-egalitarian compared to other societies.

We tested our assumptions using the example of Yemen that was divided into two parts between 1967 and 1990: The South supported by the Soviet Union and the North influenced by Saudi Arabia and the Western bloc. We traced the support for gender egalitarianism across generations in the two parts of Yemen and showed that the secular socialist ideology made a profound imprint on the attitudes of a whole generation and made those who were in their twenties in the 1960s more egalitarian than young individuals today. The same held true for other countries in the region with socialist experience.

Decomposition Analysis of Economic Inequality in Tunisia, 2005-2010

Hatem Jemmali and Mohamed Amara

This paper provided a detailed examination of the structure and dynamics of economic inequality in Tunisia by using harmonized micro-data from national household budget surveys for 2005 and 2010. It assessed the levels and drivers of urban-rural and littoral-inland disparities employing the Firpo et al. (2009) method. The main findings revealed that, in contrast to the decrease in within-region inequality, the between-region inequality increased slightly over the considered period. Disparities in household endowments such as human capital,

demographic composition, and regional location appeared as the main sources of the urban–rural welfare gap, while coastal–inland disparities were mainly driven by differences in returns to human capital. Given these results, any policy intervention aiming at mitigating the impact of economic inequality among regions must consider these key factors to provide new generations with better chances to escape the poverty and inequality lived by their parents.

Do Tunisian Young Children Have Equal Chances in Access to Basic Services? A Special Focus on Opportunities in Health-care and Nutrition

Hatem Jemmali and Mohamed Amara

It is widely recognized in public health literature that healthcare and nutrition during early childhood have important long-term and sometimes irreversible consequences on health and wellbeing later in life. In this paper, the authors investigated the patterns of inequality of opportunity in health and nutrition outcomes among under-five children in Tunisia. Several tools were used to conduct the analyses including the comparison of distributions of considered outcomes across the groups in question; the estimation of the Human Opportunity Index and the relative contributions of different circumstances using the Shapley decomposition. The main findings revealed reasonable and low levels of inequality in access to all basic healthcare services and nutrition except access to improved water and sanitation. Parents' education, wealth and location of residence were found to be the key factors at play when determining inequality. Thus, it was easy to conclude that without more inclusive and pro-poor policy interventions, there are few chances for children belonging to poor families, and living in marginalized rural areas, to evade the poverty lived by their parents.

The Effect of Patriarchal Culture on Women's Labor Force Participation

Ishac Diwan and Irina Vartanova

In this project, we found that measures of patriarchal culture were correlated with female labor force participation (FLFP) and that levels of women education, together with personal values and country norms with regards to patriarchy explain most of the regional variations in FLFP observed around the world. We argued that education hides (at least) three separate effects: The impact of women's wages on household income, its impact on personal values, and the impact of a better bargaining position in the household and community. This meant that FLFP can be increased not only through the impact of improved education on household income, but also through its indirect effect on patriarchal values, and on women's bargaining power, the latter effect being larger in countries where the variability in values among the population is large.

Grievances or Skills? The Effect of Education on Youth Political Participation and Attitudes in Egypt and Tunisia

Ragui Assaad, Caroline Krafft and Miquel Pellicer

There are two prominent accounts of the 2011 Arab Uprisings and the role of education in youth mobilization. The first argument focused on grievances: This hypothesis rested on a link between educational attainment and youth job aspirations that the labor market has not been able to fulfill. These unfulfilled aspirations fuel grievances and, hence, protest. The other argument focused on mobilization costs. The central hypothesis was that education provides the skills, knowledge and/or contacts that facilitate political participation. This paper assessed and attempted to disentangle these two accounts by examining the effect of education on measures of grievance, political knowledge, and political participation using rich youth surveys from Egypt and Tunisia. In an attempt to deal with the endogeneity of education, we control for parental education and sibling fixed effects. We found a strong and robust correlation between education and political knowledge and participation, but not with grievances.

Diaspora Networks as a Bridge Between Civilizations

Jackline Wahba, Ishac Diwan and Michele Tuccio

This paper explored the effects of international migration on the so-called clash of civilizations. Exploiting Gallup data on North Africa and the Middle East, we studied the impact of having family members abroad on opinions about the relationship between the Western and Muslim worlds. We found that households with migrants in Europe and North America have more positive attitudes towards the West than those with no migrants, or those with migrants in a Gulf country. We also showed that in Tunisia, having a migrant abroad has helped families go through the difficult post-Revolution period while keeping a positive and optimistic attitude towards the future, independently of their income level. Overall, our findings pointed at the important role of international migration as a bridge between civilizations, and as a catalyst for long-term peace and stability in troubled origin countries.

Do Migrants Transfer Political and Social Norms to Their Origin Country? Evidence from Arab Countries

Jamal Bouoiyour

This paper explored the social and political consequences of international migration experience and remittance receipt in the case of Arab countries using the Arab Barometer survey dataset. More specifically, it sought to address whether those who have lived in more democratic host countries, namely the US, Canada, or Europe, can act as agents of change. We tackled issues of endogeneity by relying on a bivariate probit model. We found that migration and remittance receipt had a significant influence on the political attitudes of migrants and families who remain in the country of origin and receive remittances. Their experience abroad strengthened their likelihood to vote and

accept some form of religious freedom, and made them more interested in politics of their home countries. However, both migrants and non-migrants considered that women and men made equally good political leaders.

The Effect of Mothers' Employment on Youth Gender Role Attitudes: Evidence from Egypt

May Gadallah, Rania Roushdy and Maia Sieverding

This paper examined the impact of having a working mother during childhood on Egyptian youth's attitudes towards women's roles in the public sphere, gender roles in the household, ideals around the number of children and women's age at marriage. The paper suggested that attitudes around gender roles in the household may be more socially conditioned and thus less affected by individual experience, and was also consistent with the finding from labor market research that women continue to bear the brunt of housework and childcare in Egypt even when employed. Thus, while having an employed mother does have a liberalizing effect on individual attitudes, a broader change in attitudes around gender roles both inside and outside the home may be needed in order to foster increased female labor force participation.

Young People's Gender Role Attitudes over the Transition to Adulthood in Egypt

May Gadallah, Rania Roushdy and Maia Sieverding

Using a life course framework, the project examined the reciprocal relationship between attitude formation and two key transitions in young people's lives: The transition to marriage and parenthood and young women's transition to labor force participation. The paper suggested that young women with more egalitarian attitudes are more likely to enter the labor market but, contrary to most international literature, entering the labor market did not have a corresponding liberalizing effect on women's attitudes. Rather, entering the labor force lead to more conservative attitudes regarding the gender dynamics of household decision-making. This may reflect the challenges women face in balancing work and family, and suggested that women may compensate for working outside the home – which may be perceived as having a negative effect on their families – by developing more conservative attitudes regarding household dynamics. As in other contexts, the transition to marriage and parenthood was associated with increasing conservatism in young people's attitudes.

Does Education Indoctrinate? The Effect of Education on Political Preferences in Democracies and Autocracies

Ishac Diwan and Irina Vartanova

Using World Value Survey and European Value Study data spanning 96 countries and over 300,000 individuals, this project found that the correlation between education and an individual's engagement in political action, as well as their commitment to democratic values, was moderated by the type of political

regime where they reside. While more education is always associated with more political emancipation, the effect is larger in countries governed democratically compared to autocracies. We then investigated the extent to which this gap can be related to the socio-economic interests of the educated, versus their preferences. Our identification strategy relied on looking at the countries that have undergone regime change, and asking whether individuals educated under different regimes held different political values. The evidence we found suggested that the size of the emancipative effects of education was more related to the regime under which individuals received their education than the type of political regime where they live. We argued that this shows that education systems indoctrinate, promoting democratic values in democracies and quietism and political conservatism in non-democratic countries.

The Tenacity of the Arab Spring in People's Perceptions: Trends in Values Among Egyptians

Mansoor Moaddel

Comparative surveys were carried out in Egypt and Turkey in 2011 and 2013, respectively, using a nationally representative sample of more than 3,000 adults in each country. This completed project re-interviewed the same respondents to assess how changes in their life conditions and the outbreak of events that transpired since the last surveys affected their values and political engagements. This panel study explained the changes in sociopolitical and cultural values and examined how variation in participation in such activities as peaceful demonstrations, political protests and political violence was linked to changes in a number of areas: Inter-group relations, identity and framing, attitudes toward the West and liberal values, religious fundamentalism, dysphoric emotions and personal efficacy, as well as sources of news information such as the Internet, satellite TV and mobile phones. Additionally, the study assessed how people's perceptions of corruption and trustworthiness of public officials were linked to political action and conflict. The authors then evaluated the implications of this study for peace and national security.

Empirical Applications of Collective Household Labor Supply Models in Iraq

Oznur Ozdamar and Eleftherios Giovanis

This project explored the determinants of women's labor supply and identified sharing rules for married couples using data from the Iraq Household Socio-Economic Survey (IHSES) in 2012-2013. The household collective model was preferred over the unitary model as the results supported that changes in wages, non-labor income, age, education, number of children and disability as a distribution factor, affected the bargaining power and share of spouses. The findings showed that for a one percent increase in a female's daily wage rate, her share on full income increased by 1,200 Iraqi Dinar (ID), that corresponded to \$1.1. Similarly, increases on the male wage increased his share by 560 ID (\$0.6), while increases of 1 ID in non-labor income increased

the female's share by 0.4. The estimates showed that disabled women decrease the share by 0.3 more than their non-disabled counterparts. Therefore, considering disability as a distribution factor, besides the traditional factors of age, education and sex ratio, it can be an important factor that may affect the labor supply choices of couples, their bargaining power and the intra-household resource allocation.

How Gender Biased are Female-Headed-Households Transfers in Egypt?

Lobna Abdellatif, Mohamed Ramadan and Sarah Elbakry

Poverty is considered one of the chronic economic and social problems that have been facing Egypt for many decades. Therefore, successive governments have devoted a lot of attention to designing different policies and programs to support the poor and eliminate poverty. In 1998, Datt and Jolliffe introduced the profile of poverty in Egypt. According to their results, female-headed households were more likely to be poor and had higher measures of the depth and severity of poverty. These findings grounded the policy of targeting of female-headed households. However, other results showed that poverty was more associated with the composition of the family rather than the head of the household. This indicated that the core of poverty may be significantly related to individual characteristics, specifically gender, which could be aggravated by other factors, such as location. The authors of this study claimed that the policy of female-headed households' targeting may generate a bias against women in male-headed households who may be more poverty-constrained. In other words, while targeting female-headed households may have the merit of clear targeting, it doesn't address the feminization phenomenon of poverty. Rather, it presents unequal opportunities for women in other families by favoring them less. This study argued that proper targeting could be derived by the intensity of women in families.

Ongoing Projects

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

Binnur Balkan and Seyit M. Cilasun

The labor market consequences of ethnic conflict between Kurds and Turks in Turkey were not examined in detail mainly due to data restrictions. In this ongoing paper, the authors try to fill this gap in the literature by providing both survey and correspondence audit evidence of ethnic discrimination in the Turkish labor market against the Kurdish minority. First, by showing from survey data that Kurds have lower educational attainment, a higher unemployment rate and longer unemployment spells. Then, by conducting a correspondence audit and finding that Kurdish applicants receive fewer callbacks than their Turkish counterparts although their resumes were initially met with a similar interest. From the gender dimension, there is no dif-

ferential treatment of Turkish males over Kurdish males, but for each callback a Kurdish woman receives, a Turkish woman receives 2.5 callbacks more. Hence, the project concluded that differential treatment by ethnicity might be a feature of the Turkish labor market, especially for females.

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

Binnur Balkan and Seyit M. Cilasun

Although participation rates both for men and women in Turkey are lower than OECD averages, the participation rate for women is exceptionally low. Disentangling mechanisms that create lower labor force participation of women was not trivial. On the discrimination side, it was also hard to argue whether observed differences between women and men were due to discrimination. This project conducted an online correspondence audit in Turkey. The research employed survey data to summarize labor market outcomes of women compared to men. In line with the existing literature, survey data indicated deep differences between males and females in the Turkish labor market.

Initiated Projects

Achieving Growth Through the Ballot Box: The Politics of Turkey's Local Economic Dynamics

Davide Luca and Alpay Filiztekin

This project proposal poses the following research question: Can votes for the national incumbent party 'buy' preferential policy treatment and faster economic growth at the expense of marginalized regions? The project aims to test such a question on Turkey's 81 provinces over the period of 2004-2014. Turkey's case is informative because the country has traditionally suffered from social and political polarization and considerable subordination of the bureaucracy to incumbent politicians.

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

Mohamed Oubenal, Houda Ben Hamouda and Omar Radi

This project seeks to compare the mechanisms of economic control in Morocco and Tunisia following the 2011 uprisings. The authors will investigate and compare the position of economic elites, their strategy regarding regional partners such as the European Union and Sub-Saharan countries as well as the existence of dissent inside those elites. Their focus will be on economic elites coming from peripheral regions in Tunisia and Morocco, especially those with an Amazigh identity in Morocco or from Sfax, or the south, in the case of Tunisia. Lastly, the authors will look into the resources of those elites such as family capital, financial capital, national and international networks to build and run their businesses. Finally, they will consider how economic elites have lobbied the State.

A Survey of Firm-level Political Involvement in Legislative Elections

Robert Kubinec and Zeyad Elkelani

This research project aims to uncover the specific incentive structures that determine political participation among firms through funding political parties in elections. In particular, it aims to understand how variables commonly hypothesized to effect firm political participation, including sectoral affiliation, firm size, export exposure and inter-country political economy structures, differ at the firm-level in the MENA region.

The Division of Ownership and Control in Listed Jordanian Firms

Ghada Tayem

This study provides an in-depth focus on the division of ownership and control within a firm at the business group level. In doing so, this study seeks to construct specific measures of ownership and control following the relevant literature. More specifically, the study seeks to document immediate ownership, and the structure of business groups, in terms of identifying pyramids and cross holdings among affiliate firms. Another goal of the study is to identify the ultimate shareholder, and his/her identity, for each listed firm. Finally, the study seeks to construct cash flow rights to control rights measures following the relevant literature.

Economic Zones in Egypt and Tunisia as Spatial Strategy

Safaa Joudeh

There are two objectives that guide this research project. First, using a spatial analytical lens, this work seeks to explain the differential development of economic zones in Egypt and Tunisia according to specific patterns of territorial specialisation, prioritising the role of external policy objectives in the promotion, regulation, and financing of industrial development linked to these patterns. Second, the study aims to examine the institutional arrangements through which the influence of external actors is exercised, and which are built to adjust the national economy, to the realities of a more open world economy according to each country's specific national and historical context.

Predicting Stock Price Similarity Using Inferred Business Groups in the Middle East and North Africa

Michael Siemon

The goal of this research project is to provide a clear, data-driven description of the relationships among states and private capitalists as seen through the lens of the region's publicly traded corporations. This will include measures of business group membership, family control, government ownership, stock-price similarity, and indirect government control. These types of measures can then be used in subsequent analyses of the differential performance of companies based on their political connections and other factors.

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

Fatma Ahmed and Hany Abdel-Latif

The research on political connections has yielded mixed results. Our analysis is related to new, recent data to measure the relation between political connections and the banking sector. Secondly, a remarkable feature of this study is that we clearly demarcated the nature of political connections and the banking sector among a full range of relevant capital structure variables such as dividends and firm size. Finally, this study related to GCC countries, which witnessed political connections and large interactions between the banking sector and financial markets.

The Political Economy of Trade Protection in North Africa

Adeel Malik and Ferdinand Eibl

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

The Political Economy of the Palestinian Authority-Business Relations

Tariq Dana

This research project seeks to analyze a set of factors that contribute to the framing of the Palestinian business elite and the dynamics of a free market economy under Israeli occupation. The research will highlight the distinctive nature of Palestinian business elite formation, which neither emerged in terms of relations of production within the occupied Palestinian territories (oPt), nor developed within specific national boundaries governed by a sovereign nation-state. Diasporic Palestinian capital has historically evolved and developed in direct relation to other regional and international capitalist classes. The research mean objective is to survey existing organized business alliances within the oPt including Palestinian business companies and networks and joint Israeli-Palestinian business forums.

State Business Relations and Financial Accessibility

Burhan Can Karahasan and Firat Bilgel

This research focuses on the impact of state business relations on firm performance by questioning financial capital availability, namely the health of financial intermediation/financial accessibility. Given the nature of the business environment in the MENA region, understanding whether the relationship between

the state and business sector plays a dominant role in accessing financial markets, will contain valuable information about the success and failure examples at the firm level.

The State-Business Relations and Firm Performance Nexus in the Middle East and North Africa (MENA) Region

Eleftherios Giovanis and Oznur Ozdamar

The aim of this project is, first, to discuss the main obstacles to firm growth and employment creation, including obstacles to finance and credit markets, labor regulations, taxes, and infrastructure among other things. Second, to explore and evaluate the impact of SBRs on firm economic performance from various countries in the MENA region using panel data and various econometric models, with a special focus also on the functioning and obstacles of financial markets.

Are Close State-Business Relations in the Egypt Economy Catalyzing or Blocking Technological Change?

Marc Schiffbauer, David Francis and Sahar Hussain

The research question will focus on the impact of politically-connected firms in Egypt on the innovative capacity and technological change in the Egyptian economy, considered a key determinant of a country's sustainable long-term growth path. The research is expected to provide an important contribution to the literature and constitute a significant step towards answering the crucial question as to which extent cronyism impacts aggregate long-term economic growth.

The Political Economy of Informality and SMEs in Egypt

Nesma Ali and Boris Najman

This project underlines the effects of two important determinants of firm growth: Competition and political control. On the one hand, the literature on government and political controls of firms is very dynamic, several papers underline the effects of political control on firm performance in emerging countries. On the other hand, competition is usually considered a driver of economic growth. However, this positive effect might not hold if we consider a market with very heterogeneous firms in terms of nature, structure, legal status and size. The aim of our proposal is to adopt micro-level approaches and integrate firms' political dimensions to better understand how the formal private economy could efficiently interact with the informal economy in Egypt. The idea is to understand the effect of competition stemmed by informal firms on the productivity of formal ones in order to conclude on the overall effect of the informality on growth.

Industrial Policies, Firms and Jobs: An Evaluation of the Programme de Mise à Niveau (PMN) in Tunisia

Mohamed Ali Marouani and Michelle Marshallian

This research will adopt an empirical approach to understanding how industrial policies produce impact firms by evaluating the Programme de Mise à Niveau (PMN) in Tunisia.

It is already documented, to some extent, that productivity trends may have distributional characteristics by age and size of firm, but the paper aims to see if the PMN had an impact on these outcomes. One possible outcome is that the PMN might have supported long established industries, but may have had a limited impact on the growth of new more competitive industries.

Are Politically Connected Firms Turtles or Gazelles? Evidence from the Egyptian Uprising

Hassan Aly, Mohamed F. Omran and Hany Abdel-Latif

The main research objective of this project is to empirically investigate how negative shocks to politically-connected firms affects their employment growth. More specifically, it utilizes the incidence of the Egyptian uprising to measure the impact of political connections on firm employment growth in a quasi-natural experiment environment. For this purpose, it employs the differences in differences (DiD) framework to compare employment growth in both politically connected firms (PCFs) and their unconnected counterparts before and after the Egyptian uprising of 2011.

Power, Protection and Privilege: Industrial Policy, Firm Performance and Labor Market Outcomes

Vladimir Hlasny and Shireen AlAzzawi

Politically-motivated market distortions create disparities between businesses across geographic and economic-sector boundaries, inviting research of the dimensions and scale of the problem. The research aims to contribute to recent literature by focusing on two different aspects of the political-industry nexus in the MENA region. The project will explore the economic implications of the political solution and security policies in the occupied Palestinian territories (oPt). It investigates the impacts of Israel's politically- and security-motivated measures in the oPt on the life-cycle and performance of local firms, using the Palestinian Establishment Census data on the entire population of firms.

A Decade of Competition Policy in Arab Countries: Time for Assessment?

Jala Youssef and Marc Dutz

The objective of this project is twofold. First, the project aims to classify the differences among ACTs in terms of competition policy rules and implementation. And hence, it will measure the effectiveness of rules and implementation in this regard. Sec-

ond, it assesses the impact of rules and implementation on the market outcomes on the sectoral level. We will only focus on four countries among ACTs as follows: Egypt, Jordan, Morocco, and Tunisia in addition to Algeria. We will exclude Libya and Yemen for the following reasons: First, they have not reached a political settlement yet and second, data availability constitutes a challenge in these countries. This paper contributes to the literature on competition policy in ACTs where very little work has been done specifically on this group of countries.

Labor and Human Resource Development

Under this theme, ERF completed 8 projects, and initiated twenty new ones.

Completed Projects

Employment and Unemployment in Tunisia

Mongi Boughzala and Ragui Assaad

Following the data collection phase of the TLMPS, which was carried out in collaboration with the Applied Social Science Forum (ASSF) and The National Institution of Statistics (INS), ERF commissioned a set of papers exploring the TLMPS data. The papers addressed different aspects of the labor market in Tunisia including, but not limited to, labor supply, unemployment, wage inequalities and migration. The output of this project is expected to be published as an edited volume by Oxford University Press.

The Effect of Public Sector on Private Jobs: Evidence from Palestine

Belal Fallah

The aim of this paper was to estimate the short run effect of creating more public jobs on private employment of the occupied West Bank. The main contribution of the paper was to explore the underlying mechanisms that explain the results, which were at odds with most cited research. The crowd in effect resulted from an increase in local demand at the total level and in both sectors. The paper also explored other mechanisms, including public wage premium and tax effect.

Estimating Labor Demand Elasticities and Elasticities of Substitution in Egypt: A Firm Level Static Analysis

Hanan Nazier

Considering the importance of the unemployment problem in Egypt on the one hand and the scarcity of studies covering the subject in Egypt on the other hand, the purpose of this paper was to analyze the most fundamental questions of labor demand: How do employers react to a change of wages? Does this reaction differ among various skill levels? More precisely, the main goal of this study was to measure wage elasticities

of the demand for labor, as well as the elasticities of substitution between different labor inputs disaggregated according to skill in Egypt, based on micro establishment level data obtained from the 2008 Egypt Enterprise Survey conducted by the World Bank.

In Search of a New Development Model for Tunisia: Assessing the Performance of the Offshore Regime

Lella Baghdadi, Sonia Ben Kheder and Hassen Arouri

The main purpose of this paper was to examine the offshore regime in Tunisia and to assess the overall effects of this export promoting strategy for the period 2000-2013. Using firm-level data, the authors looked in particular at the effects of this regime on wages, job creation, productivity, profitability and survival of firms. Offshore firms and onshore firms were compared to assess if the incentives that were provided to the former were successful. The estimation of offshore premium for importing and exporting firms showed that offshore firms have lower labor cost, are less productive and create lesser jobs than internationalized onshore firms. Their profitability was higher for two years during the period. When examining the premium for only exporting firms, the exceeding profitability of offshore firms turned out to be larger and more significant.

Information and Communication Technologies and Employment Generation in the Turkish Manufacturing Industry

Yılmaz Kılıçaslan and Ünal Töngür

This study examined the impact of the use of Information and Communication Technologies (ICT) on employment generation in the Turkish manufacturing industry. This study was said to be the first attempt in exploring this impact at the firm level. The analysis was based on firm level data obtained from the Turkish Statistical Institute (TurkStat) and covered the period 2003-2013. The data used in the analysis included all firms employing 20 or more employees in the Turkish manufacturing industry. Findings based on system GMM estimations showed that ICT had employment-enhancing effects on Turkish manufacturing. Moreover, the results provided the evidence that intangible ICT capital has a stronger employment generation impact than that of tangible ICT capital in medium- and low-tech industries. However, none of the study's models supported the employment creation impact of ICT on high-tech sectors.

Turtles or Gazelles: Understanding the Determinants of Employment Creation in the Labor Market in MENA Countries

Hassan Aly, Youssef Daoud, Amr Ragab and Ayhab Saad

Recent research on demand for labor identified the employment creation role of a handful of young and fast-growing firms. "Gazelles" are identified as firms with high growth rates and increasing contribution to employment creation. These high performing firms were fewer in number compared to the total number of

firms operating in the private sector. In other words, the private sector in the MENA region was dominated by “turtles,” or firms with sluggish growth (if any) and very little to no contribution to job creation. This proposal addressed the knowledge gap on the turtle-gazelle issue. It used firm-level data from the World Enterprise Surveys (WES) conducted by the World Bank to identify the determinants of firm job creation capability. It examined the characteristics and conditions most responsible for making a firm either a gazelle or a turtle, with a particular focus on the turtle group of firms.

Innovation & Labor Demand in MENA

Tamer Taha, Robin Cowan, Micheline Goedhuys and Pierre Mohnen

Southern Mediterranean countries suffer from one of the lowest innovation performance rates and highest unemployment rates compared to other middle-income countries. This research project aimed to solve the puzzling impact of firm innovative behavior on job generation in the context of the MENA region's institutional framework. Using a harmonized regional firm-level data set, the project identified the links between innovation and labor demand.

Education Effects on Days Hospitalized and Days out of Work by Gender: Evidence from Turkey

Aysit Tansel

The strong relationship between various health indicators and education is widely documented. However, studies that investigate the nature of causality between these variables became available only recently and only provide evidence from developed countries. This paper added to the literature by studying the causal effect of education on days hospitalized and days out of work for health reasons. It considered two educational reforms. One was the educational expansion of the early 1960s and the other was the 1997 increase in compulsory level of schooling from five to eight years. However, due to the possibility of weak instruments the paper focused on individuals in two cohorts namely, 1945-1965 which was an older cohort and 1980-1980 which was a younger cohort. The results suggested that an increase in years of education caused a reduction in the number of days hospitalized for both men and women unambiguously and the number of days out of work only for men; while an increase in education increased the number of days out of work for randomly selected women.

Initiated Projects

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

Ragui Assaad, Ibrahim Alhawarin, Ahmed Elsayed and Mikki Cookle

This paper investigates the impact of migration shocks on housing conditions and rental prices for locals and migrants. The identification comes from the regional variation in the large

influx of Syrian refugees to Jordan in the wake of the Syrian conflict starting in 2011. Using data from the JLMPS 2010 and 2016 waves, we employ a difference in difference approach to evaluate the change in housing conditions and rental prices in areas with relatively higher flows of Syrian refugees compared to areas with relatively lower flows of Syrian refugees. Propensity score matching techniques will be used to account for selection of regions based on pre-treatment observable characteristics. Robustness checks including testing for pre-treatment parallel trends will be carried out as well. Heterogeneous effects across different regional characteristics and different groups of individuals will be examined. The findings show that housing conditions of Jordanians are slightly negatively affected on average by the flow of Syrian immigrants, where the negative impact is more pronounced for poorer households who, arguably, compete with refugees. Similarly, for the new households, the impact is stronger for poorer families.

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

Ragui Assaad, Mohamed Saleh and Mikki Cookle

Most Syrian students were absorbed in existing Jordanian schools either by expanding enrollment or adding second shifts. This paper aims to study the effects of the Syrian Refugee influx on various education outcomes for Jordanian Youth resulting from crowding, strained educational resources, peer effects in classrooms, and possibly shorter school days.

Impact of Refugees on Employment/Sectoral Choice Unemployment and Wages

Belal Fallah, Caroline Krafft and Jackline Wahba

The eruption of the Syrian conflict in 2011 has generated a massive forced migration. Close to five million Syrians have fled for their lives to neighboring countries. By the end of 2015, about 1.4 million of them have resided in Jordan. The large influx of refugees has raised concerns regarding the accommodating capacity of the host countries. One pressing issue is the impact on local labor markets. Literature on the economic effect of immigration shows mixed results depending on a number of factors including level of economic development of the host countries. Using quasi-natural experiment design, this research will estimate the impact of Syrian refugees on a number of labor market outcomes for native Jordanians, including wages, unemployment, and labor force participation. The research will also examine whether the influx of Syrian refugees has heterogeneous effects across various groups including informal and formal workers and by type of occupation. The findings show that natives have not experienced negative labor market outcomes. Indeed, Jordanians living in areas with a high concentration of refugees did not have worse labor market outcomes compared to Jordanians with less exposure to the refugee influx.

Family Formation in Jordan: Marriage and Fertility in a Time of Demographic Pressures

Caroline Krafft and Maia Sieverding

From the late 1990s until 2010, the fertility transition in Jordan was stalled, with TFR well above replacement level. In this paper, we present new evidence that fertility rates in Jordan have resumed declining, and examine the possible mechanisms behind this trend, including the recent influx of Syrian refugees that has placed economic and demographic pressures on the host community. Fertility has declined from a TFR of 3.8 in 2010 to 3.0 in 2016 among Jordanians, but there is no evidence that this is due to the refugee influx. Despite challenging economic conditions, age at marriage has remained stable in areas with higher concentrations of Syrian refugee households. Therefore, nuptiality cannot be the main driver of the recent fertility decline. There is also no evidence that fertility has changed more in areas with a higher concentrations of refugees. Although fertility rates have declined across parities and population groups, there is also evidence of postponement of first births among more educated women.

Syrian Refugees and the Migration Dynamics of Jordanians: Don't Push Us Out

Nelly El-Mallakh and Jackline Wahba

The outbreak of the conflict in Syria in 2011 has displaced 4.7 million people to neighboring countries. According to the 2015 Population Census of Jordan, Jordan is currently hosting 1.3 million Syrians, of whom 630,000 are registered as refugees with the United Nations High Commissioner for Refugees (DoS 2016). The Syrian influx comes on top of an additional 1.6 million foreigners residing in Jordan. Compared to a total population of 6.6 million Jordanians in 2015, the non-national population of refugees and migrants has potentially increased Jordan's population by about 45%, undoubtedly placing severe pressures on labor markets and public services. An important and unexplored aspect of such an influx is the mobility of natives. Hence, this paper will examine the effects of the Syrian refugee influx on the migration patterns and trends of Jordanians in terms of internal migration, out-migration and return migration. The findings suggest that the Syrian refugee inflows do not have any effect on the international and internal migration patterns of Jordanians. In particular, our results highlight that an increase in the share of Syrians to Jordanians increases the probability of internal Jordanian migration but also reduces the probability of moving in the camp governorates, Mafraq and Zarqa. Additionally, residing in camp governorates seems to increase the individual probability of moving out of Mafraq and Zarqa.

The Status of Women

Jackline Wahba and Michele Tuccio

Building on the rich literature on gender norms and women empowerment in Jordan, this paper aims to study the potential impact of hosting refugees on Jordanian women's freedom of

mobility, female labor market participation and women's empowerment. Similarly, the paper examines female Syrian refugee status, the barriers they face and the implications for participating in the host society.

Impact of Refugees on Immigrants' Labor Outcomes

Jackline Wahba and Bilal Malaeb

The Syrian refugee influx in Jordan came on top of an additional 1.6 million foreigners residing in Jordan. The non-national population of refugees and immigrants had potentially increased Jordan's population of 6.6 million by about 45%. This raises an important question on whether the inflow of refugees has displaced immigrants in the Jordanian labor market. This paper sets out to answer the question on the effect of the influx of Syrian refugees on immigrants in the Jordanian labor market. It also tackles the potential endogeneity of the location of Syrian refugees since 80% do not live in camps, by employing an econometric methodology that utilizes distance to borders and distance to refugee camps in Jordan as an identification strategy. The findings show that immigrants compete with refugees in the informal sector.

Youth Vulnerability in the Egypt: Dimensions and Determinants

Shireen AlAzzawi and Vladimir Hlasny

Vulnerabilities may emerge as part of key transitions experienced by most young people, such as those linked to educational attainment, labor-market entry, change in social network, and parenthood. Vulnerabilities also result from entrenched social marginalization and the multiple dimensions of poverty and can then persist over the life course of young people and even be transmitted across generations. Middle East and North Africa (MENA) region youth face notoriously precarious employment prospects. Youth unemployment is over 40%, resulting in youth acceptance of underemployment or employment in informal jobs or migration. Inequality of opportunity due to workers' circumstances, such as education, traps entire groups of workers in unstable, informal employment or outright long-term unemployment, leading to deprivation and poverty. Household economic rank, parents' education and employment status, rural/urban residence, ethnicity and religion, gender and other factors have been identified as vectors of inequality in workers' outcomes. Youth vulnerability is a multidimensional combination of deprivations. This study first defines a number of monetary and non-monetary measures of vulnerability and then documents youth transitions in and out of these multiple dimensions of vulnerability over time, and investigates the extent of mobility across survey waves. Finally it investigates the factors that contribute to upward mobility over time.

Armed Conflict, School Drop-Out and Child Labor: Evidence from Iraq

George Naufal, Michael Malcolm and Vidya Diwakar

This paper examines the relationship between armed conflict intensity, school attendance, and child labor using household level data from Iraq. Armed conflict intensity is measured as the number of deaths related to conflict. We find that conflict intensity is associated with a higher likelihood of child labor, number of hours worked, and lower school attendance. The results here are further evidence of the long term costs of war on affected households.

Does Precarious Employment Damage Youth Mental Health, Wellbeing, and Marriage? Evidence from Egypt Using Longitudinal Data

Ahmed Rashad and Mesbah Sharaf

The work environment has witnessed dramatic changes over the past three decades as a result of globalization, competition, and economic uncertainty, which led to a sharp rise in precarious employment across the world. Although the number of precarious jobs has increased considerably in the Arab countries over the recent decades, little is known about its social and health consequences. Using Egypt as a case study, this paper aims to fill this gap in the literature by adding new evidence on the health and social impact of precarious employment from an understudied region. This paper particularly looks at the impact of precarious employment on mental health, happiness in marriage and other measures of wellbeing. We use longitudinal data from the Survey of Young People in Egypt conducted in 2009 and 2014. The findings of this study show that precarious employment is associated with poor mental health and worse well-being among youth. Policies and regulations that reduce precarious employment would ultimately increase social welfare, enhance family cohesion, and improve population health.

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

Belal Fallah and Ayhab F. Saad

This paper uses the closure of the Israeli labor market for Palestinian workers in the Second Intifada to provide a causal estimate of the effect of a large shock in labor market on educational choices for Palestinian youth. In the eve of the Second Intifada, the share of Palestinians workers in Israel dropped from 25% to 5% in 2001 and reached 12% in 2006. The authors' identification strategy is based on the heterogeneous share of commuters to Israel by locality pre the second Intifada. The findings show that the closure of the Israeli market has decreased the dropout probability for males aged between 16 and 21, but not for females. The paper shows that the prospect of being employed could be a leading mechanism linking the closure of the Israeli labor market to the educational choices of Palestinian youth.

The Quality of Life of Youth with Disabilities in Egypt With Special Focus on Educational Achievement

Somaya El-Saadani and Soha Metwally

Although 80% of people with disabilities reside in less developed countries (LDCs), literature concerned with LDC populations with disabilities in general and youth with disabilities in particular is scarce, with Egypt being no exception. Youth with disabilities are unfortunate in almost all dimensions of the quality of life. They are likely to be deprived from enabling opportunities that impact not only their daily experiences but also, and most importantly, the remainder of their adult lives. The main objective of this study is to fill the gap in the empirical research in Egypt on the impact of disabilities on the quality of life among youth with disabilities and the level of inequity they are living with. Specifically, for females and males in the age group 15-29, taking into account that youth with disabilities are not a homogenous group; their vulnerabilities vary according to type and severity of their impairment.

Job Creation from 1996 to 2012

Ragui Assaad, Caroline Krafft and Shaimaa Yassin

Creating jobs, especially good jobs, is one of the greatest challenges facing economies in the Middle East and North Africa (MENA) region and Egypt in particular. Many economic and demographic forces have aligned to create large increases in labor supply in Egypt. A major shift has also occurred in the skill composition of the labor force, with rapid expansions in education and rising levels of attainment, requiring higher quality jobs to satisfy the rising aspirations of educated job seekers. While much has been written on the evolution of labor supply, there has been limited research on labor demand, primarily due to limited publicly available data on firms. This paper uses newly available data on establishments in Egypt -focusing on the period 1996-2013 to illustrate the evolution of job creation in Egypt in terms of governorate and industry. The main findings of this paper show that as a response to the growing pressures of the labor supply in Egypt, jobs are mainly being created in small-sized low productivity informal firms, confirming the role of the informal economy as the buffer that absorbs excess labor in the Egyptian economy.

Estimating Labor Demand Models for Egypt

Hanan Nazier

While compared to the world average of 52%, the labor force participation rate for Egyptian women is very low ranging between 20% and 25% throughout the 2000s. Recently, however, women witnessed significant progress in their education status in Egypt. However, the majority of unemployed women are educated (94% of unemployed women reached secondary level in 2012) and after leaving school, 70% of women are out of the labor force and 15% are unemployed. This paper aims to fill the gap in the Egyptian literature on the demand-side issue taking

advantage of the newly available Economic Census 2013 data, to examine the main determinants of female labor demand in Egypt. Results confirm the important role played by industries in determining female labor demand. Moreover, once accounting for this location and industry effects, capital - in absolute as well as relative to labor utilized - and formality lose their significant impact.

Do More Productive Firms Pay Workers More?

Caroline Krafft and Ragui Assaad

In the context of Egypt, a better understanding of labor markets, and especially the demand side of the labor market, is critically important. Labor supply has rapidly increased in Egypt and the workforce has become substantially more educated. Job creation and labor demand were already struggling to keep pace during the global financial crisis and the crisis that followed the January 25th revolution. Subsequent economic difficulties have placed the Egyptian economy in an even weaker position for job creation. This research investigates whether more productive firms or industries pay their workers higher wages. Whether such a violation of the classical hypothesis of the wage/productivity disconnect occurs, and the nature of any deviations from the classical hypothesis, can shed light on the functioning of the labor market and wage-setting behavior among firms in Egypt.

Gender Diversity and Inter-Industry Wage and Productivity Differentials in Egypt

Mona Said, Susan Joeques and Rami Galal

In Egypt, where the public sector is indeed the main provider of jobs for women, it has also to some extent become counterproductive by negatively affecting the nature of women's insertion in the labor market. This paper utilizes firm level-data to focus on potential factors influencing firm demand for female labor by exploring the link between gender diversity and firm productivity and wages across sectors. The findings indicate that greater shares of women's employment and greater gender diversity have a positive association with productivity and wages in the knowledge-intensive services sector, but a negative relationship in the less knowledge-intensive services and manufacturing sectors.

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

Abeer Elshennawy and Mohammed Bouaddi

Egypt's low labor productivity is mainly explained by the lack of structural change. Between 2000 and 2010, the structure of the economy remained largely unchanged with the bulk of employment concentrated in low productivity sectors, mainly agricul-

ture, public and social services. While factors underlying low labor productivity at the macro level are well understood, factors underlying low labor productivity at the micro level - sector and firm level - are not well understood. This is particularly true of sectors like manufacturing. Using firm level data from the Egypt Economic Census 2012 in the readymade garment sector in Egypt, a model where labor productivity is the dependent variable and variables that range from capital intensity, size, export orientation, location, etc. serving as explanatory variables, will be econometrically estimated.

Productivity and Agglomeration

Karim Badr, Reham Rizk and Chahir Zaki

This paper attempts to shed light on the nexus between firm productivity and agglomeration in Egypt. Spatial agglomeration has always been the most important driver for industrial growth in developing countries. Agglomeration occurs to benefit the economic agents based on two main perspectives. First is the localization of economies arising from the concentration of firms in the same industry. Secondly is the urbanization economies which occurs from an increase in the city size that enables the cross-fertilization of ideas among diverse economic activities.

Trade Policy, Productivity, and Firm Growth

Inmaculada Martinez Zarzoso, Mona Said and Chahir Zaki

This project focuses on the role of gender as a determinant of labor productivity. Looking at firm productivity, previous studies have analyzed the following: The cross-sectional distribution of firm productivity and the evolution of average productivity. Whereas the few studies that have looked at the changes of the distribution of firm productivity over time find a large increase in wage and productivity dispersion between 1975-1992 across US manufacturing plants. The number of studies that focused on MENA countries are few and mostly looked at the impact of the investment climate on firm productivity using World Bank enterprise data.

Are Egypt's Exporters Different?

Rana Hendy, Amr Ragab and Ayhab Saad

This paper documents the systematic differences between exporting and non-exporting manufacturers in Egypt. Export is very rare in Egypt and the estimated conventional export premia are very high. Exporters have stark effects on labor market outcomes, including wages, employment, demand for skilled workers and female workers, job security, and skill premium. Exporting is concentrated in a few industries and regions and dominated by superstar exporters.

Peace Building and Reconstruction

Samir Makdisi and Raed Safadi

Following the recent events in the MENA region, and after seven years since the eruption of the Arab Spring and the consequent flaring up of destructive civil wars in Iraq, Syria, Libya and Yemen, there is an emerging consensus by the international community and leading countries of the region alike on the need to urgently find settlements for these conflicts. The negative externalities associated with these conflicts have started to cause serious consequences for major global powers, most notably those emanating from the refugee crisis, the looming existence of ISIS in Syria and Iraq and the spread of its influence to Libya as well as the geopolitical tensions between Iran and many Arab countries. Therefore, research on the post-conflict transition agenda is both timely and highly relevant to development policy in the region, especially for the four conflictive countries but also for those indirectly affected by the conflicts in their neighboring countries as well as many others that continue to experience episodes of low level violence and terrorism.

As events unfold in the region, ERF is well positioned to build on its experience and solid track record in informing policymaking to play a pivotal role in the coming period. To start making sense of the future, comprehending how political factors and economic policies have interacted in the past will be crucial. Looking forward, we need to understand the ongoing dynamics that lead to where these countries stand, and reflect on how the ongoing political changes can affect what can be done on the economic front. Hence, ERF is launching a new research program on, Peacebuilding and Reconstruction. The research agenda for this theme will be developed focusing on three main angles:

- Understanding the context and the underlying causes of the conflicts.
- Peace-building and political transitions in the context of the post-Arab Spring Conflicts.
- The economic agenda for post-conflict reconstruction.

ERF-DIE Call for papers for three Panels at the 5th World Congress for Middle Eastern Studies (WOCMES) 2018

ERF organized a call for papers jointly with the German Development Institute (DIE) for three panels at the 5th World Congress for Middle Eastern Studies (WOCMES), which will take place in July 16-20, 2018, in Seville, Spain. ERF affiliates and non-affiliates were encouraged to submit an abstract for their papers in one of the three panels, to be reviewed by a refereeing committee from DIE and ERF. ERF received a total of 70 abstracts for the three panels and, after the review process, 39 were selected to submit a paper. ERF will support the participa-

tion of 12 ERF affiliates who were selected to present their papers at WOCMES in three different panels in Spain in July, 2018. The first panel is on "Building prosperity through sound economic policies in MENA: Industrial Policy, Growth, Employment, Investment, Informality, and International Trade". The Arab Spring left behind severe frustrations for the masses in the MENA region, and civil wars have since sparked in Libya, Syria, Yemen and Iraq. Egypt is moving away from the goal of a market economy. The fall in oil prices has caused a sharp drop in the Gulf countries' current and future wealth. Economic reforms in Jordan, Algeria, and Morocco are stalling creating challenges for both sets of countries. Iran and Turkey face economic challenges of their own. Even Tunisia struggles in its transition to democracy and its transformation into a dynamic economy.

Against this backdrop, this panel discusses what reforms can and should these countries adopt given the mounting pressure of a bulge of unemployed and frustrated youth? What are the features of an inclusive Industrial Policy that promotes growth in the region? How can the framework conditions be improved to ensure growth and productivity enhancing structural transformation that balances between jobless versus peniless growth? How is trade policy involved and how can the trend of labor transition into low-productivity informal sectors be curbed? What role can multilateral and bilateral donors play in the regions' efforts to achieve sound economic policies? What role can they play to boost investment and trade in the region? The second panel is on "Social policies in MENA countries: Do they pursue social, economic or political goals?" This panel will discuss to what degree the social policies of MENA countries fulfil their three functions: How effective are they in fighting multidimensional poverty and inequality? How well do they protect vulnerable people and help them to engage more in economic activities? How do they do in strengthening social inclusion and social cohesion? Are they well-tailored to the needs of people? Or do they mainly serve the political interests of those who have set them up: Authoritarian governments, religious NGOs, or international donors? Papers exploring contemporary or past policies are welcome as well as both qualitative and quantitative methodologies. We also encourage think pieces, which can offer new ideas about the potential way forward for research in this field.

The third panel is on "New social contracts for MENA countries: Political settlement and societal reconstruction." Papers to be presented during this panel will answer three fundamental questions. First, what is required of a social contract in order that it provide for peaceful transformation of state-society and intra-societal relations? Second, with reference to fragile and conflict-affected countries in the MENA region, how can a social

contract emerge when key social actors do not recognize the government as legitimate? Third, what changes are likely to be required for different social groups to engage in peaceful relations with each other and/or the state, and what changes can different MENA states realistically offer? In addition, by inviting panelists from the region in particular, the discussions shall be used to explore a) the compatibility of the emerging concept of the 'social contract' with local contexts (both normative and empirical) and b) its usefulness - either as an analytical tool or as a normative reference (e.g. in Rojava/Syria).

Annexes

Annex C. Publications

Middle East Development Journal (MEDJ)

MEDJ, Vol. 9, No. 1, June 2017

MEDJ, Vol. 9, No. 2, December 2017

Policy Briefs

Reforming Rules of Origin in Greater Arab Free Trade Area for Effective Economic Integration

Bashar Hikmet Malkawi

PB 29

Measures to Protect Poor Sudanese Households from the Risks of Catastrophic Health Expenditures

Mohammed Elhaj Mustafa and Ebaidalla Mahjoub Ebaidalla

PB 28

Scientificallly-Supported Economic Incentive Approaches for the Long Term Sustainability of Atlantic Bluefin Tuna Fisheries

Rashid Sumaila

PB 27

Currency-Plus-Commodity Basket: A Proposal for a New Exchange Rate Arrangement for Gulf Oil-Exporting Countries

Jeffrey A. Frankel

PB 26

The Political Realities of Economic Reform in the Gulf Monarchies

Michael Herb

PB 25

Sheltering the Poor against Catastrophic Healthcare Payments through Micro Insurance: Lessons from the African Experience

Ahmed Rashad and Mesbah Sharaf

PB 24

Egypt Must Strengthen Budget Institutions to Curb Mounting Budget Deficit

Mohamed Zaky

PB 23

Policy Perspectives

The Effects of Policy Reforms on Out-of-Pocket Health Expenditures: Evidence from Turkey

Eleftherios Giovanis and Oznur Ozdamar

PP 22

Working Papers

The Nexus Between Informal Credit and Informal Labor for Micro and Small Enterprises in Egypt: Sources of Finance and Enterprises Informality: Evidence from MSE Surveys in Two Governorates

Mohamed El Komi & Mona Said

WP 1074

Public Value Perspective for Gender Budgeting: Evidence from Egypt

Lobna AbdelLatif, Mohamed Ramadan and Mohamed Zaky

WP 1075

Does Public Health Insurance Increase Maternal Health Care Utilization in Egypt

Ahmed Rashad, Mesbah Sharaf and Elhussien I. Mansour

WP 1076

Marriage Outcomes and Women Empowerment After Marriage: A Three Countries Story

Hanan Nazier and Racha Ramadan

WP 1077

Export Concentration and Competition: Does the Firms Type Matter?

Aya Ahmed and Chahir Zaki

WP 1078

Self-Rated Health and Primary Care Utilization: Is Selection into Healthcare Endogenously Determined?

Firat Bilgel and Burhan Can Karahasan

WP 1079

Employment's Role in Enabling and Constraining Marriage in the Middle East and North Africa

Caroline Krafft and Ragui Assaad

WP 1080

The Role of Housing Markets in the Timing of Marriage in Egypt, Jordan, and Tunisia

Ragui Assaad, Caroline Krafft and Dominique J. Rolando

WP 1081

Maghreb Rural-Urban Migration: The Movement to Morocco's Towns

Jamal Bouoiyour, Amal Miftah and Christophe Muller

WP 1082

Transitions in Late-Life Living Arrangements and Socio-economic Conditions of the Elderly in Egypt, Jordan and Tunisia
Aurora Angeli and Marco Novelli
WP 1083

Does Classroom Gender Composition Affect School Dropout?
Bulent Anil, Duygu Guner, Tuba Toru Delibasi, and Gokce Uysal
WP 1084

Rural-Urban Migration and Income Disparity in Tunisia: A Decomposition Analysis
Mohamed Amara, Hatem Jemmali and Mohamed Ayadi
WP 1085

The Impact of Early Marriage on Women's Employment in the Middle East and North Africa
Ragui Assaad, Caroline Krafft and Irene Selwaness
WP 1086

Evaluation de l'impact de l'Initiative Nationale pour le Développement Humain (INDH) sur la pauvreté en milieu rural au Maroc, une étude en enquête panel de ménages
Mohamed Benkassmi, Touhami Abdelkhalek, Fouzia Ejjanoui
WP 1087

Reforms and physicians' status in Turkey: Distribution of OOP Health Expenditures for Physicians and Hospitals
Burcay Erus
WP 1088

Access to Healthcare, Utilization and Health Outcomes in Turkey
Burhan Can Karahasani and Firat Bilgel
WP 1089

Cash Transfers and Labor Supply: Evidence from A Large-Scale Program in Iran
Djavad Salehi-Isfahani and Mohammad H. Mostafavi-Dehzoeei
WP 1090

Did the Cost of Living Rise Faster for the Rural Poor? Evidence from Egypt
Shireen AlAzzawi
WP 1091

Firm Financing and Growth in the Arab Region
Juan Jose Cortina Lorente, Soha Ismail and Sergio L. Schmukler
WP 1092

On the Decomposition and Dynamics of Inequality of Opportunities: A Special Focus on Early Childhood Health and Nutrition in Tunisia
Mohamed Amara and Hatem Jemmali
WP 1093

Diaspora Networks as a Bridge between Civilizations
Ishac Diwan, Michele Tuccio and Jackline Wahba
WP 1094

Capital Raising in the Arab World
Juan Jose Cortina Lorente, Soha Ismail and Sergio L. Schmukler
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On the Decomposition of Economic Inequality: A Methodology and an Application to Tunisia
Mohamed Amara and Hatem Jemmali
WP 1096

The Arab Spring and the Employability of Youth: Early Evidence From Egypt
Irene Selwaness and Rania Roushdy
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Do Migrants Transfer Political and Cultural Norms to Their Origin Country? Some Evidence From Some Arab Countries
Jamal Bouoiyour and Amal Miftah
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Is Internal Migration A Way to Cope With Climate Change? Evidence From Egypt
Mohamed El Hedi Arouri, Adel Ben Youssef and Nguyen Viet Cuong
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Estimating Poverty and Inequality in the Absence of Consumption Data: An Application to the Middle East and North Africa
Caroline Krafft, Ragui Assaad, Hanan Nazier, Racha Ramadan, Atiyeh Vahidmanesh and Sami Zouari
WP 1100

The Effect of Patriarchal Culture on Women's Labor Force Participation
Ishac Diwan and Irina Vartanova
WP 1101

Climate Change, Gender, Decision-Making Power, and Migration into the Saiss Region of Morocco
Dina Najjar, Boubaker Dhehibi, Aden Aw-Hassan and Abderahim Bentaibi
WP 1102

Grievances or Skills? The Effect of Education on Youth Attitudes and Political Participation in Egypt and Tunisia
Miquel Pellicer, Ragui Assaad, Caroline Krafft and Colette Salemi
WP 1103

Annex C. Publications

Debunking Myth: Economic Values in the Arab World Through the Prism of Opinion Polls

Ishac Diwan and Zafiris Tzannatos

WP 1104

Historical Legacies and Gender Attitudes in the Middle East
Veronica Kostenko, Eduard Ponarin, Musa Shteivi and Olga Strebkova

WP 1105

Do Sovereign Wealth Funds Dampen the Negative Effects of Commodity Price Volatility?

Kamiar Mohaddes and Mehdi Raissi

WP 1106

Revisiting the Impact of Trade Openness on Informal and Irregular Employment in Egypt

Mélika Ben Salem and Chahir Zaki

WP 1107

The Economic Response of Rural Areas to Local Supply Shock: Evidence From Palestine

Belal Fallah

WP 1108

The Regional Impact of Trade Liberalization on Households in Egypt, 1999-2012

Jérémie Gignoux and Akiko Suwa-Eisenmann

WP 1109

The Impact of the Fracking Boom on Arab Oil Producers

Lutz Kilian

WP 1110

The Currency-Plus-Commodity Basket: A Proposal for Exchange Rates in Oil-exporting Countries to Accommodate Trade Shocks Automatically

Jeffrey A. Frankel

WP 1111

The Political Economy of A Sector in Crisis: Industrial Policy and Political Connections in the Egyptian Automotive Industry

Amirah El-Haddad, Jeremy Hodge and Nizar Manek

WP 1112

Muslim Youth Unemployment and Expat Jihadism- Bored to Death?

Moamen Gouda and Marcus Marktanner

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Education and the Allocation of Time of Married Women in Iran

Djavad

Salehi-Isfahani and Sara Taghvatalab

WP 1114

Oil, Volatility and Institutions: Cross-Country Evidence From Major Oil Producers

Amany El Anshasy, Kamiar Mohaddes and Jeffrey Nugent

WP 1115

Fiscal- Monetary Interdependence and Exchange Rate Regimes in Oil Dependent Arab Economies

Ibrahim Elbadawi, Mohamed Goaid and Moez Ben Tahar

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The Political Economy of Macroeconomic Policy in Arab Resource- Rich Economies

Adeel Malik

WP 1117

In Search of A New Development Model For Tunisia: Assessing the Performance of the Offshore Regime

Leila Baghdadi, Sonia Ben Kheder and Hassen Arouri

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The Effect of Public Sector on Private Jobs: Evidence From the Occupied West Bank

Belal Fallah

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Information and Communication Technologies and Employment Generation in Turkish Manufacturing Industry

Yilmaz Kilicaslan and Ünal Töngür

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Young Gazelles and Aging Turtles: Understanding the Determinants of Employment Creation in the Labor Market in MENA Countries

Hassan Aly, Yousef Daoud, Amr Ragab and Ayhab Saad

WP 1121

Young People's Gender Role Attitudes Over the Transition to Adulthood in Egypt

May Gadallah, Rania Roushdy and Maia Sieverding

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Monetary Policy and Economic Performance in Resource Dependent Economies

Bassem Kamar and Raimundo Soto

WP 1123

The U.S. Oil Supply Revolution and the Global Economy
Kamiar Mohaddes and Mehdi Raissi
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The Effect of Mothers' Employment on Youth Gender Role Attitudes: Evidence From Egypt
Maia Sieverding, Rania Roushdy and May Gadallah
WP 1125

How Gender Biased Are Female-Headed Household Transfers in Egypt?
Lobna Abdellatif, Mohamed Ramadan and Sarah Elbakry
WP 1126

Collusion Detection in Public Procurement with Limited Information
Bedri Kamil Onur Tas
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Economic Voting Under Single-Party and Coalition Governments: Evidence From The Turkish Case
Ali Akarca
WP 1128

The Impact of Major Oil, Financial and Uncertainty Factors on Sovereign CDS Spreads: Evidence from GCC, Other Oil-Exporting Countries and Regional Markets
Nader Naifar, Syed Jawad Hussain Shahzad and Shawkat Ham-moudeh
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To Bank or Not to Bank: The Determination of Cash Holdings and Lines of Credit
Ghada Tayem
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Standards and Market Power: Evidence from Tunisia
Hendrik Kruse, Inmaculada Martinez-Zarzoso and Leila Baghdadadi
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Targeting Debt in Lebanon: A Structural Macro-Econometric Model
Salim Mahmoud Araj, Vladimir Hlasny, Layal Mansour Ichraikieh and Vito Intini
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Return Migrants and the Wage Premium: Does the Legal Status of Migrants Matter?
Nelly El-Mallakh and Jackline Wahba
WP 1133

Firm Productivity, Technology and Export Status, What Can We Learn from Egyptian Industries?
Mohamed El Arbi Chaffai and Patrick Plane
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The Microeconomic Impact of Political Instability: Firm-Level Evidence from Tunisia
Samer Matta
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The Race to the Top: Institutional Clusters and World FDI Shares
Wasseem Mina
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Political Stability, Firm Characteristics and Performance: Evidence From 6,083 Private Firms in the Middle East
Amr Hosny
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Determinants of Household Education Expenditure in Sudan
Ebaidalla Mahjoub Ebaidalla
WP 1138

Revisiting the Middle-Class Myth: Evidence From A Cross-Country Analysis of African Social Progress
Ricardo Nogales and Reham Rizk
WP 1139

Relationship Between Remittances and Macroeconomic Variables in Times of Political and Social Upheaval: Evidence from Tunisia's Arab Spring
Jamal Bouoiyour, Refk Selmi and Amal Miftah
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Do Oil Prices Affect Kuwait Sectoral Stock Prices? Non-Linear Cointegration Evidence
Khalid Kiswani and Mohammad I. Elian
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The Impact of Ownership on Corporate Performance: The Case of the UAE
Magda Kandil and Minko Markovski
WP 1142

Political Economy of Sovereign Wealth Funds in the Oil Exporting Countries of the Arab Region and Especially the Gulf
Sara Bazooibandi and Jeffrey Nugent
WP 1143

Annex C. Publications

Regional Inequalities in Child Malnutrition in Egypt, Jordan, and Yemen: A Blinder-Oaxaca Decomposition Analysis

Mesbah Sharaf and Ahmed Rashad

WP 1144

Analyzing Wage Differentials by Fields of Study: Evidence From Turkey

Antonio Di Paolo and Aysit Tansel

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Knowledge, Technological Catch-Up and Economic Growth: A Dynamic Panel Data Analysis For MENA and Latin America

Fatma M. Utku-İsmihan

WP 1146

Institutional Environment and Bank Capital Ratios

Tammuz Alraheb, Christina Nicolas and Amine Tarazi

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Why Don't MENA Countries Trade More? The Curse of Bad Institutions

Fida Karam and Chahir Zaki

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Does Maternal Employment Affect Child Nutrition Status? New Evidence From Egypt

Ahmed Rashad and Mesbah Sharaf

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The Composition of Labor Supply and Unemployment in Tunisia

Ragui Assaad, Samir Ghazouani and Caroline Krafft

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Fiscal Consolidation and UAE Vision 2021: A Small Scale Macroeconomic Model Approach

Assil El Mahmah and Magda Kandil

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The Impact of Foreign Capital Inflows on Economic Growth and Employment in Egypt: A Sectoral Empirical Analysis

Hanan Aboel Farag and Mohamed Sayed Abed

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Governance and Renewable Energy Investment in MENA Countries: How Does Trade Matter?

Rihab Bellakhal, Sonia Ben Kheder and Houda Haffoudhi

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Employment and the Functioning of the Labor Market in Tunisia

Mongi Boughzala

WP 1154

Determinants and Macroeconomic Impact of Parallel Market For Foreign Exchange in Sudan

Ebaidalla Mahjoub Ebaidalla

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Annex D. Financial Statements



Allied for Accounting & Auditing
Ragheb, Hamouda, Istanbuli, Tageldeen & El-Kilany
P.O. Box 20
Rama Tower
Ring Road, Zone #10A
Kattameya, Cairo, Egypt

Tel: 0260 2726 202+
Fax: 0100 2726 202+
www.ey.com/me

Auditor's 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, represented in the financial position as of 31 December 2017, and the related statements of activities and change in net assets, and cash flows for the 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, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable 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. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable 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 on the auditor's judgement, 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



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Fax: 0100 2726 202+
www.ey.com/me

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, give a true and fair view, in all material respects, of the financial position of **Economic Research Forum** as of 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.



Ashraf Emil Botros

Cairo: 13 February 2018

Economic Research Forum

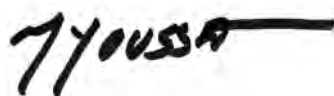
Financial Position

As of 31 December 2017

	Note	Head Quarter	Dubai Branch	Consolidated	
		2017 USD	2017 USD	2017 USD	2016 USD
Non-current Assets					
Fixed Assets	(3)	4,264,739	18,491	4,283,230	4,345,391
Investments	(4)	15,637,577	-	15,637,577	14,753,421
Contributions and Grants Receivable	(5)	342,519	-	342,519	258,376
Total Non-current Assets		20,244,835	18,491	20,263,326	19,357,188
Current Assets					
Contributions and Grants Receivable	(5)	949,780	-	949,780	391,007
Due from related party		577,159	-	-	-
Prepaid Expenses and other Debit Balances	(6)	217,449	5,117	222,566	384,215
Cash on Hand and at Banks	(7)	1,436,237	347,811	1,784,048	3,216,296
Total Current Assets		3,180,625	352,928	2,956,394	3,991,518
Total Assets		23,425,460	371,419	23,219,720	23,348,706
Current Liabilities					
Provisions	(8)	59,639	-	59,639	22,973
Due from related party		-	577,159	-	-
Accrued Expenses and other Credit Balances	(9)	211,665	-	211,665	196,125
Total Current Liabilities		271,304	577,159	271,304	219,098
Net Assets					
Unrestricted		8,050,423	(205,740)	7,844,683	7,728,552
Temporarily Restricted		1,450,941	-	1,450,941	1,448,606
Permanently Restricted		13,313,403	-	13,313,403	13,313,403
Total Net Assets	(10)	22,814,767	(205,740)	22,609,027	22,490,561
Non-current Liabilities					
Employees' End of Service Benefits		339,389	-	339,389	639,047
Total Non-current Liabilities		339,389	-	339,389	639,047
Total Liabilities and Net Assets		23,425,460	371,419	23,219,720	23,348,706

- The accompanying notes from (1) to (14) are an integral part of these financial statements.

- Auditor's report attached.



Director of Finance and Administration



Managing Director

Economic Research Forum

Statement of Activities and Change in Net Assets

For the Year Ended 31 December 2017

	Note	Head Quarter	Dubai Branch	Consolidated	
		2017 USD	2017 USD	2017 USD	2016 USD
Revenues and other Support					
Grants	(11)	1,896,206	-	1,896,206	711,960
Interest on Time Deposits		19,586	-	19,586	29,540
Return on Investments		785,327	-	785,327	440,615
Other Income		1,091	-	1,091	5,514
Gain from Sale of Fixed Assets		191	-	191	57,414
Realized Gain from Investments		11,458	-	11,458	47,903
Unrealized Gain from Investments		129,102	-	129,102	44,025
Total Revenues and other Support		2,842,961	-	2,842,961	1,336,971
Less: Functional Expenses	(12)	(2,477,763)	(205,740)	(2,683,503)	(3,324,526)
Less: Unrealized (loss) from Investments		-	-	-	(117,154)
Less: Realized (loss) from Investments		(40,992)	-	(40,992)	(1,297)
Change in Net Assets		324,206	(205,740)	118,466	(2,106,006)
Net Assets - Beginning of the Year		22,490,561	-	22,490,561	24,611,561
Adjustments to Net Assets		-	-	-	(14,994)
Net Assets - End of the Year		22,814,767	(205,740)	22,609,027	22,490,561

- The accompanying notes from (1) to (14) are an integral part of these financial statements.

Economic Research Forum

Statement of Cash Flows

For the Year Ended 31 December 2017

	Note	2017 USD	2016 USD
Cash Flows from Operating Activities			
Changes in Net Assets		118,466	(2,106,006)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided from Operating Activities			
Depreciation of fixed assets	(3)	82,929	143,004
Gain from Sale of Fixed Assets		(191)	(57,414)
Provisions	(8)	54,043	36,171
Employees' End of Service Benefits		64,035	50,391
Realized Loss (Gain) from Investments		29,534	(46,606)
Unrealized Loss from Investments		(129,102)	73,129
Adjustments to Net Assets		-	(14,994)
Net Assets before Changes in Assets and Liabilities		219,714	(1,922,325)
Change in Contributions and Grants Receivable		(642,916)	4,412,452
Change in Prepaid Expenses and Other Receivables		161,649	50,242
Change in Accrued Expenses and Other Payables		15,540	(44,434)
Cash Flows Provided (Used in) Operating Activities		(246,013)	2,495,935
Provisions Used During the Year		(17,377)	(90,294)
Employees' End of Service Benefits Paid		(363,693)	(17,382)
Net Cash Flows Provided from (Used in) Operating Activities		(627,083)	2,388,259
Cash Flows from Investing Activities			
Change in Investments		(784,588)	(3,987,197)
Payments to Acquire Fixed Assets	(3)	(20,768)	(50,947)
Proceeds from Sale of Fixed Assets		191	(87,155)
Net Cash Flows (Used in) Provided from Investing Activities		(805,165)	(3,950,989)
Net Change in Cash and Cash Equivalent during the Year		(1,432,248)	(1,562,730)
Cash and Cash Equivalent - Beginning of the Year		3,216,296	4,779,026
Cash and Cash Equivalent - End of the Year	(7)	1,784,048	3,216,296

- The accompanying notes from (1) to (14) are an integral part of these financial statements.