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ERF

Annual Report
2020

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About

The Economic Research Forum

Annual Report

2020

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 ERF is supported by multiple donors, both regional and international.

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Message from the

Chairman of the Board of Trustees

SAMIR MAKDISI

A year in review, 2020: Moving Forward

We live at a time when the stakes and challenges we face are higher than ever before. Yet so are the opportunities for real and systemic growth. Despite the global pandemic and it's devasting economic and human impact, ERF remained steady on course and stood tall. The ERF distinguished performance and achievements in 2020 are a reflection of the unwavering commitment of its constituency: the ERF Board of Trustees, the research and policy network affiliates, the partners and donors, and the dedicated management and staff.

Facing the complexities and uncertainties of 2020, the ERF management built on a strong foundation with a focus firmly on the future. It forged new partnerships with long standing and new partners towards addressing emerging issues related to Covid-19, Fragile States and Digital Transformation among others. The ERF board, management and the network affiliates demonstrated a strong commitment to respond to economic crises region-wide and face the volatile and rapidly changing political, economic and social landscape. This annual report provides a record of what has been achieved, and reflects the agility and responsiveness of the ERF management to change: adopting new platforms and modalities in support of the ERF's mission and its commitments towards sharing knowledge and network participation to sustain its outreach and activities.

The Managing Director, Dr. Ibrahim Elbadawi, was called upon by his country, Sudan, to serve as Minister of Finance and Economic Planning during the period September 2019 – August 2020. During his term as Minister, Dr. Sherine Ghoneim served as Acting Managing Director. Special thanks are due to her for exemplary leadership and performance, and to ERF management for continued unflinching dedication.

In September 2020, Mr. Al-Hamad decided to retire as General Manager of the Arab Fund for Economic and Social Development and as the elected Chair of the ERF Board of Trustees, since 2004. I had the distinct pleasure to be among those who worked closely with him since ERF was founded in 1993. On behalf of the ERF Board of Trustees, I wish to extend our heartfelt appreciation for his outstanding leadership. The partnership role he assumed in his personal and institutional capacity has been no less than crucial to building ERF to where it is today.

Message from the

Chairman of the Board of Trustees

In turn, we welcome Dr. Imed Limam as the new Board member representing the Arab Fund for Economic and Social Development. We take this opportunity to thank Dr. Rabah Arezki who represented the World Bank on the ERF Board of Trustees from 2017 to October 2020 and wish him all the best in his new position as Chief Economist and Vice President, Economic Governance and Knowledge Management of the African Development Bank Group. We also wish to welcome Mr. Honore Ndoko who has joined the ERF Board of Trustees as The World Bank representative effective October 2020.

The ERF's accomplishments in 2020 are a result of the commitment by many institutions, and it is my distinct pleasure as Chairman of the Board of Trustees to take this opportunity to acknowledge them all. We extend our deep gratitude to the Arab Fund for Economic and Social Development (AFESD), the International Development Research Center (IDRC), the World Bank and the Ford Foundation for their unwavering commitment towards our partnership. Our sincere thanks go to the Arab Development Portal (UNDP), the Agence Française de Dévelopment (AfD), Carnegie Corporation, Institute of Labor Economics (IZA), International Labor Organization (ILO), Foreign, Commonwealth and Development Office (FCDO), formally known as DFID, UN Women and UNDP for their invaluable support.

Finally, I would like to recognize with appreciation our Board of Trustees devotion and guidance. I would also like to recognize the Advisory Committee, ERF affiliates, management and staff for their dedication and diligence.

May this cooperation and positive spirit continue to flourish in the years ahead.

S. Makdisi

Samir Makdisi
Chairman, ERF Board of Trustees

Message from the

Managing Director

IBRAHIM ELBADAWI

A year in review, 2020: Partnerships & Participation

2020 has been a unique year. The unprecedented consequences of the pandemic and the global economic crisis have had deep and lasting effects on all of us for years to come. Furthermore, some of us have also witnessed political crises, social upheaval and traumatic outcomes.

2020 has presented a unique challenge and opportunity for individuals, institutions and policymakers in the wider field of research and evidence based policy at large and for ERF more specifically to reflect on their mission, on the roles they play and the way they had to respond in record time to unprecedented need and demand for research and policy advice.

More than ever before, I strongly believe in the role and value of the ERF as the leading research network in the region to provide much needed research and policy expertise and options through its most distinguished network of affiliates and partnerships.

We are pleased to say that ERF has responded in time and appropriately. ERF expanded its portfolio across its core activities: research, data, communications and policy outreach. Funders availed relevant funding in key areas of need across different thematic areas. Affiliates focused their research and expertise to provide timely evidence based policy insight across various fields and worked closely with ERF management to articulate the agenda for future research work and outreach to maximize impact. Management created new virtual platforms and spaces to connect the ERF constituency and continue to share knowledge on timely basis. It has been an extremely hectic and productive year, launching new partnerships, programs and platforms as set out in this annual report.

We launched eight new strategic partnerships at the beginning of 2020 which entailed the initiation of 55 new projects under different themes bringing the total number of projects to 84 engaging 154 reseachers. The ERF 26th Annual Conference was convened virtually hosting more than 30 online sessions, featuring 70+ papers, gathering more than 1300 participants in addition to some 10 events convening some 550+ participants towards knowledge sharing to stimulate discussion and inspire much needed policy insight. To further maximize impact of our research, ERF's renowned communications portfolio published more than 160 publications sent out to our newsletter list of 7000+ subscribers.

2020 has provided ample evidence of the value of true collaboration between the board and management to best position ERF as the leading research network in the region. I am particularly thankful to the Board of Trustees for the opportunity to take on the ministerial position as of September 2019 to assist with the country's transition during critical time. I want to particularly acknowledge the long standing leadership of the ERF Chairman, Mr. Abdlatif Al-Hamad, who chaired the ERF

Message from the

Managing Director

Board of Trustees since 2004 for his diligent un-wavered guidance and support throughout the years of his chairmanship.

I would like to welcome Prof. Samir Makdisi as Chairman of the Board of Trustees, effective September 2020. Prof. Makdisi's vision of ERF and commitment to its leadership since its inception in 1993 has been instrumental to ERF's sustainability and growth.

I would also like to particularly thank and acknowledge the role and leadership of Dr. Sherine Ghoneim, who acted as Managing Director during my tenure as Minister of Finance and Economic Planning in Sudan, September 2019 – August 2020. Her leadership and commitment, to the ERF vision and mission, to institutional resilience and sustainability, to growth and excellence, to partnerships and participation throughout these very difficult times are most commendable. Indeed, the commitment of the ERF management team has been exemplary in sustaining the momentum and growing the ERF portfolio of activities, nurturing new partnerships and encouraging continuous participation of ERF network and affiliates.

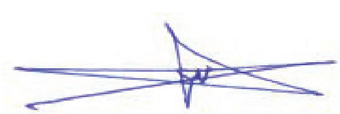
Our success is largely due to the dedicated commitment of our esteemed partners who enabled us to turn our vision into reality. Our gratitude goes out to our longstanding partners the Arab Fund for Economic and Social Development (AFESD), International Development Research Center (IDRC), Ford Foundation and The World Bank for their continuous institutional partnerships and support, to our partners in success promoting development across key thematic areas addressing pressing policy challenges, namely, Arab Development Portal (UNDP), Agence Francaise de Developmment (AfD), Carnegie Corporation, Institute of Labor Economics (IZA), International Labor Organization (ILO), Foreign, Commonwealth and Development Office (FCDO), formally known as DFID, UN Women and UNDP for their invaluable support.

I would like to extend my special appreciation to the to ERF Advisory Board, to ERF Affiliates, and to ERF management for their commitment and determination to consistently deliver to the highest standards. I am confident that this excellent performance will carry us through 2021 to be a landmark year in the organization's history.

Challenges remain for 2021, but I am certain that ERF is well positioned to continue leading the effort towards best promoting economic development in the region.

We, at ERF, are well geared to once again turn these challenges into opportunities.

With best wishes for a healthy, prosperous year,



Ibrahim Elbadawi
ERF Managing Director

ERF

Network and Capacity Building

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Network & Capacity Building

ERF is proud to have been growing steadily as the leading network in the region of distinguished economists since 1993.

Towards the pursuit of economic development, ERF is committed to nurturing promising and aspiring young researchers from the region and worldwide and to providing training and capacity building opportunities.

ERF Affiliates

In 2020, the ERF network continued to expand, attracting economists of diverse interests, age groups, and gender. Not only has the network grown in greater number of seasoned researchers but also younger promising researchers aspiring to effectively engage with the network to further advance ERF mission towards sustainable development (Table 1).

ERF affiliation is a highly selective process based on a robust review and assessment criteria. ERF affiliates came from prominent research and academic institutions, international organizations, and governments both

374

ERF affiliates at the end of 2020

RESEARCH FELLOWS

Neveen Abdelrehim

Mehmet Ali Soytas

Shimaa Hanafy

İpek İlkkaracan

Manel Hamdi

Hasan Murat Ertugrul

Mahmoud Meskoub

RESEARCH ASSOCIATES

Elwasila Saeed Elamin

Sufian Abdel-Gadir

Manal Shehabi

Riham Ahmed Ezzat

Sarah El Khishin

Ahmed Alaa Fayed

Sara Alnashar

Khaled Nasri

Imane Helmy

Cyrine Hannafi

Laura Sayah

Figure 1. ERF Affiliates by Category, 2020

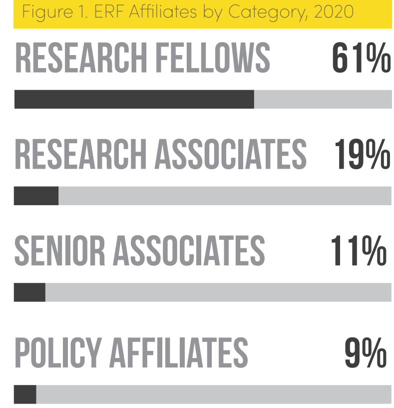

Table 1. ERF Affiliates by Residency

Affiliation	Inside	Outside	Total
Research Fellows	148	79	227
Research Associates	58	14	72
Senior Associates	30	13	43
Policy Affiliates	27	5	32
Total	263	111	374

SENIOR ASSOCIATES

Ahmed Zakane

inside and outside the region. They bring to the network impressive research and policy expertise and provide the potential for mentoring promising young scholars.

In 2020, eighteen new network members joined ERF (seven Research Fellows, eleven Research Associates, and one Senior Associate). The new members cover a broad scope of expertise and country experiences that would add to the richness and diversity of the ERF Network.

ERF Remembers

In June 2020, ERF lost a prominent member of the network Dr. Magda Kandil, Chief Economist and Director of Research, Central Bank of United Arab Emirates, ERF Research Fellow and member of the Editorial Board of the Middle East Development Journal. Dr. Kandil contribution to the ERF network and activities and her commitment to ERF purpose and mission will be always graciously remembered.

Capacity Building

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

Training

In 2020, ERF focused on two specific areas: Applied Micro-economics and Public Policy and Computable General Equilibrium Models and Policy Analysis. Trainees were selected based on a competitive call and explicit eligibility criteria as per ERF processes. The two workshops were offered online in September and December. The evaluation of the workshops has been most favorable.

A total of 34 trainees participated in the two workshops. All the participants were non-ERF affiliates, most of whom were from the ERF region (94 percent), 56 percent were females. The training workshops are increasingly of interest to the young scholars and are highly regarded amongst the most valued services ERF offers to the researchers in the region.

Participation in Training Events by Affiliation, Gender, and Residency

94%
FROM ERF REGION

6%
NON-ERF REGION

100%
NON-AFFILIATES

56%
FEMALES

Network & Capacity Building

CHAHIR ZAKI

RACHA RAMADAN

Applied Micro-econometrics and Public Policy Evaluation
September 6-9

The aim of this course was to provide participants with a deeper understanding of micro-econometric estimation techniques that are widely used in public policy evaluation. Several methods were illustrated and discussed such as selection correction models, instrumental variables, difference-in-difference, panel data models (fixed and random effects), and matching estimators. Participants have acquired detailed knowledge of and hands-on experience in public policy evaluation techniques. The training was conducted by Chahir Zaki (Cairo University and ERF) and Racha Ramadan (Cairo University and ERF).

Computable General Equilibrium Models and Policy Analysis
December 14, 16, 21 & 23

The workshop provided participants with the basic tools for constructing and implementing a general equilibrium model for policy analysis. This enables them to answer relevant research questions at both the academic and policy levels. The workshop emphasized theory and applications. GAMS software was used for applying the quantitative methods and running simulations studied on empirical economic problems through computer exercises. By the end of the training, participants have acquired detailed knowledge and hands-on experience in CGE models, in particular: the structure of open economy general equilibrium models, calibrating a CGE model, implementing the model using the GAMS software, modeling trade, fiscal and environmental policies, formulating scenarios and running policy simulations, and reporting and interpreting the results. The training was conducted by Chahir Zaki (Cairo University and ERF).

Participation in International Conferences

ERF's Participation in the United Nations Statistical Commission's 51st Session
March 3-6, 2020 | New York, USA

In support of ERF efforts in strengthening its initiative on Open Data, OAMDI, ERF participated in The United Nations Statistical Commission which is the highest body of the global statistical system bringing together the Chief Statisticians from member states from around the world. It is the highest decision-making body for international statistical activities, responsible for setting of statistical standards and the development of concepts and methods, including their implementation at the national and international level.

Partnerships

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

FEMISE, (the Euro-Mediterranean Forum of Institutes of Economic Sciences), is a Euro-Mediterranean network which was established in June 2005 as a French non-profit organization, after 8 years of activities as an informal organization. The FEMISE network is coordinated by the ERF in Egypt, its Southern Coordinator and President, and the

Institut de la Méditerranée (IM) in France which served as its Northern Coordinator and Treasurer until the end of 2020. In December 2019, the IM's Board decided to dissolve the association due to lack of funding, this came into effect in December 2020. Following the dissolution of IM, ERF has showed its commitment towards the sustainability of FEMISE by providing necessary institutional and financial support.

The EU-Med Think-Tank has reached 110 members' institutes as of June 2020 from both the northern and southern Mediterranean regions, representing 37 countries. FEMISE has been acknowledged amongst the leading think tanks in 2019 according to the University of Pennsylvania Global Think Tanks Index and for its policy reports: Identification of barriers to the integration of Moroccan SMEs in global value chains, produced by IM, and Repatriation of Refugees from Arab Conflicts: Conditions, Costs and Scenarios for Reconstruction, produced by ERF

In line with its strategy, FEMISE has endeavored to seek collaborations and partnerships with associations from the international community and civil society in order to develop joint projects, increase funding potential and achieve greater impact. In this context, FEMISE signed an MoU with the Center for Mediterranean Integration (CMI) in October 2020, marking the launch of a new collaboration agreement between the two organizations.

ERF-AERC Collaboration on "Work and Income for Young Women and Men in Africa"

ERF has embarked on a new collaborative research project on Work and Income for Young Men and Women in Africa: a political economy and social equity approach to the employment potential of specific sectors and subsectors in African economies, to be carried out by the African Economic Research Consortium (AERC) in conjunction with the UK Overseas Development Institute (ODI) and the ERF. The purpose of the project is to identify promising economic sectors or value chains for job creation for young men and women in selected countries in Africa; identify the country specific conditions needed for local and foreign private sector to invest in these sectors or value chains. It aims to identify the country specific actors that are needed to create these conditions that enhance or reduce investment security; and to identify ways to promote equal access and opportunity for youth to these new sources of work and income, addressing inequality related to gender, socio-economic background and place of residence.

ERF-ILO Network of Experts on Jobs and Growth in North Africa, in Collaboration with ILO – ADWA'

With the ongoing support of International Labour Organization, ERF launched towards the end of 2019 a network of experts to foster dialogue and exchange between economists, social scientists, data producers and policymakers around the twin goals of promoting jobs and growth. The network is planned to be maintained for 5 years (2019 – 2023). The program activities will additionally include producing a series of themed reports studying of the non-linear relationship between growth and employment creation, and of the factors and policy instruments that may influence these in the countries of North Africa. The program targets five North African countries, namely, Egypt, Tunisia, Morocco, Algeria and Sudan. The first report of this series will be disseminated in the second quarter of 2021 followed up with a designated report on the impact of COVID-19 on livelihoods, and enterprises later in the year.

The network and its activities are part of the Advancing Decent Work Agenda in North Africa (ADWA') Project, a development cooperation project implemented by the ILO.

ERF COVID-19 MENA Monitor (CCM), in Collaboration with ILO – ADWA', AFD, FCDO, ILO Cairo, and ILO CO-Addis Ababa

To better understand the impact of the shock induced by the pandemic and assess the policy responses in a rapidly changing context, reliable data is imperative, and the need to resort to a dynamic data collection tool at a time where countries in the region are in a state of flux cannot be overstated. Therefore, a series of high frequency panel phone surveys were designed to assess the impact of the shock on livelihoods and labor markets in Egypt, Morocco, Tunisia, Jordan and Sudan. Based on the data collected, the program will produce a series of country case studies, policy briefs and country highlights as well as thematic research papers.

This project was made possible by the generous contributions of the International Labour Organization (ILO), Agence Française de Développement (AFD), The Foreign, Commonwealth & Development Office (FCDO) of the Government of the United Kingdom (formerly known as DFID), The World Bank, and The Arab Fund for Economic and Social Development (AFESD).

ERF

Research Activities

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Research Activities

In 2020, ERF has been highly productive on the research front. Eight new research programs have been initiated. ERF managed 84 projects engaging 154 researchers. The projects had either been solicited or were the result of open competitions. This section provides a summary on the origin of the projects, their objectives, number of researchers involved and the geographical coverage. Whether initiated through open calls for papers or solicited, the selection process was guided by clear criteria, peer reviews and the scrutiny of thematic or project leaders.

The work covered a variety of timely topics, including impact of COVID-19 on households and firms, social protection in times of pandemic, inequality, links between growth and job creation, political economy and civil movements, digitization, natural resources and economic climate change, peacebuilding and reconstruction, among others. The selection of the topics was guided by their relative importance to the region and prevalent knowledge gaps.

Thematic Coverage

The progress made in each area is outlined below.

- On Equity and Inequality, the research agenda proceeded under two subthemes: (1) Impact of COVID-19 on Livelihoods in Jordan, and (2) Improving rigorous evidence for better civic engagement on social protection and supporting the network's institutional strengthening. In addition to a new project on Inter-Regional Comparison for the Implications of Digitalization and Disruptive Technologies for Sustainable Growth, Poverty, Inequality, Women and the Youth in North Africa and Sub-Saharan Africa.

- On Labor Markets, ERF made progress on the regional project on the role of the care economy in promoting gender equality and labor force participation. In addition, work continued on two fronts; jobs & growth in North Africa, and the impact of COVID-19 on households and firms in Egypt, Jordan, Morocco, Tunisia and Sudan.

- On the Macro side a project was initiated on the Fiscal Sustainability in the MENA Region in Light of COVID-19 Crisis, and another one on The Macroeconomic Impact of Covid-19 in MENA Region.

- On climate change, a new project was launched on Mitigation and Adaptation to Impact of Climate change in MENA countries. In addition, another project will analyze how financial markets are affected by climate and energy-transition risks in the MENA region.
- On the Political Economy of Transformation, a new project was initiated on avoiding the failed state trap in Iraq, Algeria and Sudan, and another project on Cronyism and the Future of the Private Sector in Sudan, Algeria, and Ethiopia.

- On peace-building and reconstruction, two projects were completed, one on the micro-level analysis on the impact of conflict on livelihoods in the MENA region, and the other on the foundations for post-conflict growth agenda in the MENA region. A new project was initiated on economic interdependency and conflict.

- On Digitization, a new interregional collaboration with AERC was launched to understand Inter-Regional Comparison for the Implications of Digitalization and Disruptive Technologies for Sustainable Growth, Poverty, Inequality, Women and the Youth in North Africa and Sub-Saharan Africa. In partnership with the Arab Development Portal (UNDP), another project was initiated to examine how digital transformation is affecting economic growth and structural transformation through its impact on key sectors of the economy, and what are the opportunities that digital transformation can provide in supporting inclusive and sustainable growth, employment generation and poverty reduction.

In terms of research projects, ERF initiated 55 new projects under different themes in 2020, bringing the total number of projects to 84 projects engaging 154 researchers (Table 2).

Research Profile

Research projects engaged 154 researchers, 62 of whom were women, 115 of whom were non-affiliates (75 percent), and 87 of whom resided in the region (more than half the total).

As of the end of 2020, ERF had completed 27 projects, continued to manage two ongoing projects, and initiated 55 new ones. A listing of these projects is shown in Table 3.

55

Newly initiated projects at the end of 2020

Table 2:
Summary of ERF Research Projects in 2020

	PROJECTS	RESEARCHERS*	COUNTRY	REGIONAL
RESEARCH COMPETITIONS	19	38	10	9
STRUCTURED RESEARCH PROJECTS	65	116	47	18
TOTAL	84	154	57	27

** These numbers exclude the research presented at the ERF 26th Annual Conference*
The table does not cover the research projects undertaken under the umbrella of FEMISE.

Research Projects, 2020

STRUCTURED RESEARCH PROJECTS 77%

RESEARCH COMPETITIONS 23%

Research Projects by Affiliates

NON-AFFILIATES 75%

AFFILIATES 25%

Research Projects by Residency

ERF REGION 56%

NON ERF REGION 44%

Research Projects by Gender

MALES 59%

FEMALES 41%

Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2020

	Project	Team Leaders
Completed Projects		
01	Civil war onset, natural resource rents and social cohesion	Ibrahim Elbadawi and Chahir Zaki
02	Report on progress of women in the Arab States 2020: the role of the care economy in promoting gender equality	Abdel Rahmen El Lahga, Belal Fallah, Ibrahim Al Hawarin, Imane Helmy, Irene Selwaness, Maia Sieverding, Marina Hesham, Mohamed Amara, Nasma Berri, Racha Ramadan, Ragui Assaad
03	Income inequality effects on real exchange rate: Do differentials between tails matter?	Ahmed Mohamed Ezzat
04	Fuel poverty exposure and drivers: A comparison of vulnerability landscape between Egypt and Jordan	Fateh Belaid
05	The effects of taxes and benefits on income distribution in the European Union and in the MENA countries	Francesco Figari and Luca Gandullia
06	Inequality of opportunity in education: Estimates from recentered influence function regressions in the MENA region	Reham Rizk and Ronia Hawash
07	De-routinization of jobs and polarization of earnings: Evidence from 35 countries all over the world	Carsten Schroder, Matteo Targa, and Maximilian Wenzel
08	Migration and inequalities around the Mediterranean Sea	Bjorn Nilsson and Racha Ramadan
09	Accounting for non-positive incomes from the welfare and capabilities perspectives: The case of Mediterranean surveys regions	Vladimir Hlasny, Lidia Ceriani, and Paolo Verme
10	Income inequality convergence across Egyptian	Ioannis Bourkanis, Mona Said, Antonio Savoia, and Francesco Savoia
11	Economic agenda for post-conflict reconstruction	Samir Makdisi and Raimundo Soto
12	Investigating the Libyan conflict and peace-building process: Past causes and future prospects	Amal Hamada, Chahir Zaki and Melike Sokmen
13	Measuring the economic cost of conflict in afflicted Arab countries	Semih Tumen and Elif Semra Ceylan
14	Terrorism, mental health, risky behaviors and human capital: Evidence from Iraq	Ahmed Elsayed
15	The impact of Syrian conflict and the refugee crisis on labour market outcomes of host countries	Eleftherios Giovanis and Oznur Ozdamar
16	The impact of the large-scale migration on the unmet healthcare needs of the native-born population in a host country: Evidence from Turkey	Hüseyin Ikizler, Emre Yüksel and Hüsniye Burçin Ikizler
17	Children of war: conflict and child welfare in Iraq	Reham Rizk and Colette Salemi
18	Effect of witnessing house raids and arrests on child behavior: Evidence from Israeli-Palestinian conflict	Sameh Hallaq and Belal Fallah

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2020

	Project	Team Leaders
19	Are Syrians refugees earn less than natives and other migrants in Jordan: Evidence from distributional analysis of wage differentials	Hatem Jemmali
20	Inequality of opportunities in access to basic services among children in host communities in Jordan and Lebanon: A comparative analysis	Hatem Jemmali
21	Violent conflict and vaccinations: Evidence from Iraq	George Naufal, Michael Malcolm and Vidya Diwakar
22	The impact of cash transfers on Syrian refugee children in Lebanon	Wael Moussa, Alexandra Irani, Nisreen Salti, Rima Al Mokdad, Zeina Jamaluddine, Jad Chaaban, and Hala Ghattas
23	Immigration and Inter-Regional job mobility: Evidence from Syrian refugees in Turkey	Yusuf Emre Akgündüz, Altan Aldan and Yusuf Kenan Bagır
24	Armed conflict and household source of water	George Naufal, Michael Malcolm and Vidya Diwakar
25	Can unconditional cash transfers mitigate the impact of armed conflict on child nutrition in Yemen?	Olivier Ecker and Jean-François Maystadt
26	Local governance quality and the environmental cost of Forced Migration	Cevat Giray Aksoy and Semih Tumen
27	Geographical exposure to conflicts and firm performance: Evidence from the MENA region	Daniel Mirza, Rita Der Sarkisian, and Chahir Zaki
Ongoing Projects		
28	The first report on *Jobs and Growth in North Africa*	Ragui Assaad, and Mohamed Ali Marouani , Abdel Rahmen El Lahga, Ali Souag, Chahir Zaki, Ebaidalla Mahgoub, Emilie Wojcieszynski, Fouzia Ejjanoui, Hosam Ibrahim, Irene Selwaness, Mohamed Ali Marouani, Mona Amer, Moundir Lassassi, Ragui Assaad, Saad Belghazi, Samia Satti, Sofiane Ghali, and Yemen Hlel Ibrahim Elbadawi and Chahir Zaki
29	Grievance and civil war: The state of the literature horizontal wealth inequality and oil – Is there a contingent effect?	Cristina Bodea and Christian Houle
Initiated Projects		
30	Fiscal sustainability in the MENA region in light of COVID-19 crisis	Diaa Noureldin and Nada Eissa

Research Activities

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2020

	Project	Team Leaders
31	The economic impact of Covid-19 in MENA region	Kabbashi Suliman, Ibrahim Elbadawi and Alma Boustati
32	Call for proposals on "Mitigation and adaptation to impact of climate change in MENA countries"	Atif Kubursi
33	On stranded assets and climate risk: Are financial markets the last resort?	Mouez Fodah, Djamel Kirat, and Chahir Zaki
34	Estimating the potential effects of COVID-19 on Jordan: A macro-micro approach	Chahir Zaki and Racha Ramadan
35	Cronyism and the future of the private sector in Sudan, Algeria, and Ethiopia	Ishac Diwan
36	Inter-Regional comparison for the implications of digitalization and disruptive technologies for sustainable growth, poverty, inequality, women and the youth in North Africa and Sub-Saharan Africa	Shahrokh Fardoust
37	Growth, employment, poverty, inequality, and digital transformation in the Arab region: How can the digital economy benefit everyone?	Shahrokh Fardoust and Mustapha K. Nabli
38	Vision that Iraq's youth have for their country	Ahmed Qasim and Ali Al-Hammood
39	History and changing composition of social movements in Iraq	Renad Mansour and Toby Dodge
40	Women and the Iraqi uprising	Zahra Ali and Asmaa Jameel Rasheed
41	Initial economic and social conditions in Iraq	Bassam Youssif and Omar El-Joumayle
42	October's 2019 protests in Iraq as perceived by the protestors: A field study	Faris Nadhmi and Mazen Hatem
43	Environmental issues, oil and agriculture in Iraq	Bassam Yousif, Jehan Baban, and Omar El-Joumayle
44	Political economy and state-business relations in Iraq	Omar Sirri
45	Regionalism and federalism in Iraq	Hashim Al-Rikabi
46	Political economy of the legacies of the Algerian growth regime	Abdallah Zouache and El Mouhoub Mouhoud
47	The legacies of the political system and its projections into the future in Algeria	Karima Dirèche
48	International insertion and the diaspora in Algeria	Aziz Nafa and El Mouhoub Mouhoud
49	Regional inequalities: What do we know about the situation in Algeria?	Ali Souag

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2020

	Project	Team Leaders
50	Islamist parties as revealing of the limits of cooptation and rupture strategies in Algeria	Amel Boubakeur
51	The repositioning of the army and its repertoire for negotiating change in Algeria	Belkacem Benzenine
52	The attempts at structuring the *hirak* in Algeria	Tinhinan El Kadi and Hicham Rouibah
53	The reception of the *hirak* and its daily usages in Algeria	Faisal Sahbi
54	Gender relations in Algeria	Naoual Belakhdar
55	Public health, the Covid-19 pandemic and the "*hirak*" in Algeria	Mohamed Mebtoul
56	State, public services - current situation, evolution: Education system in Algeria	Karim Khaled and Aissa Kadri
57	The urban: A major spatio-political issue for a redefinition of the social contract in Algeria	Khadidja Boussaid and Safar-Zitoun Madani
58	Gender and social change in Sudan	Nada Mustafa Ali, Sawsan Musa Abdul-Jalil, Naglaa Abdelwahid, and Mai Azzam
59	State-building and fiscal federalism in Sudan	Nada Eissa and Hamid Ali
60	Health in Sudan	Sara Abdelazim Hassanain and Abdelhadi Eltahir
61	A renaissance project for Sudan - from poor agriculture to agro-industrial growth	Ibrahim Elbadawi, ElFatih ElTahir, Kabbashi Suliman, Abdelrazig Albasheer, Abdelrahman el khidr, Alzaki Alhelo, and Amir Elobaid
62	Addressing sustainability and equity challenges in managing the environment and natural wealth in Sudan	Rashid Hassan, Hassan Abdelnur and Abdelgaffar Ahmed
63	The second report on jobs and growth in North Africa – A focus on the impact of COVID-19 on households and firms	Ragui Assaad, Mohamed Ali Marouani, Caroline Krafft, and Hosam Ibrahim
64	The landscape of social protection in Jordan	Mary Kawar and Nesreen Barakat
65	The landscape of social protection in Tunisia	Khaled Nasri, Mohamed Amara and Imane Helmy
66	Cash assistance for refugees in Jordan	Ragui Assaad and Alma Boustati
67	Cash assistance targeting those in poverty in Tunisia	Khaled Nasri, Mohamed Amara and Imane Helmy
68	Cash assistance, food security, and health in Jordan	Maia Sieverding and Zeina Jamaluddine

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2020

Project		Team Leaders
69	Health insurance and health outcomes in Tunisia	Mohamed Ali Marouani, Nidhal Ben Cheikh and Phuong Minh Le
70	Expanding social insurance coverage in Jordan	Irene Selwaness and Susan Razzaz
72	Living Wages, Minimum Wages, and Poverty in Jordan	Caroline Krafft, and Cyrine Hannafi
72	ERF-AERC-ODI project on "Work and Income for Young Men and Women in Africa: A Political Economy and Social Equity Approach to the Employment Potential of Specific Sectors and Subsectors in African Economies"	Ahmadou Aly Mbaye, Margaret Chitiga-Mabugu, Chahir Zaki, Marleen Dekker, Dirk Willem te Velde, John Page, and Maximiliano Mendez-Parra
73	The impact of COVID-19 on MENA labor Market Indicators: A Gendered Analysis Using a Projection Technique	Rana Hendy and Shaimaa Yassin
74	COVID-19...Who will wash the dishes and change the diapers? Evidence from Egypt	Rana Hendy and Shaimaa Yassin
75	The impact of COVID-19 on the value of non-monetary job attributes to women in Egypt	Rana Hendy and Shaimaa Yassin
76	Policy paper on income inequality in Jordan	Racha Ramadan
77	Policy paper on non-income inequality in Jordan	Reham Rizk and Nada Rostom
78	Policy paper on inequality of opportunity in Jordan	Rana Hendy and Nejla Ben Mimoune
79	Policy report on the Impact of COVID-19 on livelihoods in Jordan and the associated government responses	Racha Ramadan, Rana Hendy and Reham Rizk
80	What does the literature tell us on the relationship between economic interdependence and conflict management	Katarzyna Sidło
81	Investigating the impact of enhanced economic interdependence on conflict management	Mohamed Ali Marouani and Gunes Asik
82	Investigating the impact of conflict on economic interdependence	Khalid Sekkat
83	Institutions and their role in enhancing economic interdependence and lessening conflict management	Ibrahim Saif

Table 3. ERF Research Activities by Processing Stage & Lead Researchers, 2020

Project		Team Leaders
84	Call for proposals on " *The GCC economies in the wake of COVID19: Charting the road to recovery and resilience*"	Fatima Al Shamsi
Micro Datasets		
85	Household Surveys	May Gadallah and ERF data team
86	Egypt Labor Market Panel Survey (ELMPS 2018)	Ragui Assaad and Caroline Krafft
87	Sudan Labor Market Panel Survey (SLMPS 2020)	Ragui Assaad and Caroline Krafft
88	Tunisia Labor Market Panel Survey (TLMPS 2020)	Ragui Assaad, Caroline Krafft and Mohamed Ali Marouani
89	ERF Covid-19 MENA Monitor Panel Surveys	Ragui Assaad, Caroline Krafft and Mohamed Ali Marouani

The Open Access Micro Data Initiative and the ERF Data Portal

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

Under the data program, several activities take place, including: (i) Data collection and harmonization, (ii) Provision of open Access Micro Data through the data portal, and (iii) Strengthening Relations with Statistical Offices and other partners.

In 2020, the ERF data team swiftly devoted considerable efforts to address the emerging data gap related to understanding the impact of the COVID 19 on MENA countries. Efforts began since April 2020 to secure funding and support for this effort to launch and carry out the 'ERF COVID-19 MENA Monitor'.

ERF COVID 19 MENA Monitor Surveys

The COVID 19 MENA Monitor Surveys has been carried out by the ERF in collaboration with the ILO "Advancing the Decent Work Agenda in North Africa" (ADWA), Foreign, Commonwealth and Development Office (FCDO), The World Bank, The Arab Fund for Economic and Social Development, International Labor Organization Cairo Office, and International Labor Organization Ethiopia Office. The surveys activities were initiated in time during one of most turbulent beginnings to a decade in recent history with the COVID-19 outbreak. The surveys aim to provide knowledge and evidence-based policy advice for understanding the short-term consequences of the social and economic crisis generated by the pandemic as well as assessing both household and enterprise behavior changes over time and the respective coping strategies.

The COVID 19 MENA Monitor Survey is a wide-ranging, nationally representative panel survey that is constructed using a series of bi-monthly short panel phone surveys that include an economic impact questionnaire.

The Household Questionnaire: The modules cover issues such as health impacts, impact on food security and work and education patterns, including people's ability to work from home and to engage in distance learning. Given the dominant informal sector and jobs and the absence of unemployment insurance schemes in most of these countries, the shock faced by the economy is almost entirely transmitted to workers. Questions on policy responses (e.g. lockdowns, curfews, receipt of financial assistance, receipt of food, etc.) are included. Data is collected on key demographic and socio-economic characteristics in order to understand the distributional consequences of the effects of the pandemic and responses to it, which allows studying the effect of the pandemic on women, informal and irregular workers, less skilled workers, refugees and youth.

The Enterprise Questionnaire: The modules cover business closure (temporary/permanent) due to lockdowns, ability to telework/deliver the service, disruptions to supply chains (for inputs and outputs), loss of product markets, increased cost of supplies, worker layoffs, salary adjustments, access to lines of credit and delays in transportation. Understanding the strategies of firms (particularly micro and small enterprises) to cope with the crisis is one of the main objectives of this survey. Specific constraints such as weak access to the internet in some areas or laws constraining goods' delivery are analyzed. Enterprise owners are asked about prospects for the future, including ability to stay open, and whether they benefited from any measures to support their businesses.

COVID MENA Monitor Surveys will cover five Arab countries (Tunisia, Morocco, Egypt, Jordan, and Sudan) with different numbers of waves, as shown in Table (4).

Table 4:
COVID MENA Monitor Surveys

	HOUSEHOLD QUESTIONNAIRE	ENTERPRISE QUESTIONNAIRE
TUNISIA	4 WAVES	3 WAVES
MOROCCO	4 WAVES	3 WAVES
JORDAN	3 WAVES	3 WAVES
EGYPT	2 WAVES	2 WAVES
SUDAN	1 WAVES	-

Open Access Micro Data Initiative (OAMDI)

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

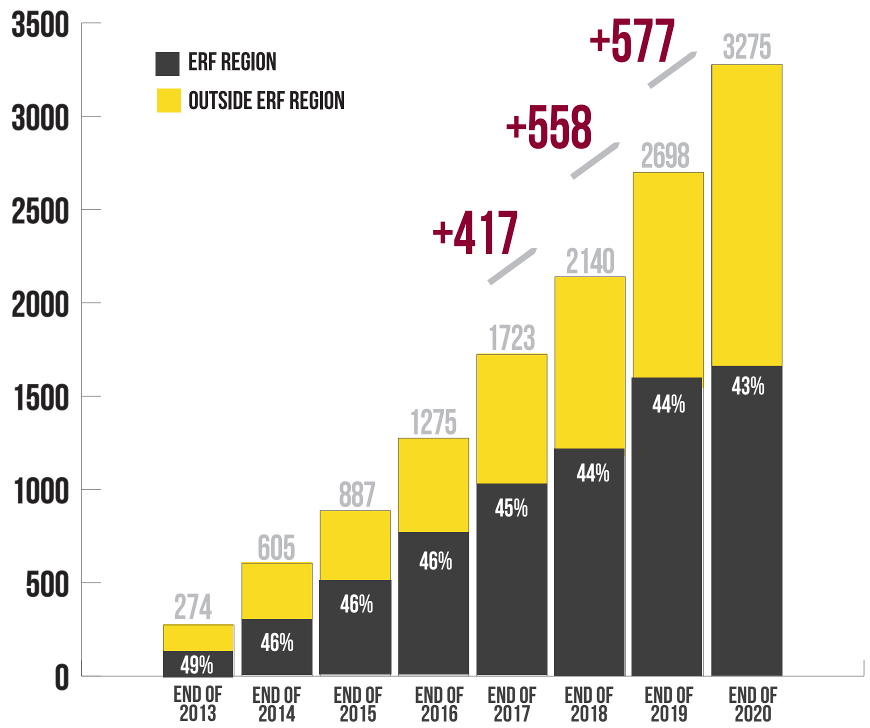
In 2020, the data portal website has been upgraded, and now it has more advanced search engine for smoother navigation process. In addition, the data portal now allows users to request multiple datasets simultaneously, through a "bulk access collection feature".

In 2020, ERF's online data portal subscribers reached 3,275, compared to 2,698 by the end of 2019, 2,140 by the end of 2018 and 1,723 by the end of 2017, as shown in Figure (1). Based on OAMDI users' survey, it was highlighted that the data is mainly employed in publishing research papers, obtaining academic degrees and other research purposes such as producing Poverty Probability index.

Access to the wealth of data is open to all, regardless of whether they are from the ERF region or affiliated to ERF. Less than half of the researchers accessing the data were from the ERF region (43 percent). Only a minor percentage (around three percent) are affiliated to ERF; illustrating good outreach for the ERF data portal outside the ERF region and community.

To date, ERF has also granted access to around 6,219 micro datasets. The number of surveys accessed in 2020 increased by around 57 percent compared to the number in 2019 (6219 datasets compared to 4804 datasets), confirming the users' growing trust in OAMDI data quality and credibility.

Figure 2:
Number of OAMDI Users Since Launch by Region



This is in addition to the growing diversification in the data types provided by OAMDI. Around 63 percent of the accessed datasets were for harmonized household surveys (Harmonized Household Income and Expenditure Survey (HHIES), Harmonized Labor Force Survey (HLFS), Harmonized Survey of Young People in Egypt (HSYPE), and Harmonized Household Health Survey (HHHS)). A total of 29 percent was for labor market panel surveys (LMPS), and 8 percent were for different firm and sector-level datasets.

+1415

NUMBER OF ACCESSED/ DOWNLOADED SURVEYS HAS INCREASED IN 2020

63%

OF ACCESSED DATASETS WERE FOR HARMONIZED HOUSEHOLD SURVEYS

ERF

Communications and Outreach

Annual Report

2020

Communications and Outreach

In 2020, ERF continued to effectively and efficiently deliver towards its mission of promoting sustainable economic development in the region through a well-designed set of communications and policy outreach activities. ERF communications portfolio focused on deploying virtual platforms to successfully deliver against planned activities, to maximize outreach and research uptake, and to effectively engage with the ERF network and beyond.

Thanks to the commitment of ERF management, to the partners and community, an impressive set of activities were planned and orchestrated.

The ERF 26th Annual Conference was convened virtually hosting more than 30 online sessions, featuring 70+ papers, gathering more than 1300 participants in addition to some 10 events convening 550+ participants towards knowledge sharing to stimulate discussions and inspire much needed policy insight.

To further maximize the impact of our research, ERF's renowned communications portfolio published more that 160 publications set out to our newsletter list of 7000+ subscribers.

7000+

Subscribers to the ERF newsletter list

Annual Conference

Sustainable Development Goals (SDGs) as a Framework for MENA's Development Policy

ERF 26th Annual Conference

June 23 – September 30 | Webinars

The ERF 26th Annual Conference call launched in May 2019 attracted almost 300 submissions, which were subject to a refereeing process, of which 80 papers were selected for presentation at the conference scheduled to take place 29 – 31 March, 2020 in Luxor, Egypt.

The conference was fully organized and plans firmly in place to host 220 participants in Luxor as per the ERF 26th Annual Conference Agenda.

Despite the Covid-19 challenges, ERF redesigned the conference model to ensure ERF's flagship event takes place clearly reflecting on ERF's commitment, agility and capacity to change. The conference program was swiftly redesigned to include a series of events in partnership with international organizations, to feature new policy seminars and to successfully orchestrate 24 webinars during the period June till September 2020 featuring 71 conference papers selected for presentation.

+1300

PARTICIPANTS HAVE ATTENDED THE ANNUAL CONFERENCE SESSIONS

30

WEBINARS WERE HOSTED FOR THE ERF 26TH ANNUAL CONFERENCE

The webinars were held on timely basis so that researchers selected on competitive basis have the opportunity to benefit from expert and peer review and the potential to publish

MARCH

3-6
ERF's Participation in the United Nations Statistical Commission's 51st Session

28
Workshop on
Care Work and Care Policies in the Arab States

MAY

5 -
ERF-World Bank Series on
How Transparency Can Help MENA

27
ERF First Team Leaders meeting on *From Fragility to Resilience*

JUNE

6
Expert Group Meeting on
Recovery from COVID-19 through Digitalization

21
ERF-Policy Seminar Series on
The Political Economy of COVID-19

STARTED 23
ERF 26th Annual Conference

JULY

9
Regional Consultation on *Care Work and Care Policies in the Arab States*

ONGOING
ERF 26th Annual Conference

AUGUST

ONGOING

ERF 26th Annual Conference

SEPTEMBER

ONGOING
ERF 26th Annual Conference

6-9
Training on
Applied Micro-econometrics

OCTOBER

26
ERF Webinar on
The Micro-Level Analysis of Impact of Violent Conflict on Lives and Livelihoods in the MENA Region

NOVEMBER

25
Webinar on
Foundations for Post Conflict Growth Agenda in the MENARegion

30
ERF First Team Meeting on
Avoiding the Failed State Trap and the Road Ahead in Iraq

DECEMBER

7-9
Report Dissemination Webinar Series

14-23
Training on *Computable General Equilibrium Models*

17
Stakeholder Consultation on
Social Protection in Jordan

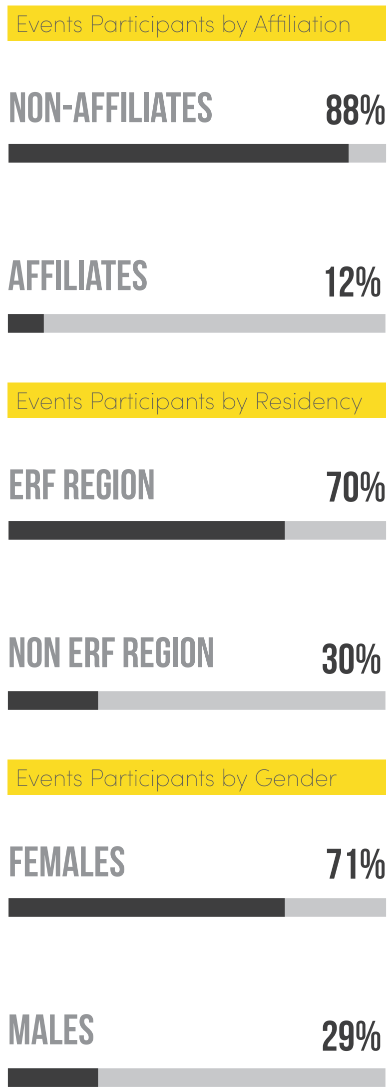
in ERF working papers series and international journals with minimal disruption to the process and timeline. The recording of the sessions and social media coverage provided for further outreach and sustained access to the recorded sessions and access to papers. Full conference sessions can be accessed online: discussants, speakers, papers and details of each sessions and all papers. All webinars were recorded and availed on the ERF Official YouTube Cha nnel. The webinars followed the ERF model featuring discussants comments and feedback from peers. All accepted papers were invited to submit to the ERF working papers series and encouraged to submit their papers for publishing in international journals.

Feedback received was very favorable and the modality of holding conferences and events online are likely to be continued in 2021 and beyond. They provide an excellent platform for timely engagement with the research community in particular towards a concrete process of refereeing, capacity building and mentorship.

Full conference sessions can be accessed online.

ERF coordinated a total of nine events in 2020 in addition to a number of project specific control and review meeting. These nine events attracted around 558 participants. Figure 3 reflects on the statistics of events participation: 88 percent were non-affiliates, 70 percent from the ERF region and 71 percent are females.

Figure 3:
Events Participation



Consultations and Workshops

Care Work and Care Policies in the Arab States

In partnership with UN Women, ERF organized a series of events under the umbrella of the joint project on Care Work and Care Policies in the Arab States led by Maia Sieverding . The project aims to provide evidence-based national policy recommendations for selected Arab States as part of a MENA regional companion report to the UN Women's 2019-2020 Progress of the World's Women report on Families in a changing world: public action for women's rights. The project is fully funded by UN Women.

Team Meeting for *Care Work and Care Policies in the Arab States*

March 28, 2020 | Virtual Meeting

The workshop brought together the ERF research team, representatives from UN Women, and international experts on care work and the care policies to review the first drafts of the country case studies for Egypt, Jordan, Palestine and Tunisia.

Regional Consultation on *Care Work and Care Policies in the Arab States*

July 9, 2020 | Virtual Meeting

The regional consultation provided a

MAIA SIEVERDING

platform to review the final draft of the report. The consultation discussed the main results, research findings and policies of each chapter and identified policy recommendations in order to develop support the efforts of developing the care economy in the region at large, and specifically with regards to countries under study.

Webinar Series

Progress of Women in the Arab States 2020: The Role of the Care Economy in Promoting Gender Equality

December 7-9, 2020 | Virtual Meeting

In partnership with UN Women country offices, ERF organized a series of webinars to launch the report: Progress of Women in the Arab States 2020: the role of the care economy in promoting gender equality. The webinars provided forums for sharing the report findings and policy recommendations. This series included 5 webinars organized over three days where the regional overview chapter and the country chapters on Egypt, Palestine, Jordan and Tunisia were presented consecutively. The webinars attracted good representation of nationals particularly interested in report findings and chartering way forward.

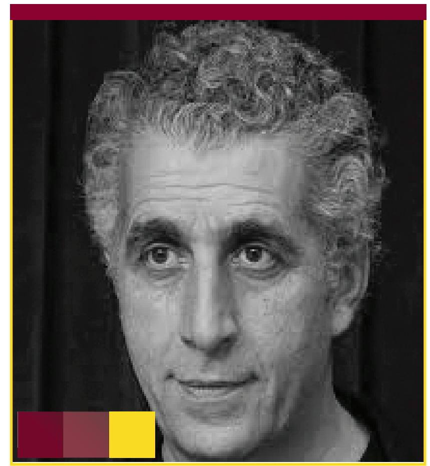
From Fragility to Resilience: Avoiding the Failed State Trap and the Road Ahead: Algeria, Iraq and Sudan

In 2020 ERF launched a new project on From Fragility to Resilience: Avoiding the Failed State Trap and the Road Ahead: Algeria, Iraq and Sudan. The project is graciously funded by the International Development Research Center (IDRC) and led by Ishac Diwan .

ERF First Team Leaders meeting

May 27, 2020 | Online consultation meeting

The meeting marked the launch of the project and set out the modalities of operations amongst the team members in Algeria, Iraq and Sudan. The project emphasizes the importance of consultations with the various stakeholders from the outset: local partner institutions, team formation, crucial role of local researchers, private sector, unions and civil society groups. To further promote engagement with national stakeholders, the papers will be produced in local languages as well as English.



ISHAC DIWAN

From Fragility to Resilience: Avoiding the Failed State Trap and the Road Ahead in Iraq's

November 30, 2020 | Online consultation meeting

This meeting focused on Iraq specific papers addressing moving from opposition to vision and from slogans to programs. Focusing on solutions that can work, envisioning the contours of a better future, reflecting on how to get there, and bargaining more effectively with political elites in the shaping of a more progressive social contract. In this respect, ERF organized an online meeting to bring together the team members and to discuss the outline of the different papers.

Aftershock of the Arab Uprisings: Reconstruction, National Peace and Democratic Change

ERF has been engaged in conducting a multi-year research project, comprising four sub-projects: national peace-building and post-conflict transitions in conflict-afflicted Arab countries; the impact of violent conflict on lives and livelihoods in the MENA region; the foundations for post conflict economic growth; and Economic Interdependency and Conflict. This multi-year program is graciously funded by the Ford Foundation.

The first track, led by Samir Makdisi and Raimundo Soto, presenting a general framework that describes the overall socio-economic agenda for the Arab countries recovering from civil conflicts amd domestic violence, complemented by two specific dimensions of the conflict question relevant to the region, namely: the effects of horizontal inequality and, the relationship between power-sharing institutions and post-conflict trajectories in countries that have experienced civil war and their quest to achieve a new , more stable social contract, has been successfully completed. An edited volume, Aftershock of the Arab Uprisings: Reconstruction, National Peace and Democratic Change, in under preparation to feature the project papers.

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

The second track is focused on the impact of violent conflict on lives and livelihoods in the MENA region and is led by Tilman Bruck.

Insecurity and violent conflict of various intensity shape societies in several MENA countries directly - or indirectly, via conflicts in neighboring countries. The conflicts differ in cause, nature, duration and intensity and hence have diverse and changing impacts on people and households. More importantly, these impacts may in turn compound the other socio-economic trends by, possibly, affecting population growth, unemployment, gender norm differentiation, political radicalization, weakening state institutions and increased needs for but reduced abilities to fund public services and infrastructures. Despite these fundamental and interlinked societal challenges, the MENA region is comparatively under-researched in terms of applied micro-level analysis, both by economists and other social scientists. In particular, it is not very well understood how some of these security and socio-economic trends shape each other. For a given conflict, there are a multitude of topics that can be addressed, ranging from demography, social issues, health, education, labor markets and migration via agriculture, product markets and trade to social norms, attitudes and political behavior and, of course, to the role and the effectiveness of policies and interventions.

TILMAN BRUCK

The workshop provided a platform to bringing together the authors to discuss the eight papers which were competitively selected through an open call process addressing the implications of conflict, drawing lessons for possible post-conflict economic reconstruction agendas.

Foundations for Post Conflict Growth Agenda in the MENA Region

November 26, 2020

The third track addresses the foundations for post conflict economic growth and is led by Semih Tumen.

The Arab Spring substantially affected the political and economic fundamentals of many countries in

SEMIH TUMEN

the region. Some countries have reacted positively by quickly restoring stability and implementing reforms to enhance resilience to shocks, while others have experienced devastating wars and conflict with huge physical & human capital costs, large-scale institutional degradation, multi-dimensional conflict, and state failures. Millions of people have been forced to leave their homes. Intensity of conflict and violence have declined recently; however, conflict has not fully ended yet and risks are still alive: (i) proposes data-driven and evidence-based methods for measuring socio-economic costs of conflict, (ii) establishes new tools to forecast the pace of economic recovery, (iii) discusses the urgent need for establishing new institutions and repatriation issues, and (iv) highlights the critical role of long-term political stability in effectively facilitating post-conflict reconstruction.

The workshop provided a platform to present and discuss the papers and the findings of the reserch work among authors and experts in the field.

Finally, the fourth track led by Ahmed Ghoneim, has been launched to address the impact of economic interdependence on conflict and the impact of conflict on economic interdependence in the context of the Arab world.

Stakeholder Consultation and Brainstorming Workshop on Social Protection in Jordan

December 17, 2020 |
Virtual Meeting

Principle Investigators:
Ragui Assaad, Irene Selwanes, and Caroline Krafft

What is social protection and what does it seek to achieve? Jordan's vision for social protection is that "All Jordanians enjoy a dignified living, decent work opportunities and empowering social services." Contributory and non-contributory pensions, cash transfers, unemployment insurance, provisions for maternity and other leaves, minimum wages, livelihood support, health care, and subsidies for energy or food are all part of the landscape of social protection. The design and coverage of such programs is a critical question for the government and civil society, as it impacts the wellbeing and vulnerability of families and individuals. The importance of a strong social protection system has been underlined by the recent COVID-19 challenges. Research can support understanding and improving social protection – but only if it asks the right questions.

ERF convened this workshop at the outset to understand from civil society and experts in social protection what the pressing questions, debates, and issues are in social protection for Jordan.

Supporting Economic Resilience and Recovery from COVID-19 in Egypt through Digitalization

June 20, 2020 |
Virtual Meeting

Covid-19 in 2020 accelerated the world's attention towards the potential digital transformation holds at the global, national, industry, firms and individual levels. Digital transformation has emerged as an opportunity to increase economic resilience and recovery. Digital transformation theme and activities, led by Sherine Ghoneim, have been firmly placed on the ERF agenda.

ERF participated in an expert group meeting convened by the UN and Ministry of Planning, Egypt. The expert group is tasked to address the global trends and opportunities for digitalization have emerged as a result of the global impact of social distancing and of the Covid-19 Crisis, the opportunities and obstacles at the national level, the issue of the digital divide, the main structural measures that require attention and the short-term actions that merit immediate course of action.

SHERINE GHONEIM

Growth, Employment, Poverty, Inequality, and Digital Transformation in the Arab Region

For the Arab region, the potential for digitalization to produce economic gains appears large, particularly over the longer term. However, digital transformation could have significant and unpredictable impacts on income and wealth inequality, employment, trade and investment, supply chains, migration, service delivery, and environmental and climate-related challenges.

This policy-focused research project is a collaboration between The Arab Development Portal and ERF. Led by Mustapha Nabli, the project examines how digital transformation is affecting economic growth and structural transformation through its impact on key sectors of the economy, and what are the opportunities that digital transformation can provide in supporting inclusive and sustainable growth, employment generation and poverty reduction? It examines also how is digital transformation affecting human development and human capital accumulation, and what is its potential impact on inequality and poverty? Potential risks, especially for vulnerable populations (through widening inequality, job loses, and so forth) will be assessed to the extent feasible, based on availability of data. Where data and other information are available, papers will assess the potential effects of the COVID-19 pandemic on existing vulnerabilities (including vulnerabilities in the gig economy) that can exacerbate inequalities, and discuss policy options for addressing the potential challenges.

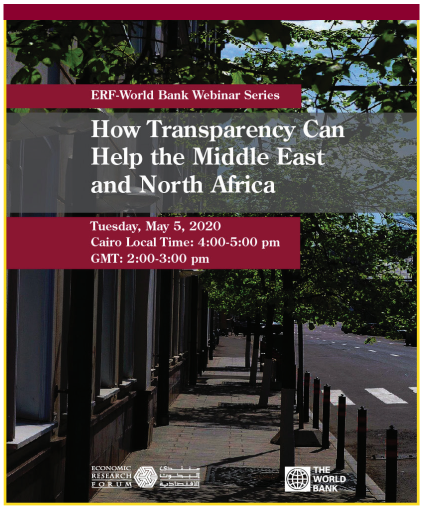
The research program will produce 5 thematic papers and 8 country-level policy briefs on the subject: Egypt, Jordan, Lebanon, Tunisia, Algeria, Morocco, Saudi Arabia and Oman. The project commissioned internationally known experts to write five thematic papers on global and region-wide issues related to the digital transformation. Meetings were set up to provide a platform for expert peer review and an opportunity to discuss and debate initial policy recommendations and input to country studies. First meeting on Inequality and digitalization in the 21st century, including within country and across countries economic forces that affect inequality in opportunities and in outcomes, and their impacts and policy implications for the Arab countries/ MENA region was held on December 22, 2020. Paper authorship: Shahid Yusuf. Special review by Francois Bourguignon.

MUSTAPHA NABLI

How Transparency Can Help the Middle East and North Africa

April-June, 2020 |
Virtual Meeting

In partnership with the World Bank, Office of the Chief Economist – MENA, ERF organized a series of webinars in April – June, featuring: How Transparency Can Help the Middle East and North Africa, and 'Measuring Monetary Poverty in the Middle East and North Africa (MENA) Region: Data Gaps and Different Options to Address Them'. The series brought together the report authors with distinguished experts on the various topics from the region to discuss and debate report findings from a regional perspective. The key messages were also set out in a series of policy articles preceding the actual webinar organization.



Publications

ERF Policy Portal

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

In October 2017, ERF launched The Forum, a policy portal for the Middle East and North Africa, with the aim of becoming 'the platform' for rich and relevant debates in the region on economic, social and political development issues.
The Forum features accessibly written summaries of research papers and policy reports as well as research-based commentaries on issues relevant for the ERF region, at the national, regional and international level. Over the course of 2020, for example, there have more than 30 columns on the impact of Covid-19 on MENA and the global economy, as well as several on oil prices and on the crisis in Lebanon.

Most of the columns are commissioned directly by the co-managing editors, but The Forum also posts some unsolicited columns. Leading economists who are interested in contributing a 'research-based policy analysis and commentary' – or simply a summary of their latest research papers for a lay audience – are encouraged to communicate directly with the co-managing editors and the editorial board.

The Forum offer an opportunity for economists to write articles longer than newspaper op-eds (up to 1,500 words) containing a degree of technical nuance, but which do not go into the same level of detail as a journal article. It provides an outlet for researchers to air policy insights and arguments based either on an existing body of original research, or to comment on unfolding economic, social and political events.

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

ROMESH VAITILINGAM

Co-Managing Editors:
Romesh Vaitilingam, Ibrahim Elbadawi and Sherine Ghoneim

Editorial Board:
Hala Abou-Ali, Ragui Assaad, Ishac Diwan, Abda El-Mahdi, Ibrahim Elbadawi, Jamal Haidar, Samir Makdisi, Kamiar Mohaddes, Sherine Ghoneim (ex-officio)

+300

ARTICLES WERE PUBLISHED ON THE FPRUM BETWEEN 2017-2020

+250

CONTRIBUTORS TO THE FORUM

Communications and Outreach

The Forum's founding editor was Mustapha Nabli and he was co-managing editor with Romesh Vaitilingam from the policy portal's launch in October 2017, Since 2018, Ibrahim Elbadawi and Sherine Ghoneim have been co-managing editors alongside Romesh.
The rest of the editorial board consists of Hala Abou Ali (Cairo University); Ragui Assaad (American University in Cairo and University of Minnesota); Ishac Diwan (Paris Sciences et Lettres and Columbia University); Abda El-Mahdi (UNICONS Consultancy); Jamal Ibrahim Haidar (American University in Cairo and Harvard University); Samir Makdisi (American University of Beirut); and Kamiar Mohaddes (King's College, University of Cambridge).

From when the policy portal was launched in October 2017 until the end of 2020, The Forum had published more than 300 columns (including over 80 in 2020) written by over 250 contributors. Ten contributors have been particularly prolific, publishing at least five columns to date:

- Rabah Arezki (Chief Economist and Vice President for Knowledge Management and Economic Governance at African Development Bank Group) has written 25 columns on macroeconomics, oil prices, competition policy, trust, structural transformation, the digital economy and the impact of Covid-19 (including 11 in 2020).
- Khalid Abu-Ismail (Chief of Economic Development and Poverty Section at the United Nations Economic and Social Commission for Western Asia) has written 15 columns on poverty, inequality, fiscal policy, aid effectiveness and the impact of Covid-19.
- Caroline Krafft (Saint Catherine University) has written 14 columns on issues around gender, migration, refugees, education, housing, marriage and the labour market in Egypt, Jordan and Tunisia.
- Simon Neaime (Director of the Institute of Financial Economics at the American University of Beirut) has written 11 columns on fiscal and monetary policy, trade agreements, financial stability and exchange rates.
- Ragui Assaad has written eight columns on labour markets in the region, including youth transitions, refugees, Jordan and human resource development.
- The late Magda Kandil (who was Chief Economist and Head of Research and Statistics Department at the Central Bank of the United Arab Emirates) wrote eight columns on fiscal policy, oil prices, banks, corporate ownership, Iran and the response to Covid-19.
- Jackline Wahba (University of Southampton) has written seven columns on education, gender, migration, refugees and the labour market.
- Samir Makdisi (American University of Beirut) has written six columns on political economy, regional development, Lebanon and post-conflict reconstruction.
- Ferid Belhaj (Vice President for the Middle East and North Africa at the World Bank) has written five columns on competition policy, growth policy and trust (including four in 2019)
- Ralph De Haas (Director of Research at the European Bank for Reconstruction and Development) has written five columns on gender discrimination, life satisfaction, microcredit, constraints on private enterprise and the demographic transition.

The Forum has published columns in 34 broad areas of economic policy concerns. Topics that have received particularly extensive coverage include political economy (65 columns); labour markets and human resources (58); growth and development (54); inequality and poverty (35); business and productivity (34); education (34); international trade (33); fiscal policy (32); conflict and instability (31); gender (27); oil and natural resources (26); migration and remittances (23); structural transformation (22); institutions (17); and public spending (17).

Similarly, The Forum has published columns focusing on all countries in the region, as well as on particular groups of countries, such as the GCC, and on pan-regional, pan-African and global policy issues. Countries for which there has been particularly extensive coverage include Egypt (52 columns); Turkey (37); Jordan (16); Syria (15); Tunisia (15); and Lebanon (23).

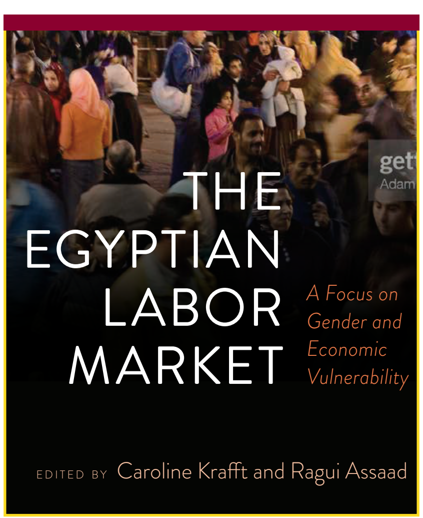
In 2020 ERF also launched a series of Policy Seminars. Nine webinars were held to bring in the regional perspectives on key emerging challenges hosting regional and international experts. Webinars accessible on the ERF Policy Portal and ERF YouTube Channel.

The Forum welcomes ideas for new contributors and policy questions on which research evidence can provide valuable insights.

Policy Briefs

ERF Policy Briefs seek to communicate clear, research-based views on policy relevant topics in a concise manner derived mainly from ERF research as well as other sources. Policy briefs strictly present solutions or actionable recommendations to economic debates and policy problems. This year saw the publication of four new Policy Briefs. ERF Policy Briefs can be accessed online. The full list of policy briefs published in 2020 is available in Annex C).

Edited Volume
(in Press)

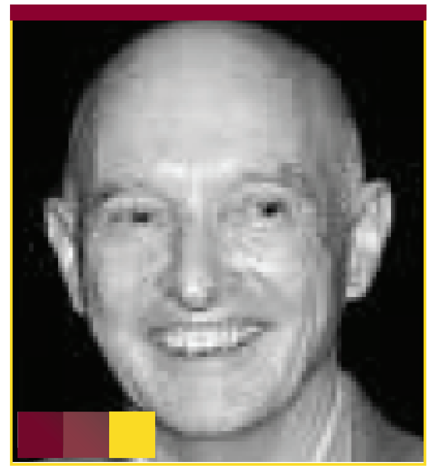


Middle East Development Journal

Letter from the Managing Editor

I would like to take the occasion of my last annual report to express my gratitude to all those who have contributed so much to make the Middle East Development Journal a success. The strength of the journal rests on the three pillars that support research on economic development in the region from inception to publication. A word on each.

Researchers are of course the central pillar of MEDJ. Thanks to their efforts, over 400 manuscripts have been submitted to MEDJ since its inception in 2009. Thirty-eight manuscripts were submitted in 2019, the last year for which we have full-year data, from countries as diverse as Egypt, Germany, Saudi Arabia, Tunisia, Turkey, United Arab Emirates, United Kingdom, and USA. Sixteen papers were accepted implying an acceptance rate of 42 percent. 2020 has seen even more submissions ensuring that the journal has a strong



LYN SQUIRE

+5291

FULL TEXT DOWNLOADS IN 2019

+2744

NUMBER OF INSTITUTIONS WITH ACCESS TO MEDJ

RAIMUNDO SOTO

pipeline with nine accepted papers already in hand for 2021, 14 under review and nine out for revision.

Reviewers are the second pillar. They deserve a special word of thanks because reviewing papers by other researchers can at times feel like a chore. It should be remembered, however, that having our own papers reviewed is the other side of the coin. It may not be a direct or immediate benefit but overtime everyone is better off from this professional ethos. MEDJ is fortunate in having an outstanding group of Editorial Assistants – Ragui Assaad (University of Minnesota), Leila Baghdadi (University of Tunis), Ali Darrat (Louisiana Tech University), and Kamiar Mohaddes (University of Cambridge) – who ensure that reviews are of the highest quality by directing submissions to the best equipped reviewers. A massive thank-you to each of them.

Our publishers are the third pillar. Taylor & Francis do a wonderful job of disseminating research appearing in the pages of MEDJ. Their efforts are reflected in the number of institutions with access to MEDJ – 2,744 in 2019, the latest year for which we have data, and in the 5,291 full text downloads, an increase of 59 percent over 2018. As Managing Editor, I have also benefitted greatly from Taylor & Francis's support throughout the publication process, and in particular from our first responder, Jackie Fernholz.

It's with mixed feelings that I step down, but I have a strong belief in the critical importance of periodic infusions of new blood and fresh ideas and have absolute confidence that my successor will take the journal to new heights. He will navigate it through the ever-evolving technological environment and the always-changing research agenda, and do a much better job going forward than I could aspire to. Thank you.

Working Papers

The ERF Working Papers Series provide a channel for research communications for papers presented at the ERF Annual Conference, or produced through ERF Research Program or authored by members of the ERF network of affiliates. ERF Working Papers are subject to a review process before publication, by the ERF Managing Editor, Hassan Hakimian. This year saw the production of 72 new working papers. The papers are fully accessible online and are widely shared through the ERF master mailing list.

HASSAN HAKIMIAN

ERF website and knowledge portal

The ERF website and knowledge portal provides a knowledgebase featuring the profiles of 370+ ERF distinguished network of affiliates, a database of all ERF publications, 1400+ working papers, an impressive archive of ERF annual conferences, policy conferences, and events. It provides a gateway also to the ERF Data Portal and the ERF Policy Portal – The Forum.

ERF

Annexes

Annual Report
2020

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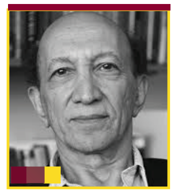

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Annex B: Research Projects

Natural Resources and Diversification

Under this theme, ERF completed one project and five projects were initiated.

Completed Projects

Civil War Onset, Natural Resource Rents and Social Cohesion

Ibrahim Elbadawi and Chahir Zaki

This paper examines the nexus between civil war onset, natural resource rents, and social cohesion. Indeed, the main hypothesis is centered on the role of the hydrocarbon resource in promoting conflicts, especially in societies characterized by discrimination. Hence, using a comprehensive dataset, this paper's contribution is twofold. First, we test the non-linear effect of institutions and rents on the likelihood of civil war onset. Second, we introduce several measures of social cohesion and institutions. Our main findings show that both political institutions and rents have a non-linear effect on the outbreak of civil wars. Moreover, social cohesion variables measured by the share of discriminated population increases the probability of a civil war onset. These results remain robust in different econometric specifications, various estimation techniques and diverse measures.

Initiated Projects

Fiscal Sustainability in the MENA Region in Light of COVID-19 Crisis

Diaa Noureldin and Nada Eissa

There is a growing need for in-depth systematic studies about fiscal sustainability and the existing fiscal space in the MENA region to deal with the emerging challenges. Such studies should aim to tackle the following questions: What are the linkages between growth, interest rates, debt and demographic trends in the region? Is there an optimal level of debt for MENA countries over which debt is harmful for growth? How can debt be viewed from an intergenerational equity viewpoint? And how can one extrapolate the policymakers' preferences for the tradeoff between the present and the future? Why are fiscal rules almost completely lacking in the region? How did their absence affect the nature of fiscal policy, the magnitude of fiscal multipliers and the efficacy of automatic stabilizers? What is the available fiscal space for MENA countries, and what are the main factors that pose significant threats to the existing fiscal space in the post-Covid-19 recovery? Is there evidence of fiscal response to increasing debt in the form of a fiscal reaction function? What are the main variables that determine the fiscal stance at the country level? Would fiscal sustainability be affected by global exogenous factors such as the possibility of the demise of the US dollar as the global reserve currency or an extended stance of de-globalization? For the resource-rich economies with significant buffers of sovereign wealth, how can this wealth be preserved and managed in a world with negative interest rates and increased volatility in financial markets? Are the MENA economies ready to shoulder the costs of climate change? The project will be composed of a group of commissioned papers and a call for papers to ensure systematic and balanced coverage of the research questions identified above.

The Economic Impact of Covid-19 in MENA Region

Kabbashi Suliman, Ibrahim Elbadawi and Alma Boustati

The rapid unprecedent spread of Covid-19 pandemic confronted mankind with grave challenges relating to the threat of the virus itself and about how to provide pharmaceutical solution, while redressing the simultaneous colossal supply and demand shock inflected on the economy. The lack of prior understanding of worldwide superspreading events, such as the Covid-19, combined with the lockdown measures imposed on the economic activities to contain the virus in absence of effective anti-virus, has constrained the ability of policy makers in many countries to choose strategically in the face of growing uncertainty, lack of information and looming risks. The cost of disrupting the market mechanisms brought by the current solution, are likely to persist for many years and dwarf the cost of the 2008 financial and economic crisis, (Jenny 2020). The continuing challenge and uncertainty of the Covid-19 pandemic as well as the strong heterogeneity of country-specific response to the virus and resultant economic cost motivate this research to review the extent to which health, economic and security impacts of the pandemic shock are playing out in MENA countries, including reviewing the policy mix deployed to confront the disease in addition to the policies needed to start and sustain the post-Covid-19 economic recovery, if any, or reintroduce the lockdown. The project will try to answer the following questions: What is the prevalence rate, and how did the cases and death toll evolve in MENA region? How did the healthcare system respond? How is economic performance measured by real growth impacted by Covid-19? What are consequences on public resource mobilization (tax and customs)? How effectively countries cushion in terms of strengthening their fiscal institutions and adopting tax digitization for expanding the resource mobilization base? What are the welfare benefits of drawing resources from the SWFs to insulate the economy from the impact of Covid-19 lockdown compared to the alternative of borrowing from elsewhere? How the SWFs behave in response to declining oil revenues driven by the pandemic predicament? How the pandemic impacted the drivers of inflation? How supply and demand disruptions and the resultant fiscal and monetary responses contributed to inflation dynamics and measurement bias? How the pandemic impacted labor market in terms of employment, remittances and unemployment? Who is affected the most, in particular, how do females fair? What policies put in place to shield workers, and how labor market participation evolved? How the pandemic-mitigating-policy responses such as fiscal transfers to the workforce as well as business tax exemptions can contribute to formalization of informal laborers and firms that are typically most exposed to the Covid-19 shock?

Call for proposals on "Mitigation and Adaptation to Impact of Climate change in MENA countries"

Atif Kubursi

The MENA countries are particularly vulnerable to climate change disasters and their consequences given the fragility of their ecosystems, their heavy dependence on natural capital and the environment for survival and prosperity, the limited adaptive capacities of these countries to environmental shocks and the limited preparedness to mitigate these shocks. The physical vulnerability of these countries is particularly severe in low coastal lands (UAE, Egypt, Lebanon), harsh environments (those with large desert areas (Saudi Arabia, Kuwait, UAE, Oman, Bahrain, Qatar)), those with fragile ecosystems (almost all of the Arab countries), and water stress problems (all Arab countries with the possible exception of Lebanon). The impacts of climate change translate into significant public and private costs, taken together and across numerous sectors. The exposure and vulnerability of people, physical and natural assets to climate change are dynamic, varying across temporal and spatial scales and are influenced heavily by economic, social, geographic, demographic, cultural, institutional, governance, and environmental factors. Quantifying the economic impacts of climate change is requisite to an informed policy debate regarding the urgency and choice of actions to mitigate the most severe impacts. Against this backdrop, ERF launched a call for proposals where researchers address topics related to the impact of climate change, including: The effects of climate change on economic activity, productivity and economic growth; What are the defining characteristics, country specific climate challenges and what are the sub-regions that are more vulnerable to climate change in general and particularly to extreme weather events, excessive heat, loss of precipitation, new diseases and viruses, sea-level rise, land erosion and desertification?; What adaptation measures/ policies are planned, how do they relate to fiscal sustainability, can the region sustain these measures and programs depending on local resources, how much external help will they need? What are the distributional implications of the climate change shocks? What is the cost in terms of forgone growth of this climate change shock? What is the effect of international environmental agreements on climate change adaptation/mitigation? And many other topics related to the impact of climate change. ERF received 48 proposals in total, currently being reviewed by the refereeing committee and seven proposals were selected for funding.

On Stranded Assets and Climate Risk: Are Financial Markets the Last Resort?

Mouez Fodah, Djamel Kirat, and Chahir Zaki

Several economies rely on fossil fuel production and exports, especially the Middle East and North Africa (MENA) region. However, with the low-carbon technology diffusion, the advancement in renewable energy and the boom in environmental agreements, the demand for fossil fuel is likely to decline, leading to the increase in stranded assets. This reflects the energy transition risk for countries whose engine of growth is based on the exploitation of fossil resources, such countries in the MENA region. These countries are also subject to climate risk. The latter is measured as the cost a country must bear to repair the physical damage caused by climate change. This paper tries to analyze how financial markets are affected by climate and energy-transition risks in the MENA region. This paper asks whether these risks affect the cost of public borrowing in countries of the MENA region. The question is interesting because financial markets are forward looking and are supposed to anticipate future shocks. The focus of the paper is on whether and to what extent financial markets take these climate and energy-transition risks into account. If these risks are correctly anticipated by the financial markets, the most exposed countries would face a risk premium, and therefore a higher cost of borrowing.

Estimating the Potential Effects of COVID-19 on Jordan: A Macro-Micro Approach

Racha Ramadan and Chahir Zaki

The objective of this project is threefold. First, it provides an overview of the COVID-19 development impact on Jordan and the government's response to it. Second, using a descriptive analysis and based on available data, the report examines the preliminary and future potential effect of the COVID-19 on the economy. Finally, from a social perspective, the report should provide some policy recommendations to curb the negative effects of this shock for both the short and long terms.

Digital Transformation

Under this theme, ERF initiated 2 projects.

Initiated Projects

Inter-Regional Comparison for the Implications of Digitalization and Disruptive Technologies for Sustainable Growth, Poverty, Inequality, Women and the Youth in North Africa and Sub-Saharan Africa

Shahrokh Fardoust

The project addresses the inter-regional comparison for the implications of digitalization and disruptive technologies for sustainable growth, poverty, inequality, women and the youth in North Africa and Sub-Saharan Africa. It examines the impact of disruptive innovation and how it is transforming the economic potential of Sub-Saharan Africa (SSA) and the Middle East and North Africa (MENA). Digital technologies have the potential to transform the global economy, in both good ways and bad. The challenge will be to capitalize on the opportunities technology creates while managing inherent risks, with a view to establishing more prosperous, inclusive, and resilient economies. ERF and the African Economic Research Consortium (AERC) are collaborating to produce a policy regional report addressing the following questions: What are the key disruptive technologies that are affecting MENA and SSA? Are they the same in both regions? Do MENA and SSA countries have adequate social safety nets to deal with the potential dislocations the new technologies may cause? What policy steps need to be taken to help countries in MENA and SSA harness the benefits of digitalization and mitigate its risks? In which countries or sectors are additional policy actions needed? Will countries in both regions have the infrastructure and enabling environments required to take full advantage of the digital revolution?

Growth, Employment, Poverty, Inequality, and Digital Transformation in the Arab Region: How Can the Digital Economy Benefit Everyone?

Shahrokh Fardoust and Mustapha K. Nabli

This policy-focused research project is a collaboration between The Arab Development Portal at the UNDP Regional Bureau for Arab States and the Economic Research Forum (ERF). This project examines how is digital transformation affecting economic growth and structural transformation through its impact on key sectors of the economy, and what are the opportunities that digital transformation can provide in supporting inclusive and sustainable growth, employment generation and poverty reduction? It examines also how digital transformation affecting human development and human capital accumulation is, and what is its potential impact on inequality and poverty? Potential risks, especially for vulnerable populations (through widening inequality, job loses, and so forth) will be assessed to the extent feasible, based on availability of data. Where data and other information are available, papers will assess the potential effects of the COVID-19 pandemic on existing vulnerabilities (including vulnerabilities in the gig economy) that can exacerbate inequalities, and discuss policy options for addressing the potential challenges. The research program will produce 5 thematic papers and 8 country-level policy briefs on the subject. The five thematic papers will focus on the following issues: Globalization and digitalization, Inequality and digitalization, Digitalization and E-commerce, financial globalization and fintech, and the global economic context and likely scenarios in light of COVID-19. The 8 country-level policy briefs will include a short and selective review of the development experience of the country, including the political economy context and progress in digitalization in the country. The case study will consider how technologies have affected and are likely to affect productivity growth, employment, poverty, and inequality in the country, and how they may affect the country's economic prospects. The papers will consider what policy steps/measures (institutional/governance, macroeconomic, sectoral, and social protection) need to be taken to help harness the benefits of digitalization and mitigate its risks.

The Political Economy of Transformation in the Arab Region

Under this theme, ERF initiated 24 projects.

Initiated Projects

Cronyism and the Future of the Private Sector in Sudan, Algeria, and Ethiopia
Ishac Diwan

This research project looks into the nature of state-business relations (SBRs) in Algeria, Sudan, and Ethiopia, and how these might evolve in light of the changing internal circumstances. The three countries are going through a process of political change, with the possibility of transitioning from an autocratic political regime, to a more democratic and open one. While the economic conditions and performance of the economies of the three countries differ markedly, the relation between state and businesses until the recent events had a close resemblance, and the future challenges in terms of democratic aspirations, as well as private sector development also bear some similarities. The aim of the proposed work is to understand the nature of "cronyism" in the recent past - in the sense of close relation between the state and some privileged firms, and to explore its political role and its economic consequences. An understanding of the mechanisms used to provide privileges to some firms, and impose restrictions on others, can help figure out how state business relations fits within the broader political economy framework in select countries in North Africa and Sub Saharan Africa, and how generated privileges for insiders sustained an anti-competitive business climate, and how this reduce the growth and jobs generating potential of these countries. The goal is to be in a better position to think of how these relations can be changed in the future in ways that support better political as well as economic performance, and to provide a solid evidence-based policy advice on how to move forward.

Vision that Iraq's youth have for their country
Ahmed Qasim and Ali Al-Hammood

The paper uses a recent survey of youth attitudes that aims to uncover their grievances and aspirations, how they view Iraq's past, the lessons they draw from it, and their economic and social demands looking ahead. This is especially relevant, as a number of studies have emphasized the lack of agreement about the momentous events in Iraq's past, with disparate views on how to describe them. The driving question is to understand the relation between the variations in the views of the youth relating to the past, notably the post-2003 political system, with their aspirations for the shaping of a more inclusive, representative political system, their opinions about the nature of federalism and power-sharing, their views about sectarian-based political parties and more generally the relation between religion and the state, and finally, their views about the nature of the political process (parliamentary versus presidential) and the electoral rules.

History and changing composition of social movements
Renad Mansour and Toby Dodge

Understanding the past of protests in Iraq helps understand the potential trajectory of today's protests. The paper offers a political reading of protest movements and of these evolution and transformation over time, especially after 2003. The evolution of protests is analyzed in terms of generational changes, economic change, and change in ideological factors. In each phase, the complementarity between the nature of social movement and the sociological/ economic and ideological context of these movements will be investigated. There will be a focus on three questions: which socio-economic groups do protesters represent at various points in time? To what extent did movements see their action as one of reform vs. revolution? And what has been their effect in re-shaping politics?

Women and the Iraqi Uprising
Zahra Ali and Asmaa Jameel Rasheed

This paper explores women's involvement in the Iraqi October uprising and investigates issues of women, gender and feminisms in relation to social movements and protest politics. Beyond notions of "participation" and "representation", the paper intends to provide a complex analysis of the relationship between protest politics and gender norms and practices connecting the private to the political. It also explores issues of space, violence and biopolitics providing both a contextual and historical understanding of the significance of gender and feminisms in contemporary Iraq.

Annex B: Research Projects

Initial economic and social conditions in Iraq

Bassam Youssif and Omar El-Joumayle

This paper evaluates existing social and economic conditions and is intended to analyze existing constraints to policy as well as, more generally, to assess the policy horizon looking ahead. We start with an examination of Iraq's developmental institutions and role that conflict has played in shaping those. We turn then to issues of corruption, rentierism, the bloated public sector and the redistributive functions of the state. This will inform us generally of what is possible and viable to undertake in terms of policy, especially as it relates to demands by youths for jobs (especially in state employment), an end to corruption, improved public services and the like. A main line of enquiry will be the financial/economic unsustainability of present policies, especially given the low levels of economic diversification and the likelihood that oil prices will remain low in the near to medium term. Finally, the paper will touch on the requisite adjustments in fiscal policy, repercussions on employment, incomes, services, and more broadly, and the role of the state, including the declining levels of oil revenue and consequent weakening of patronage and its implications for political elites.

October's 2019 Protests in Iraq as Perceived by the Protestors: A Field Study

Faris Nadhmi and Mazen Hatem

The paper is based on a quantitative field study conducted in November and December 2019, in which the opinions of a sample of demonstrators in Tahrir Square in Baghdad (about 1,000 protesters) were surveyed from different gender, age, social, economic, professional and educational backgrounds, and from various spatial gatherings within the square.

Environmental issues, oil and agriculture in Iraq

Bassam Yousif, Jehan Baban, and Omar El-Joumayle

This paper provides and assessment of environmental pollution and degradation and the state of water resources and their decline, along with agriculture, over the last 50 years. While agriculture's share of GDP has declined to record lows, the sector continues to be a sizable employer and hence is a significant economic sector. Topics discussed include the economic value of the marsh regions of southern Iraq, the sharing of water with Turkey and Syria and waste management. The paper might be broadened to include the preservation of cultural and natural sites that play a symbolic role in shaping the national ethos.

Political economy and state-business relations in Iraq

Omar Sirri

Iraq's political economy was fundamentally reshaped by the US-led invasion and occupation of the country in 2003. In this chapter, I analyse Iraq's political-economic landscape by zooming in on Baghdad. One way of understanding state-business relations is by investigating social-spatial transformations in Iraq's capital city, and specifically the ways in which the country's ethnosectarian political system has infiltrated and thus can be mapped over urban spaces and social relations—in turn helping to explain how capital is created and accumulated among elites in Iraq. I focus on two of the city's most important economic, entertainment and consumer districts: Karada on the east side of Baghdad, and Mansour on the west. Studying these two economic hubs helps to show the entanglements between violence, property and consumption, and how they co-constitute. I illuminate how changes in social-spatial life across Baghdad are grounded in political-economic logics through which elites in control of state institutions and parastatal armed entities politically and financially benefit. My focus in this chapter connects concerns of political economy and state-business relations with drastic changes in the political geography of Baghdad. I spotlight specific sites and places—like a conference hall in Karada and a shopping mall in Mansour—to make tangible and visible ambiguous terminology, like "corruption," which analysts commonly use to write off Iraq and its capital city. I ground my arguments and reflections in qualitative, ethnographic research carried out in and around Baghdad between 2017 and 2019. I rely on semi-structured interviews I conducted with engineers, bureaucrats, urban planners, activists, politicians, and security personnel, among others. This qualitative approach to studying state-business relations in Iraq illuminates the mechanisms of political-economic power in and across Iraq, while also showing how the everyday lives of Baghdad's most vulnerable residents are impacted by growing levels of inequality.

Regionalism and Federalism in Iraq

Hashim Al-Rikabi

Iraq is currently deeply divided along regional (and confessional) lines. Looking forward, the paper will discuss whether and how decentralization canto start alleviating these existential tensions. (i) Technically, what are the options for dividing up functions and revenues, intergovernmental fiscal transfer (formulae with possible weights for size, population, poverty and needs, performance, presence of natural resources); what are the option for levels of decentralization and representation? (2) Can a more decentralized system work? Would corruption move to the local level? Can one expect better checks and balances due to the checks and balances created by local democracy? (3) Is decentralization a workable substitute for "consortialism"? Can groups be represented in a different way (eg. a senate), so as to avoid the Lebanese trap? To what extent can people feel secure enough in a rule of law democratic environment, and how is the balance between "liberal" and "ethno-sectarian" groups in internal politics?

Political economy of the legacies of the Algerian growth regime

Abdallah Zouache and El Mouhoub Mouhoud

The citizen movement, described as Algerian Hirak, caused the fall of the former president of the Algerian republic, but also that of a significant number of members of his ruling circle. Thus, several ministers have been condemned by the Algerian courts, but also many entrepreneurs who are symbols of the economic oligarchy. This movement was born from the economic failures of independent Algeria, despite the assets available to the territory in terms of natural resources. The failure of the political and social contract materialized by the Hirak finds its source in an economic failure based in particular on a rentier and bureaucratic growth regime. The ambition of our article is to identify the sources of these multiple failures. To this end, we have chosen to include them in the historical process which has built an economic and political contract specific to Algeria. The challenge, but also the difficulty, will be to estimate the respective share of a certain weight of a colonial heritage marked by a long presence (1830-1962), of a heritage of a planning socialism chosen at the independence as a condition of national sovereignty (1962-1988), and of a more contemporary legacy of a statist market economy resulting from the civil war (1989-2018). The identification of the structural causes of this failure will allow us to better define the survival of certain elements at the source of a continuity marking both political stability but also the persistence of a lack of development of the Algerian economy.

Hirak and the state representation crisis in Algeria: History at the service of political transition?

Karima Dirèche

The popular uprising of February 19, 2019 highlights the crisis of representation of the Algerian state. Faced with this now historic event, the state power has since deployed its entire arsenal of historical legitimation and repression. This contribution will address, from a historical perspective, the questioning of the political and ideological heritage of the Algerian regime. It will analyze the military and oligarchic matrix of state power as it imposed itself in 1965 and its evolution in the decades that followed. From the building of a revolutionary state to the tsunami of the Hirak, she will question the sustainability of official accounts on the historical legitimacy of the state and the possibilities of a political transition.

Regional Inequalities: What Do We Know About the Situation in Algeria?

Ali Souag

Regional balance has been and remains one of the objectives of Algerian economic and social policy. These policies began in the 1960s with the design of special programs for wilayates (governorate) experiencing deficits, both in terms of basic infrastructure and in terms of human development, and continued through the implementation of the national regional development plan. In this article, we are interested by the economic well-being at the regional level. Using data issued from Algeria Multiple Indicator Cluster Survey (MICS) 2012-2013 and Algeria Multiple Indicator Cluster Survey (MICS) 2018-2019 , we first identify the inequalities in terms of wealth (in education, health, public services,..) at the regional level, then ask whether the social policies put in place have contributed to reduce these inequalities.

Islamist parties as revealing of the limits of co-optation and rupture strategies in Algeria

Amel Boubekeur

Taking the case of the pluralization of the Algerian Islamist movement, especially after the Hirak, this paper will offer a new analysis framework to understand the limits of the official political game and the opportunities of the informal political repositioning of these actors.

The Repositioning of the Army and its Repertoire for Negotiating Change in Algeria

Belkacem Benzenine

This paper focuses on how rules of political and economic competition, negotiation, rupture and conflict regulation, have been reorganized since the launching of the Hirak. We will more specifically look at their impact on elite cooptation strategies using both by official institutions and unofficial pacts. How does the ruling elite uses mechanisms such as transitional justice, elections, media, constitution writing, and reforms (both in politics and economics) to try to survive the crisis?

Annex B: Research Projects

The attempts at structuring the Hirak in Algeria
Tin Hinane El Kadi and Hicham Rouibah

What new political and economic culture has the Hirak produced? How are the cross-classes, cross-ideological and horizontal demands of accountability shaping the movement demands and solidarity? In which ways does the new culture explain the organic forms in which it has organized itself?

The Reception of the Hirak and its Daily Usages in Algeria
Faisal Sahbi

Beyond questions of structures and leadership, the Hirak has been accepted very differently by various segments of the Algerian population. This paper will focus on the daily uses (and rejection) of the Hirak may have illustrated the idea of change.

Gender Relations in Algeria
Naoual Belakhdar

This paper will put gender issues as the chore of the Hirak's demands for a new social pact. Since 2002, there has been a greater solidarity towards women and their right to be full members of the movement and new cross-generational/cross-ideological gender oriented debates and actions have started to replace the old 1990s division between secular feminists and Islamists. How will gender be included in discussions around transitional justice, economic redistribution, institutional transparency etc.? Are protesters pushing for a gender balanced transitional road map?

Public health, the Covid-19 pandemic and the "Hirak" in Algeria
Mohamed Mebtoul

This involves mobilizing across the board the dimensions of public health, the Covid-19 pandemic and the "Hirak" with reference to politics, a way of instituting society (Mouffe, 2016). Public health as a moral and political enterprise (Fassin, 2001) is understood on the basis of its impositions, its certainties, its routine insignificance (Mebtoul, 2018), the daily conflicts between the various social agents. Its implementation reveals the political fragility of health professionals and patients (Mebtoul, 2010, 2015, 2018). The pandemic, far from being confined to the sole paradigms of medicine, questions the politics at the heart of the management of bodies (Fassin, 1996). It nevertheless represents an opportunity to normalize its power in the face of the "Hirak" still present in his political imagination. It imposes "its" decisions in a patriarchal and security logic, erasing all deliberative ethics (Peretti-Watel, Moatti, 2009). The population, far from being passive, is developing very harsh social criticisms of the managed management of the Covid-19 pandemic (Meboul, 2020). The health crisis is a relevant analyzer of "Hirak". It is at the heart of its current political temporality dominated by political uncertainties and hope (Mebtoul, 2020). By deciding to suspend the "Hirak" on March 13, 2020, the demonstrators are forced to hijack in the face of political repression. They produce plural socio-political dynamics at the margins. In conclusion, we will indicate that the political emancipation of the health system goes hand in hand with that of society. One does not go without the other.

The education system and the popular protest movement in Algeria (Hirak)
Karim Khaled and Aissa Kadri

Our research proposes through a socio-historical approach of the education system in its different orders, through an analysis of the reforms undertaken and the political responses brought to the successive crises of this one, to see how the political system allowed the control, formatting and anesthesia of youth, how he was able to control the formation of elites and instrumentalize them in a process of domination for the benefit of the authoritarian system, the deep socio-political nature of which must be characterized. Further still, it will also be a question of explaining, what are the main determinants, the causes and reasons which mobilized these social categories in the protest movement and above all of measuring the objective limits which they carry and which they encounter in the expression and affirmation of their claims. Since the demonstrations, admittedly frozen due to the pandemic, but still relevant (many youth collectives continue to debate on social networks), did not allow the coalescence between these different fractions of intelligentsias for notable advances in challenging a system that is more resilient than ever.

The Urban: A major spatio-political issue for a redefinition of the social contract in Algeria
Khadidja Boussaid and Safar-Zitoun Madani

The purpose of this article is to document an essential element in the construction of any society, of any State: the city, in its physical, demographic and especially political dimensions in fine, if we consider the urban fact as a dynamic, a process. geo-historical and social revealing of struggles and power relations. We therefore consider that the political and economic crisis that Algeria is going through can be read through the urban issue, in the context of several issues, from environmental issues, to territorial inequalities in terms of access to services, or the issues surrounding the confiscation and re-appropriation of public space as a political sphere of debate around citizenship. After analyzing recent developments in the urban phenomenon observed over the past twenty years, in particular in the Algiers region as the territorial and societal center of the country on the one hand, and through the identification of dysfunctions and other blockages linked to the way in which Social and urban practices and policies are part of the space, on the other hand, we will try to identify the major challenges posed by these realities and their practical and political translation into the theater of urban struggles. It will be a question of putting the emphasis on two key questions: the first relating to the inconsistencies and inadequacies of the housing policies which achieve the challenge of being inclusive for certain social categories and excluding for others and the second relating to the problematic of the "right to the city", which is above all a right to the expression and to the claim of an equitable citizenship and city life, which arises as a central societal issue. These two closely related questions express the difficulty of Algerian urban systems in proposing alternatives for the expression and realization of a modern urban society, that is to say inclusive and open which is not governed by logics of predation, and the archaisms of a system of clientelist distribution of oil rent crystallized in residential or land property as a counterpart to social peace.

Gender and Social Change in Sudan

Nada Mustafa Ali, Sawsan Musa Abdul-Jalil, Naglaa Abdelwahid, and Mai Azzam

This paper discusses the role women played in the 2018/9 uprising, and the impact of political change on women, gender and Sudan's economy. It does this through the development of two case studies. The first looks at the perspectives and experiences of women in relatively peaceful environments, focusing on street vendors in Khartoum, Port Sudan and selected other states. The second discusses the perspectives and experiences of women in the agricultural sector in the conflict-affected areas of South Kordofan, Darfur, and the Blue Nile area.

State-building and fiscal federalism in Sudan

Nada Eissa and Hamid Ali

The purpose of the paper is to go beyond from the traditional center–periphery arguments in Sudan about historical centers versus the new center, which has emerged through coercion. The paper will first address the causes of regional conflict, using scholarship on resource nexus and conflict. It then recognizes the country's diversity and immense size, and imagines how a new system of d fiscal federalism can address the root cause of the ongoing conflicts in the country.

Health in Sudan

Sara Abdelazim Hassanain and Abdelhadi Eltahir

The paper examines the various alternatives for addressing the health service delivery crisis by reforming the health system nation-wide. It focuses on ways to enhance the regulatory capacity of the health authorities regarding the private sector health service delivery. Several angles color the proposals: the lessons from the Covid-19 pandemic; the considerations for the ways in which the evolution of fiscal federalism would affect public health service delivery; and the political economy of the pharmaceutical sector. The paper envisions that a combination of foreign exchange liberalization and a robust health insurance system would resolve the foreign exchange shortages that afflict the sector, while availing affordable medicine to the public.

A renaissance project for Sudan - from poor agriculture to agro-industrial growth

Ibrahim Elbadawi, ElFatih ElTahir, Kabbashi Suliman, Abdelrazig Albasheer, Abdelrahman el khidr, Alzaki Alhelo, and Amir Elobaid

The central question of the paper is: what are the best ways of taking advantage of Sudan's comparative advantage in agriculture; geography, with a relatively long coastal line and neighborhood with four land-locked countries; and, demographic dividend buttressed by a youthful population of more than 67% below 30 years of age. The paper will argue for a model that combines inclusive agricultural production, tight linkages to industry, and strategies to rapidly improve productivity over time through education, new technologies, and investments in infrastructure.

Addressing sustainability and equity challenges in managing the environment and natural wealth in Sudan

Rashid Hassan, Hassan Abdelnur, and Abdelgaffar Ahmed

The purpose of this paper is to analyze the natural, institutional, and socioeconomic contexts and policy environments within which the transitional period administration in Sudan is to design its reform strategies and implement programs for prudent environmental management and equitable distribution of the benefits from exploiting the country's natural wealth. The

Annex B: Research Projects

analysis will focus on identifying major challenges to pursuing the goals of inclusive and sustainable development and propose intervention measures necessary to address them. Given the intimate interconnections between the environment and all spheres of economic, social and political life, the analysis will overlap with some of the other papers of the project.

Labor and Human Resource Development

Under this theme, ERF completed one project, one is still ongoing, and 13 are initiated.

Completed Projects

Report on Progress of Women in the Arab States 2020: The Role of the Care Economy in Promoting Gender Equality in Collaboration with UN Women

Abdel Rahmen El Lahga, Belal Fallah, Ibrahim Al Hawarin, Imane Helmy, Irene Selwaness, Maia Sieverding, Marina Hesham, Mohamed Amara, Nasma Berri, Racha Ramadan, Ragui Assaad

Care is fundamental to our societies and economies and the ongoing COVID-19 pandemic has emphasized the degree to which care – particularly of children, the elderly and the ill or disabled – is a global public good. While families are a key site for giving and receiving care, the implications of who provides care and who receives it extend beyond the family sphere. The provision of care services and implementation of public policies that could alleviate or redistribute some of the care burden for women and families remain underdeveloped in many countries, including in the Arab States. At the same time, satisfying unmet needs for care for young children, the elderly, ill and disabled will require investments in the development of paid care services throughout the region.

It is in this context that UN Women and ERF are publishing the report "Progress of Women in the Arab States 2020: the role of the care economy in promoting gender equality" as well as evidence-based policy recommendations for investment in the care economy in the Arab States as part of a regional companion report to the UN Women's 2019-2020 Progress of the World's Women report "Families in a changing world: public action for women's rights".

The regional companion report builds on unique microdata analysis of unpaid care work and paid care sectors, with case studies focusing on four countries of the region. The report provides an overview of the concept of the care economy and the demographic and social context of care provision in the Arab States, including in-depth case studies of Egypt, Jordan, Palestine and Tunisia. It reviews the status of key care policies and services related to paid leave, Early Childhood Care and Education (ECCE) and elder care across the region.

The report demonstrates the extent to which the distribution of unpaid care work in Arab States is highly unequal. In some countries of the region, the ratio of women's to men's time spent in unpaid care reaches 19:1. The vast majority of time in unpaid care is performed by married women. This represents a major obstacle to raising women's labor force participation rates, which are among the lowest in the world, as well as to improving other measures of gender inequality. Paid care services can play a major role in redistributing unpaid care work and be an important source of employment for women. Women are overrepresented in paid care work in the region, and particularly in the early childhood care and education and social work sectors. However, there are significant challenges with job quality in the private paid care sector, including informality, gender wage gaps and lower levels of worker education. Tapping into the potential of the paid care economy – a sector that has received relatively little policy focus in the region – is thus an important means of supporting women's economic empowerment as long as investments in this sector are made with a view to protecting job quality and supporting the professionalization of vulnerable paid care sectors.

Ongoing Projects

The first report on Jobs and Growth in North Africa

Ragui Assaad, and Mohamed Ali Marouani, Abdel Rahmen El Lahga, Ali Souag, Chahir Zaki, Ebaidalla Mahgoub, Emilie Wojcieszynski, Fouzia Ejjanoui, Hosam Ibrahim, Irene Selwaness, Mohamed Ali Marouani, Mona Amer, Moundir Lassassi, Ragui Assaad, Saad Belghazi, Samia Satti, Sofiane Ghali, and Yemen Hlel

The first report on Jobs and Growth in North Africa will serve as a diagnostic assessment unearthing the paradoxical relationship between economic growth and job creation with detailed country cases studies on Algeria, Egypt, Morocco, Sudan, and Tunisia. The report will start by reviewing the country's growth trajectory since 2000 including the industrial pattern of GDP growth and employment and the patterns of public and private investment. The country reports will then discuss the trajectory of the major labour market outcomes in the country following the same period. Finally, the report will attempt to link the observed labour market outcomes to the country's growth path and the policy drivers that have shaped this growth path.

Initiated Projects

The Second report on Jobs and Growth in North Africa – A focus on the impact of COVID-19 on households and firms

Ragui Assaad, Mohamed Ali Marouani, Caroline Krafft, and Hosam Ibrahim

During one of most turbulent beginnings to a decade in recent history, we have observed the spread of a global pandemic with unprecedented socio-economic and financial consequences. Therefore, the second report on Jobs and Growth in North Africa will be focused on the COVID19-induced recession; trying to analyze the short-term government response and to advise on potential medium-term recovery policies. In the analysis, the report will utilize the Covid-19 Monitor data that was recently collected/will be collected between October 2020 – June 20201 in three North African countries namely: Egypt, Tunisia and Morocco.

The Landscape of Social Protection in Jordan

Mary Kawar, and Nesreen Barakat

This Research paper will provide an overview of the state of social protection in Jordan by first focusing on the coverage of contributory social insurance among workers and the adequacy of contributory pensions, and then examining the patterns of non-contributory social assistance and other components of social protection. The paper will rely on data from the Jordan Labor Market Panel Survey of 2016, from the Household Income and Expenditure Surveys of 2017/2018, and complementary data from Labor Force Surveys.

The Landscape of Social Protection in Tunisia

Khaled Nasri, Mohamed Amara, and Imane Helmy

This Research Paper will provide a comprehensive overview of the social protection system in Tunisia by first covering the legal framework of the national social protection mechanism and the role played by different stakeholders, and then mapping the different contributory and non-contributory schemes. The paper will also review the recent evidence on efficiency and equity of key programs, identify key strengths and gaps in Tunisia's system, and their possible remedies.

Cash Assistance for Refugees in Jordan

Ragui Assaad, and Alma Boustati

This Research paper will investigate how to sustainably include Syrian refugees in Jordan's social protection system, as well as consider options to integrate refugees into the formal labor market. It will also provide mechanisms to centralize and target social assistance, identify funding models that are more sustainable than aid, and prioritize who gets limited social assistance.

Cash Assistance Targeting Those in Poverty in Tunisia

Khaled Nasri, Mohamed Amara, and Imane Helmy

This Research paper aims to compare Tunisia's current PNAFN targeting accuracy with alternative targeting methods such as proxy-means-test (PMT) and multi-dimensional targeting based on household deprivation, among others. The paper will yield important implications for future reforms of PNAFN to ensure a robust social protection system.

Cash Assistance, Food Security, and Health in Jordan

Maia Sieverding, and Zeina Jamaluddine

This Research paper will examine the relationship between cash transfers, food security and health among poor Jordanians and Syrian refugees, as well as analyze the impact of receiving different forms of social assistance on youth wellbeing in Jordan and determine which forms or combinations of social assistance are more strongly associated with better food security and wellbeing outcomes.

Health Insurance and Health Outcomes in Tunisia

Mohamed Ali Marouani, Nidhal Ben Cheikh, and Phuong Minh Le

This Research paper will analyze the impact of full health insurance coverage on various health outcomes (hospital attendance, out-of-pocket expenses and ultimately a synthetic health index and well-being) by comparing PNAFN beneficiaries to those AMGII beneficiaries who are the closest in terms of eligibility criteria.

Annex B: Research Projects

Expanding Social Insurance Coverage in Jordan

Irene Selwaness, and Susan Razzaz

This Research paper will focus on expanding social insurance coverage in Jordan by providing an analysis of the official Labor Force Survey data, and a working meeting of policymakers and civil society to confront the evidence and to grapple with the trade-offs between contribution rates and benefits required for financial sustainability.

Living Wages, Minimum Wages, and Poverty in Jordan

Caroline Krafft, and Cyrine Hannafi

This Research paper will investigate current minimum wage policies in Jordan and Tunisia, compare minimum wages to poverty lines, explore what wage increases it would take to lift individuals past these earnings benchmarks, and the commensurate impacts on poverty rates. The paper will also draw on international experiences to investigate how living wage policies might be designed and implemented in Jordan and Tunisia.

ERF-AERC-ODI project on "Work and Income for Young Men and Women in Africa: A Political Economy and Social Equity Approach to the Employment Potential of Specific Sectors and Subsectors in African Economies"

Ahmadou Aly Mbaye, Margaret Chitiga-Mabugu, Chahir Zaki, Marleen Dekker, Dirk Willem te Velde, John Page, and Maximiliano Mendez-Parra

The Economic Research Forum (ERF), The African Economic Research Consortium (AERC), and the Overseas Development Institute (ODI) have launched a collaborative research project seeking to identify the economic sectors with the greatest potential to increase youth employment in Africa. The project is for one year, divided into three complementary phases. The first phase consists of writing and publishing framework papers which are to help determine some key characteristics required to achieve decent youth employment in Africa. The second phase, would be a thorough a call for papers, to be launched in January 2021, with the aim to study and compare between 10 case-study countries in terms of job creation and income generation with gender perspective, allowing for exhaustive policy recommendations. Finally, the last phase involves policy outreach and knowledge management activities such as publications and national dissemination of research and workshops.

The impact of COVID-19 on MENA labor Market Indicators: A Gendered Analysis Using a Projection Technique

Rana Hendy and Shaimaa Yassin

The objective of this paper is to use micro-economic data from 8 MENA region countries (Egypt, Tunisia, Jordan, Iraq, Palestine, Somalia, Sudan and Yemen) along with demographic projections from these countries to anticipate future labor market conditions in the region on a country-by country basis amid and post the COVID-19 pandemic outbreak. The microeconomic data used in the analysis are harmonized so as to employ common definitions for various variables, such as labor market status, education or working age. The projections exploited in the analyses are drawn from the United Nations Population Division and Lutz et al. [2014]. The analysis intends to use a gendered lens to show how the pandemic differently affects women and men labor market outcomes, focusing on how women labor force participation and unemployment would change.

COVID-19…Who will wash the dishes and change the diapers? Evidence from Egypt

Rana Hendy and Shaimaa Yassin

The main objective of this paper is to assess the adjustment of the intra-household resource allocation to the COVID-19 crisis, and hence the subsequent impact on female labor supply. The subject matter of the study is hence to evaluate the effect of COVID-19 on the female market and domestic labor supplies and how does COVID- 19 affect (if any) both types of work.

The impact of COVID-19 on the Value of non-monetary job attributes to women in Egypt

Rana Hendy and Shaimaa Yassin

Recently the literature had shown the importance of examining how workers value employment as a package (i.e. taking into consideration both wages and non-monetary job aspects), rather than just focusing on wages. Despite its relevance to the MENA region, particularly Egyptian context, this approach, to the best of our knowledge, has not been given any attention, neither by academic researchers nor policy makers, in Egypt. The proposed research adopts for the first time in Egypt the stated preferences approach, where individuals' responses to positive amenities in hypothetical job offers are gathered in the CETUS20 survey. This paper will particularly be able to show the preferred types of jobs of females pre- and post the pandemic. This will be achieved by disentangling workers' preferences from any distortions created by firms' preferences, labor market frictions and omitted variables, thanks to the CETUS module on job search which captures workers' responses to hypothetical job scenarios, focusing on specific relevant non-monetary job attributes.

Equity, Inequality and Inclusive Growth

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

Completed Projects

Income inequality effects on real exchange rate: Do differentials between tails matter?

Ahmed Mohamed Ezzat

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

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

Fateh Belaid

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

The effects of taxes and benefits on income distribution in the European Union and in the MENA countries

Francesco Figari and Luca Gandullia

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

Inequality of opportunity in education: Estimates from Recentered Influence Function Regressions in the MENA region

Reham Rizk and Ronia Hawash

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

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

Carsten Schroder, Matteo Targa, and Maximilian Wenzel

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

Migration and Inequalities around the Mediterranean Sea

Bjorn Nilsson and Racha Ramadan

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

Accounting for non-positive incomes from the welfare and capabilities perspectives: The case of Mediterranean surveys

Vladimir Hlasny, Lidia Ceriani, Paolo Verme

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

Income Inequality Convergence Across Egyptian Regions

Ioannis Bourkanis, Mona Said, Antonio Savoia, and Francesco Savoia

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

Initiated Projects

Policy paper on Income Inequality in Jordan

Racha Ramadan

This paper will explore the main drivers of income inequality between men and women, urban and rural areas (using HEIS-2017 data). The paper will first present the descriptive statistics of levels and trends of some selected indicators will be provided. Second, the unconditional quantile regression approach will be used to decompose between group inequalities into endowment effect and returns effect. The advantage of such approach is to better understand the main drivers of inequality between the different groups at the different deciles of income distribution.

Policy paper on Non-income Inequality in Jordan

Reham Rizk, and Nada Rostom

This paper will analyze the main drivers of inequality in education and living standards (using HEIS-2017 data). Two approaches will be used in this policy paper. First, the ratio analysis approach is used to understand the levels of the ratio of urban to rural population, the ratio of men to women and the ratio of richest to the poorest wealth quintile and their changes across time. Second, the concentration curve (CC) and its related concentration index (CI) are used to assess socioeconomic inequality, mainly in health outcomes.

Policy paper on Inequality of opportunity in Jordan

Rana Hendy and Nejla Ben Mimoune

The aim of the proposed research is to study the inequality of opportunities situation in Jordan namely for children and youth in education using the latest HIES 2017. The analysis consists in investigating the trends in inequality of opportunity and in decomposing inequality into the contributions of different circumstances using the Shapley decomposition.

Policy report on the Impact of COVID-19 on livelihoods in Jordan and the associated government responses

Racha Ramadan, Rana Hendy and Reham Rizk

Based on COVID-19 survey conducted by the Department of Statistics (DOS), this report will overview the socio-economic characteristics of the vulnerable groups who had been affected by the pandemic. The paper will tackle the change in living standards, access to education and internet, and change in employment status and work environment resulted from the pandemic. Finally, the paper will overview the government of Jordan responses to cushion the negative impacts of the pandemic on the vulnerable group and will provide policy recommendations.

Peace-Building and Reconstruction

Under this theme, ERF completed 17 project, while one are still ongoing and four projects were initiated.

Completed Projects

Economic Agenda for Post-Conflict Reconstruction

Samir Makdisi and Raimundo Soto

This paper focuses on the design and implementation of economic reforms, which are an integral part of the process of peace and reconstruction. The challenge for economic reforms is immense. On one hand, economic policies should aim at minimizing the risk of conflict recurrence, restoring confidence in economic institutions, generating employment and fostering investment, and enhancing the ability of the state to provide security for households and communities, enforce the rule of law and deliver essential services. On the other hand, structural economic reforms cannot be postponed in order to cope with a preconflict economic structure that did very little to avoid the conflict and that can be highly distorted as a result of the war effort. Therefore, reconstruction policies should be primarily geared towards changing, improving or, even in an extreme case, eliminating altogether the pre-conflict institutional fabric of the country. That is, the set of economic institutions –and their embedded structure of incentives—that helped create the conditions for failure.

Annex B: Research Projects

Investigating the Libyan Conflict and Peace-building Process: Past Causes and Future Prospects

Amal Hamada, Chahir Zaki and Melike Sokmen

Libya has been in continuous civil conflict with varying intensity since the Arab uprisings in 2011. It has suffered from recurrent cycles of social, political, security and economic crises, each reinforcing one another. State institutions and the economy have weakened thus facilitating fragmentation, disunity and dysfunction, creating fertile grounds for violence and a war-driven economy. The regional and international powers have been adding to the complexities of the conflict and the difficulties of its resolving. Against this background, this paper aims to analyze the social, political and economic dynamics of Libya from the local to the regional and international levels since the start of the uprisings, and understand the interplay between these forces. It aims to look at three issues: (1) the underlying causes of conflict, (2) why the conflict has sustained and (3) the political and economic agenda for post-conflict reconstruction. In other words, it aims to bring forward an inclusive agenda of peace-building and economic reconstruction, in line with the dynamics of the country.

Measuring the Economic Cost of Conflict in Afflicted Arab Countries

Semih Tumen and Elif Semra Ceylan

The goal of this paper is to estimate the economic cost of conflict in selected Arab countries by using satellite images and geographical information systems (GIS) methods. Specifically, we employ image-processing techniques to generate data proxying intensity of economic activity at country and sub-region levels. The focus is on four countries: Iraq, Libya, Syria, and Yemen. These are the countries that have been most severely affected in various ways by the widespread wave of civil conflict occurred in the MENA region in the aftermath of the Arab Spring. Certain back-of-the-envelope calculations suggest that GDP and main factors of production are nearly halved in those countries. We use data provided by the National Geophysical Data Center of the United States to compare the night-light intensities before and after the conflict in those four countries. The night-light data serve as a proxy for regional economic activity and are widely used to generate credible economic data—mainly in circumstances where official data either do not exist or are not reliable. We construct indices combining the contrast and dispersion of night-lights within fine-grained geographical regions and then report the time series evolution of those indices both at country and sub-region levels. The estimates suggest that the scale and intensity of economic destruction in the region have been unprecedented in recent history and the extent of destruction is the largest in Syria and Yemen among those four conflict-afflicted countries. We also provide additional insights at sub-region level.

Terrorism, Mental Health, Risky Behaviors and Human Capital: Evidence from Iraq

Ahmed Elsayed

This paper investigates the causal impact of terrorism on mental health, risky behaviors and human capital accumulation. Using a unique identification strategy by merging geocoded data on terrorism from the Global Terrorism Database (GTD) with unique data on young Iraqi individuals born between 1979-1999, the paper shows that individuals exposed to terror attacks in childhood are affected negatively in terms of mental health, and are more likely to engage in risky behavior (e.g., smoking and alcohol consumption). They are also less likely to finish compulsory and secondary education, compared to those who experienced terror at later stages of life. Heterogeneity analyses show that the negative impact on education attainment is more pronounced among boys and children of higher socio-economic background.

The Impact of Syrian Conflict and the Refugee Crisis on Labour Market Outcomes of Host Countries

Eleftherios Giovanis and Oznur Ozdamar

The civil war in Syria, which started in March of 2011, has led to a massive influx of forced migration, especially from the Northern Syria to the neighbouring countries. The unexpected movement of refugees has created large exogenous labour supply shocks with potential significant effects on the labour and living standard outcomes of natives in the host countries. While earlier studies have explored the impact of the Syrian refugee crisis on the natives' labour outcomes little is known about its impact in Egypt. Furthermore, the literature does not provide evidence about the impact of the Syrian refugee inflows on the labour outcomes of migrants who have been relocated in the host countries before the refugee crisis. Using a difference-in-differences (DID) framework this study explores the impact of Syrian refugees on labour outcomes in Egypt, Jordan and Turkey. Furthermore, we implement an instrumental variables (IV) approach within the DID framework, where we instrument the Syrian population at the area-governorate level of the host country with variables that incorporate physical travel distances. The results are mixed and vary, not only across the labour outcomes explored, but also across demographic and socio-economic groups, as females and low educated are mostly affected by the refugee crisis negatively. However, the effects, positive or negative, are rather negligible.

The Impact of the Large-Scale Migration on the Unmet Healthcare Needs of the Native-Born Population in a Host Country: Evidence from Turkey

Hüseyin Ikizler, Emre Yüksel and Hüsniye Burçin Ikizler

As of December 2018, Turkey is home to 3.6 million Syrian refugees under temporary protection status. The negative externalities of Syrian refugees may affect the native-born population's needs, precisely healthcare needs. The possible increase in healthcare demand due to population increase may escalate unmet healthcare needs (UHCN). The study contributes to the literature by analyzing refugees' effect on the native-born population's unmet healthcare needs. Our central hypothesis is that mass refugee influx increases the ratio of the UHCN arising mainly from systemic reasons, especially at the beginning of the migration crisis. Using a difference-in-differences approach, we find that the UHCN of the native-born population has increased due to the mass refugee influx. We estimate the magnitude of this increase by nearly 6.3% at the beginning of the refugee crisis. The impact diminishes as the imbalance of demand and supply of healthcare services diminishes.

Children of war: conflict and child welfare in Iraq

Reham Rizk and Colette Salemi

What are the impacts of violent conflict on child health and nutrition? In this paper, we examine conflict events from 2013 to 2018 in Iraq. We match household microdata from the 2018 Multiple Indicator Cluster Survey with conflict event data derived from the Global Database of Events, Language, and Tone (GDLET) to estimate the number of conflicts a child age 0-4 in the MICS data was exposed to during her lifetime. To account for endogenous conflict event locations, we use a two-stage least squares estimation approach in which governorate distance to the Syrian border serves as our instrument. Our results suggest that a 1% increase in conflict frequency results in a significant reduction in height-for-age *z*-scores of -0.15. We repeat our estimates using alternative conflict data as a robustness check, and the sign and significance of the result holds, though these alternative estimates are smaller in magnitude. Our mechanism analysis suggests that more exposed children were statistically less likely to have been breastfed.

Effect of Witnessing House Raids and Arrests on Child Behavior: Evidence from Israeli-Palestinian Conflict

Sameh Hallaq and Belal Fallah

This study utilizes self-reported data on exposure to conflict, collected in the West Bank, to examine the exposure effect of house raid or arrest of household members on child behavior. We show that exposed children are more likely to engage in violent behaviour. We also show that the exposure effect is independent of gender and that the magnitude of the effect is greater for older children. We propose that altering personality traits, mainly neuroticism and agreeableness, is a channel through which the exposure to house raid or arrests adversely affect children behavior.

Are Syrians refugees earn less than natives and other migrants in Jordan: Evidence from distributional analysis of wage differentials

Hatem Jemmali

This paper examines the wage differentials between Syrian refugees and native-born and non-refugees migrants workers using a nationally representative data set extracted from the most recent Jordanian Labor Market Panel Survey (JLMPS 2016). On average, Syrian refugees earn 37.2% and 74% less hourly wages than natives and non-refugees workers, respectively. The observed wage differentials are not uniform through the wage distribution, and wage gaps are found to be much higher at the top end than at the bottom and the middle of the wage distribution. By applying newly developed decomposition methods, we decompose the distributional wage differentials between different groups into a composition effect, explained by differences in productivity characteristics, and a discrimination effect attributable to unequal returns to those covariates. We find, on average, that discrimination effect contributes more to the wage gaps than composition effect, while through the first part of wage distribution, endowment effect is found to dominate the wage differentials between native-born and Syrian refugees workers. The compositional differences in education between refugees and non-refugees are found to explain significantly the wage gaps and endowment effects at bottom and middle parts of wage distribution, but when moving up reverse of that is happened by being responsible for a substantial part of discrimination effect.

Annex B: Research Projects

Inequality of Opportunities in Access to Basic Services among Children in Host Communities in Jordan and Lebanon: A Comparative Analysis

Hatem Jemmali

This paper examines the level of inequality of opportunity among children in host communities in Jordan and Lebanon four years after the beginning of the Syrian crisis. The key focus of the comparative analysis is drawn on estimation of the human opportunity index and measurement of the relative contributions of different circumstances to inequality of opportunity for each country. In comparison with Jordan, Lebanon is found to have made significant progress in terms of access to basic services for children in host communities and how these opportunities are distributed between them. Appreciable improvements have been made, in both countries, in school attendance among 6-18 years old largely attributable to higher access to basic education (up to 81%) and lower inequality levels (less than 3%). However, there are areas of persistent and emerging concerns, including access to water and sanitation services mainly in Jordan. When applying the Shapley decomposition method to examine the question of how much does origin of a child contribute to the inequality in access to critical services we find, as expected, that native-refugee divide, added to other socioeconomic and educational family characteristics are key factors affecting child development outcomes in host communities. Accordingly, a more inclusive approach and direct interventions targeted at the less advantaged refugees groups in both countries are strongly needed to offer significant potential for improving overall equity in access to core basic housing services and schooling.

Violent Conflict and Vaccinations: Evidence from Iraq

George Naufal, Michael Malcolm and Vidya Diwakar

Using a generalized difference-in-differences approach, we find that children residing in high- conflict areas in Iraq are more likely to be vaccinated against tuberculosis and measles than children residing in low-conflict areas. We draw household data on vaccination from the Multiple Indicator Cluster Surveys and we identify high-conflict area-years using geolocational conflict data from the Iraq Body Count project. While previous literature generally finds that conflict harms public health, a potential explanation for our result is heavy presence of international aid organizations in conflict areas, a phenomenon which researchers have noted in other contexts.

The Impact of Cash Transfers on Syrian Refugee Children in Lebanon

Wael Moussa, Alexandra Irani, Nisreen Salti, Rima Al Mokdad, Zeina Jamaluddine, Jad Chaaban, and Hala Ghattas

This paper evaluates the impact of multi-purpose cash assistance on Syrian refugee children living in Lebanon. Using a sharp multidimensional regression discontinuity design, we estimate the program impact of varying cash assistance durations measured over two waves of household survey data collected in 2019. The novel research design enables us to make pairwise comparisons between children from discontinued recipient households (received cash for 12 months then got discontinued in the next cash cycle), short-run cash recipient households (up to 10 months), long-term recipient households (between 16 and 22 months) and non-beneficiary eligible households. Results show that children of any MPC recipient group are transitioning from non-formal to formal schooling while also shifting away from child labor. Cash transfers improve health outcomes for pre-primary and school-aged children and reduce the likelihood of early marriage for girls aged 15-19 years.

Immigration and Inter-Regional Job Mobility: Evidence from Syrian Refugees in Turkey

Yusuf Emre Akgündüz, Altan Aldan and Yusuf Kenan Bagır

We analyze the relationship between large-scale refugee inflows and the inter-regional job mobility of natives. Using a sudden inflow of Syrian refugees into Turkey, we identify the province level impact of hosting refugees on inward and outward job mobility of provinces using administrative social security data. We find that after the arrival of Syrian refugees, net job mobility towards hosting provinces declined. The negative effect is driven by a decline in inward mobility rather than an increase in outward mobility. A percentage point increase in Syrian to native population ratio decreases job mobility to a province by 2%. We find no corresponding effect on total internal migration, suggesting that the effect on job movers in the private sector can differ from the effect on the population at large.

Armed Conflict and Household Source of Water

George Naufal, Michael Malcolm and Vidya Diwakar

Using pairing of household level and armed conflict data with a generalized difference-in-differences approach, we find that households located in conflict affected areas are more likely to have access to drinking water through direct access to the dwelling or through bottled water than through public access and mobile trucks.

Can Unconditional Cash Transfers Mitigate the Impact of Armed Conflict on Child Nutrition in Yemen?

Olivier Ecker and Jean-François Maystadt

The "ignored" civil war in Yemen has caused the world's worst humanitarian crisis in recent history. Little is known about how to mitigate the detrimental consequences of such protracted violence. We use quarterly panel data to estimate the impact of armed conflict on child nutrition in Yemen and the role of unconditional cash transfers in mitigating the adverse nutritional impact. Our results show that a one-standard-deviation increase in armed conflict intensity reduces the weight-for-height z-scores (WHZ) and mid-upper arm circumference z-scores (MUACZ) of children by 9.6% and 4.4%, respectively, on average. We also find that the studied cash transfer program reduces the nutritional impact by 35.8% for WHZ and 20.4% for MUACZ. Our analysis suggests that if relative stability is restored, unconditional cash transfer programs can be an effective tool to curb rising acute child malnutrition in situations of complex emergencies.

Local Governance Quality and the Environmental Cost of Forced Migration

Cevat Giray Aksoy and Semih Tumen

Can high-quality local governance alleviate the environmental impact of large-scale refugee migration? The recent surge in refugee flows has brought additional challenges to local governments in Europe, the Middle East, and certain regions of Africa and Asia. In this paper, we focus on the case of Syrian refugees in Turkey and show that quality of local governance plays a critical role in mitigating environmental deterioration. Following the World Bank's Local Governance Performance Index, we employ text analysis methods to construct a unique data set on local governance quality from the independent audit reports on municipalities. Using an instrumental variable strategy, we show that the Syrian refugee influx has worsened environmental outcomes along several dimensions in Turkey. Specifically, we find that the deterioration in environmental outcomes is almost entirely driven by provinces with poor-quality governance. Those provinces fail to invest sufficiently in waste management practices and environmental services in response to increased refugee settlements. We argue that good local governance practices can smooth out the refugee integration process and complement the efforts of central governments.

Geographical Exposure to Conflicts and Firm Performance: Evidence from the MENA Region

Daniel Mirza, Rita Der Sarkisian, and Chahir Zaki

This paper assesses the impact of insecurity generated by conflicts on firm performance in the Middle East and North Africa (MENA) region. It contributes to the literature in three ways. First, we try to identify the local effect of conflicts using a geospatial approach where we evaluate the exposure of each firm and its shipment routes and infrastructures to conflictual events overtime in a specific location. Second, from a methodological perspective, we adopt a simple methodology –new to the literature- to identify the within-firm effect. To do so, we use two series of information on performance (measured by sales and labor productivity) on the current year t and year t-2, both being reported in the same World Bank Enterprise Survey (WBES) conducted for a country in year t. Third, large datasets from the WBES for six non-oil countries (Egypt, Jordan, Lebanon, Palestine, Tunisia and Morocco) were merged with geospatial measures to conflicts. Key findings show that battles and explosions negatively and robustly affect sales and productivity, all the more so for small and mid-sized firms. Nevertheless, we do not find robust effects of exposure to protests, riots and violence against civilians across different measures of the performance of firms and conclude for further research on these issues.

Ongoing Projects

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

Cristina Bodea and Christian Houle

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

Annex B: Research Projects

war onset. The authors find that the effect of HWI is likely limited to oil-rich countries and does not increase the likelihood of conflict in oil-poor countries. Oil-rich countries show large variations in how oil revenue is allocated to military and other types of spending, and results show that more military spending mitigates the risk of civil war that emanates from high HWI.

Initiated Projects

What does the literature tell us on the relationship between economic interdependence and conflict management?

Katarzyna Sidło

The paper will focus on the theoretical underpinnings of such relationship and gathering information on the experience of other regions on the relationship between the two main variables, namely economic interdependence and conflict prevention, management, and solving. The existing literature provides evidence for both positive and negative as well as neutral relationships, and what role for the specific aspects of the Arab region as aforementioned play an evident role in other regions. It is worthwhile examining the existing evidence, while qualifying for the specific aspects of the Arab region and existence of new variables as populism, potential trade war, and impact of COVID-19. This paper will provide a conceptual framework, and will try to distinguish between conflict prevention, management, and solving, as the relationship between each of them and economic interdependence as proxied by regional integration might differ.

Investigating the impact of enhanced economic interdependence on conflict management

Mohamed Ali Marouani and Gunes Asik

The paper will test the hypothesis of increased economic interdependence, as proxied by PTAs, lessens conflicts in the Arab region. An econometric approach will be adopted, based on the feasibility and availability of qualitative and quantitative data accompanied by partial analysis for data. Distinguishing between formal economic interdependence (proxied by trade and investment agreements) and informal economic interdependence (increased flows of trade and FDI) will be counted for. Moreover, differentiation between conflict prevention, management, and solving should be taken into account, Case studies from the region (e.g. GCC, Arab Maghreb Union, QIZ, PAFTA) should be used.

Investigating the impact of conflict on economic interdependence

Khalid Sekkat

The paper will identify what role conflicts have on lessening the economic interdependence in the context of Arab region. A gravity model will be conducted while controlling for the aforementioned variables (e.g. oil dependence, overlapping PTAs, existence of conflict management mechanisms). The analysis will be undertaken on regional and sub regional basis.

Institutions and their role in enhancing economic interdependence and lessening conflict management

Ibrahim Saif

This paper will focus on the quality of institutions handling economic interdependence and conflict management/prevention/solving. The quality of institutions could have a determinant role in affecting the relationship between the two main variables. An institutional economic approach will be adopted hence benchmarking the existing institutions (on regional, sub regional, national level) against specific governance indicators.

Call on “The GCC Economies in the Wake of COVID19: Charting the Road to Recovery and Resilience”

The Economic Research Forum (ERF) and a consortium of a number of GCC universities and public policy institutions launched the GCC Economic Research Initiative (GCCERI) in May 2019. The aim of this strategic partnership is to build a network where GCC researchers and the wider ERF research community interact with each other, share ideas, and collaborate on policy-oriented research. GCCERI also seeks to enhance the research capacity in the GCC region by bridging knowledge gaps and addressing the region’s major economic and human development challenges.

The GCCERI was inaugurated on 8 and 9 December 2019 at the College of Economics and Political Science, Sultan Qaboos University, Muscat, the Sultanate of Oman. The event represented the culmination of fruitful collaboration between ERF and the College of Economics and Political Sciences. The conference brought together more than 130 participants from senior policy and research community in the GCC region. In addition to plenary sessions, the event featured 16 papers that were selected from among 49 submissions. The authors of the

16 papers that were presented in the Conference were later invited to publish their work in the ERF working paper series following ERF's rigorous review process.

The ERF and its GCCERI partners announced a call for papers to be presented at the second conference of the GCC initiative on "The GCC Economies in the wake of COVID19: Charting the Road to Recovery and Resilience". The objective of the conference is to discuss the economic impact of COVID-19 on the GCC countries, identify the lessons learned from this pandemic, and explore policy responses that would improve the efficiency and resilience of the GCC economies going forward. Once again, the conference will be organized in collaboration with a host of GCC universities and public policy and research institutions. It will take place on a virtual platform in February 2021.

This second conference underscores the commitment by the ERF and its GCCERI partners to nurture the initiative and establish it as a regular platform for knowledge-based research and policy dialogues. The conference will be organized around the following themes: Rethinking macroeconomic and fiscal policies, including managing fiscal deficits, debt sustainability, domestic and external debt issuance, and minimizing risks of crowding out private lending, expanding the tax base; and issues related to exchange rate management; Designing labor market policies in an emerging world of digitization and virtual/distant working and learning environments; Fostering digitalization-based financial innovation and financial inclusion; Improving government efficiency as a service provider and regulator in an increasingly virtual economy; Rethinking economic diversification strategies and the relative roles of private and public sectors in a world economy of declining global oil markets and emerging food security concerns Assessing and responding to new emerging challenges in regional and international trade, tourism, healthcare and aviation industry. Highlighting the relationship between education and the economy within the framework of the COVID-19 pandemic and how it has become a pressing issue facing both academics and students.

Annex C: Publications

Middle East Development Journal (MEDJ)

MEDJ, Vol. 12, No. 1, June 2020

Sovereign wealth funds and cross-border investment bias: the case of Arab countries
Ibrahim Elbadawi, Raimundo Soto & Chahir Zaki
DOI: 10.1080/17938120.2020.1716429

Equivalence scales and the change in poverty levels across time: Turkish case
Burcay Erus
DOI: 10.1080/17938120.2020.1717805

Causal relationship between current account and financial account: the case of Tunisia
Hager Farhoud & Lotfi Taleb
DOI: 10.1080/17938120.2020.1719471

Does foreign direct investment affect growth in MENA countries? A semi-parametric fixed-effects approach
Riadh Ben Jelili
DOI: 10.1080/17938120.2020.1719700

Rising inequality and de-democratization
Hany Abdel-Latif & Mahmoud El-Gamal
DOI: 10.1080/17938120.2020.1720333

Exporting and firm productivity: evidence for Egypt and Morocco
Inmaculada Martínez-Zarzoso
DOI: 10.1080/17938120.2020.1723297

Trade liberalisation, governance, and the balance of payments: evidence from the Arab Maghreb Union
Abduraawf Hadili, Roman Raab & Jan Wenzelburger
DOI: 10.1080/17938120.2020.1731200

Invited Papers from 25th Annual ERF Conference

The future of jobs is facing one, maybe two, of the biggest price distortions ever
Lant Pritchett
DOI: 10.1080/17938120.2020.1714347

On ideas and economic policy: a survey of MENA economists
Rana Hendy & Mahmoud Mohieldin
DOI: 10.1080/17938120.2020.1716619

MEDJ, Vol. 12, No. 2, December 2020

Job creation or labor absorption? An analysis of private sector job growth in Egypt
Ragui Assaad, Caroline Krafft & Shaimaa Yassin
DOI: 10.1080/17938120.2020.1753978

How does poverty differ among refugees? Taking a gender lens to the data on Syrian refugees in Jordan
Lucia Hanmer, Eliana Rubiano, Julieth Santamaria & Diana J. Arango
DOI: 10.1080/17938120.2020.1753995

Regional and income disparities in cost of living changes: evidence from Egypt
Shireen AlAzzawi
DOI: 10.1080/17938120.2020.1770476

Female unemployment in Lebanon: a time series analysis
Casto Martín Montero Kuscevic
DOI: 10.1080/17938120.2020.1756097

Is income inequality reflected in consumption inequality in Iran?
Hamid Noghanibehambari & Masha Rahnamamoghadam
DOI: 10.1080/17938120.2020.1770488

Learning by exporting or self-selection into exporting?
Youssouf Kiendrebeogo
DOI: 10.1080/17938120.2020.1756105

The impact of the recent oil price decline on the GCC banking system
Viviane Naimy & Ruba Kattan
DOI: 10.1080/17938120.2020.1770564

Public debt and fiscal sustainability: the cyclically adjusted balance in the case of Lebanon
Kassim M. Dakhlallah
DOI: 10.1080/17938120.2020.1773076

Edited Volume

The Egyptian Labor Market – A Focus on Gender and Economic Vulnerability
Edited by Caroline Krafft and Ragui Assaad
Oxford University Press
In Press

Policy Briefs

Countermeasures for the COVID-19 outbreak in Egypt: This Time is Really Different
Sarah El-Khishin
PB 51

Covid-19 and Oil Price Collapse: Coping with a Dual Shock in the Gulf Cooperation Council
Rabah Arezki, Rachel Yuting Fan and Ha Nguyen
PB 52

Access to Services among Youth in Informal Areas of Greater Cairo: Making Progress Towards Achieving Sustainable Development Goals (SDGs)
Rasha Hassan, Maia Sieverding and Ahmed Kassem Ali
PB 53

Oil rents, tax revenues and the shadow economy: New insights
Phoebe W. Ishak and Mohammad Reza Farzanegan
PB 54

Working Papers

The Sustainability of GCC Development Under the New Global Oil Order
Ibrahim A. Elbadawi and Samir Makdisi
WP 1382

Investigating The Libyan Conflict and Peace-Building Process: Past Causes and Future Prospects
Amal Hamada, Melike Sökmen and Chahir Zaki
WP 1383

Ethnic Divisions and The Onset of Civil Wars in Syria
Salah Abosedra, Ali Fakih and Nathir Haimoun
WP 1384

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Mouyad Alsamara, Zouhair Mrabet, and Ahmad Shikh Ebid
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Ghada Barsoum and Dina Abdalla
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Bassam Yousif, Rabeh Morrar and Omar El-Joumayle
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Kamiar Mohaddes, Mehdi Raissi, and Niranjan Sarangi
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Ahmed Mohamed Ezzat
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Björn Nilsson and Racha Ramadan
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Mahmoud Al Iriani, Hiba Hassan and Irene Martinez
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Fateh Belaid
WP 1392

Bottom Incomes and the Measurement of Poverty and Inequality
Vladimir Hlasny, Lidia Ceriani and Paolo Verme
WP 1393

Education Gap and Youth: A Growing Challenge in The MENA Region
Reham Rizk and Ronia Hawash
WP 1394

Economic Agenda for Post-Conflict Reconstruction
Samir Makdisi and Raimundo Soto
WP 1395

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Power-Sharing and Peace-Building
Nicholas Sambanis
WP 1396

De-Routinization of Jobs and Polarization of Earnings: Evidence from 35 Countries
Maximilian Longmuir, Carsten Schröder and Matteo Targa
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Ioannis Bournakis, Mona Said, Antonio Savoia, and Francesco Savoia
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Ibrahim El-Badawi, Hosam Ibrahim and Chahir Zaki
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Youghourta Bellache, Omar Babou, Oksana Nezhyvenko and Philippe Adair
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Mohamedou Nasser Dine
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Suzanna El Massah
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Walid Merouani and Rana Jawad
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The Impact of Syrian Conflict and The Refugee Crisis on Labour Market Outcomes of Host Countries
Eleftherios Giovanis and Oznur Ozdamar
WP 1435

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The Impact of the Large-Scale Migration on the Unmet Healthcare Needs of the Nativeborn Population in A Host Country: Evidence from Turkey
Hüseyin Ikizler, Emre Yüksel and Hüsniye Burçin Ikizler
WP 1436

Effect of Witnessing House Raids and Arrests on Child Behavior: Evidence From Israeli Palestinian Conflict
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Ahmed Elsayed
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Are Syrians Refugees Earn Less than Natives and Other Migrants in Jordan: Evidence from Distributional Analysis of Wage Differentials
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Inequality of Opportunities in Access to Basic Services Among Children in Host Communities in Jordan and Lebanon: A Comparative Analysis
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Eleftherios Giovanis, Oznur Ozdamar and Burcu Özdas
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Nonlinear Excess Demand Model for Electricity Price Prediction
Mehmet A. Soytas, Hasan M. Ertugrul and Talat Ulussever
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Riadh Ben Jelili
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Reham Rizk
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Samir Makdisi
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Economic challenges for the GCC countries after Covid-19
Assil El Mahmah and Magda Kandil
Published: May 20, 2020

Refugees and asylum-seekers in Egypt in the time of Covid-19
Dina Abdel-Fattah
Published: May 20, 2020

Daily commuters in Egypt during the Covid-19 pandemic
Dina Abdel-Fattah
Published: May 20, 2020

Phone surveys alone will not address the Covid-19 data gap in MENA
Johannes Hoogeveen
Published: May 28, 2020

Covid-19: forging a new social contract in the Middle East and North Africa
Rabah Arezki and Mahmoud Mohieldin
Published: June 02, 2020

Measuring monetary poverty in MENA: data gaps and how address them
Aziz Atamanov, Sharad Alan Tandon, Gladys Lopez-Acevedo and Mexico Alberto Vergara Bahena
Published: June 03, 2020

Who can work from home in MENA?
Maho Hatayama, Mariana Viollaz and Hernan Winkler
Published: June 16, 2020

Sudan and the pandemic: reforms for a vulnerable economy
Mohammad Pournik
Published: June 16, 2020

Lebanon must learn from the Syrian disaster
Tilman Brück and Mounir Mahmalat
Published: June 30, 2020

Fiscal policy for Covid-19 and beyond
Rabah Arezki and Shanta Devarajan
Published: June 30, 2020

The dilemma of public debt in Lebanon
Kassim Dakhlallah
Published: June 30, 2020

Sources of the 2020 crisis in Lebanon
Mahmoud Arayssi
Published: July 07, 2020

Access to finance in Egypt: structural and cyclical determinants
Frank Betz, Farshad Ravasan and Christoph Weiss
Published: July 07, 2020

Poverty in Arab countries: the likely impact of Covid-19
Khalid Abu-Ismail
Published: July 11, 2020

The case for a solidarity tax to close the poverty gap in Arab countries
Khalid Abu-Ismail and Vladimir Hlasny
Published: July 11, 2020

Seven questions about Covid-19 and its consequences
Rabah Arezki
Published: July 28, 2020

Why data transparency matters for MENA economies
Magda Kandil
Published: July 28, 2020

Lebanon: sectarianism and cronyism stifle economic reform
Jamal Haidar and Adeel Malik
Published: August 11, 2020

Employment polarisation and deskilling of the educated in Egypt
Fatma El-Hamidi
Published: August 11, 2020

Informality, market fragmentation and low productivity in Egypt
Vladimir Hlasny and Shireen AlAzzawi
Published: August 18, 2020

Annex C: Publications

Lebanon's dysfunctional political economy
Ishac Diwan
Published: August 18, 2020

Fomenting intellectual revolution in the MENA region
Rabah Arezki
Published: August 25, 2020

Public sector employment in MENA: a comparison with world indicators
Steve L. Monroe
Published: August 31, 2020

Covid-19 aggravates Jordan's acute youth employment challenges
Ragui Assaad and Caroline Krafft
Published: September 14, 2020

Financing a comprehensive and equitable Covid-19 response
Mahmoud Mohieldin and Michael Kelleher
Published: September 22, 2020

Late-movers outperform first-movers in export markets
Jamal Haidar
Published: October 6, 2020

External debt vulnerability in the time of Covid-19
Sarah El-Khishin and Mahmoud Mohieldin
Published: October 13, 2020

The impact of Covid-19 on the tourism sector in MENA
Adel Ben Youssef, Adelina Zeqiri and Fateh Belaid
Published: October 20, 2020

Economic consequences of Covid-19: a counterfactual multi-country analysis
Alexander Chudik, Kamiar Mohaddes, Hashem Pesaran, Mehdi Raissi and Alessandro Rebucci
Published: October 20, 2020

Tourism in MENA after Covid-19: from shock to structural transformation
Adel Ben Youssef, Adelina Zeqiri and Fateh Belaïd
Published: October 27, 2020

Taxation in MENA: composition, trends and policy options
Mehmet Tosun and Claire Burkhardt
Published: November 24, 2020

A stability mechanism for the Gulf countries
Rabah Arezki and Aitor Erce
Published: December 1, 2020

Tunisia's experiences with industrial policy and export diversification
Sofiane Ghali and Mustapha K. Nabli
Published: December 7, 2020

Broadband: is MENA ready?
Fatma El-Hamidi
Published: December 15, 2020

Remote work and women's employment in MENA: opportunity or pitfall?
Carolyn Barnett, Amaney Jamal and Steve L. Monroe
Published: December 15, 2020

Covid-19, trust and rising economic challenges in the Arab world
Ishac Diwan and Joelle Abi-Rached
Published: December 22, 2020

Bottom incomes and the measurement of poverty and inequality
Vladimir Hlasny, Lidia Ceriani and Paolo Verme
Published: December 22, 2020

The Middle East and North Africa and Covid-19: gearing up for the long haul
Robert P. Beschel Jr. and Tarik M. Yousef
Published: December 22, 2020

ERF

Financial Statements

Annual Report
2020

Auditors' Report

To the Board of Trustees of the Economic Research Forum

Report on the financial statements

We have audited the accompanying separate financial statements of Economic Research Forum which comprise the separate statement of financial position as of 31 December 2020 and the separate statements of activities and change in net assets and cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the separate financial position of Economic Research Forum as at 31 December 2020, and of its separate financial performance and its cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Other information

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

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

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

Ashraf Mamdouh

Ashraf Mamdouh

PricewaterhouseCoopers Ezzeldeen, Diab & Co.

pwc

R.A.A. 26231

F.R.A. 383

Cairo: June 8, 2021

Annex D: Financial Statements

Statement of Financial Position

As of 31 December 2020

(All amounts in US Dollars)

Assets	Notes	2020	2019
Non-Current Assets			
Fixed assets	(5)	4,147,229	4,173,232
Investments	(6)	14,849,432	15,968,572
Contributions and grants receivable	(7)	-	42,760
Total non-current assets		**18,996,661**	**20,184,564**
Current Assets			
Contributions and grants receivable	(7)	1,764,601	1,475,488
Due from related party	(8)	164,997	97,590
Prepaid expenses and other receivables	(9)	182,230	77,028
Cash on hand and at banks	(10)	3,783,694	495,340
Total current assets		**5,895,522**	**2,145,446**
Total assets		**24,892,183**	**22,330,010**
Net Assets			
Unrestricted	(11)	8,037,954	7,009,417
Temporarily restricted	(11)	2,946,615	1,549,252
Permanent y restricted	(11)	13,313,403	13,313,403
Total net assets	(12)	**24,297,972**	**21,872,072**
Liabilities			
Non-current liabilities			
Employees' end of service benefits	(13)	231,352	150,013
Total non-current liabilities		**231,352**	**150,013**
Current Liabilities			
Provisions	(14)	162,851	120,119
Accrued expenses and other payables	(15)	200,008	187,806
Total current liabilities		**362,859**	**307,925**
Total liabilities and net assets		**24,892,183**	**22,330,010**

- The accompanying notes on pages 6 to 28 form an integral part of these separate financial statements
- Auditor's report attached

Sherif Osama Elghaty

Acting Director of Finance
8 June, 2021 - Cairo

Managing Director
8 June, 2021 - Cairo

Statement of Activities and Change in Net Assets

For the Year Ended 31 December 2020

(All amounts in US Dollars)

Revenues and other support	Notes	2020	2019
Grants	(16)	3,106,897	1,278,851
Interest on time deposits		4,255	6,801
Return on investments		1,200,225	1,129,395
Other income		16,322	1,176
Realized gain from investments		5,739	6,555
Unrealized gain from investments		406,465	211,183
Total revenues and other support		**4,739,903**	**2,633,961**

Research programs	(17)	(393,373)	(783,359)
Events	(17)	(137,555)	(674,453)
Publications	(17)	(275,791)	(353,373)
General and administrative expenses	(17)	(671,364)	(984,026)
Unrealized loss from investments		(6,148)	-
realized loss from investment		(663.00)	(183)
Change in net assets before foreign exchange		**3,255,009**	**(161,433)**
Foreign exchange loss		(36,057)	(25,893)
Change in net assets		**3,218,952**	**(187,326)**
Net assets - beginning of the year		21,872,072	22,072,276
Grants Transferred to related parties		(786,102)	-
Actuarial losses	(13)	(6,950)	(12,878)
Net assets - end of the year		**24,297,972**	**21,872,072**

- The accompanying notes on pages 6 to 28 form an integral part of these separate financial statements

Annex D: Financial Statements

Statement of Cash Flows

For the Year Ended 31 December 2020

(All amounts in US Dollars)

	Notes	2020	2019
Cash flows generated from operating activities			
Change in net assets		3,218,952	(187,326)
Adjustments to reconcile change in net assets to cash provided by operating activities			
Fixed assets depreciation	(5)	60,296	76,091
Impairment of fixed assets	(5)	-	10,225
Provisions formed	(14)	64,223	78,433
Provision no longer required	(14)	(1,514)	-
Defined employees' benefits obligation	(13)	78,396	61,187
Net realized loss from investments		(5,076)	(6,372)
Net unrealized loss/(gain) from investments		(400,317)	(211,183)
Net assets before changes in assets and liabilities		**3,014,960**	**(178,945)**
Changes in assets and liabilities			
Change in contributions and grants receivable		(1,032,455)	1,007,621
Change in debtors and other debit balances		(105,202)	7,861
Change in creditors and other credit balances		12,202	(23,396)
Change in due from related parties		(67,407)	(97,590)
Cash flows generated from/ (used in) operating activities		**1,822,098**	**715,551**
Provisions utilised during the year	(14)	(19,977)	(46,598)
Defined employees' benefits paid	(13)	(4,007)	(6,282)
Net cash flow generated from (used in) operating activities		**1,798,114**	**662,671**
Cash flows from investing activities			
Change in investments		1,524,533	(866,290)
Payments for purchase of fixed assets		(34,293)	(41,616)
Net cash generated from / (used in) investing activities		**1,490,240**	**(907,906)**
Net increase/ (decrease) in cash and cash equivalents		**3,288,354**	**(245,235)**
Cash and cash equivalents at beginning of year	(10)	495,340	740,575
Cash and cash equivalents at end of year	(10)	**3,783,694**	**495,340**

- The accompanying notes on pages 6 to 28 form an integral part of these separate financial statements

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

1. General information

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

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

On the 18th of March 2019 the Board of Trustees decided to establish a branch in Dubai which was closed down on the 26th of December 2020. However, ERF registered in Dubai a new entity through Dubai International Financial Center (DIFC) as a Non-Profit Incorporated Organization in the name of Economic Research Forum.

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

Users of these separate financial statements should read them together with the consolidated financial statements available with the organization, as of December 31, 2020 in order to obtain complete information about the organization's financial position, its activities results, cash flows and changes in the net assets of the group as a whole.

2. Accounting policies

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

A. Basis of preparation

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

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

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

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

All other assets are classified as non-current.

The liability is classified as current when:
- It is expected to be settled in normal operating course.
- Held primarily for trading.
- Expected to be settled within 12 months after the end of the financial reporting period, or
- The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Organization classifies all other liabilities as non-current.

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

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

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

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

On 28 March 2020, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards . The amendments in the EASs have been published in the official gazette on 7 April 2019.

On 17 September 2020, the prime minister issued a decree no. 1971 for 2020, by postponing the date of application of the new Egyptian accounting standards [Egyptian Accounting Standard No. (47) 'Financial Instruments', Egyptian Accounting Standard No. (48) 'Revenue from Contracts with Customers' and Egyptian Accounting Standard No. (49) 'Leases'] issued on 28 March, 2019, under Resolution no. 69 of 2019, the amendments contained in this resolution postpone the mandatory validity date of the new standards from January 1, 2020 to January 1, 2021 with the option of early application, and these amendments are effective immediately after this decision.

The Company has decided not to choose the option of early application for all the new standards mentioned above.

(1) EAS No. (47) – "Financial instruments":
This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

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

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

(2) EAS No. (48) – "Revenue from contracts with customers":
This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

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

(3) 3- EAS No. (49) – "Leases":
This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standard No. (48) – 'Revenue from contracts with customers' should be adopted at the same time.

EAS No. (49) introduces a single lease accounting model for lease contracts. A lesee recognizes his right-of-use for assets and lease liability which represents his lease instalments liability. There are some exemptions for short-term lease contracts and assets lease contracts with low value.

This standard replaces the EAS No. (20) 'Accounting rules and standards related to financial lease'.

C. Foreign currency translation

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

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

(2) Transactions and balances

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

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

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

D. Reporting polices

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

- Unrestricted net assets are assets with no restrictions imposed by donors, or assets in which the donor-imposed restrictions have expired.

- Temporarily restricted net assets are assets with restrictions imposed by donors that require ERF to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by the action taken. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are included in the Statement of Activities and change in net assets as net assets released from restrictions.

- Permanently restricted net assets contain donor-imposed stipulations that require ERF to maintain the resources permanently, but permit the ERF to use or expend part or all of the income derived from the restricted net assets as specified by the donor.

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

E. Fixed assets

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

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

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

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

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

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

Gains or losses on the disposal of an item of Fixed assets from the books are determined based on the difference between the net proceeds from the disposal of the item and the book value of the item. The gain or loss resulting from the disposal of Fixed assets is included in the separate statement of activities and change in net assets.

F. Impairment of non-financial assets

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

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

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

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

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

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

G. Cash and cash equivalents

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

H. Financial assets

(i) Classification

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

<u>Financial assets at fair value through profit or loss</u>

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

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

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

Loans and receivables:

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

(ii) Initial recognition and measurement

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

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

(iii) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Increase or decrease in the fair value during the year is recognised in the separate statement of activities and change in net assets.

Loans and receivables are then measured at amortised cost using the effective interest rate. Interests calculated are recognized in the separate statement of activities and change in net assets.

(iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or where the Organization has transferred substantially all risks and rewards of ownership.

The financial asset is de-recognised at its carrying amount at the date of de-recognition, and profit / (loss) of de-recognition is recognised in the separate statement of activities and change in net assets.

The profit / (loss) of the de-recognition of financial asset represents the difference between the carrying amount at the date of de-recognition and the proceeds resulting from the de-recognition of the financial asset.

I. Offsetting financial asset and liability

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Organization has an intention to settle on a net basis or realise the asset and settle the liability simultaneously. In order for the legal right to make an offset

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

be enforceable, it must be available on future events which are usually represented in the other party's failure and should reflect the Organization's normal practices and requirements of financial requirements and other conditions related to the considerations of the risk and timing of the Organization's cash flows.

J. Impairment of financial assets

Financial assets

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

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

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

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

K. Financial liabilities

(1) Classification

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

Notes to the Financial Statements

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

(2) Recognition and de-recognition

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

The Organization accounts for the exchange between an existing borrower and lender of debt instruments with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of it) extinguished or transferred to another party including non-amortised expenses, and the consideration paid to settle the Liability are recognised in separate statement of activities and change in net assets.

(3) Measurement

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

L. Employees' benefits

i. Defined benefit plans

A defined benefit plan is a post-employment plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, using a formula that is usually dependent on employees' final wages, and the number of the years of service.

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

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

ii. Defined contribution plans

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

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

M. Provisions

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

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

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

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

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Organization, the Organization recognises the reimbursement when it is virtually certain that reimbursement will be received if the Organization settles the obligation. The reimbursement should be recognised as a separate asset in the separate statement of financial position. The amount recognised should not exceed the amount of the provision.

N. Creditors and other credit balances

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

O. Revenue recognition

(a) Contribution and grants

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

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

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

(b) Interest income

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

P. Comparatives

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

3. Financial risk management

(1) Financial risk factors

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

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

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

A. Market risk

(i) Foreign currency exchange risk

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

	2020	2019
EGP 10%	4,316	850
CAD 10%	-	1,007
EUR 10%	10,057	48,651
AED 10%	-	766
KWD 10%	1,081,417	949,234

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

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

			2020	2019
	Assets	**Liabilities**	**Net**	**Net**
EGP	457,071	(413,914)	43,157	8,501
CAD	-	-	-	10,073
EUR	100,572	-	100,572	486,511
AED	-	-	-	7,657
KWD	10,814,170	-	10,814,170	9,492,336

(ii) Cash flow and fair value interest rate risk

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

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

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

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

	Increase/ decrease	Effect of Statement of Activities and change in net
31 December 2020	+ 1%	43
31 December 2019	+ 1%	68

B. Liquidity risk

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

The management makes cash flow projections on periodic basis, which are discussed, and necessary actions are taken to negotiate with suppliers, follow-up the collection process from Donors in order to ensure sufficient cash is maintained to discharge the Organization's liabilities. The Organization's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient cash cover to meet the cash outflows to settle the obligations to be able to maintain financial terms, guarantees and covenants at all times.

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

The Organization limits liquidity risk by maintaining sufficient bank facilities and reserves, and by monitoring cash forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Balances due to suppliers are normally settled within 30 days from the date of purchase.

The table below summarises the maturities of the Organization's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2020	Less than 6 months	Between 6 months & 1 year	Between 1 & 2 years	More than 2 years
Accounts payable	101,021	-	-	-
Accrued expenses	725	-	-	-
Other credit balances	98,262	-	-	-
Total	**200,008**	**-**	**-**	**-**

At 31 December 2019	Less than 6 months	Between 6 months & 1 year	Between 1 & 2 years	More than 2 years
Accounts payable	88,047	-	-	-
Accrued expenses	428	-	-	-
Other credit balances	99,331	-	-	-
Total	**187,806**	**-**	**-**	**-**

(2) Fair value estimation

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

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

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

The table below shows the financial assets and liabilities at fair value in the separate financial statements at 31 December 2020 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which the organization can have access to at the date of measurement.
- Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3- Unobservable inputs of the asset or the liability.

Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading investments	14,849,432	-	-	14,849,432
Total financial assets	**14,849,432**	-	-	**14,849,432**

The table below shows the financial assets and liabilities at fair value in the separated financial statements at 31 December 2019 within the hierarchy of fair value.

Financial assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading investments	15,968,572	-	-	15,968,572
Total financial assets	**15,968,572**	-	-	**15,968,572**

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

4. Critical accounting estimates and judgments

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

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

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

Notes to the financial statements - for the financial year ended 31 December 2020

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

5. Fixed assets

	Land	Building	Furniture & Fixtures	Office equipment	Motor vehicles	Total
1 January 2019						
Cost	2,822,749	1,564,962	552,159	470,799	49,746	5,460,415
Accumulated depreciation	-	(236,494)	(508,853)	(463,971)	(33,165)	(1,242,483)
Net carrying value	**2,822,749**	**1,328,468**	**43,306**	**6,828**	**16,581**	**4,217,932**
Net book value at the beginning of the year	2,822,749	1,328,468	43,306	6,828	16,581	4,217,932
Additions			24,001	17,615	-	41,616
Impairment expense	-	-	(9,944)	(281)	-	(10,225)
Depreciation expense	-	(31,319)	(21,178)	(7,013)	(16,581)	(76,091)
Net book value at the end of the year	**2,822,749**	**1,297,149**	**36,185**	**17,149**	**-**	**4,173,232**
31 December 2019						
Cost	2,822,749	1,564,962	576,160	488,414	49,746	5,502,031
Accumulated depreciation	-	(267,813)	(530,031)	(470,984)	(49,746)	(1,318,574)
Accumulated Impairment	-	-	(9,944)	(281)	-	(10,225)
Net carrying value	**2,822,749**	**1,297,149**	**36,185**	**17,149**	**-**	**4,173,232**
Net book value at the beginning of the year	2,822,749	1,297,149	36,185	17,149	-	4,173,232
Additions	-	34,293	-	-	-	34,293
Depreciation expense	-	(31,319)	(21,221)	(7,756)	-	(60,296)
Net book value at the end of the year	**2,822,749**	**1,300,123**	**14,964**	**9,393**	**-**	**4,147,229**
31 December 2020						
Cost	2,822,749	1,599,255	576,160	488,414	49,746	5,536,324
Accumulated depreciation	-	(299,132)	(551,252)	(478,740)	(49,746)	(1,378,870)
Accumulated impairment	-	-	(9,944)	(281)	-	(10,225)
Net carrying value	**2,822,749**	**1,300,123**	**14,964**	**9,393**	**-**	**4,147,229**

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

6. Investments

	2020	2019
EFG-Hermes Portfolio*	4,495,500	7,136,189
AFESD Endowment fund**	10,353,932	8,832,383
	14,849,432	**15,968,572**

EFG-Hermes Portfolio

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

			2020			2019
	No. of Shares	Cost	Fair value	No. of Shares	Cost	Fair value
Middle East and Development Africa (MEDA)	43,830	1,209,000	1,631,352	43,830	1,209,000	1,508,628
Egypt Euro Bonds	15,000	1,437,500	1,753,415	13,000	1,315,600	1,328,929
Oman Euro Bonds	10,000	949,500	957,551	-	-	-
Treasury Bills	25,000	143,769	153,182	17,250	94,551	99,290
			4,495,500			**2,936,847**
Time deposits			-			4,199,342
			4,495,500			**7,136,189**

AFESD Endowment fund

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

	2020	2019
Endowment fund	8,832,383	6,878,858
Transferred from Grant Receivables	494,951	939,369
Return/(loss) on endowment fund	1,061,222	1,007,579

Notes to the financial statements - for the financial year ended 31 December 2020

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

Currency revaluation	(34,624)	6,577
	10,353,932	**8,832,383**

7. Contributions and grants receivable

The balance due to the Organization from donors as of 31 December 2020 amounted to USD 1,764,601 as follows:

	2020	2019
Balance due	1,764,601	1,518,248
Current portion	(1,764,601)	(1,475,488)
	-	**42,760**

The Balance by donor is as follow:

	2020	2019
Arab Fund for economic and social development (AFESD)	460,239	646,492
World bank	330,000	-
International labour organization (ILO)	327,125	161,443
FCDO - Foreign, Commonwealth & Development Office	230,102	-
Carnegie Corporation of New York	176,600	-
United Nations Development Programme	111,300	-
Agence francaise de developpement (AFD)	86,163	-
The United nation entity for gender equality and empowerment of women (UN Women)	29,924	129,924
European Commission	13,148	25,606
International development research centre (IDRC)	-	10,073
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	-	*355,585*
Ford Foundation	-	189,125
	1,764,601	**1,518,248**

8. Due from related parties

The Organization entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise of companies under common control, and/ or joint management and control, and their partners and employees of senior management. The partners of joint arrangement and non-controlling interest are considered by the Organization as related

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

parties. The management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses. Below is the statement that shows the nature and values of transaction with related parties during the year, and the balances due at the date of the separate financial statements:

(A) Related party transactions

	Nature of relationship	Nature of transactions	2020	2019
Economic Research Forum - NIPO	Affiliate	Amounts paid on behalf	46,389	97,590
		Transfer of activities related to Dubai grants	786,102	-

(B) Due from related parties

	2020	2019
Economic Research Forum (Dubai)	164,997	97,590
	164,997	**97,590**

9. Prepaid expenses and other receivables

	2020	2019
Prepaid expenses	9,910	7,387
Advances to researchers	143,641	29,064
Advances to suppliers	16,612	36,309
Other receivables	12,067	4,268
	182,230	**77,028**

10. Cash on hand and at banks

	2020	2019
Current accounts- USD	3,679,785	317,124
Current accounts- foreign currencies	42,045	111,502
Time deposits	54,353	66,478
Cash on hand	7,511	236
	3,783,694	**495,340**

Notes to the financial statements - for the financial year ended 31 December 2020

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

11. Net assets

Unrestricted net assets

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

Temporarily restricted net assets

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

	2020	2019
Arab Fund for economic and social development (AFESD)	858,790	340,310
International development research centre (IDRC)	-	29,963
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	-	350,440
Ford Foundation	-	405,697
Carnegie Corporation of New York	458,125	-
FCDO - Foreign, Commonwealth & Development Office	230,102	-
United Nations Development Programme	214,977	-
World bank	453,084	-
European Commission	-	64,297
Agence francaise de developpement (AFD)	83,605	-
The United nation entity for gender equality and empowerment of women (UN Women)	51,834	193,151
International labour organization (ILO)	596,098	165,394
	2,946,615	**1,549,252**

Permanently restricted net assets

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

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

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

	2020	2019
Arab Fund for economic and social development (AFESD)	9,750,901	9,750,901
International development research centre (IDRC)	2,562,505	2,562,505
Ford Foundation	999,997	999,997
	13,313,403	**13,313,403**

12. Statement of Activities and change in net assets

	Unrestricted	Temporarily restricted	Permanently restricted	2020	2019
Revenues and other support					
Grants	-	3,106,897	-	3,106,897	1,278,851
Interest Income	4,255	-	-	4,255	6,801
Return on investments	1,200,225	-	-	1,200,225	1,129,395
Other operating income	1,820	14,502	-	16,322	1,176
Realized gain from investments	5,739	-	-	5,739	6,555
Unrealized gain from investments	406,465	-	-	406,465	211,183
Total revenues and other support	**1,618,504**	**3,121,399**	**-**	**4,739,903**	**2,633,961**
Net assets released from restriction	937,934	(937,934)	-	-	-
Total revenues and other support	**2,556,438**	**2,183,465**	**-**	**4,739,903**	**2,633,961**
Research programs	(393,373)	-	-	(393,373)	(783,359)
Events	(137,555)	-	-	(137,555)	(674,453)
Publications	(275,791)	-	-	(275,791)	(353,373)
General and administrative expenses	(671,364)	-	-	(671,364)	(984,026)
Unrealized Loss from investments	(6,148)	-	-	(6,148)	
Realized gain/loss from investments	(663)	-	-	(663)	(183)
Change in net assets before foreign exchange	**1,071,544**	**2,183,465**	**-**	**3,255,009**	**(161,433)**
Foreign exchange gain	(36,057)	-	-	(36,057)	(25,893)
Change in net assets	**1,035,487**	**2,183,465**	**-**	**3,218,952**	**(187,326)**
Net assets - beginning of the year	7,009,417	1,549,252	13,313,403	21,872,072	22,072,276
Grants transfer to related parties	-	(786,102)	-	(786,102)	-
Actuarial losses	(6,950)	-	-	(6,950)	(12,878)
Net assets - end of the year	**8,037,954**	**2,946,615**	**13,313,403**	**24,297,972**	**21,872,072**

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

13. Defined employees' benefits obligations

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

	2020	2019
Discount Rate	13%	14%
Average rate of salaries increase	10%	10%

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

	2020	2019
Present value of liabilities	231,352	150,013
Liabilities as per the statement of financial position	**231,352**	**150,013**

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

	2020	2019
Balance at 1 January	150,013	82,230
Additions during the year	78,396	61,187
Actuarial loss	6,950	12,878
Paid during the year	(4,007)	(6,282)
Balance at 31 December	**231,352**	**150,013**

The amounts recognized in the statement of the profit and loss are as follows:

	2020	2019
Service cost	71,258	56,792
Interest cost	7,138	4,395
	78,396	**61,187**

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

14. Provisions

	2020	2019
Balance, at the beginning of the year	120,119	88,284
Formed during the year	64,223	78,433
Used during the year	(20,435)	(48,257)
Revaluation	458	1,659
No longer required	(1,514)	-
	162,851	**120,119**

15. Accrued expenses and other payables

	2020	2019
Accounts payable	101,021	88,047
Accrued expenses	725	428
Other credit balances	98,262	99,331
	200,008	**187,806**

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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16. Grants

The organization was granted the following temporarily restricted grants:

	2020	2019
Arab Fund for Economic and Social Development (AFESD)	915,628	734,575
World Bank	580,000	-
The institute of international Education, lnc.	-	21,023
Ford Foundation	-	20,123
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	-	1,839
Agence francaise de developpement (AFD)	83,605	-
International labour organization (ILO)	533,728	241,443
The United nation entity for gender equality and empowerment of women (UN Women)	-	259,848
European Commission	30,633	
Carnegie Corporation of New York	500,000	-
FCDO - Foreign, Commonwealth & Development Office	230,103	-
United Nations Development Programme	233,200	-
	3,106,897	**1,278,851**

17. Expenses by Nature

	Notes	2020	2019
Wages, salaries and in-kind benefits		831,444	1,080,219
Professional and research fees		226,356	542,123
Editing, designing and formatting		93,425	127,322
Provisions expenses		62,710	78,433
Fixed assets depreciation		60,296	86,314
Supplies		52,608	47,474
Other		48,154	147,121
Travel and Accommodation		41,313	583,911
Insurance		25,958	24,574
Communications		16,246	30,645
Administrative Fees		11,053	23,511
Utilities		8,100	10,232
Rent		420	13,332
		1,478,083	**2,795,211**

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

18. Tax position

(A) Corporate taxes

The Organization is not subject to corporate tax.

(B) Payroll taxes

The Organization's records were inspected till the year 2018 and the taxes due were paid.

The Organization is currently under tax inspection for the year 2019

19. Financial instruments by category

	31 December 2020		
Assets as per statement of financial position	**Assets at fair value through profit or loss**	**Receivables**	**Total**
Investments	14,849,432	-	**14,849,432**
Contributions and grants receivable	-	1,764,601	**1,764,601**
Prepaid expenses and other receivables	-	182,230	**182,230**
Due from related parties	-	164,997	**164,997**
Total	**14,849,432**	**2,111,828**	**16,961,260**

	31 December 2020	
Liabilities as per the statement of financial position	**Other financial liabilities**	**Total**
Accrued expenses and other payables	200,008	200,008
Total	**200,008**	**200,008**

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

Assets as per statement of financial position	31 December 2019		
	Assets at fair value through profit or loss	**Receivables**	**Total**
Investments	15,968,572	-	**15,968,572**
Contributions and grants receivable	-	1,518,248	**1,518,248**
Prepaid expenses and other receivables	-	77,028	**77,028**
Due from related parties	-	97,590	**97,590**
Total	**15,968,572**	**1,692,866**	**17,661,438**

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

20. Significant changes in the current reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and global economic activity.

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

Independent Auditor's Report

to the Board of Trustees of Economic Research Forum - NPIO

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Economic Research Forum - NPIO ("the Organisation") as at 31 December 2020, and its financial performance and its cash flows For the year ended 31 December 2020 in accordance with International Financial Reporting Standards.

What we have audited

The Organisation's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of activities and change in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

Independent Auditor's Report

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers
8 June 2021

Jacques Fakhoury
Registered Auditor Number 379
Dubai, United Arab Emirat

Statement of Financial Position

(*ERF-NPIO*)

(All amounts in US Dollars)

Assets	Notes	As at 31 December 2020	As at 31 December 2019
Non-Current Assets			
Grants receivable	(4)	82,993	-
Current Assets			
Grants receivable	(4)	1,222,912	-
Prepayments and other receivables	(5)	122,795	19,491
Cash at banks	(6)	641,134	-
Total current assets		**1,986,841**	**19,491**
Total assets		**2,069,834**	**19,491**
Net Assets and Liabilities			
Net Assets			
Unrestricted	(7)	(136,677)	(88,099)
Temporarily restricted	(7)	2,026,691	-
Total net assets		**1,890,014**	**(88,099)**
Liabilities			
Current Liabilities			
Accrued expenses and other payables	(8)	14,823	10,000
Due to a related party	(9)	164,997	97,590
Total liabilities		**179,820**	**107,590**
Total liabilities and net assets		**2,069,834**	**19,491**

- The notes on pages 7 to 18 are an integral part of these financial statements.

The financial statements were approved by the Board of Trustees on **8 June 2021** and signed on its behalf by:

Sherif Osama Elghaty

Acting Director of Finance

Managing Director

Annex D: Financial Statements

Statement of Activities and Change in Net Assets

(ERF-NPIO)

(All amounts in US Dollars)

Revenues and other support	Notes	31 December 2020	Period from 16 May 2019 to 31 December 2019
Grants	(10)	1,790,173	-
Other income		24,764	-
Total revenues and other support		**1,814,937**	-
Expenses			
functional expenses	(11)	(645,806)	(90,686)
Change in net assets before foreign exchange		**1,169,131**	**(90,686)**
Foreign exchange gain		22,880	2,587
Change in net assets		**1,192,011**	**(88,099)**
Net assets, beginning of the year / period		(88,099)	-
Grants transferred from related party		786,102	-
Net assets, end of the year		**1,890,014**	**(88,099)**

- The notes on pages 7 to 18 are an integral part of these financial statements.

Statement of Cash Flows
(ERF-NPIO)

(All amounts in US Dollars)

	31 December 2020	Period from 16 May 2019 to 31 December 2019
Operating activities		
Change in net assets	1,192,011	(88,099)
Changes in working capital		
Grants receivable	(519,803)	-
Prepayments and other receivables	(103,304)	(19,491)
Other payables	4,823	10,000
Due to a related party	67,407	97,590
Net cash generated from operating activities	**641,134**	-
Net increase in cash and cash equivalents	**641,134**	-
Cash and cash equivalents at beginning of the year / period	-	-
Cash and cash equivalents at beginning of the year / period	**641,134**	-

- The notes on pages 7 to 18 are an integral part of these financial statements.

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

1. General information

The Economic Research Forum - NPIO ("the Organisation") is an independent international, non-governmental, non-profit incorporated organization ("NPIO") working in Dubai based on an operating licence No.OL3299 from the Government of Dubai dated 16 May 2020.

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

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

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

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the year (2019: during the period from 16 May to 31 December 2019), unless otherwise stated.

2.1 Basis of preparation

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

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

(a) New and amended standards adopted by the Organisation

The Organisation has applied the following standards and amendments for the first time for their reporting period commencing from 1 January 2020:

- Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' (effective from 1 January 2020).

These amendments use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting, clarify the explanation of the definition of material and incorporate some of the guidance in IAS 1 about immaterial information.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to affect the current or future periods.

There are no other IFRSs or IFRIC interpretations that are effective and would be expected to have a material impact on the financial statements of the Organisation.

(b) New standards and amendments not yet adopted by the Organisation

Certain new accounting standards and interpretation have been published that are mandatory for the Organisation's accounting periods beginning 1 January 2021 or later periods but have not been early adopted by the Organisation. These standards are not expected to have a material impact on the Organisation's financial statements in the current or future reporting periods and on foreseeable future transactions.

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.3 Reporting policies

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

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

2.4 Financial assets

(a) Classification

The Organisation classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Management determines the classification of its investment at initial recognition.

(b) Recognition and de-recognition

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

(c) Measurement

At initial recognition, the Organisation measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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

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

(d) Impairment

The Organisation assesses on a forward-looking basis, the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Organisation applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance to be recognised from initial recognition for all the financial assets at amortised costs. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2.5 Offsetting financial instruments

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

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

2.6 Cash at banks

For the purpose of presentation in the statement of cash flows, Cash at banks comprise bank balances in current account.

2.7 Other receivables

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

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

2.8 Financial liabilities

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

All financial liabilities are recognised initially at fair value.

The Organisation's financial liabilities include accruals and other payables and due to a related party.

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

2.9 Other payables

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

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

2.10 Grants from donors

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

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

2.11 Interest income

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

2.12 Leases

The Organisation accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use and asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

a) there is an identified asset;
b) the Organisation obtains substantially all the economic benefits from use of the asset; and
c) the Organisation has the right to direct use of the asset.

The Organisation considers whether the lessor has substantive substitution rights. If the lessor does have those rights the contract is not identified as giving rise to a lease.

In determining whether the Organisation obtains substantially all the economic benefits from use of the asset, the Organisation considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Organisation has the right to direct use of the asset, the Organisation considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Organisation considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The Organisation's leases represent lease of property that is area obtained for office premises under leasing arrangement. Payments associated with lease are recognised on a straight-line basis as an expense in statement of comprehensive income.

3. Financial risk management

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign currency risk

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

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

	2020			2019
	Assets	**Liabilities**	**Net**	**Net**
CAD	492,211	-	492,211	
EUR	55,519	(40,513)	15,005	-
AED	62,856	-	62,856	-
	610,586	**(40,513)**	**570,072**	-

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

The Organisation is exposed to foreign currency risk from transactions in Canadian Dollar (CAD) and Euro (EUR). There is no currency risk with respect to transactions in United Arab Emirates Dirham (AED) as it is pegged to USD.

The following analysis shows the calculation of the effect of reasonable and possible changes in foreign currencies against the functional currency of the Organization while keeping all other variables constant, on the statement of activities and change in net assets:

	2020	2019
	Assets	**Net**
CAD 10%	49,221	
EUR 10%	1,501	-

(ii) Price risk

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

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

(iii) Cash flow and fair value interest rate risk

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

(b) Credit risk

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

The Organisation seeks to limit its credit risk with respect to receivables from donors and other customers by constantly monitoring outstanding receivables.

Bank balances are limited to high-credit-quality financial institutions and bank ratings are reviewed on an annual basis. Management expects any credit losses from non-performance by these counterparties would be insignificant.

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

(c) Liquidity risk

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

The management makes cash flow projections on periodic basis, which are discussed, and necessary actions are taken to negotiate with suppliers, follow-up the collection process from Donors in order to ensure sufficient cash is maintained to discharge the Organization's liabilities. The Organization's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient cash cover to meet the cash outflows to settle the obligations to be able to maintain financial terms at all times.

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

At 31 December 2020	**Carrying value**	**Less than 12 months**	**More than 12 months**
Accruals and other payables (Note 8)	14,823	14,823	-
Due to a related party (Note 6)	164,997	164,997	-
Total	**179,820**	**179,820**	**-**

At 31 December 2019	**Carrying value**	**Less than 12 months**	**More than 12 months**
Accruals and other payables (Note 8)	10,000	10,000	-
Due to a related party (Note 6)	97,590	97,590	-
Total	**107,590**	**107,590**	**-**

3.2 Fair value estimation

The fair values of the Organisation's financial assets and liabilities at 31 December 2020 and 2019 approximate their carrying amounts as reflected in these financial statements.

Notes to the financial statements - for the financial year ended 31 December 2020

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

4. Grants receivable

The balance due to the Organization from the donors as at 31 December 2020 amounted to USD 1, 307,018 (2019: AED Nil) as follows:

	2020	2019
Grant receivable	1,305,905	-
Less: current portion	(1,222,912)	-
Non-current portion	**82,993**	-

The contribution and grants are receivable from the following donors:

	2020	2019
International development research centre (IDRC)	490,755	-
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	365,150	-
Ford Foundation	450,000	-
	1,305,905	-

5. Prepayments and other receivables

	2020	2019
Prepaid expenses	8,647	12,630
Advances to researchers	108,736	2,000
Other receivables	5,412	4,861
	122,795	**19,491**

With respect to other receivables, the Organisation has assessed the impairment provision as per IFRS 9 expected credit loss model and based on the assessment performed, the credit loss would be insignificant and therefore the Organisation has not booked any provision for impairment in this regard.

6. Cash at banks

	2020	2019
Current accounts- USD	639,524	-
Current accounts- foreign currencies	1,610	-
	641,134	-

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

7. Net assets

Unrestricted net assets

These type of funds are used by the management to be expensed on any type of activities carried out by the Organisation without restrictions from the respective donor(s).

Temporarily restricted net assets

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

	2020	2019
International development research centre (IDRC)	757,912	-
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	362,964	-
Ford Foundation	905,815	-
	2,026,691	**-**

8. Accrued expenses and other payables

	2020	2019
Accounts payable	10,000	10,000
Accrued expenses	4,823	-
	14,823	**10,000**

9. Related party disclosures

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

Transactions with related parties

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

Notes to the financial statements - for the financial year ended 31 December 2020

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

	For the year ended 31 December	Period from 16 May to 31 December
	2020	**2019**
Amounts paid on behalf of the Organisation (Affiliate)	46,389	97,590
Transfer of activities related to Dubai grants (Affiliate)*	786,102	-

*On 1 January 2020 , the Economic research forum-NPIO and Economic research forum-Egypt, have entered into an agreement where the Economic research forum-Egypt agreed to transfer all the grants related to the activities in Dubai and its related net assets to Economic Research Forum – NPIO.

Balances with related parties

Amounts due to a related party represent balances arising from payment made on behalf of the organization in the normal course of business. Outstanding balance is unsecured and interest free.

		2020	2019
	Relationship		
Due to a related party			
Economic Research Forum (Egypt)	Affiliate	164,997	97,590

10. Grants

During the year ended 31 December 2020 (2019: period from 16 May to 31 December 2019), the Organization was granted the following temporarily restricted grants:

	2020	2019
International development research centre (IDRC)	903,429	-
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	36,744	-
Ford Foundation	850,000	-
	1,790,173	-

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

11. Functional expenses

	Notes	31 December 2020	Period from 16 May 2019 to 31 December 2019
Wages, salaries and in-kind benefits		350,992	-
Rent		69,768	60,874
Travel and Accommodation		49,349	2,247
Professional and research fees		143,002	10,000
Insurance Expenses		8,996	-
Communication expenses		7,628	-
Administrative fees		1,932	8,678
Supplies		6,368	-
Others		7,771	8,887
		645,806	**90,686**

Notes to the financial statements - for the financial year ended 31 December 2020

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

12. Statement of activities and change in net assets

	Unrestricted	Temporarily restricted	31 December 2020	Period from 16 May 2019 to 31 December 2019
Revenues and other support				
Grants	-	1,790,173	1,790,173	-
Other operating income	2,049	22,715	24,764	-
Total revenues and other support	**2,049**	**1,812,888**	**1,814,937**	**-**
Net assets released from restriction	572,299	(572,299)	-	-
Total revenues and other support	**574,348**	**1,240,589**	**1,814,937**	**-**
Research programs	(235,604)	-	(235,604)	-
Events (Conferences, Workshops)	(14,019)	-	(14,019)	-
Publications (Books, Reports, Online Subscription)	(79,124)	-	(79,124)	-
Administrative expenses	(317,059)	-	(317,059)	(90,686)
Change in net assets before foreign exchange	**(71,458)**	**1,240,589**	**1,169,131**	**(90,686)**
Foreign exchange gain	22,880	-	22,880	2,587
Change in net assets	**(48,578)**	**1,240,589**	**1,192,011**	**(88,099)**
Net assets - beginning of the year	(88,099)	-	(88,099)	-
Transfer from related parties	-	786,102	786,102	-
Net assets - end of the year	**(136,677)**	**2,026,691**	**1,890,014**	**(88,099)**

Notes to the Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

13. Financial instruments by category

Liabilities as per the statement of financial position	31 December 2020	Period from 16 May 2019 to 31 December 2019
Financial assets – at amortised cost		
Contributions and grants receivable (Note 4)	1,305,905	-
Prepayments and other receivables (excluding prepaid expenses and advance to researchers) (Note 5)	5,430	4,861
	1,311,335	**4,861**
Financial liabilities –at amortised cost		
Accrued expenses and other payables (Note 8)	14,823	10,000
Due to a related party (Note 9)	164,997	97,590
	179,820	**107,590**

14. Significant changes in the current reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and global economic activity.

In response to the spread of the Covid-19 pandemic in Dubai and other territories and its resulting disruption to the social and economic activities in those markets, the Organization's management has proactively assessed its impact on its operations and has taken a series of preventative measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees and the wider community as well as to ensure the continuity of its activities.

The organization has signed this year 3 new grants and 2 new grants in the subsequent period, all of which include a part to be spent on the overheads expenses of the organization also the organization have signed a collaboration agreement with economic research forum (Egypt) in which it agreed to allocate financial resources within its annual budget to support the activities and operations of economic research forum-NPIO, and shall cover the costs and expenses associated with setting up an office for operations in Dubai.

Auditor's Report and Consolidated Financial Statements

To the Board of Trustees of the Economic Research Forum

Report on the Consolidated financial statements

We have audited the accompanying Consolidated financial statements of Economic Research Forum which comprise the Consolidated Statement of financial position as of 31 December 2020 and the statements of activities and change in net assets and cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Consolidated financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis Consolidated Statement of the Consolidated 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 Consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated 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 Consolidated financial statements.

Opinion

In our opinion, the Consolidated financial statements referred to above present fairly, in all material respects, the Consolidated financial position of Economic Research Forum as at 31 December 2020, and of its financial performance and its cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Other information

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

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

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

Ashraf Mamdouh

Ashraf Mamdouh

PricewaterhouseCoopers Ezzeldeen, Diab & Co.

pwc

R.A.A. 26231

F.R.A. 383

Cairo: June 8, 2021

Annex D: Financial Statements

Consolidated Statement of Financial Position

As of 31 December 2020

(All amounts in US Dollars)

Assets	Notes	2020	2019
Non-Current Assets			
Fixed assets	(5)	4,147,229	4,173,232
Investments	(6)	14,849,432	15,968,572
Contributions and grants receivable	(7)	82,992	42,760
Total non-current assets		**19,079,653**	**20,184,564**
Current Assets			
Contributions and grants receivable	(7)	2,987,513	1,475,488
Due from related party	(8)	-	97,590
Prepaid expenses and other receivables	(9)	305,026	77,028
Cash on hand and at banks	(10)	4,424,828	495,340
Total current assets		**7,717,367**	**2,145,446**
Total assets		**26,797,020**	**22,330,010**
Net Assets			
Unrestricted	(11)	8,037,954	7,009,417
Temporarily restricted	(11)	3,732,717	1,549,252
Permanent y restricted	(11)	13,313,403	13,313,403
Total net assets attributable to Economic Research Forum – Egypt		**25,084,074**	**21,872,072**
Net Assets attributable to Economic Research Forum – NPIO		1,103,912	-
Total net assets	(12)	**26,187,986**	**21,872,072**
Liabilities			
Non-current liabilities			
Employees' end of service benefits	(13)	231,352	150,013
Total non-current liabilities		**231,352**	**150,013**
Current Liabilities			
Provisions	(14)	162,851	120,119
Accrued expenses and other payables	(15)	214,831	187,806
Total current liabilities		**377,682**	**307,925**
Total liabilities and net assets		**26,797,020**	**22,330,010**

-The accompanying notes on pages 6 to 29 form an integral part of these Consolidated financial statements
-Auditor's report attached

Sherif Osama Elghaty

Acting Director of Finance
8 June, 2021 - Cairo

Managing Director
8 June, 2021 - Cairo

Consolidated Statement of Activities and Change in Net Assets

For the Year Ended 31 December 2020

(All amounts in US Dollars)

	Notes	2020	2019
Grants	(16)	4,897,070	1,278,851
Interest on time deposits		4,255	6,801
Return on investments		1,200,225	1,129,395
Other income		41,086	1,176
Realized gain from investments		5,739	6,555
Unrealized gain from investments		406,465	211,183
Total revenues and other support		**6,554,840**	**2,633,961**
Research programs	(17)	(628,977)	(783,359)
Events	(17)	(151,574)	(674,453)
Publications	(17)	(354,915)	(353,373)
General and administrative expenses	(17)	(988,423)	(984,026)
Unrealized loss from investments		(6,148)	-
realized loss from investment		(663)	(183)
Change in net assets before foreign exchange		**4,424,140**	**(161,433)**
Foreign exchange loss		(13,177)	(25,893)
Change in net assets		**4,410,963**	**(187,326)**
Net assets - beginning of the year		21,872,072	22,072,276
Net assets – beginning of the year -Economic re-search forum -NPIO		(88,099)	-
Actuarial losses		(6,950)	(12,878)
Net assets - end of the year		**26,187,986**	**21,872,072**

- The accompanying notes on pages 6 to 29 form an integral part of these Consolidated financial statements

Annex D: Financial Statements

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

(All amounts in US Dollars)

	Notes	2020	2019
Cash flows generated from operating activities			
Change in net assets		4,410,963	(187,326)
Adjustments to reconcile change in net assets to cash provided by operating activities			
Fixed assets depreciation	(5)	60,296	76,091
Impairment of fixed assets	(5)	-	10,225
Provisions formed	(14)	64,223	78,433
Provision no longer required	(14)	(1,514)	-
Defined employees' benefits obligation	(13)	78,397	61,187
Net realized loss from investments		(5,076)	(6,372)
Net unrealized loss/(gain) from investments		(400,317)	(211,183)
Net assets before changes in assets and liabilities		**4,206,972**	**(178,945)**
Changes in assets and liabilities			
Change in contributions and grants receivable		(1,552,258)	1,007,621
Change in debtors and other debit balances		(208,507)	7,861
Change in creditors and other credit balances		17,025	(23,396)
Change in due from related parties		-	(97,590)
Cash flows generated from/ (used in) operating activities		**2,463,232**	**715,551**
Provisions utilised during the year	(14)	(19,977)	(46,598)
Defined employees' benefits paid	(13)	(4,007)	(6,282)
Net cash flow generated from (used in) operating activities		**2,439,248**	**662,671**
Cash flows from investing activities			
Change in investments		1,524,533	(866,290)
Payments for purchase of fixed assets		(34,293)	(41,616)
Net cash generated from / (used in) investing activities		**1,490,240**	**(907,906)**
Net increase/ (decrease) in cash and cash equivalents		**3,929,488**	**(245,235)**
Cash and cash equivalents at beginning of year		495,340	740,575
Cash and cash equivalents at end of year	(10)	**4,424,828**	**495,340**

The accompanying notes on pages 6 to 29 form an integral part of these Consolidated financial statements

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

1. General information

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

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

On the 18th of March 2019 the Board of Trustees decided to establish a branch in Dubai which was closed down on the 26th of December 2020. However, ERF registered in Dubai a new entity through Dubai International Financial Center (DIFC) as a Non-Profit Incorporated Group in the name of Economic Research Forum.

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

2. Accounting policies

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

A. Basis of preparation

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

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

- Expected to be realised or intended to be sold or used in normal operating course.
- Held primarily for trading.
- Expected to be realised within 12 months after the end of the reporting period, or

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting period.

All other assets are classified as non-current.

The liability is classified as current when:
- It is expected to be settled in normal operating course.
- Held primarily for trading.
- Expected to be settled within 12 months after the end of the financial reporting period, or
- The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Group classifies all other liabilities as non-current.

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

Significant judgments used by the Group's management when applying the Group's accounting policies.

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

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

On 28 March 2020, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards . The amendments in the EASs have been published in the official gazette on 7 April 2019.

On 17 September 2020, the prime minister issued a decree no. 1971 for 2020, by postponing the date of application of the new Egyptian accounting standards [Egyptian Accounting Standard No. (47) 'Financial Instruments', Egyptian Accounting Standard No. (48) 'Revenue from Contracts with Customers' and Egyptian Accounting Standard No. (49) 'Leases'] issued on 28 March, 2019, under Resolution no. 69 of 2019, the amendments contained in this resolution postpone the mandatory validity date of the new standards from January 1, 2020 to January 1, 2021 with the option of early application, and these amendments are effective immediately after this decision.

The Group has decided not to choose the option of early application for all the new standards mentioned above.

(1) EAS No. (47) – "Financial instruments":
This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

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

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

(2) EAS No. (48) – "Revenue from contracts with customers":
This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

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

(3) 3- EAS No. (49) – "Leases":
This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standard No. (48) – 'Revenue from contracts with customers' should be adopted at the same time.

EAS No. (49) introduces a single lease accounting model for lease contracts. A lesee recognizes his right-of-use for assets and lease liability which represents his lease instalments liability. There are some exemptions for short-term lease contracts and assets lease contracts with low value.

This standard replaces the EAS No. (20) 'Accounting rules and standards related to financial lease'.

C. Consolidation

(1) Subsidiaries
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

1.1 Acquisition method
The group applies the acquisition method to account for business combinations.

Notes to the Consolidated Financial Statements

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiring on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the date of acquisition .

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.3 Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss for the parent company.

1.4 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.5 Measurement period

The measurement period is the period after the acquisition date which provides the acquirer with a reasonable time to obtain the information necessary to identify and measure all items arisen from an acquisition of a subsidiary. The measurement period shall not exceed one year from the acquisition date, If the group has identified a new facts or circumstances regarding the acquisition during the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date

D. Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

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

E. Reporting polices

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

- Unrestricted net assets are assets with no restrictions imposed by donors, or assets in which the donor-imposed restrictions have expired.

- Temporarily restricted net assets are assets with restrictions imposed by donors that require ERF to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by the action taken. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are included in the Consolidated Statement of Activities and change in net assets as net assets released from restrictions.

- Permanently restricted net assets contain donor-imposed stipulations that require ERF to maintain the resources permanently, but permit the ERF to use or expend part or all of the income derived from the restricted net assets as specified by the donor.

F. Fixed assets

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

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

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

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

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

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

Gains or losses on the disposal of an item of Fixed assets from the books are determined based on the difference between the net proceeds from the disposal of the item and the book value of the item. The gain or loss resulting from the disposal of Fixed assets is included in the Consolidated Statement of Activities and change in net assets.

G. Impairment of non-financial assets

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

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

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

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

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

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

H. Cash and cash equivalents

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

I. Financial assets

(i) Classification

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables:

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

(ii) Initial recognition and measurement

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

(iii) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Increase or decrease in the fair value during the year is recognised in the Consolidated Statement of Activities and change in net assets.

Loans and receivables are then measured at amortised cost using the effective interest rate. Interests calculated are recognized in the Consolidated Statement of Activities and change in net assets.

(iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

The financial asset is de-recognised at its carrying amount at the date of de-recognition, and profit / (loss) of de-recognition is recognised in the Consolidated Statement of Activities and change in net assets.

The profit / (loss) of the de-recognition of financial asset represents the difference between the carrying amount at the date of de-recognition and the proceeds resulting from the de-recognition of the financial asset.

J. Offsetting financial asset and liability

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

K. Impairment of financial assets

Financial assets

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

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

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

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

L. Financial liabilities

(1) Classification

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

(2) Recognition and de-recognition

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

The Group accounts for the exchange between an existing borrower and lender of debt instruments with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of it) extinguished or transferred to another party including non-amortised expenses, and the consideration paid to settle the Liability are recognised in Consolidated Statement of Activities and change in net assets.

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

(3) Measurement

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

M. Employees' benefits

i. Defined benefit plans

A defined benefit plan is a post-employment plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, using a formula that is usually dependent on employees' final wages, and the number of the years of service.

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

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

ii. Defined contribution plans

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

N. Provisions

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

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

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

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

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Group, the Group recognises the reimbursement when it is virtually certain that reimbursement will be received if the Group settles the obligation. The reimbursement should be recognised as a separate asset in the Consolidated Statement of financial position. The amount recognised should not exceed the amount of the provision.

O. Creditors and other credit balances

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

P. Revenue recognition

(a) Contribution and grants

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

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

(b) Interest income

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

Q. Comparatives

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

3. Financial risk management

(1) Financial risk factors

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

The Group's management aims to minimise the potential adverse effects on the Group's financial performance.

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

A. Market risk

(i) Foreign currency exchange risk

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

	2020	2019
EGP 10%	4,316	850
CAD 10%	49,221	1,007
EUR 10%	11,558	48,651
AED 10%	6,286	766
KWD 10%	1,081,417	949,234

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

	2020			2019
	Assets	Liabilities	Net	Net
EGP	457,071	(413,914)	43,157	8,501
CAD	492,211	-	492,211	10,073
EUR	156,091	(40,513)	115,578	486,511
AED	62,856	-	62,856	7,657
KWD	10,814,170	-	10,814,170	9,492,336

(ii) Cash flow and fair value interest rate risk

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

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

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

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

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

	Increase/ decrease	Effect of Statement of Activities and change in net
31 December 2020	+ 1%	43
31 December 2019	+ 1%	68

B. Liquidity risk

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

The management makes cash flow projections on periodic basis, which are discussed, and necessary actions are taken to negotiate with suppliers, follow-up the collection process from Donors in order to ensure sufficient cash is maintained to discharge the Group's liabilities. The Group's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient cash cover to meet the cash outflows to settle the obligations to be able to maintain financial terms, guarantees and covenants at all times.

The Group limits liquidity risk by maintaining sufficient bank facilities and reserves, and by monitoring cash forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Balances due to suppliers are normally settled within 30 days from the date of purchase.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2020	Less than 6 months	Between 6 months & 1 year	Between 1 & 2 years	More than 2 years
Accounts payable	111,021	-	-	-
Accrued expenses	5,548	-	-	-
Other credit balances	98,262	-	-	-
Total	**214,831**	**-**	**-**	**-**

At 31 December 2019	Less than 6 months	Between 6 months & 1 year	Between 1 & 2 years	More than 2 years
Accounts payable	88,047	-	-	-
Accrued expenses	428	-	-	-
Other credit balances	99,331	-	-	-
Total	**187,806**	**-**	**-**	**-**

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

(2) Fair value estimation

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

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

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

The table below shows the financial assets and liabilities at fair value in the Consolidated financial statements at 31 December 2020 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which the Group can have access to at the date of measurement.
- Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3- Unobservable inputs of the asset or the liability.

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Trading investments	14,849,432	-	-	14,849,432
Total financial assets	**14,849,432**	**-**	**-**	**14,849,432**

The table below shows the financial assets and liabilities at fair value in the Consolidated financial statements at 31 December 2019 within the hierarchy of fair value.

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Trading investments	15,968,572	-	-	15,968,572
Total financial assets	**15,968,572**	**-**	**-**	**15,968,572**

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

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

4. Critical accounting estimates and judgments

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

(1) Critical accounting estimates and assumptions

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

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

Management have considered the accounting treatment and the principals in IFRS 10 "consolidated financial statements" and have determined that Economic Research Forum - NPIO is controlled by the Group. In determining the appropriate accounting treatment for Economic Research Forum - NPIO, management applied significant judgment and if management's judgments were to change, this would result in the deconsolidation of Economic Research Forum - NPIO.

In 1 January 2020 The Board appointed Economic Research Forum - Egypt to manage the activities of Economic Research Forum- NPIO. This agreement was formalised through a Collaboration arrangement which gave Economic Research Forum – Egypt the right to select at least two of its distinguished members of its Board of Trustees, who are residents of the GCC, to form the Executive Board of Economic Research Forum- NPIO, which shall be composed of three Founding Members. The Executive Board of Economic Research Forum- NPIO will adopt the same strategy, policies and decisions adopted by the Board of Trustees of Economic Research Forum- Egypt with respect to its research activities, also Economic Research Forum- Egypt will have the supervisory authority on the activities of Economic Research Forum- NPIO, as well as oversight and direction (as necessary) of the administrative and financial aspects of Economic Research Forum- NPIO , therefore power to control its relevant activities.

The following are the key considerations and judgements applied by management in concluding that the Group had control over Grandview:

- The Group is able to appoint 2 of the 3 Executive Board of Economic Research Forum- NPIO;
- Economic Research Forum- Egypt has power over Economic Research Forum- NPIO, which is demonstrated by the terms of the Collaboration agreement, whereby it has full discretion and responsibility over Economic Research Forum- NPIO.

Accordingly, the Group consolidated "Economic Research Forum- NPIO" in the consolidated financial statements.

Key financial information for significant subsidiaries

	Total Assets	Total net assets	Revenue	Net Deficit
Economic Research Forum - NPIO	2,069,834	1,890,014	574,348	(48,578)

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

5. Fixed assets

	Land	Building	Furniture & Fixtures	Office equipment	Motor vehicles	Total
1 JANUARY 2019						
Cost	2,822,749	1,564,962	552,159	470,799	49,746	5,460,415
Accumulated depreciation	-	(236,494)	(508,853)	(463,971)	(33,165)	(1,242,483)
Net carrying value	**2,822,749**	**1,328,468**	**43,306**	**6,828**	**16,581**	**4,217,932**
Net book value at the beginning of the year	2,822,749	1,328,468	43,306	6,828	16,581	4,217,932
Additions			24,001	17,615	-	41,616
Impairment expense	-	-	(9,944)	(281)	-	(10,225)
Depreciation expense	-	(31,319)	(21,178)	(7,013)	(16,581)	(76,091)
Net book value at the end of the year	**2,822,749**	**1,297,149**	**36,185**	**17,149**	**-**	**4,173,232**
31 DECEMBER 2019						
Cost	2,822,749	1,564,962	576,160	488,414	49,746	5,502,031
Accumulated depreciation	-	(267,813)	(530,031)	(470,984)	(49,746)	(1,318,574)
Accumulated Impairment	-	-	(9,944)	(281)	-	(10,225)
Net carrying value	**2,822,749**	**1,297,149**	**36,185**	**17,149**	**-**	**4,173,232**
Net book value at the beginning of the year	2,822,749	1,297,149	36,185	17,149	-	4,173,232
Additions	-	34,293	-	-	-	34,293
Depreciation expense	-	(31,319)	(21,221)	(7,756)	-	(60,296)
Net book value at the end of the year	**2,822,749**	**1,300,123**	**14,964**	**9,393**	**-**	**4,147,229**
31 DECEMBER 2020						
Cost	2,822,749	1,599,255	576,160	488,414	49,746	5,536,324
Accumulated depreciation	-	(299,132)	(551,252)	(478,740)	(49,746)	(1,378,870)
Accumulated impairment	-	-	(9,944)	(281)	-	(10,225)
Net carrying value	**2,822,749**	**1,300,123**	**14,964**	**9,393**	**-**	**4,147,229**

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

6. Investments

	2020	2019
EFG-Hermes Portfolio*	4,495,500	7,136,189
AFESD Endowment fund**	10,353,932	8,832,383
	14,849,432	**15,968,572**

EFG-Hermes Portfolio

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

	2020			2019		
	No. of Shares	Cost	Fair value	No. of Shares	Cost	Fair value
Middle East and Development Africa (MEDA)	43,830	1,209,000	1,631,352	43,830	1,209,000	1,508,628
Egypt Euro Bonds	15,000	1,437,500	1,753,415	13,000	1,315,600	1,328,929
Oman Euro Bonds	10,000	949,500	957,551	-	-	-
Treasury Bills	25,000	143,769	153,182	17,250	94,551	99,290
			4,495,500			**2,936,847**
Time deposits			-			4,199,342
			4,495,500			**7,136,189**

AFESD Endowment fund

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

	2020	2019
Endowment fund	8,832,383	6,878,858
Transferred from Grant Receivables	494,951	939,369
Return/(loss) on endowment fund	1,061,222	1,007,579
Currency revaluation	(34,624)	6,577
	10,353,932	**8,832,383**

NOTES TO THE FINANCIAL STATEMENTS - FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

7. Contributions and grants receivable

The balance due to the Group from donors as of 31 December 2020 amounted to USD 3,071,620 as follows:

	2020	2019
Balance due	3,070,505	1,518,248
Current portion	(2,987,513)	(1,475,488)
	82,992	**42,760**

The Balance by donor is as follow:

	2020	2019
International development research centre (IDRC)	490,754	10,073
Arab Fund for economic and social development (AFESD)	460,239	646,492
Ford Foundation	450,000	189,125
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	365,150	355,585
World bank	330,000	-
International labour organization (ILO)	327,125	161,443
FCDO - Foreign, Commonwealth & Development Office	230,103	-
Carnegie Corporation of New York	176,600	-
United Nations Development Programme	111,300	-
Agence francaise de developpement (AFD)	86,163	-
The United nation entity for gender equality and empowerment of women (UN Women)	29,924	*129,924*
European Commission	13,147	25,606
	3,070,505	**1,518,248**

8. Due from related parties

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

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

(A) Related party transactions

	Nature of relationship	Nature of transactions	31 December 2020	31 December 2019
Economic Research Forum (Dubai)	Affiliate	Amounts paid on behalf		97,590

(B) Due from related parties

	2020	2019
Economic Research Forum (Dubai)		97,590
		97,590

9. Prepaid expenses and other receivables

	2020	2019
Prepaid expenses	18,557	7,387
Advances to researchers	252,377	29,064
Advances to suppliers	16,612	36,309
Other receivables	17,480	4,268
	305,026	**77,028**

10. Cash on hand and at banks

	2020	2019
Current accounts- USD	4,319,309	317,124
Current accounts- foreign currencies	43,655	111,502
Time deposits	54,353	66,478
Cash on hand	7,511	236
	4,424,828	**495,340**

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

11. Net assets

Unrestricted net assets

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

Temporarily restricted net assets

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

	2020	2019
Arab Fund for economic and social development (AFESD)	858,790	340,310
International development research centre (IDRC)	1,216,037	29,963
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	593,066	350,440
Ford Foundation	1,120,792	405,697
Carnegie Corporation of New York	453,084	-
United Nations Development Programme	83,605	
World bank	-	64,297
The United nation entity for gender equality and empowerment of women (UN Women)	51,834	193,151
International labour Group (ILO)	596,098	165,394
	4,973,306	**1,549,252**

Permanently restricted net assets

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

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

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Notes to the financial statements - for the financial year ended 31 December 2020

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

	2020	2019
Arab Fund for economic and social development (AFESD)	9,750,901	9,750,901
International development research centre (IDRC)	2,562,505	2,562,505
Ford Foundation	999,997	999,997
	13,313,403	**13,313,403**

12. Statement of Activities and change in net assets

	Unrestricted	Temporarily restricted	Permanently restricted	2020	2019
Revenues and other support					
Grants	-	4,897,070	-	4,897,070	1,278,851
Interest Income	4,255	-	-	4,255	6,801
Return on investments	1,200,225	-	-	1,200,225	1,129,395
Other operating income	3,869	37,217	-	41,086	1,176
Realized gain from investments	5,739	-	-	5,739	6,555
Unrealized gain from investments	406,465	-	-	406,465	211,183
Total revenues and other support	**1,620,553**	**4,934,287**	-	**6,554,840**	**2,633,961**
Net assets released from restriction	1,510,233	(1,510,233)	-	-	-
Total revenues and other support	**3,130,786**	**3,424,054**	-	**6,554,840**	**2,633,961**
Research programs	(628,977)	-	-	(628,977)	(783,359)
Events	(151,574)	-	-	(151,574)	(674,453)
Publications	(354,915)	-	-	(354,915)	(353,373)
General and administrative expenses	(988,423)	-	-	(988,423)	(984,026)
Unrealized Loss from investments	(6,148)	-	-	(6,148)	
Realized gain/loss from investments	(663)	-	-	(663)	(183)
Change in net assets before foreign exchange	**1,000,086**	**3,424,054**	-	**4,424,140**	**(161,433)**
Foreign exchange gain	(13,177)	-	-	(13,177)	(25,893)
Change in net assets	**986,909**	**3,424,054**	-	**4,410,963**	**(187,326)**
Net assets - beginning of the year	7,009,417	1,549,252	13,313,403	21,872,072	22,072,276
Net assets – beginning of the year -ERF-NPIO	(88,099)	-	-	(88,099)	-
Actuarial losses	(6,950)	-	-	(6,950)	(12,878)
Net assets - end of the year	**7,901,277**	**4,973,306**	**13,313,403**	**26,187,986**	**21,872,072**

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

13. Defined employees' benefits obligations

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

	2020	2019
Discount Rate	13%	14%
Average rate of salaries increase	10%	10%

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

	2020	2019
Present value of liabilities	231,352	150,013
Liabilities as per the Consolidated statement of financial position	**231,352**	**150,013**

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

	2020	2019
Balance at 1 January	150,013	82,230
Additions during the year	78,396	61,187
Actuarial loss	6,950	12,878
Paid during the year	(4,007)	(6,282)
Balance at 31 December	**231,352**	**150,013**

The amounts recognized in the statement of the profit and loss are as follows:

	2020	2019
Service cost	71,258	56,792
Interest cost	7,138	4,395
	78,396	**61,187**

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

14. Provisions

	2020	2019
Balance, at the beginning of the year	120,119	88,284
Formed during the year	64,223	78,433
Used during the year	(20,435)	(48,257)
Revaluation	458	1,659
No longer required	(1,514)	-
	162,851	**120,119**

15. Accrued expenses and other payables

	2020	2019
Accounts payable	111.021	88,047
Accrued expenses	5,548	428
Other credit balances	98,262	99,331
	214,831	**187,806**

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

16. Grants

The Group was granted the following temporarily restricted grants:

	2020	2019
Arab Fund for Economic and Social Development (AFESD)	915,628	734,575
World Bank	580,000	-
The institute of international Education, lnc.	-	21,023
Ford Foundation	850,000	20,123
International development research centre (IDRC)	903,429	-
Forschungsinstitut zur Zukunft der Arbeit GmbH (IZA)	36,744	1,839
Agence francaise de developpement (AFD)	83,605	-
International labour Group (ILO)	533,728	241,443
The United nation entity for gender equality and empowerment of women (UN Women)	-	259,848
Carnegie Corporation of New York	500,000	-
FCDO - Foreign, Commonwealth & Development Office	230,103	-
United Nations Development Programme	233,200	-
European Commission	30,633	
	4,897,070	**1,278,851**

17. Expenses by Nature

	2020	2019
Wages, salaries and in-kind benefits	1,182,436	1,080,219
Professional and research fees	369,358	542,123
Editing, designing and formatting	93,425	127,322
Provisions expenses	62,710	78,433
Fixed assets depreciation	60,296	86,314
Supplies	58,976	47,474
Other	55,925	147,121
Travel and Accommodation	90,662	583,911
Insurance	34,954	24,574
Communications	23,874	30,645
Administrative Fees	12,985	23,511
Utilities	8,100	10,232
Rent	70,188	13,332
	2,123,889	**2,795,211**

Notes to the Consolidated Financial Statements

Notes to the financial statements - for the financial year ended 31 December 2020

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

18. Tax position

(A) Corporate taxes

The Group is not subject to corporate tax.

(B) Payroll taxes

The Group's records were inspected till the year 2017 and the taxes due were paid.

The Group is currently under tax inspection for the year 2019

19. Financial instruments by category

	31 December 2020		
Assets as per Consolidated Statement of financial position	**Assets at fair value through profit or loss**	**Receivables**	**Total**
Investments	14,849,432	-	**14,849,432**
Contributions and grants receivable	-	3,070,505	**3,070,505**
Prepaid expenses and other receivables	-	305,026	**305,026**
Total	**14,849,432**	**3,375,531**	**18,224,963**

	31 December 2020	
Liabilities as per the Consolidated Statement of financial position	**Other financial liabilities**	**Total**
Accrued expenses and other payables	214,831	214,831
Total	**214,831**	**214,831**

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

	31 December 2019		
Assets as per Consolidated Statement of financial position	**Assets at fair value through profit or loss**	**Receivables**	**Total**
Investments	15,968,572	-	**15,968,572**
Contributions and grants receivable	-	1,518,248	**1,518,248**
Prepaid expenses and other receivables	-	77,028	**77,028**
Due from related parties	-	97,590	**97,590**
Total	**15,968,572**	**1,692,866**	**17,661,438**

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

20. Significant changes in the current reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and global economic activity.

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

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