

# ECONOMIC RESEARCH FORUM

ANNUAL REPORT

2007

ECONOMIC  
RESEARCH  
FORUM



منتدى  
البحوث  
الاقتصادية

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RESEARCH  
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ANNUAL REPORT

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# ERF at a Glance

## **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 encourage 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; providing training and mentoring programs to junior researchers; organizing seminars and conferences based on research outcomes; and publishing research output through various types of publications, including working papers, books, policy briefs and the Forum newsletter.

## **Our Network**

The ERF network comprises a distinguished Board of Trustees (BOT), accomplished researchers from the region and highly dedicated head-office staff. The Forum is supported by multiple donors, both from within the region and from abroad.

## **Our Location and Contact Information**

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# Message from the Chairman of the Board of Trustees



We all know that the ERF region (the Arab countries, Iran and Turkey) suffers from a knowledge deficit. The capacity to generate rigorous analysis to meet the challenges facing the region is relatively low, and the impact of existing research on the direction of policymaking is rather limited. In such a context, the success of ERF in building regional research capacity and contributing to the generation and dissemination of relevant knowledge is crucial to the region's development. Indeed, by providing well-founded advice and a platform for open debate, it can contribute to the formulation of better policies for a better future for all.

Against this backdrop, I am pleased to see that ERF is on the right track. As this annual report amply demonstrates, the emphasis on quality, relevance and impact of research is well placed. The steps taken to achieve these objectives are noteworthy. And the support of multiple partners and donors to ERF is gratifying.

I want to take this opportunity to thank all those who have extended support to ERF. I also want to thank my colleagues on the Board and the members of the Advisory Committee for their dedication to ERF, the ERF affiliates for their commitment to the institution, and the management and staff of ERF for their hard work. I look forward to an even more successful ERF in the years to come.

**Abdlatif Al-Hamad**

*Chairman of the Board of Trustees*  
**Economic Research Forum**

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# Message from the Managing Director

This annual report is quite different from its predecessors. Not only does it cover ERF activities in 2007, but also past achievements and future directions.

In summary, the report documents what ERF has done since its inception in 1993, noting that ERF has come a long way toward achieving its objectives. It outlines the features of a new strategy, which was discussed and endorsed by the Board of Trustees in June 2007. The focus of the new strategy is on:

- *Building a stronger research capacity for better quality of output,*
- *Reshaping the research agenda to match the glaring knowledge gaps about the region, and*
- *Putting into effect more effective outreach mechanisms to communicate research findings to different stakeholders in the region and elsewhere.*

Finally, the report highlights the main activities of ERF in 2007 on the road to realizing the new strategy. Most importantly, ERF initiated a number of new research projects and launched two new rounds of regional research competitions. It revamped its website and shifted to electronic dissemination of its working papers and newsletter. It subscribed to the EconLit database to make it easier for its affiliates to access journals, papers and books, and made more datasets available online. Equally important, fruitful discussions were held with ERF's major partners who showed unwavering commitment.

Notwithstanding this progress, much remains to be done. We need collectively to work even harder to make ERF the institution we all aspire to have.



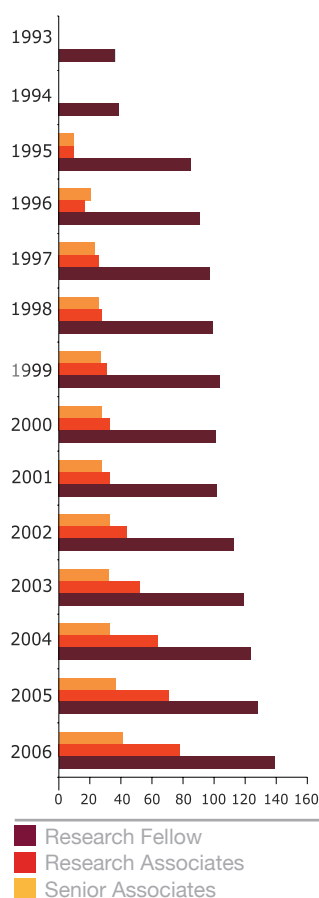
**Ahmed Galal**

*Managing Director*  
**Economic Research Forum**

# ERF Has Come a Long Way: 1993–2006

Since its creation in 1993, ERF has successfully built a community of researchers, promoted research on the ERF region (Arab Countries, Iran and Turkey) and provided communication outlets for researchers. Perhaps the best description of how much progress has been made is the following quotation from an independent evaluation of ERF 10 years after its inception:

Figure 1. The Number of ERF Affiliates, 1993-2006



*“The Economic Research Forum (ERF) is a dynamic organization that has, over a short period of time, developed a network of professional economists both inside and outside the Middle East to accomplish its stated mission of promoting the development of economic research in the region. We have been impressed by the commitment of ERF affiliates and of the dedication of the ERF staff to the institution and with the progress that has been made in ERF’s first decade.”*

Barbara Craig, Sevket Pamuk  
and Alfred Steinherr,  
ERF Evaluation Report, September 1st 2004

## Building a Community of Researchers

Over the years, ERF was able to attract the most accomplished economists and promising researchers with interest in economic development in the region. Over time, the number of fellows had risen from 27 in 1993 to 258 in 2006 (Figure 1). These fellows are made of: 139 Research Fellows (RFs), 78 Research Associates (RAs) and 41 Senior Associates (SAs). The fastest growing category is that of RAs, which was introduced in 1995 to give junior researchers an opportunity to benefit from ERF activities. ERF fellows represent 20 countries (Table 1). Of these, 17 percent are women, mostly from Egypt and Turkey. The majority of fellows (71 percent) reside in the region.

## Promoting Economic Research

ERF has promoted research on diverse economic issues. From the start, the focus was thematically driven. In particular, five themes guided ERF research activities:

- Macroeconomics
- Finance
- Trade
- Labor
- Sectoral issues (including industry and energy).

It was believed that these themes encompass key research areas on the region.

In retrospect, ERF research covered diverse topics. As indicated in Table 2, the areas receiving most attention were international economics (22.1 percent), labor and demographic economics (15.2 percent), health, education and welfare (14.0 percent) and macroeconomic and monetary policy (12.0 percent).

ERF research activities have been carried out through two main channels: Research Competitions and Research Projects. With respect to research competitions, the two most prominent were initiated in 1998 and continue up until today. The first is supported by the European Union, focusing primarily on the EU-Med relationship. This competition is coordinated jointly with the Institut de la Méditerranée (IM), currently under the umbrella of the FEMISE network (an NGO in its own right created



Table 1. Distribution of ERF Affiliates by Gender as of December 2006

Country	RF Total	RA Total	SA Total	Total Male	Total Female	Grand Total
Algeria	2	1	-	3	-	3
Bahrain	-	-	1	1	-	1
Egypt	28	20	9	32	25	56
Iran	13	3	3	18	1	19
Iraq	3	-	-	3	-	3
Jordan	4	4	3	11	-	11
Kuwait	3	4	-	4	3	7
Libya	3	1	1	5	-	5
Lebanon	15	3	2	18	2	20
Morocco	9	2	1	11	1	12
Oman	1	1	-	2	-	2
Palestine	8	2	2	12	-	12
Qatar	-	1	-	1	-	1
Saudi Arabia	3	6	1	9	1	10
Sudan	5	2	2	8	1	9
Syria	3	1	4	8	-	8
Tunisia	8	17	2	24	3	27
Turkey	30	9	3	35	7	42
U.A.E.	1	-	-	1	-	1
Yemen	-	1	1	2	-	2
Outside Region	-	-	6	6	-	6
<b>Total</b>	<b>139</b>	<b>78</b>	<b>41</b>	<b>214</b>	<b>44</b>	<b>258</b>

Table 2. Coverage of Topics by ERF, 1993-2006

Research Topics	Working Papers	Volumes	Research Reports	Total
Microeconomics & Industrial Organization	34	3	8	45
Macroeconomics & Monetary Policy	48	1	1	50
International Economics	89	10	8	107
Financial Economics	38	1	2	41
Public Economics	15	1		16
Health, Education & Welfare	55	1	1	57
Labor & Demographic Economics	61	4	6	71
Economic Development, Technological Change & Growth	42	13	1	56
Economic Systems	2			2
Agricultural & Natural Resource Economics, Environmental & Ecological Economics	18		3	21
Institutional Economics & Governance				
Conference Proceedings		10		10
MENA Trends Report		4		4
<b>Total</b>	<b>402</b>	<b>48</b>	<b>30</b>	<b>480</b>

This distribution is for the ERF working papers according to the classification of the Journal of Economic Literature.

by ERF and IM). The second research competition is supported by GDN. So far, there have been seven rounds, covering 69 projects and involving a much larger number of researchers. These competi-

tions are based on an open call for papers and the selection process is made by independent referees. As for research projects, ERF took the lead on such research questions as the role of the state, labor

# ERF Has Come a Long Way: 1993–2006

and human capital and the Euro-Mediterranean Partnership. In recent years, the Forum devoted significant resources to two multi-year, multi-country projects on MSEs and Country Profiles. ✕-

## Communicating research findings

In communicating research outcomes, ERF has used multiple vehicles including the organization of various events, various types of publications and the website.

Between 1993 and 2006, ERF either sponsored or co-sponsored 93 meetings in 10 different countries of the ERF region, gathering over 5000 participants and involving the presentation of 350 papers (Table 3). The principle meeting of ERF is its Annual Conference. This conference has become the most important event for researchers in the region. It has grown in size from a modest number of 50 in 1993 to about 270 in 2006. Similarly, the number of papers presented at these conferences has increased from 12 papers or so in the early years to a current number of around 30. These papers are prepared by both ERF and non-ERF affiliates. The annual conferences are held in the fall of every year, moving location from one country to another. The 2006 conference was hosted by the Arab Fund for Economic and Social Development in Kuwait.

With respect to publication, as of the end of 2006, ERF published 353 working papers, 19 volumes/books, 9 conference proceedings and more recently a large number of research reports and policy briefs. The recent shift in favor of research

reports was intended to enhance the impact of research on policymaking.

The ERF website has been in operation since 1997. It offers access to the latest ERF activities, publications and online services. Besides providing a useful link to other institutions, it also offers information on research funding and upcoming events, background information on ERF and its affiliates, links to ERF and global resources and archived material. The average number of visits has been increasing steadily, over the years reaching 1,650 visits per day in 2005-06 up from 1,100 the previous year and 700 the year before. ✕-

## Funding

The progress made by ERF thus far has been possible because of the support of multiple donors (Figure 2), including the World Bank/GDN, the Arab Fund for Economic and Social Development (AFESD), the European Union (EU), Ford Foundation (FF), the International Development Research Center (IDRC), the Swiss Government (more specifically, the Swiss Agency for Development and Cooperation and State Secretariat for Education and Research) and the United States Agency for International Development (USAID). The nature of funding was a mix of project and core funding. Project funding averaged \$2 million a year. ✕-

Figure 2. Shares of Resources by Funding Institution, 1998–2006

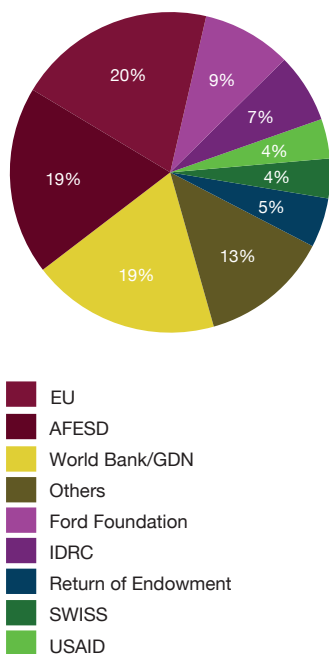


Table 3. Number of Conferences/Workshops and Meetings

Event	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Conferences	-	2	1	1	1	1	1	-	2	1	2	3	3	18
Lectures	-	-	-	-	-	-	-	1	-	-	-	-	1	2
Roundtable discussions/ Workshops	2	5	2	1	2	8	4	6	3	5	11	9	11	69
Training Workshops	-	-	-	-	-	-	3	1	-	-	-	-	-	4
<b>Total</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>5</b>	<b>6</b>	<b>13</b>	<b>12</b>	<b>15</b>	<b>93</b>

Table 4. Summary of ERF Publications

Publications Type	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Country profiles	-	-	1	-	-	-	-	-	-	-	1	2	4	8
Newsletter (A)	4	4	4	3	4	4	3	2	4	4	2	-	-	36
Newsletter (E)	4	4	4	3	4	4	3	2	4	4	4	2	2	44
Policy Briefs	-	-	-	-	-	-	-	-	-	-	-	-	4	4
Conference Proceedings	-	-	-	1	1	1	1	-	1	1	1	1	1	9
Reports*	-	2	-	1	-	2	1	-	1	-	-	3	3	13
Research reports	-	-	-	-	1	-	-	-	1	1	4	-	18	25
Trends Reports	-	-	1	1	1	-	1	-	1	-	-	-	-	5
Working Papers**	20	30	40	20	20	40	40	40	40	40	25	-	-	355
Volumes	-	2	-	1	3	1	1	3	4	2	-	-	2	19
<b>Total</b>	<b>28</b>	<b>42</b>	<b>50</b>	<b>30</b>	<b>34</b>	<b>52</b>	<b>50</b>	<b>47</b>	<b>56</b>	<b>52</b>	<b>37</b>	<b>8</b>	<b>34</b>	<b>518</b>

\*This Category includes: FEMISE Reports, Special Reports based on various conferences and expert meetings, and Reports co-published with various Ministries and other official affiliations.



# The Board of Trustees Endorses a New Strategy

Notwithstanding past achievements, at the beginning of 2007 ERF was poised to move into a new phase of its evolution. Having built a community of researchers, promoted research on the region, and developed multiple communication outlets, it was only natural for ERF to move forward by focusing on improving the quality, relevance and impact of its research.

*“Strengthening capacity for better quality research.”*

A new strategy to that effect was developed and subsequently endorsed by the Board of Trustees in June 2007. The strategy calls for:

- strengthening the research capacity for better quality of outputs,
- reshaping the research agenda to match glaring knowledge gaps about the region, and
- devising more effective outreach mechanisms to communicate research findings to different stakeholders in the region and elsewhere. ✕-

## **Building Capacity for Higher Quality Research**

ERF affiliates are the most important asset of the Forum. Thus, every effort is needed to attract the most promising scholars in the region, to ensure that researchers receive the necessary training and/or mentoring they need, that excellent research is rewarded, and that affiliates have a reputable outlet for their research.

Currently, the ERF affiliates are relatively diverse in terms of their country of origin, age and to some extent gender. However, there is room for broadening and deepening participation. More effort can be made to recruit new RAs to maintain a dynamic mix of junior and senior researchers. A similar effort can be made to attract women to improve the gender balance.

Once accepted, ERF young affiliates can benefit from targeted training and mentoring programs. Periodic training workshops, for example, on methodology, publication in journals and writing of policy briefs appear useful. Mentoring is most effective when embodied in the process of undertaking research.

In addition, it would be useful for ERF to establish an annual award system to recognize excellent researchers in the region. This award can be for ‘life long achievements of prominent economists’, for ‘the best economist in the region under the age of 40’, and for the ‘best publication in a given year’.

Finally, the time seems ripe for an ERF economic journal. A well conceived and funded journal would give researchers an outlet for publication in a refereed journal; second, a well-reputed journal with a solid Board of Trustees and Editorial Board would boost the image of ERF as an institution that promotes excellence. ✕-

## **Promoting Relevant Evidence-based Research**

Up until now, the research topics covered by ERF were guided in part by the five broad themes selected at the early stage of its evolution. These themes served as the basis for calls for papers for both the ERF’s Annual Conference and Research

*“Reshaping the research agenda to address regional knowledge gaps.”*



ERF Board of Trustees Meeting, June 2007.

Competitions. In parallel, ERF initiated a number of multi-year and multi-country projects, such as the Country Profiles and the MSEs. These projects were selected on the grounds that they are important for development in the region and also because of donors' interests. Finally, ERF responded to a variety of *ad hoc* requests, in part to raise funds to cover the core expenses of the secretariat.

Collectively, these research activities enabled ERF to get as far as it has. However, this has come at a cost. The excessive reliance on open calls for papers led to a skewed coverage of topics, reflecting the interests and skills of researchers rather than knowledge gaps about the region. Similarly, the willingness to respond positively to requests that came ERF's way, because of financial pressure, may have impaired the process of

knowledge accumulation and ultimately the research impact on policies.

To align the selection of topics with both the knowledge gaps about the region and the region's glaring development problems, the call for papers would address concrete and pertinent questions. In some cases, it would be accompanied by commissioned papers by well-known experts. And ERF would initiate projects, in consultation with its affiliates and other stakeholders, on relevant development challenges facing the region. ✕

### **Increasing Impact through Communication and Outreach**

Without effective communication and outreach no serious analysis can have much of an impact on the intellectual community or policymakers. This view



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# The Board of Trustees Endorses a New Strategy

has been well recognized by ERF. What is needed going forward is simply doing more of the same but more effectively.

## **The annual conference and other events**

The annual conference will continue to be an important event for ERF, given that it provides an opportunity for researchers in the region to discuss common research interests and to network. To make it more effective, each conference will have one main theme for all plenary sessions. Parallel sessions will be better structured and attention will be given to the role of discussants. Outside speakers will be invited to internationalize ERF.

With respect to the smaller meetings, every effort will be made to hold them outside of Cairo to enhance ERF's regional presence. Attention will also be given to their structure so as to maximize the benefits and feedback to researchers and to disseminate the research findings to multiple stakeholders. Views and counterviews will be encouraged and even promoted, along with careful selection of discussants from the region and elsewhere.

## **Publications**

Working papers will continue to be published by ERF, but only electronically. It will be possible to download all papers from the website. A similar change will be followed with respect to the *Forum* newsletter, which will continue to be published electronically bi-annually initially and possibly quarterly afterwards.

With respect to books, these will continue to be printed in hard copy as before, either in-house or in collaboration with international publishers. They will also continue to be based on ERF-sponsored research activities and conferences. They will be distributed to the authors free of charge, to the fellows at a discount, and to all others at cost.

The publication of Research Reports will be kept to a minimum, so will the kind of research they are based on. These reports typically have a limited audience and are often prepared in response to specific requests. In contrast, the case for publishing Policy Briefs is more compelling, as they represent a serious attempt at influencing policy.

The publication of a Journal will be the most novel addition to the arsenal of ERF publications. This is an endeavor that has the potential of a very high pay off. In addition to raising the profile of ERF and its affiliates, it will raise the quality of research produced, as well as provide a much needed, reputable channel for publishing high quality research on the region, from within the region.

## **Website**

Finally, special attention will be given to the ERF website. Indeed, the plan is to rely on the website as the primary communication tool with the fellows and the rest of the world. The new website will be more informative, user friendly and interactive. It will function as a knowledge

*“Increasing regional  
outreach and presence.”*

*“Utilizing electronic  
communication tools  
to increase impact  
and outreach.”*



base about the ERF network, and for research, publications and online services.

### **Financial Sustainability**

Perhaps the most important challenge facing ERF is financial in nature. To be able to carry out the activities outlined above without having to respond to *ad hoc* requests, ERF would need to secure sufficient core funding to cover its overhead expenses. In addition, it would be beneficial for ERF to secure multi-year commitments on a variety of activities with a select group of donors. ✕



# 2007 in Review

2007 witnessed the first steps toward the implementation of the new strategy. Below is a brief description of the main activities that took place during the year, including research activities, capacity building, communication and outreach, and finance. ✕

*“New rounds of research competitions.”*

## **Research Activities**

This year ERF conducted two rounds of research competitions, completed a number of ongoing projects and initiated four new projects.

### **New rounds of research competitions**

The 8th round of the GDN Regional Research Competition was launched in July 2007. Unlike previous rounds, where the call for papers invited submissions under the five themes of finance, micro, labor, trade and institutions, the call for proposals in this round was limited to the theme of “Social Policies for More Equitable Outcomes in MENA”. The sub-themes under social policies cover the relationship between growth, equity and poverty, social services (for example, health, and education), the informal sector, and safety nets (including targeting). The rationale behind this departure from the broad coverage of subjects is twofold: firstly, most MENA countries have pursued pro-growth economic policies in recent years, treating equity and poverty as an after thought. Secondly, social policies remain under researched in the region. So far, 24 proposals have been received from 63 different researchers and the selection process is underway.

and foreign) and economic reforms (including convergence and sustainability). 20 proposals were received, of which 8 were led by institutes from the south and 12 by institutes from the north. The refereeing and selection processes led to the acceptance of 11 proposals for funding: 3 on investment; 1 on job creation; 4 on liberalization of services and energy; 1 on social policies and health; and 1 on GAFTA.

### **Making progress on ongoing research projects**

*Country Profiles* were previously prepared for Egypt, Jordan, Syria, Turkey Palestine, Lebanon, Tunisia, Morocco, and Algeria. Recently, AFESD provided financial support to carry out similar studies for Yemen, Oman and Bahrain. Each of these country profiles comprises five chapters, covering macro and fiscal issues, finance, trade, governance and labor and human resource development. In 2007, the country profiles for Bahrain and Oman were prepared for publication, and the country profile for Yemen is due to be completed in the near future. These country profiles provide an effective vehicle for discussing policy options among stakeholders in the concerned countries.

*“Making progress on ongoing research projects.”*

As for the FEMISE competition, the main round of the call for proposals was launched in April 2007. Beside the standard issues covered under this competition, research teams were encouraged to address three topics: job creation, investment (domestic

*The Political Economy of Trade Policy in MENA: a Comparative Study of Morocco and Egypt* project is funded by IDRC, with the objective of determining the factors which influence the design and implementation of trade policy in

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the textiles and pharmaceuticals sectors in Morocco and Egypt. It is designed to analyze state-interest group relations as they relate to trade liberalization in these two sectors in each country and to identify the best way to resolve these conflicts and maximize the benefits of reform for society as a whole. The project is completed in draft form, and a research report will be issued shortly.

The ERF-OECD joint project on *Promoting Trade in Services in the MENA Region: A Pilot Project* is also funded by IDRC. The aim of this study is to assess the regulatory environment facing the telecommunication, transport and financial services sectors in Egypt, Jordan, Lebanon and Morocco. Information on the barriers and regulatory constraints in these sectors has already been collected. Analysis is now underway to measure the severity of the regulatory constraints; assess the potential gains from services liberalization; and provide a reform strategy to maximize these gains.

### **Initiating new projects**

Beside completing ongoing projects, 2007 saw the initiation of new projects on education, the environment, social policies and labor markets.

On education, ERF received a grant from Ford Foundation to study *Access and Equity in Higher Education: a Comparative Assessment of Financing Policies in Six MENA Countries*. The aim of the project is to analyze the current pattern, efficiency and equity of expenditure on higher education in Egypt, Morocco, Tu-

nisia, Syria, Lebanon and Jordan. Beside the country cases, the team will conduct inter-country comparisons with the objective of learning from past experiences. A number of workshops will be organized to ensure commonality of approach across cases, to discuss draft papers, and to disseminate the findings once the project is completed.

The second project, currently under consideration for funding by IDRC, is on the *Environmental Challenges Facing the MENA Region*. It is prompted by the observation that environmental concerns are neither well understood nor taken seriously in the formulation of economic policies in the Middle East and North Africa region. In addition, most countries in the region are exhausting their natural resources at rates well above sustainable levels. To address the above concerns, the project will move on two parallel tracks. The first is a research competition based on call for papers on clearly specified themes to uncover the research capacity in this area and to contribute to a better understanding of the nature of certain environmental problems. The second track is an integrated multi-country research project focusing on the effectiveness of incentives in ameliorating environmental problems in the region.

The third project is on *Social Policies in Lebanon*, and is funded by the European Union. This project is not typical for ERF. It was initiated by the EU delegation in Lebanon in the form of an invitation to FEMISE coordinators to mediate between conflicting parties in Lebanon to

*“Initiating New Projects.”*



# 2007 in Review

*“Increasing access to research and data.”*

help them develop a common socio-economic vision for the country. A successful meeting was held on May 29th and 30th 2007, following which the participants requested a continuation of the process on concrete thematic issues. ERF and Institut de la Méditerranée (IM) agreed to take part in this process, and the next thematic meeting will be on social policies.

Finally, the ILO regional office approached ERF to prepare a study on the *Constraints and Policy Challenges to Link Skills to Productivity to Decent Work in Arab States*. Because of the importance of the issue for the region, ERF accepted to prepare a study, which will focus on the mismatch between education outcomes and the demand for labor in the Arab countries, explore the factors that exacerbate this mismatch, and propose a strategy to establish better links between skills, productivity and employment growth in the region. ✕

## **Capacity Building**

Capacity building is an area where sustained effort is needed. The steps taken in 2007 are no more than just the beginning of this process. These steps are elaborated below.

### **Access to research, journals and books**

In addition to continuing to provide online access to the JSTOR database, ERF has subscribed to the Econlit database to give ERF affiliates direct access to a much wider range of journals, papers and books. The merit of EconLit with Full

Text (EBSCOhost) is that it is specialized in Economics, providing full text articles in all fields of economics. It covers capital markets, country studies, econometrics, economic forecasting, environmental economics, government regulations/governance, labor economics, monetary theory, urban economics and much more.

### **Data access**

This year, the Egyptian Labor Market Panel Survey 2006 (ELMPS06) dataset was made accessible to all affiliates online through the ERF website. This dataset provides comprehensive, up-to-date data on all aspects of the Egyptian Labor market, offering the potential for numerous valuable studies to be conducted in this field. The micro and small enterprises dataset has been available and accessible via the ERF website for over a year now, and has proven valuable to regional researchers.

### **Opportunities for cross-fertilization and international exchange**

In an effort to provide researchers from the region opportunities for international exchange, GDN agreed to fund the participation of 20 researchers from the ERF region to participate in the annual conference of GDN. The upcoming conference is on security and development and will be held in Brisbane, Australia, January 29-31, 2008. This agreement was put into effect, and 20 participants were selected on the basis of an open call for participation.

### **Training and mentoring**

Together with a committee of research fellows and GDN, ERF started in 2007 laying the ground for a consistent demand-driven

*“Creating opportunities for international exchange.”*

training program. The process began with a needs assessment. Next year, the results will be translated into action. Possible training topics include research methodology, publication in refereed journals, bridging the gap between research and policy, and possibly areas of economics such as institutional economics, the environment or health economics.

In parallel, mentoring was encouraged across the board in ERF activities. An attempt was made to ensure that research teams were made up of members with varying levels of experience. Referees of proposals and papers were selected from the pool of the more seasoned economists. And international speakers were selected to make presentations in the upcoming annual conference.



### **Communications and Outreach**

ERF has also taken steps to improve

communications and outreach during 2007. Most notably, 4 workshops were held in different countries of the region, the website has undergone a major revamp, and changes have been made to the dissemination methods of publications.

### **ERF 13th Annual Conference**

ERF's 13th Annual Conference was hosted by the Arab Fund for Economic and Social Development (AFESD) at its headquarters in Kuwait, in December 2006.

The conference brought together close to 300 experts and prominent figures, both from within and outside the region, foremost of whom are Dr. Gary Becker, University of Chicago, Dr. Walter Fust, Director General, Swiss Agency for Development and Cooperation (SDC); Dr. Michael Spence, Stanford University; in addition to other experts in the development field in the region.

*“Enhancing capacity through training and mentoring.”*



ERF's 13th Annual Conference, Kuwait, December 2006.



# 2007 in Review



The Political Economy of Trade Policy in Mena workshop, held in Casablanca Morocco, June 2007. From left to right: Mohamed Lahouel, Professor of Economics, University of Tunis, El Manar; Ahmed El Hakim, Director External Affairs and Policy, Pfizer, Egypt; Ahmed Galal, Managing Director, ERF.

The main theme for the plenary sessions of the Conference was “Oil: Impact on the Global Economy”. Other key topics discussed were migration; democracy and development; and promoting trade in services in the MENA region. The parallel sessions explored a wide range of re-

search issues under the research themes: macroeconomics and governance, finance, trade, labor and human development, and sectoral economics. ERF received 234 proposals, out of which 34 papers were presented and 27 were distributed as background papers.

**The 14th Annual Conference**, to be held on 28th-30th December 2007, has as its theme “Institutions and Economic Development”. Each of the plenary sessions is designed to tackle one key aspect of institutions by renowned speakers from the region and abroad. Parallel sessions will cover diverse questions and topics, involving the presentation of 48 papers and special events such as a panel on “youth employment” in the MENA region.

## Regional workshops

In 2007 ERF held 4 workshops in Cairo, Casablanca, Bahrain and Oman as part of ERF’s continuous endeavor to engage its constituency across the MENA region.

In Cairo, on 12th April, ERF co-sponsored a workshop with the *SMEPol* Project (Ministry of Finance, Egypt) and IDRC on SME/Entrepreneurship Research Challenges in Egypt. The workshop was attended by 33 SME experts. Participants discussed emerging research themes based on international experience and assessed knowledge gaps and deficiencies

related to MSMEs and entrepreneurs in Egypt in order to identify research priorities for an action agenda. The event succeeded in facilitating dialogue between researchers, the donor and policymaking communities.

In Casablanca, Morocco on 12th June 2007, another workshop was held to discuss the findings of the project on the *Political Economy of Trade Policy in MENA: A Comparative Study of Morocco and Egypt*. It involved thirty participants including policymakers, members of the business community and trade experts. The workshop helped to reveal the economic, political and institutional factors that influence the design and implementation of trade policy in the textiles and pharmaceuticals industries in Egypt and Morocco.

Two other workshops were held to present the Country Profiles for Bahrain and Oman, one in Bahrain (Manama) on July

7th, 2007 and the other on Aug 5th 2007 in Oman. The participants included government officials, members of civil society, the private sector and eminent academia. The seminars provided a platform for the exchange of views between the various stakeholders. The participants emphasized the importance of such seminars in helping policy makers identify the key areas of priority for designing national policies.

### **Publications**

With a new publication team, ERF was able in 2007 to produce over 20 working papers, 2 volumes, 1 edition of the *Forum* newsletter, and 7 Country Profile Reports were translated into Arabic (see p.22). This year also saw the beginnings of the implementation of a strategy that aims to best utilize both print and electronic media for ERF's communication purposes.

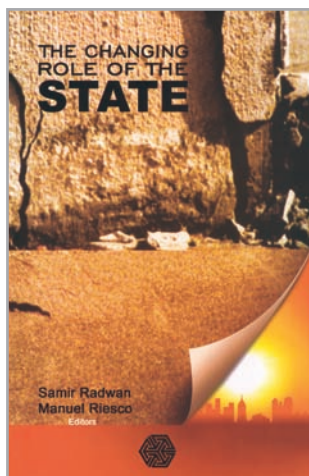
### *Edited Volumes*

ERF published an edited volume on the *Changing Role of the State* edited by



Bahrain Country Profile Workshop, Manama, July 2007. From left to right: Tarek Youssef, Dean of Dubai School of Government; Hisham Abdel Baky Handal, Professor of Economics, University of Bahrain; Mohamed El Sharif, Assistant Resident Representative UNDP, Bahrain.

# 2007 in Review



Samir Radwan and Manuel Riesco this year. This volume is based on the papers presented in a conference on “The Changing Role of the State: Visions and Experiences,” which was held in April 2005. It examines how powerful forces of globalization, liberalization and conflict are shaping states and demonstrates that a simplistic dichotomy between state and market must give way to a new paradigm for analyzing the role of the state.

### *Volume of Selected Papers from the ERF 13th Annual Conference*

This volume provides a selection of the 11 best papers presented at ERF’s 13th Annual Conference. These papers were selected from those that were presented in the thematic parallel sessions on macroeconomics, finance, trade, labor, and sectoral issues. Four of them received awards for “The Best Policy Paper” and seven were selected based on scientific merit and originality of subject. As such, this volume is intended to provide research on a wide spectrum of issues at the top of both the research and policy agenda of the ERF region.

### *Country Profile Reports*

This year saw the publication of the Arabic translations of 7 Country Profile reports, including Jordan, Syria, Palestine, Tunisia, Algeria, Lebanon and Morocco. Country Profile reports on Oman, Bahrain and Yemen, will be published in 2008, when the research is complete. All reports are translated from the original language of publication into Arabic, in order to achieve maximum outreach and impact across the region.

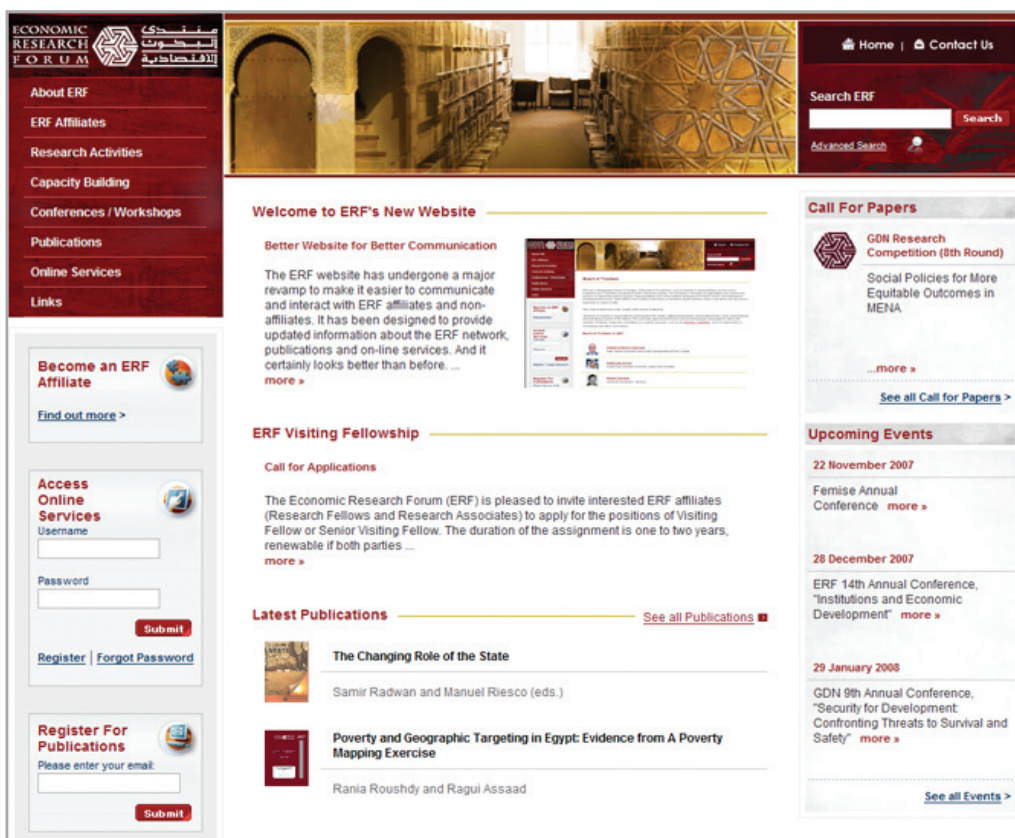


*Working papers* are now published electronically on a weekly basis. Once published online, an email is sent out to notify all those on the mailing list of the publication with a link to the website for easy access. The publication can then be either viewed online or downloaded and is permanently archived on the ERF website. This enables greater outreach and a faster turnaround on what is essentially work-in-progress. This year over 20 working papers were published.

*The Forum newsletter* is also now an electronic publication, produced bi-annually. The first issue this year covered “ERF in Transition”, and included articles from four of ERF’s experienced economists, discussing labor, finance, international economic integration and macroeconomics in the ERF region and the evolution of the research on these subjects throughout ERF’s history.

### **Website redesign**

The ERF website is a vital point of communication with the fellows and the rest of the world. It is in recognition of this fact that, this year saw massive developments in the shape and function of the ERF website. The newly launched website has been designed to function, not only as a global public relations tool for ERF, providing information about ERF, its affiliates and events, and calls for papers, but also to serve as a regional knowledge base, hosting and archiving ERF publications and providing access to online services, such as online databases and journals. Website activity is expected to increase significantly as a result of the revamp. ✎



ERF homepage. [www.erf.org.eg](http://www.erf.org.eg)

## Financial Sustainability

Here too, ERF made significant progress in 2007. Fruitful discussions were held with our major donors/partners, which led to the following concrete agreements:

The Arab Fund for Economic and Social Development allocated an additional one million dollars to the endowment fund of ERF as well as substantial financing for the 14th Annual Conference.

ERF signed a Memorandum of Understanding (MOU) with GDN, to mobilize funding for research on the MENA region, capacity building and dissemination of knowledge. The MOU envisages a substantial annual increase in funding in the years to come, provided that GDN and

ERF develop a compelling work program that donors find attractive.

- The Ford Foundation granted ERF funding for a project on “Financing Higher Education in selected countries in MENA countries.”
- The EU granted FEMISE funds for work on Lebanon, involving building consensus among political parties on key development issues.
- The ILO regional office commissioned ERF on a study on labor issues in the Arab countries.

ERF also held very productive meetings with the AFESD and the Swiss government. In both instances, there was a strong commitment to support ERF, both in terms of core funding and concrete projects. ✎

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# 2007 in Review

## 2007 Publications

### Books

The Changing Role of the State  
Edited by *Samir Radwan & Manuel Riesco*

Selected Papers from ERF 13th Annual Conference  
Proceedings Volume

### Forum

Forum Newsletter Volume 14, No. 1

### Country Profile Reports

Jordan ((Arabic translation)  
Syria (Arabic translation)  
Palestine (Arabic translation)  
Lebanon (Arabic translation)  
Morocco (Arabic translation)  
Algeria (Arabic translation)  
Tunisia (Arabic translation)

### Working papers

Labor Supply, Employment and Unemployment in the Egyptian Economy,  
*Ragui Assaad*  
WP 0701

The Egyptian Youth Labor Market School-to-Work Transition 1998-2006  
*Mona Amer*  
WP 0702

An Overview of Internal & International Migration in Egypt  
*Jackline Wahba*  
WP 0703

Egypt Labor Market Panel Survey 2006 Report on Methodology and Data Collection  
*Ghada Barsoum*  
WP 0704

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On Global Governance in the 21st Century

*Ismail Sirageldin*

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The Changing Economic Environment and the Development of the Micro and Small Enterprises in Egypt 2006

*Alia El Mahdi and Ali Rashad*

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Revisiting the Unfinished Debate of the Impact of Health and Environmental Measures on Egyptian Agro-Food Exports to the EU

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The Fall and Rise of Earnings and Inequality in Egypt: New Evidence from the Egypt Labor Market Panel Survey 2006 (ELMPS06)

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## 2007 Publications

A Comparative Efficiency Analysis of Interest Free Financial Institutions and Conventional Banks: A Case Study on Turkey

*Savas Alpay and Kabir Hassan*

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Poverty and Geographic Targeting in Egypt: Evidence from a Poverty Mapping Exercise

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*Fatma El-Hamidi*

WP 0721

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A Comparative Analysis of Exchange Rate Fluctuations and Economic Activity: The  
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*Magda Kandil and Nergiz Dincer*

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On the Linkage Between Monetary Policy and MENA Stock Markets?

*Samy Bennaceur, Adel Bouhrara and Samir Ghazouani*

WP 0723



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**Taher H. Kanaan**

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**Güven Sak**

Economic Policy Research  
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**Rusdu Saracoglu**

Koç Holding

**Paul Schultz**

Yale University

**Lyn Squire**

GDN President,  
Retired

---

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Managing Director

**Anais Hagopian**

Personnel and Procurement  
Associate

**Sherif Osama**

Senior Accountant

**Hana Al-Sagban**

Affiliate Relations Manager

**Ghada Kabesh**

Publications Coordinator

**Ghada Samir**

Executive Assistant to  
Managing Director

**Hoda Azmi**

Conference Manager

**Maryse Louis**

Programs Manager

**Noha Samy**

Research Assistant

**Dina El-Halaby**

Senior Economist

**Ingy Magdi**

Coordinator / MENA Regional  
Window (GDN)

**Mohamed Youssri**

Finance/Admin. Manager

**Sherine El-Menshawy**

Publications Manager

**Namees Nabeel**

ICT Specialist

**Yasmine Fahim**

Economist

**Yasmine Nader**

Economist

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DEVELOPMENT  
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DEVELOPMENT  
NETWORK(GDN)



THE WORLD BANK  
THE WORLD BANK GROUP



INTERNATIONAL  
DEVELOPMENT  
RESEARCH  
CENTER (IDRC)

# Financial Statements



**Hazem Hassan**

Public Accountants & Consultants

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## Auditor's Report

To the Board of Trustees of the Economic Research Forum (ERF)

We have audited the accompanying statement of balance sheet of the Economic Research Forum (ERF) as of August 31, 2007, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the ERF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of applicable Egyptian Laws and Regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We have obtained the information and explanation that we deemed necessary for our audit. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Research Forum (ERF) as of August 31, 2007 and its activities and cash flows for the year then ended in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

**KPMG Hazem Hassan**  
**Cairo, Egypt**

November 12, 2007

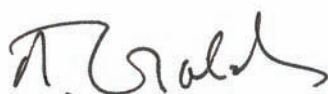
# Economic Research Forum (ERF)

## Balance Sheet

As of August 31, 2007

	Note No.	31/08/2007 U.S. \$	31/08/2006 U.S. \$
<b>Assets</b>			
<b>Long-term Assets</b>			
Fixed Assets (Net)	(4)	37,206	26,698
Long Term Investment	(5)	5,267,568	3,908,030
Contributions and Grants Receivables (long-term)	(6)	667,953	440,198
<b>Total Long-term Assets</b>		<b>5,972,727</b>	<b>4,374,926</b>
<b>Current Assets</b>			
Contributions and Grant Receivables (short-term)	(6)	1,533,092	2,109,339
Debtors and Other Debit Balances	(7)	359,931	291,271
Cash at Banks and On Hand	(8)	2,069,318	1,281,032
<b>Total Current Assets</b>		<b>3,962,341</b>	<b>3,681,642</b>
<b>Total Assets</b>		<b>9,935,068</b>	<b>8,056,568</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Payables and Accrued Expenses	(9)	247,119	172,001
Provisions	(10)	339,150	223,806
<b>Total Current Liabilities</b>		<b>586,269</b>	<b>395,807</b>
<b>Net Assets</b>			
Unrestricted		993,912	752,744
Temporarily Restricted		3,512,738	3,106,775
Permanently Restricted		4,842,149	3,801,242
<b>Total Net Assets</b>		<b>9,348,799</b>	<b>7,660,761</b>
<b>Total Liabilities and Net Assets</b>		<b>9,935,068</b>	<b>8,056,568</b>

The notes to the financial statements form an integral part of these statements and to be read therewith



**Managing Director**



**Finance/Admin. Manager**

# Economic Research Forum (ERF)

## Statement of Activities and Changes in Net Assets

For the year ended August 31, 2007

	Note No.	Unrestricted U.S. \$	Temporarily Restricted U.S. \$ (Note No.11)	Permanently Restricted U.S. \$	Total 2007 U.S. \$	Total 2006 U.S. \$
<b>Revenues and other Support</b>						
Grants		0	2,400,432	1,040,904	3,441,336	2,322,779
Corporate Friends		0	0	0	0	10,000
Interest on Time Deposits		55,851	0	0	55,851	33,662
Long Term Investments Gain		239,986	0	0	239,986	198,480
Miscellaneous Income		17,004	0	0	17,004	24,337
Provision No Longer Required		65,721	0	0	65,721	0
Capital Gain		2,277	0	0	2,277	0
Foreign Currency gain		29,824	0	0	29,824	70,590
<b>Total Revenue and Other Support</b>		<b>410,663</b>	<b>2,400,432</b>	<b>1,040,904</b>	<b>3,851,999</b>	<b>2,659,848</b>
Net Assets Released from Restrictions	(12)	1,825,682	(1,825,682)	0	0	0
<b>Total Revenue, Other Support and Net Assets Released from Restrictions</b>		<b>2,236,345</b>	<b>574,750</b>	<b>1,040,904</b>	<b>3,851,999</b>	<b>2,659,848</b>
<b>Less: Funcional Expenses</b>						
<b>Program Services</b>						
Conferences and Grants		(598,989)			(598,989)	(394,290)
Publications and Disseminations		(76,021)			(76,021)	(170,960)
Databank Library		(16,309)			(16,309)	(51,239)
Research Program		(911,486)			(911,486)	(1,330,687)
<b>Total Program Services</b>		<b>(1,602,805)</b>			<b>(1,602,805)</b>	<b>(1,947,176)</b>
Management Expenses		(486,594)			(486,594)	(335,624)
<b>Total Funcional Expenses</b>	(13)	<b>(2,089,399)</b>			<b>(2,089,399)</b>	<b>(2,282,800)</b>
<b>Less: Provisions</b>	(10)	<b>(129,844)</b>			<b>(129,844)</b>	<b>(242,528)</b>
<b>Add (Less): Unrealized Gain (Loss) from Investements</b>		<b>47,870</b>			<b>47,870</b>	<b>124,594</b>
<b>Changes in Net Assets</b>		<b>64,972</b>	<b>574,750</b>	<b>1,040,904</b>	<b>1,680,626</b>	<b>9,926</b>
Adjusted Net Assets at Beginning of the year	(14)	928,939	2,937,988	3,801,245	7,668,172	7,650,835
<b>Net Assets at the End of the Year</b>		<b>993,912</b>	<b>3,512,738</b>	<b>4,842,149</b>	<b>9,348,799</b>	<b>7,660,761</b>

The notes to the financial statements form an integral part of these statements and to be read therewith



