

Workshop May 31th, 2024

***MIGRATIONS FROM THE MENA REGION:
A BLESSING OR/AND A CURSE?***



Review of

***Remittances as an Instrument of Economic Development
in Egypt: Exploring the Impact of Remittances, Exports
and Official Development Assistance (ODA) On Economic
Growth***

Comments

- Autoregressive Distributed Lag (ARDL) model within the framework of Vector Error Correction Models (VECM) is used to test for a long-term relationship between GDP, exports, remittances, and official development assistance (ODA).
- Granger causality tests are used to explore the directions of causality.
- Exports, remittances, and ODA are found to contribute to GDP significantly.
- Could interpretation of the existing trends be improved to provide a richer exposition?
- "\$3 billion increase in remittances between 2017 and 2018 was primarily responsible for a significant portion of the reduction of the government's deficit in 2018. Remittance inflows enabled the Egyptian government to borrow from the private sector and such a drastic change led to a more sustainable fiscal policy."
- GDP "drop occurred in 2015 as a result of political unrest that began with the Arab Spring."
- The study should highlight Egypt's concessions to the IMF/World Bank, and the role of financial crises, such as the southern European crises of ~2009-2015, or COVID.

Comments

- The discussion of the benefits of remittances could be placed in the broader debate over the role of human capital and Egypt's brain drain. The baseline scenario to which remittance inflows are compared should perhaps be 'domestic employment' rather than 'no inflows'.
- In this respect, spurring domestic labor demand & decent jobs should be prioritized.

Questions

Could the authors explore the effect of remittances on (non-tradables') prices, on employment, or on capital formation?

Could quarterly data be used for some specifications?