



MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION

MoPIC



UN-DESA UN-ESCWA

Strengthening Macroeconomic and Social Policy Coherence through Integrated Macro-Micro Modelling

**Inception Workshop
28-29 March 2012**

**Conference hall of the United Nations Development Programme (UNDP)
Amman, Jordan**

Background

The most recent Millennium Development Goals (MDGs) Report of the United Nations describes where the developing world as a whole and regions stand in meeting the MDGs¹. It shows that sustained growth, particularly in Asia, is keeping most developing countries on track to meet the poverty-reduction target. Nonetheless, the proportion of people who suffer from hunger has not declined, and nearly a quarter of children under five in the developing world remain undernourished. Enrolment in primary education has increased very slowly during the past decade and the target is not likely to be achieved by many countries without stepping up additional efforts. Unequal access to education for girls also persists in many regions. Important gains in assisted child delivery and coverage of vaccination programmes and intensive control efforts for major diseases have contributed to declining child and maternal mortality in the developing world as a whole, but many countries will probably not meet the targets. In general, in all areas covered by the MDGs, progress tends to bypass those who are lowest on the economic ladder or are otherwise disadvantaged because of their sex, age, disability or ethnicity, and disparities between urban and rural areas are also pronounced and daunting. Substantial additional efforts are needed to adequately address such disparities in order to meet the MDGs. On top of this, progress towards the MDGs is expected to have slowed as a consequence of the global economic downturn; in fact, the cost of achieving these goals could rise commensurately by about 0.5 to 1.5 percent of GDP in required additional public spending per year between 2010 and 2015². For some countries, especially in the Arab

¹ See, United Nations (2011), *The Millennium Development Goals Report 2011*, United Nations, New York. Available from http://www.un.org/millenniumgoals/11_MDG%20Report_EN.pdf

² See, United Nations. 2011. *World Economic Situation and Prospects 2011*. Box 1.3. New York. Available from http://www.un.org/en/development/desa/policy/wesp/wesp_current/2011wesp.pdf

world, conflict may also be having a toll on MDG progress and the financial cost to achieve them.

Against this backdrop, policymakers in developing countries need to strengthen their capacity to assess (and pursue) financing strategies that allow them to incur additional spending that is urgently required in MDG sectors without compromising the fiscal stance and debt sustainability. Moreover, policymakers need to become better prepared to anticipate and respond to global economic crises and other external adversities (including those related to high food and energy prices, drops in export demand or declines in worker remittances) to avoid future setbacks in human development. Policymakers should feel confident to design policies and/or request financial support from the international community, in order to ensure the timely achievement of the MDGs and its continued sustainability beyond 2015. If the MDGs are not attained on time, policymakers should have the capacity to assess different development strategies and estimate further resource requirements associated to them under different scenarios.

In response to these capacity development needs, the Development Policy and Analysis Division of the United Nations Department of Economic and Social Affairs (UN-DESA/DPAD) is implementing activities to strengthen policymakers' analytical capacities in a number of developing countries, under the framework of the project: "Strengthening Macroeconomic and Social Policy Coherence through Integrated Macro-Micro Modelling"³. The capacity development activities build on the accumulated work of previous projects implemented by UN-DESA with various partners in 30 developing countries. They will provide targeted support for strengthening the ability of a "technical unit" or group of national experts from various Government entities, to conduct development policy analyses, including the assessment of strategies to achieve the MDGs and the effects of economic crises on the achievement of these goals.

Intensive training is being provided to ensure that the national experts become acquainted with an integrated macro-micro modelling framework and will be able to use results from applying this to guide policy makers. The capacity development activities' primary objective is to institutionalise the use of this framework.

The framework comprises an economy-wide model known as MAMS (*Maquette for MDG Simulations*), which incorporates a special module that specifies the main determinants of MDG achievement and the direct impact of enhanced public expenditures on MDG-related infrastructure and services. It considers specific targets for the MDGs of poverty reduction (MDG 1), achieving universal primary education (MDG 2), reducing under-five and maternal mortality (MDGs 4 and 5) and increasing access to safe water and basic sanitation (MDGs 7a and 7b). The methodological framework also includes sector-level costing estimations and a microsimulation methodology to gauge impacts on poverty and inequality of simulated scenarios.

UN-DESA and UN-ESCWA have recently joined forces to respond to requests from Western Asian countries' governments that have shown interest in strengthening

³ For more details on this project see, http://www.un.org/en/development/desa/policy/capacity/projects_mdgs.shtml.

analytical capacities to assess MDG financing strategies in times of crises and conflict, among others. As a part of this initiative, UN-ESCWA in partnership with UN-DESA organized a workshop on Macroeconomic Simulations for MDG Achievement that was held at the UN House in Beirut on 28-29 October, 2011. After this workshop, the Jordanian Government, represented by the Ministry of Planning and International Cooperation (MoPIC), has expressed its readiness to engage in the said capacity development activities. MoPIC will host an inception workshop in Amman, on 28-29 March 2012, in close collaboration with UN-ESCWA and UN-DESA, in order to initiate the said capacity development activities.

Objectives of inception workshop

The objectives of the inception workshop are as follows:

- (i) Present and discuss the key policy questions to be addressed through the capacity building activities.
- (ii) Explain and confirm agreement on the institutional arrangements under which capacity building activities will be undertaken.
- (iii) Describe the integrated macro and micro modelling framework.
- (iv) Present results of recently completed projects on MDG financing strategies and real-time simulation results as an introduction to the application of the modelling framework.
- (v) Take stock of data availability and agree on future data collection.
- (vi) Agree on a timeline.

Programme

28 March 2012

8:30 – 9:00: *Registration of participants*

9:00 – 9:30: *Welcoming addresses and self-introduction of participants*

Mukhallad Omari, MoPIC

Abdallah Al Dardari, UN-ESCWA

Rob Vos, UN-DESA

9:30 – 10:15: *Overview of capacity development activities' objectives and modelling framework,*

Rob Vos, UN-DESA

Coffee break

10:30 – 11:30: *Crisis, Conflict, Fiscal Space and the MDGs: evidence for Arab countries*

Rob Vos and Marco V. Sánchez, UN-DESA

11:30 – 12:30: *Discussion about policy questions and priorities of Jordan's government*

Chair: Mukhallad Omari, MoPIC

Lunch

14:00 – 14:45: *Overview of MAMS (Maquette for MDG Simulations)*

Marco V. Sánchez, UN-DESA

14:45 – 15:30: *Sector analysis of MDG determinants*

Rob Vos, UN-DESA

Coffee break

15:45 – 16:30: *Microsimulation approach for the analysis of poverty and inequality*

Marco V. Sánchez, UN-DESA

End of plenary sessions

16:45 – 17:30: *Coordination meeting*

UN-DESA and UN-ESCWA teams meet with MoPIC officials to discuss on the institutional arrangements under which capacity building activities will be undertaken.

29 March 2012

9:00 – 10:15: *The Social Accounting Matrix (SAM): What is it? How is it adapted for MAMS?*

Marco V. Sánchez, UN-DESA

Coffee break

10:30 – 11:15: *A SAM for Jordan*

Zein Soufan (tbc), MoPIC

11:15 – 12:30: *MAMS data set: an overview*

Marco V. Sánchez, UN-DESA

Lunch

14:00 – 15:30: *ISIM-MAMS interface: an introduction and real time simulations*
Marco V. Sánchez, UN-DESA

Coffee break

15:45 – 16:30: *Summary of workshop and discussion of next steps*
Rob Vos, UN-DESA

End of plenary sessions

16:45 – 17:30: *Coordination meeting*
UN-DESA and UN-ESCWA teams meet with MoPIC officials to discuss on the institutional arrangements under which capacity building activities will be undertaken.