



UNDP KYRGYZSTAN



UN/DESA

Strengthening Macro-Micro Modelling Capacities to Assess Development Support Measures and Strategies

**Inception Workshop
18-19 April 2012**

**Conference hall of Ministry of Economy and Antitrust Regulation
106, (3rd floor) Chui av., Bishkek, Kyrgyzstan**

Background

In spite of economic and social progress during the past years, a continuation of current policies would not be enough to keep Kyrgyzstan from falling short of some of the targets for the Millennium Development Goals (MDGs). Efforts would need to be stepped up to close MDG gaps in primary education, health, and water and sanitation. The government would require to incur additional spending amounting to around 8 per cent of GDP per annum up until 2015. Financing this extra spending would face serious economic and political constraints. MDG achievement in the Kyrgyz Republic seems to require a combination of four types of policies: (i) promotion of economic growth in the country, (ii) increased domestic financing of MDG-related sectors through redistribution of resources between sectors, (iii) increase in cost efficiency of social policies, and (iv) increased attraction of foreign aid.¹ 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 2015—on top of previously estimated public spending requirements².

Against this backdrop, Kyrgyz policymakers need to strengthen their capacity to assess and maximize the aforementioned types of policies and to become better prepared to

¹ These are conclusions from: Roman Mogilevsky and Anara Omorova. 2011. “Assessing Development Strategies to achieve the Millennium Development Goals in The Kyrgyz Republic”. Project Final Report, UNDP Kyrgyzstan, UN-DESA and World Bank, March. Available from http://www.un.org/en/development/desa/policy/capacity/output_studies/roa87_study_kgz.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

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) will implement activities to strengthen Kyrgyz policymakers' analytical capacities, in close collaboration with the United Nations Development Programme (UNDP) in the Kyrgyz Republic. These activities will be part of a capacity development project that is currently implemented by UN-DESA/DPAD (Development Account Project, Tranche 7B (2011-13): "Strengthening Macroeconomic and Social Policy Coherence through Integrated Macro-Micro Modelling") and UNDP's Country Programme Action Plan in Kyrgyzstan.

The capacity development activities will build on the accumulated work of previous projects implemented by UN-DESA with various partners.³ They will provide targeted support for strengthening the ability of a "technical unit" or group of national experts from various Government entities led by the Ministry of Economic Regulation, 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 will be 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.

The Poverty Reduction Program of UNDP in Kyrgyzstan and the Ministry of Economic Regulation of this country have signed a Memorandum of Understanding under which the present workshop is being organized in close collaboration with UN-DESA.

³ Specifically, Development Account Project U, Tranche 5 (06/07): "Realizing the Millennium Development Goals through socially inclusive macroeconomic policies", implemented in close collaboration with UNDP and the World Bank. For more detail on this project, including its activities and outputs, see: http://www.un.org/en/development/desa/policy/capacity/projects_mdgs.shtml

Objectives of inception and training workshop

To begin capacity development activities, an inception workshop will be organized on 18-19 April 2012, in Bishkek, Kyrgyzstan. The objectives of this 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

18 April 2012 1st day

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

Plenary sessions

Moderator: N. Shamshiev, Head of Department, Ministry of Economy

Welcoming addresses and self-introduction of participants

9:00 – 9:10: Sanjar Mykanbetov, Deputy Minister of Economy and Antitrust Regulation

9:10 – 9:20: Mira Djangaracheva, Manager Poverty Reduction Programme

9:20 – 9:50: *Overview of capacity development activities: objectives and modelling framework*

Marco V. Sánchez, UN-DESA

Questions: 9:50 – 10:00

Coffee break

10:20 – 10:50: *Assessing Development Strategies to achieve the MDGs in the Kyrgyz Republic*

Roman Mogilevsky, Centre for Social and Economic Research (CASE)

10:50 – 11:00: Questions

11:00 – 11:40: Overview of MAMS (Maquette for MDG Simulations)

Marco V. Sánchez, UN-DESA

11:40 – 12:00: Questions

Lunch

13:30 – 14:10: Sector analysis of MDG determinants

Marco V. Sánchez, UN-DESA

14:10 – 14:30: Questions

14:30 – 15:00: Microsimulation approach for the analysis of poverty and inequality

Marco V. Sánchez, UN-DESA

15:00 – 15:15: Questions

end of plenary sessions

19 April 2012 2nd day

Plenary sessions

Moderator: N. Shamshiev, Head of Department, Ministry of Economy

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

Marco V. Sánchez, UN-DESA

10:00 – 10:10: Questions

Coffee break

10:30 – 11:05: *MAMS dataset: overview*

Marco V. Sánchez, UN-DESA

11:05 – 11:15: Questions

11:15 – 11:50: *MAMS dataset: discussion (what is it required to update/fine-tune the Kyrgyz dataset?)*

Roman Mogilevsky, CASE

11:50 – 12:00: Questions

Lunch

13:30 – 14:30: *ISIM-MAMS? interface: an introduction and simulations*
Marco V. Sánchez, UN-DESA

14:30 – 15:10: Questions and discussion on simulation results

15:30 – 16:00: *Summary of workshop and discussion of next steps*
Eduardo Zepeda, UN-DESA

End of plenary sessions