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Assessing Development Strategies to Achieve the MDGs in the Arab
Region

Adaptation Methodology and Next Steps

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Workshop Objectives

- Discuss key questions of project
- Introduce you to the basic aspects of the methodology and discuss data requirements
- Provide examples of applications of project methodology in other contexts, especially in Africa and Latin America building
- Hands-on training in the project methodology
- Discuss issues for adaptation of methodology to your country contexts
- Planning of next steps in project implementation

Some key questions regarding MDG strategies

- What does it take to achieve the MDGs?
 - What are MDG determinants?
 - How would MDG achievement influence other aspects of economic and social development?
- Do we know how much it will cost and can we afford achieving the goals?
- What policy options do we have in financing the MDG strategy? What are the trade offs when:
 - Scaling up aid or borrowing abroad?
 - Enhancing domestic resource mobilization?

And now what?

- Adaptation of project methodology
- Steps and time line
- Organization of work

Adaptation to country needs

1. Classifications (SAM):

- Sectors/Activities/Commodities:
 - Any special sectors (e.g. natural resources)
 - Degree of disaggregation of private activities
- Institutions: government, households, enterprises (?)
- How many households?

Adaptation

2. MDG targets:

- Work with international targets or national targets
 - MDG-1: \$1 or \$2 a day poverty line or national poverty line?
 - (microsimulations can deal with any of these)
 - Other MDGs: beyond international targets?

3. MDG goals:

- Gender?

Adaptation

4. MAMS model adjustments:

- Gender
- (International) migration
- Allocation of oil revenue (and other natural resource rents)
- Productivity growth (especially TFP effects of more educated population)

5. Closure rules

Adaptation

5. Other

- Microsimulations or other method to generate results for MDG-1 (poverty reduction)?

Project Implementation (“Who” and “How”)

- Formation of country teams
 - List of involved agencies, confirmation involvement
 - List of team members (and assignment of tasks)
 - Team leader
- Backstopping by coordination team:
 - Permanent: Hans, Martin, Marco, Rob (and other tba)
 - Teleworking and website
 - Missions, if really indispensable
- Training and regional project workshops

Implementation of Country Studies ("How to" in eight steps)

- 1. Country narrative:
 - Economic performance and vulnerabilities
 - Has growth been pro-poor?
 - Trends towards MDGs
 - Policy reforms: do they seem to produce pro-poor outcomes?
- 2. Construction (update) and adjustment of SAM for MAMS (includes construction Macro SAM)
- 3. CGE core (without MDG) model calibration
 - Complete database (test-mdg.xls)
 - Find plausible values for key parameters
 - Calibrate static CGE
 - Calibrate recursive dynamic CGE and baseline

“How to” in eight steps

- 4. **MDG determinants analysis:**
 - MDG's 2 and 3: microeconomic analysis of determinants of schooling performance and gender inequality in education access
 - MDG 4 and 5: microeconomic analysis of determinants of child (maternal) mortality
 - MDG 7: cost estimates and demand elasticities for access to drinking water and sanitation
 - Partial-equilibrium budget requirements for achieving MDGs
- 5. **Policy simulation analysis with full MAMS model**
 - Translate results microeconomic analysis to MDG block of CGE
 - Calibrate full CGE and baseline
 - Assess feasibility of achieving MDGs under different policy scenarios
 - Assess investment (budget) requirements for MDG achievement

“How to” in eight steps

- 6. Microsimulations:
 - Assess poverty and inequality effects of CGE (MAMS) model outcomes
 - In principle, same methodology as in previous project but applied in dynamic setting
- 7. Putting everything together
 - Country papers with interpretation of results and integration with country narrative.
- 8. Comparative country analysis
 - Common patterns and country-specific conditions
 - Possibly: any broader implications of region-wide MDG achievement?
 - Lessons learned

Time schedule (deadlines)

Workshop 1	Project inception	2-6 April, 2007
Step 0	Formation of country teams	15 May, 2007
Step 1	Country narrative	30 June, 2007
Step 2	SAM construction/update (including Macro SAM)	1 September, 2007
Step 3	Complete basic database and calibration of “macro” version of MAMS	1 October, 2007
Step 4	Micro/sector analysis of MDGs, complete MDG part of database	31 October, 2007
Workshop 2	Discussion of country narratives, micro analysis and calibration of full MAMS model Introduction to policy scenario analysis and microsimulation methodology	19-23 November, 2007

Time schedule (deadlines)

Step 5	Full MAMS/CGE calibration, policy scenario analysis	15 January 2008
Step 6	Microsimulation analysis	15 February 2008
Step 7a	Full draft of country paper	31 March 2008
Workshop 3	Discussion country papers	7-11 April, 2008
Step 7b	Final version country paper	15 May, 2008
Step 8	Comparative analysis	1 July, 2008
Additional Training	To be defined according to country needs	