National Economic and Development Authority (NEDA)
Philippine Institute for Development Studies (PIDS)
United Nations Department of Economic and Social Affairs (UN-DESA)

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

Inception Workshop
2-3 October 2012

Administrative Staff Training Room, 2nd floor, NEDA sa Pasig
12 Escriva Drive, Ortigas Center, Pasig City

Background

The Philippines is a developing country with strong commitment to the Millennium Development Goals (MDGs); however, this country’s record in the MDGs is mixed. In spite of progress noted in various areas (i.e., child health, potable water, and sanitation), significant improvements in service delivery as well as an escalation of public expenditure for social programs remains essential in other areas (i.e., reduction of extreme poverty, education outcomes, and maternal health). Financing these social programs would not be cheap and the country would necessarily have to rely on a dramatic improvement in revenue effort compared to most recent (decadal) trends.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 requirements\(^2\).

Against this backdrop, Philippine policymakers need to continue strengthening their capacity to assess and maximize policies that are conducive to achieving human development goals, and 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 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 policymakers’ analytical capacities in the Philippines, in close collaboration with the National Economic Development Authority (NEDA). 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”).

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 NEDA, 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 achieving universal primary education (MDG 2), reducing under-five

---


\(^3\) 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/development/desa/policy/capacity/projects_mdgs.shtml](http://www.un.org/development/desa/policy/capacity/projects_mdgs.shtml)
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 reduction (MDG 1) and inequality of simulated scenarios.

Objectives of inception and training workshop

To begin capacity development activities, an inception workshop will be organized on 2-3 October 2012, in Manila, Philippines. 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

2 October 2012

8:30 – 9:00:  Registration of participants

9:00 – 9:15:  Welcoming address
Arsenio M. Balisacan, Secretary of Socio-Economic Planning, NEDA

9:15 – 9:20:  Self-introduction of participants

9:20 – 10:00:  Overview of capacity development activities: objectives and modelling framework
Marco V. Sánchez, UN-DESA

Coffee break

10:15 – 11:00: Assessing Development Strategies to achieve the MDGs in the Philippines
Roehlano M. Briones, PIDS
11:00 – 12:00: **Overview of MAMS (Maquette for MDG Simulations)**
Martín Cicowiez, University of La Plata and UN-DESA Consultant

*Lunch*

13:30 – 14:15: **Sector analysis of MDG determinants**
Marco V. Sánchez, UN-DESA

14:15 – 15:00: **Microsimulation approach for the analysis of poverty and inequality**
Marco V. Sánchez, UN-DESA
Martín Cicowiez, University of La Plata and UN-DESA Consultant

*Coffee break*

15:15 – 16:00: **Final discussion and questions**
Marco V. Sánchez, UN-DESA

---

**3 October 2012**

9:00 – 10:00: **The Social Accounting Matrix (SAM): What is it? How is it adapted for MAMS?**
Marco V. Sánchez, UN-DESA

*Coffee break*

10:15 – 11:15: **MAMS dataset: overview**
Martín Cicowiez, University of La Plata and UN-DESA Consultant

11:15 – 12:00: **MAMS dataset: discussion (what is it required to update/fine-tune the Philippines’ dataset?)**
Roehlano M. Briones, PIDS

*Lunch*

13:30 – 14:30: **ISIM-MAMS Interface: an introduction and simulations**
Martín Cicowiez, University of La Plata and UN-DESA Consultant

14:30 – 15:00: **Summary of workshop and discussion of next steps**
Marco V. Sánchez, UN-DESA
**Recommended bibliography**


Lofgren, Hans. 2011. MAMS – A GUIDE FOR USERS. The World Bank (Draft December) (Read chapter 4-6: with complementary excel files). *

Roehlano M. Briones et al. “Assessing Development Strategies to Achieve the MDGs in Asia: Philippines (Final Report)”. PIDS DISCUSSION PAPER SERIES NO. 2011-03.


[* Optional – but important – bibliography]