

# CGE Modelling for Jordan

*Assessing the impacts to changes in policy, shocks or other external factors on the economy & Social Groups(simulations and Scenarios)*



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MINISTRY OF PLANNING AND  
INTERNATIONAL COOPERATION

# Project Objective

- Strengthening Jordan's planning capacity to conduct policy analysis through systematic use of CGE modelling.
- Institutionalize the use of CGE modelling policy design and analysis within Government structures.

# Short-Term Focus

- (a) Understanding the socio-economic impact of COVID 19 on Jordan,
- (b) Assessing implications of measures taken for the economy and sectors heavily impacted by the crisis,
- (a) Assisting policy makers to design alternative policy solutions through evidence-based analysis corresponding to different scenarios

# What is a CGE model?

Macroeconomic models that use empirical data to provide evidence-based economy wide analysis and numerical data on the impact resulting from changes in policy, technology, or external shocks

A standard and vital tool for policy making used by many Governments and Development Partners

# TYPE OF STRATEGIC DECISION THAT A DECISION MAKER HAS TO TAKE

## FISCAL REFORM

VAT, Personal  
Corporate taxation

Tax,

## SUBSIDY REFORM

Reforming energy subsidy  
or food subsidy

## TRADE AGREEMENT

WTO accession, Bilateral  
trade agreement, trade  
war.

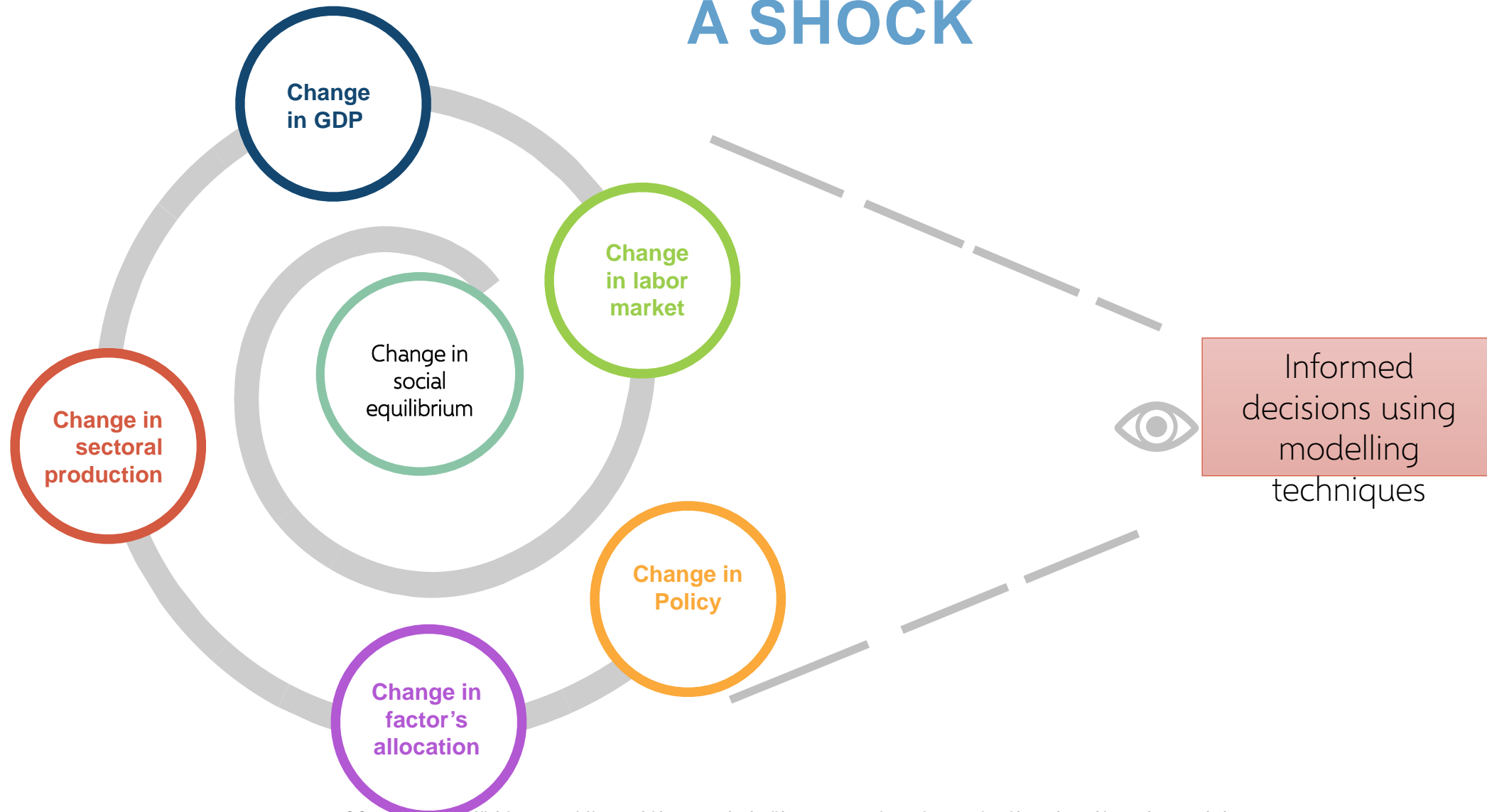
## PENSION REFORM

Parametric or non  
parametric reform

## PUBLIC INVESTMENT PROGRAM

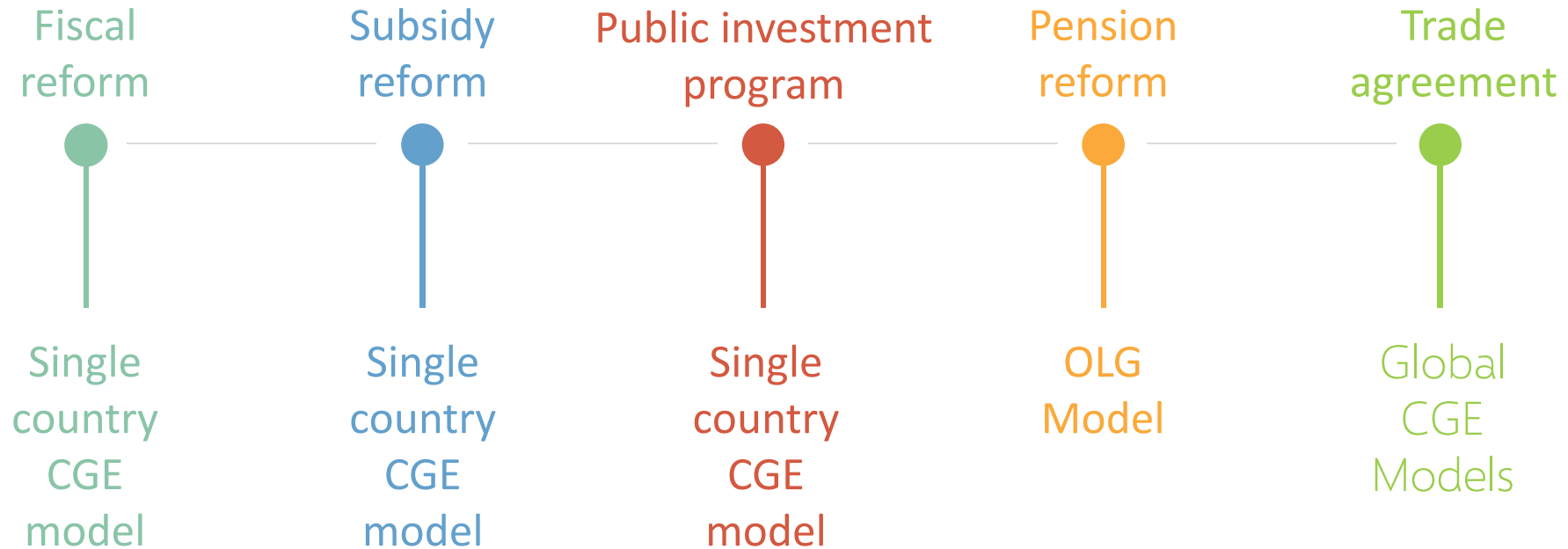
The sectoral  
decomposition of public  
investment programs

# POSSIBLE IMPLICATIONS OF A POLICY CHANGE OR A SHOCK



# MODELLING TECHNIQUES VARIES VIS-À-VIS REFORMS

## THE UNESCWA TOOL BOX



# WHAT ATE MODELLING TECHNIQUES ARE USEFUL



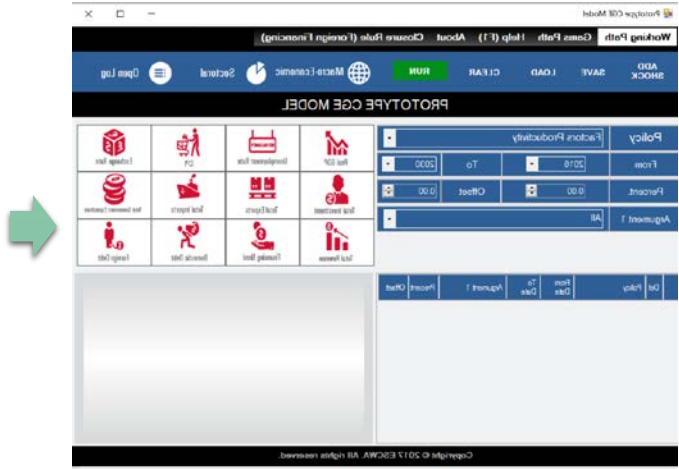
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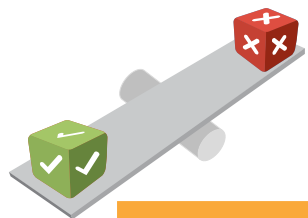
Observed data (2011-2019)



macroeconomic framework 2019-2025



New Economic and social projections 2019-2025

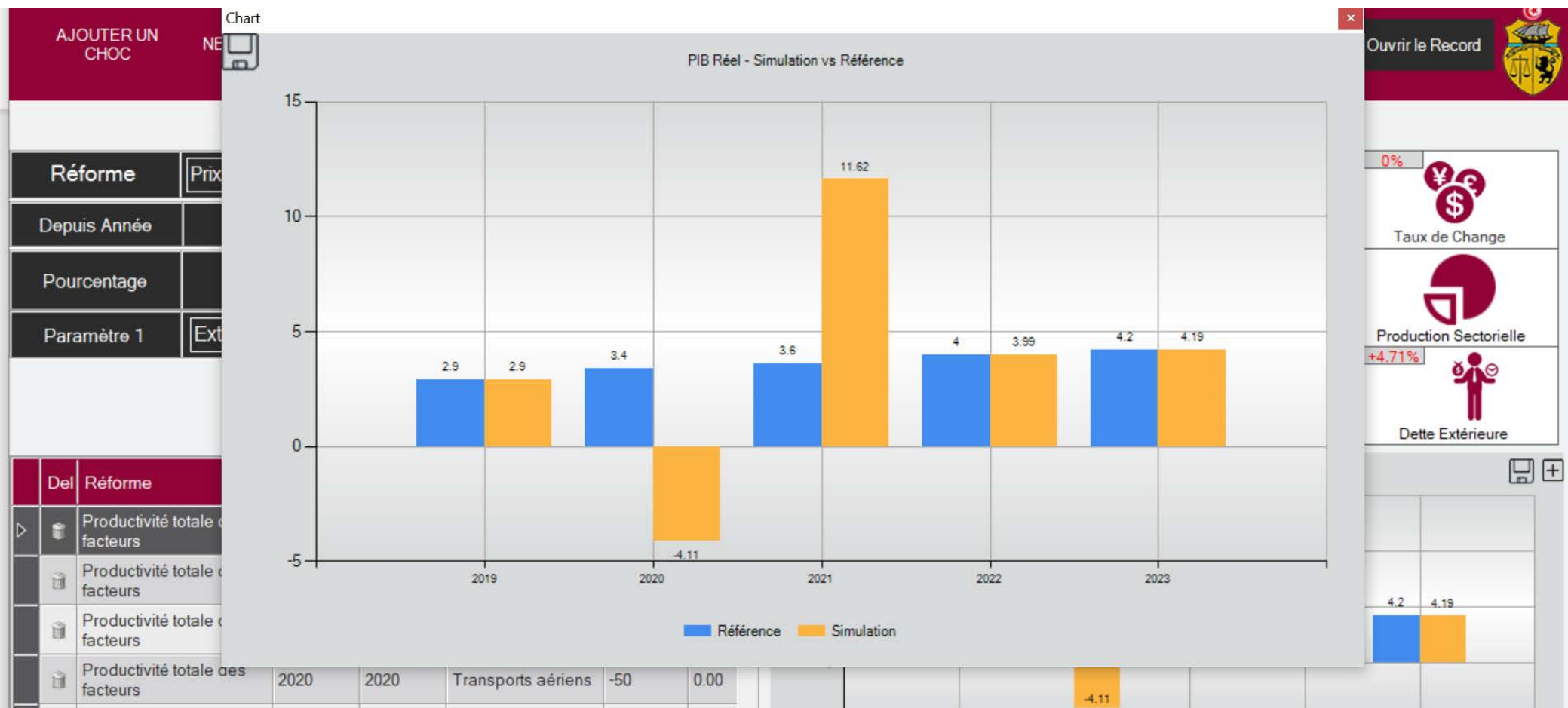


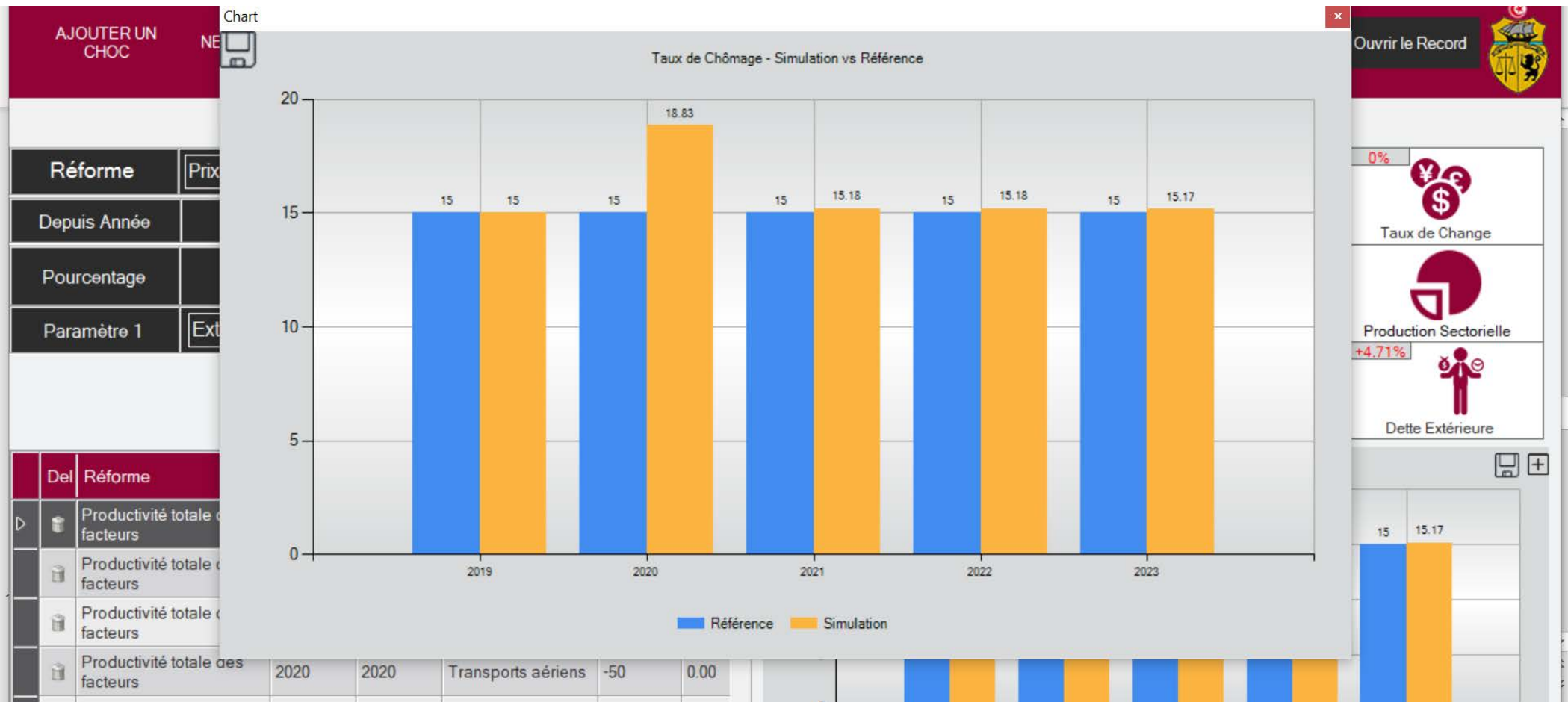
The difference is the net impact of the reform

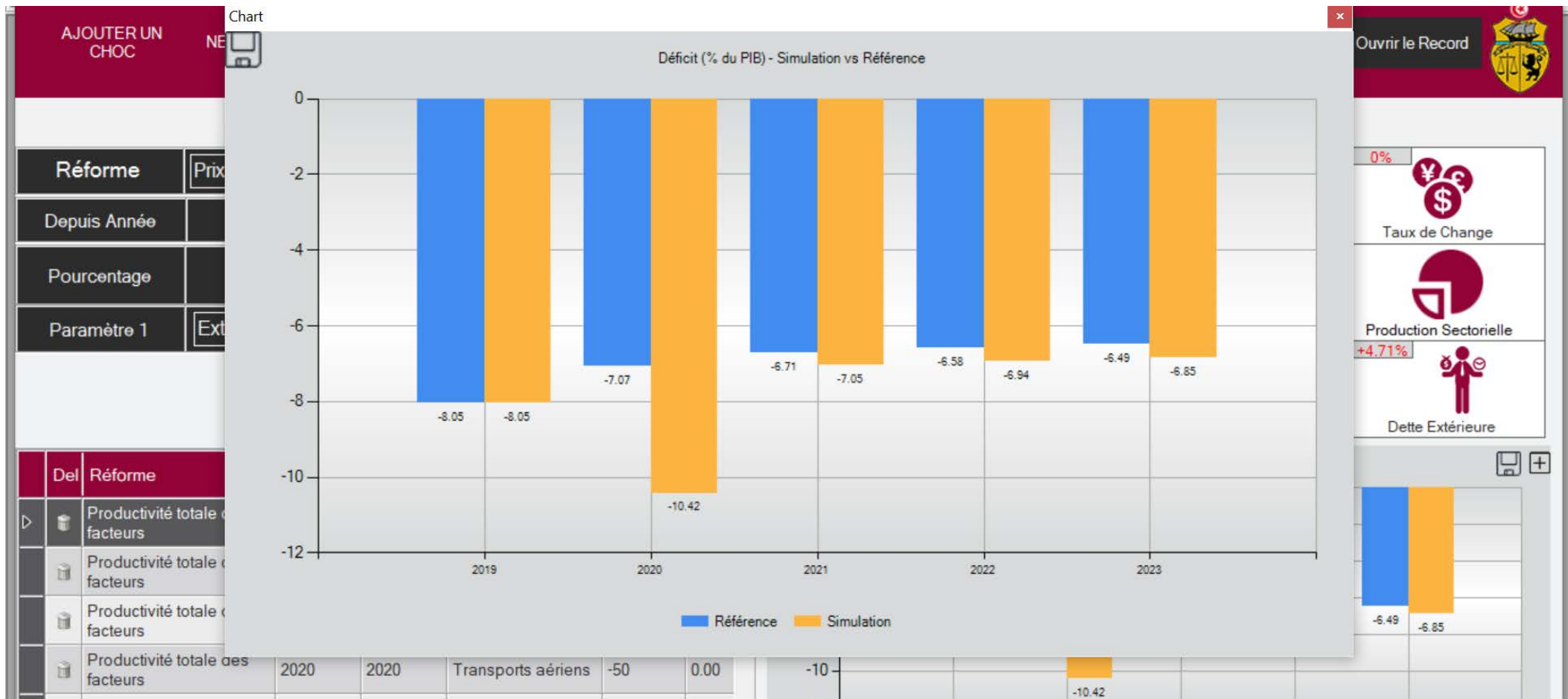


# EXAMPLE: THE IMPACTS OF THE COVID-19 CRISIS AND STIMULUS PACKAGE ON TUNISIAN ECONOMY

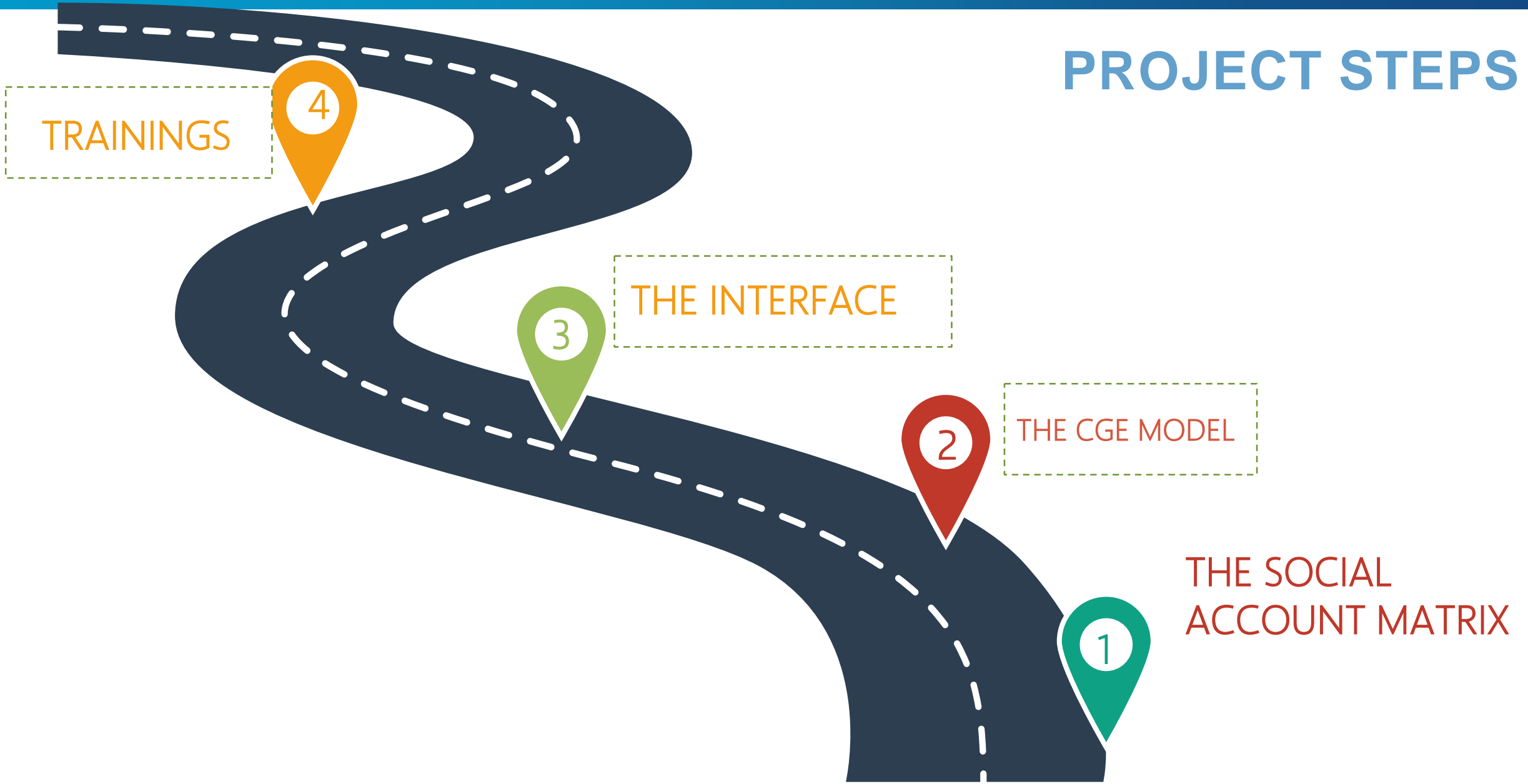








# PROJECT STEPS



# Key Activities

Initial CGE Model Design (July 2020)

Final CGE Model Design & Draft Policy Analysis Case(September 2020)

CGE Model Interface and User Guide (October 2020)

Two Technical Trainings ( Sep &Nov 2020)

Case study/policy brief documenting the use of CGE modeling for policy analysis through producing simulations under different scenarios -with focus COVID 19 (December 2020)



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