



Commitment to Equity Assessment and Fiscal Incidence Analysis Workshop

Event Plan

Background and Event Description:

A Commitment to Equity (CEQ) Assessment employs standard fiscal incidence analysis and accounting to address the following three questions (among others):

- How much redistribution and poverty reduction is being accomplished through social spending, subsidies, and taxes, and by individual fiscal instruments in those categories? How *effective* are fiscal instruments in achieving those ends?
- What is the net fiscal position (*after* both taxes and transfers) of disadvantaged individuals, groups, or regions?
- How progressive are revenue collection and government spending?
- Within the limits of fiscal prudence, what fiscal policy reforms would increase redistribution and poverty reduction?

There are three distinct advantages to the CEQ Assessment framework:

- (1) a CEQ Assessment is comprehensive – it includes direct cash and near-cash transfers, price and production subsidies, in-kind transfers (i.e., public social services); and both direct and indirect taxes such as personal income taxes and value-added taxes (respectively).
- (2) CEQ Assessments have been completed in over 80 countries across the world; the standard framework and methodology and allocation principles allow CEQ Assessments to be compared across countries and across years.
- (3) The core of the CEQ approach – the creation of prefiscal and postfiscal “income concepts” for equity analysis – requires no more than a standard household budget survey (or an income and expenditures survey) paired with budget and administrative data on social and subsidy expenditures as well as on indirect and direct tax revenue collections. CEQ Assessment inputs are relatively few.

The three-day workshop will focus on the construction of CEQ Income concepts; the estimation of fiscal equity impact indicators and their interpretation; CEQ extensions for gender, children, and simulating policy reform; and Ethiopia-specific examples of CEQ Assessments and extensions as well as other fiscal incidence applications.

The first day is a compact primer on the CEQ Assessment methodology that provides a summary of the data inputs necessary and common strategies for estimating the CEQ Income Concepts. The second day pivots to the outputs and analytical results available from a CEQ Assessment. The second day's focus is on the interpretation of the available results and the translation of results into sound, evidence-based policy advice. We will use the second day also for a discussion of recent extensions to the CEQ Assessment framework for gender, and for child-centric fiscal incidence analysis and engage in an open discussion of the CEQ method, process, and results in Ethiopia.

The third day of the workshop will cover three recently completed CEQ Assessments and extensions in Ethiopia – “Ethiopia -Fiscal Incidence Analysis”, “A Gendered Fiscal Incidence Analysis for Ethiopia”, and “Children and the Fiscal Space in Ethiopia”. We will use these Ethiopian studies as a jumping off point for discussion of recent extensions to the CEQ Assessment framework.

Objective:

- Discuss the CEQ methodology
- Disseminate recently completed fiscal incidence studies
- Discuss next steps including collaborative policy studies

Participants:

- Ministry of Finance
- Ministry of Planning and Development
- Ministry of Revenues
- Tax Transformation Office
- Ethiopian Statistics Service
- Ethiopian Economics Association
- Policy Studies Institute
- TaxDev, IFS
- Save the Children UK
- World Bank

Event Details:

Dates: June 27-29

Time: 09:00 AM- 01:30 PM

Venue: Hilton Hotel, Addis Ababa

Program:

Day	Time	Description
Day 1	09:00 AM-09:30 AM	Opening Remarks
	09:30 AM-10:00 AM	CEQ Methodology Overview of CEQ Income Concepts; CEQ Income Concept flow chart; and Constructing CEQ <i>pre-fiscal</i> Income: Market Income or Market Income plus Pensions Constructing CEQ Disposable Income: Direct Taxes & Direct Transfers Presenter: Jon Jellema
	10:00 AM-10:15 AM	Coffee Break
	10:15 AM-12:30 PM	CEQ Methodology Detail: Public Contributory Pensions - issues and CEQ-centric solutions Constructing CEQ Consumable Income: Indirect Taxes & Subsidies Constructing CEQ Final Income: In-kind benefits and public service fees Presenter: Jon Jellema
	12:30 PM -01:30 PM	Lunch break and dismissal
Day 2	09:00 AM-10:00 AM	CEQ Methodology CEQ Indicators I: Concentration Coefficients; Concentration Curves; Kakwani index II: Horizontal Inequality– Reranking; III: Coverage and SDG Indicator 1b.1; Marginal Impacts and SDG Indicator 10.4.2 IV: Net Payers/Net Beneficiaries; Fiscal Impoverishment and Fiscal Gains to the Poor Presenter: Jon Jellema
	10:00 AM-10:15 AM	Coffee Break
	10:15 AM-12:15 AM	CEQ Methodology CEQ for Children (CEQ4C) method and application Presenter: Jon Jellema
	12:15 PM-12:30 PM	Discussion on CEQ methodology- participant reflections on its application in the Ethiopian context
	12:30 PM-01:30 PM	Lunch break and dismissal
Day 3	09:00 AM-10:00 AM	CEQ Methodology The Engendered CEQ and its application Presenter: Caren Grown
	10:00 AM-10:15 AM	Coffee Break
	10:15 AM-10:55 AM	Paper 1: Ethiopia -Fiscal Incidence Analysis Presenters: Christina Wieser and Wondimagegn Tesfaye
	10:55 AM-11:35 AM	Paper 2: A Gendered Fiscal Incidence Analysis for Ethiopia Presenters: Alemayehu Ambel, Wondimagegn Tesfaye and Manex Yonis
	11:35 AM-12:00 PM	Paper 3: Children and the Fiscal Space in Ethiopia Presenters: Alemayehu Ambel, Getachew Yirga Belete, Oliver Fiala
	12:00 PM-12:30 PM	Discussion
	12:30 PM-01:30 PM	Lunch break and dismissal