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**Part IV- The Commitment to Equity Assessment Tools**

[Commitment to Equity Handbook](http://www.commitmentoequity.org/handbook/)

[Estimating the Impact of Fiscal Policy on Inequality and Poverty](http://www.commitmentoequity.org/handbook/)

[Brookings Institution and CEQ Institute](http://www.commitmentoequity.org/handbook/)

[Nora Lustig (editor](http://www.commitmentoequity.org/handbook/))

March 1, 2018

**Team and Timeline**

**CEQ Team**

1. **Ideal Country Team:**

* 1 Senior Consultant with expertise on fiscal incidence analysis and preferably familiar with the CEQ methodology.
* 1-2 Consultant(s) who are highly proficient working with household survey micro data in Stata, can write Stata code to clean raw household survey data and construct CEQ-relevant income concepts, and can read, interpret, and adapt Stata code written by others. This person will also have skills in proofreading tables and excel formulas.

1. **Duration:**

Depending on the probability of success in the data-gathering phase(s) as well as the iterative nature of pre- and post-analysis quality-control processes, it could take from 6 to 18 months to have final ('error free') results.

Stages:

1. Understanding CEQ methodology: includes reading at least Chapters 1, 6 and 8 of the [CEQ Handbook June 2017](http://www.commitmentoequity.org/publications/handbook.php) and familiarizing oneself with the contents of CEQ Master Workbook (MWB).
2. Preliminary discussion(s) with CEQ experts to clarify questions about CEQ methodology.
3. First set of results 6 to 9 months later depending on the duration of the data collection effort;

* Obtain/collect the necessary data to produce a CEQ Assessment. For details, consult section on Data Requirements below.  If you plan to use an input-output table to estimate the indirect effects of indirect taxes and subsidies, please consult chapter 6 of the [CEQ Handbook](http://www.commitmentoequity.org/publications/handbook.php).
* Identify the universe of fiscal interventions (taxes, subsidies, pensions, direct transfers, and in-kind transfers) and select the fiscal measures that can be feasibly and validly estimated by considering available sources of information and alternative methodologies to estimate results (simulation, secondary sources, etc.) when direct observation is unavailable. For details, consult Chapters 1 and 6 of the [CEQ Handbook](http://www.commitmentoequity.org/publications/handbook.php).  If you plan to use an input-output table to estimate the indirect effects of indirect taxes and subsidies, please consult chapter 7 of the [CEQ Handbook](http://www.commitmentoequity.org/publications/handbook.php).
* Complete sections A, B of the MWB. For this you will need macroeconomic background and budgetary information and information about available surveys, and to describe the characteristics of taxes, transfers, subsidies, and the education and health system. rules of taxation, direct transfers, and in-kind transfers. For details, consult Chapter 9 of the [CEQ Handbook June 2017](http://www.commitmentoequity.org/publications/handbook.php).
* Begin working with household survey to complete the estimation of income concepts. For details, see Chapter 6 of the [CEQ Handbook June 2017](http://www.commitmentoequity.org/publications/handbook.php).  If you plan to use an input-output table to estimate the indirect effects of indirect taxes and subsidies, please read chapter 7 of the [CEQ Handbook June 2017](http://www.commitmentoequity.org/publications/handbook.php)
* Inevitably, programming, and economic assumptions will have to be made to make further progress on the incidence estimates. It makes sense to discuss such assumption with experts familiar with fiscal incidence and CEQ methodology as well as microsimulation and impact analysis experts to determine which assumptions are most suitable.
* To estimate CEQ income concepts and the value and incidence of the fiscal interventions underlying the CEQ income concepts, it is important that Stata code includes a commented description of the logic of the algorithm behind each estimate; for example, which of the available methodologies was used and which assumptions had to be made to carry out the estimate programmed in the code.
* Upon completion of a set of CEQ do files, it is important that you fill sections B1, B2, C1 and C2 of the MWB, explaining the names of variables and assumptions that you used.
* Compile a dataset that includes all CEQ Income concepts and all included fiscal interventions underlying the Income Concepts as well as the survey information (expansion factors/weights, primary sampling unit, etc.) necessary for estimation. While the option exists to produce the microdata with each observation being a household, you should generate the income concepts with each observation being an individual.
* Use this dataset and the relevant “CEQ” commands in the CEQ Stata Package to generate and fill-in section E of the MWB. A separate Stata “do file” to execute all CEQ commands is helpful.
* Section D of the MWB can be generated and filled in using the Linking procedure (which requires a complete section E).
* Compare relevant Section D totals with national accounts using sheet C1 of MWB. When differences are large, this step will involve an iterative process between the researcher, other experts, and/or the CEQ team to discuss and decide remaining methodological or implementation issues

1. Review of results by Anchor Team: 2 weeks (assuming the people they hire for this step are available, it only takes up to 4 hours from each, then up to 4 hours from Director of Projects and Advisory Services or Director of Data Center.
2. Second and revised set of results 1 month later;
3. Review of results by Anchor Team: 2 weeks;
4. Third set of results 1 month later;
5. Final review by Anchor Team: 2 weeks;
6. Country team completes MWB (if any additional errors needed to be corrected) tables and graphs for report and writes section on taxes and transfers in 1 month;
7. Preparation of Country Report 2 months.

