

**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 Press and CEQ Institute, Tulane University](http://www.commitmentoequity.org/handbook/)**

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**The CEQ Master Workbook (MWB)**

**CEQ Team**

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The CEQ Master Workbook (or MWB) is a multi-sheet excel file that houses detailed information on the country’s economic, political, and social context, description of microdata, the country’s fiscal system and the results of the fiscal incidence analysis used as inputs for policy discussions, academic papers and policy reports. To access the MWB, click [here.](https://www.dropbox.com/sh/6z265cywzg940r7/AACeUpDX_EqrFWlxnr9IIhjTa?dl=0)

The MWB consists of six sections: *Section A. Country Context, Section B. Data, Section C. Methodology*, *Section D. Summary of Results, Section E. Output Tables, and Section F. Results by Ethnicity and Race.*

The order of the sections was chosen having the end user of the CEQ exercise in mind. It is recommended that producers of a CEQ Assessment should start with Section B, the data and information required to implement an assessment. A CEQ Assessment producer can complete section A at the end.

*Section A. Country Context* contains information on the country such as the macroeconomic, political and socio‑economic context, as well as the evolution of inequality and poverty over time. It also includes information on whether the country experienced a natural disaster, civil strife, or a financial crisis, and whether there was an election or any other special situation that could have affected fiscal policy in the year of the analysis.

*Section B. Data* includes a description of the microdata and fiscal data utilized in the fiscal incidence analysis. For the microdata, Section B includes a detailed description of the survey/s being used to conduct the analysis. This includes information on the sample size, coverage, and specific details of the questionnaire, including the exact survey questions used to construct each component of the income concepts. In the fiscal data section, the team needs to compile the budget information from administrative registries and summarize the characteristics of the fiscal interventions (such as direct taxes, consumption taxes, excise taxes, cash transfers, subsidies, and in-kind transfers) that will be included in the analysis.

*Section C.* *Methodology* includes a detailed description of the methodologies used to construct each income concept and a summary of key assumptions made by the team. CEQ Assessment authors should indicate which fiscal interventions were included in the analysis, which allocation method was used following the taxonomy presented in chapter 6 of the Handbook, and compare survey-based totals with those from administrative registries for validation purposes. Key assumptions are listed in one of the sheets so readers can learn about the allocation methods that were employed by the country team given data constraints and the country-specific context.

*Section D. Summary of Results* contains a summary of the results of the fiscal incidence analysis, and presents the results in a user-friendly manner for use both in policy dialogues and scholarly research. The results in Sections D and E of the MWB are designed to utilize the CEQ Assessment to answer the four questions presented in Chapter 1 of this Handbook: (i) How much income redistribution and poverty reduction is being accomplished through fiscal policy? (ii) How equalizing and pro-poor are specific taxes and government spending? (iii) How effective are taxes and government spending in reducing inequality and poverty? (iv) What is the impact of fiscal reforms that change the size and/or progressivity of a particular tax or benefit? Section D is automatically populated with information from Section E through “linking” commands embedded in the MWB. The linking commands import information from Section E and paste it in the relevant cells in Section D.

*Section E. Output Tables* contains detailed results on the impact of fiscal policy on inequality and poverty, progressivity, marginal contributions, and effectiveness indicators, among others. Section E of the MWB contains the entire ensemble of indicators used in CEQ Assessments, described in Chapter 1 and in more detail in Chapter 8. Tables and graphs are produced using the CEQ Stata package, a user-written suite of Stata commands. These commands are described in detail in Chapter 8 of the Handbook. To automatically transfer the results of Section E to the MWB, Stata 13 or a newer version is required. To automatically transfer graphs for certain sheets of Section E, Stata 14.1 is required.

At least two sets of Sections D and E sheets should be produced, corresponding to each main scenario that we consider for the treatment of pensions: contributory pensions as deferred income and contributory pensions as government transfers (see Chapter 6 of the handbook). In addition, the CEQ assessment producers should produce a set of Sections D and E for each scenario designed to test the sensitivity of results to specific assumptions, whenever applicable. A third scenario that should be completed if the pension system had a deficit in the year of the survey is the scenario in which contributory pensions are partially deferred income.

*Section F. Results by Ethnicity and Race* contains detailed results on the impact of fiscal policy on different ethnic and racial groups (and it can also be used for results by rural-urban households). This workbook presents a compendium of the CEQ main results in a manner that allows for easy interpretation of results across ethno-racial lines. Section F of the MWB includes the indicators of the CEQ analysis by ethnicity or race and is also automatically populated by the commands in the CEQ Stata Package whenever the researcher has generated the pre-fiscal and post-fiscal income concepts by ethnicity and/or race. Tables and graphs are produced using the CEQ Stata package, a user-written suite of Stata commands. These commands are described in detail in Chapter 8 of the Handbook.