

Fiscal Policies, Inequality and Poverty: An Application of the Commitment to Equity (CEQ) Assessment to Argentina and Mexico

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Background

- Joint project Commitment to Equity Assessment (CEQ); Inter-American Dialogue and Tulane University's CIPR and Dept. of Economics
- Background paper: Lustig (2011) "Commitment to Equity Assessment (CEQ) A Diagnostic Framework to Assess Governments' Fiscal Policies," Dept. of Economics, Tulane University, Working Paper 1119, April; revised, July 2011
- Argentina (Carola Pessino, Univ Torcuato di Tella)
- Mexico (John Scott, CIDE y CONEVAL)

Objectives of the welfare state threefold (Nicholas Barr, 2004) :

1. support a minimum living standard
2. reduce income inequality
3. enhance efficiency

Supporting a minimum living standard, in turn ...

poverty reduction: ensuring that everyone has a minimum level of consumption

insurance: preventing individuals from falling (or falling further) below the minimum level of consumption due to adverse shocks, both idiosyncratic (unemployment, illness, bad harvests, etc.) and systemic (economic crises, natural disasters, spikes in food prices, etc.)

income smoothing: ensuring that a minimum level of consumption is achieved throughout an individual's life-cycle (maternity/paternity leave and retirement, in particular)

We added:

building poor people's human capital: ensuring that everyone has a minimum level of education and health.

Governments can support a minimum living standard through four main channels:

- taxes and transfers (fiscal policy)
- non-budgetary/regulatory interventions
- redistribution of assets
- interventions that change the distribution of voice and power among different groups in society and alter cultural norms.

What is the Commitment to Equity Assessment?

- A diagnostic framework to evaluate:
 - how aligned fiscal policies are with supporting a minimum living standard
 - in ways that reduce inequality and are broadly consistent with macroeconomic stability, microeconomic efficiency and growth

What is the *Commitment to Equity Assessment*?

- CEQ is an **analytical** exercise; has similarities to Hausmann, Rodrik and Velasco's *growth diagnostics*. HRV (2006)
- Focuses on government **efforts** rather than outcomes
- Relies significantly on **primary sources** of information and research
- Based on “**hard**” **data** and not perceptions
- Ideal component of Country Programming exercises, Poverty Assessments, Public Expenditure Reviews, PRSPs

CEQ evaluates efforts based on whether governments:

- collect and allocate enough resources to support a minimum living standard for all: RESOURCES
- collect and distribute resources equitably: EQUITY
- ensure spending is fiscally sustainable and that programs are incentive compatible: QUALITY
- collect and publish relevant information as well as are subject to independent evaluations: ACCOUNTABILITY

What can CEQ Assessments be used for?

- Comparative analysis across countries
- To inform governments of how their public finances affect their equity goals
- Recommend practical measures
- Enhance accountability and transparency through better data collection and evaluation systems
- Participatory budgeting processes
- Non-governmental social observatories
- Construct performance indexes to rank countries and monitor their performance over time

CEQ Assessments

- Tell you:
 - what the problems are
 - where the problems are
 - how big the problems are
- Not a substitute for impact evaluation of specific programs
- Help you identify priorities; which in turn helps you select interventions; but the interventions will still have to be evaluated

CEQ: Diagnostic Framework

- Main question: Does a government make *substantial efforts* to support a minimum standard of living and build the human capital of the poor?
- Define “substantial effort:”
 - after net transfers income and human capital poverty gaps are “close to” zero

Suppose, as in most developing countries, that the poverty gap is not close to zero

- In searching for the causes, we follow a logical sequence that will help us to identify the contributing factors and binding constraints.
- In middle-income countries, insufficient total fiscal resources are not likely to be a cause for not bringing the poverty gaps close to zero.
- One possible cause is that within redistributive spending, fiscal resources devoted to the poor are not enough. There are at least three main and not mutually exclusive reasons:
 - benefits to the non-poor are too high
 - coverage of the poor is not universal
 - average per capita transfers to the poor fall short

Diagnostic Framework

- In turn, for example, insufficient coverage could be caused either by design--that is, the range of existing programs leave some groups out intentionally (for example, undocumented immigrants are not eligible to receive any transfers)--or “true” errors of exclusion.
- The latter could be caused by failures in design or implementation, clientelistic politics, geographic isolation, high administrative costs, leakages, lack of accrediting documentation, self-selection, or other factors.

CEQ: Snapshot of Diagnostic Framework

Are the after net transfers poverty gaps close to zero?

If yes: How much do net transfers contribute to this achievement?

Are adequate net transfers a product of...

- high progressivity of net transfers?
- sufficient coverage of the poor?
- generosity of net transfers to the poor?

Are redistributive programs and policies...

- fiscally sustainable?
- showing high social rates of return?
- incentive compatible?
- cost-effective?
- of high quality?
- independently evaluated?
- transparent?

If no: Are government revenues and redistributive spending potentially sufficient to close the gap?

If yes:

Are actual resources devoted to closing the gap sufficient?

If yes: Why is the gap not zero?

- Administrative shortcomings
- Leakages to the non-poor
- Insufficient progressivity of net transfers to the poor

If no: Identify relevant causes

- Low progressivity of net transfers
- Large transfers to the non-poor by design
- Transfers to the poor fall short

If no:

Is revenue collection too low due to...

- low per capita income?
- low capacity to tax?
- political economy dynamics?
- institutional inefficiency?

Is redistributive spending too low due to...

- subsidies to other sectors?
- large administr.?
- a large debt burden?
- high military spending?
- political economy dynamics?

Color key:

Resources
Equity

Quality
Accountability

Policy Instruments Considered

- Monetary transfers
- In-kind transfers through the fully or partially subsidized provision of goods and services particularly in the area of education and health
- Subsidies to consumption goods and (some) inputs when feasible
- Taxes on income, consumption and assets (including tax expenditures) when feasible

CEQ: What form does it take?

- A questionnaire whose underpinning can be found in:
 - Economics of the welfare state
 - Best practices in quality assurance and accountability
- Indicators derived from standard poverty and inequality analysis, fiscal incidence analysis and public finance
- It uses 'static' incidence analysis; it does not include behavioral responses or general equilibrium effects (but they could be incorporated)

CEQ: Data requirements

- Household (Income/Expenditure) Surveys
- Detailed public sector accounts
- “External” information on macroeconomic sustainability, cost effectiveness, program evaluations, data accessibility and accountability mechanisms

CEQ: Indicators

- Calculate market, disposable, post-fiscal and final income (described below)
 - Imputation methods for in-kind income (health and education services provided by government free or quasi free)
 - Estimation of impact of indirect taxes (including tax expenditures) and subsidies requires consumption data at the household level
- Government Revenues and Redistributive Spending
- Calculate poverty gaps
- Estimate/calculate incidence of public revenues and spending

Definitions of Income Concepts

TRANSFERS

TAXES

Includes Contributory Pensions

Market Income = y^m
Earned + unearned market incomes (monetary and non-monetary) before government taxes and transfers of any sort

-
Direct taxes and employee contributions to social security

Net Market Income = y^n

Includes subsidized portion to Contributory Pensions

Direct monetary transfers

+

Disposable Income = y^d

Indirect subsidies (including indirect tax expenditures)

+

-

Indirect taxes

Post-fiscal Income = y^{pf}

In-kind transfers

+

-

In-kind taxes, co-payments, user fees and participation costs

Final Income = y^f

Limitations of existing household surveys

- Income and consumption in surveys:
 - Many countries capture incomes after (net) direct taxes and do not ask how much people pay in direct taxes and ss contrib => must be simulated
 - In some countries it is not clear whether reported incomes are before or after taxes => must make an assumption
 - In some countries government transfers are bundled => must make assumptions to separate totals into individual programs
 - In some countries there are no questions on government transfers => must be simulated
 - Some countries do not cover rural areas
 - Many household surveys do not include consumption so incidence of indirect taxes cannot be estimated
- Serious under-reporting of top incomes


Under-reporting of top incomes

- Average monthly household income (rounded) for the 2 richest households (2006 surveys)
 - Argentina: US\$14,000
 - Brazil: US\$70,000
 - Mexico: US\$17,5000

Under-reporting of top incomes: Access to administrative tax returns of the essence

- Alvaredo, Atkinson, Piketty and Saez “Top Incomes in the World,” [The World Top Incomes Database - G-MonD, PSE-Paris School of Economics](#).
- Information from tax returns is available for all the advanced countries and some developing countries; LA: Argentina, Brazil and Chile; Mexico denies access

Results for Argentina (urban)

- The yearly income of the top .01% is around 3 million dollars a year
 At least 20 times more than the income per household reported in the household survey!
- With correction of top incomes, the Gini for Argentina increases by around 5 percentage points

CEQ in Practice

- 9 countries: Argentina, Bolivia, Brazil, Costa Rica, Guatemala, Mexico, Paraguay, Peru and Uruguay
- Most advanced: Argentina (Carola Pessino), Mexico (John Scott) and Peru (Miguel Jaramillo)
- Preliminary Results:
 - Argentina (Encuesta Permanente de Hogares, 2009; urban areas/equivalent to 66 percent of households in Argentina)
 - Mexico (Encuesta Nacional de Ingresos y Gastos de los Hogares, 2008)

CEQ: Argentina and Mexico

- Are poverty gaps (monetary and human capital) close to zero?
- Does the government collect and allocate enough resources to potentially eliminate the poverty gaps?
- If yes, why do poverty gaps subsist?
 - Does it allocate resources equitably?
 - Is the coverage of existing targeted programs universal?
 - What is the profile of the “excluded” (i.e., the after transfers poor)?

CEQ: Argentina and Mexico (preliminary results)

- Income poverty gaps:
 - Extreme, below US\$2.50ppp/day
 - Total, below US\$4ppp/day
- Human Capital poverty gaps (HK):
 - Education:
 - Critical level: completing last year of high school; monetize it based on government spending and enrollment at each level
 - Health:
 - Critical level: basic health package (varies by country)

Argentina: Resources

- *Does the government allocate sufficient budgetary resources for redistributive spending purposes to potentially close the poverty gaps?*
- Government revenue, government spending, redistributive spending, and social spending are enough to close the total poverty (income using US\$4ppp/day and human capital (HK)) gap and more than consistent with its level of development
- However, spending on targeted anti-poverty programs (excluding the moratorium pensions) not enough to close the US\$4 income poverty gap
- If moratorium pensions are included, “targeted” spending is enough to close the US\$4 income poverty gap

AR: TABLE 1. Resources: total resources available and needs (gaps)

	Poverty line	Resources	Poverty & HK Gap	Poverty Gap	HK Gap			PG Shock
			All	Income	Total HK	Education Gap ²	Health Gap	
Million pesos								
Gap before transfers	<2.5		31,248	7,955	22,943	15,917	7,026	350
	<4		59,182	19,170	39,168	27,267	11,901	844
Gap after transfers	<2.5		9896	1685	8,211	3,642	4,569	
	<4		21005	7488	13,517	6,000	7,516	
Resources/Needs								
Total Gov Expenditure	<2.5	459961	14.72	57.82				
	<4		7.77	23.99				
Total Tax Revenue	<2.5	359729	11.51	45.22				
	<4		6.08	18.77				

AR: TABLE 1. Resources: total resources available and needs (gaps)

	Poverty line	Resources	Poverty & HK Gap	Poverty Gap	HK Gap			PG Shock
Gap before transfers	<4		59,182	19,170				

	Million pesos							
		Resources/Needs						
Redistributive Spending	<2.5	246,728	7.90	31.01				
	<4		4.17	12.87				
Redistributive Spending	<2.5	324,673	10.39	40.81				
with Contr Pensions	<4		5.49	16.94				

Social Spending	<2.5	301,045	9.63	37.84				
	<4		5.09	15.70				
Targeted (anti-poverty) 1	<2.5	9,459		1.19				
	<4			0.49				

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	Poverty line	Resources	Poverty & HK Gap	Poverty Gap	HK Gap			PG Shock
			All	Income	Total HK	Education Gap ²	Health Gap	
	Million pesos							
		Resources/Needs						
				19,170				
Targeted (anti-poverty plus	<2.5	36,092		4.54				
SS Non-Contributory)	<4			1.88				

Argentina: Resources

- Targeted monetary transfers represent 0.8% of GDP and 2.9% of redistributive spending
- This amount increases to 2.9% of GDP and 11.1% of redistributive spending when adding the “*non-contributory*” pensions that resulted from the governments pension moratorium (an upper-bound estimate since it is an imputation)

Argentina: Resources - Conclusion

 GOVERNMENT REVENUES AND REDISTRIBUTIVE SPENDING ARE POTENTIALLY SUFFICIENT TO ERADICATE POVERTY (INCOME AND HK POVERTY)

 WITHOUT MORATORIUM PENSIONS GOVERNMENT SPENDING IN MONETARY TRANSFERS IS NOT POTENTIALLY SUFFICIENT TO ERADICATE INCOME POVERTY

 WITH MORATORIUM PENSIONS GOVERNMENT SPENDING IN MONETARY TRANSFERS IS POTENTIALLY SUFFICIENT TO ERADICATE INCOME POVERTY

Argentina: Equity

- *Is the proportion of redistributive spending allocated to the poor sufficient?*
- The proportion of redistributive spending allocated to the poor is sufficient to close the before net transfers total poverty gap (table 2).
 - Total redistributive spending reaching the poor covers 139% of the extreme income and HK poverty gap and 122% of the moderate income and HK poverty gap.
- However, targeted monetary transfers allocated to the poor are not enough to eradicate income poverty: targeted resources reaching the poor represent 46% (24%) of the extreme (total) poverty gap. This of course worsens if we take out the simulated Asig Univ por Hijo (AUH)

[illegible]

Argentina: Equity

Progressivity of Net Transfers

- The limited share of social and redistributive transfers received by the poor is explained by:
 - relatively small share of targeted monetary transfers in the budget and
 - equalizing effect of the more significant social transfers in kind which are pro-poor (basic education and health services for the uninsured) are cancelled out by other large transfers which largely exclude the poor (e.g., tertiary education as well as energy and agricultural subsidies)

TABLE 3. Distribution and incidence of transfers

	Transfers								
	Redistributive Spending								
	Total	Targeted Monetary	Simulated AUH	Non Contributive Pensions	Housing and Urban	Education	Health	Other Social	Non social spending (Subsidies)
	250,281	4459	5000	26633	23694	58786	26476	44575	60658
Quintile shares									
1	23.7%	46.6%	51.4%	43.6%	17.0%	28.6%	39.2%	15.8%	7.8%
2	21.1%	29.1%	29.5%	19.6%	18.2%	27.6%	30.0%	19.4%	12.9%
3	18.3%	13.4%	11.9%	14.6%	19.9%	18.9%	16.2%	21.1%	18.5%
4	17.2%	6.0%	5.3%	14.0%	21.4%	14.0%	9.9%	22.9%	20.7%
5	19.7%	4.9%	1.9%	8.3%	23.5%	10.9%	4.6%	20.8%	40.2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Share of poor									
2.5	17.4%	34.3%	37.8%	32.0%	12.5%	21.1%	28.8%	11.6%	5.7%
4	28.9%	53.8%	58.6%	48.4%	21.5%	35.4%	46.6%	20.5%	10.9%
Concentration index	-0.048	-0.426	-0.492	-0.305	0.065	-0.196	-0.358	0.054	0.291

Argentina: Equity

Progressivity of Net Transfers

- However, as you can see in next table, though not progressive in absolute terms, non-social subsidies represent a significant share (27.7%) of the incomes of the bottom 20%; eliminating them without compensatory measures would hurt the poor significantly

TABLE 3. Distribution and incidence of transfers

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	Total	Targeted Monetary	Simulated AUH	Non Contributory Pensions	Housing and Urban	Education	Health	Other Social	Non social spending (Subsidies)
Concentration index	-0.048	-0.426	-0.492	-0.305	0.065	-0.196	-0.358	0.054	0.291
Quintile incidence ¹									
1	348.6%	12.2%	15.1%	68.3%	23.8%	99.0%	61.1%	41.3%	27.7%
2	94.9%	2.3%	2.6%	9.3%	7.7%	29.1%	14.3%	15.5%	14.0%
3	56.3%	0.7%	0.7%	4.8%	5.8%	13.6%	5.3%	11.6%	13.8%
4	32.7%	0.2%	0.2%	2.8%	3.9%	6.3%	2.0%	7.8%	9.6%
5	15.2%	0.1%	0.0%	0.7%	1.7%	2.0%	0.4%	2.8%	7.5%
Average	41.0%	0.7%	0.8%	4.4%	3.9%	9.6%	4.3%	7.3%	9.9%

¹ Incidence defined over Market Income. Market Income is defined as Net Market Income as reported in the EPH adjusted by National Accounts adding Employee Personal Income Tax and Payroll Taxes. The share of taxes paid by deciles is selected from Gasparini (1998) and Pessino (2010).

Argentina: Equity

Are benefits going to the non-poor by design (i.e., intentional), or are there errors of inclusion (i.e., leakages to unintended beneficiaries)?

Targeted Monetary Transfers:

- According to Table 4, on average , 50% of spending on Targeted Programs goes to the non-poor.
- Some of these leakages are intentional and some are due to leakages to unintended beneficiaries.
- AUH (Asignacion Universal por Hijo) the 40% going to the non-poor is due to program design since these are *simulated* and not actual beneficiaries.
 - In this case the “error of inclusion” is due to shortcomings in the targeting mechanism that chooses beneficiaries as a function of the number of children and the income threshold is set for the household as a whole so those beneficiaries with fewer children may actually be above the poverty line

AR: TABLE 4. Leakages and Coverage

	Share of Benefits			Coverage	
	who go to those			(Beneficiaries/Poor Households)	
	Extreme poor 2.5	Moderate poor 4.0	Non-poor	Extreme poor 2.5	Moderate poor 4.0
Jefas y Jefes de Hogar	37.7%	57.8%	42.2%	2.9%	2.9%
Familias	39.4%	62.5%	37.5%	22.1%	22.1%
Unemployment Insurance	28.7%	40.9%	59.1%	1.4%	1.3%
Becas	25.2%	39.8%	60.2%	0.9%	1.0%
Non Contributory Pensions	38.8%	48.1%	51.9%	54.7%	44.6%
Food	39.7%	58.9%	41.1%	13.4%	12.8%
Simulated AUH Asignacion Universal por Hijo	37.6%	60.0%	40.0%	31.2%	34.7%
All without Simulated AUH and Nutrition	38.3%	49.1%	50.9%	75.5%	65.7%
All with Simulated AUH and Nutrition	38.4%	51.1%	48.9%	86.3%	79.9%

Argentina and Mexico: Equity in terms of coverage of the extreme poor (<2.50/day)

Is coverage of the poor universal?

Argentina:

- Without the pension moratorium and simulated AUH, the maximum coverage is 22.1% (*Familias*)
- Considering all monetary transfer programs that benefit the poor (including the Pension Moratorium) but without the simulated AUH, the coverage of the extreme poor is 75.5%
- Including the simulation of AUH benefits, the coverage increases to 86.3%.

Mexico:

- Coverage is over 60%

AR: TABLE 4. Coverage and Leakages (2009 EPH)

	Share of Benefits			Coverage	
	who go to those			(Beneficiaries/Poor Households)	
	Extreme poor 2.5	Moderate poor 4.0	Non-poor	Extreme poor 2.5	Moderate poor 4.0
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MX: Coverage and Leakages (2008)

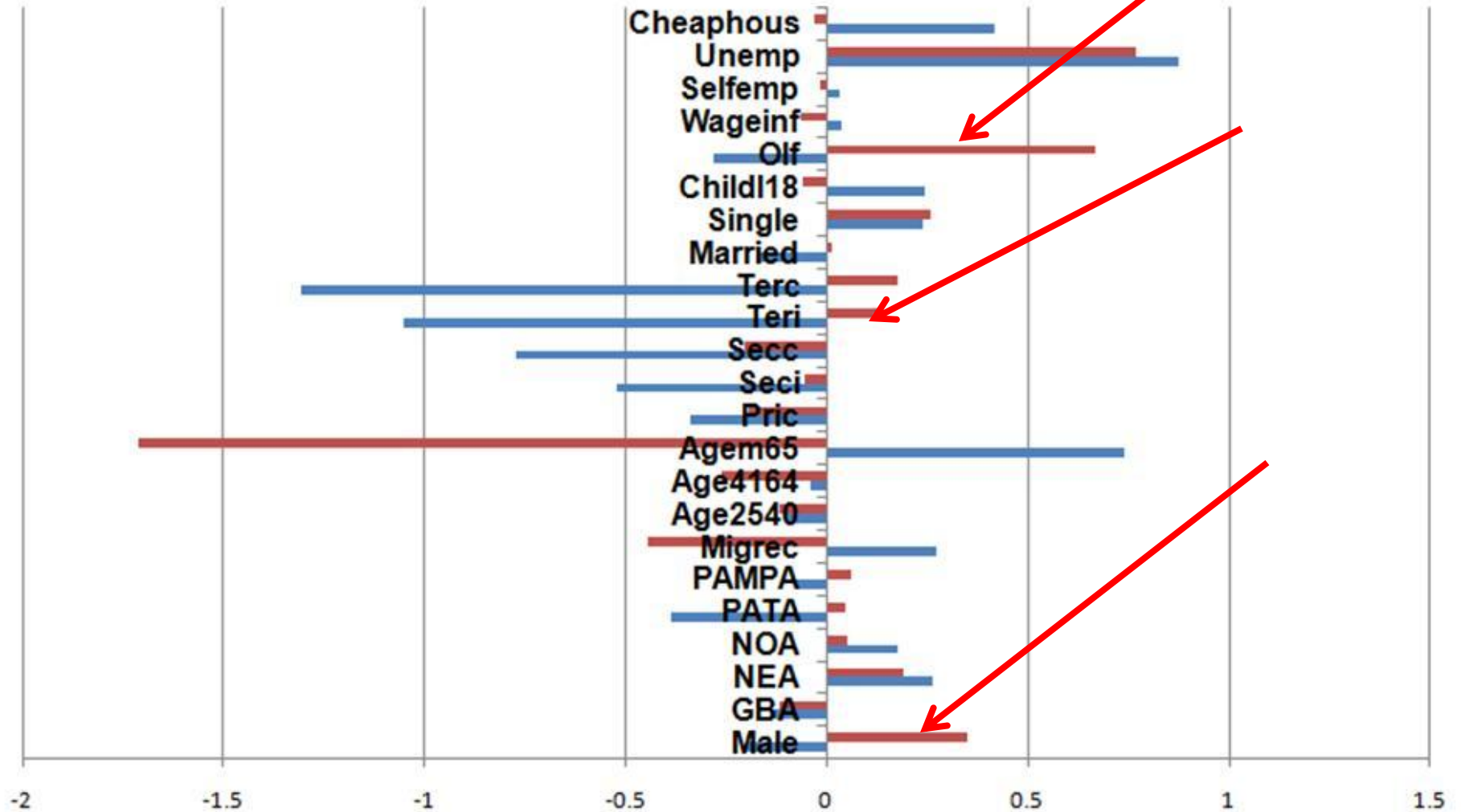
		Leakage (% resources to poor and non-poor)			Coverage (beneficiaries/poor)	
		Extreme poor 2.5	Moderate poor 4.0	Non-poor	Extreme poor 2.5	Moderate poor 4.0
Principal monetary transfers	At least one the three				64.3%	52.1%
	Oportunidades	41.9%	23.1%	35.0%	58.1%	35.9%
	Adultos Mayores	29.2%	12.5%	58.4%	9.9%	4.8%
	Procampo	32.3%	11.6%	56.2%	12.0%	3.9%
Becas (excl. Oportunidades)		9.5%	6.9%	83.6%	4.4%	4.3%
Other social programs		22.8%	13.9%	63.3%	3.7%	2.3%
Seguro Popular (Non-contributory health)					41.5%	33.7%
Contributory Health Insurance					4.8%	15.8%
Contributory Pensions					10.6%	9.1%

Argentina: Equity

- *If program/policy coverage is not 100 percent, what is the cause? Gaps in the safety net system? Do programs and policies intentionally leave out some of the poor? Who are they?*
- By design, targeted programs leave out some poor individuals: in particular, the younger individuals without children are not targeted by the main flagship programs in Argentina.
- Figure “The Profile of the Excluded” shows that the probability of being poor after transfers changes signs for out of the labor force, males and with some tertiary education


AR: The Profile of the Excluded


■ Post-transfer Cond Poor ■ Pre-Transfer Poor




Argentina: Equity - Conclusions

Income Poverty Gap is not zero because:

 Although (simulated) coverage of the poor with existing safety net system is quite high (around 80%)...


 The amount of Targeted Monetary Transfers reaching the poor are below the needs

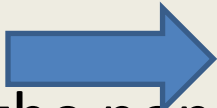
- There are “errors” of inclusion by design (AUH)
- There are “errors” of exclusion by design due to gaps in safety net system

 The “excluded” tend to be male, outside the labor force and more educated

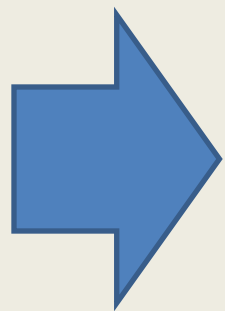
Argentina: Equity - Conclusions

Progressivity of transfers

 Total redistributive spending is slightly progressive in absolute terms, but some of the social and economic subsidies are not; some of the latter are outright regressive (after transfers inequality is higher than before transfers; e.g., airline subsidies)

 Thus, there is room to re-allocate benefits from the non-poor to the poor and eradicate the extreme poverty gap

Watch out:



- negative incentives
- impact on poor when eliminating some programs
- who bears the brunt of redistribution—political economy dynamics

Comparing Argentina and Mexico

- Impact of transfers on poverty and inequality
- Progressivity of government spending:
amount vs concentration coefficients

AR: TABLE 6. Effect of principal targeted transfers on poverty and inequality*

	Argentina- 1 st Semester 2009			
	Before Moratorium Pensions**	After Moratorium Pensions	With Monetary Transfers	With Monetary transfers and Simulated AUH***
2.5 US\$ %				
FGT0	14.7	10.2	8.9	5.4
FGT1	8.5	4.8	3.8	1.8
FGT2	6.6	3.3	2.3	1.0
Absolute Change in FGT0		-4.5	-5.8	-9.3
Relative Change in FGT0		-30.6%	-39.5%	-63.3%
Relative Change in FGT1		-43.5%	-55.3%	-78.8%
Relative Change in FGT2		-50.0%	-65.2%	-84.8%
4 US\$ %				
FGT0	24.9	20.0	18.9	15.7
FGT1	12.8	8.7	7.6	5
FGT2	9.2	5.5	4.4	2.4
Absolute Change in FGT0		-4.9	-6.0	-9.2
Relative Change in FGT0		-19.7%	-24.1%	-36.9%
Relative Change in FGT1		-32.0%	-40.6%	-60.9%
Relative Change in FGT2		-40.2%	-52.2%	-73.9%

AR: TABLE 6. Effect of principal targeted transfers on poverty and inequality*

	Argentina- 1 st Semester 2009			
	Before Moratorium Pensions**	After Moratorium Pensions	With Monetary Transfers	With Monetary transfers and Simulated AUH***
GINI coefficient	0.499	0.468		
RS= Absolute Change in Gini		-0.031		
Percentage Change in Gini		-6.2%		

Notes: * Transfers and household Income as reported in EPH, not adjusted for National Accounts

** Market Income net of payroll taxes (income taxes and payroll taxes retained by employer) and gross of taxes for the self-employed

Moratorium Pensions are estimated as those less than or equal 800\$ (includes presumably all non contributory pensions)

*** AUH Asignacion Universal por Hijo is simulated according to legal decree.

MX: Effect of principal monetary transfers on poverty and inequality*

Indices	Before transfers**	After transfers					
		Total	Oportunidades	Adultos Mayores	Procampo	Becas (excl. Oportunidades)	Other social programs
FGT < 2.5 %							
p0	13.50	10.42	11.86	13.11	13.23	13.44	12.73
p1	5.39	3.35	3.99	5.16	5.19	5.36	5.02
p2	3.05	1.53	1.94	2.86	2.89	3.03	2.80
Reduction							
p0		22.8%	12.1%	2.9%	2.0%	0.4%	5.7%
p1		38.0%	26.0%	4.4%	3.8%	0.6%	7.0%
p2		49.9%	36.6%	6.3%	5.3%	0.8%	8.4%
FGT < 4 %							
P0	26.39	23.52	24.98	26.11	26.24	26.28	25.49
P1	10.78	8.42	9.33	10.53	10.58	10.73	10.28
P2	6.20	4.24	4.89	5.97	6.01	6.16	5.84
Reduction							
P0		10.9%	5.3%	1.1%	0.6%	0.4%	3.4%
P1		21.9%	13.5%	2.3%	1.9%	0.5%	4.6%
P2		31.6%	21.2%	3.6%	3.1%	0.6%	5.9%
Gini	0.5235	0.5118	0.5150	0.5219	0.5224	0.5231	0.5231
Reduction		2.23%	1.61%	0.30%	0.20%	0.08%	0.07%

* Transfers and household income as reported in ENIGH survey (not adjusted to National Accounts). **Market income net of payroll taxes (income taxes and social security contributions retained by employer).

Concentration Curves for Progressive and Regressive Transfers (Taxes)

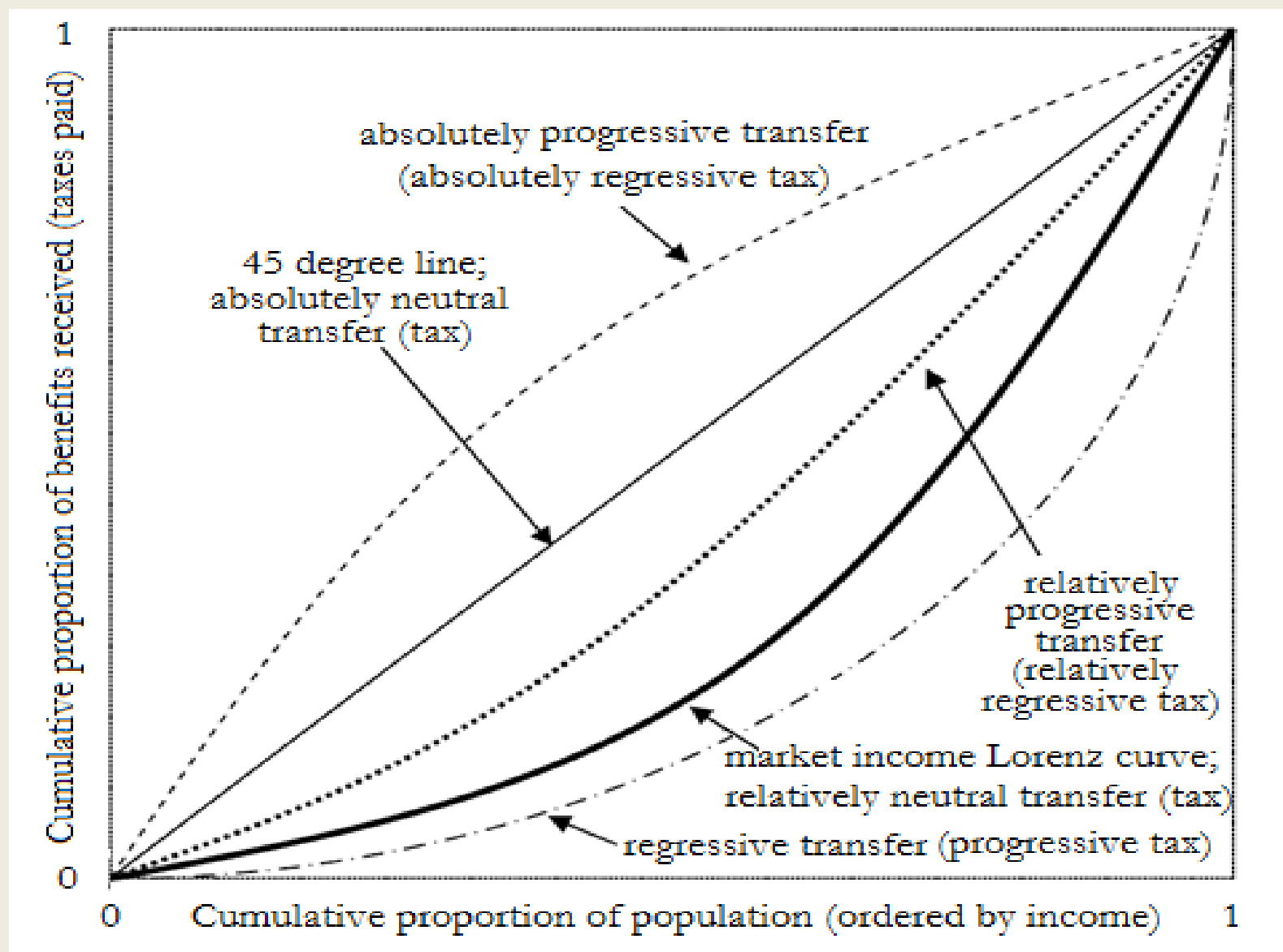
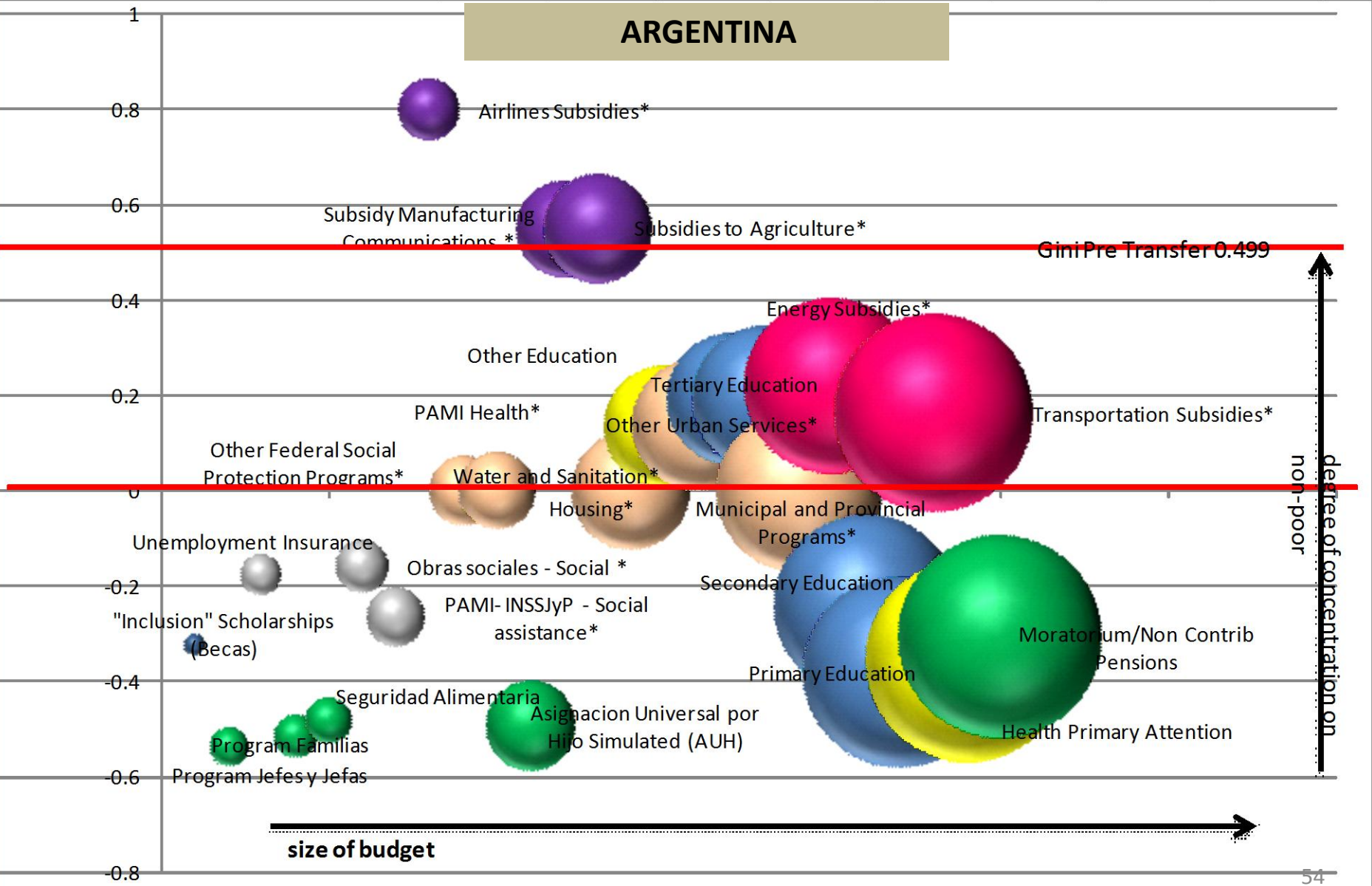
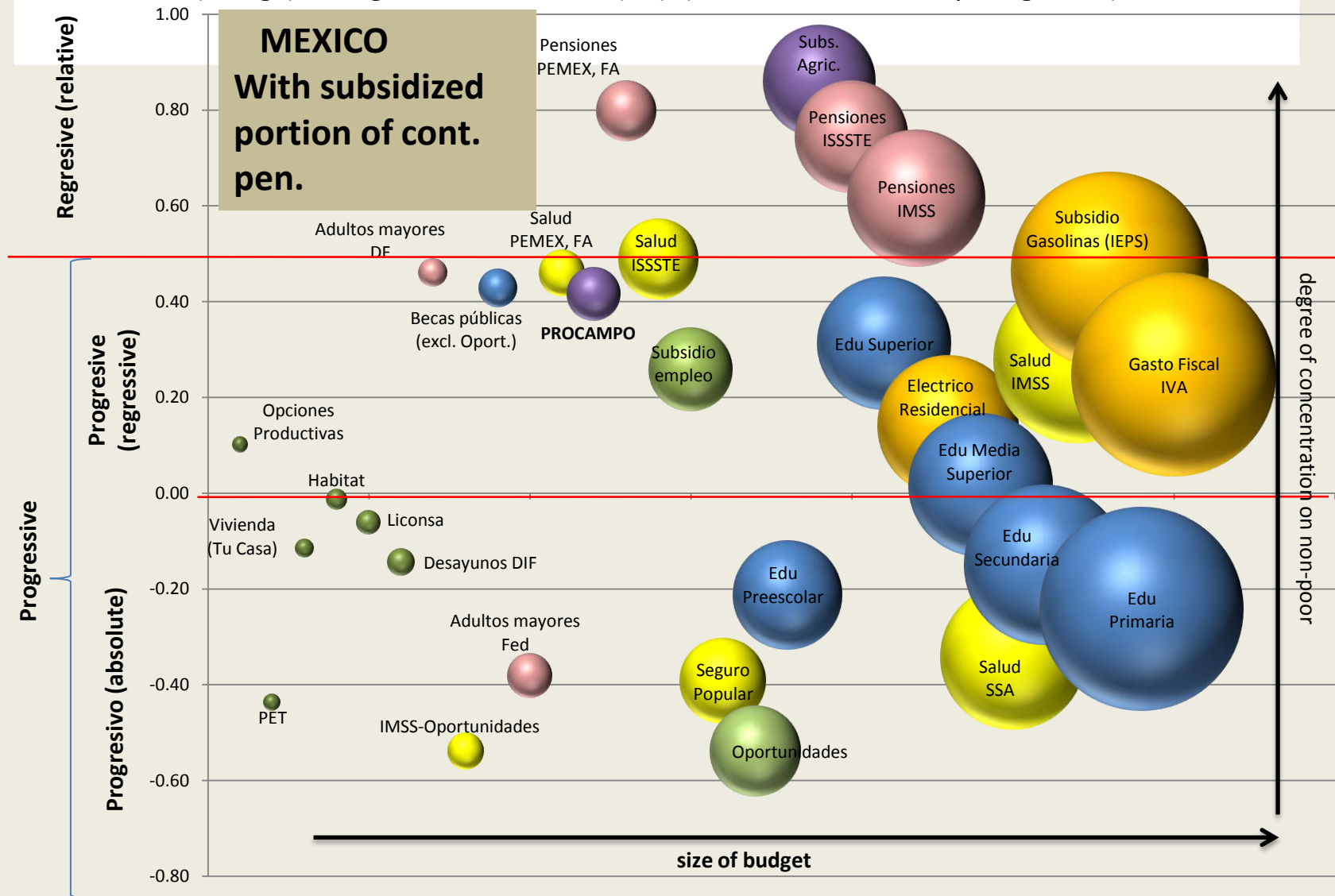


FIGURE 1 a; Concentration indeces (vertical) and budgetary effort (size of bubbles) in redistributive programs by type: education (blue), health (yellow), targeted transfers (green), consumer subsidies (pink) and agricultural and industrial subsidies (lila).

(ranked in horizontal by budget size)



MX: FIGURE 1; Concentration indeces (vertical) and budgetary effort (size of bubbles) in redistributive programs by type: education (blue), health (yellow), targeted transfers (green), consumer subsidies (orange) and agricultual subsidies (lila). (ranked in horizontal by budget size)



Thank you