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SOUTHMOD – Simulating tax and benefit policies for development
What is microsimulation? (I)

Households
- Family structure
- Income
- Expenditure

Policy systems
- Taxes
- Benefits

Legislation

Micro data

Effect of policies on individual and government level
- Tax load
- Benefit amounts
- Government tax receipt
- Social protection expenditure

Inform government and research
- Who pays how much tax?
- Who receives benefit?
- Components of government budget?
- Measures of tax progressivity, sub-group analysis

§1 ...

§2 ...
What is microsimulation? (II)

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- Family structure
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Inform government and research

Reform

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Effects of reform on inequality, poverty, budget balance, ...?

Labour supply responses, effects on (in)formality, ...?
SOUTHMOD - simulating tax and benefit policies for development

Ecuador

Ethiopia

Ghana

Mozambique

Tanzania

Viet Nam

Zambia

plus updates of existing models for Namibia and South Africa
Where we are right now and where research comes in

- (Nearly) all models are built, models will updated and kept up
- **Trainings** for policy makers/analysts and researchers are taking place as we speak
- **Active user group** (policy maker and research side) is essential to maintain, improve and push the models

- **Research** particularly important for
  - Pushing model innovations
  - answering more complex questions going beyond static nature of the models
In this session we will see very first research results using the models

→Ghana (GHAMOD): What is the relationship between extending social protection and formality?

→Tanzania (TAZMOD): How well are beneficiaries targetted and what would be recommendations for reform?

→South Africa (SAMOD): What impact would a universal child benefit have and how to finance it?

→Ecuador (ECUAMOD): Estimating vulnerability to poverty