

Call for contributions

Conference on Benefit-Cost Analysis: Distributional Issues and International Experience

March 25, 2025

France Stratégie, 20 av. de Ségur, Paris

The Scientific Council for Cost-Benefit Analysis at France Stratégie invites proposals for contributions to an international seminar on distributional impacts and cost-benefit analysis. Submissions in the form of an extended abstract of about 400 words should be sent to jincheng.ni@strategie.gouv.fr before Feb. 28, 2025 (notification of decision will be received by March 7). Participants will be requested to cover their transportation and lodging costs but there is no registration fee. Participants to the seminar, which takes place in the afternoon, are also invited to attend the morning conference.

Motivation

Distributional issues are important in the pursuit of a just transition, as highlighted by the IPCC, as well as the Haut Conseil pour le Climat in France. As a matter of fact, many public projects, including public investments, are motivated by a concern for disadvantaged areas or segments of the population. Inequalities in infrastructures between districts and between cities, in connectivity to relevant economic and cultural hubs, in access to public goods and facilities, in vulnerabilities to externalities, and in environmental quality very often undergird public programs related to education, health, security or environmental preservation. Imperatives of social acceptability further justify paying attention to these aspects, and repeated protests in France about environmental regulation (“bonnets rouges”, “gilets jaunes”, farmers) have made it plain to policy-makers.

Nevertheless, in France, benefit-cost analysis, while systematically applied to public investments, usually leaves distributive impacts of the projects out of the quantitative assessment. In many other countries, in contrast, guidelines for the incorporation of distributive impacts into the computation of the net value have existed for some time. In the UK, for instance, the Green Book recommends the transparent use of weights in the aggregation of monetized impacts where distributional effects are significant and well understood. In the European Union, non-binding guidelines propose to use weights that are inversely proportional to a power function of the living standards of the relevant social groups. A particularly important 2023 revision to the guidelines published by the White House in the USA (Circular A4) has introduced the possibility for agencies to also rely on weights, and there is even a specific recommendation for the value of the coefficient that should be used in such weights, based on estimates of diminishing marginal utility.

This conference initiates an effort to improve the integration of distributive effects into benefit-cost analysis in French agencies. This conference will be followed by a revision of the guidelines based on the best practices and sound theoretical and methodological bases. Its conclusions will be a key input in the process leading to the new guidelines.

The incorporation of distributive issues is generally considered difficult not only because of the need to justify the value judgments underlying weights, and the complication implied by weighting not only the benefits but also the costs of the projects, but also because the estimation of impacts for different social groups (by area, age, socio-economic status, income) may be difficult and involve assumptions about behaviors, about adjustments of taxes and transfers to the impacts on households, and about general equilibrium effects through variations in prices and wages at the local level. The conference will cover both aspects of this topic.

General structure of the conference

Organizing committee: Luc Baumstark, Frédéric Cherbonnier, Marc Fleurbaey, Pascal Gautier, Jean-Michel Josselin, Yann Kervinio, Jincheng Ni, Jean-Paul Ourliac, Aude Pommeret, Emile Quinet, Nicolas Riedinger, Katheline Schubert.

This one-day conference will aim at sharing experiences and questions with experts from a few countries in which the practice of distributional analysis has accumulated relevant knowledge in this domain.

Morning Conference: The day will start with a large-audience morning session that will gather experts on the topic as well as practitioners from many parts of the French administration. It will feature:

- a keynote laying out the relevance of distributional effects and the main theoretical and practical considerations relative to their integration into benefit-cost analysis
- a round-table on international experiences in aggregating benefits and costs with weights
- a round-table on the determination of the relevant social groups and the estimation of distributive impacts

You find the agenda and the register link at <https://www.strategie.gouv.fr/evenements/colloque-sur-lanalyse-couts-benefices-enjeux-distributifs-et-experiences-internationales>.

The Afternoon Seminar will be restricted to a small group of experts, the seminar will involve:

- short presentations by participants of their current work and projects
- exchange on open questions, difficulties, and controversies that deserve further research investments
- planning a special issue of an academic journal that would be published on the basis of a call for contributions published after the seminar

Preliminary program:

14h Seminar on the equitable future of cost-benefit analysis

17h30 End of seminar