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Deutsches Institut für
Entwicklungspolitik



German Development
Institute



7th International Workshop on Domestic Revenue Mobilization

“Taxation, inequality and social cohesion”

Bonn, 13-14 November 2018

German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)

Financed by the Federal Ministry for Economic Cooperation and Development (BMZ)

In the last decades the world has experienced an exacerbation of different forms of inequalities. For example, within-country income inequality has increased significantly since the late 1980s, particularly in OECD member countries. In many countries of the Global South, persistent concentrations of power and wealth contribute to undermining already weakly legitimised institutions. In addition, perceptions of unfairness create fertile grounds for social conflicts, political instability and violence. Overall, these trends put additional pressure on social cohesion, which is a major obstacle for achieving the goals that the international community has set itself for the next decades. Without direct action to reverse these trends, the guiding principle of the Agenda 2030, “leaving no one behind” cannot be satisfied.

The DIE has set up a workstream on the links between taxation, social protection and social cohesion within a larger project on social cohesion in Africa. We understand the fiscal contract as the result of an explicit or implicit negotiation between taxpayers and government, where the former comply with tax obligations in exchange for the effective provision of public services. The fiscal contract literature highlights the connection between what citizens perceive they get in exchange for their taxes and their willingness to pay. A growing body of research focuses on the effect that fairness, progressivity and incidence of fiscal systems have on social cohesion. This connection has also become a topic of public debate, following a series of international tax scandals.

The 7th International Workshop on Domestic Revenue Mobilization looks into key topics related to this area. Issues to be discussed at the workshop include (i) the role of fiscal contracts and political factors in shaping taxation, (ii) the use of revenue from natural resources and their impact on inequality, social cohesion and the fiscal contract, (iii) the treatment of illicit financial flows and tax expenditures, (iv) modelling the relationship between taxation, social policies and inequality, and (v) the changing role of international organizations in promoting domestic revenue mobilization.

Agenda

Tuesday 13 November

09.00 **Arrival and registration**

09:15– 10:15 **Welcome**

Julia Leininger, Head of Programme “Transformation of political (dis-) order”, DIE

Hannah Schmelzer, BMZ

Introduction to the workshop

Christian von Haldenwang, DIE

Social cohesion in Africa: Presentation of the project

Charlotte Fiedler, DIE

10:15 – 11:00 **Keynote Address: Taxation, inequality and social cohesion**

Logan Wort, Executive Secretary of the African Tax Administration Forum (ATAF), Pretoria

11:00 – 11:30 **Coffee break**

11:30 – 12:30 **(1) Taxpayer preferences and behaviour**

Chair: *Jörg Nadoll (GIZ)*

Working title: What drives tax morale?

Joseph Stead (OECD, Paris)

Most people are not economists: Citizen preferences for corporate taxation

Arne Wiig (Christian-Michelsen-Institute, Bergen)

Discussant: *Christoph Strupat (DIE)*

12:30 – 13:45 **Lunch Break**

13:45 – 14:45 **(2) Political factors driving taxation**

Chair: *Salvador Forquilha (IESE, Maputo)*

Improving Informal Sector Contribution to Tax in Developing Countries: Do Financial Development and Democratic Accountability matter?

Melaine Yoffo (CERDI, University of Clermont-Auvergne)

The effect of political alignment on revenue performance and revenue bargaining in Mozambican municipalities

Armin von Schiller (DIE)

Discussant: *Pia Rattenhuber (UNU-WIDER, Helsinki)*

14:45 – 15:15 **Coffee break**

15:15 – 16:45 **(3) Dealing with illicit financial flows**

Chair: *Niels Kemper (KfW, Frankfurt)*

Combating illicit financial flows via trade misinvoicing

Yeon Soo Choi (WCO, Brussels)

Measuring Financial Secrecy in Africa: Vulnerability and Exposure to Illicit Financial Flows risk

Markus Meinzer (TJN, Frankfurt)

The place of Africa in the shift towards global tax governance: can the taxation of the digitalized economy be a game changer?

Nara Momkan (ATAF, Pretoria)

Discussant: *Jakob Schwab (DIE)*

16:45-17:00 **Short break**

17:00 – 18:00 **(4) Approaches to the assessment of taxation and inequality (1)**

Chair: *NN*

Global inequality: how large is the effect of top incomes?

Miguel Niño-Zarazua (UNU-WIDER, Helsinki)

International tax fairness and the principle of fiscal equivalence

Christian von Haldenwang (DIE)

Discussant: *Sabine Laudage (DIE)*

18:00 – 20:00 **Reception**

Wednesday 14 November

09:00 – 10:00 **(5) Approaches to the assessment of taxation and inequality (2)**

Chair: *Armin von Schiller (DIE)*

Global Tax Expenditure Database (GTED) Project

Agustin Redonda (CEP, Zurich)

SOUTHMOD – simulating tax and benefit policies for development

Pia Rattenhuber (UNU-WIDER, Helsinki)

10:00 – 11:00 **(6) Domestic revenue mobilization: the role of international organizations**

Chair: *Philip Banahene Thompson (Ghanaian Ministry of Finance and Economic Planning, Accra)*

Stefan Agne (European Commission, Brussels)

Roberto Schatan (IMF, Washington, DC)

11:00 – 11:30 **Coffee break**

11:30 – 12:30 **Final Panel: Moving beyond DRM in the pursuit of equality**

Chair: *Christian von Haldenwang (DIE)*

Joseph Stead (OECD)

Nara Monkam (ATAF)

Miguel Niño-Zarazua (UNU WIDER)

12:30 – 13:00 **Closing remarks & good-bye**

Armin von Schiller (DIE)

13:00 – 14:00 **Light lunch and depart**