VNMOD Launch: Opening
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UNU-WIDER's mission

- To undertake research and policy analysis on the most pressing concerns affecting the living conditions of the world's poorest people.

- To provide a forum for knowledge sharing, discussion and debate between researchers and development professionals on how to achieve equitable, gender-balanced, and environmentally sustainable policies.

- To offer capacity-building and training for research and decision makers in economics and social development.

Inclusion

- While growth is necessary, inequalities must also be addressed
  - Higher inequality means less inclusive growth (poverty reduction)
  - Inequalities influence growth and development
    - Inequalities translate into power asymmetries that can endanger democratization and human rights, cause conflict, and embed social exclusion so that chronic poverty persists.
  - Less inequality has intrinsic value
- At the heart of policy agendas in nation states and globally (SDGs)
  - Goal 10: Reduce inequality within and among countries
- Problems cannot be solved without providing an appropriate social safety net
  - Financing requires a solid and well-performing tax system

UNU-WIDER research on inclusion

- World Inequality and Inequality in the Giants

  - WIID database

- Social protection and political economy

  - SAPI database

- Providing new macro-level data on tax revenues

  - GRD database

- Research using administrative data from tax authorities

- Gender and group-based inequalities

- And...

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

Why are tax-benefit microsimulation models important?

Integral part of governments' 'book-keeping':

- Understand who pays how much taxes and who receives benefits;

- How taxes and benefits affect the government budget;

- Estimate effects of tax/social protection reform.

Social protection on the rise in the developing world; at the same time countries need to increase tax revenues.

Complex models → need to train model developers and users

Microsimulation in Viet Nam: VNMOD

Microsimulation can be used to answer questions such as:

- How does the current tax and social grant system **impact upon individuals in different groups** (e.g. income groups, family types)?

- To what extent does the current system of taxing income **redistribute income progressively and thereby reduce inequality**?

- What would be the **cost of implementing** social security **policy reforms**, for example:

    – Making the Old Age Pension Scheme universal

    – Introducing a child grant

    ➢ And what would be the **impact** on poverty/inequality?

    ➢ And how could these policies **be financed**?

In conclusion

- CIEM and UNU-WIDER collaborate in many research fields and plan to continue this work in the years to come

- This includes maintaining, improving and helping the policy take-up of VNMOD

- Capacity building, training courses

  – Enjoy the one starting today!