VNMOD Launch: Opening
CIEM, Hanoi, Viet Nam
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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.
UNU-WIDER 2014-18 work programme

Three key challenges:

• Transformation
• Inclusion
• Sustainability
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, Tanzania, Ethiopia, Viet Nam, Ghana, Zambia, Mozambique

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!