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Deutsches Institut für
Entwicklungspolitik

German Development
Institute

Kick-off Workshop

Mobilising Domestic Revenue in Developing Countries

1 December, 2011

German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)
Tulpenfeld 6, 53113 Bonn

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Entwicklungspolitik

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Kick-off Workshop for the DIE Research Programme

Mobilising domestic revenue in developing countries

Bonn, 1 December 2011

Venue:

German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)

Enhancing domestic resource mobilisation and especially tax performance is an increasingly relevant topic on the international development agenda. Governments, donors and international organisations need to understand the role political, economic and institutional factors play in defining tax regimes and strengthening domestic revenue mobilisation. Against this background, the DIE research programme aims at providing new insights into the issue of taxation and development. In particular, we want to know which factors and incentive structures influence the tax performance and tax structure of developing countries.

Current research activities focus on four issues:

- *Patterns of interaction between elite fractions as a constraint for tax performance and tax reform in developing countries:* The fact that elites influence the reality of taxation is commonly acknowledged. So far, the main focus in the academic debate has been on conflicts between elites and non-elites, while the interaction between different elite fractions has received less attention. The project analyses these interaction patterns from a game theoretic perspective and explores how they shape the space for tax reform.
- *Political regime and taxation:* A growing body of literature in social science suggests that governance matters in determining tax performance. However, the impact of regime on taxation clearly deserves further scrutiny. The project investigates the impact of regime on tax ratio, using a panel dataset of 193 countries covering the period 1990–2008. Findings suggest a non-linear (U-shaped) relation between both variables.
- *Regional patterns of taxation:* This project aims to explore whether taxation is influenced by regional patterns. We find initial evidence supporting this view, as the effect of welfare (proxied as GDP per capita) on tax ratio is weaker if we control for regions. Further, there appears to be a trend to lower tax collection in Asia and sub-Saharan Africa.
- *The effectiveness of semi-autonomous revenue agencies:* This project presents evidence that semi-autonomous revenue agencies (SARAs) outperform conventional tax administrations. Analysing local tax collection in Peru between 1998 and 2008, the project shows that municipalities with SARAs collect more revenues than those with conventional tax administrations. Also, SARAs generate more stable revenue, which is good for budget policy and planning.

Programme

10:00–10:30	Introduction: BMZ Policy Planning Unit / DIE Management
10:30–11:30	<p>Political economy of taxation and tax reform: An elite-based rational choice approach Armin von Schiller</p> <p>Chair: Peter Krahl (BMZ)</p> <p>Discussant 1: Jonathan Di John (SOAS, London)</p> <p>Discussant 2: <i>Ute Eckardt (GIZ)</i></p>
11:30–12:00	Coffee break
12:00–13:00	<p>Political regimes and taxation Melody García & Christian von Haldenwang</p> <p>Chair: Jörg Faust (DIE)</p> <p>Discussant 1: Stefan Leiderer (DIE)</p> <p>Discussant 2: Hans Wollny (BMZ)</p>
13:00–14:00	Lunch Break
14:00–15:00	<p>Tax collection in developing countries - New evidence on semi autonomous revenue agencies (SARAs) in Peru Christian von Haldenwang & Armin von Schiller</p> <p>Chair: Dirk Messner/ Imme Scholz / Stephan Klingebiel (DIE)</p> <p>Discussant 1: Justin Zake (IMF)</p> <p>Discussant 2: David Nguyen-Thanh (GIZ)</p>
15:00–15:30	Coffee break
15:30–16:30	<p>Regional patterns in tax performance Maksym Ivanyna (WIIW, Vienna) & Christian von Haldenwang</p> <p>Chair: Hans Wollny (BMZ)</p> <p>Discussant 1: Christian Daude (OECD, Paris)</p> <p>Discussant 2: Jonas Blume (KfW)</p>
16:30–17:00	New activities and next steps

Publications

Briefing Paper

Haldenwang, Christian von / Philipp Krause (2009): Should we engage in development cooperation with countries that have a notoriously low tax ratio?, Bonn: Deutsches Institut für Entwicklungspolitik / German Development Institute (DIE) (Briefing Paper 12/2009, also available in German as Analysen und Stellungnahmen 12/2009)

Faust, Jörg / Christian von Haldenwang (2010): Integrated fiscal decentralisation: taking new aid modalities to the local level, Bonn: Deutsches Institut für Entwicklungspolitik / German Development Institute (DIE) (Briefing Paper 12/2010, also available in German as Analysen und Stellungnahmen 6/2010)

Haldenwang, Christian von (2011): Taxation of non-renewable natural resources: what are the key issues?. Bonn: Deutsches Institut für Entwicklungspolitik / German Development Institute (DIE) (Briefing Paper 5/2011, also available in German as Analysen und Stellungnahmen 8/2011)

Discussion Paper

Haldenwang, Christian von (2008): Taxation, social cohesion and fiscal decentralization in Latin America. Bonn: Deutsches Institut für Entwicklungspolitik / German Development Institute (DIE) (Discussion Paper 1/2008)

Soest, Christian von (2008): Donor Support for Tax Administration Reform in Africa: Experiences in Ghana, Tanzania, Uganda and Zambia. Bonn: Deutsches Institut für Entwicklungspolitik / German Development Institute (DIE) (Discussion Paper No. 2/2008)

Haldenwang, Christian von / Maksym Ivanyna (2010): Assessing the tax performance of developing countries. Bonn: German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) (Discussion Paper 20/2010)

Stürmer, Martin (2010): Let the good times roll? Raising tax revenues from the extractive sector in sub-Saharan Africa during the commodity price boom. Bonn: German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) (Discussion Paper 7/2010)

Studies

Haldenwang, Christian von / Elke Büsing / Katharina Földi / Tabea Goldboom / Ferdinand Jenrich / Jens Pulkowski (2008): Kommunale Steuerverwaltung im Kontext des peruanischen Dezentralisierungsprozesses. Bonn: Deutsches Institut für Entwicklungspolitik / German Development Institute (DIE) (Studies 42)

All DIE-publications are available under <http://www.die-gdi.de>

Your directions to the German Development Institute /
Deutsches Institut für Entwicklungspolitik (DIE)

Tulpenfeld 6
D - 53113 Bonn

Google map: <http://g.co/maps/5ehk3>

From Bonn Central Station (*Hauptbahnhof*):
Take the U-Bahn U 16/ U 63 or U 66 to "Heussallee/Museumsmeile". Take the exit
Heussallee. Turn right after 50 m onto the footpath towards the office complex
"Tulpenfeld". Follow the signs across Tulpenfeld to the building of DIE at Tulpenfeld 6.

The buses No. 610 and 611 run from the train station Bonn *Hauptbahnhof* to the bus
stop "Heussallee/Museumsmeile". Turn onto the footpath towards the office complex
"Tulpenfeld". Follow the signs across Tulpenfeld to the building of DIE at Tulpenfeld 6.

