Tax Policy for Sustainable Development: Friends in Need or an Under-Exploited Opportunity?

Global Development Conference: Clermont-Ferrand, November 2-4, 2022

The GDN Global Development Conference is a prestigious event, held in a different region and on a different theme each year. It hosts high-level, inclusive, evidence-based debates on current development challenges and priorities. Its trademark, however, is that it is the only international development conference in which a majority of participants come from developing countries. It provides promising developing country researchers with an opportunity to disseminate their work, share their ideas, interact with world-renowned academics and policymakers and network globally. It thus contributes to strengthening their capacity. It offers new, Southern perspective on sustainable development issues mostly debated in developed countries and reinforces cooperation and development effectiveness.

In 2022, GDN opens its new European office in the French city of Clermont-Ferrand, with generous funding from the French government and local, regional, departmental and municipal authorities, as part of a government-sponsored initiative to support the emergence of Clermont-Ferrand as a Regional Pole for International Development. It is, therefore, fit to organize the 2022 Global Development Conference in Clermont-Ferrand, in partnership with the Center for Studies and Research on International Development (CERDI), the Foundation for Studies and Research on International Development (FERDI) and the University of Clermont-Auvergne. While the priority will be to organize an in-person event in the first week of November 2022, the Conference will be hybrid and include a virtual component to enable broader participation. This hybrid nature will allow flexibility, should COVID-related travel impediments persist, and it will also take stock of the lessons drawn from the pandemic in terms of virtual interactions, providing an opportunity to reach out to a larger number of participants worldwide.
Thematic Overview

In 2022, the Global Development Conference will focus on “Tax Policy for Sustainable Development”. The choice of the theme is mainly motivated by the following observations:

- The COVID-19 pandemic has further constrained tax resources and underscored the importance of the capacity to manage fiscal policies in counter-cyclical ways in reaction to shocks. This requires tax systems that can resist such shocks and respond accordingly and in the short-run assist in the response and recovery efforts.

- The pandemic has created unprecedented risks to livelihoods across the world and has, once again, emphasized the considerable challenges raised by inequality. In the face of such shocks, poorest people and households are ever more excluded and do not have the means to adapt. There is thus the risk of seeing a self-sustained dynamic of rising inequalities. It is important to understand how fiscal policy can defeat such trends and what role tax systems and policies can play to promote better inclusion.

- Beyond the pandemic, the world is engaged in a demanding transition towards climate and environmentally friendly growth. Investment needs, especially in developing countries, are massive. Tax systems are at the core of any response to the sustainable development challenge. Not only are they crucial for the mobilization of domestic resources without which policy cannot be proactive, investments are not sustainable, and developing countries are left exclusively dependent on foreign assistance; but they are also essential to gear the allocation of resources toward investments that prepare a sustainable future: in clean energy, transportation, industry, agriculture, services.

- In “building back better” after the pandemic, notoriously difficult questions with respect to tax systems and reforms in developing countries need to be faced. Tax evasion is pervasive, governance is weak. More thinking is needed, in a globalized world, on the kind of tax base that works best in environments of weak governance and factor mobility. In all countries, powerful interests are at play around who is taxed and who is not and how much, from individuals to local businesses and MNCs. Effective reform often requires eschewing direct confrontation of these issues by attempting to navigate reform with a more technical approach (employ new technologies and digitalization to enhance compliance and deter evasion, for instance), to tap on political will and momentum when it exists, and also to show how the money is spent to encourage a wider base of support and legitimacy.

- Tax policy and tax systems are central dimensions of sustainable development. Related issues have been abundantly documented and discussed in the last decades in a rich literature. As the pandemic hopefully recedes, it is useful to take stock of what is known, of what developing country practices and perspectives are on these issues, on options ahead, and on how the international community can help.

- Converting evidence on tax policy and its implications for sustainable development into policy and facilitating multiple pathways for this to happen in developing countries remains a challenge (underpinned also by local capacity constraints to analyze and evaluate policy options).

The pandemic highlighted the role of policy, both monetary and fiscal. For the 2022 GDN Conference, the organizers decided to focus on tax policy, because the resource side can be seen as a prerequisite of public agency. Tax systems generate revenue to cover the public expenditure priorities, and tax policy itself can also promote or hamper equity, poverty alleviation, gender equality, health and
environmental protection while influencing the quality of development overall. Pro-poor progressive taxation, for instance, that encourages sustainable development is an unexplored frontier. Recovery in the medium term and resilience and sustainability in the longer term, including green growth, depend on well-designed and implemented tax policies. Beyond resource mobilization, the focus on tax policy is also an investigation of the role tax systems can play across the three traditional objectives of policy: resource allocation (how to conceive of tax systems to allocate resources in ways that are conducive to the promotion of sustainable development; stabilization (how to respond to shocks); and redistribution (how to correct inequalities that need to be corrected).

Conference sub-themes

The Conference will address three thematic blocks, organized alongside the functions of tax policy briefly discussed above. These blocks are of course related, as tax policy simultaneously serves several functions. But it is helpful to focus on the primary intent of any tax measure.

1. **Resource mobilization**: how to reinforce tax and customs administration, promote tasks simplicity, fight tax evasion, in part by using the latest technologies available but not only; how to encourage formalization; but also how to devise a tax and revenue-raising system that allows to reap the benefits from natural resource exploitation and to avoid the risk of natural resource induced Dutch disease. This thematic block notably includes (among others):

   a. Domestic resource mobilization
   b. Digitalization and taxation
   c. Natural resource management and taxation
   d. The political economy of taxation
   e. Taxation and the informal sector
   f. Regional tax cooperation

2. **Taxes and incentives**: how to use taxation for industrial policy and to support sustainable development. This includes the use of tax to create behavior-changing incentives (so-called Pigovian taxes). As part of this thematic block, following sub-themes will be considered:

   a. Environmental or “Green” taxation
   b. Taxation as an industrial policy instrument
   c. Taxation and foreign direct investment (FDI) – taxation of MNEs (OECD Pillar II), the tax design of Special Economic Zones, etc.
   d. Tax policies and responses to the COVID crisis
   e. Taxes for health (tobacco, alcohol, and high-calorie foods)

3. **Tax systems and inequality** in developing countries:

   a. Tax policy and inclusive growth
   b. Tax policy, equity and vulnerability
   c. Gender-related issues
Organization and Structure

The conference will last two and a half days. Events will include:

- Dynamic Plenary sessions and Keynotes by leaders in the field
- Parallel sessions in a range of formats to encourage broad participation
- Rapid fire presentation sessions of the latest research on tax policy in developing countries
- Controversies
- Poster displays and presentations during breaks (competitively selected)
- Expo with information about the conference organizers and sponsors
- Blog competition targeting youth
- Hackathon
- Networking opportunities

A Call for Proposals will be issued for the following categories: research papers and panels. All submissions will be first screened and shortlisted by members of the conference Organizing Committee (with representatives of the conference co-hosts) and the final selection will be made by the Scientific Committee.

Relevant international research institutes, organizations and networks such as the IMF, the World Bank, OECD, UNU-WIDER, AFD, JICA-RI, UNCTAD, the International Centre for Tax and Development, the Development Finance Lab at the Paris School of Economics, Brookings Institution, the Bill and Melinda Gates Foundation Development Finance team, AfDB, UNESCAP, the French Inter-Ministerial platform for coordination on Domestic Resource Mobilization, and others will be invited to contribute papers, speakers, sessions, dedicated exhibits and/or side events.

Scientific & Organizing Committees

A Scientific Committee is being formed with leading figures in the fields mentioned above. The Committee will help identify plenary speakers, validate conference themes and promote the event in their communities. They will also participate in the final stage of the selection of the shortlisted papers and session proposals received through the open calls. Some of the Scientific Committee members may of course also be speakers themselves at the conference. An Organizing Committee has also been constituted with representatives of the conference co-hosts who will play the key role in spearheading the event.

Key Audiences

The conference will target roughly 500 participants, drawn from a diverse group of researchers, evaluators, policymakers, representatives of international organizations, civil society, development practitioners and the private sector. In keeping with the trademark of the Global Development Conference, the majority of the participants will be from developing countries. At previous
conferences, participants represented no fewer than 100 countries. Nobel prize laureates, high-level policymakers and opinion leaders from around the world have participated in the previous conferences. Given the sizeable contingent of development, economics and other social science graduate programs in Clermont-Ferrand, we expect these international students and faculty to actively participate in the conference. In addition, high-level French and other European dignitaries, top academics and opinion leaders will contribute and shape the debate together with their counterparts from around the world.

Conference sponsorship

Conference sponsorship is sought at three levels:

- **Platinum sponsor (US$30,000):** Name listed on conference website. Acknowledgement given in opening and closing plenaries. Thanks for sponsorship on social media. Space provided in Expo. Possibility to have a ‘Meet the sponsor…’ session. Have one guaranteed parallel session in the program and a slot on one of the plenary sessions at no further charge, if desired.

- **Gold sponsor (US$10,000):** Name listed on conference website. Acknowledgement given in opening and closing plenaries. Thanks for sponsorship on social media. Space provided in Expo. Have one guaranteed parallel session in the program, if desired.

- **Session sponsor (US$3,000):** Name listed with the sponsored session. Space provided in Expo. Have one parallel session in the programme (subject to acceptance).

Sponsors are vetted by the Conference Organizing Committee.

About the conference organizers

**Global Development Network (GDN)**

GDN is a public international organization headquartered in New Delhi that supports high-quality, policy-oriented, social science research in developing and transition countries to promote better lives. It provides researchers and research institutions with financial resources, global networking, as well as access to information, training, peer review, and mentoring. GDN acts on the premise that better research leads to more informed policies and better, more inclusive development. Through its global platform, GDN connects social science researchers with policymakers and development stakeholders across the world.

**Foundation for Studies and Research on International Development (FERDI)**

FERDI is a think tank which was created in 2003. Its primary, research-based purpose, is to influence the international discussion on major development issues. Independent and not-for-profit, FERDI mobilizes high-level researchers in the field of international development and offers relevant and innovative thinking on the key issues in development economics. FERDI is particularly active on issues related to development effectiveness, sustainable development, and global governance.
Center for Studies and Research on International Development (CERDI)

Created in 1976, CERDI was the first joint research unit, between the National Center for Scientific Research (CNRS) and a French university, dedicated to development economics. On January 1, 2018, CERDI became a research unit associated with the Research Institute for Development (IRD). CERDI mainly brings together economists, researchers from the CNRS, the IRD, and teacher-researchers from the University of Clermont Auvergne. The research conducted at CERDI focuses on the study of international development processes, their drivers and their economic, social and environmental consequences. They are based on three areas: development financing, sustainable development trajectories and the integration of developing countries into the global economy.

The University of Clermont Auvergne (UCA)

The University of Clermont Auvergne aims to be a major player in development and a major university of education and research with an international dimension. Strongly connected to its territorial environment and to the socio-economic world, it intends to rank among the best French universities in the Shanghai ranking, by developing sustainable models of life and production, and combining academic training with civic education. In 2017, UCA received the I-Site label. This makes it one of the few universities selected to implement a long-term policy of excellence, develop interactions with their economic environment and attract internationally renowned research teams. The university is also involved in the organization of summer schools and international conferences.

Scientific Committee:

- Mauricio Cardenas, former Minister of Finance and of Energy, Colombia; Visiting Professor at Columbia University; former President LACEA.
- Pierre Jacquet, President, Global Development Network (GDN)
- Michael Keen, Ushioda Fellow, Tokyo College, University of Tokyo; Research Associate of CERDI (France), the Institute for Fiscal Studies (London) and the Centre for Business Taxation (Oxford); and former Deputy Director of the Fiscal Affairs Department, IMF
- Nora Lustig, Samuel Z. Stone Professor, Latin American Economics and Director of the Commitment to Equity Institute (CEQ) at Tulane University
- Blanca Moreno-Dodson, Director, UNOPS and former Manager of the Center for Mediterranean Integration (CMI) (TBC)
- Marlene Nembhard-Parker, Chief Tax Counsel Legislation, Treaties and International Tax Matters, Tax Administration, Ministry of Finance, Jamaica
- Njuguna Ndung’u, Executive Director, African Economic Research Consortium (AERC) (TBC)
- Emmanuel Pinto Moreira, Director, Economic Department, African Development Bank
- Grégoire Rota Graziosi, Director of the Center for Studies and Research on International Development (CERDI), Université Clermont Auvergne, CNRS
- Rathin Roy, Senior Visiting Fellow at CPR. Managing Director (Research and Policy), Overseas Development Institute (ODI)
- Susana Ruiz, Tax Policy Lead, Oxfam International
- Anda David, Economist, Agence Française de Développement (AFD)

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1 As of April 2022
Organizing Committee:

- **Ramona Angelescu Naqvi**, Director of Strategic Partnerships, GDN
- **Grégoire Rota Graziosi**, Director of the Center for Studies and Research on International Development (CERDI), Université Clermont Auvergne, CNRS
- **Vianney Dequiedt**, Scientific Director, FERDI & Professor of Economics, Université Clermont Auvergne