

# UNU-WIDER work on Data and IFFs



**UNU**  
**WIDER**

**Amina Ebrahim, Research Fellow, UNU-WIDER**

IFF Measurement Workshop and Policy Expert Group Meeting

**Apply:** A Policy Framework Approach

6 Feb 2025 | 15:00 CET | Geneva

# UNU-WIDER and DRM programme

- UNU-WIDER's unique blend of five key dimensions:
  - Think tank (policy engagement)
  - Research institute (academic output)
  - UN Agency
  - In-country presence
  - Global network of researchers and policy experts
- DRM Programme main components:
  - Research & policy analysis (Tax Research for Development, Cross-border tax, etc)
  - Capacity development & training
  - Knowledge sharing, discussion, & debate

# Overview of UNU-WIDER IFF work (2020-2023)

## Method 1

- A look offshore: Unpacking the routes of misinvoicing in international trade
- Measuring illicit financial flows with a gravity model of international trade misinvoicing

## Method 3

- Global profit shifting, 1975-2019
- Indirect costs of corporate tax avoidance exacerbate cross-country inequality

## Method 4

- Profit shifting by multinational corporations using transaction-level data from [Nigeria](#)
- Profit shifting by multinational corporations in [Kenya](#): the role of internal debt
- Taxing multinational corporations in [Uganda](#)
- Profit-shifting behaviour of emerging multinationals from [India](#)
- Tax-motivated transfer mispricing in [South Africa](#)
- Estimating profit shifting in [South Africa](#) using firm-level tax returns

## Method 6

- Sanctions busting through tax havens
- So close yet so far: the ability of mandatory disclosure rules to crack down offshore tax evasion



# Policy Recommendations from UNU-WIDER IFF work (2020-2023)

1. Tax intangible assets, export intensity, and external commercial borrowing.
2. Use publicly available **data** and new methodologies to target trade flow regulations.
3. Limit tax-deductible costs to counter internal debt profit shifting.
4. Focus audits on high-risk companies using transaction-level data.

Blog

## Overcoming the challenge of illicit financial flows

### Four pieces of advice for policymakers

From profit shifting to sanction evasion, illicit financial flows divert funds away from essential poverty-fighting and infrastructure programs. A growing body of research provides essential insights for policymakers on how to tackle this key development challenge.

# Recent work from Uganda

## What is the impact of corporate tax incentives?

While *multinational corporations (MNCs)* make up only **1.9%** of firms operating in Uganda, they are overrepresented among tax holiday beneficiaries. New estimates reveal that Uganda's revenue losses due to these tax expenditures peaked at **USD 42 million in 2020**.

[Data]

Corporate Tax Return data  
Tax Incentive Dataset



Did Uganda's corporate tax incentives benefit the Ugandan economy or only the firms?

Nicholas Musoke, Tereza Palanská, Caroline Schimanski  
- UNU-WIDER , 2023 - Helsinki, Finland

## What are the effects of aggressive tax avoidance?

*Action 4* does not significantly increase profits reported by MNEs or prevent base erosion. Unintentionally, implementing the rule leads to a **contraction** in real economic activity, reducing the turnover, employment, and trade of treated MNEs. We highlight the limited targeting efficiency of the rule, questioning its overall effects on welfare.

[Data]

Corporate Tax Return data



Intended and unintended consequences of anti-avoidance rules

– Evidence from Uganda

Muhammad Bashir, Usama Jamal, Kyle McNabb, Mazhar Waseem - UNU-WIDER , 2024 - Helsinki, Finland

# Ongoing work – South Africa

- Competitiveness of SA firms and CIT tax changes
  - Automatic Exchange of Information and personal income tax
  - Behavioural response to Country-by-Country start
- more...

## WORKING PAPER

### **On the effects of anti-profit shifting regulations: A developing country perspective**

SABINE LAUDAGE TELES, NADINE RIEDEL, AND KRISTINA STROHMAIER

Multinational profit shifting is a major concern for low- and middle-income countries (LMICs). Many have enacted anti-profit shifting rules in order to constrain this type of tax avoidance behaviour. Yet not much is known on...



# Data as a repeated theme

- Data mentioned in every session!
- Good policies need good data
- Assess – Data/Numbers needed to define the extent of the challenges
- Analyse – Data needed to calculate or evaluate policy actions
- Apply – Data/Evidence-based policy to move in the right direction
- Data is the building block, not the afterthought



# How do we accomplish this work?

Collaborative research responding to policy questions on the ground

Research lab = Data Access

## **South Africa since 2014**

- ❖ Partnership with National Treasury & SARS

## **Uganda since 2018**

- ❖ Partnership with Uganda Revenue Authority
- ❖ Open call for research (including IFFs)
- ❖ Online potential in 2026

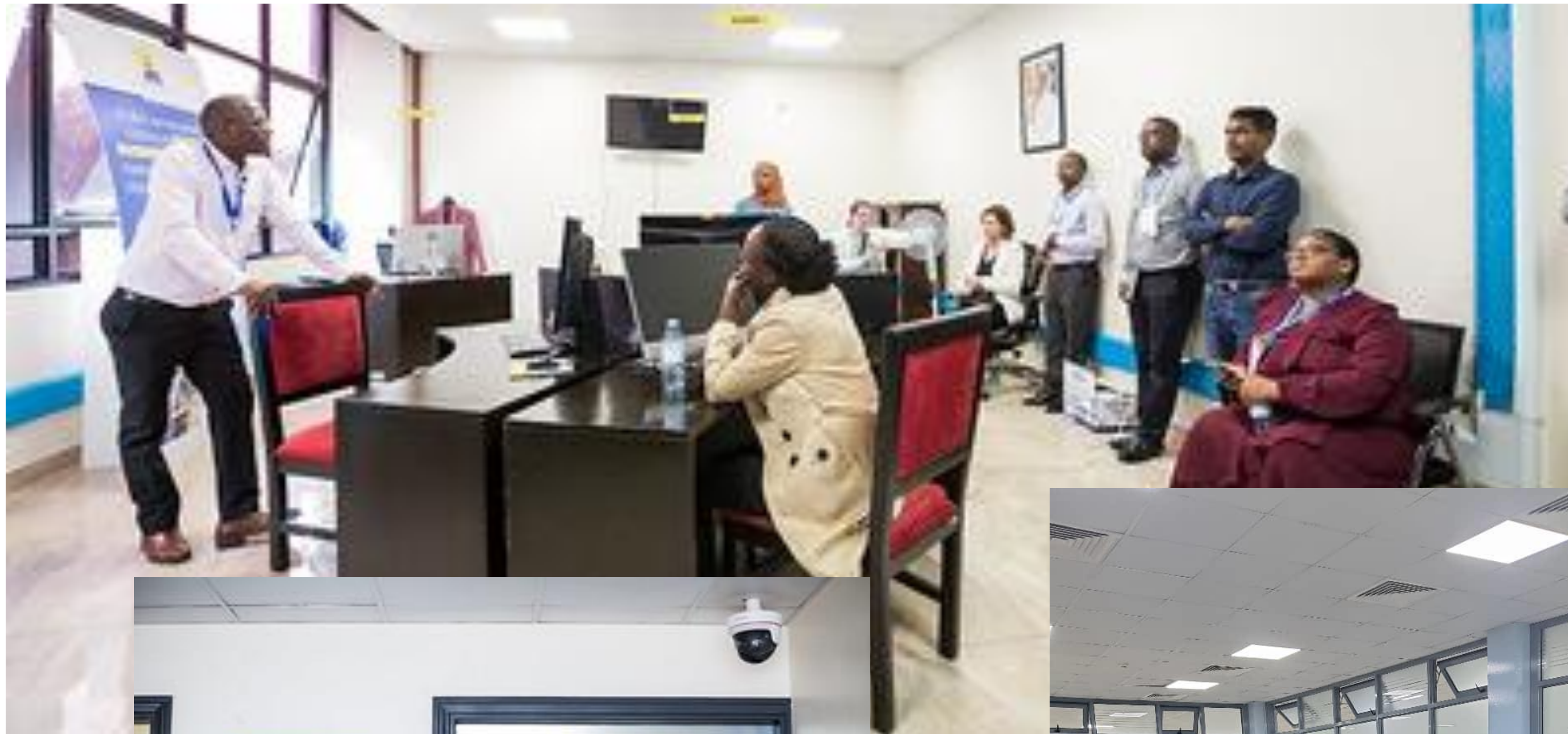
## **Zambia since 2019**

- ❖ Partnership with Zambia Revenue Authority
- ❖ Lab expected Q2 2025





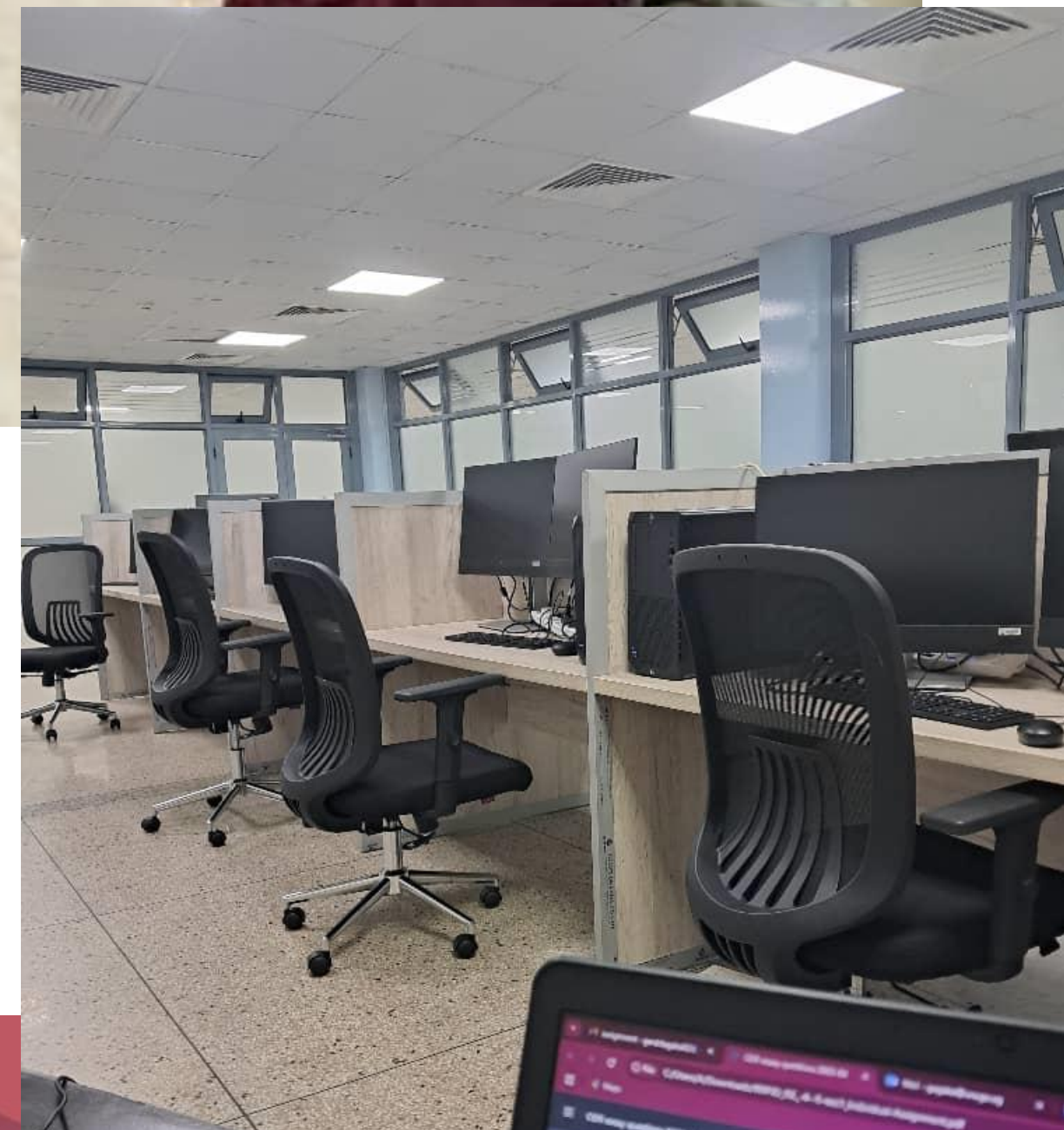
# URA Research Lab



## Anonymized datasets

- CIT
- Registration data
- Customs
- PAYE
- Presumptive and more...

Secure in-person access





# Intro to Government Revenue Dataset: Background

- Cross-Country dataset of gov't revenues & tax subcomponents
- Initially launched by ICTD, hosted by UNU-WIDER since 2016
- GRD project began 2010; launched 2014
- Why? Concerns over existing data
  - Very poor developing country coverage
  - Inconsistencies across sources and countries
  - Differences arising from underlying GDP figures
  - Questions over accuracy





# Intro to GRD: Sources

- GRD takes data from
  - IMF *Government Finance Statistics*
  - OECD *Revenue Statistics*
    - *Latin America, Asia, Africa*
  - IMF Article IV Consultations
- Incorporates all figures in LCU, then expresses as % of a 'Common' GDP figure to avoid inconsistencies when making comparisons

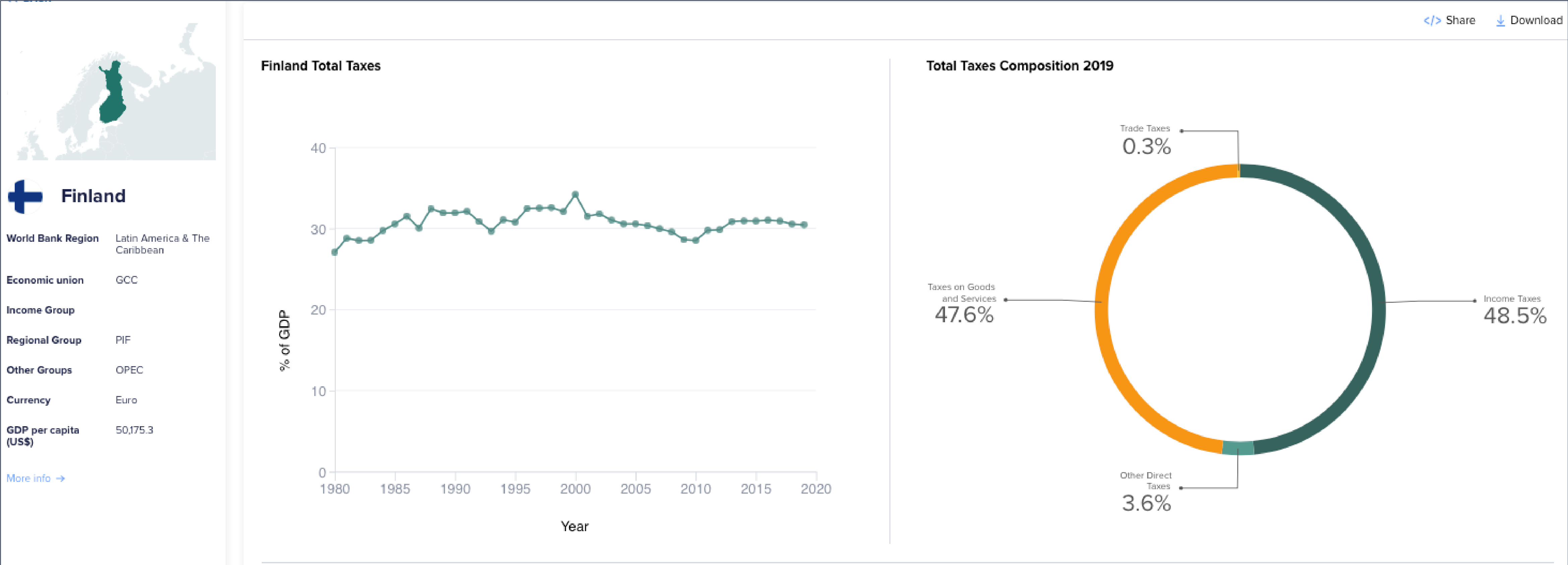


# Intro to GRD: How to Access

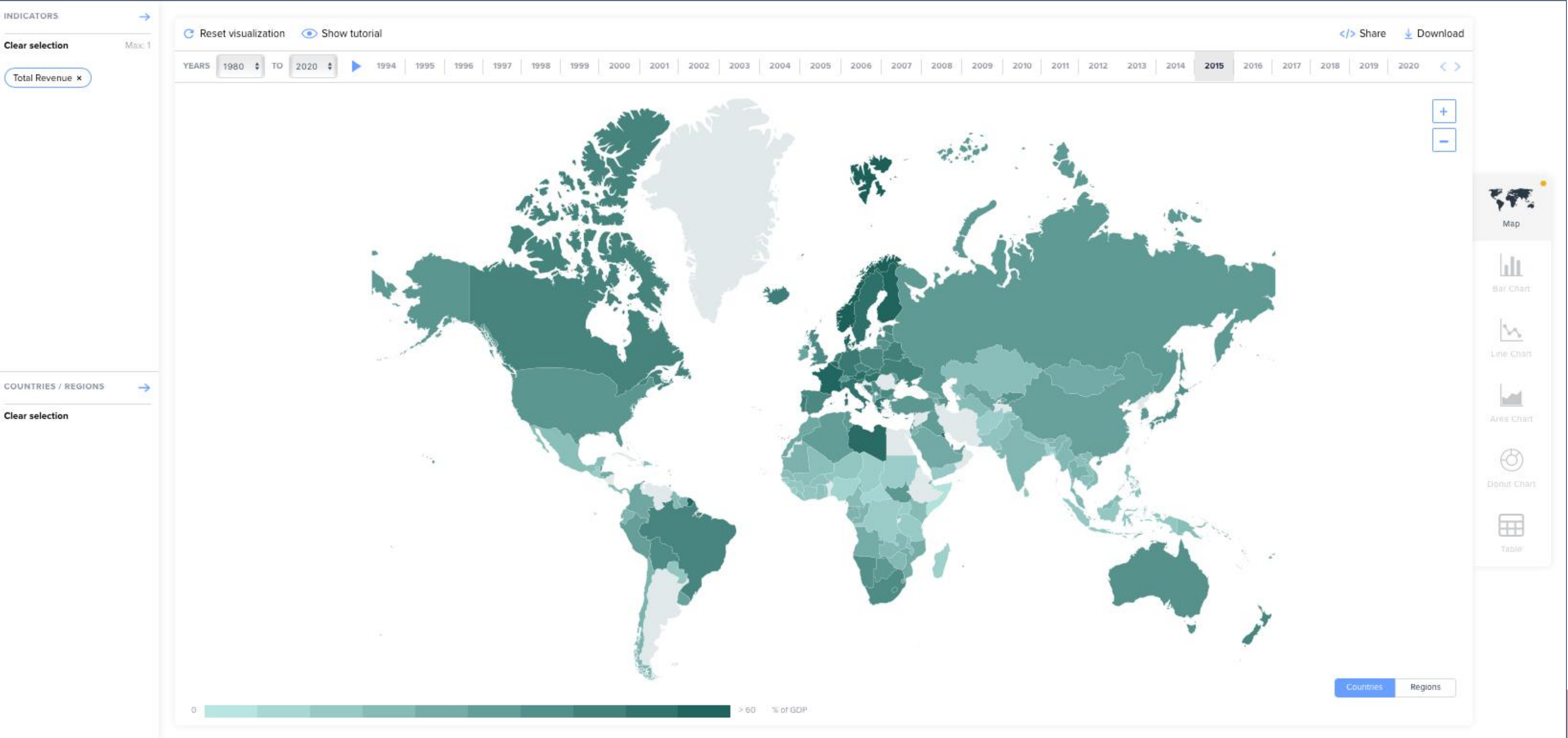
- All resources available on the UNU-WIDER website
  - Excel
  - Stata
  - GRD Explorer Visualisation Tool
- Contact [GRD@wider.unu.edu](mailto:GRD@wider.unu.edu)



# Intro to GRD: How to Access



# Intro to GRD: How to Access





# Documentation

## Technical Notes

- [TN1: Source Selection](#)
- [TN2: Variable Description](#)
- [TN3: Country Notes](#)

WIDER TECHNICAL NOTE | 10/2021

Government Revenue Dataset (GRD)

### Government Revenue Dataset (2021): source selection

Kyle McNabb,<sup>1</sup> Annalena Oppel<sup>2</sup>

August 2021

WIDER TECHNICAL NOTE | 21/2021

Government Revenue Dataset (GRD)

### Government Revenue Dataset (2021): country notes

Annalena Oppel<sup>2</sup>

WIDER TECHNICAL NOTE | 11/2021

Government Revenue Dataset (GRD)

### Government Revenue Dataset (2021): variable description

Annalena Oppel,<sup>1</sup> Kyle McNabb,<sup>2</sup> and Daniel Chachu<sup>3</sup>

August 2021

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# Summary

1. Growing literature on IFFs in Africa and developing countries
2. Leverage the administrative data – not always perfect, better than nothing and quality improves over time.
3. GRD (harmonized cross-country data) provides the necessary revenue data that can help identify discrepancies and potential IFFs.



More information available online

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