The Gendered Impacts of Illicit Financial Flows (IFFs)

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Illicit Financial Flows (IFFs) have gained recognition over the last decade as one of the leading challenges to global development. Although the phenomena of IFFs has long been recognised and known, it has only recently become a leading subject of debate, advocacy and concern for development institutions and practitioners (FEMNET 2017).

The 2030 Agenda for Sustainable Development Goals (Goal 16, Target 16.4) accordingly looks to "reduce illicit financial flows and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime". IFFs drive, contribute to and exacerbate inequality especially in developing countries. The release of data relating to capital flight and off-shore accounts of the world's richest (i.e. Panama papers) has shown that tax evasion and the 'legal' tax avoidance by individuals and companies also contributes to inequality in the OECD economies as well (Kahler2018).

IFFs typically exist on the outside of legal financial systems and bring little value to the states and places where they have been derived; because most IFFs are sent abroad they cannot be used to benefit the society where they originated (Eriksson 2017). The activities that constitute IFFs and the conditions in which they thrive are known to stunt economic growth, weaken service delivery and worsen income inequality, this in turn further entrenches gender inequality. This paper provides an anthology of the views and understandings of IFFS, the national regional international contexts in which they exist and the gendered impacts of all these factors. The paper contends that because the economy is a gendered construct, phenomena like IFFs that threaten socio-economic development cannot be gender neutral and are often prominent agents in the cultivation and retention of conditions that foster and uphold gender inequality.

Defining IFFs

The initial understanding of IFFs focused on capital flight although this now covers various illegal activities linked to international movements of capital (Kukutschka 2018). Within the field there are three leading definitions. Global Financial Integrity (GFI) defines an IFF as the "illegal movements of money or capital from one country to another" the movement is considered illicit when the "funds are illegally earned, transferred, and/or utilized" (GFI 2020). Similarly, the World bank considers the transfer of funds as illicit if they were the result of illegal activities, if they were used for illegal activities or if the transfers were themselves illegal (World Bank 2017). On the other hand, the Organisation for Economic Co-operation and Development (OECD) defines IFFs as any financial flows that are “generated by methods, practices and crimes aiming to transfer financial capital out of a country in contravention of national or international laws” (OECD 2014) . The first two definitions consider financial flows to be illicit if **both** the source and transfer mechanism are illegal, while the third consider financial flows to be illicit if **either** the source or the transfer are illegal (Eriksson, 2017). This raises questions of what is and is not illegal especially in relation to tax where there is ambiguity on whether ‘legal’ commercial activities and practices that seek to lower tax liabilities should be considered illicit (World Bank 2017).

Whereas tax **evasion** represents a contravention of the law, **avoidance** technically does not, thereby making various practices that amount to avoidance ‘legal’. This paper uses the broader approach towards defining illegality and therefore IFFs because:

- Tax avoidance goes against the spirit and purpose of the laws it manipulates (Fuest and Riedel, 2009) often with the intent of hiding money that has been legally earned (FEMNET 2017).
- Avoidance is ‘socially unpalatable’ (Cobham 2015) and constitutes tax abuse (Waris 2017)
- For the conversation on inequality and development, these ‘legal’ outflows still represent a significant loss of resources that inhibits countries’ capacity to realise their obligations of gender-equitable development (FEMNET 2017).
- The economic power and political influence wielded by corporations has played a big part in the designing of the laws that outline legality (Waris 2017).
- The same financial secrecy instruments, jurisdictions and global networks that service the ‘legal’ tax avoidance also facilitate the illegal flows (Grondona et al 2016).

It is naïve to think that the financial facilities accessed through ‘legal’ loopholes can stay clear of Illegal activities and their proceeds because “the congruity of mechanisms that support tax evasion and avoidance [also] equally support corrupt, criminal, and terrorist flows” (Baker 2017).

The debate on how IFFs are defined and classified is fundamental to policy and legislation (FEMNET 2017), measurement of the phenomena and the impacts IFFs have on different populations. Uncertainty surrounding the definition of IFFs has implications for estimating the magnitude of IFFs and the breadth and scope of anti-IFF policies. This is quite evident in the work undertaken by UNODC and UNCTAD in developing statistical methodologies and standards from which to construct SDG 16.4 indicators and assess progress on the targets. Unfortunately, the connections between specific Illegal activities, their scope and definition “and larger global outcomes of interest, whether economic development or international security, are often second or third order” (**Kahler2018**)- and gender comes even further down the list. As a result, the discussion around definition is bereft of any gendered considerations and the implications of either of the approaches for women.

Funds that are illegally earned, transferred, and or utilised (GFI 2020) are often generated from crime/conflict, corruption, trade mis-invoicing and tax evasion and avoidance. Trade mis-invoicing is the manipulation or falsification of the value, quantity or quality of goods and services in an international commercial transaction. The practice typically results in tax abuse and is reported to be the largest component of illicit financial outflows (GFI 2020). Most types of tax evasion are in part enabled by corruption (Worku et.al., 2016) and executed through the corporate privileges afforded to foreign investors and business in the name of encouraging ‘investment’.

The IFF cycles

The political economy environment and the instruments through which IFFs operate are characterised by a series of vicious cycles that reinforce IFFs through taxation, corruption and insecurity and in so doing extend the social and economic disenfranchisement of women. These cycles illustrate that the very conditions that support IFFs through tax avoidance and evasion also support some of the very activities through which IFFs are channelled like crime, corruption, and terrorism. These cycles flourish in countries that are characterised by patronage politics which requires significant finances to support rent-seeking and maintain/retain power (Cobham, 2016).

Corruption and IFFs

The relationship between IFFs and corruption is typified by a vicious cycle with multiple and reflexive causal links. Corruption enables illegal transfers and illegal activities – these illegal activities can themselves generate illicit funds – corruption undermines rule of law and institutions that should otherwise prevent, detect or deter IFFs – corruption is itself a source of illicit funds- the illicit funds can be used to undermine the institutions (and the cycles continue ad infinitum). Although corruption only accounts for an estimated 3 to 5 percent of IFFs, it does play a significant role in understanding IFFs (Merkle 2019). Political corruption is accordingly highlighted as a source, facilitator, and result of IFFs (UNECA 2015), however it is also a vehicle for and enabler of gender inequality (Rheinbay & Chêne 2016). Corruption has been found to affect men and women differently (Dunne & Salvi 2014; Boehm and Sierra 2015; Chêne et al. 2010) primarily through poor service provision which disproportionally affects women. With or without IFFs, corruption typically entrenches gender disparity wherever it occurs, IFFs only aggravate this. In the same way that corruption has many ways of facilitating and perpetuating IFFs it also has many ways of proliferating gender inequality. What compounds the vicious cycle of corruption is the "escalating international dimension of corruption" (FEMNET 2017). Many of the illicit practices in IFFs are made possible by corruption which itself is in part maintained by access to international networks and systems through which to hide the proceeds.

Conflict, Crime and IFFs

Much like corruption, conflict also has a cyclical relationship with IFFs as both a source and facilitator of IFFs leaving women even more vulnerable to inequality. It is therefore fitting that the global goal to tackle IFFs in the SDGs is found under SDG 16 which looks to promote peace and security. The IFFs and conflict cycle is one in which illegal activities like human trafficking and drug smuggling are a major source of IFFs while at the same time conflict increases a country's vulnerability to these illegal activities. In line with this, IFFs are often linked to the funding of conflicts and terrorist groups and the proceeds of illicit trade and activities are a key driver of conflict and instability (OECD 2018). The ensuing insecurity and instability from the conflict also makes the people especially the women more vulnerable to these illegal activities (APA 2014; Merkle 2019; OECD 2018).

The global trafficking the numbers have a clear gendered division where up to 49% of trafficking victims are women while 23% girls: men and boys account for 27% (UNODC 2018a). Women are often trafficked for Sexual exploitation, Forced labour, Involuntary domestic servitude under the guise of legitimate employment opportunities abroad (Grondona et al 2016; IGAD and IOM, 2015; FEMNET 2017). Both smuggling and trafficking are additional facets of IFFs that are part of a vicious cycle of events that beget one another- often to the detriment of women. Although there are many factors that drive trafficking and smuggling, the people involved are themselves often victims of struggling economies with and/or corrupt governance systems. Human trafficking is often the result of multiple interlinked factors that include displacement, insecurity, lack of economic opportunities, unemployment etc (Ham, 2013). Most if not all of these are made worse by lower public spending on social services, corruption, conflict and weak institutions. As a result, IFFs are not only the result of trafficking and smuggling but can also be the cause. This is particularly problematic for women who may become more vulnerable to trafficking and smuggling as they seek alternative economic opportunities (FEMNET 2017; Merkle 2019).

Development Undermined: Preserving gender inequality

The most broadly recognised gendered consequence of IFFs is in its role as an obstacle and hindrance to development. Developing countries need funds for development, but they are unable to raise the necessary financing as they lose revenue to IFFs. Development loss from IFFs occur because the funds are not taxed, leaving a higher tax burden on the legitimate and transparent economic activities. However, the development impact of IFFs is based on two key assumptions. The first is that the government would have used those untaxed funds for development purposes and the second is that the untaxed funds do not or cannot benefit the economy. The linkage between IFFs and gender is something therefore that warrants further investigation.

The leading line of reasoning assumes that the revenue losses create development losses which result in welfare losses for women because of fewer resources to commit to gender equality initiatives (FEMNET 2017). This assumes that had the funds stayed in the economy, they would have been spent on gender equality initiatives. There is also the possibility that IFFs may not necessarily result in welfare losses and if they did, it does not necessarily follow that these losses negatively impact women significantly more than they do men. Eriksson points out that revenue collection does not necessarily mean increased development (Eriksson, 2017), nor increased gender equality. In fact, in countries with high incidences of corruption those funds could well have been used to 'legally' finance and maintain patronage networks. This dilemma has in the past relegated the analysis of IFFs and gender to the background of mainstream IFF discourse. However, evidence of the 'severe' development consequences of IFFs (UNECA 2015) along with feminization of poverty indicate IFFs are inevitably detrimental to gender equality.

Lost tax revenue means that governments are unable to use the funds for investment in essential public services like healthcare, education, justice, environmental protection etc (Merkle 2019; OECD 2014; Waris 2017). Access to public service can be viewed as "virtual Income" (Oxfam in Caparo 2014) which accounts for a much larger proportion income for the poor. The introduction of free primary education across SSA countries was followed by higher enrolment numbers especially for girls. In most countries, education funding has not kept pace with enrolment and population growth. Providing free primary education has been one of the leading actions to promote gender-equitable education and address gender inequality. A lot of his has been funded by ODA in SSA and a lack of resources threatens

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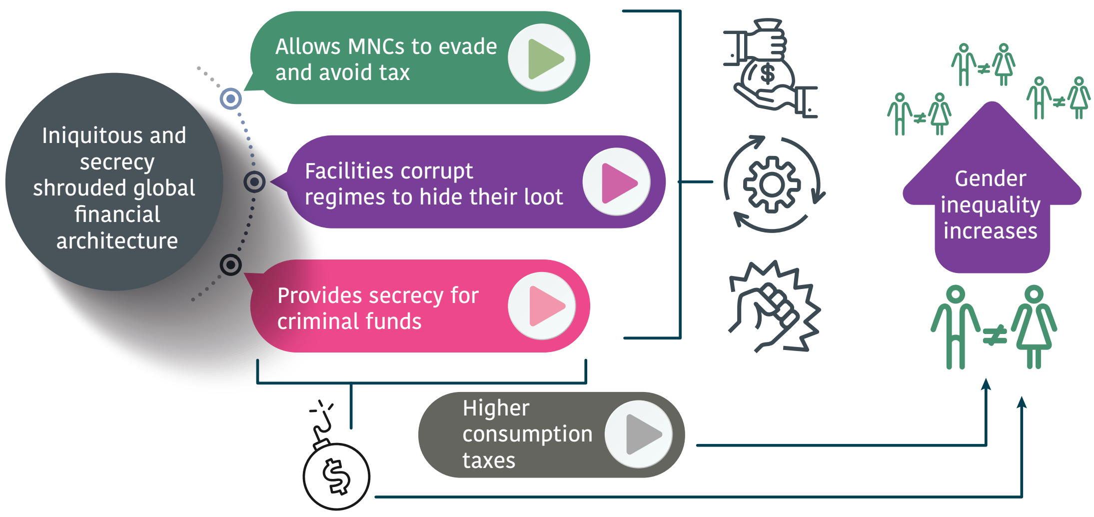
to undermine this and deprive states of the opportunity to build on this. Institutions and programmes geared towards promoting gender equality often receive poor or inadequate funding when compared to archetypical government priorities like infrastructure and defence (Waris 2017; Merkle 2019). This situation is exacerbated when there are significant limitations on government budgets. Alliance Sud et al. (2016) point out that even though budget increases do not necessarily result in better funding or prioritisation of such programmes, they are typically the first to be defunded in times of crises and economic turmoil (Alliance Sud et al. 2016). An apt illustration of this is the detrimental impact the current COVID-19 pandemic has had on access to and delivery of sexual and reproductive healthcare around the world (IPPF 2020)- an issue that primarily affects women.

Women are more vulnerable to national budget constraints (Waris 2017) therefore poorly funded public services can inflict a triple burden on them and serve to widen extant gender inequality gaps. First, women are the most dependent on major public services like healthcare as both the main users and providers (UNECA 2015; DAWN 2018). Less investments in healthcare could result in lower job creation in a sector which primarily employs women thereby increasing their risk of unemployment, while poorer quality health services decrease women's access to maternity and reproductive services. Second, reduced governmental investment in public services results in care-gaps that are filled by women (Merkle 2019; Waris 2017; FEMNET 2017; Alliance Sud et al. 2016). Third, in a bid to make up for the public funding gap governments often over-compensate by levying higher consumption taxes (FEMNET 2017) which increase the burden on poorer households (Capraro 2014 in Merkle 2019). Efforts to improve domestic revenue mobilisation have also more recently targeted sectors dominated by women like MSMEs and the informal economy; women are thus affected as consumers **and** producers.

Figure 1: The IFF Cycles



Source: Authors own compilation; *Quote from South Centre 2019

Tax and gender inequality

Domestic resource mobilization has increasingly been pushed as a strategic component of financing development and addressing inequality, so taxation is therefore a fundamental instrument in addressing gender and economic inequality (Merkle 2019). If a government is constrained in the extent to which they can use this instrument, then inequalities are bound to persist and intensify. The key question therefore is **how** tax abuse can affect gender equality when there is no guarantee that the funds would have gone towards gender equality. Answering this requires further insight on the relationship between IFFs, tax and gender. Analysis of IFFs with a gender dimension requires drawing attention to the gender biases in tax policies (FEMNET 2017). The gendered analysis of taxation starts with the understanding that "tax structures are not neutral and are often biased against the interests of women" (Joshi 2017). Governments still have an obligation to raise resources after losing revenue to IFFs, and they usually turn to indirect (consumption) tax and broadening of the tax base to fill the gap.

Consumption taxes are invisible and apply equally to everyone thereby not accounting for who pays the most as a proportion of their income (Caparo 2014; UNECA 2015). As a result, consumption taxes like value-added tax (VAT) have been found to entrench gender inequality (Abelenda 2016) because women are overrepresented in poverty (Caparo 2014). Although "little is known about how women and men working in the informal sector are affected by tax" (Caparo 2014), growing tax revenues by taxing informality can unfairly target women as they are usually overrepresented in the informal sector (Joshi 2017). The source of tax revenue is crucial to its progressivity because it ensures that an increase does not unfairly impact the poor (Caparo 2014). In most developing economies, only a fraction of tax revenue is derived from direct taxes with the bulk of the tax burden falling primarily on indirect taxes. Fair and progressive tax systems should curtail inequality by delivering wealth redistribution (Caparo 2014) and shared accesses to the benefits of economic development. IFFs profoundly undermine this by directly and indirectly contributing to the distortion of tax progressivity - those who can pay and should pay more are not doing so and this distortion disproportionately affects women (Grondona et al. 2016; Merkle 2019). Funding for gender equality does not always take precedence so fewer funds in the economy serve to further relegate gender equality as a funded policy priority. The gender implications of a shortfall in revenue are therefore significant (Caparo 2014) as the absence of funds undercuts and jeopardises the prospect of bridging the financing gap for gender equality (Merkle 2019).

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FDI, inequality and IFFs

Governments also turn to the private sector to fill the revenue shortfall through Public-Private Partnerships (PPPs) and FDI to finance development. MNCs and investors benefit from 'investment protection schemes' with wealth often being transferred to tax havens (Abelenda 2016). The investments are attracted through 'Location Specific Advantages' (LSA) which posit that certain investments by multinationals will be more profitable in their countries because of various advantages including comparatively low-cost workforce (UN, 2013), or Tax competition (Caparo 2014) among other advantages. Governments are quick to forgo some tax revenue in exchange for FDI which is seen as key to addressing unemployment through job creation (Waris 2017).

In continuation of the cyclical theme, over the last two to three decades the vast majority of FDI in SSA has targeted extractive industries. Countries with high natural resource endowments are the "most severely affected by problems of IFFs through both tax avoidance and tax evasion" (FEMNET 2017). The sector is typified by opaque, complex, and transnational contracts transactions and a history of NOT creating broad-based and diversified development. It is not uncommon for the tax waivers to be arrived at through a series of bribes or kickbacks, generating yet another stream of IFFs. Many developing governments are complicit in the deals and terms which may result in IFFs (Waris 2017). These agreements are often political decisions and the securing of FDI is habitually presented as economic development, providing jobs etc. However, FDI in SSA has not contributed to the growth of female-intensive industries (FEMNET 2017).

The cycles continue as public spending is then prioritised in FDI friendly sectors resulting in revenue loss. Laws and agreements governing these partnerships ensure that "the private part of the equation gets its return on investment no matter the outcome" (Abelenda 2016). The exemptions and waivers granted to MNCs far outpace the budgets for health and education sectors (Caparo 2014) and they also significantly contravene the equity tenets of progressive taxation. People and entities who can pay more should pay more (vertical equity) and people with equal capacities to pay should be paying the same amount (horizontal equity). This gives rise to situations where MSMEs and petty traders pay a larger proportion of tax than the MNCs who manufacture some of the very products they are selling. Although incoming ODA and FDI to developing countries often takes the spotlight, estimates have shown that the outflow (where measurable and known) of IFFs especially from SSA has often exceeded net inward FDI and official development Aid (Figure 2).

Figure 2: Sub-Saharan Africa: Illicit Financial Flows, GDP, ODA, and FDI; 2003-2012

Source:

Data from Signé et.al. 2020

The increase of FDI to SSA over the last 4 decades masks two contextual issues. The first being its concentrated in extractive industries and the second is that this has come with a decrease in tax on FDI -the average corporate tax rates worldwide declined from 38 per cent to 24.9 per cent from 1993 to 2010 (CESR and Christian Aid 2014). Despite this, many governments are still eagerly seeking to partner with the very same factions contributing to the lack of public resources. This is especially harmful to gender equality because this above discussion on FDI and gender has not even covered the 'legal' tax avoidance MNCs usually engage in. Global taxation is now more geared towards the origin or residence of the capital rather than the source (where the economic activity occurred) (Figueroa, 2005). This allows MNCs to take advantage of double taxation treaties and engage in widespread tax abuse. In addition, several of the largest MNCs have annual turnovers, revenues and profits that far exceed most SSA country's GDP and annual budgets[1]. For example, by 2016 Apple was already reported to have cash on hand that "exceed[ed] the GDPs of two-thirds of the world's countries (Khanna et.al., 2016).

The world's economic and financial system is based on capital accumulation with legal, illegal and quasi-legal means used to maximise revenues and pfcarerotect the funds and assets transferred through the international banking and trade networks.

MNCs have morphed into 'Meta-nationals' whose constituent components like legal domicile, corporate management and staff are spread across the globe (Khanna et.al., 2016). Many of these companies have essentially become stateless, and even their countries of origin struggle to verify whether the appropriate amount of tax has been remitted let alone know precisely what the appropriate amount should be. The very corporations entrusted with FDI have all the resources and power to influence the policy and legal frameworks to suit them, adding further fuel to the IFFs and corruption cycle. As has been seen in the vicious cycles, IFFs not only thrive on weak institutions, poor governance, corruption, conflict, and insecurity; they also sustain and intensify them. What is clear from this discussion is that the various components of IFFs are intrinsically linked as they individually and collectively impede social, economic and political development with far-reaching gender specific outcomes (FEMNET 2017).

Almost **40%** of all FDI positions globally - is completely artifictial, consisting funds passing through empty corporate shells with no real activity (Damgaard and Elkjaer 2017)

IFFs in the global economic context

The world's economic and financial system is based on capital accumulation with legal, illegal and quasi-legal means used to maximise revenues and pfcarerotect the funds and assets transferred through the international banking and trade networks. The ubiquity of capitalism has spurred the enlargement of this process through a global governance system that not only facilitates mass tax evasion and IFFs but also thrives on inequality. Capitalism has been able to recover and reconstruct itself crisis after crisis often further entrenching inequality. One of the main tools for the expansion of capitalism and the

1 See 25 giant companies that are bigger than entire countries

concealment of IFFs is tax havens and secrecy jurisdictions. With the increased mobility of capital, countries like Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Jersey, Panama etc. are famed for laws and regulations that make them preeminent destinations for tax evasion and IFFs; and the Swiss banking system is also renowned for its secrecy. While these countries a rightly infamous for their role in enabling IFFs, some of the main recipients of IFFs and investments resulting from IFFs are world financial capitals like London, Tokyo, Hong Kong and New York. The 2020 TJN[2] Financial Secrecy Index (FSI) illustrates this with the USA and Japan in the top 10 of the index with other OECD countries like Germany and the UK in the top 20.

Large MNCs and 'Meta-National' corporations have made use of low tax jurisdictions like Ireland and the Netherlands to avoid enormous tax liabilities. Not only are leading OECD nations high on the FSI, several of them have also been top destinations for IFFs out of Africa (Table 1). This raises questions on the global efforts to combat IFFs especially those relating to tax avoidance and evasion.

Table 1:Illicit financial flows out of Africa, by destination region (1980-2018)

Destination country	IFFs (millions of USD)	IFFs (% of bilateral trade)
China	226,425	9.9
United States	129,460	12.6
Japan	81,579	20.5
United Kingdom	65,642	8.2
United Arab Emirates	62,652	3.8
Germany	49,986	12.1
Spain	47,219	15.2
Belgium	38,594	18.8
South Korea	34,737	19.6
Democratic Republic of the Congo	34,623	10.7

Source: Signé et.al. 2020

Policy, Advocacy, Research, and the absent Gender Dimension

Despite the existence of several international, regional, national and industry level regulatory initiatives, effective enforcement of anti-IFF policies is perennially undermined by the systemic nature of IFFs. Often the vary agents tasked with curtailing IFFs are also some of the biggest beneficiaries resulting in little political incentive to combat them. Corrupt regimes often need to access the international financial system to hide and eventually enjoy the proceeds of their pillaging and may therefore have little motivation to check that system. Thereby demonstrating the importance of the political economy context to understanding and dealing with IFFs (Reuter, 2012). However, the way in which the political and economic circumstances play out in relation to IFFs is not always carefully considered. The political economy analysis is also arguably fundamental to highlighting the gender dimension of IFFs. However, this contextual approach and analysis is rarely included in IFFs discourse (Eriksson, 2017).

2 Tax Justice Network

Policy and Advocacy

There are various international initiatives, efforts and forums geared towards countering IFFs. Some of the main ones include:

- **Extractive Industry Transparency Initiative (EITI):** This looks to promote open and accountable management of natural resources.
- **Financial Action Task Force (FATF):** This is responsible for setting the standards for international action against money laundering and terrorist financing.
- **Global Forum on Transparency and Exchange of Information for Tax Purposes:** This sets the standards for the automatic exchange of information (AEOI) – with the aim of revealing the real owners of anonymous legal structures.
- **Platform for Collaboration on Tax:** Aims to provide developing countries with the tools and guidance to address various tax issues including toolkits on BEPS and related international tax matters.
- **The OECD/G20 Inclusive Framework on Base erosion and profit shifting (BEPS) :** This brings together over 135 countries and jurisdictions to collaborate on the implementation of the BEPS Package which looks to equip governments with the domestic and international instruments needed to tackle tax avoidance.

The Base erosion and profit shifting (BEPS) package is one of the leading global policy initiatives in place to combat IFFs with a particular focus on establishing an international tax framework in which profits are taxed in the jurisdiction/state where economic activity and value creation occur. Its implementation is a collaboration between 135 countries[3]. It is worth nothing that although the BEPS is inclusive of developing countries. The impetus to develop it came as a result of outrage in OECD countries over how little corporation tax some companies were paying compared to their sales and profits sales. The BEPS package was accordingly developed to curb the use of aggressive tax avoidance strategies by multinationals. BEPS in addition to the abovementioned initiatives are geared towards forming an international tax system that is more responsive to a trade environment in which up to "60 per cent of world trade occurs within companies" (Miller 2014).

The challenge of international taxation and how to regulate it is only bound to grow with the increased digitization and mobility of services and assets (Damgaard et.al., 2018). The question of regulating the digital economy has been left unanswered since the 90s and the OECD countries from which most of high-tech companies originate have been reluctant to address the issue, even within the framework of BEPS (Valadão, 2019). In that time the digital economy has evolved to create virtually stored and concealed wealth with cryptocurrencies. The agenda for addressing IFFs is primarily set by OECD countries who would also want "to preserve their tax bases, according to their interests" (Valadão, 2019). This makes it difficult to create better accountability and transparency, adding to the persistence of secrecy jurisdictions. It is therefore important to look at the structure of the contemporary international tax system from the perspective of developing countries, through a critical approach (Valadão, 2019), and develop a deeper understanding of how national and regional tax systems interact with the contemporary international tax system and the types of trade practices it encourages.

3 G20 countries and developing countries.

Research and the absent Gender Dimension

Although a lot of ground on tax policies and gender at the national level has been covered, international dimensions of gender and taxation are much less explored (Grondona et al 2016); leaving questions on the global impact of IFFs on gender justice and women's rights (Waris 2017).

While there are some fundamental policy gaps in both the coverage and enforcement of anti-IFFs laws and regulations, one of the most glaring gaps in both research and practice is the absence of women and gender sensitive policies. Eriksson argues that resolutions for systemic or complex problems require a variety of agents and actors from different sectors (Eriksson, 2017). The exclusion of the gender dimension is therefore exigent to finding effective solutions to systemic problems. A lot of the existing literature is focused on debates around the estimations of IFFs rather than on the more contextual analysis of the conditions in which the occur and who they impact. There is a good and growing body of research and policies that outline and examine:

- What IFFs are
- How they occur
- Why they occur
- How they can be addressed
- What their estimated economic impact is

What is conspicuously absent is the who is impacted, and the extent to which they are impacted. At best there is a slowly growing body of work that looks to outline how these people are impacted and only recent consideration for the groups that are disproportionately impacted. Even with the noted capacity of IFFs to engender inequality and also perpetuate conditions that increase inequality (corruption and conflict); there are "very few studies exploring the extent to which women are affected by and involved in IFFs" (Merkle 2019).

The economy is a gendered construct and to the extent that taxation is a core component of fiscal policy, it plays a huge role in in the redistribution of resources either to the advantage or disadvantage of women. While economies continue to be heavily subsidised by the care economy work undertaken by women (Waris 2017), more gender disaggregated data and analysis showing the extent of the different gender biases in tax systems of different economies is needed. More advocacy and awareness are needed for better gender consciousness in the formulation of fiscal policy (Caparo 2014); enlargement of the political and fiscal space to implement gender sensitive taxation is vital to this (DAWN 2018).

Although a lot of ground on tax policies and gender at the national level has been covered, international dimensions of gender and taxation are much less explored (Grondona et al 2016); leaving questions on the global impact of IFFs on gender justice and women's rights (Waris 2017). Many of the negative impacts of globalisation and global capitalism are disproportionately borne by women in various ways. One of the outstanding outcomes of the Beijing Conference was the "recognition by governments that there is a gender dimension to poverty" (UN Women 2000). The emergence of Illicit financial flows (IFF) as a leading international policy concern in the development context means that IFFs cannot and should not be extricated from the gender poverty and development nexus.

Advancing Policy and Advocacy

There are several initiatives in developing countries and in SSA both at the national and regional levels working towards curbing IFFs and developing more robust tax systems and FDI regulations. Some of these actors and initiatives include:

- **Tax Justice Network Africa (TJNA)** supports and works with member countries and CSOs to promote progressive taxation and curb IFFs.
- **AWID and Christian Aid** which have contributed significantly to evidence generation around gender and tax and IFFs.
- **Addis Ababa Action Agenda (AAAA)** which set forth goals and targets for regional cooperation in combatting IFFs
- **African Union Commission** has led work and policy programs around DRM[4], corruption and IFFs.
- **Stop the Bleeding Campaign** which brings together stakeholders looking to end IFFs in across Africa.
- **SEATINI**[5] has carried out research and advocacy on the interactions between legal and institutional frameworks and IFFs.

At the national level, Uganda Debt Network (UDN), Action Aid Uganda and GFI and EPRC[6] have produced research and evidence on IFFs in the country. While FIDA[7] Uganda, AMwA[8] and various other CSOs have spearheaded advocacy and public dialogues on the development and gender cost IFFs. It is imperative that CSOs build on such efforts by pushing their governments to learn from other successful developing countries' practices (Valadão, 2019).

Already, Uganda is one of three SSA countries publishing a VAT-compliance gap analysis (with the names of tax breaks beneficiaries) to support efforts to reduce the prevalence of exemptions. CSOs can leverage on endeavours like this by:

- Raising awareness on tax benefits offered to MNCs which are not extended to local companies.
- Advocating for the exposure, criminalisation and prosecution of foreign bribery.
- Pushing for better transparency around laws governing corporations[9]
- Highlighting areas of 'hybrid mismatches' at the national and regional level to enable proactive action in areas companies may structure themselves to take advantage of.
- Lobbying for better coordination between Agencies that are stakeholders for curtailing IFFs
- Undertaking cost-benefit analyses of tax incentives (UNECA 2015).
- Applying pressure to strengthen political will and state capacity to combat IFFs

4 Domestic Resource Mobilisation
5 Southern and Eastern African Trade, Information and Negotiations Institute
6 Economic Policy Research Centre
7 The Uganda Association of Women Lawyers
8 Akina Mama wa Afrika
9 By making official identification of the beneficial owners of companies or the complete identity of all shareholders in a company compulsory

Gender and IFFs the way forward

There is still a lot of work that needs to be done to better understand the impact of IFFs on gender justice. This includes developing gender as an analytical framework for the overall analysis of IFFs and their impact on tax policy. Existing approaches do not sufficiently capture the direct and indirect relations between IFFs and gender inequality. Building on existing research with more empirical studies is fundamental to the push for gender aware policies around IFFs; especially tax justice policies.

There is still a lot of work that needs to be done to better understand the impact of IFFs on gender justice. This includes developing gender as an analytical framework for the overall analysis of IFFs and their impact on tax policy.

For example, Gender Responsive Budgeting (GRB) looks to align and improve the coherence between government planning and gender equality goals. It applies to interventions that eliminate the structural obstacles to gender equality, interventions which apply to both men and women like access to water and childcare etc. (Caparo 2014). Additional attention should also be paid to the revenue side of the Gender Responsive Budgeting (GRB). Tax incentives and waivers should be debated as part of public policy on the same platform as tax expenditure and budgeting because they represent a significant development question especially for women.

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