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United Nations Office on Drugs and Crime

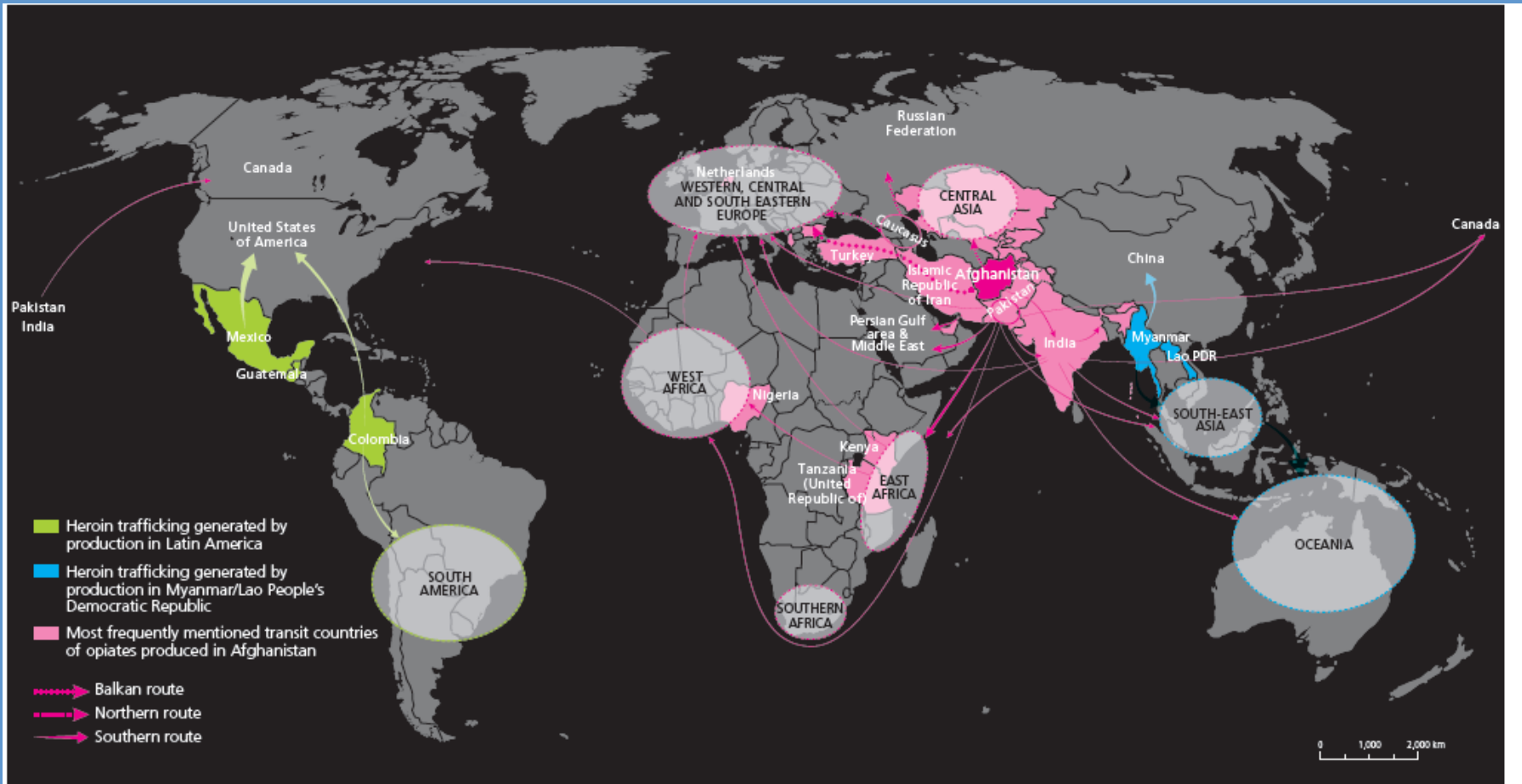
Illicit financial flows related to illegal activities

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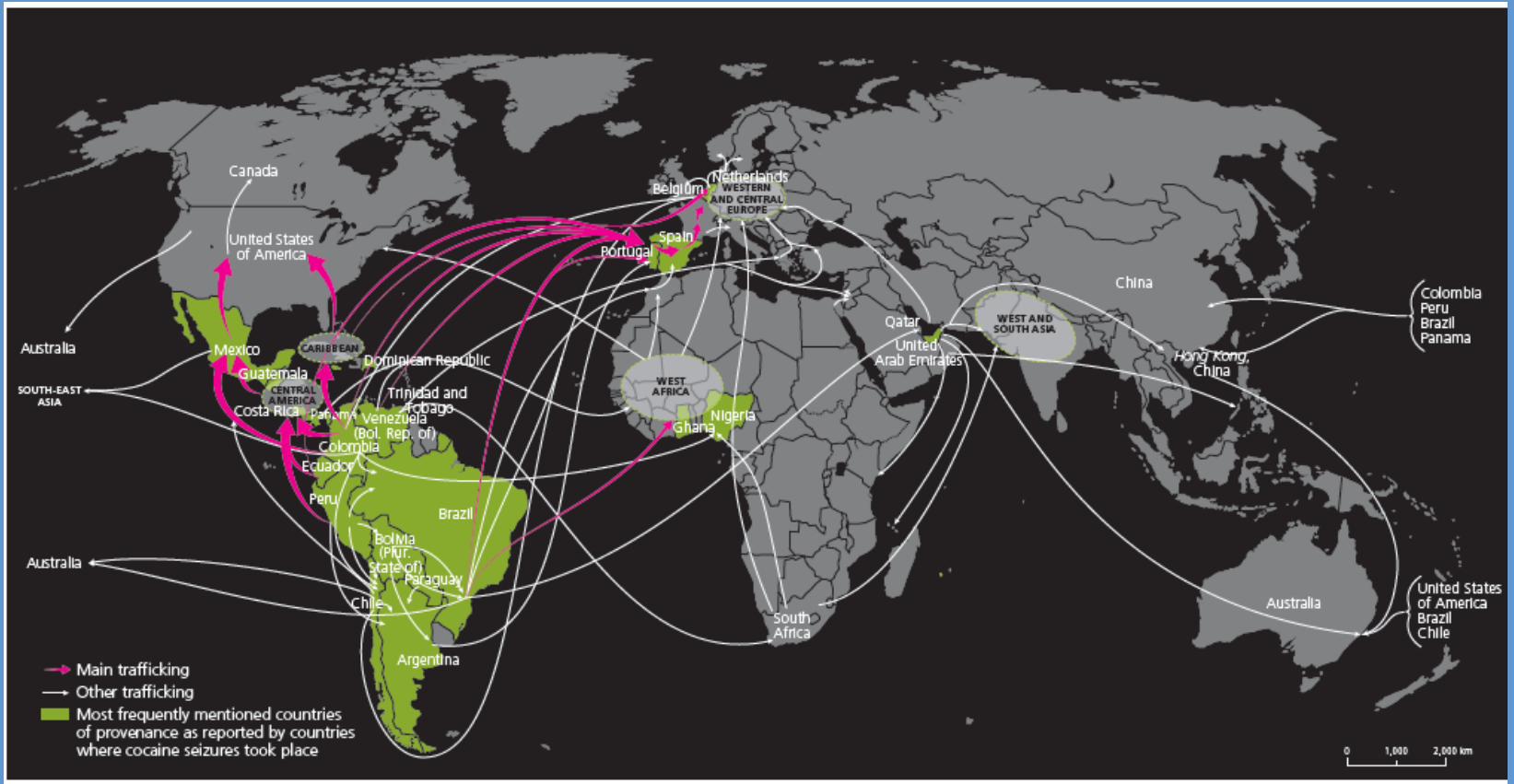
Transnational organised crime

- Drug trafficking - multi-billion, international business, affecting most countries in the world
- Trafficking in persons – human beings trafficked for the purpose of sexual or labour exploitation
- Smuggling of migrants
- Production and sale of counterfeit goods
- Illicit trade in firearms
- Trafficking in natural resources and wildlife
- Corruption, extortion, kidnapping, ...

The case of drug trafficking - heroin



The case of drug trafficking - cocaine



The case of drug trafficking

- The value of the opium economy within Afghanistan was worth 3 billion in 2016 – corresponding to 16% of its GDP and by far exceeding the value of its licit exports
- Onwards trafficking of heroin to Europe: another 28 billion annually; global estimate: ~68 billion (2011)
- Cocaine: global market worth 85 billion (2011)
- Cannabis, synthetic drugs etc.

Relevance of IFF from illegal activities

- Direct impact of financing TNO groups and their activities, but as well
- Strong links between e.g. drug trafficking and corruption
- Financing of terrorism and insurgency groups
- Weakening of the Rule of Law; impediment to licit economic development in heavily affected countries
- Public health costs and law enforcement/security costs

Effective policies may...

- Enhance the understanding on how transnational organised crime operates and funds itself
- Aid the disruption of the transnational illegal economy
- Reduce the funds available to organised crime groups
- Thus, reduce the direct and indirect harms caused by transnational organised crime while strengthening governance and the rule of law

Assessing the scale – a call for disaggregation

- Effective policies targeting the ‘crime component’ of IFF depend on the nature of the crime
- Measuring each component in systematic way allows monitoring and assessing progress
- Aggregate estimates (e.g. from trade balance) may not fully capture IFF from illegal activities (e.g. zero value in Afghanistan in the GFI method)

Way forward

- A systematic framework for assessing the financial dimension of drugs and crime at national level is needed
- A ‘bottom up’ approach is pursued starting from market size estimates to shares laundered and internationally transferred
- Consistency with efforts of including illegal activities into the national accounting systems
- Ownership of data by NSO



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Thank you!

Illicit financial flows - Illegal sources

