Hints for future economic estimates of corruption in the framework of illicit financial flows measurement

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1 - Existing Approaches to Measure Corruption

a) Administrative statistics
   • PRO: Direct information
   • CONS: High “Dark Figure” – low report rate

b) Victimization surveys (households and businesses) e.g., INEGI 2017; Isenring et al. 2016
   • PRO: Assessing prevalence & economic value
   • CONS: Sampling, Administering, Reliability, Comparability, Cost

c) Experts’ assessments/non-representative perception surveys
   • PRO: Inexpensive & Easy to manage
   • CONS: Subjectivity

d) Risk assessment e.g., Charron et al 2013; Fazekas et al 2016
   • PRO: Inexpensive & Easy to manage
   • CONS: Weak statistical reliability & Unclear operational validity
2 - Existing Approaches to Produce Economic Estimates of Corruption

a) ‘Catch-it-all’ estimates

- synthetic measurement of the economic dimensions related to corruption.
- Worldwide bribery (e.g., Kaufmann 2005) - NO income management/ML & cross-border flows.

b) Economic estimates of corruption costs

- Out of scope for IFF estimate.
3 - Issues to be taken into account in Future Estimates

a) ‘Direct’ vs. ‘Indirect’ financial benefits
   - How to calculated added value?
   - What about criminal activities already included in the IFFs?

b) Non-monetary corruption benefits
   - Do they generate IFFs?

c) Illicit vs. Illegal
   - Cultural factors & comparability.

d) Transnational
   - Businesses’ activities.
   - Income management and ML.
Conclusions and Future Roadmap

In the short-run/In brief:

• Focus on bribery.

• Focus on proceeds, not on costs.

• Focus on direct financial benefits (bribery transactions), not indirect.

• Discard exchange of non-financial benefits.

• Use victimisation surveys on households (+ML) but in particular business victimisation surveys (income generation).
Thanks for your attention!