



**Expert meeting on statistical methodologies for measuring illicit financial flows (IFFs) (SDG 16.4.1)**

**Geneva, 21<sup>st</sup> June 2018**

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

**Alberto Aziani – [alberto.aziani@unicatt.it](mailto:alberto.aziani@unicatt.it)**

**Michele Riccardi**

**Transcrime – Università Cattolica**

# 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

- Econometric analysis (dep.var. Economic development – indep.var. Corruption Measure).
- 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!*

