



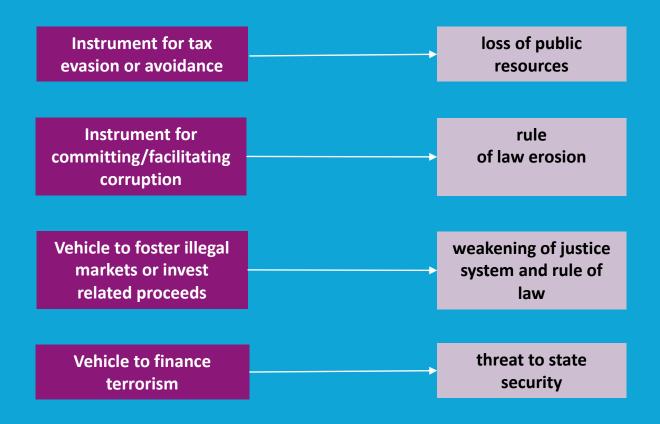
UNCTAD-UNODC Conceptual framework for the statistical measurement of Illicit Financial Flows

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IFFs at the crossroad of multiple policy agendas









The framework: 2030 Agenda

Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- Target 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
- Indicator 16.4.1: Total value of <u>inward</u> and <u>outward</u> illicit financial flows (in current US Dollars)
- UNODC and UNCTAD, as co-custodians of indicator 16.4.1, are mandated to develop the statistical methodology





IFFs for statistical purposes

Monetary measure of:

- International transfers of illicitly earned capital
- (Originally) legal capital transferred internationally for illicit purposes
- (Originally) legal capital transferred illicitly

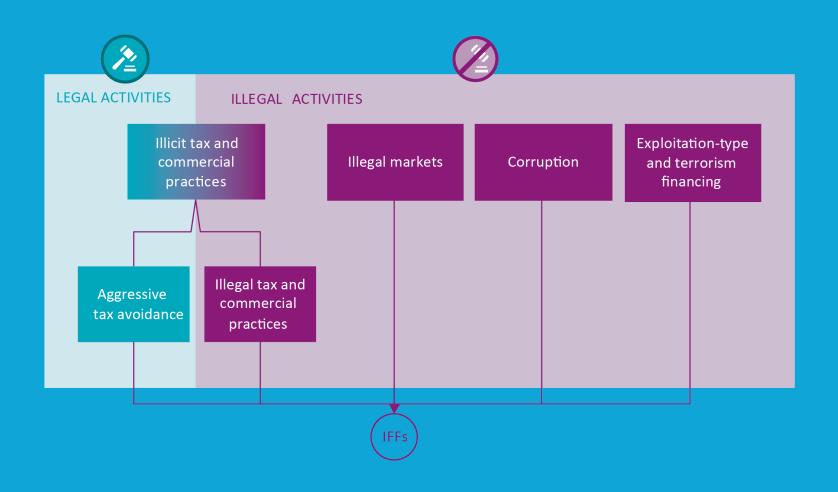
Cross-Border not domestic

Flows
no stocks
no net flows





Distinguishing four types of IFFs







IFFs from illegal markets/activities

Corruption

Illegal markets

Drug trafficking

· Firearm trafficking

Smuggling of migrants

· Smuggling of goods

· Wildlife trafficking

· Illegal mining

- Bribery
- Embezzlement
- Abuse of functions
- Trading in influence
- Illicit enrichment
- · Other acts of corruption

Exploitation-type and terrorism financing

- Kidnapping
- Slavery and exploitation
- Trafficking in persons
- Sexual exploitation
- Extortion
- Robbery
- Burglary
- Theft
- Financing of terrorism

Productive activities

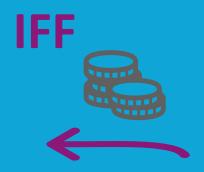
Non productive activities





Example: IFFs emerging from drug trafficking

Drug importing and consumption country







Drug processing, wholesale and retail sale



Value is generated











Dual Focus in Measuring IFFs

Income Generation

- Illicit financial flows connected to illicit markets and their functioning
- Linked to transnational supply and demand of illicit goods and services

Income Management

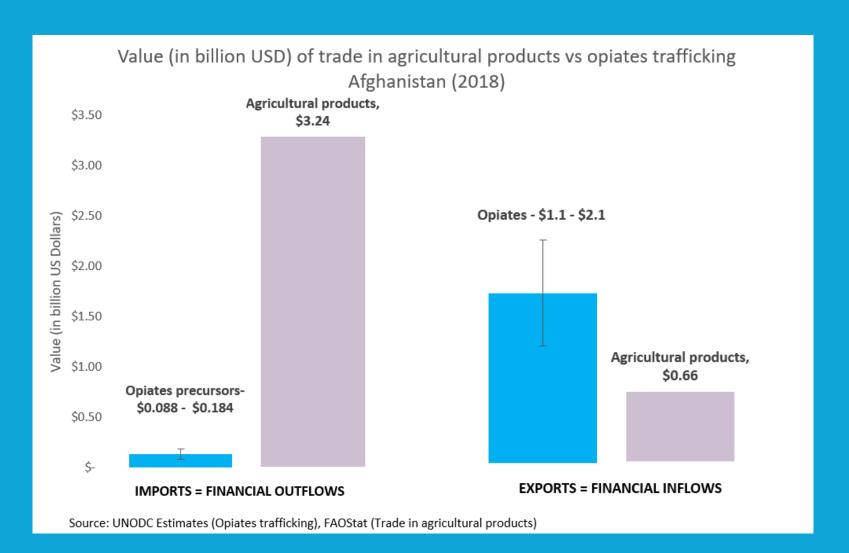
- Illicit financial flows to manage income generated from illicit activities
- Linked to consumption and investment patterns of illicit actors





IFF from opiates trafficking, Afghanistan

(income generation)







Statistical Framework for Measuring IFFs

Key features:

- Country-Level: Allows to measure IFFs at the level of countries (in line with SDG indicator framework)
- Disaggregated: separate estimates for each IFF type
- **Comprehensive:** Encompasses main types of illicit activities that cause IFFs
- Compatible: Aligned to established concepts and standards from economics and accounting