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STATISTICAL INFORMATION ON GOVERNMENT,
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Preliminary results of the pilot to measure Illicit Financial Flows in Latin America



Objective:

Adapt the conceptual framework and test the methodology to measure IFFs

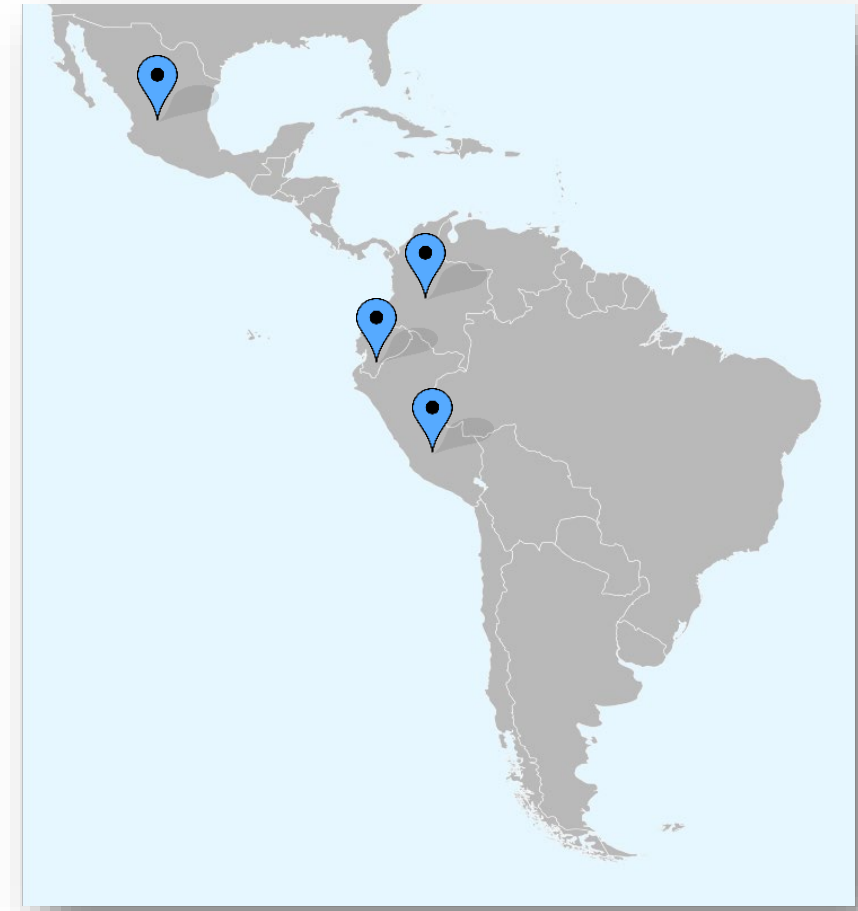
Timeframe: 2018-2020

Participating countries:

- Colombia
- Ecuador
- Mexico
- Peru

Illicit markets :

- Drugs
- Trafficking in persons
- Smuggling of migrants
- Illegal mining





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Preliminary results of Mexico: smuggling of migrants



Variables

	SOURCE
<ul style="list-style-type: none"> • Number of irregular migrants apprehended in Mexico (by nationality) • Number of irregular migrants apprehended by U.S. Border Patrol (by nationality) 	<ul style="list-style-type: none"> • Ministry of the Interior of Mexico • US Department of Homeland Security, US Border Patrol
<ul style="list-style-type: none"> • Approximate % of irregular migrants who pay to cross Mexico • Approximate % of irregular migrants who pay to enter the U.S. irregularly 	<ul style="list-style-type: none"> • Colegio de la Frontera Norte, Migration Surveys on the Southern and Northern Borders (EMIF)
<ul style="list-style-type: none"> • Prices paid by irregular migrants to cross Mexico • Prices paid by irregular migrants to enter the United States illegally 	





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Formulas

$$\begin{aligned} \text{INWARD} \\ \text{IFFs} &= \# \text{ of foreign irregular migrants} \\ &\times \\ &\% \text{ who hired a smuggler} \\ &\times \\ &\$ \text{ fee} \\ &\times \\ &\% \text{ earned by the resident smugglers} \end{aligned}$$





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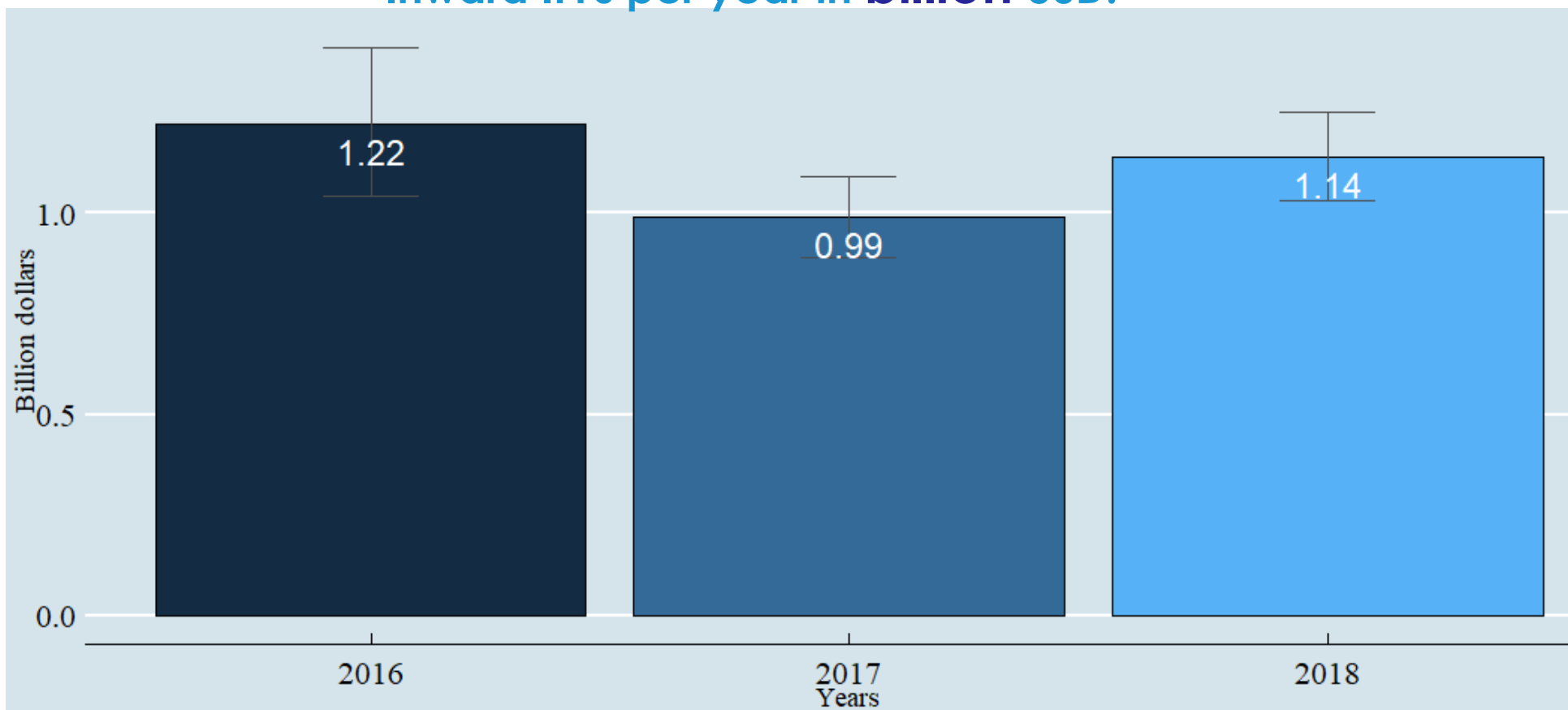


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Estimated range of SoM inward IFFs in billion USD (2015-2018):

MINIMUM	AVERAGE	MAXIMUM
0.99	1.12	1.25

Inward IFFs per year in billion USD:



Over 2016-2018, tourism revenues amounted 21.17 billion dollars (Bank of Mexico, international travellers account)





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Formulas

$$\begin{aligned} \text{OUTWARD} \\ \text{IFFs} &= \# \text{ of national irregular migrants} \\ &\times \\ &\% \text{ who hired a smuggler} \\ &\times \\ &\$ \text{ fee} \\ &\times \\ &\% \text{ earned by non resident smugglers} \end{aligned}$$

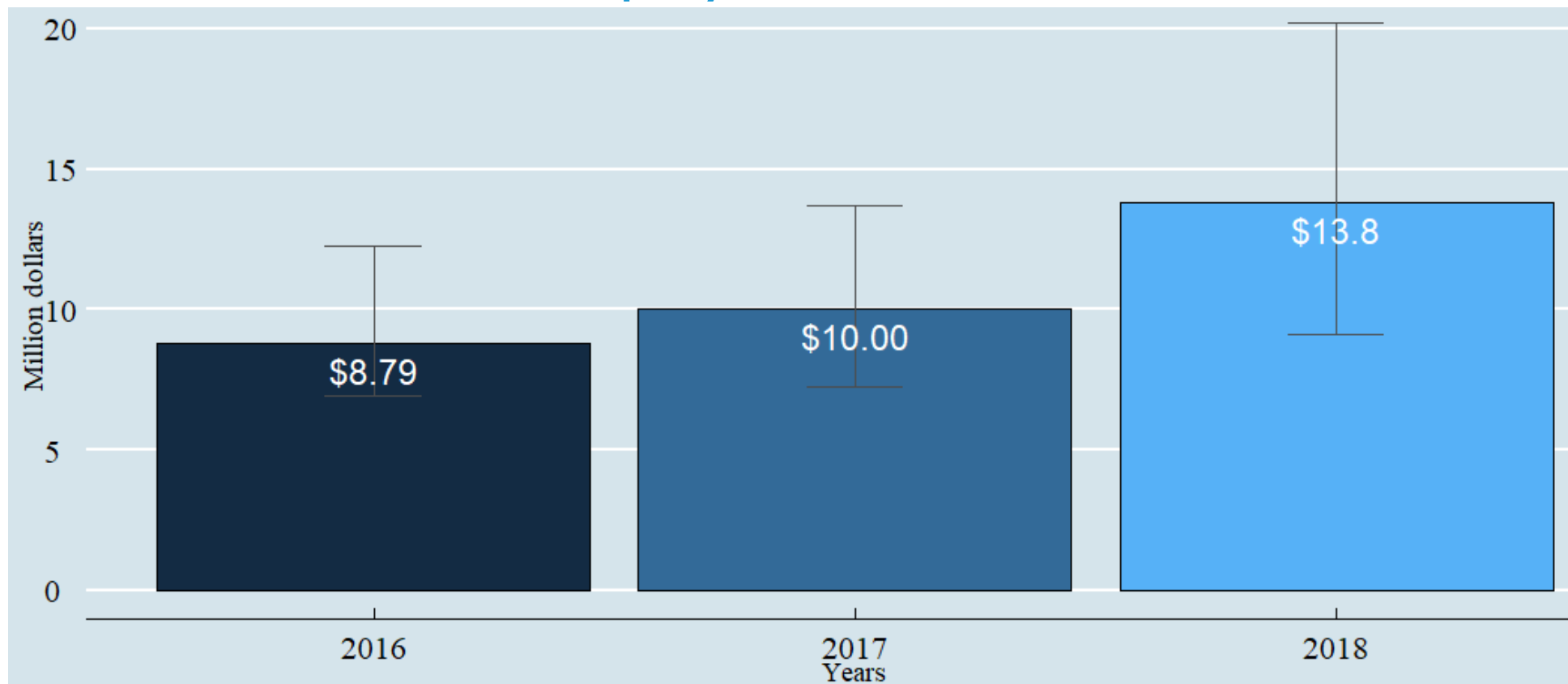




Estimated range of SoM outward IFFs in million USD (2015-2018):

MINIMUM	AVERAGE	MAXIMUM
7.75	10.86	15.37

Outward IFFs per year in million USD:





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Preliminary results in Mexico: drug trafficking



Variables

VARIABLES	COLLECTED DATA	Sources
Domestic production	Areas under illicit crop cultivation Conversion factors	UNODC Annual Report Questionnaires
Domestic consumption	Size of the 15-65 population (number of habitants) Annual prevalence rate (%)	UNODC, Ministry of Health of Mexico
Destination countries' consumption	Quantity consumed per capita (milligram, gram)	
National seizures		UNODC Annual Report Questionnaires, General Attorney Office of Mexico
Destination countries' seizures	Seized quantities (kg) and trafficking routes	
Prices	Domestic wholesale/retail prices Destination countries' wholesale/retail prices	
Purity	Domestic wholesale/retail Destination countries' wholesale/retail	





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Formulas

Supply-based model (heroin)

Exports x export prices

**INWARD
IFFs**

=

Where: Exports = Production – Seizures – Consumption

Demand-based model (cocaine)

(destination country's consumption + destination country's seizures)

x

producing country's market share x prices

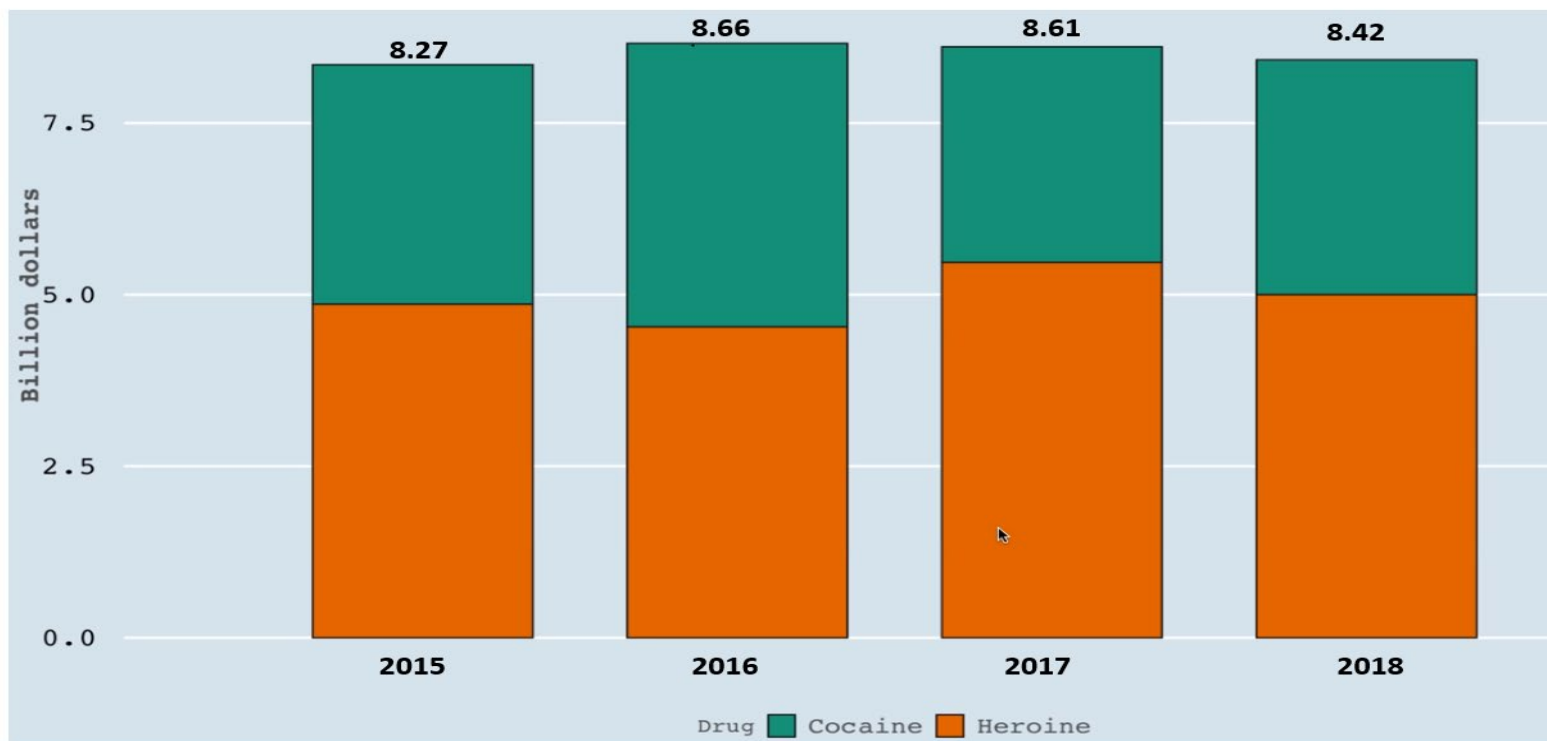




Range of estimated inward IFFs from drug trafficking in Mexico, in billion USD

IFF TYPE	MINIMUM	AVERAGE	MAXIMUM
Inward IFFs	6.08	8.49	10.79
Outward IFFs (cocaine)	0.8	1.47	1.80

Estimated drug trafficking inward IFFs per year, in billion USD:



Over 2015-2018, agricultural exports amounted 9.14 billion dollars (INEGI, national accounts)





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Measurements in progress

COUNTRY	MARKET
Colombia	Cocaine and ilegal mining
Ecuador	Cocaine and smuggling of migrants
Mexico	Methamphetamine and cannabis





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CHALLENGES

Methodological

- Adapt the methodology to the regional and national context as well as the specific illicit market

Cooperation

- Raise awareness about indicator 16.4
- Consider the diversity of the relevant institutions
- Institutional engagement

Data collection

- Scarcity
- Confidentiality

BENEFITS

Data collection

- Use data for something that has never been done before
- Identify data gaps

Increased capacity

- Analytical capacities to understand how the markets work

Partnership development

- Awareness on the importance of public policies to address IFFs
- Start dialogues between countries on measuring IFFs





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Thank you for your attention



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