



**UN Joint SDG Fund support for Egypt**  
**Integrated SDGs Financing**  
**EGYPT IFFs**  
*UNCTAD – MPED (Egypt)*

**National Kick-off Workshop of pilot activities for measuring  
Illicit Financial Flows (IFFs) in Egypt**

<b>Date</b>	1 September 2021
<b>Venue</b>	Online – Zoom link
<b>Time: Egypt and CET</b>	13:00 – 16:30
<b>Language</b>	The meeting was conducted in English. Interpretation available: English <> Arabic

**Meeting report**

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## Concept note

The United Nations integrated SDGs Financing project for Egypt ([INFE](#)) aims to develop capacities and put in place simple systems to continuously measure, map and compare financing flows. An important element of this project is identifying financing opportunities, through the better availability and quality of data, in particular data on Illicit Financial Flows (IFFs).

IFFs threaten countries' ability to achieve the 2030 Agenda and the Sustainable Development Goals (SDGs) by diverting resources from development, particularly in Africa. Policy action to curb IFFs and secure resources for sustainable development require better data and better understanding of IFFs – their types, volume, impacts, channels, origins and destinations. In July 2017, the United Nations General Assembly (A/RES/71/313) adopted an indicator framework to monitor progress towards SDGs. This indicator framework proposes an SDG indicator 16.4.1 to measure the “total value of inward and outward illicit financial flows (in current United States dollars)”. The Addis Ababa Action Agenda<sup>1</sup> on financing for development also calls for a redoubling of efforts to substantially reduce IFFs by 2030.

Custodian agencies of SDG indicator 16.4.1, United Nations Conference on Trade and Development (UNCTAD) and United Nations Office for Drugs and Crime (UNODC), released Conceptual Framework for the Statistical Measurement of Illicit Financial Flows<sup>2</sup> in October 2020. In May 2021, UNCTAD finalised a draft of Methodological Guidelines to Measure Tax and Commercial IFFs for pilot testing, aimed at statistical and other national authorities with a mandate to collect and access relevant information. UNODC are finalising the Guidelines to measure IFFs from extractive activities and illegal drugs markets.

National circumstances dictate a comprehensive and tailored approach to produce reliable and granular IFF statistics. Measurement of the many types of IFFs in one indicator can only be done in close collaboration within the national statistical system (NSS) and with administrative data providers, in coordination by the national statistical office. The compilation of SDG indicator 16.4.1 is a technical, statistical activity that must be carried out independently in line with the Fundamental Principles of Official Statistics<sup>3</sup>.

To present and discuss implementation of activities related to the measurement of IFFs in Egypt, a kick-off workshop with national experts and stakeholders from institutions and agencies in Egypt was organised. Specifically, the workshop:

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<sup>1</sup> <https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=2051&menu=35>

<sup>2</sup> [https://www.unodc.org/documents/data-and-analysis/statistics/IFF/IFF\\_Conceptual\\_Framework\\_FINAL.pdf](https://www.unodc.org/documents/data-and-analysis/statistics/IFF/IFF_Conceptual_Framework_FINAL.pdf)

<sup>3</sup> <https://unstats.un.org/unsd/dnss/gp/fundprinciples.aspx>

- Introduced the participants to the concepts and definition of illicit financial flows as included in the UNCTAD-UNODC Conceptual framework for the statistical measurement of illicit financial flows.
- Introduced the methodologies and guidelines developed so far by UNCTAD and UNODC, and present practical examples and good practices from previous pilot activities.
- Introduced national stakeholders and solicit their presentation of work and views on IFFs in Egypt.
- Presented and discussed the workplan of implementation activities and tools (focus/present on the self-assessment questionnaire (SAQ)) and proposing possible coordination solutions.

Successful measurement of IFFs requires collaboration across disciplines as illicit phenomena cut across society and data remain highly scattered. Therefore, the relevant government agencies and Ministries, and especially the NSO (CAPMAS), Egyptian Customs Authority and the Tax Authority, to list but a few, are invited to actively participate in the online workshop. National stakeholders are invited to use the workshop to share their experience on IFFs and related data, specifically to outline the following:

1. What national initiatives, plans and strategies to address IFFs have been developed and adopted?
2. What inter-agency collaboration are in place, and which may be set up set up to facilitate national efforts to measure IFFs?
3. Based on current understanding, which IFFs are most relevant in Egypt, or for the work of your agency? Which flows, industries, activities, and commodities are most affected?

The workshop was conducted in Arabic and English with simultaneous interpretation.

## Opening

**Ms. Nour Barnat, UNCTAD**, opened the workshop with house-keeping rules and welcoming Dr. Kamaly to the opening statement.

## Welcome remarks

**Dr. Ahmed Kamaly**, Deputy Minister of Planning and Economic Development, MPED, welcomed the participants to the workshop. He emphasised the cooperation within the country with various ministries and agencies under the coordination of Ministry of Planning and Development (MPED), as well as with international agencies UNCTAD and UNODC, and close partner UNDP.

Cooperation between MPED and development partners was formally agreed within the cooperation framework by signing the project document in March 2021 to participate to the Integrated National Financing Framework (INFF) with the United Nations. This project aims at three main objectives:

1. Calculate the costs to implement national strategy for sustainable development
2. Evaluate and formulate financing strategy for achieving Sustainable Development Goals (SDGs)
3. Raising awareness for sustainable development issues by developing cooperation and dialogue.

Finance for development is of extreme importance, not only for developing countries, but also for the whole world. This is the other face of the coin of 2030 Development Agenda. All countries, particularly in the times of Covid-19, have been negatively affected in terms of economic consequences, resulting in development becoming the focus area of all the countries. This also means identifying financing gaps.

IFFs affect the ability of the countries to develop and implement strategies to reach SDGs. The Egyptian Government's work is to protect the economy and society of consequences of IFFs and fighting terrorism and other forms of IFFs, as well as raising awareness on the topic. The Egyptian Government supports international efforts to put an end to IFFs.

Dr. Kamaly stressed that this is a statistical, technical project, in line with the fundamental principles of official statistics in Egypt. Ways to measure different forms of IFFs in one index lie only in close cooperation of statistical agencies, as IFFs are widely spread in the society. As data and infrastructure are scattered across agencies, MPED is in charge of coordinating and having a close collaboration with all relevant national agencies, as well international organisations, especially UNCTAD. Dr. Kamaly called on all agencies present to be actively participating, especially in session 2 of the workshop through presentations and interventions. He extended thanks to all international organisations and partners, also national agencies, for cooperation and support.

## Session 1: Illicit financial flows

Chair: Nour Barnat, UNCTAD

The session introduced the UN INFF project to support Egypt in this work, the Conceptual Framework for the statistical measurement of IFFs, and methods suggested for the pilot testing of IFFs. The session was moderated by **Ms. Nour Barnat, UNCTAD**, who briefly introduced the topic and invited participants for a quick introduction of themselves.

### United Nations integrated SDGs Financing project - IFFs in Egypt element

**Mr. Sylvain Merlen, UNDP**, congratulated all participants for joining and moving ahead with today's meeting, which is part of a bigger picture: a joint programme bringing together many institutions under the coordination of MPED, alongside participation from various international agencies. This project reports on the costs to achieve key SDGs, what financing flows can be used for and what the opportunities are to increase and better allocate financing flows towards SDG. Preliminary calculations indicate that USD 10-30 billion of additional annual investments are needed. This project is trying to bend IFFs and allocate them to financing SDGs, here specifically with making some IFFs licit and taxable (next to other opportunities, e.g. increasing tax base and efficiency of taxation system). Egypt has been leading the work in the field in North Africa and the Middle East, there is also a South-South Cooperation dimension being attached to IFFs. Lessons learned in Egypt can also be transmitted to countries where these flows are originating from.

**Ms. Nour Barnat, UNCTAD**, continued to stress that big picture is important and UNCTAD is participating in supporting Egypt in building their capacities for measuring IFFs by focusing on IFFs and SDG costing. Today's workshop deals with IFFs specifically, considering also national expectations, data availability and other circumstances. Goals are not only to support and bring capacities, but also to capitalize on previous support and above all, ensure national ownership. Questions such as What types of IFFs? What has already been done? What are the data gaps? Which methods to use? will be addressed to provide evidence as basis for policy formulation and validation to increase revenue flows.

### Conceptual framework for the statistical measurement of IFFs

**Mr. Enrico Bisogno, UNODC**, delivered the presentation on the "Conceptual Framework for the statistical measurement of IFFs", focusing on the criminal activities side. He stressed at the onset that there are two important parts of our work on IFFs: first, to clarify what we want to measure, and second, how to measure this.

Mr. Bisogno explained that the first part is now covered in the Conceptual Framework for the IFFs. He provided a presentation of this framework within the SDG indicator 16.4.1 of Agenda 2030. The definition of IFFs involved a monetary measure of i) International transfers of illicitly earned capital; ii) legal capital transferred internationally for illicit purposes; iii) legal capital transferred illicitly. There are three core elements of this definition: monetary value that is illegal, cross borders and flows in nature. Of the four main types of IFFs, components related to illegal markets and activities constitute the crime-related IFFs and these are supported by UNODC – tax and commercial IFFs, including also legal part, are covered by UNCTAD.

He reflected that the measurement of IFFs poses itself as a challenge, but the estimation of the same has already been possible in several countries depending on data availability. He reiterated the commitments of UNODC to partner with African countries, including Egypt, interested in measuring criminal activities related IFFs.

**Ms. Anu Peltola, UNCTAD**, reiterated the need for statistical aspect of measuring the IFFs, itself a challenging task. She discussed the commercial side of the "Conceptual Framework for the statistical measurement of IFFs". The four main types of IFFs (illicit tax and commercial practices, illegal markets, corruption, and exploitation type and terrorism financing), contain activities that are both illegal and legal but illicit in nature. She informed that UNCTAD focuses on illicit tax and commercial activities to conceal revenues and reduce the tax burden that could be legal or illegal. Like crime-related activities, illicit commercial activities are also hidden in nature, making the estimation of commercial IFFs difficult. She explained that the difference and delineation of illegal and illicit activities constituted the biggest challenge of commercial related IFFs. She highlighted the key features of the Conceptual Framework of IFFs: i) ability to measure IFFs at the country level to inform national policymaking; ii) comprehensiveness that encompasses all main types of illicit activities that cause IFFs, iii) compatibility with other established concepts and standards from economics and accounting, such as the System of National Accounts (SNA), Balance of Payment (BoP), among others.

Currently, UNCTAD and UNODC are implementing the methodology at the country level in several countries worldwide. The pilot countries of Latin America had already tested the methodologies. Currently, the pilot countries of Asia and Africa are participating in pilot testing the methodologies, including Egypt; she congratulated them and stressed that the feedback of the pilot countries in implementing the methodology would be crucial in finalising the Conceptual Framework and Methodological Guidelines, later to form the Statistical Framework for measurement of IFFs. She also explained that the project's purpose is a statistical measurement of IFFs. As such, national statistical offices are expected to take the lead in coordinating with other key stakeholders of the IFFs

ecosystem. She reiterated that today was an important day, as methodologies to measure IFFs in Egypt in accordance with their national circumstances are being launched.

UNCTAD Guidelines for measuring Tax and Commercial IFFs & UNODC Guidelines for measuring IFFs associated with trafficking activities (focus on drugs)

**Mr. Bojan Nastav, UNCTAD** presented the Guidelines on the Statistical Measurement of Tax and Commercial IFFs. There are several statistical and econometric approaches to measure IFFs. The guidelines provide several options for IFFs measurement, and the criteria for selection include soundness of methods, source data, and the quality of the result. For instance, the trade mis-invoicing generated IFFs could be measured through a Price Filter method and Partner Country method – both providing separate measures of IFFs to check the robustness of the estimate. Several other available methods to measure IFFs include IFFs related to offshore wealth, tax evasion by individuals, and profit shifting of multinational enterprise groups (MNEs), among others. The selection of method would be country-owned and decided. The national authorities would select the appropriate methodology to measure IFFs based on country circumstances, data availability and statistical capacity. The guidelines would provide the necessary tools to measure the selected IFFs by the concerned national authorities. He expressed his keen interest of peer learning from this exercise to refine the methodological guidelines.

**Ms. Diana Camerini, UNODC**, made a presentation on the UNODC Guidelines for measuring IFFs associated with drug trafficking activities. Ms. Camerini explained the income generation side of the IFFs, measured as the economic value of an illicit drug market (“market size”) generated by drugs trafficking. The concept follows the frameworks of SNA and BoP. Three main economic aggregates for the calculation include revenues, costs, and profits generated from that particular illicit activity. Illicit net output/income is measured as the difference between illicit gross output and illicit intermediate expenditure. The demand-supply equation balance helps in the process of estimating drug quantities through calculating the import and export-side representing inward and outward IFFs. For calculating IFFs stemming from illicit drug market, the required data or qualitative information are quantities of that illicit drug, price, actors, and routes. Data could be collected and checked from national and sub national authorities and from bordering countries or origin/destination countries. She also provided an insight into potential Egypt case, with required data inputs and a data checklist, covering consumption, seizure data, drug prices, and imports and exports; suggested method would be the demand-side approach.

#### Q&A

Q&A session was chaired by **Ms. Nour Barnat, UNCTAD**. A few questions and/or comments were raised in the chat:



1. Are we expected to test several methods to measure the same kind of illicit flow, like trade misinvoicing and then analyse the differences?
  - a. **Mr. Bojan Nastav, UNCTAD**, responded that although six methods are suggested in the Guidelines for tax and commercial statistical measurement of tax and commercial IFFs, a pair for each of the presented main categories, country is not expected to test several, or all methods. This will depend on national IFF risk assessment, nationally prominent and important types of IFFs, data availability and statistical capacity. If several methods can be tested this will be done and results later cross-checked to establish reliability and accuracy signals of the methods. IFFs are hidden by definition, and we can only attempt at their measurement. A pair of methods may be used for cross-validation (e.g., Partner Country Methods – PCM and Price Filter Method – PFM for trade misinvoicing), whereas from different groups, currently still ongoing methodological work is studying the overlapping of methods and hence will guide at a later stage towards their comparison, validation, or aggregation into a single measure of IFFs as in SDG indicator 16.4.1.
2. It is often mentioned that there is no agreed definition of illicit financial flows. Is there now such an agreed definition or is this an experimental definition for pilot tests only?
  - a. **Ms. Anu Peltola, UNCTAD**, provided a response, clarifying that at the start of the work of mentioned Task Force on IFFs, there was no agreed definition or concept of the IFFs. In due course, however, UNCTAD and UNODC, assigned by the General Assembly as custodians of indicator 16.4.1, lead the methodological work to develop statistical definitions and methods to measure IFFs. As a result of this work, UNCTAD and UNODC published a Conceptual Framework for the Statistical Measurement of Illicit Financial Flows in October 2020, reflecting concepts and standards approved by the IAEG-SDGs and the United Nations Statistical Commission. In February 2021, these concepts were subsequently adopted also at the political level by the FACTI Panel (financial integrity on sustainable development), noting that UNCTAD and UNODC together developed the first statistical definition of the term to contribute to the development of SDG indicators. This was followed by a reaffirmed agreement by the cluster on IFFs of the Financing for the Development in the Era of COVID-19 and Beyond Initiative on the Conceptual Framework and the United Nations definition of what constitutes IFFs for statistical purposes.
3. **Comment by the representative of the Ministry of Trade and Industry:** On my input, the importance of this workshop is that it draws the attention to ways that can help the government to increase its resources in order to finance development through mobilizing domestic resources. I would like to comment on one type of IFFs which is tax and commercial activities, in this regard, based on my experience on unfair trade practices, I confirm that in many instances I noted some illegal practices through undervalued invoices. Some importers intentionally provide customs authority invoices which is hugely less than their fair value on the purposes that paying less customs duties. As a result, the revenue collected decreases which may have negative consequences on the State's resources.
  - a. **Ms. Anu Peltola, UNCTAD**, commented that PFM would be suited to identify,

measure, and estimate the flows how much is mispriced and abnormal price flows. There is a related work stream, looking at the possibility to develop a module to be used by the customs authorities to help estimate abnormal prices, but that is for the future.

- b. **Mr. Bojan Nastav, UNCTAD**, agreed that PFM is exactly suited for this, even though it is conducted for a specific commodity, usually Statistics or Customs not being able to explore all the commodities from the start. PCM can be used here as an indication into which areas, which commodities to dig deeper with PFM to uncover trade mispricing. This is also the case, where trade misinvoicing can overlap with some criminal IFFs (measured by UNODC), so care is required, with currently ongoing methodological work exploring the potential overlaps among various categories of IFFs.

## Session 2: Illicit financial flows in Egypt

Chair: Lauraine Habib, MPED

The session introduced a case study of how IFF measurement activities were conducted in South Africa, and then moved on to the central part of the session, national agencies sharing their work and experience on IFFs in Egypt, by addressing the three questions:

- a. What national initiatives, plans and strategies to address IFFs have been developed and adopted?
- b. What inter-agency collaboration are in place, and which may be set up to facilitate national efforts to measure IFFs?
- c. Based on current understanding, which IFFs are most relevant in Egypt, or for the work of your agency? Which flows, industries, activities, and commodities are most affected?

The session was moderated by **Ms. Lauraine Habib, MPED**.

### Case study: IFF measurement activities in South Africa

**Kathy Nicolaou, IFF expert and consultant**, presented experience in measuring tax and commercial IFFs in South Africa, also including the importance of establishing inter-agency collaboration. IFFs often occur in trade misinvoicing in resource-rich countries, such as South Africa. Three levels of data (sources) have been identified to address the major IFF issues in Souths Africa – tax evasion and trade misinvoicing:

- a. Macro level – National accounts data
- b. Meso level – information in the trade space (UN Comtrade)
- c. Micro level – actual reports on illegal narcotics, seizure data and granular data

To address IFFs in South Africa, not just one approach has been used, rather a series of models. This meant that depending on the method, smaller and bigger estimates have been observed and for the sake of comparability presented as the percentage of Gross Domestic Product.

Interinstitutional collaboration turned out to be a key factor in addressing the issues of IFFs. Formally, these were processed through Memoranda of Understanding (MoUs) among technical units for data and information sharing; it has been observed that the more you can share, the better you can work and produce results as a country. Other way of collaboration was also the creation of informal working groups – it turned out to be far more productive with faster information flows, without the hierarchy. These provided technical expertise to the government officials, themselves learning from institutions and training workshops.

Risk assessment are very useful strategies, as in the country, as Ms. Kathy Nicolaou pointed out, you want to prevent IFFs in the first place. It is important to establish IFF task force and then measure IFFs and analyse the results. The next step is then to build capacity and raise awareness and ensure working together among institutions.

She also provided a brief comment to the trade misinvoicing in Egypt: based on her earlier work, she did cover also Egypt (among the five countries in her study) and using the PCM for Egypt it has been estimated that trade misinvoicing amounted to between 28 and 36 mio USD, with a massive influence of import: import misinvoicing.

#### IFF measurement activities in Egypt: presentations from national authorities

The part of the session consisted of five presentations by national agencies: Ministry of Interior, Central Bank of Egypt, Financial Regulatory Authority, Customs Authority and Accountability State Authority to share their experience, relevant national initiatives or strategies, inter-agency collaboration, and relevant type of IFFs.

#### *Ministry of Interior*

As the ministry of Interior is aware of the dangers and repercussions of all forms of narcotic crimes and illegal immigration, it continues its efforts in combatting these crimes to curb the growth and continuation of crime. Achieving national strategy for sustainable development is based on the focal areas:

1. The national initiatives and strategies for dealing with illicit financial flows developed and implemented in relation to the work of the ministry, where the ministry plays a pivotal role in combating all types of crime. The ministry fulfils its duties in this context through developing and updating laws and measures according to the development of criminal activities, but also with international collaboration.
2. The illicit financial funds most relevant to the country and the ministry: the flows, industries, activities, and goods most affected by IFFs. Concrete success was accomplished in restricting

those revenues to deny the perpetrators benefitting from the proceeds of their crimes. All types of drug funds and its resulting revenues are the most relevant IFFs to the work of the ministry. In 2020, the efforts of the ministry resulted in detecting money laundering cases that amount to 2.8 billion pounds. According to the ministry, the activities most affected by money laundering are related to building and buying properties, founding commercial entities, and selling and purchasing vehicles.

3. Collaboration between the ministry and concerned national agencies that could reinforce the national efforts in the operation of measuring IFFs, where ministry collaborates with many national governmental agencies (anti-money laundry and financing terrorism unit, ministries related to tracking the assets and properties of the suspect, general prosecution) in addition to collaborating with the private sector to track the assets and properties of the suspect and finishing the investigation.

In concluding remarks, it was noted that a proper legal means needs to be applied and countries should be carrying out a regular evaluation of their measures and laws in the area of IFFs to ensure proper control and preventing these flows crossing the borders.

#### *Central Bank of Egypt*

**Mr. Cherif Al-Arini** presented the work of Central Bank of Egypt, specifically focusing on three points: national strategies on IFFs, relevant IFFs in the country, and inter-agency collaboration. He explained that a national project in combatting money laundering and terrorism financing was launched to assess the risks of these activities and predicate crimes, such as IFFs. A strong political engagement is required and has been committed in 2014. The first national assessment of anti-money laundering and terrorism financing in Egypt was prepared for 2014-2017 period. The strategy was updated as per results of national assessment report in 2019.

The speaker listed several areas where the illicit funds or assets were used, such as the purchase of real estate, precious metals or motor vehicles, currency exchange on the black market, shell companies, to list just a few. Money laundering has been recognised as a major threat and the strategy prioritized efforts of addressing it within the set strategy.

Cooperation among agencies at national level is set to benefit from each other. These institutions share data and information, to obtain sustainability in this and overcome obstacles in the fields of money laundering, terrorism financing and combatting corruption. Agreement memos between the unit for combating money laundering and terrorism financing and concerned national agencies (general prosecution, administrative control) are also being signed and utilised.

### *Financial Regulatory Authority*

Financial Regulatory Authority works on regulation and follow-up on various agencies and units, including SMEs, to increase the stability of the market. They focus on non-banking financial sector in Egypt, covering capital market, insurance market and non-banking finance market. They also participate in national strategy for Anti money laundering and financing terrorism (AML/CFT).

The speaker noted that IFFs in Egypt are of various categories, such as drugs markets, fraud crimes, Illegal migration, Corruption and Arms trafficking crime. And that in FRA, they focus on the estimation of IFFs was related to assess the correlation level of Non-Banking financial institutions sectors with AML/CFT crimes. He also confirmed that capital market sector is the largest sector correlates with money laundering crime through various services provided by either brokerage in securities, dealing etc. For insurance and non-banking finance sectors, the correlation was found to be insignificant.

FRA cooperates with various national agencies (Egyptian financial information unit, Ministry of Finance, Central Bank, General authority of investment and national credit bureau), but also foreign competent authorities.

### *Customs Authority*

The speaker pointed out that to combat IFFs in a proper way they need to understand the definition of the money laundering crime, as it has a huge impact on national and international societies and economies. This will also impact security levels and sustainable development. If combatting IFF, resources can be drained and used, from what otherwise would be used to finance terrorism. There are three focal areas to their works, namely:

1. Development and implementation of national initiatives, plans and strategies, which covers national legislation incriminating illegal flows, such as the Anti-money laundering and terrorism financing law of 2020, alongside laws of the Central Bank and Customs. Implementing the training of officials, cooperation with relevant authorities, placing directional board in airports and ports etc. are also central to this focal area.
2. Measuring IFFs relevant to Egypt, which are found to be funds whether in the form of cash or negotiable tools for bearer such as checks, payment orders, precious metals as well as prohibited or smuggled goods, and manipulating values, quantity, and types of goods.
3. Cooperation between the Ministry of Finance represented by Customs Authority and other authorities, specifically Customs authorities cooperate with the Egyptian financial investigation agency according to the law, covering cases of false disclosure, cases of non-disclosure, and arrest records containing facts and violations; cases of smuggling goods and tampering with their estimation as well as increasing and decreasing the goods statements; and cooperation with the unit of financial investigation in analysing data, identifying risk cases, developing a national strategy for risks and targeting all cases suspected of illicit

financial flows.

The customs authorities also cooperate with Egyptian taxes authorities to exchange information and unify the efforts to protect the dues of the state treasury. They are also conducting international cooperation and exchange of information.

#### *Accountability State Authority*

The ASA contributes to efforts to monitor and measure IFFs through its oversight functions, cooperating with certain key actors, most notably:

- Committee on reservation, inventory, administration and disposal of terrorist groups' funds; their cooperation is carried out in reviewing the work related to reservation, inventory, administration and disposal of the funds of terrorist groups.
- Central Bank of Egypt, whereas ASA, through its appointed auditors, prepares detailed reports, e.g. auditor's report, Iccap Capital Adequacy Planning Review.
- The Ministry of Finance is represented by the Tax and Customs Administration in the fields of value-added tax (VAT), IRS on income taxes and Customs. ASA audits the revenues of the administrative authorities to added value taxes and identify cases with results sent to central department in the ministry on taxes to report on tax evasion. In cooperation with customs authorities, in case of violations, it can be reported to tax authorities.

#### Q&A

Q&A session was chaired by **Ms. Lauraine Habib, MPED**. Several comments and questions were raised during the session:

1. **Dr. Kamaly** commented that various state institutions exert many efforts in order to combat IFFs. Common to all these presentations are the measurement of IFFs – all touched upon initiatives, definitions, and cooperation with different stakeholders, however, none of the presenters touched upon measuring the IFFs.  
This is very important for financing for development, SDGs, and Egypt Vision 2030. This being only the start, the kick-off meeting, he nevertheless reminded his colleagues to be focused on application and the impacts of different and various procedures and initiatives to reduce and eliminate IFFs. It is the goal of national authorities to compile statistics and report on the SDG indicator.
2. **Ms. Anu Peltola, UNCTAD**, raised that issue that the "national strategy to curbing illicit financial flows" was mentioned by several speakers. It would be interesting to know if data and statistics are already part of the national strategy. Can the pilot help by providing more clarity on what data and statistics are needed to support the strategy? And can the pilot help by showing what kind of investment would be needed to improve data and statistics to support the implementation of the national strategy.

- a. **Dr. Kamaly** informed that they are waiting for the strategy on AML/TF and reiterated that the main point of the project is to get estimates of IFFs. This will enable Egypt to target and reduce these flows; and to show the different types of flows. He called upon the institutions to provide information and database regarding IFFs in Egypt whether they have any answers.
  - b. **Dr. Adel Rezk, ASA**, informed of the strategy for combating corruption, their work to amend some of the objectives of the strategy on anti-corruption, and their ongoing work on cooperation with different entities to include this new objective of measurement. Also, he stressed the cooperation between ASA and CBE and how they are responsible for accountability of state assets. Moreover, this cooperation is a very good cooperation.
  - c. **Dr. Kamaly** reiterated the need to have a measurement tool at the end, regardless of currently not speaking of any quantitative objectives in their work. Specific and quantitative measurements are required in taking further steps.
  - d. **FRA** referred to a recent report, several months ago, showing the effort of Egypt in this framework. This work, however, does required significant amount of information and data, and FRA is working hard on updating the strategy.
3. **Ms. Kathy Nicolaou**, pointed out that she was very impressed with the extent of cooperation in Egypt, with a strategy focusing on IFFs. She wondered whether there was an appetite to set up a broader community of stakeholders to be part of an Inter-Departmental Task Team/Force (TF) under the Ministry of Planning and Economic Development. She noted that there was cooperation from the ASA side between the MOF, Customs and the Central Bank. This group is both responsible for measuring IFFs (which has the Technical Working Group on Measurement as a sub-committee of the Task Force) but the TF also addresses the policy response to the problem of IFFs.
4. Moreover, **Ms. Kathy Nicolaou**, asked whether Egypt had a sense of which institution will be responsible for measuring IFFs – is this the Ministry of Planning and Economic Development? What is the role of the National Statistical Office?
- a. **Ali Abdel Wahab**, responded that Administrative Control Authority is collaborating and fully on board and ready to take part in the measurement project, if there would be any specific role for them.
  - b. **Dr. Kamaly** stressed the importance to direct and follow-up on the efforts. He deeply thanked the Ministry of Planning and Economic Development for handling and coordinating this critical issue. He further proposed that they adopt a national plan for establishing literature on this issue simply because Egypt has option but to rely on domestic resources to finance the development particularly within the framework of potential decrease in foreign aids and donors.

## Pilot activities in Egypt – steps, tools and resources; Introducing the Self-Assessment Questionnaire

**Mr. Bojan Nastav, UNCTAD**, outlined the current status of the work and how several phases follow or go in parallel in the project. Mapping of agencies and preliminary IFF risk assessment (based on external studies) have taken part a few months ago, and today's workshop is the launch of this project and especially, a tool to coordinate and bring to a central point relevant actors and information – the Self-Assessment Questionnaire (SAQ). SAQ consists of four parts covering i. National framework, ii. National practices and priorities, iii. Data availability and iv. National capacity and support needed, and will provide basis to prepare for the measurement of IFFs in Egypt.

SAQ will be shared with relevant national authorities by MPED on the following day and they are requested to provide responses to areas relevant to them within 2-weeks' time, by 15 September 2021.

After this, within the INFF project, the Steering Committee will meet in Late September-beginning October, and after both, we will have a so-called validation workshop, where SAQ responses will be checked, and pilot-testing plan prepared. The latter will include the setting-up of a Technical Working Group (TWG) in measuring IFFs in Egypt, composed of relevant technical experts, bringing required expertise or data, or other knowledge, and it will be decided what, i.e., which types of IFFs will be measured, by whom, i.e., which agencies in specific, and how, i.e., using which cooperation mechanisms, who will be doing data collections, data manipulation, calculation etc. Following in late October, training sessions will be organised for TWG members and estimates production will begin, to be running until the end of the year; the project on measurement of IFFs will finish with an action plan, including short- and long-term actions for statistical system and beyond, in order to sustain the IFF measurement after the project finishes.

## Way forward

**Ms. Lauraine Habib, MPED** thanked all the participants for their active involvement and informed them that all the presentations will be made available on the workshop website at: <https://unctad.org/meeting/kick-meeting-pilot-activities-measuring-illicit-financial-flows-egypt>.

## Closing

**Ms. Nour Barnat, UNCTAD**, followed suit, thanked all participants for an active participation and closed the workshop.