

# Pilot activities on IFFs measurement

## Workplan, tools and key actors

UNDA Project “Measuring and Curbing Illicit Financial Flows” – inter-regional workshop

Day 2 - 21 September 2023

# Outline

- **Project timeline**
- **IFFs measurement – OP 1.4**
- **Key actors**
- **Intra-country cooperation**
- **Statistical tools**
- **Statistical process**
- **SDG 16.4.1 reporting**
- **Statistical framework**



# Project timeline

Outcome	Output #	Expected time to complete outputs															
		YEAR 1				YEAR 2				YEAR 3				YEAR 4			
		2023				2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
OC1	OP1.1																
	OP1.2																
	OP1.3																
	OP1.4																
OC2	OP2.1																
	OP2.2																
	OP2.3																
	OP2.4																
OC3	OP3.1																
	OP3.2																
	OP3.3																
	OP3.4																



# OP1.4: IFFs measurement





# Key actors

## UN Agencies

### ✓ UNCTAD

*Tax and commercial IFFs methods and statistics*

### ✓ UNODC

*Crime-related IFF methods and statistics*

### ✓ UN Regional Commissions

*Implementation of estimates*

*IFFs research and policy guidance (session 4)*

## Target country

- National focal point institution

*E.g.: NSO, FIU, prosecutor's office...*

- National consultant

*Working as link between UN agencies and country actors and implementing estimates*

- Key national stakeholders

*Stakeholders actively engaged in the process\**

- Other stakeholders

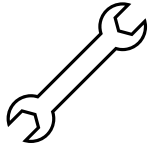


# Intra-country collaboration

- **National Coordination mechanism**
- Coordinated by **National focal point** (NFP) institution
- Multiple **Technical working groups** (tax and commercial IFFs; illegal markets...)

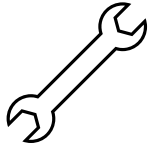
## Objectives:

- Coordinated data availability assessment and data collection
- Data sharing platform
- Discussion and application of methods
- Consolidation, dissemination, reporting – Global SDGs indicators database



# Materials and tools

- 1. Conceptual framework** for the statistical measurement of IFFs
- 2. Methodological guidelines**
  - Guidelines to measure tax and commercial IFFs
  - Guidelines to measure crime-related IFFs (drugs, TiP, SoM, wildlife)
- 3. Self-assessment questionnaire and preliminary risk assessment**
- 4. Data availability assessment**
- 5. Data collection**
- 6. Training and E-learning**

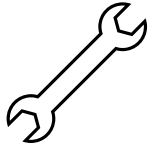


# Materials and tools

## Mapping of agencies

	Trade misinvoicing Method #1						Trade misinvoicing Method #2						Profit shifting of MNEs Method #3						Profit shifting of MNEs Method #4						Undeclared offshore wealth Method #5						Undeclared offshore wealth Method #6					
<b>Agency</b>	M1.1	CAPMAS					M2.1	CAPMAS					M3.1	CAPMAS					M4.1	CAPMAS					M5.1	FRA					M6.1	FRA				
	M1.2	Customs Authority					M2.2	Customs Authority					M3.2	Tax Authority					M4.2	Tax Authority					M5.2	Tax Authority					M6.2	Tax Authority				
	M1.3	Min of Trade&Industry					M2.3	Min of Trade&Industry					M3.3	Egyptian Exchange					M4.3	Customs Authority					M5.3	AMLCU-CBE					M6.3	AMLCU-CBE				
	M1.4	GAFI					M2.4	GAFI					M3.4	GAFI					M4.4	GAFI					M5.4	Customs Authority					M6.4	Customs Authority				
	M1.5	Min of Int.Cooperation					M2.5	Min of Int.Cooperation					M3.5	Min of Int.Cooperation					M4.5	Min of Int.Cooperation					M5.5	Min of Int.Cooperation					M6.5	Min of Int.Cooperation				
	M1.6	CBE					M2.6	CBE																	M5.6	GAFI					M6.6	GAFI				
	M1.1	M1.2	M1.3	M1.4	M1.5	M1.6	M2.1	M2.2	M2.3	M2.4	M2.5	M2.6	M3.1	M3.2	M3.3	M3.4	M3.5	M3.6	M4.1	M4.2	M4.3	M4.4	M4.5	M4.6	M5.1	M5.2	M5.3	M5.4	M5.5	M5.6	M6.1	M6.2	M6.3	M6.4	M6.5	M6.6
<b>Contributing</b>																																				
Data			M1.2	M1.3					M2.2				M3.1	M3.2		M3.4			M4.1	M4.2	M4.3	M4.4			M5.1	M5.2	M5.3				M6.1	M6.2	M6.3			
Expertise	M1.1	M1.2	M1.3	M1.4		M1.6	M2.1	M2.2	M2.3	M2.4		M2.6	M3.1	M3.2	M3.3			M4.1	M4.2					M5.1		M5.3				M6.1		M6.3				
Other					M1.5						M2.5					M3.5						M4.5					M5.4	M5.5	M5.6				M6.4	M6.5	M6.6	
<b>Roles</b>																																				
Lead agency	M1.1	M1.2					M2.1	M2.2					M3.1	M3.2				M4.1	M4.2					M5.1		M5.3				M6.1		M6.3				
Supporting agency			M1.3	M1.4	M1.5	M1.6			M2.3	M2.4	M2.5	M2.6			M3.3	M3.4	M3.5			M4.3	M4.4	M4.5			M5.2		M5.4	M5.5	M5.6		M6.2		M6.4	M6.5	M6.6	
Other stakeholder			M1.3	M1.4	M1.5	M1.6			M2.3	M2.4	M2.5	M2.6			M3.5							M4.5					M5.4	M5.5	M5.6				M6.4	M6.5	M6.6	
Compiling agency	M1.1	M1.2					M2.1	M2.2					M3.1	M3.2				M4.1	M4.2					M5.1		M5.3				M6.1		M6.3				
Data-providing agency		M1.2	M1.3					M2.2					M3.1	M3.2	M3.3	M3.4		M4.1	M4.2	M4.3	M4.4			M5.1	M5.2	M5.3				M6.1	M6.2	M6.3				



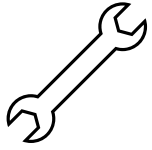


# Materials and tools

## Data availability form

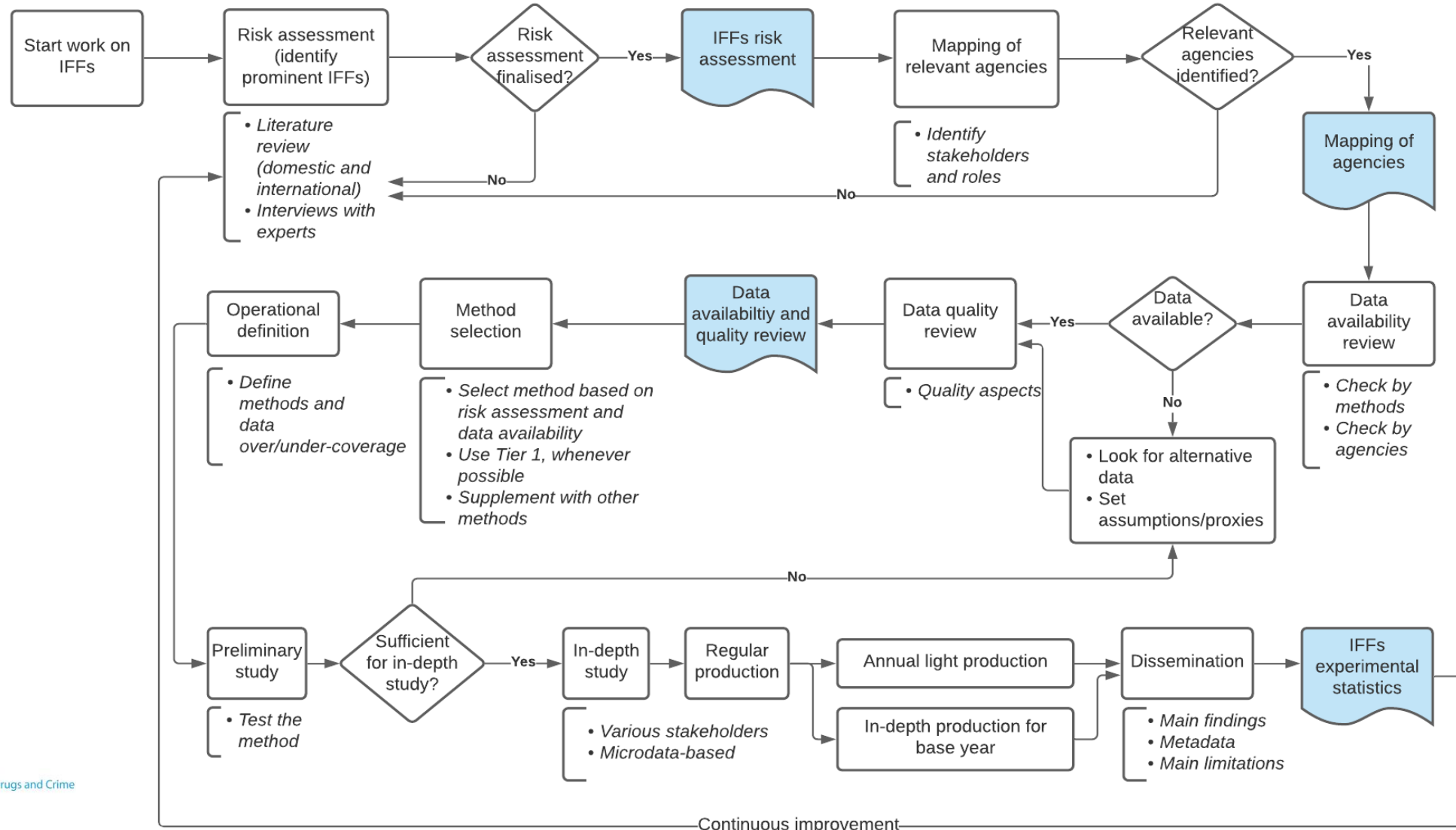
#1

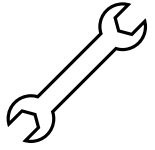
Variable/ data needed	Data source/ agency	Frequency	Timeliness	Access	Coverage	Granularity	Interoperability/ format (linking)	Alternative/proxy Variable	Source	Fit for purpose	Availabilit
<i>Value of imports</i>											
<i>Value of exports</i>											
<i>Value of re- imports</i>											
<i>Value of re- exports</i>											
<i>Volume of imports</i>											
<i>Volume of exports</i>											
<i>Volume of re- imports</i>											
<i>Volume of re- exports</i>											
<i>Transport costs to FOB value</i>											
<i>CIF-FOB margins</i>											
<i>CIF price declared by importer</i>											
<i>FOB price declared by exporter</i>											
<i>Trade system</i>											
<i>Mark-up by third country</i>											
...											
...											



# Materials and tools

## Workflow

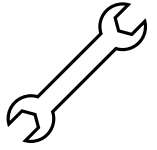




# Materials and tools

## Action plan

Action plan for IFF statistics		Assessment of efforts needed			Division of work		Timeframe			Outcomes of activities	
Activity	Cost	Time	Impact	Leading agency	Contributing agencies	Short or long-term measure	Start date	End date	Expected result	Benefits to stakeholders	
	Rating:	Rating:	Rating:								
	1 = low	1 = low	1 = high			S=short term					
	2 = medium	2 = medium	2 = medium			L=long term					
	3 = high	3 = high	3 = low								
<b>A Data required for the compilation of IFF statistics</b>											
A1	Enhance data of basic statistics for IFFs (e.g., trade, price, tax statistics), please specify.										
A2	Enhance data of accounting frameworks for IFFs (e.g., SNA, BoP), please specify.										
A3	Adjust existing surveys or statistical (business or personal) registers, please specify.										
A4	Develop new estimates, indicators or statistics on IFFs (SDG indicator 16.4.1), please specify.										
A5	Establish national data validation or exchange frameworks (e.g., to enable access to data on IFFs), please specify.										
A6	Engage in bilateral or multilateral international data validation or exchange (e.g., on trade flows, assets held abroad), please specify.										
A7	Access new data sources (commercial or government data), please specify.										
A8	Other:										
<b>B Development of statistical infrastructure and capacity</b>											
B1	Close gaps in statistical infrastructure (such as physical and organizational structures and facilities), please specify.										
B2	Close gaps in statistical capacity (such as expertise, knowledge and skills), please specify.										
B3	Adopt new tools and software for the compilation of IFF statistics, please specify.										
B4	Invest in safe environment for accessing, sharing, and/or processing data for statistics only, please specify.										
B5	Sign memoranda of understanding / make arrangements to enable collaboration on all aspects of IFFs measurement, please specify.										
B6	Learn from other countries and participate in international collaboration, please specify.										
B7	Enhance awareness of data investment needs for IFFs in whole-of-government approach, please specify.										
B8	Build rapport with the public by releasing data and statistical analysis on IFFs, please specify.										
B9	Other:										

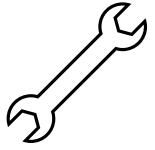


# Materials and tools

## Data availability assessment

B. Please fill in the table below by specifying for each indicator the available data sources on drug demand, required for the estimation of IFFs related to drug trafficking activities in your country.

Indicator	Illicit drug type	Data provider(s) or research study	Are these data available?					Notes
			<i>Please use the drop-down menu to select a reply per year</i>					
			2020	2019	2018	2017	Any other previous year between 2012 and 2016 (please specify year(s): .....)	
1.1 - Prevalence of drug use among the general population, by type of drug								
1.2 - Prevalence of drug use in the youth population, by type of drug								
treatment and/or treatment episodes by primary drug and intervention								
1.4 - Number of registered drug users by drug (if registries of drug users exist in your country)								
1.5 - Information on the quantity of drug consumed on average by drug users, per capita, per illicit drug (e.g. 100 grams per average cocaine user per year)								
1.6 - Information on the amount spent, per illicit drug, per capita (e.g. 200 USD per average cannabis user per year)								



# Materials and tools

Drug demand/supply data

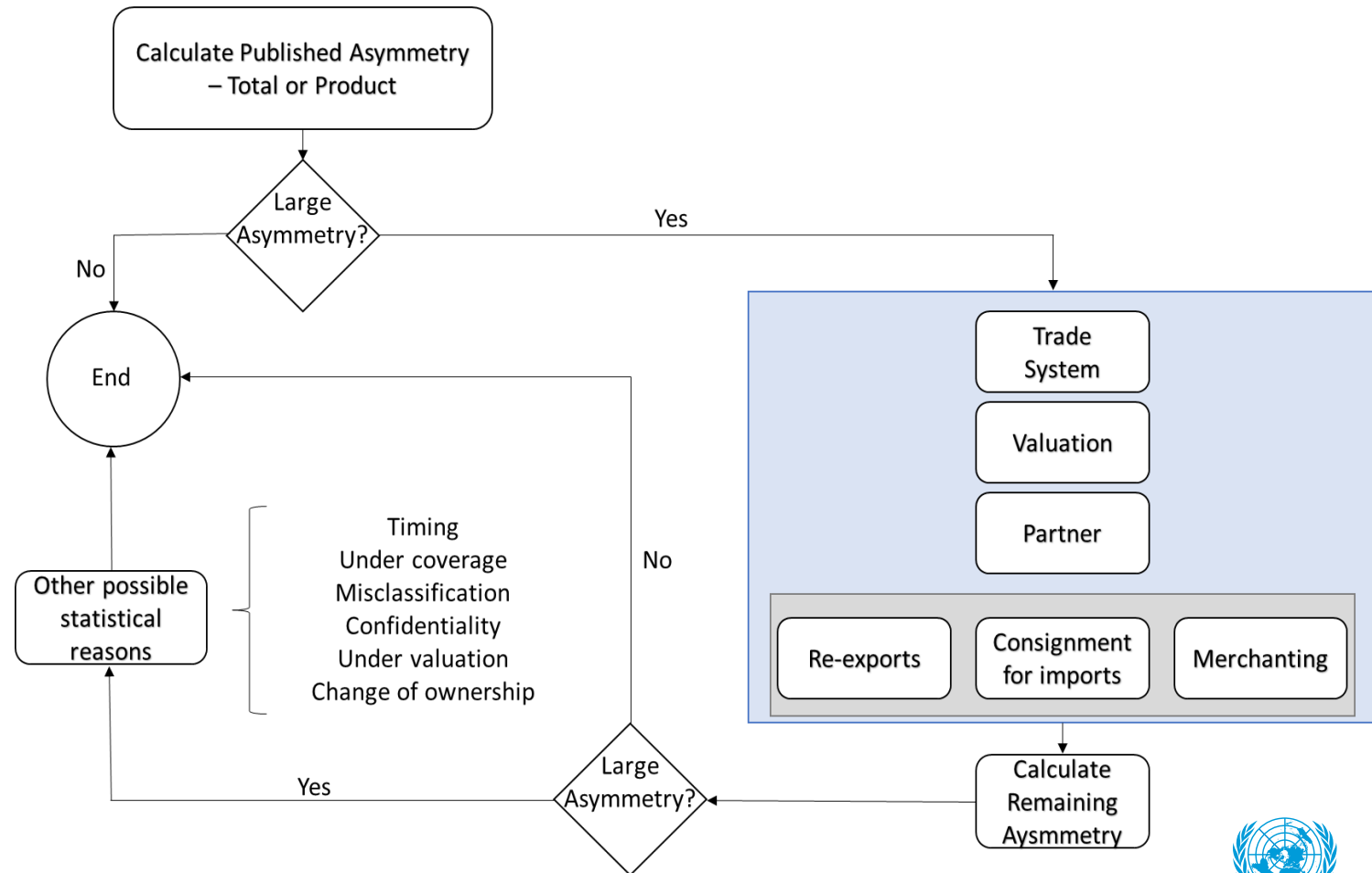
## Drug seizures

For each of the drugs and precursors listed, please report the quantities of drug seized in your territory in the below columns, in the correct unit of measurement, for the respective year.

Class and type of drugs	2020						2019		
	Please report the quantities of drugs seized during the reference year or period.*								
	Weight (kilograms, grams, etc.)		Consumption units (tablets, pills, doses, etc.)		Other units (volume, plants, seeds, seedlings, matchboxes, etc.)		Weight (kilograms, grams, etc.)		Consumption units (tablets, pills, doses, etc.)
	Quantity	Unit of measurement	Quantity	Unit of measurement	Quantity	Unit of measurement	Quantity	Unit of measurement	Quantity
All substances									
<b>Cannabis-type</b>									
Marijuana (herb)	50078.549	kilogram	50078549	doses			32657.699	kilogram	32657699
Hashish (resin)									
Plants									
Oil									
<i>Other types of cannabis (THC, Cannabis cookies, etc...) - please specify:</i>									
<b>Opioids</b>									
Heroin	210.438	kilogram	21,043,800	doses			323.279	kilogram	32,327,900
Codeine -based cough syrup	201.595	kilogram	1,007,977	bottles			195.33	kilogram	976663
Buprenorphine	37.815	milligram	124.608	ampoules			123708	milligram	41236

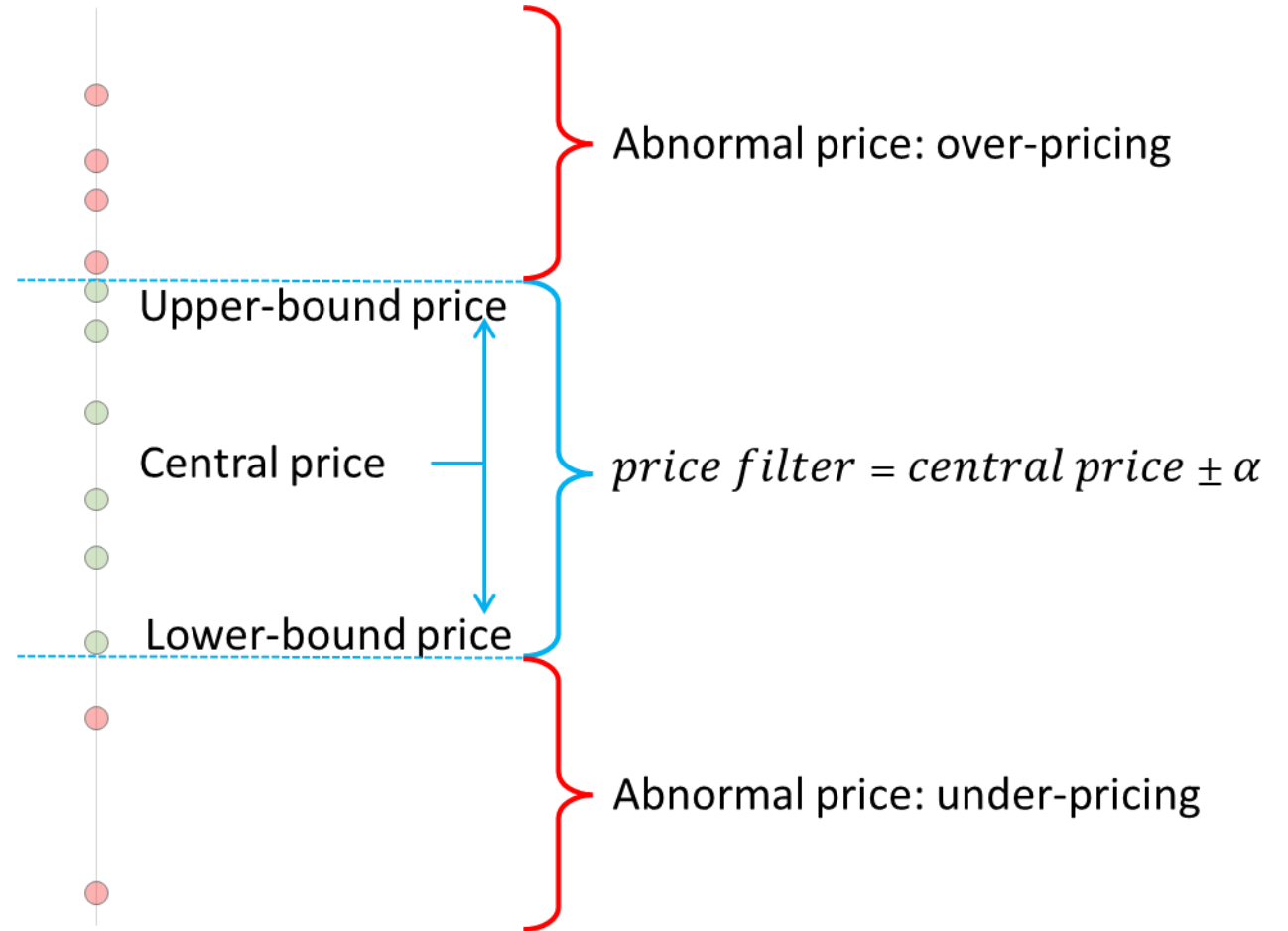
# Training modules

- Tax and commercial IFFs
  - M#1: PCM+
    - Mirroring trade values by trading partners
    - Many factors for discrepancies -> [\[inspect!\]](#)



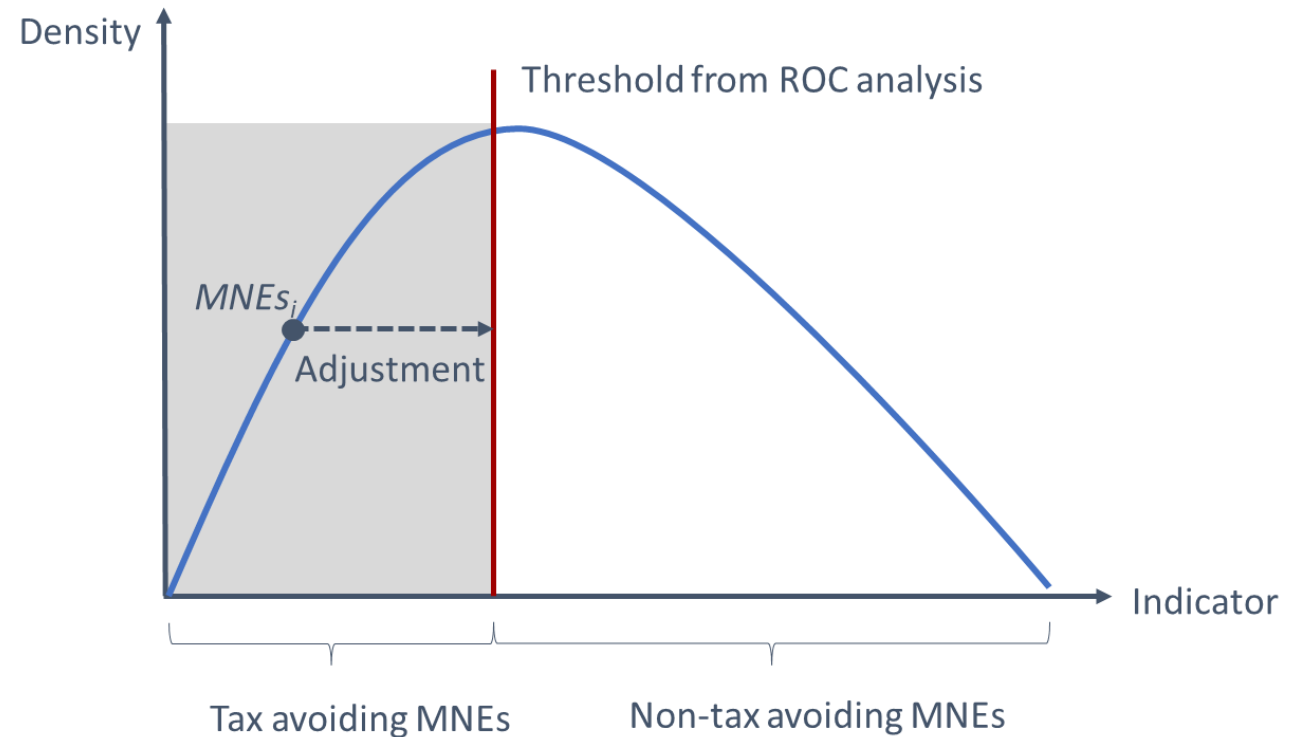
# Training modules

- Tax and commercial IFFs
  - M#2: PFM+
    - Detect abnormal prices, deviating from arm's length
    - Central price?
    - Variation?



# Training modules

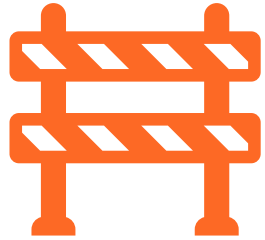
- Tax and commercial IFFs
  - Aggressive tax avoidance
    - M#3: Tax semi-elasticity approach: shift profits to lower-tax units within MNE
    - M#4: Compare MNE to domestic





# Training modules

- Tax and commercial IFFs
  - Tax evasion by individuals



- M#5: offshore wealth
- M#6: undeclared offshore assets

- Assumption:

internationally reported > reported to national authorities

$$\phi_i = \sum_j \beta_{j,i} - \alpha_i$$

BIS LS  
OECD CRS

National Tax  
Authority

# Training modules

- Crime-related IFFs: 3 modules per topic
  - Drug trafficking
  - Trafficking in persons
  - Smuggling of migrants
  - Wildlife trafficking



UNODC Bangladesh training workshop on drug trafficking related IFFs – 7 March 2022, Dhaka  
<https://www.unodc.org/unodc/en/data-and-analysis/iff-bangladesh.html>



# E-learning platform

- Full scale, self-paced e-learning
- Focus on IFF data and measurement
- UNCTAD, UNODC and ECA exploring the most suitable option



# SDG 16.4.1 reporting

## Global SDGs indicators database

### Objective

2 aggregated estimates:

total inward IFFs and total outward IFFs

+ Indicator 16.4.1, Series : Total value of inward illicit financial flows **DI\_ILL\_IN**

+ Indicator 16.4.1, Series : Total value of outward illicit financial flows **DI\_ILL\_OUT**

### Disaggregation

#### IFFs type

**TXC:** Tax and commercial  
**ILL:** Illegal market  
**COR:** Corruption  
**ETF:** Exploitation type and terrorism financing

#### IFFs sub-type

TXC\_TMI :Trade misinvoicing  
TXC\_TAV: Tax evasion  
....  
ILL\_DRG: Illicit drug  
ILL\_SOM: Smuggling of migrants  
....  
ETF\_TIP: Trafficking in persons

#### Economic sector

ISIC4\_A: Agriculture, forestry and fishing  
ISIC4\_B: Mining and quarrying  
ISIC4\_C: Manufacturing  
ISIC4\_D: Electricity, gas, steam and air conditioning supply  
ISIC4\_E: Water supply; sewerage, waste management and remediation activities  
.....

Other possible disaggregation:

#### Geographic

Region  
Subregion  
Country



# Statistical framework

- Towards Statistical Framework – material to support OP1.4, early 2024
  - Concepts
  - Methods
  - Tools
- Statistical Framework: ready for 2026 UN Statistical Commission

# Thank you!

