



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

The United Nations Conference on Trade and Development (UNCTAD) is organising the meeting jointly with the United Nations Economic Commission for Africa (UN ECA) and the United Nations Office on Drugs and Crime (UNODC).

Date:	20 - 22 June 2018
Location:	United Nations Conference on Trade and Development (UNCTAD) Palais des Nations Geneva, Switzerland
Meeting room:	Salle IV (C building – 3 rd floor)
Note:	The meeting will be held in English. Simultaneous interpretation will not be provided

Agenda of the meeting

Day 1 - Wednesday, 20 June 2018

9:45 Arrival and registration of participants

10:00 Welcoming remarks

Richard Kozul-Wright, UNCTAD

10:20 **Session 1. Previous work on building a statistical framework to measure SDG 16.4.1**

Illicit financial flows can be sourced by a variety of activities (illegal markets, corruption, tax-related practices, etc.) and a comprehensive statistical framework is needed to capture the various types of IFFs in a consistent and comprehensive manner. Based on the discussions held at the UNODC-UNCTAD Expert Group Meeting on December 2017, an updated statistical framework is presented and discussed.

Account of UN activities on IFF indicators

Enrico Bisogno, UNODC

Fernando Cantu, UNCTAD

Gamal Ibrahim, UNECA

Outcomes of previous consultation on measuring IFFs

Enrico Bisogno, UNODC

Stephanie Blankenburg, UNCTAD

Moderator: Anu Peltola, UNCTAD

11:15 Coffee/tea break

11:30 **Session 2. Scope and definition of IFFs for SDG indicator 16.4.1**

The 2030 Agenda for Sustainable Development identifies IFFs as a significant drain on resources, a vehicle to perpetuate organised crime and an obstacle for development. SDG indicator 16.4.1 (“total value of inward and outward IFFs”) still lacks an internationally agreed definition and no official data is collected at present. A challenge in the development of the methodology is, therefore, the conceptual definition and the scope of IFFs.

Questions for discussion

- What are the minimum elements of a definition of IFFs? Is the traditional typology of IFFs (illegal activities, corruption, and tax-related practices) suitable and distinctive enough for measurement?
- How can we reach a balance between, on one hand, a definition that reflects the full impact of IFFs on development and, on the other hand, a definition that remains operational and measurable at the global and regional levels?
- Is the approach to study and monitor IFFs changing, given the recent development of legal or procedural mechanisms that introduce transparency frameworks for firms, including multinationals?



Panelists

Sol Picciotto, Lancaster University Law School

Irene Musselli, Centre for Development and Environment, University of Bern

Peter Chowla, United Nations Department of Economic and Social Affairs (UN DESA)

Followed by an open discussion.

Moderator: Richard Kozul-Wright, UNCTAD

13:00 [Lunch break](#)

14:30 **Session 3. Measuring IFFs from commercial and tax-related practices**

Cross-border tax-related transactions represent an important share of IFFs. They can take the form of tax evasion by individuals or corporations, tax avoidance, abusive profit-shifting and transfer pricing, trade mis-invoicing (including commodities), and others. Frequently, these constitute a “grey area” of practices that, although legal, can go against social and ethical codes. There is no global agreement on what constitutes illicit practices in this area, and how they should be measured. This session will discuss the type of IFFs concerned and alternatives for estimating their size.

Questions for discussion

- This category of IFFs is composed of a wide variety of practices. What are the most relevant from a developmental point of view? How can the different practices be reconciled into one measure?
- What are the main potential sources of information for this type of flows at the national and international levels?
- What is the role of national institutions in collecting data on tax-related IFFs? What safeguards need to be implemented, given the challenges related to this information (confidentiality, political sensitivity, vested interests, etc.)?

Presentation: [Approach to studying and measuring tax-related IFFs](#)

Alex Cobham, Tax Justice Network and King’s College, London

Petr Janský, independent consultant and Charles University, Prague

Followed by an open discussion.

Moderators: Stephanie Blankenburg (UNCTAD) and Gamal Ibrahim (UNECA)

[incl. coffee/tea break \(15:45 - 16:15\)](#)

17:30 [Close of Day 1](#)

Day 2 - Thursday, 21 June 2018

10:00 **Session 4. Estimating IFFs from criminal activities**

Illegal activities can generate IFFs in many ways: illegal goods and services can produce IFFs at various steps of the value chain and/or when managing profits generated by such activities. Furthermore, illegal activities that do not involve the creation of added value (such as theft or extortion) can trigger IFFs if a share of the proceeds are transferred abroad. While important advances have been made in the measurement of income generated from illegal activities, assessing the size of IFFs associated with such activities is still challenging. This session will discuss the measurement of IFFs from criminal activities.

Presentation: Building the approach to measure IFFs related to drug market

Diana Camerini, UNODC

Federico Sallusti, ISTAT

Followed by an open discussion.

Moderator: Enrico Bisogno, UNODC

[incl. coffee/tea break \(11:15 - 11:45\)](#)

13:00 Lunch break

14:30 **Session 5. Defining IFFs arising from corruption**

Corruption and bribery among political, business and government actors may be a significant source of IFFs, for example when revenues derived from embezzlement are transferred abroad (stolen assets) or when bribes are paid for cross-border corruption. Corruption can also be an enabling factor of illicit flows by undermining the integrity and legitimacy of economic and political institutions. This session will cover IFFs linked to corruption and their measurement.

Questions for discussion

- Should corruption be included as a distinct category of IFFs? How to avoid double counting with other types of IFFs?
- IFFs related to corruption may be closely linked to other illicit activities, for instance as a compensation to actors turning a blind eye to trade mispricing. What types of IFFs from corrupt practices are the most relevant to be measured?
- What indicators could be most relevant for the monitoring of leakages due to corruption? What existing or new data sources could be used to measure these flows and what are the largest data gaps and measurement pitfalls?

Presentations: The measurement of corruption and related IFFs, possible ways forward

Mushtaq Khan and Antonio Andreoni, SOAS University of London

Alexander Kamprad, UNODC

Alberto Aziani, Transcrime

Followed by an open discussion.

Moderators: Stephanie Blankenburg (UNCTAD) and Gamal Ibrahim (UNECA)

[incl. coffee/tea break \(15:45 - 16:15\)](#)

17:30 Close of Day 2

Day 3 - Friday, 22 June 2018

10:00 **Session 6.** Putting the pieces together: data, sources and methods to estimate the various components of SDG indicator 16.4.1.

Any methodology to measure IFFs needs to consider relevant statistical aspects, such as the conceptual definition, sources of data and responsible entities, levels of disaggregation, verification of data quality, etc. In particular, data quality and a finer level of disaggregation are of utmost importance to provide relevant information for the monitoring of inward and outward IFFs and for the design of policies to reduce them. Moreover, while national statistical systems need to be involved in estimating scale and trends of IFFs, data and capacity gaps could be significant, especially in developing countries.

Questions for discussion

- What level of disaggregation and what other aspects should be considered for this indicator for it to be useful for policy purposes?
- How to align the proposed methodologies for the measurement of IFFs to build on existing statistical frameworks (system of national accounts, balance of payments statistics, foreign affiliates statistics (FATS), business registers, government finance statistics, etc.)?
- What is the role of different types of data (surveys, registers, administrative data, big data)?
- What elements should be considered when drafting statistical guidelines for measuring IFFs?
- What challenges could be expected when implementing these methodologies at the national level, especially in developing countries? How to organise pilot testing in the countries and share the findings?

Global process related to SDG indicator development

Jennifer Park, United Nations Economic Commission for Europe (UNECE)

Challenges of building a statistical SDG indicator on IFFs

Steve MacFeely, UNCTAD

Followed by an open discussion.

11:15 **Coffee break**

11:30 **Session 7.** Summary of the discussions and the way forward

Panelists

Stephanie Blankenburg and Steve MacFeely, UNCTAD

Gamal Ibrahim, UNECA

Enrico Bisogno, UNODC

Followed by an open discussion.

12:30 **Close of the meeting**