Pilot to measure illicit financial flows in Latin America
The pilot to measure illicit financial flows

**Objective:** Adapt and test the methodology to measure IFF

**Participating countries:**
- Mexico
- Colombia
- Ecuador
- Peru

**Illicit markets:**
- Drugs
- Trafficking in persons
- Smuggling of migrants
- Illegal mining

**Timeframe:** 2018-2020
The methology

UNCTAD focus

- Tax evasion and tax avoidance

UNODC focus

- Corruption
- Theft-type activities
- Illicit markets
The statistical framework for measuring IFF

**ILLICIT INTERMEDIATE COSTS**

<table>
<thead>
<tr>
<th>NATIONAL COSTS</th>
<th>IMPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transportation</td>
<td>• Drugs</td>
</tr>
<tr>
<td>• Bribery</td>
<td>• Chemical inputs</td>
</tr>
<tr>
<td>• Protection</td>
<td>• Equipment</td>
</tr>
</tbody>
</table>

**NET ILLICIT INCOME**

<table>
<thead>
<tr>
<th>NATIONAL EARNINGS</th>
<th>EXPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wholesale and retail drug sales</td>
<td>• Wholesale drug sales</td>
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<tr>
<td></td>
<td>• Migrants smuggling service</td>
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**ILLICIT INCOME**

Use of the income of key actors in the illicit market:
- Exporters
- Wholesalers

Incoming flows of illegal income from abroad.

Outward IFF

Inward IFF
Result 1: Smuggling of migrants in Mexico

Methodology to estimate the IFFs through Mexico (2016 map):
Estimated inward and outward IFFs from smuggling of migrants in Mexico
Result 2: Drug trafficking in Mexico

Estimated gross inward IFFs per drug in Mexico (2015-2018 average):

- Cannabis: $8.08 billion
- Heroin: $4.96 billion
- Cocaine: $3.52 billion
- Metamphetamine: $3.05 billion
Estimated inward IFFs from drug trafficking in Mexico
<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>BENEFITS</th>
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<tbody>
<tr>
<td>✓ Methodological</td>
<td>✓ Data collection</td>
</tr>
<tr>
<td>▪ Adapt the methodology to the specific market</td>
<td>▪ Identify available data for something that had never been used before</td>
</tr>
<tr>
<td>✓ Cooperation</td>
<td>▪ Data collection exercises beneficial for the institutions (pilot data forms)</td>
</tr>
<tr>
<td>▪ Raise awareness about indicator 16.4</td>
<td>✓ Increased capacity</td>
</tr>
<tr>
<td>▪ Take into account the diversity of the relevant institutions</td>
<td>▪ Analytical capacities to understand how the markets work</td>
</tr>
<tr>
<td>▪ Engage with the institutions in the exercise</td>
<td>✓ Partnership development</td>
</tr>
<tr>
<td>✓ Data collection</td>
<td>▪ Awareness on the importance of public policies to address IFFs</td>
</tr>
<tr>
<td>▪ Confidentiality</td>
<td>▪ Start dialogues between countries on measuring IFFs</td>
</tr>
<tr>
<td>▪ Scarsity</td>
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Thank you for your attention

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