



# UNODC

United Nations Office on Drugs and Crime



## UNCTAD-UNODC

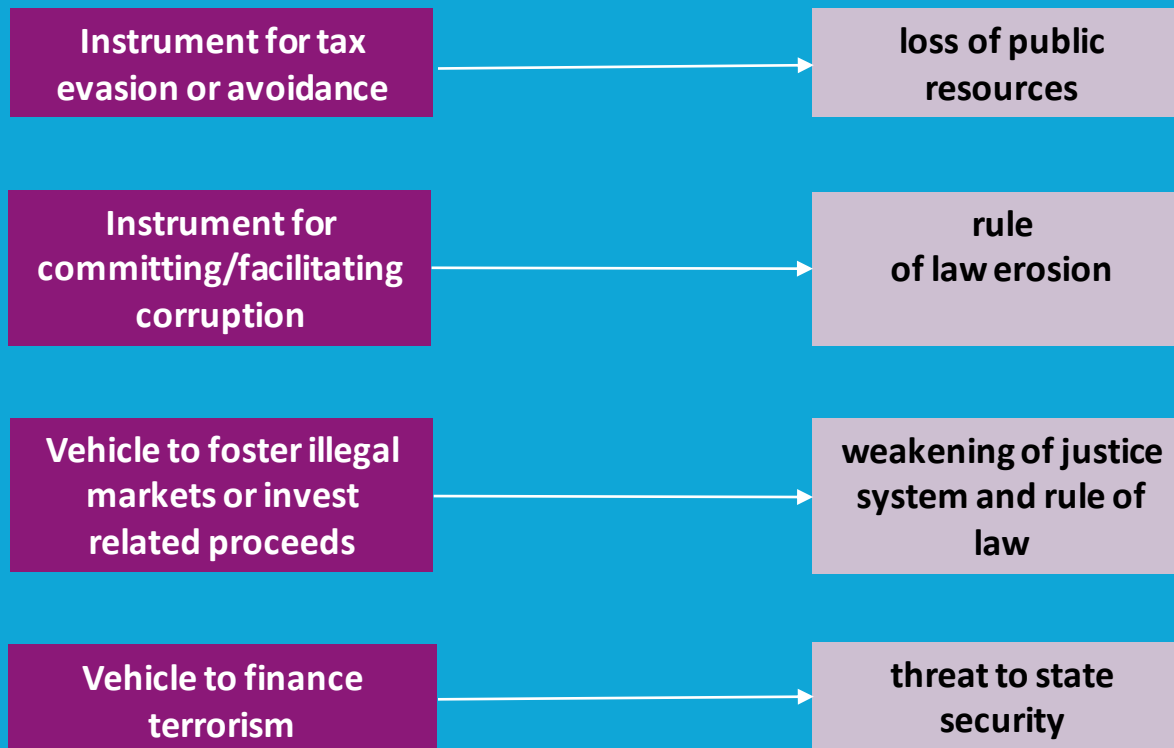
# Conceptual framework for the statistical measurement of Illicit Financial Flows

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# IFFs at the crossroad of multiple policy agendas



**16** PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS

## The framework: 2030 Agenda

**Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

- **Target 16.4:** By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
- **Indicator 16.4.1:** Total value of inward and outward illicit financial flows (in current US Dollars)
- UNODC and UNCTAD, as co-custodians of indicator 16.4.1, are mandated to develop the statistical methodology

## IFFs for statistical purposes

### Monetary measure of:

- International transfers of illicitly earned capital
- (Originally) legal capital transferred internationally for illicit purposes
- (Originally) legal capital transferred illicitly

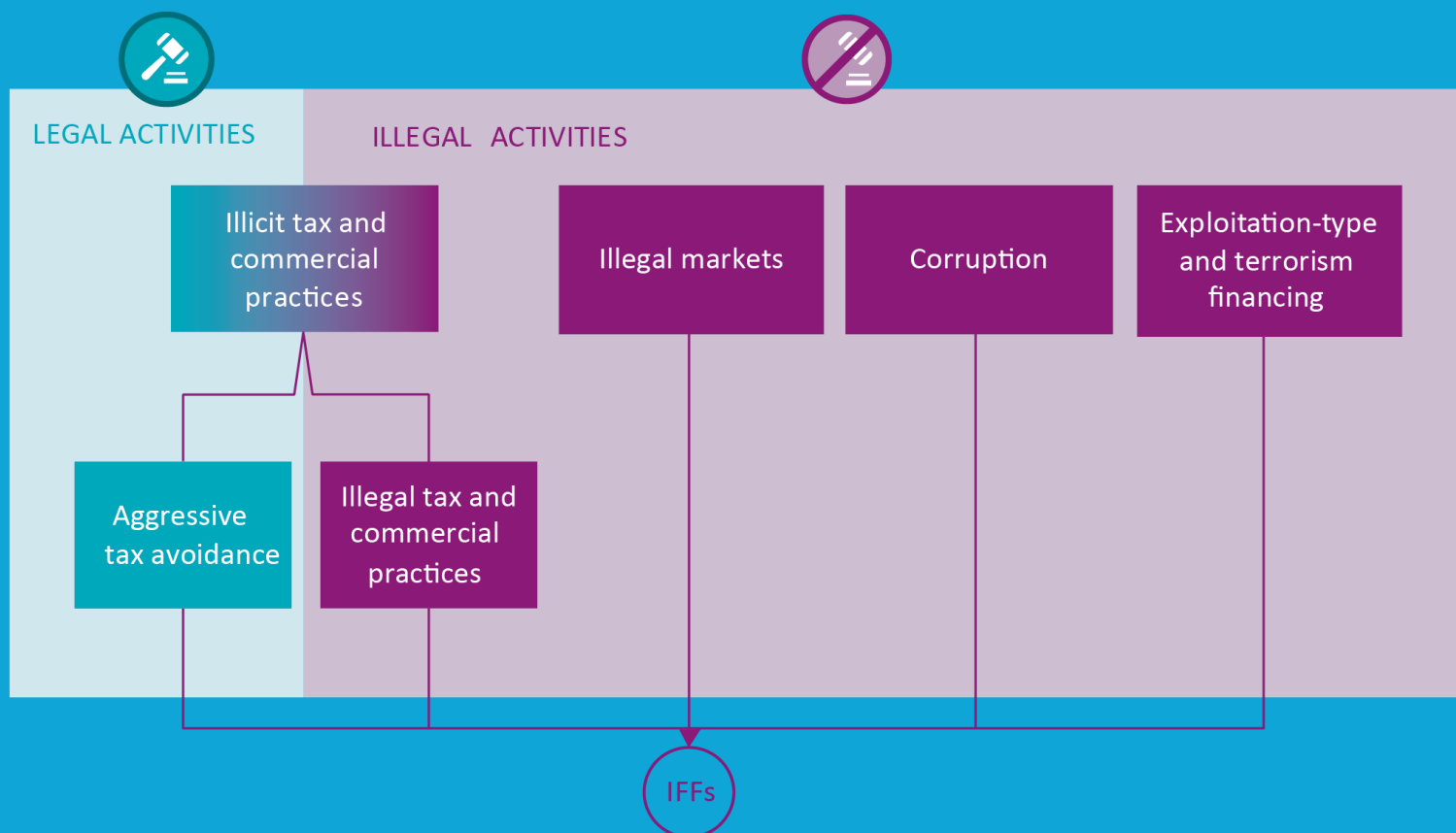
### Core Elements:

**Illicit**

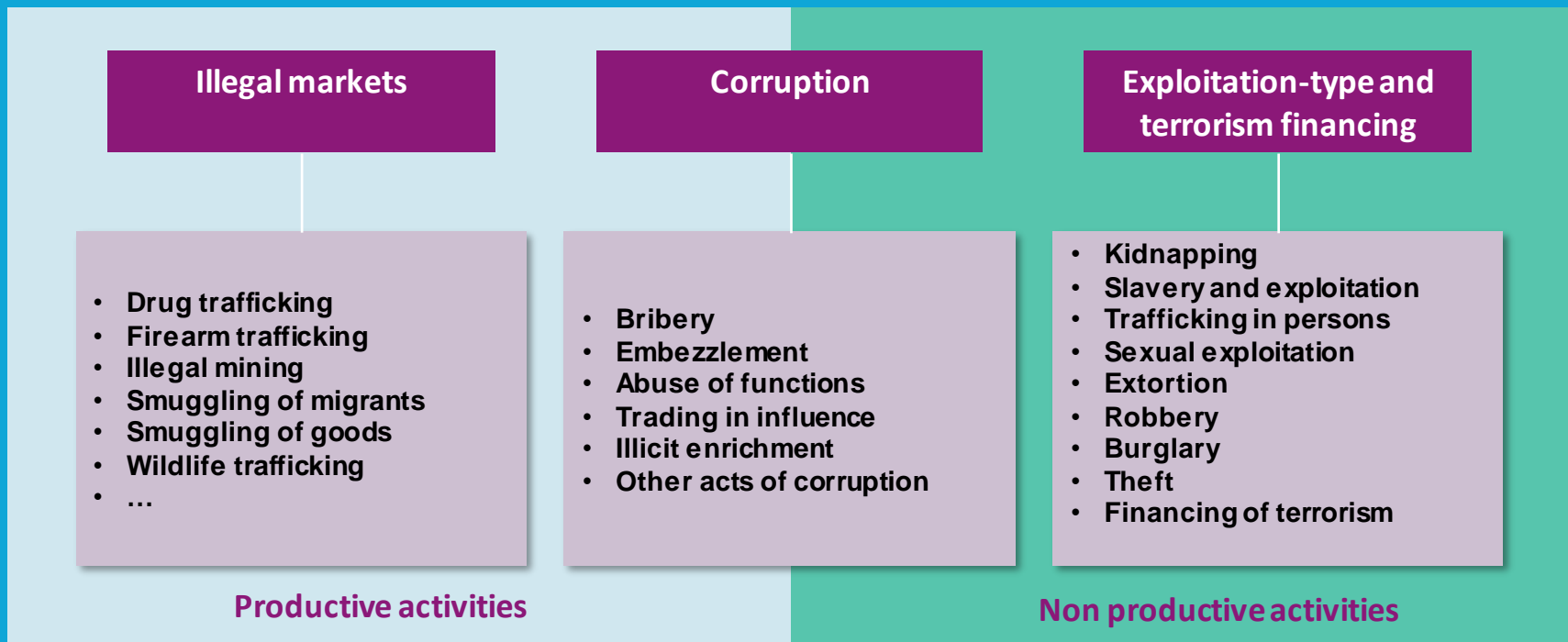
**Cross-Border**  
not domestic

**Flows**  
no stocks  
no net flows

# Distinguishing four types of IFFs



# IFFs from illegal markets/activities



## Example: IFFs emerging from drug trafficking





## Dual Focus in Measuring IFFs

### Income Generation

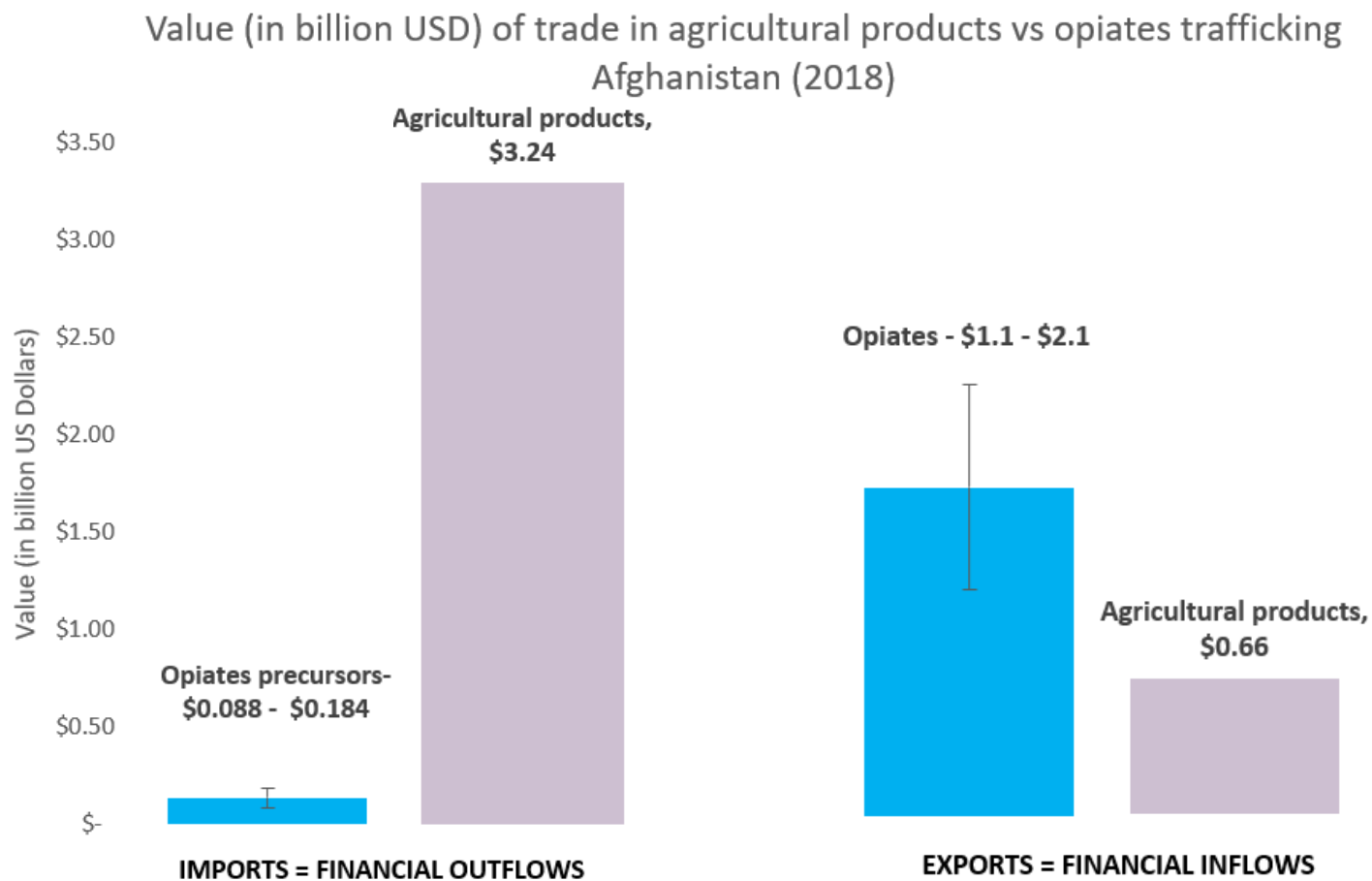
- Illicit financial flows connected to illicit markets and their functioning
- Linked to transnational supply and demand of illicit goods and services

### Income Management

- Illicit financial flows to manage income generated from illicit activities
- Linked to consumption and investment patterns of illicit actors



# IFF from opiates trafficking, Afghanistan (income generation)



Source: UNODC Estimates (Opiates trafficking), FAOStat (Trade in agricultural products)

# Statistical Framework for Measuring IFFs

## Key features:

- **Country-Level:** Allows to measure IFFs at the level of countries (in line with SDG indicator framework)
- **Disaggregated:** separate estimates for each IFF type
- **Comprehensive:** Encompasses main types of illicit activities that cause IFFs
- **Compatible:** Aligned to established concepts and standards from economics and accounting

# IFF Project in Latin America

*UNODC-INEGI Centre of Excellence, UNODC, UNCTAD*

## Project activities:

- Dec 2017 → Kick-off expert group meeting
- July 2018 → Second technical expert group meeting
- Nov 2018 → Regional meeting
- 2019-2020 → Pilot activities, including national workshops
- March 2021 → Final regional meeting to present results



## Institutions/stakeholder involved

## Role/data collected

National statistical offices

Coordination, focal points for the project

Financial intelligence units

Data providers (STRs, financial transactions)

Law enforcement agencies

Data providers (Seizures, information on traffickers, trafficking routes...)

Think tanks/academia

Methodological development, expert information

# Thank you.

For further info:

- <https://www.unodc.org/unodc/en/data-and-analysis/iff.html>