Methods to measure IFFs

Bojan NASTAV
Selecting methods

- Econometric vs statistical approach
- Comprehensive, comparable, applicable

Criteria for selection:
- Soundness
- Source data
- Results
Suggested methods

B Aggressive tax avoidance

Profit shifting

Offshore wealth

Mis invoicing

A Illegal tax and commercial IFFs
Suggested methods

B Aggressive tax avoidance

Units within an MNE group

MNEs vs comparable non-MNEs

Partner Country Method (PCM) +

Price Filter Method (PFM) +

Profit shifting

Offshore wealth

Undeclared offshore assets

Offshore financial wealth

A Illegal tax and commercial IFFs
Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of methods
- Compilation and dissemination
- Recommendations
Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of methods
- Compilation and dissemination
- Recommendations

Source: FATF (2013).
Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of methods
- Compilation and dissemination
- Recommendations
Tax and commercial illicit financial flows

Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of methods
- Compilation and dissemination
- Recommendations

CASE STUDY

Quality and availability of indicators related to illicit financial flows in Nigeria

Source: UNECA briefing on the pilot mission with Nigeria.
Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of methods
- Compilation and dissemination
- Recommendations
Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of methods
- Compilation and dissemination
- Recommendations

Tier classification of methods

- Three tiers
  - Tier 1: Preferred method
  - Tier 2: Fallback option
  - Tier 3: Last resort
Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of methods
- Compilation and dissemination
- Recommendations

- SDG reporting requirements
- Fundamental Principles of Official Statistics
Guidance to national authorities

- IFF risk assessment
- Mapping of agencies
- Data availability
- Operational definition
- Tier classification of risks
- Compilation and dissemination
- Recommendations
Online workshop on statistical methodologies to measure illicit financial flows

16 February 2021