



Concept note

Online workshop on statistical methodologies to measure illicit financial flows

Illicit financial flows (IFFs) threaten countries' ability to achieve the 2030 Agenda and the Sustainable Development Goals (SDGs) by diverting resources from development, particularly in Africa. Policy action to curb IFFs and secure resources for sustainable development require better data and better understanding of IFFs – their types, volume, impacts, channels, origins and destinations. As an illicit phenomenon, IFFs are not easy to track or measure.

In July 2017, the United Nations General Assembly (A/RES/71/313) adopted an indicator framework to monitor progress towards SDGs. Indicator 16.4.1, "*total value of inward and outward IFFs*", is one of two indicators intended to measure progress towards target 16.4 to "*by 2030, significantly reduce illicit financial flows and arms flow, strengthen the recovery and return of stolen assets and combat all forms of organised crime*". The call for action is strongly echoed by the Addis Ababa Action Agenda which aims at redoubling efforts to substantially reduce IFFs by 2030.

The online workshop on statistical methodologies to measure IFFs will introduce the newly released *UNCTAD-UNODC Conceptual Framework (2020)* and *UNCTAD Methodological Guidelines to Measure Tax and Commercial IFFs (upcoming in 2021)*. African countries will be invited to express their interest in joining the pilot testing of the methods. The event is organised by UNECA, jointly with UNCTAD and UNODC, custodians of SDG indicator 16.4.1 on IFFs. In 2018-2020, UNECA and the custodian agencies, together with a Statistical Task Force, developed statistical concepts and methods to measure IFFs in line with the Fundamental Principles of Official Statistics. These methods were approved for global use by the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs) in October 2019, as the indicator was reclassified from Tier 3 to Tier 2.

To support progress in countries, UNCTAD and UNECA are carrying out a [UN Development Account project](#) on *Defining, estimating, and disseminating statistics on IFFs in Africa*. As part of the project, **up to nine beneficiary countries will receive technical support, including guidance on statistical concepts and methods, support for pilot testing and steps to launch the measurement of IFFs for national needs.** The experience of these pilot countries will help refine the methods for SDG indicator 16.4.1 and contribute to the reporting of progress towards SDG target 16.4 in the future.

The *Conceptual Framework* and *Guidelines* are targeted at national statistical authorities, including the National Statistical Office (NSO) in a coordinating role and statistical experts of the Customs and Revenue Office, Tax authority and other agencies with relevant data and/or expertise on IFFs. This is in line with the General Assembly resolution which “*stresses that official statistics and data from national statistical systems constitute the basis needed for the global indicator framework, ..., and stresses the role of national statistical offices as the coordinator of the national statistical system.*”

The Guidelines will allow pilot countries to select among the suggested methods and concentrate on nationally relevant types of IFFs. The pilots will focus on national IFF risk assessment, data availability review, mapping of the national system of agencies, test compilation and potential publication of results, where the quality of first estimates meets national criteria.

The online workshop will involve technical discussions on the statistical measurement of IFFs, including to:

- Introduce the common statistical concepts, definitions and framework for the statistical measurement of IFFs.
- Discuss suggested methods to measure tax and commercial IFFs in particular, but also selected types of IFFs from crime.
- Share early country experience in the measurement of IFFs and discuss challenges encountered in national work.
- Discuss issues at stake in the African countries and sub-regions that should be considered in the measurement of IFFs and related pilots.
- Agree on the steps to launch country pilots and discuss data and capacity gaps and needs for support.

Successful measurement of IFFs requires collaboration across disciplines as illicit phenomena cut across society and data remain highly scattered. Therefore, **the relevant government agencies and Ministries, and especially the NSO, Customs and Revenue office, Tax authority, Central Banks and Financial Intelligence Centers are invited to participate in the online workshop.** The project seeks to empower the United Nations Member States to estimate IFFs in line with national priorities by supporting the statistical system to acquire the technical knowledge to launch the statistical measurement of IFFs.

The pilots will offer a possibility for official statisticians to inform policy action and strategies related to IFFs – an area where the consequences for development are severe while reliable data and statistics remain scarce.