



UNODC

United Nations Office on Drugs and Crime



UNCTAD-UNODC

Conceptual framework for the statistical measurement of Illicit Financial Flows

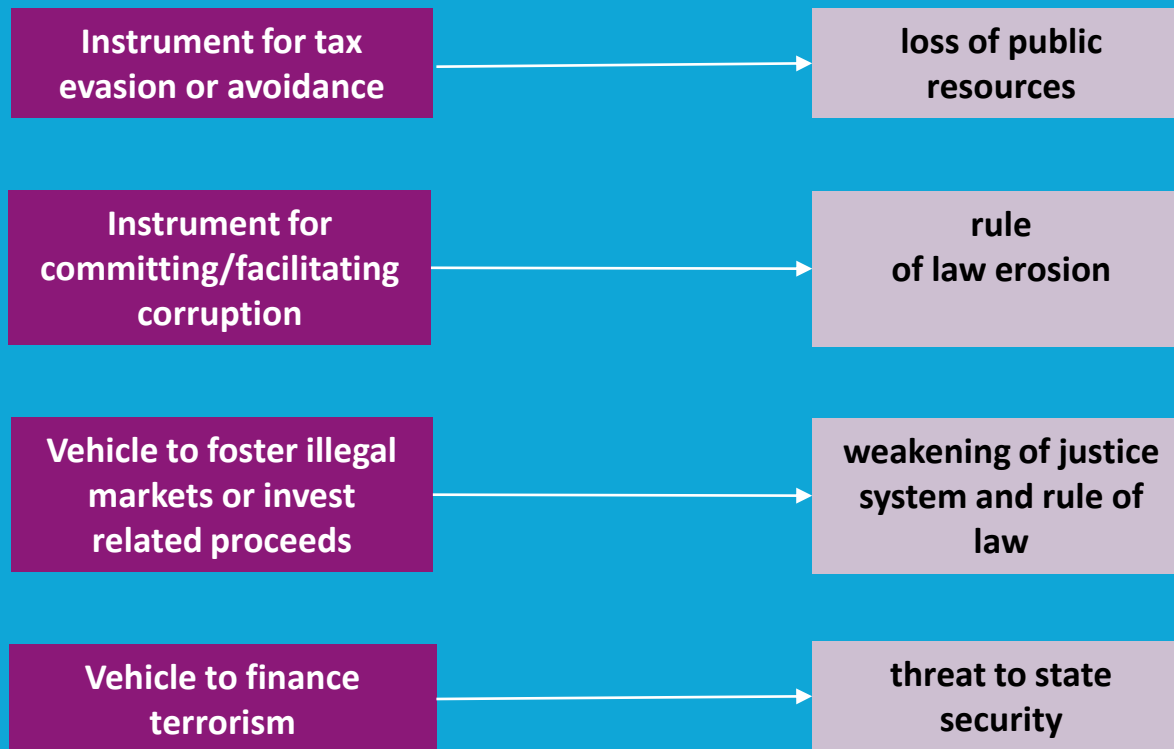
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National Kick-off Workshop of pilot activities for measuring Illicit Financial Flows (IFFs) in Egypt

1 September 2021

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

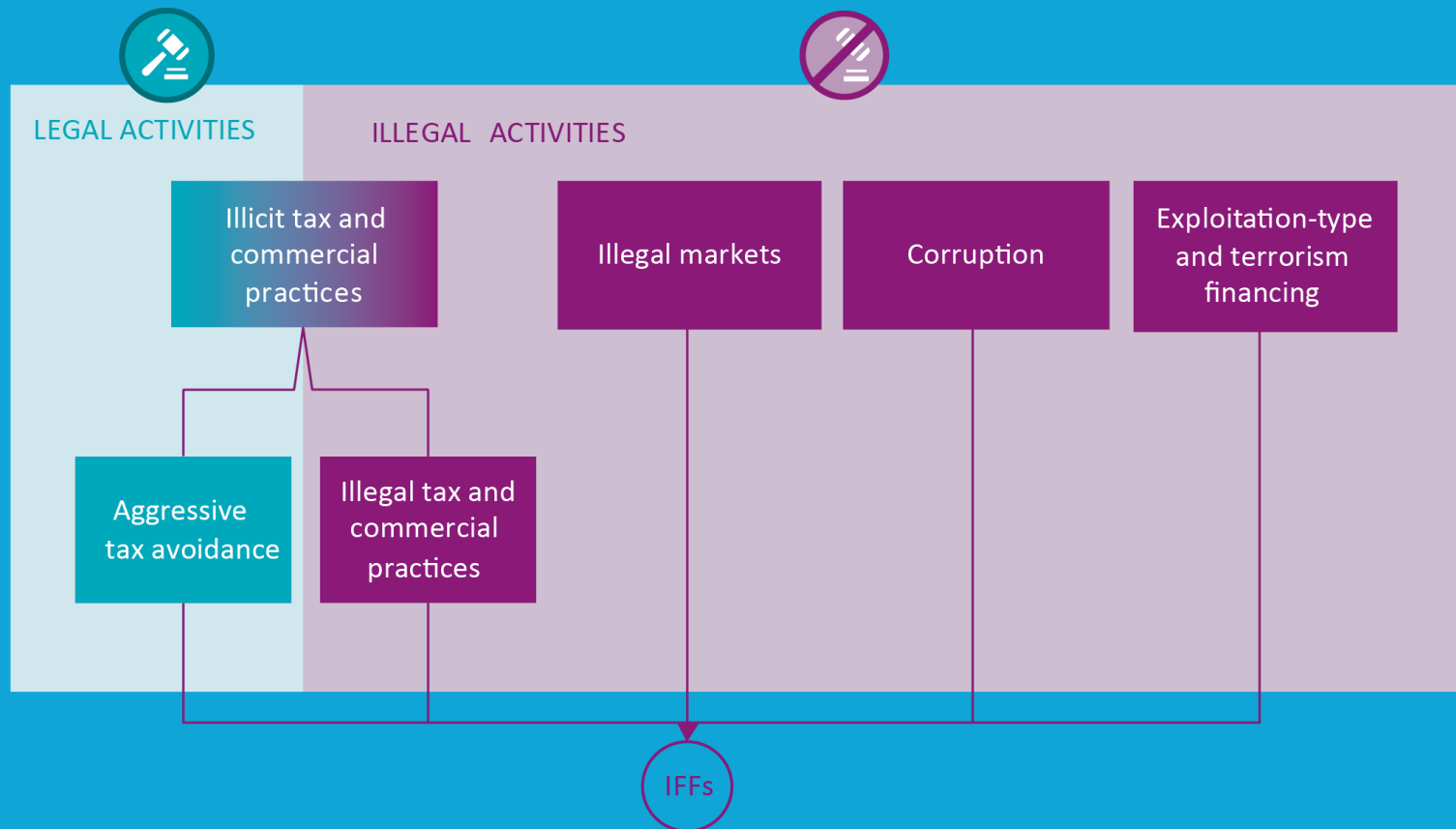
Core Elements:

Illicit

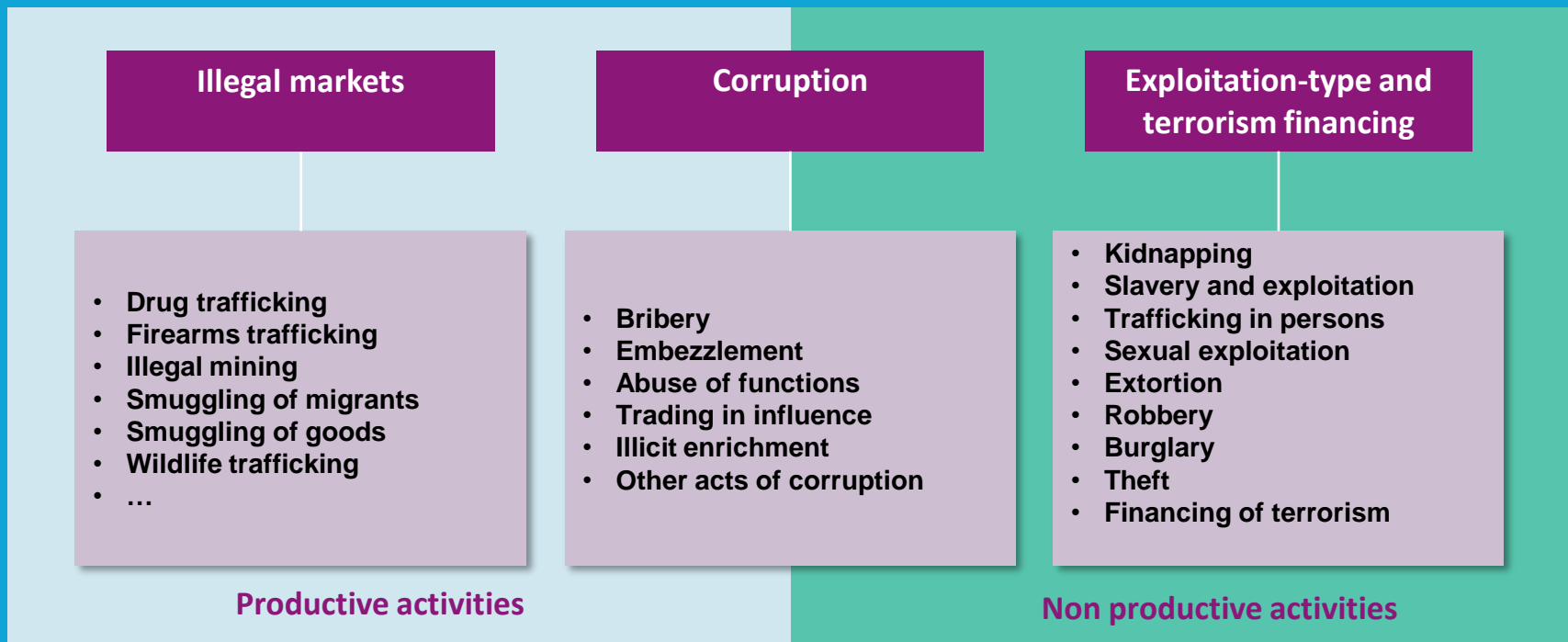
Cross-Border
not domestic

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

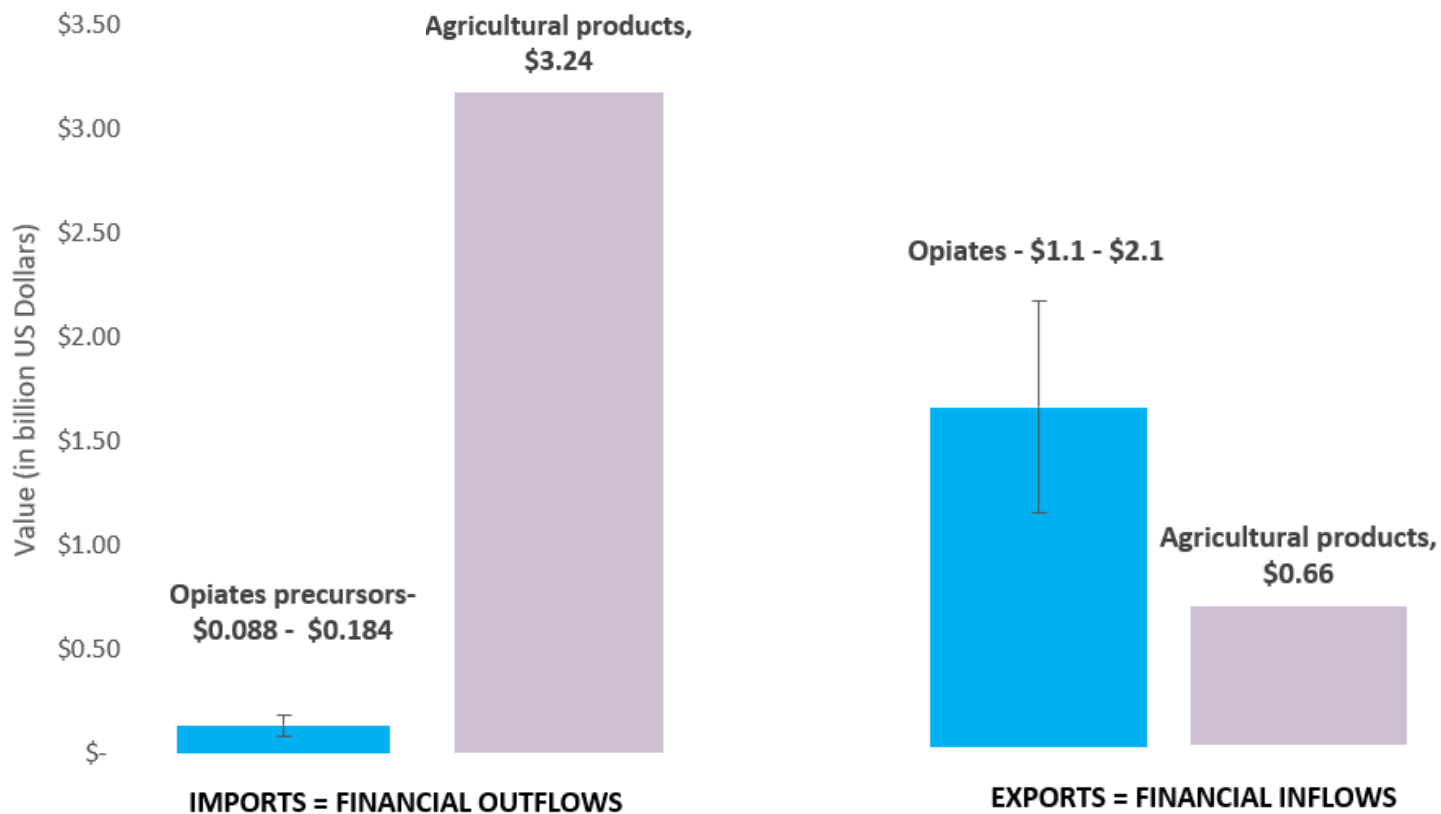
- Illicit financial flows connected to illicit markets and their functioning
- Linked to transnational supply and demand of illicit goods and services

Income Management

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

IFFs from opiates trafficking, Afghanistan (income generation)

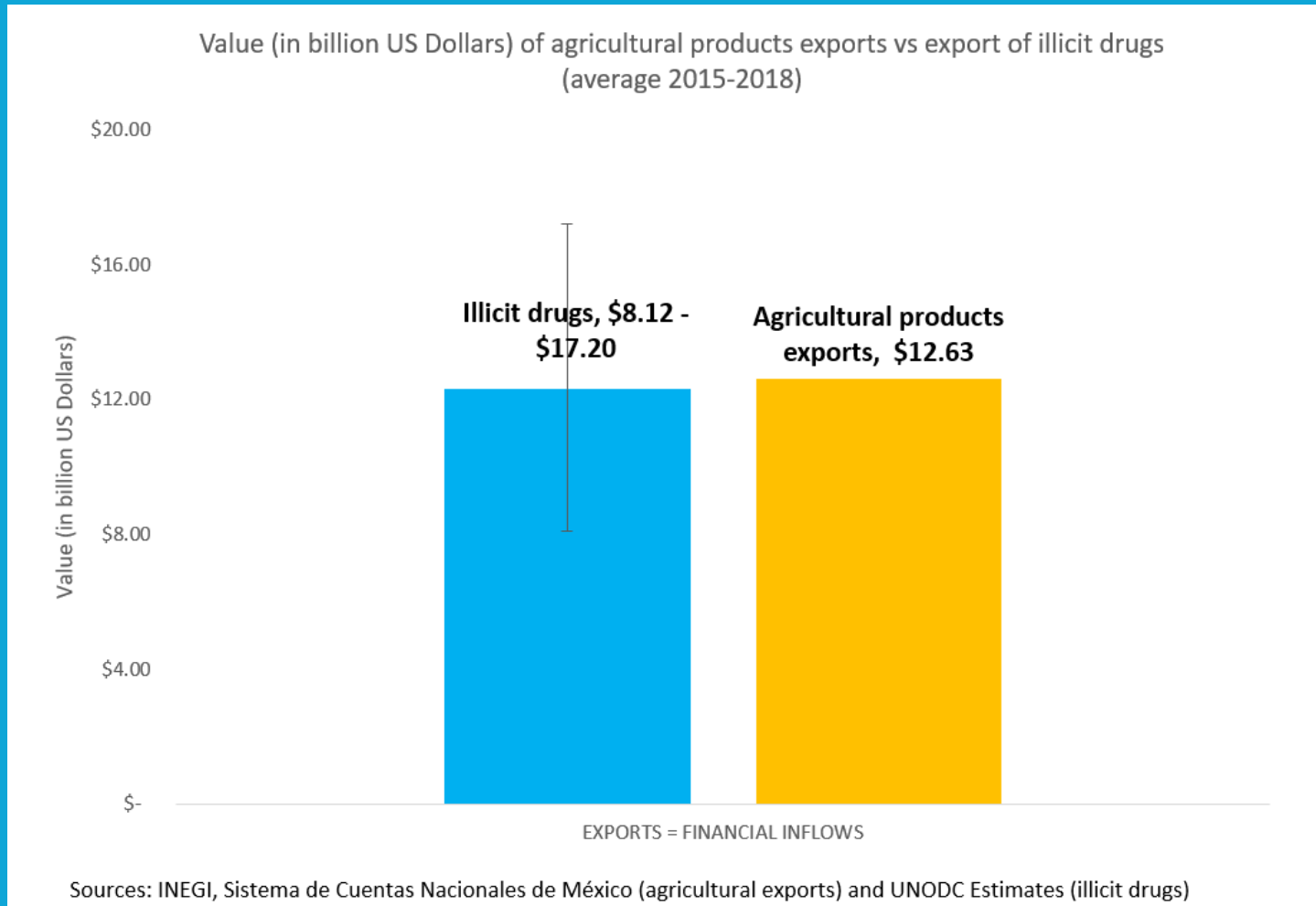
Value (in billion USD) of trade in agricultural products vs opiates trafficking
Afghanistan (2018)



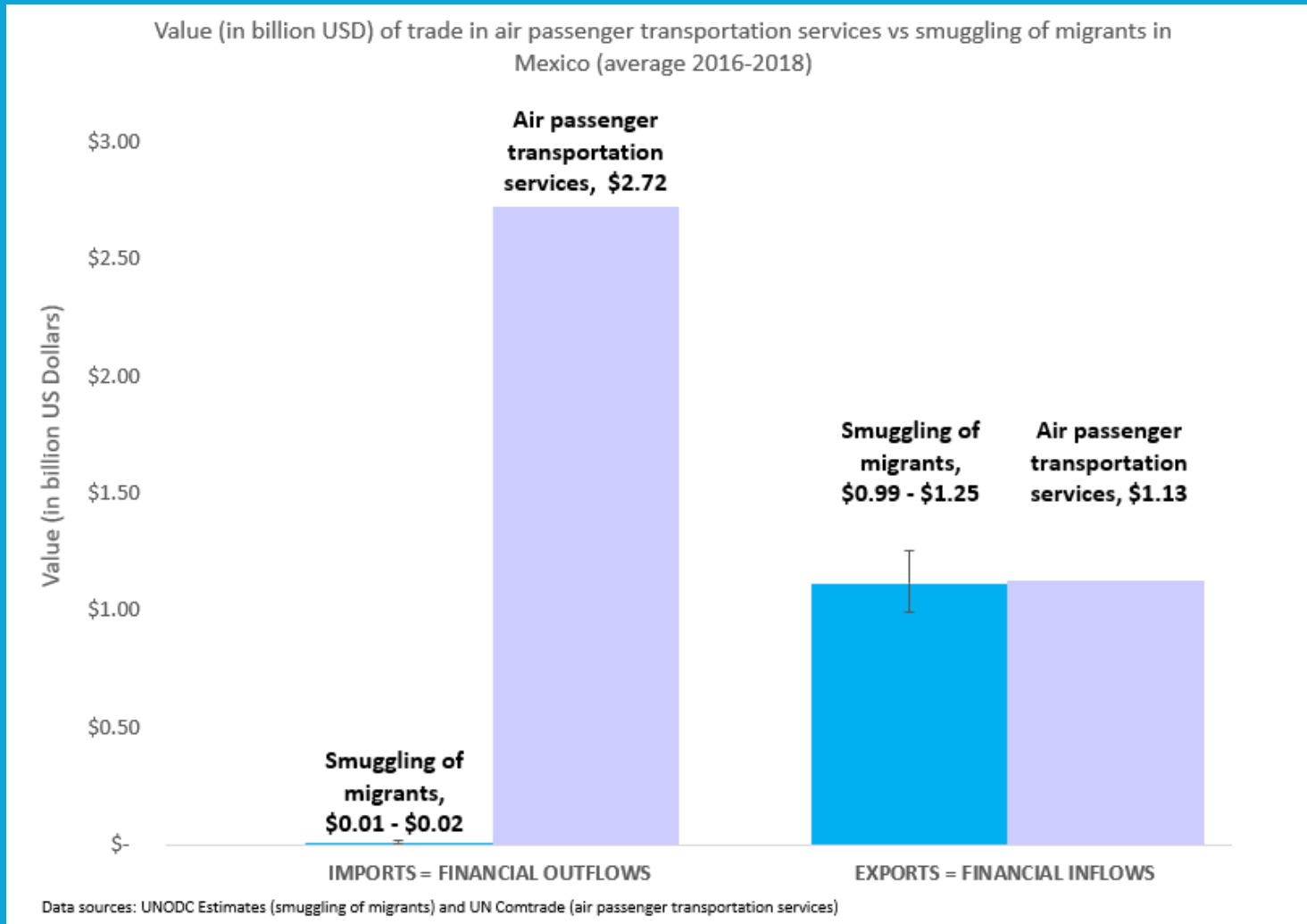
Source: UNODC Estimates (Opiates trafficking), FAOStat (Trade in agricultural products)

IFFs from drug trafficking*, Mexico (income generation)

* cocaine, heroin and methamphetamine trafficking



IFFs from smuggling of migrants, Mexico (income generation)



Inward IFFs from smuggling of migrants include two services: i) cross the Mexican territory, ii) irregularly enter the US.

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

Thank you.

For further info:

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