



Terms of Reference

Expert Group for the statistical measurement of Illicit Financial Flows in Egypt

I. Introduction

1. Illicit financial flows (IFFs) threaten countries' ability to achieve the 2030 Agenda and the Sustainable Development Goals (SDGs) by diverting resources from sustainable and inclusive development. This is also the case in Egypt. These risks have been recognized in target 16.4 of the 2030 Agenda that calls 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." In July 2017, the United Nations General Assembly adopted an SDG indicator framework with indicator 16.4.1 intended to measure the "*total value of inward and outward illicit financial flows*". The Addis Ababa Action Agenda on financing for development similarly calls for a redoubling of efforts to substantially reduce IFFs by 2030.

2. The United Nations integrated SDGs Financing project for Egypt (INFF) is a UN joint programme in partnership with the Government of Egypt. It aims to develop capacities and put in place simple systems to continuously measure, map and compare financing flows. An important element of this project is identifying financing opportunities, through the better availability and quality of data, in particular data on Illicit Financial Flows (IFFs).

3. According to preliminary IFF risk assessment and a Self-assessment Questionnaire filled out by relevant national agencies, Egypt may be more exposed to tax and commercial IFFs, such as trade mispricing and MNE profit shifting, and IFFs from illegal markets (e.g., drugs trafficking) and corruption. Several national policies are in place in Egypt to address the IFFs and various state institutions exert efforts in order to combat IFFs, listing a national project in combatting money laundering and terrorism financing as an example. A need to have a measurement tool available has been expressed during the kick-off workshop on IFF measurement in Egypt.

4. IFFs need to be measured to understand the related flows, destinations and motivations, and to design and implement effective measures to curb IFFs. IFFs also influence gross domestic product (GDP) and other key statistics giving rise to mismeasurement or misinterpretation of economic development. UNCTAD and UNODC, as custodians of indicator 16.4.1, have developed Methodological Guidelines to measure different types of IFFs. These are aimed at statistical and other national authorities with a mandate to collect and access relevant data.

5. IFFs leave very little traces in official records and these data are scattered across data held by national authorities and other sources. Measurement of the many types of IFFs in one indicator requires close collaboration within the national statistical system (NSS) and with administrative and private data holders, in coordination by the National Statistical Office (NSO). The compilation of SDG indicator 16.4.1 is a technical, statistical activity that must be carried out independently in line with the Fundamental Principles of Official Statistics¹.

¹ <https://unstats.un.org/unsd/dnss/gp/fundprinciples.aspx>



6. In view of these developments, an Expert Group for the statistical measurement of illicit financial flows (EG-IFFs) in Egypt, composed of statisticians and other national experts will be established.

II. Objective

7. The objective of the EG-IFFs is establishing the foundations for the statistical measurement of IFFs in Egypt in line with international standards and methods for the reporting on the 2030 Agenda.; to identify financing opportunities, through the better availability and quality of IFF data, as follows:

- a) Provide a platform for collaboration among national authorities and promote consultation with stakeholders;
- b) Build a data infrastructure for the national monitoring of IFFs in the context of the 2030 Agenda; and
- c) Strengthen the capacity of national authorities to measure and monitor IFFs, in a coordinated effort, in support of the national policy to curb IFFs.

The EG-IFFs will work in international collaboration, relying on international statistical standards, and guidance provided by UNCTAD, UNODC and UNECA, and exchanging best practices with other countries involved in the statistical measurement of IFFs.

III. Planned activities and outputs

8. The EG-IFFs will carry out the following activities:

- a) Discuss the mandates, expertise and relationships of national authorities and other stakeholders related to different types of IFFs.
- b) Consider existing knowledge, information and estimates of IFFs and assess IFF risks and exposure in Egypt;
- c) Review data available to national authorities, including access to other administrative or privately held data considering legal frameworks;
- d) Assess the current statistical capacity of national authorities and identify priority development needs;
- e) Guide the planning of pilot testing, including the selection of IFFs to be measured as a priority, and agree on a division of work between agencies;
- f) Contribute to the accumulation of knowledge, expertise, tools and resources for national use, share expertise, and review training needs and available guidance;
- g) Provide a sounding board for the discussion of challenges and findings of pilot testing in the course of work, review progress and findings;

- h) Organize meetings as necessary to inform and engage stakeholders and other national authorities of plans, progress and results of work, and the challenges and importance of measuring IFFs;
- i) Agree on an Action Plan for future measurement of IFFs in Egypt, considering the necessary data infrastructure and statistical capacity. Discuss and agree on short and long-term priorities for capacity development and statistical work on IFFs in Egypt;
- j) Reach out to promote a whole-of-government approach to dealing with IFFs, share statistical findings and seek funding for continuous statistical measurement of IFFs with a view on reporting in the context of 2030 Agenda and beyond.

IV. Timetable

9. The activities of the TWG-IFFs are planned according to the indicative timetable:

Timing	Milestones
Phase 1	Pilot testing of methods to measure IFFs
Nov 2021	Set up EG-IFFs and agree on its Terms of Reference
Dec 2021	IFF risk assessment
Nov – Dec 2021	Data availability review
Dec 2021 – Jan 2022	Planning of pilot testing
Dec 2021 – Jan 2022	Discuss statistical capacity, training needs and materials
Dec 2021 – Mar 2022	Support national IFF pilot measurement
Feb – Mar 2022	Discuss challenges and findings of the pilot
Phase 2	Reporting and next steps
Mar 2022	Discuss the report on the outcomes of pilot testing
Mar 2022	Agree on an initial action plan for future measurement of IFFs
Apr – Jun 2022	Reach out to stakeholders to share outcomes and mobilize support
Apr – Jun 2022	Refine the action plan, if needed, based on stakeholder feedback
Jun 2022 ->	Coordinate efforts towards reporting on SDG indicator 16.4.1 on IFFs

V. Members

10. The EG-IFFs will be composed of statistical and IFF experts of relevant national agencies and stakeholders. Members with contact details are presented in the table in Annex 2.

11. UNCTAD will act as initial Secretariat and coordination support to the EG-IFFs, with the national support of MPED as project coordinator.



Annex 1. Composition of the IFF expert group in Egypt and requirements

As an integral part of the implementation of the IFF measurement joint project between UNCTAD and MPED, members from Egypt's national institutions with an expertise in areas relevant to IFF, Law, Statistics, Data, Trade, Prices, Economics, Finance (...) are targeted to participate in the IFF Expert Group.

Members of the IFF technical committee² are kindly requested to be part of the expert group, additionally, experts who have demonstrable competences and/or experience in this field, at national and/or international level are highly encouraged to join.

The targeted representation number is **3 members per agency**; 2 technical members and one head of unit.

Technical aspects cover Statistical and mathematical background as well as Finance, Law and Economics background. Head of unit, based on his/her managerial skills will facilitate decisions making and staff involvement. In practice, it is important that each group member will be able to meet at least 4 requirements among the following **criterion (Check list)**:

- Have sound experience in statistics and data compilation,
- Strong quantitative and qualitative methodology skills
- Have sound experience in trade statistics
- Have sound experience in balance of payments and national accounts statistics
- Have sound experience in investment (e.g., FDI) statistics
- Confidently and positively contribute to discussions about technical skills
- Understand trends of financial flows
- Understand the tax and commercial flows
- Understand activities and flows related to profit shifting of multinational enterprise groups.
- Understand activities and flows related to crime-related IFFs (e.g., corruption, smuggling of migrants)
- Have background knowledge about the IFF in general.
- Extensive knowledge on Egypt IFF related challenges.
- Good knowledge of English language (writing and speaking) is desirable

² Ministry of Finance, Ministry of Trade and Industry, Ministry of Immigration and Egyptian Expatriates' Affairs, Accountability State Authority, Financial regulatory Authority, Ministry of International Cooperation, General Authority for Investment and Free Zones, CAPMAS, Central Bank of Egypt, Egyptian Customs Authority, Ministry of Interior, The Egyptian Exchange, Administrative Control Authority (ACA) and the Ministry of Justice.



In addition, nominated members should:

- Be prepared to engage in discussions on IFFs in Egypt
- Be prepared to provide constructive, written feedback on draft documentation
- Represent the national institution – contributing on behalf of the agency, not in a personal or individual capacity
- Commit to a minimum of four half-day meetings (2 or 3 hours) over a six-month period and an initial induction
- Commit to activities outlined in the Terms of reference of the Expert Group on IFFs in Egypt

UNCTAD and MPED, together with the expert group, will also invite experts from other national and international institutions, as appropriate to contribute their expertise and experience on IFF.

Annex 2. Membership of EG-IFFs in Egypt

	Name	Contact details (e-mail address)	Organisation
1			
2			
3			
4			