



Measuring and Curbing Illicit Financial Flow: Existing Work and Policy Actions in Bangladesh



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Economic Landscape of Bangladesh



- Size of Economy-GDP 420.52 Billion USD
- Sustainable Economic Growth over the past years (7.1 in 2022_WB)
- Emerging Economy
- Classified as ***“Next Eleven”*** emerging market-and one of the ***“Frontier Five”*** emerging economies in the world by Goldman Sachs and JP Morgan respectively
- The Govt. envisions to graduate BD into higher middle-income status by 2031, and eradicate poverty on way to becoming a developed nation by 2041





Impact of IFF



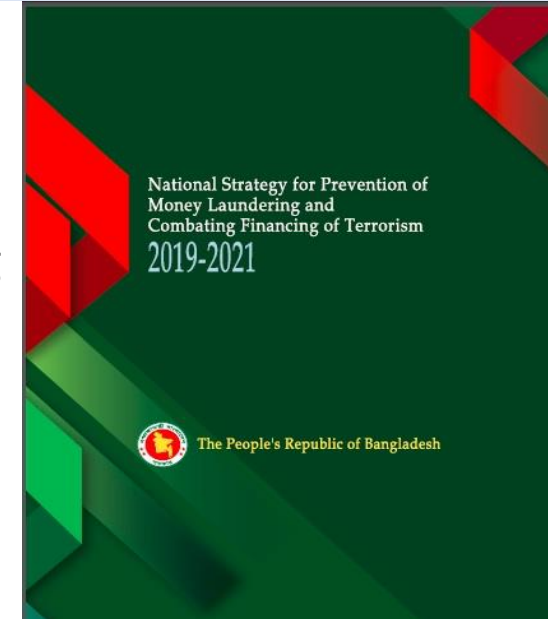
- **Research indicates Bangladesh faces an annual loss of more than 8 billion USD due to trade misinvoicing**
- **Government loses Tax and Revenue**
- **Hampers Economic Growth**
- **Pressure on Foreign Exchange Market**
- **Creates a pressure on the government to resort to external borrowing**
- **Pressure on Government's Spending on Infrastructural Development**
- **Impact on Foreign Direct Investment**



Policies and Legal Framework



- **Inter Agency Task Force for Stolen Asset Recovery Established in 2007**
- **IFF is criminalized as Money laundering Offence under MLPA 2012**
- **National Strategy for Prevention of Money Laundering and Combating Financing of Terrorism 2015-17**
 - **Strategy -4; To Guard against Illicit Flow of Fund from Home and Abroad**
- **NST 2019-2021**
 - **Strategy 1: conduct a study to find out the amount of outward IFF and their destinations**
- **Bangladesh's 8th Five-Year Plan (2021-25) aims to attain SDG**
- **Issuance of TBML Guidelines, 2019**
- **Development of Stolen Asset Recovery Strategy and Guidelines, 2022**
- **Active Participation in International Forum**
- **Initiatives Taken to Measure IFF**





Previous Experience



- Bangladesh participated at the Pilot Project on “*Statistics and Measuring Illicit Financial Flows*” implemented by UNODC, UNCTAD and ESCAPE during 2020-2022
- IFF associated with Drug Trafficking is measured
- Bangladesh Financial Intelligence Unit (BFIU) acted as focal point agency
- National Consultant Recruited
- 23 Stakeholders actively engaged with the project
- **Key stakeholders and data providers were**
 - ✓ Department of Narcotics Control (DNC), Central Drug Addiction Treatment Centre (CDATC), National Institute of Mental Health (NIMH), Other LEA agencies
- Coordination mechanism established and several meetings and national level workshop arranged



Challenges We Dealt with



- **Covid-19 pandemic**
- **Data insufficiency**
- **Scattered information**
- **Lack of Inter-agency coordination**
- **Lack of proper record keeping or database management**
- **Varieties of stakeholders and professions involved like LEAs, militias, drug addiction treatment centers, hospitals/clinics, NGOs etc.**



Achievement from the Project

- **1st initiative ever for measuring IFF**
- **Enhanced inter-agency collaboration and coordination**
- **Opportunity to work with different stakeholders in single platform with common goal**
- **Stakeholder engagement and awareness building**
- **Enhancement of expertise of the relevant stakeholders**

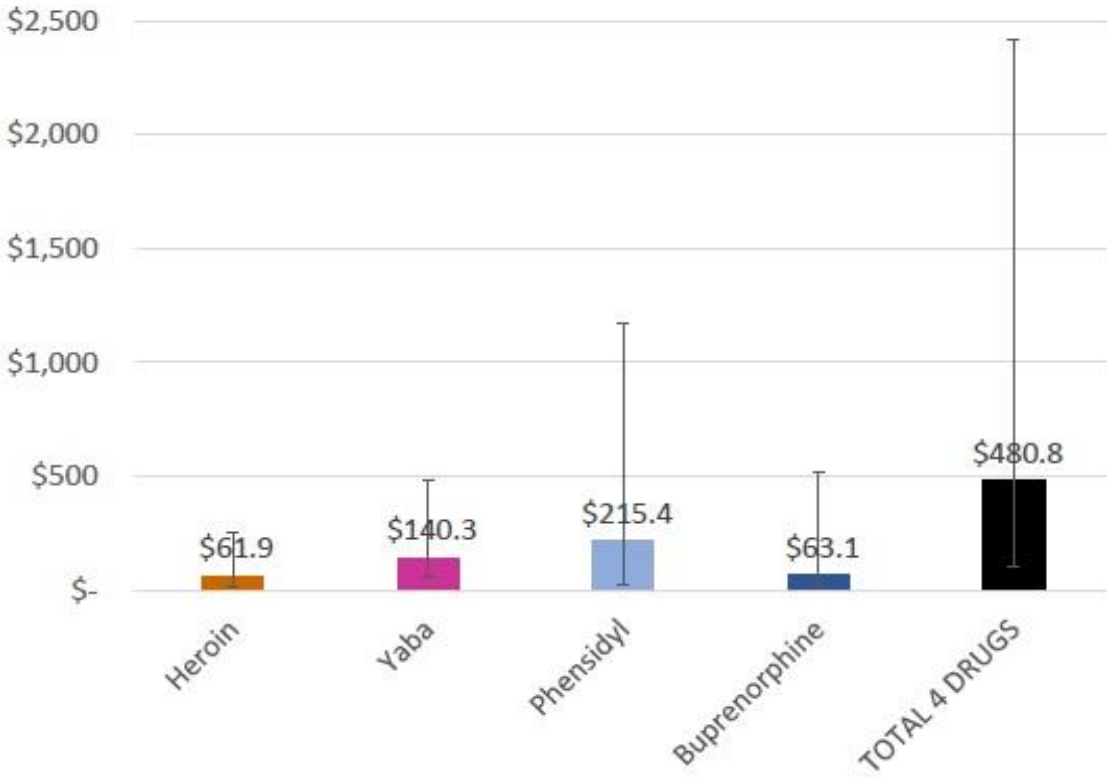


Results/Findings of the Study



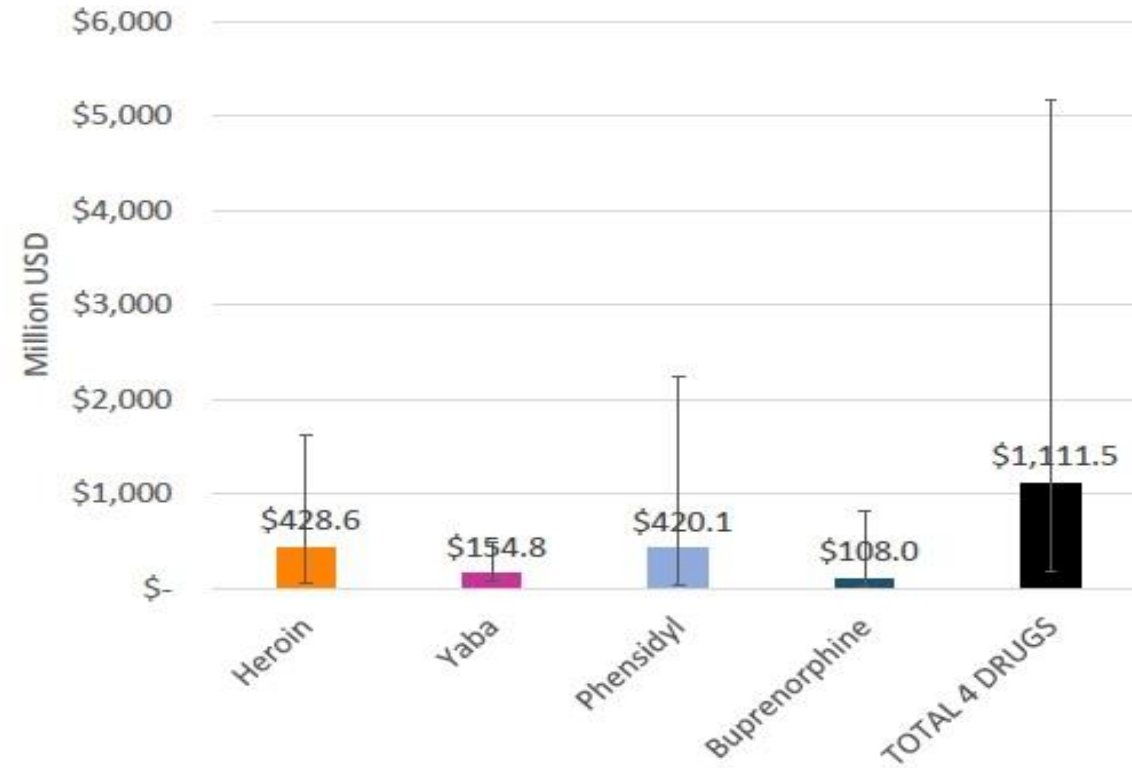
Yearly average of IFF associated with drug trafficking - **480.8 million USD (2017-2021)**

Outward IFFs (in million USD)



Graph-5: Yearly average of IFF - 2017 to 2021

Domestic market (in million USD)



Graph-6: Yearly average size of domestic market-consumption



Continue the Venture



- Bangladesh affirmed its interest to continue the activities in measuring IFF
- Sought for assistance in measuring IFF associated with tax and other commercial activities
- ESCAPE came up with the project on “Measuring and Curbing IFF” associated with **Tax and Commercial IFF**
- Bangladesh nominated two focal points to carry out the project
- A webinar held on 27 June 2023



Trade Landscape of Bangladesh



- **Import dependent Country** (Total import in 2021-22 was 75604.4 million USD, where total Export was 43603 million USD)
- **Major import partner countries are China, India, Singapore, Malaysia, Indonesia, USA, Japan, Brazil, Qatar and Saudi Arabia**
- **Major Export Partner Countries are USA, Germany, UK, Spain, France, Italy, Poland, India, Netherland and Japan**



Data Sources and Key Stakeholders Identified



- **Bangladesh Financial Intelligence Unit (focal point)**
- **Bangladesh Bank**
- **Commercial Banks**
- **Bangladesh Customs**
 - Customs Intelligence and Investigation Directorate (CIID)
 - Customs Houses
- **National Board of Revenue**
 - Central Intelligence Cell (CIC)
 - Transfer Pricing Unit
- **Anti-Corruption Commission**
- **Ministry of Commerce**
 - Export Promotion Bureau



THANK YOU!

