



IFFs Measurement in the Kyrgyz Republic

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IFFs Measuring

Introduction

- The IFFs measurement project in Kyrgyzstan was launched in the second half of 2021 with the assistance of ESCAP.
- At the first stage, the main directions and tools, participants, methods of measurement were determined, and a preliminary analysis on the availability of data was carried out.
- At the second stage, a preliminary measurement was carried out using the selected methods, taking into account the availability of data.
- First results of IFFs measurement in Kyrgyzstan were presented at the end 2022.

Methods

- **Proposed and chosen methods:**
 - Partner Country Method
 - Price Filter Method
 - Flows of Offshore Financial Wealth
- **Alternative methods:**
 - “Grey Re-Export”
 - IFFs from remittances of labor migrants



Methods and Data Availability

PCM & PFM methods:

- Comtrade UN Data Base
- National Statistical Committee
- National Bank
- National Customs Service

Alternative methods: “Grey Re-Export” & Remittances

- Comtrade UN Data Base
- National Statistical Committee
- National Bank
- National Customs Service
- Open Sources/Researches



State Agencies Involved

- National Statistical Committee – Focal Agency
- State Financial Intelligence Service
- National Bank
- General Prosecutor's Office
- State Tax Service
- State Service for Regulation and Supervision of the Financial Market
- State Customs Service
- Ministry of Internal Affairs



Challenges

- ▶ Small level of awareness concerning methods of IFFs measuring among State Agencies involved.
- ▶ Data Availability – Some data was not available due to the National Legislation on the protection of banking, commercial, tax, and other secrets.
- ▶ Data sharing – Weak Interagency Cooperation due to the lack of a national legal mechanism on IFFs measuring.



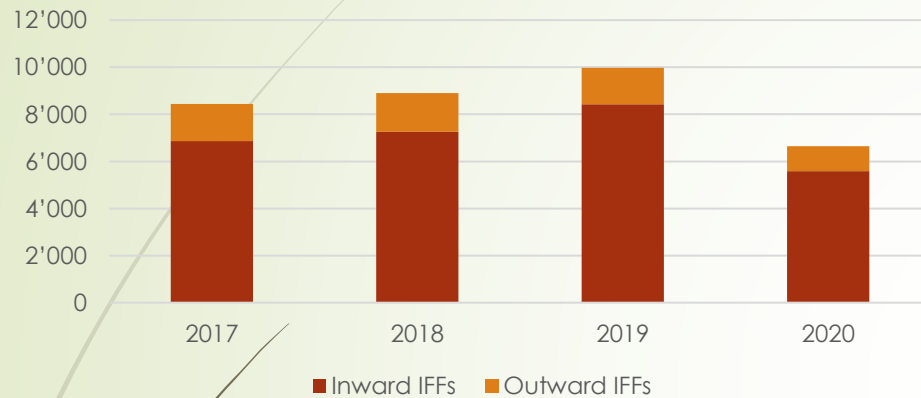
Lessons Learned

- Not all the methods are applicable for Kyrgyzstan.
- The proposed measurement methods need to be further developed taking into consideration national specifics.
- The absence of certain data and the secrecy of some information, as well as limited access to some data/information at the national level (subject to national legislation) on the protection of banking, commercial, tax and other secrets, complicates the IFFs measurement using the proposed methods.
- Lack of internal legal mechanisms and tools for the full involvement of other State Agencies (not only NSO) into IFFs measuring process.

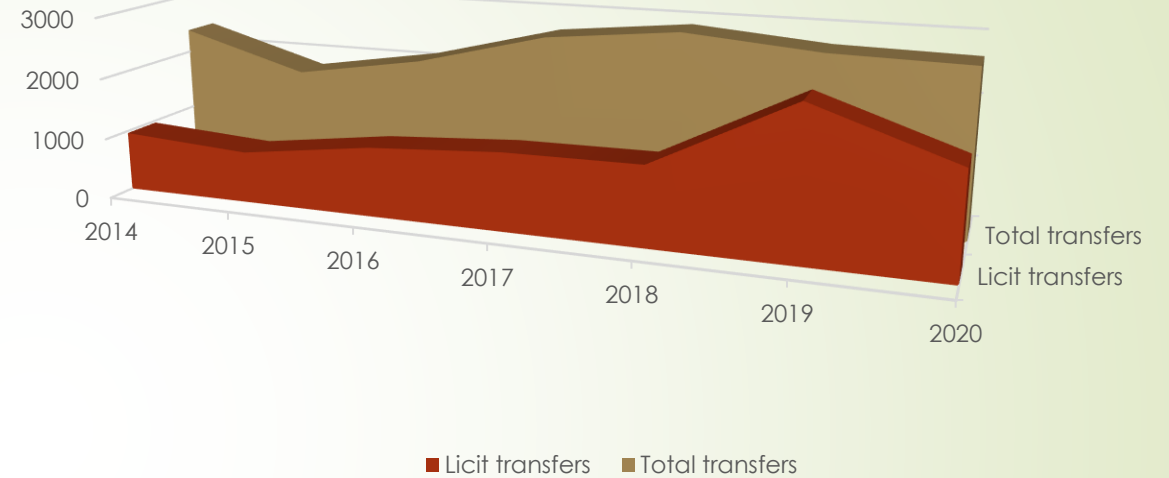


Results

Total trade-related IFFs, Kyrgyzstan, 2017-2020, millions USD



Illicit remittances, Kyrgyzstan, 2014-2020, millions USD



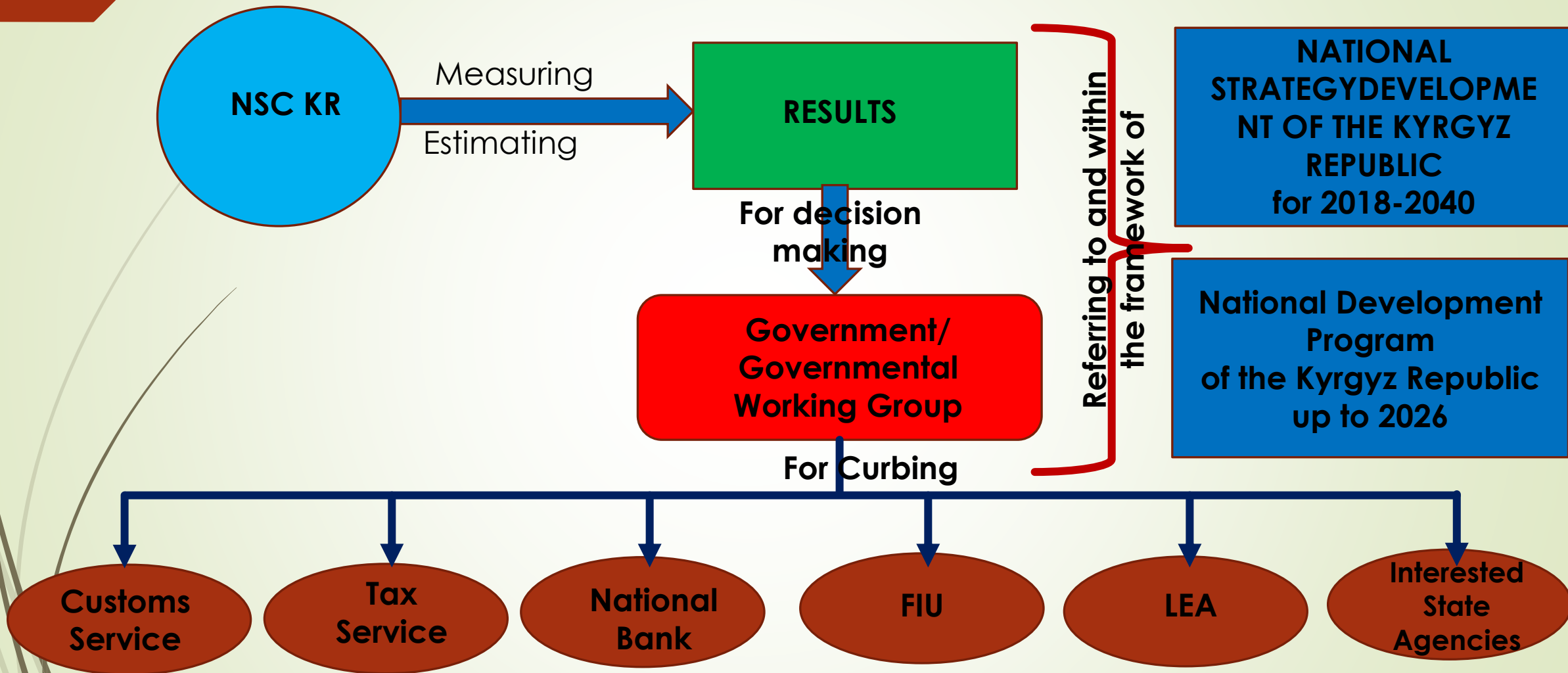
Estimation showed that the largest source of IFFs for Kyrgyzstan is trade, ranging between \$7.7 and \$11.3 billion (or 148-151% of total trade) dollars annually between 2017 – 2020. Inward flows dominate IFFs in Kyrgyzstan, and the primary source is final consumers' goods.

Moreover, Kyrgyzstan is also subject to inward IFFs from illicit remittances, which is estimated to range between \$0.3 and \$1.6 billion dollars annually (or 13-61% of total remittances) in 2014-2020.

Outward IFFs from offshore tax evasion are minor and did not exceed \$0.2 million dollars annually over the period of 2017-2020.



Measuring and Curbing Illicit Financial Flows



Thank you for your attention!!!



National Statistical Committee of the Kyrgyz Republic