



UNECE



UNITED NATIONS

ECLAC



ESCAP

Economic and Social Commission for Asia and the Pacific



UNITED NATIONS

ESCWA

Economic and Social Commission for Western Asia

Shared Prosperity Dignified Life



United Nations Development Account Project “Measuring and Curbing Illicit Financial Flows”

Inter-regional Workshop

Geneva (Switzerland), 20 and 21 September 2023

Concept note

Introduction

The United Nations General Assembly adopted the indicator framework for the monitoring of progress towards SDGs, with indicator 16.4.1 on the “total value of inward and outward illicit financial flows (in United States dollars)” selected as one of two indicators to measure progress towards target 16.4 to “significantly reduce illicit financial (and arms) flows by 2030, strengthen the recovery and return of stolen assets and combat all forms of organized crime”.

The Secretary-General report on International coordination and cooperation to combat illicit financial flows (IFFs)¹, in accordance with General Assembly resolution 76/196², recognizes that combating illicit financial flows is an essential development challenge and that – although significant progress has been made in combating them, more needs to be done to deliver on the ambitions of Member States. United Nations Regional Commissions with their mandates on monitoring progress on measurement and active engagement in analytical and policy-formulation work contributed significantly to the understanding and analysis of IFFs.

UNCTAD and UNODC are custodian agencies of indicator 16.4.1 on illicit financial flows and their respective statistical sections jointly led the development of a Conceptual Framework for the Statistical Measurement of Illicit Financial Flows in 2020³. The Framework was endorsed by the UN Statistical Commission in March 2022. Custodian agencies have designed methodologies to measure tax and commercial IFFs, as well as crime-related IFFs, in tandem with United Nations Regional Commissions playing a key role in the analysis of IFFs, advancing IFFs risk assessments and designing measures to curb them at the regional level.

UNCTAD, UNODC, and United Nations Regional Commissions conducted pilot assessments in 22 countries to produce preliminary country-level estimates on selected illicit financial flows using the agreed methodology. This includes 12 African countries, 4 Latin American and 6 Asian countries many of which produced first estimates of commercial or crime-related IFFs. Equally, Regional Commissions have been advancing IFFs risk assessment and analysis to curb IFFs, including monitoring and testing methods to measure IFFs in respective regions. As lessons are learned and estimation methods are tested and refined

¹ <https://digitallibrary.un.org/record/3988481?ln=en>

² <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/409/49/PDF/N2140949.pdf?OpenElement>

³ <https://unctad.org/publication/conceptual-framework-statistical-measurement-illicit-financial-flows>



UNECE



UNITED NATIONS

ECLAC



Shared Prosperity Dignified Life

ESCWA



ESCAP

Economic and Social Commission for Asia and the Pacific



globally and regionally, there is a growing need to consolidate and collaborate on the measurement and policy formulation to curb IFFs. Likewise, interest from countries to systematically and regularly measure IFFs is growing.

On 7 December 2022, a resolution A/RES/77/154 by the 2nd Committee of the General Assembly on IFFs recognized the significant progress and availability of concepts and tested methods to measure IFFs and encouraged “*all Member States to report on Sustainable Development Goal indicator 16.4.1, using the methodology adopted by the Statistical Commission, and called upon the United Nations system entities, international organizations and donors to work in coordination with the custodian agencies to train national statistical offices and other entities in charge of reporting on illicit financial flows on these agreed methods*”. Building on this, further work is ongoing on designing appropriate policy actions to identify and address IFFs to achieve sustainable development for all.

During the first quarter of the year 2023, for SDG reporting, UNODC has provided the first ever data on crime-related IFFs for SDG indicator 16.4.1⁴. Following up with these efforts, the UN Development Account project *Measuring and Curbing Illicit Financial Flows* is being implemented by the ECA (lead entity) jointly with the other United Nations Regional Commissions (ECLAC, ESCAP, ESCWA and to a lesser extent, ECE) for statistical and policy activities and in close coordination and with substantive support by UNCTAD and UNODC as the custodian agencies of indicator 16.4.1 on IFFs. The LDC component will be implemented by UNCTAD-ALDC in coordination with the ECA.

This project aims to strengthen the statistical capacity of selected countries across regions to measure IFFs, while increasing awareness of the globally agreed definitions, concepts, and tested methods and tools in all regions (*learn*). Second, the project will consolidate methodological guidelines with the aim to produce estimates on IFFs, also by gathering and aggregating existing early estimates (where possible) from different IFFs types (tax and commercial and crime-related IFFs) to allow for the reporting of SDG Indicator 16.4.1 (*develop*). Third, the project will strengthen the capacity of beneficiary countries to develop evidence-based policy responses to curb IFFs and strengthen domestic resource mobilization (*use*). The project aims to enhance investigative capacities in selected countries, extending the statistical methods by using a recently developed algorithm that utilises open-source tools to allow for the cost-effective investigation of IFFs by applying machine learning techniques. As a result, countries will be able to measure and report on IFFs and work towards building a policy response or action agenda to curb IFFs accordingly.

Objective

This workshop is organised with three specific objectives:

1. To kick-off the UN Development Account project *Measuring and Curbing Illicit Financial Flows* globally and bring partners and participating countries to the similar level of understanding of the project and strengthen stakeholder engagement and coordination.
2. To enhance the capacity of countries on understanding the methodologies developed by custodian agencies and regional commissions to measure SDG indicator 16.4.1 on IFFs, and

⁴ Selecting data series to reflect SDG indicator 16.4.1 on SDG Indicators Database: <https://unstats.un.org/sdgs/dataportal/database> returns Indicator 16.4.1 series: Total value of inward illicit financial flows (DI_ILL_IN) and Total value of outward illicit financial flows (DI_ILL_OUT).



UNECE



UNITED NATIONS

ECLAC



ESCAP

Economic and Social Commission for Asia and the Pacific



Shared Prosperity Dignified Life



support countries in formulating relevant policy responses and providing examples from different regions.

3. Provide participating countries opportunities to share their experiences and learn.

The workshop will be organized over two days comprising of sessions where partners and participating countries will present their existing work, experiences and share lessons learned on both the measurement of IFFs and policy recommendations and formulations to curb IFFs. It will enable setting the ground with raising awareness of globally agreed concepts and tested methodologies, providing initial platform for exchange of ideas and discuss methodologies and policy response formulation to curb IFFs, including detailing out plans for activities within the project following the meeting.

Participants

Targeted participants of the international kick-off workshop are national and international stakeholders within the UN Development Account project *Measuring and Curbing Illicit Financial Flows*. Specifically, these include:

For in-person participation:

- Representative from selected participating countries, such as each nominated national project focal points accompanied by one member of national technical working groups on IFFs;
- Staff members of the project partners, ECA, ECE, ECLAC, ESCAP, ESCWA, UNCTAD and UNODC.

For online participation:

- National and regional/international consultants engaged by partners of the project (if not in-person);
- Additional interested representatives from selected participating countries and national technical working groups.
- Other participants (e.g., experts from the Task Force on measurement of IFFs) invited by the organizers.

The workshop will be organized as a hybrid event. Registration links and other relevant information for in-person and on-line participation will be shared by organizers in due course.

The workshop will be conducted in five languages with simultaneous interpretation available to participants in and within Arabic, English, French and Russian.