

ON CURBING TRADE-BASED ILLICIT FINANCIAL FLOWS

The annual volume of illicit capital flight from Africa is estimated at

\$89
billion

MULTI-DIMENSIONAL CONSEQUENCES



Illicit trade in extractive resources undermines the state and security, which can stall socio-economic development.



Countries with high IFFs spend 25% less on health and 58% less on education compared to countries with low IFFs.



As majority beneficiaries of public expenditure, women and vulnerable populations are disproportionately negatively affected by IFFs.

MEASURING ILLICIT FINANCIAL FLOWS

As an illicit phenomenon, IFFs are not easy to track or measure. Better data on IFFs – their types, volume, impacts, channels, origins and destinations – is needed to support policy action to increase domestic resources for sustainable development.

The programme aims to assist countries to identify, trace and curb IFFs linked to international trade.

It advocates for a holistic perspective on IFFs and concentrates on extractive commodities and informal trade, and their impact on the development, human rights, and peace nexus.

UNCTAD's AFRICA PROGRAMME ON CURBING TRADE-BASED ILLICIT FINANCIAL FLOWS

Duration 5 years (2022 - 2027)

Budget \$4,000,000

\$280,000 was mobilised for partial pilot testing in 2 countries

Beneficiaries Selected African countries

Executing entity UNCTAD & United Nations entities

Key Stakeholders Government officials from **National Statistical Offices, customs agencies, financial intelligence units, law enforcement**, ministries that are involved in the formulation and implementation of trade policies and strategies, **business associations and civil society**

4 PILLAR RESEARCH AND CAPACITY BUILDING STRATEGY

- 1** Risk assessment tool for trade-based IFFs
- 2** Algorithms to detect customs fraud & software application
- 3** Research services on artisanal mining, informal trade and its link to IFFs
- 4** Capacity building for parliamentarians

GOALS

Improve national institutional capacity and regulatory frameworks to detect and combat IFFs

Improve trade data and use a triangular approach to identify, trace and recover IFFs

Implement new methodologies for better customs enforcement like the price-filter analysis on customs invoices

Improve good governance and anti-corruption measures in the resource sector

Consider the indirect cost of IFFs for government revenues, social expenditure and poverty

Contact :

aldc@unctad.org

Division for Africa, Least Developed Countries, and Special Programmes