## Template Terms of Reference

## Technical Working Group for the statistical measurement of Illicit Financial Flows

### 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 [country name]. 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. [Country name] is exposed mainly to [tax and commercial IFFs, such as tax evasion, trade mispricing, MNE profit shifting, and IFFs from theft and exploitation-type activities, illegal markets and corruption]. [Describe briefly key national initiatives and mechanisms to curb IFFs.]
  3. IFFs need to be measured to understand the related flows, destinations and motivations, and to design and implement effective measures to curb IFFs. IFFs are 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. [Country name] is involved in the pilot testing of these methods under the guidance and capacity building provided by the UNECA/UNCTAD/UNODC project on *Defining, estimating and disseminating statistics on IFFs in Africa*.
  4. 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 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 Statistics[[1]](#footnote-1).
  5. In view of these developments, a Technical Working Group for the statistical measurement of illicit financial flows (TWG-IFFs), composed of statisticians and other national experts will be established. [Describe any country-specific modalities of work, e.g., which agency provides the secretariat and how the findings of TWG-IFFs will be disseminated or discussed in the country]

### Objective

* 1. The objective of the TWG-IFFs is to establish the foundations for the statistical measurement of IFFs in [country name] in line with international standards and methods for the reporting on the 2030 Agenda, as follows:
     1. Provide a platform for collaboration among national authorities and promote consultation with stakeholders;
     2. Build a data infrastructure for the national monitoring of IFFs in the context of the 2030 Agenda; and
     3. 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 TWG-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.

### Planned activities and outputs

* 1. The TWG-IFFs will carry out the following activities:
     1. Discuss the mandates, expertise and relationships of national authorities and other stakeholders related to different types of IFFs. Agree on the roles of authorities and modalities of collaboration;
     2. Consider existing knowledge, information and estimates of IFFs and assess IFF risks and exposure in [country name];
     3. Review data available to national authorities, including access to other administrative or privately held data considering legal frameworks;
     4. Assess the current statistical capacity of national authorities and identify priority development needs;
     5. 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;
     6. Contribute to the accumulation of knowledge, expertise, tools and resources for national use, share expertise, and review training needs and available guidance;
     7. Provide a sounding board for the discussion of challenges and findings of pilot testing in the course of work, review progress and findings;
     8. Organise 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;
     9. Agree on an Action Plan for future measurement of IFFs in the country, 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;
     10. 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.

### Timetable

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

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

### Members

* 1. The TWG-IFFs will be composed of statistical and IFF experts of [*list national agencies and relevant stakeholders*]. Members with contact details are presented in the table 1 in Annex.
  2. [*Institution*] will act as Secretariat to the TWG-IFFs.
  3. [*Name*] will act as Focal Point of the TWG-IFFs to UNCTAD/UNECA Team.

### Annex 1. Membership of TWG-IFFs

|  | Name | Contact details  (e-mail address) | Organisation |
| --- | --- | --- | --- |
| 1 |  |  |  |
| 2 |  |  |  |
| 3 |  |  |  |
| 4 |  |  |  |
| 5 |  |  |  |
| 6 |  |  |  |
| 7 |  |  |  |
| 8 |  |  |  |
| 9 |  |  |  |
| 10 |  |  |  |
| 11 |  |  |  |
| 12 |  |  |  |
| 13 |  |  |  |
| 14 |  |  |  |
| 15 |  |  |  |
| 16 |  |  |  |
| 17 |  |  |  |
| 18 |  |  |  |
| 19 |  |  |  |
| 20 |  |  |  |

1. <https://unstats.un.org/unsd/dnss/gp/fundprinciples.aspx> [↑](#footnote-ref-1)