



Statistical Framework for Measuring IFFs at Country-Level

GLOSSARY

Draft 20 June 2018

1. ILLICIT FINANCIAL FLOW (IFF)

Definition (for statistical purposes): Monetary measure of international transfers of illicitly earned capital, legal capital transferred internationally for illicit purposes, or legal capital transferred illicitly and internationally; Illicit Financial Flows relate to various steps throughout the processes of both Illicit Income Generation and Illicit Income Management (see below).

2. ILLICIT FINANCE (IF)

Definition (for statistical purposes): Monetary measure of domestic or international transfers of illicitly earned capital, legal capital transferred domestically or internationally for illicit purposes, or legal capital transferred illicitly, either domestically or internationally. Illicit Financial Flows are a subset of Illicit Finance.

3. ILLICIT INCOME GENERATION (IIG)

Definition (for statistical purposes): All activities, either value-added (productive) or non-value added (non-productive), that generate illicit income; this comprises all activities represented in “Illicit Gross Output”, “Illicit Net Output”, and “Non-Value Added Illicit Activities” (see below).

4. ILLICIT INCOME MANAGEMENT (IIM)

Definition (for statistical purposes): All activities, either investment- or consumption-related, that regard the handling of illicitly earned capital (e.g. money laundering, purchases of luxury goods).

5. ILLICIT GROSS OUTPUT (iGO)

Alternative terms: Illegal Economic Activities (Eurostat), Illicit Economic Activities

Definition (for statistical purposes): Monetary measure of total economic activity in the production of all intermediate and final illicit goods and services during an accounting period

Licit equivalent in economic terminology: Gross Output (total economic activity during an accounting period)

Illicit Gross Output = Illicit Intermediate Expenditures + Illicit Net Output
--

6. ILLICIT INTERMEDIATE EXPENDITURE (iIE)

Alternative terms: Intermediate Consumption (Eurostat), Illicit Intermediate Expenditure, Intermediate Costs



Definition (for statistical purposes): Total monetary value of all domestic and imported goods and services used in the production of illicit goods and services during an accounting period (all costs incurred during the production of illicit goods and services)

Licit equivalent in economic terminology: Intermediate Expenditure; Intermediate Consumption

$$\text{Illicit Intermediate Expenditures} = \text{Illicit Gross Output} - \text{Illicit Net Output}$$

7. ILLICIT NET OUTPUT (iNO)

Alternative terms: Gross Value Added (Eurostat), Net Illegal Economic Activities, Illicit Value Added, Total Illicit Profits, Illicit Domestic Product

Definition (for statistical purposes): Monetary measure of the value of all final illicitly produced goods and services incl. exports of final illicit goods and services AND exports of intermediary illicit goods and services during an accounting period

Licit equivalent in economic terminology: Gross Domestic Product, Net Output, Gross Value Added, Total Value Added

$$\text{Illicit Net Output} = \text{Illicit Gross Output} - \text{Illicit Intermediate Expenditures}$$

8. NON-VALUE ADDED ILLICIT ACTIVITIES

Definition (for statistical purposes): Monetary measure of all illicit transfers occurring during an accounting period that do not produce any added value (e.g. theft, extortion/protection racketeering, kidnapping)

Licit equivalent in economic terminology: Non-value added activities

9. ILLICIT INCOME

Alternative terms: Illegal Profits (Eurostat), Illicit Proceeds

Definition (for statistical purposes): Monetary measure of all income from illicit economic activities AND all income from non-productive illicit activities AND all domestic expenditure of foreign illicit income.

Licit equivalent in economic terminology: Income, Profit, Earnings

$$\text{Illicit Income} = \text{Illicit Net Output} + \text{Non-value added illicit activities} + \text{Inflow of illicit capital}$$