



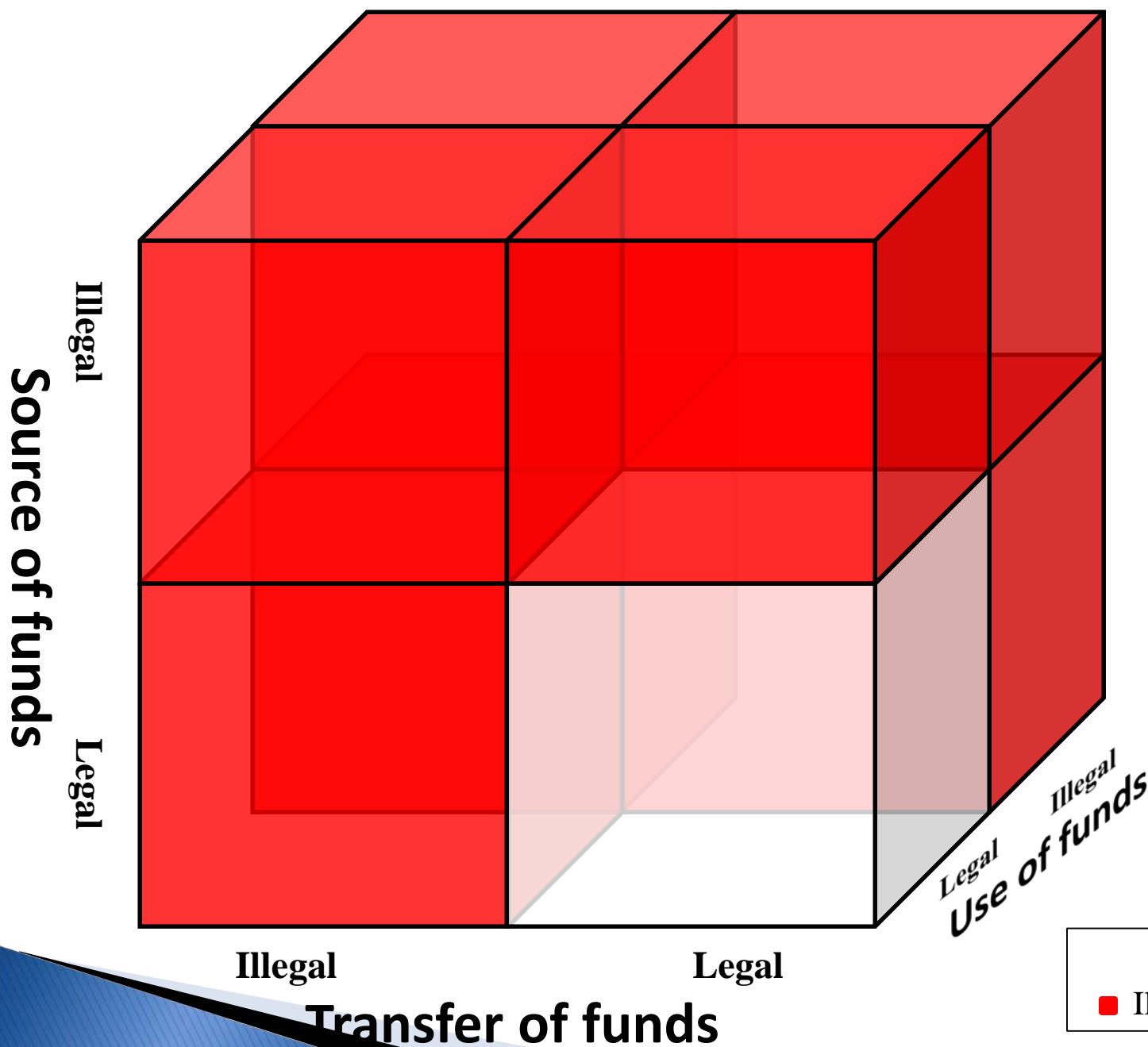
Illicit financial flows: concepts and scope

**Expert meeting on statistical methodologies for measuring illicit financial flows
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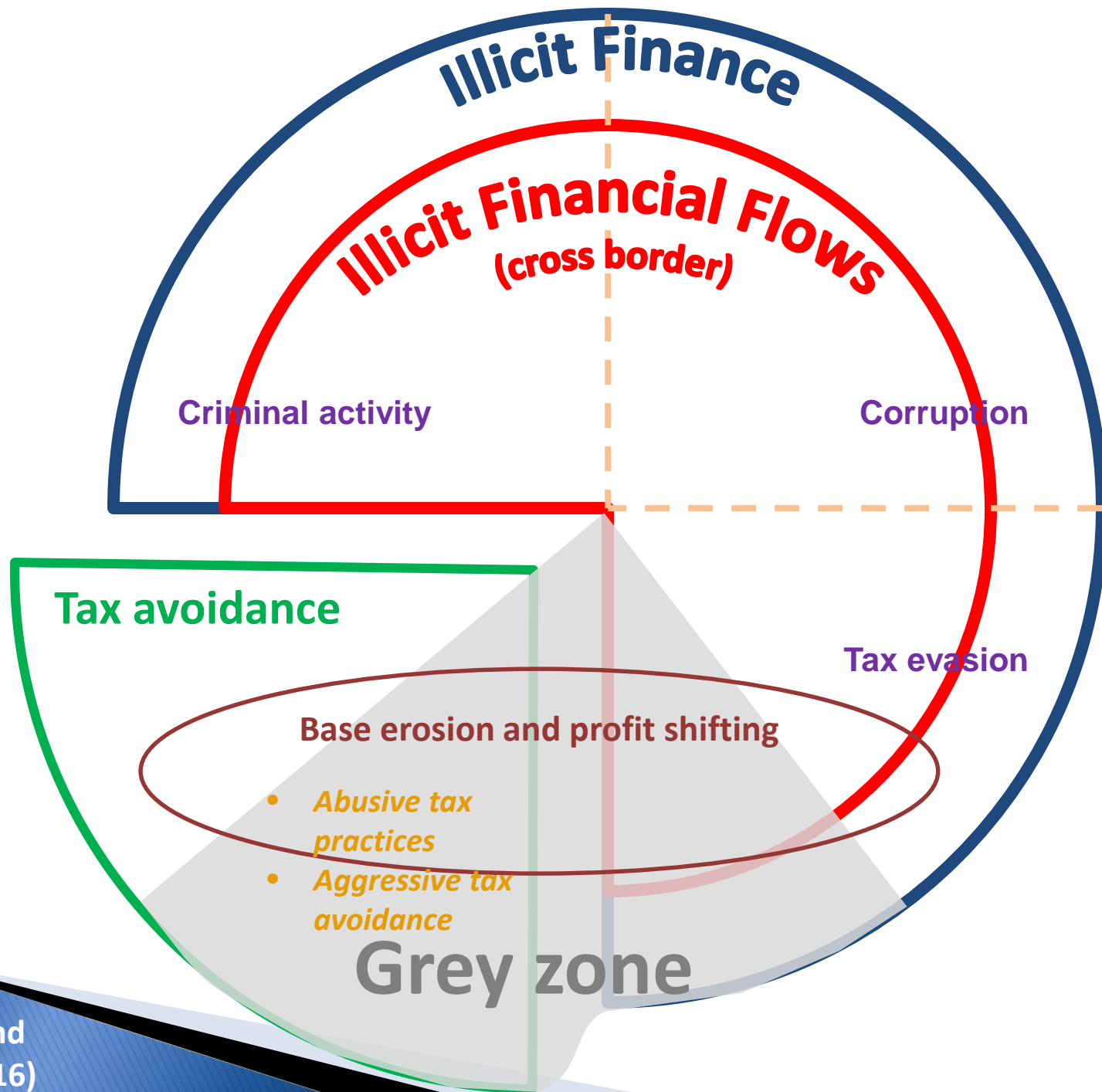
Member State input 1

- A/RES/69/313 - Addis Ababa Action Agenda para 23:
 - We will redouble efforts to substantially reduce illicit financial flows by 2030, with a view to eventually eliminating them, including by combating tax evasion and corruption through strengthened national regulation and increased international cooperation. We will also reduce opportunities for tax avoidance and consider inserting anti-abuse clauses in all tax treaties. We will enhance disclosure practices and transparency in both source and destination countries, including by seeking to ensure transparency in all financial transactions between Governments and companies to relevant tax authorities. We will make sure that all companies, including multinationals, pay taxes to the Governments of countries where economic activity occurs and value is created, in accordance with national and international laws and policies.



Legend

■ Illicit financial flow



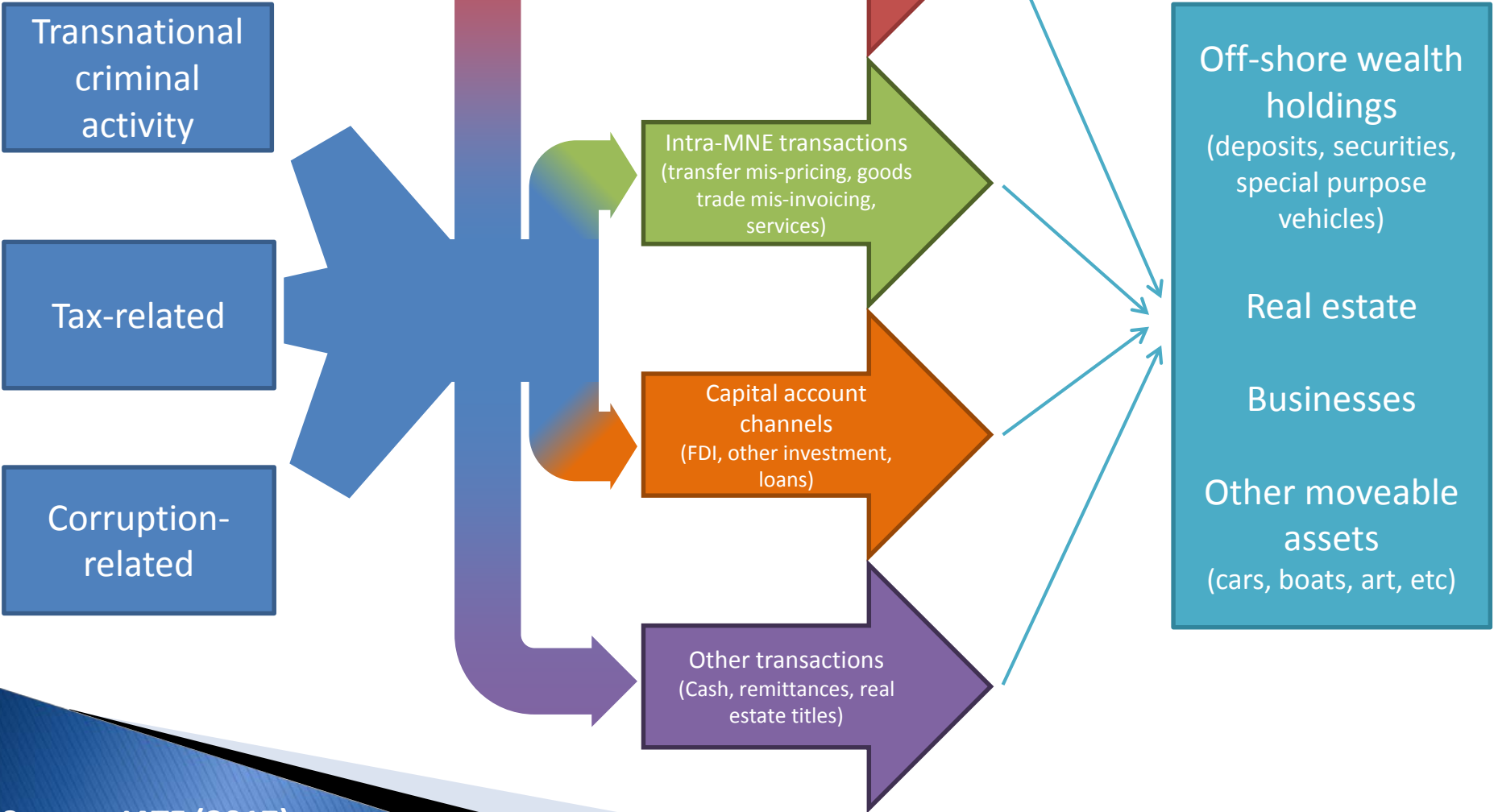
Source:
Chowla, P and
T Falcao (2016)



Components of IFFs

Channels of IFF flow

Resulting asset



IATF Conclusions

- A definition of the elements of IFFs that meets the needs of Member States and accomplishes their goals.
- Possible working practices
 - A common denominator definition, with separate efforts on each relevant component and tax avoidance
 - Compilation, not aggregation, of the component by component estimates
 - Efforts to fill data gaps

Member State input 2

- A/RES/71/213 (December 2016):
 - *Reiterating its deep concern* about the impact of illicit financial flows, in particular those caused by tax evasion and corruption, on the economic, social and political stability and development of societies

Member State input 3

- **A/RES/72/207 - Promotion of international cooperation to combat illicit financial flows in order to foster sustainable development:**
 - *Reiterating its deep concern* about the impact of illicit financial flows, in particular those caused by tax evasion, corruption and transnational organized crime, on the economic, social and political stability and development of societies, and especially on developing countries,
 - *Keeping in mind* that there are different components of illicit financial flows and that the separate analysis of channels or components is more beneficial in designing policy responses to prevent illicit flows,

Member State input 3 cont.

- Issues/instruments noted in A/RES/72/207 on combating illicit financial flows :
 - United Nations Convention against Corruption, including its Open-ended Intergovernmental Working Group on Asset Recovery
 - Platform for Collaboration on Tax
 - High-level Panel on Illicit Financial Flows from Africa
 - Standard for Automatic Exchange of Financial Account Information in Tax Matters under common reporting standards
 - cryptocurrencies
 - transfer mispricing and trade misinvoicing by multinational corporations