



# UNODC

United Nations Office on Drugs and Crime

Regional Technical Meeting

Measuring Illicit Financial Flows related to criminal activities for SDG Indicator 16.4.1

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## **Advances in building a statistical framework to measure IFFs**

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## The framework: 2030 Agenda

**Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

- **Target 16.4:** By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
- **Indicator 16.4.1:** Total value of inward and outward illicit financial flows (in current US Dollars)
- UNODC and UNCTAD, as co-custodians of indicator 16.4.1, are mandated to develop the statistical methodology

## IFFs for statistical purposes

### Monetary measure of:

- International transfers of illicitly earned capital
- (Originally) legal capital transferred internationally for illicit purposes
- (Originally) legal capital transferred illicitly

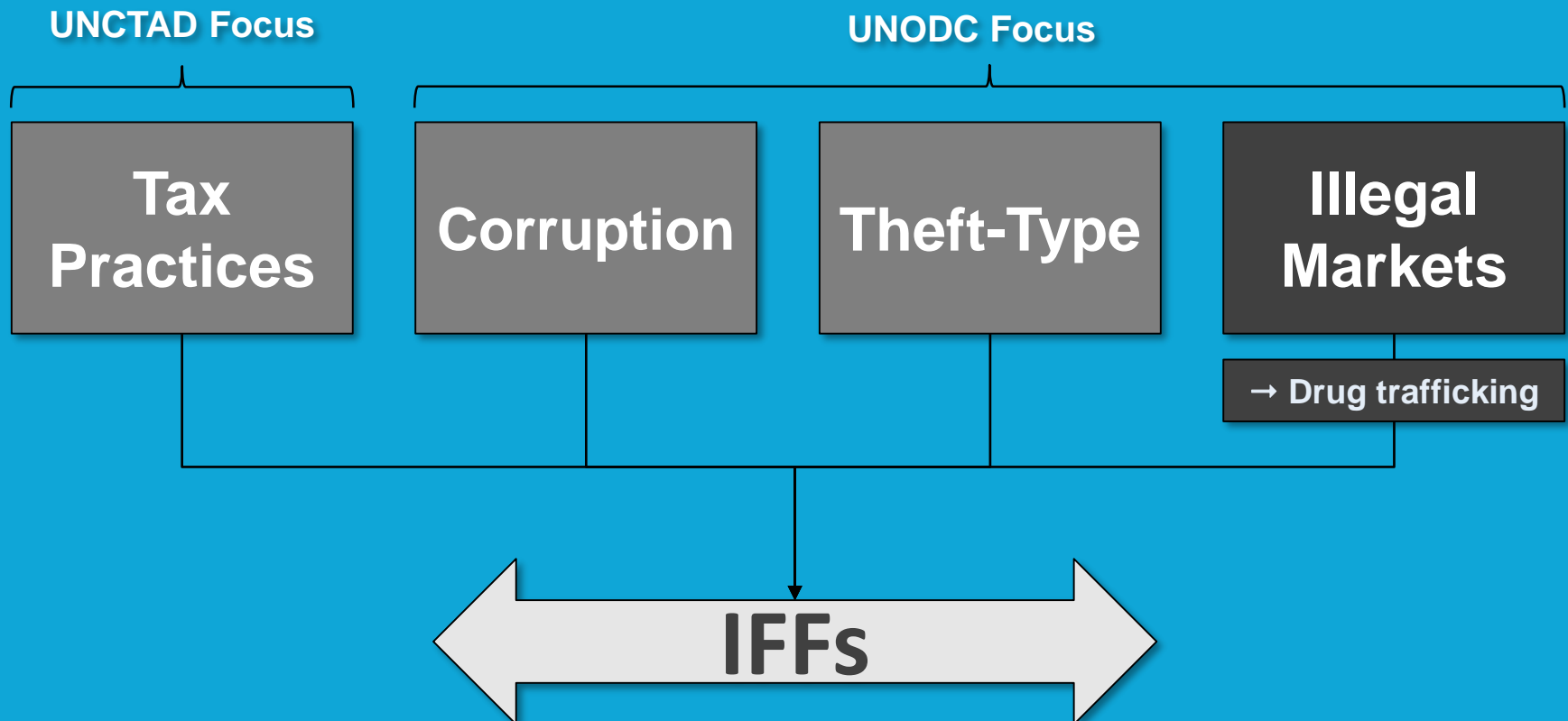
### Core Elements:

**Illicit**

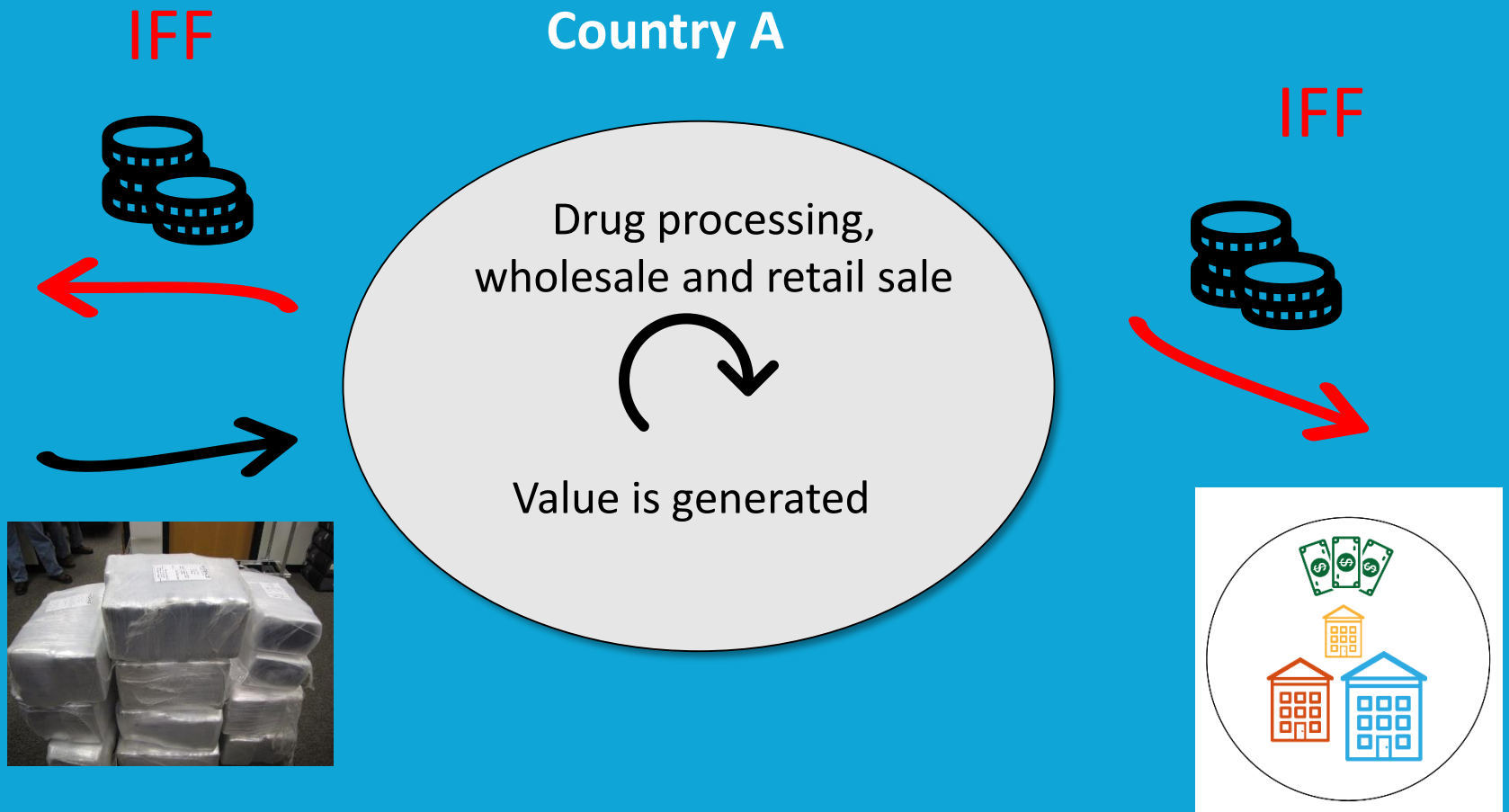
**Cross-  
Border**  
(not domestic)

**Flows**  
(not stocks)

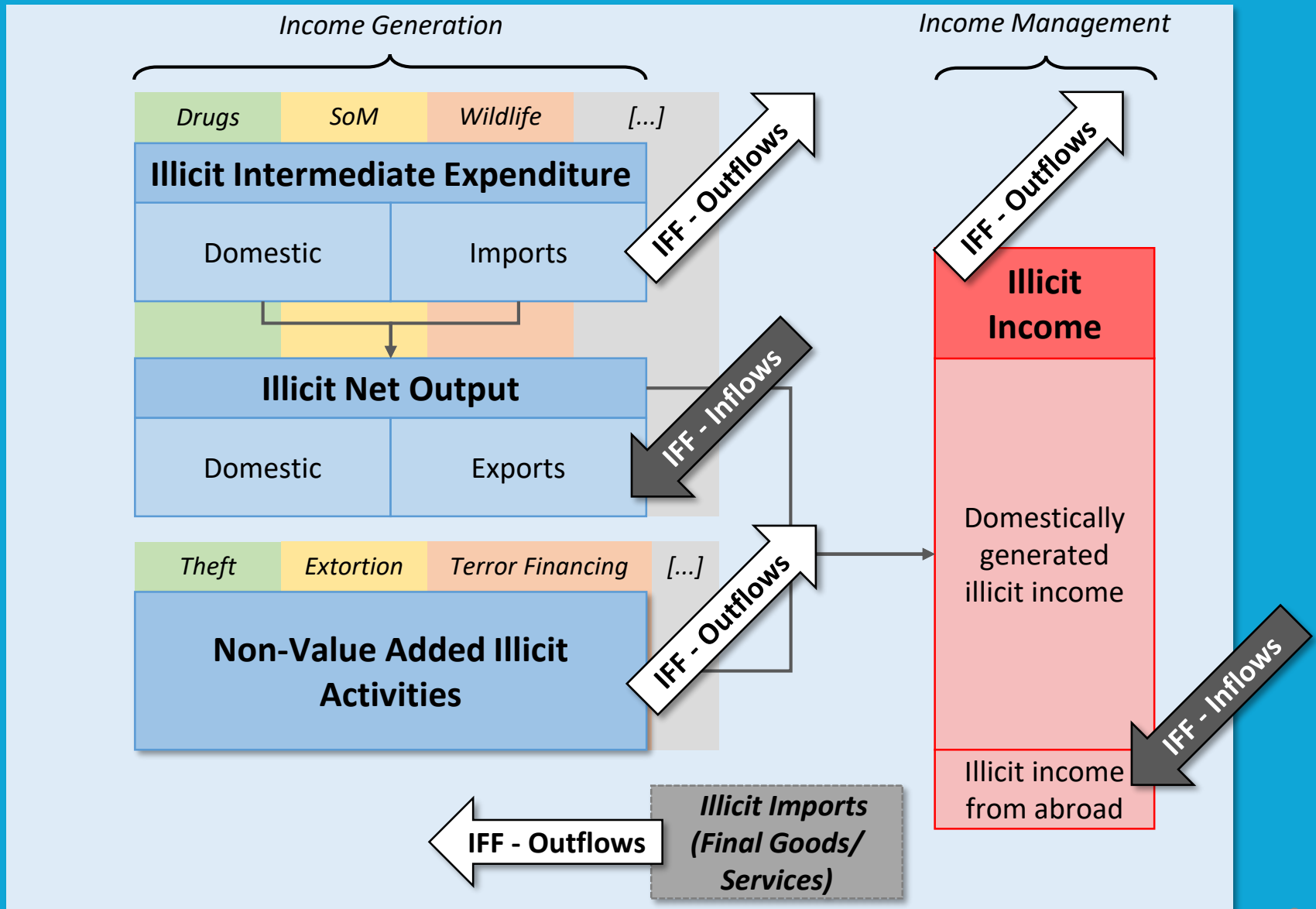
# Distinguishing four types of IFFs (for statistical purposes):



# Main IFFs emerging from drug trafficking



# Statistical Framework for Measuring IFFs at Country-Level



## Dual Focus in Measuring IFFs

### Income Generation

- Illicit financial flows connected to illicit markets and their functioning
- Supply and demand of illicit goods and services generate cross-border financial flows

### Income Management

- Illicit financial flows generated to manage the income generated from illicit activities
- Consumption and investment patterns of illicit actors

# Statistical Framework for Measuring IFFs

## Key features:

- **Country-Level:** Allows to measure IFFs at the level of countries (in line with SDG indicator framework)
- **Disaggregated:** identifies main IFFs types and builds separate estimates for each of them
- **Compatible:** Aligned to established concepts and standards from economics and accounting (National Accounts and Balance of Payments)



# Challenges for measuring IFFs in relation to drug trafficking

## Illicit Income Generation

- **Challenge:** Comprehensively measuring economic activities related to transnational drug trafficking and corresponding IFFs
- **Data/information sources:** Data on drug production, trafficking, consumption and market prices

## Illicit Income Management

- **Challenge:** Measuring international transfers and investments of illicit proceeds derived from drug trafficking
- **Data/information sources (currently explored):** information from case studies/investigations related to OC groups; Qualitative information from national experts/practitioners; Financial intelligence data on suspicious transactions; Seizure data

## Current activities:

### **SDG 16.4.1: “Total value of inward and outward illicit financial flows”**

- **Two regional projects for technical implementation in Latin America & Africa (UNODC partnering with UNCTAD, ECA & ECLAC)**
- **Latin America IFF project led by UNODC in cooperation with UNODC-INEGI Centre of Excellence for Statistical Information; Africa IFF project led by UNCTAD**
- **Joint Expert Group Meetings held in Vienna (December 2017) and Geneva (June 2018)**
- **Regional meeting in Mexico (November 2018); Implementation of draft methodology in pilot countries starting in 2019**
- **Finalisation of methodology to be used at country level by end of 2019**