

Statistics and data for measuring illicit financial flows in the Asia-Pacific region

UNODC/ESCAP/UNCTAD

Call for Expressions of Interest to participate in pilot activities for measuring illicit financial flows for SDG Indicator 16.4.1

Object of the call

In order to strengthen national capacity to monitor SDG 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.*), UNODC, ESCAP and UNCTAD will jointly implement a project to provide direct support to a pool of pilot countries in the Asia-Pacific region to estimate the size of illicit financial flows (IFFs).

Building on the existing UNODC-UNCTAD Statistical Framework to Measure IFFs and other methodological guidelines, pilot studies on the measurement of IFFs in relation to selected illegal markets/activities will be conducted in pilot countries during 2021-2022.

Participating countries will receive technical guidance, training and assistance to measure illicit financial flows according to modalities described in this Call. Interested National Statistical Offices are invited to submit an Expression of Interest (EoI) to participate in this project by filling in the template included in the Annex.

The Expression of Interest should be submitted to the email **unodc-ddds@un.org** by **31 October 2020**.

I. Background

A major challenge to sustainable development of peaceful societies around the world, particularly in developing countries, is represented by several criminal activities and tax-related illicit practices which are at the origin or associated with illicit financial flows (IFFs). Proceeds of crime are often transferred between countries to be laundered, utilized

and reinvested in further illicit activities. Several commercial practices may also result in IFFs through trade mispricing, abusive transfer pricing, misinvoicing of goods and services. Combatting illicit financial flows is therefore a crucial component of the campaign to promote peace, justice and strong institutions, as embedded in Goal 16 of the 2030 Agenda for Sustainable Development.

Despite the relevance of the problem, the monitoring and measuring of IFF were until recent years challenging due to lack of international statistical standards. Thanks to the methodological work led by UNODC and UNCTAD (co-custodians of SDG Indicator 16.4.1: *Total value of inward and outward illicit financial flows, in USD*) a statistical measurement framework for this indicator has been developed. This work has been possible also thanks to a Task-Force of national and international experts representing national statistical offices, central banks, customs and tax authorities, as well as other relevant experts. Furthermore, the statistical framework is currently being tested in selected countries of Latin America.

The measurement of IFF is both relevant and challenging in the Asia-Pacific region, also because of the existence of transnational organised crime groups active in various types of illicit trafficking. A number of conditions, such a rapid expansion of trade and commercial activities, have made this region particularly exposed to the risk of laundering of proceeds from transnational organised crime activities as well as the exploitation of legal trade routes to illicitly transfer abroad financial resources from tax-related and commercial practices. In addition, loopholes in legal frameworks and institutional arrangements in some areas in Asia and the Pacific represent a major IFF vulnerability in the region, making more challenging for jurisdictions to ‘follow the money’ and limit the drain of financial resources that are needed to ensure sustainable development.

II. Objective

The main objective is to improve the statistical capacity of countries in Asia-Pacific to measure illicit financial flows and to make use of such metrics for targeted policymaking. The project will also further consolidate the statistical methodology, expanding the testing exercise to IFF-related activities relevant in the area.

The project will support pilot countries with technical assistance and training activities to assess and improve availability of data, implement the methodology and estimate IFFs in relation to selected illegal markets/activities and jointly disseminate the final results of the pilot studies. The project will improve the understanding of IFFs concepts and sources, to enhance the use of data among national government officials to increase knowledge of main IFFs types, and to provide relevant inputs to increase the effectiveness of legal frameworks and administrative measures.

III. Implementation of the pilot study

The National Statistical Office will play a key role as focal point and key stakeholder for the improvement and consolidation of the national statistical capacity in the production and analysis of data relevant for IFFs estimate and will be involved in the data availability assessment and data collection phases, as well as in the methodology refinement and testing exercise, More specifically, the NSO will:

- Participate in regional meetings/workshops to discuss methodological issues and ensure coordination of activities at the regional level¹;
- Host a national workshop to introduce the methodology to measure IFFs, raise awareness on IFFs, identify most relevant activities associated with IFF and identify institutions to be engaged in pilot activities in each pilot country;
- Participate in national training on the methodology to assess data availability, collect data, estimate the size of proceeds of crime/proceeds from tax-related illicit activities, and produce statistics on illicit financial flows and related activities;
- Participate in the implementation of the methodology to estimate IFF in relation to selected types of IFF;
- Host a follow-up national workshop to illustrate the consolidated results of testing activities and provide inputs on how to improve national data collection system to incorporate information on areas with limited data availability;
- Participate in a final regional seminar to present the overall results on IFFs data and methodologies, promote further understanding of IFFs in the region and to discuss future actions to improve capacities of governments to produce and use statistics on illicit financial flows.

The NSO will be assisted by a dedicated consultant that will assist the national statistical office (NSOs) in conducting the activities. In particular, the consultant will assist the NSOs in a series of task, such as:

- identify and establish contacts with relevant national counterparts,
- assess the availability and quality of data to measure illicit financial flows,
- collect, assemble and process available data in view of producing IFF estimates,
- organise training activities and advice on methodological issues,
- ensure coordination with project activities and communication with project staff.

¹ Organization of face-to-face meetings is subject to possible travel restrictions.

UNODC, ESCAP and UNCTAD will provide full support in the implementation of the project, which includes:

- Define methods and data requirements to measure the magnitude and destination of illicit financial flows from different illegal activities and markets which are needed to conduct the pilot activities;
- Assist in the development of templates and data collection protocols to gather, assess and process data for the implementation of the statistical model in the pilot countries;
- Ensure the methodology applied to estimating IFF is in line with the international standards;
- Contribute to organise expert group meetings and national workshops in each participating country for discussing, clarifying and test the methodological guidelines to measure IFFs;
- Conduct other technical assistance activities as mentioned in Paragraph III of the present document.

A final report on the results from the pilot activities and methodology will be consolidated and published by UNODC.

IV. Project milestones

The following project activities are planned, which can be accompanied by other activities if and when needed:

Activity	Timeline
1. Deadline for submitting expression of interest by countries.	31 October 2020
2. Selection of countries participating in the pilot activities.	December 2020
3. UN engage national consultants to support countries to conduct pilot activities.	2021 Q1
4. Expert Group Meeting (Virtual) to present, discuss and refine the methodology to estimate illicit financial flows, with the participation of representatives from the selected countries' national statistical offices, international agencies and selected experts.	2021 Q1

5. NSOs, with support of national consultants, conduct activities for pilot studies. This will include identification of data providers, collection of relevant data and assessment of their quality and the implementation of the methodology to estimate IFFs in the country.	2021 Q2 - 2022 Q1
6. NSOs, with support of national consultants, conduct national workshop on the collection, compilation and dissemination of data and statistics on illicit financial flows in the selected countries, also with the aim to increase the use of data for policy purposes.	2021 Q2-Q4
7. Final report on results of pilot tests and on methodological guidelines on how to improve national capacity to measure illicit financial flows.	2022 Q3
8. Final regional seminar with representatives of government bodies, research community and other stakeholders to raise awareness about IFFs data and disseminate results of pilot studies.	2022 Q4

V. Applications to participate in the project

Interested National Statistical Offices are invited to express their interest to participate in the project by submitting the Expression of Interest (template in the annex) by 31 October 2020.

Countries will be selected by taking into account interest of NSO and other institutions to be involved in the project, willingness to collect and share data relevant for IFF, relevance of IFFs in the country, quality and structure of proposed activities for the pilot.

Annex

Statistics and data for measuring illicit financial flows in the Asia-Pacific region

Expression of Interest

Instructions:

Interested countries are invited to fill in and submit the present form to unodc-ddds@un.org by **31 October 2020**.

For any questions, please contact UNODC Data Development and Dissemination Section (UNODC/HQ Vienna) at unodc-ddds@un.org or at +43 (0) 1 26060 83238.

<i>Contact information</i>	
Country	
Institution	
Address	
Focal point name	
Position	
Email	
Telephone	

Situation analysis

1. Please provide a brief description of the main types of illicit financial flows that, based on available information, are affecting your country. Where possible, other relevant agencies/institutions in the country could be contacted to seek inputs and advice.

2. From the list below, please indicate up to three illegal market activities that generate the highest proceeds of crime in your country.

- Drug trafficking
- Trafficking in persons
- Smuggling of migrants
- Trafficking in protected wildlife species
- Trafficking in firearms
- Counterfeiting
- Illicit trade in tobacco products
- Illegal mining
- Illegal gambling
- Corruption
- Tax evasion
- Illicit commercial practices
- Aggressive tax avoidance
- Other (please specify)

Focus of pilot studies in your country

3. From the list below, please indicate up to three illegal markets/illicit activities on which you would focus the pilot studies on IFF in your country.

- Drug trafficking
- Trafficking in persons
- Smuggling of migrants
- Trafficking in protected wildlife species
- Trafficking in firearms
- Counterfeiting

- Illicit trade in tobacco products
- Illegal mining
- Illegal gambling
- Corruption
- Tax evasion
- Illicit commercial practices
- Aggressive tax avoidance
- Other (please specify)

Availability of studies or data

4. Please indicate if there is any study/publication on the topic of illicit financial flows and/or money laundering associated with the illegal markets/illicit activities indicated at question 3.

If any study is available, please provide the title and authors of the study.

- *Study 1*
- *Study 2*
-

5. Please describe data types and data sources that are currently available and could tentatively be used to estimate the economic value of the illegal markets/illicit activities indicated at question 3.

Stakeholders and implementation challenges

6. Please list the main stakeholders in your country (ministries, agencies, institutions, etc.) that are relevant for conducting the pilot studies in the areas indicated at question 3 and that will be necessary to involve in the pilot activities.

- *Institution 1*
- *Institution 2*
- *Institution 3*
- ...

7. Please indicate which steps you would initially take to start the pilot activities in your country.

8. Please indicate which major challenges your institution would possibly face in conducting the pilot studies