

UNODC-ESCAP-UNCTAD

Kick-off meeting of pilot activities for measuring illicit financial flows in Asia-Pacific countries

Concept note

The reduction of Illicit Financial Flows (IFFs) is considered a key strategy in policy areas, such as the fight against organised crime, corruption and the erosion of public resources through tax evasion and other practices. The international commitment to counter IFFs is clearly reflected in the Sustainable Development Goal (SDG) Target 16.4 “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”.

The United Nations Economic and Social Council (ECOSOC) and the United Nations General Assembly approved the indicator framework for the global monitoring of progress towards SDG, including Indicator 16.4.1 - *Total value of inward and outward illicit financial flows, in current United States dollars*. In 2017, as custodian agencies of this SDG Indicator, UNODC and UNCTAD started a program of coordinated actions to develop, review and test statistical methodology to measure IFFs. Since then, significant progress has been made by the two agencies, with a number of goals achieved. In 2019, United Nations Statistical Division reclassified SDG Indicator 16.4.1 Tier III to Tier II, which means that the Indicator is conceptually clear and has internationally established standards. However, data on Indicator 16.4.1 are not yet regularly produced by countries. In October 2020, UNODC and UNCTAD launched the *Conceptual framework for the statistical measurement of illicit financial flows*¹. This framework includes a statistical definition of illicit financial flows, classification of different types of IFFs and a framework outlining their measurement.

After conducting a successful programme of testing activities in four countries of Latin America², UNODC, ESCAP and UNCTAD inaugurated new activities in Asia within the framework of the Development Account project “*Statistics and data for measuring illicit financial flows in the Asia-Pacific region*”³. This new project is aimed at consolidating existing methodological guidelines and testing new ones for the measurement of SDG Indicator 16.4.1. Additionally, the new project aims to build statistical capacity by providing technical assistance and guidance to pilot countries for the measurement of this Indicator using the defined standards and concepts developed by UNCTAD and UNODC.

The pilot will be conducted in six countries of Asia, namely Viet Nam, Bangladesh, Maldives,

¹ https://www.unodc.org/documents/data-and-analysis/statistics/IFF/IFF_Conceptual_Framework_FINAL.pdf

² <https://www.unodc.org/unodc/en/data-and-analysis/meeting-25-march-latin-america.html>

³ https://www.unodc.org/unodc/en/data-and-analysis/iff_Asia.html

Nepal, Kyrgyzstan and Uzbekistan. The first four countries will start the activities by focusing on crime-related illicit financial flows, whereas Kyrgyzstan and Uzbekistan will be focusing on IFFs from illicit tax-related and commercial practices.

The kick-off meeting will gather experts and stakeholders from institutions and agencies of the pilot countries to discuss implementation of the project activities in this region. In particular, the meeting is aimed at:

- Introducing the participating countries to the concepts and definition of illicit financial flows as included in the UNCTAD-UNODC *Conceptual framework for the statistical measurement of illicit financial flows*
- Introducing the methodologies and guidelines developed so far by UNODC and UNCTAD, and presenting practical examples and good practices from previous pilot activities
- Presenting the project implementation strategy, discussing the workplan of implementation activities and proposing possible coordination solutions.

The meeting will be structured around two sessions:

- (1) A first general session will introduce the general features and concepts of the *UNCTAD-UNODC Conceptual framework* and the general workplan of activities. All meeting participants will be invited to attend this session.
- (2) The second session will be organized in two breakout rooms – one room will focus on methodological guidelines and practical examples on measuring IFFs from crime and illegal market activities, with examples taken from the pilot conducted in Latin America.
The other breakout room will focus on illicit-tax related commercial practices.

Country focal points from Viet Nam, Bangladesh, Maldives and Nepal are encouraged to participate in the breakout session for crime and illegal market activities, whereas country focal points from Kyrgyzstan and Uzbekistan are encouraged to participate in the breakout session for illicit tax-related commercial practices. However, country representatives can indicate if they wish to participate in the breakout session for the other focus area.

The general session will be conducted in English. Interpretation to other languages is under consideration.