

First National Training on Measuring Illicit Financial Flows associated with trafficking in persons in the Maldives

24 February 2022

Group Exercise 2 – Understand the conceptual framework to measure illicit financial flows associated with trafficking in persons

1. Exercise 1

Scenario 1:

The Saudulla group is active in the Maldives, by exploiting non-residents for constructing a series of new touristic resorts. The group contacts the Prakash, recruiters in Bangladesh, for recruiting Bangladeshi workers to be transferred to the Maldives. The Saudulla group pays 3,000 USD to the Prakash. The extra saving earned from exploitation of these Bangladeshi workers in the Maldives is 10,000 USD. For the transportation, the Saudulla group purchases a boat in the Maldives for 2,500 USD.

In Bangladesh, the Prakash pay 500 USD to a local recruitment agency which issues false contracts for the workers to be exploited in the Maldives. In addition, the recruitment agency in Bangladesh pays to the Maldives-based agency 400 USD for selling them a false job offer. Please remind that the Saudulla group pays 3,000 USD to the Prakash.

In Sri Lanka, a criminal group is paid 6,000 USD from the Saudulla group for sending them victims of forced labour. The salaries paid to the local Sri Lankan recruiters by the Sri Lankan criminal group are 2,000 USD.

1.1. IDENTIFY THE ILLICIT FINANCIAL INFLOWS AND OUTFLOWS

In the scenario 1 of exercise 1 above, please fill the below table with the illicit financial flows (outflows and inflows) taking place between the 3 countries of Scenario 1.

Please only fill in the white cells for this scenario.

		Outflows		
		Maldives	Bangladesh	Sri Lanka
Inflows	Maldives		10,000 USD + 400 USD	
	Bangladesh	3,000 USD		
	Sri Lanka	6,000 USD		

1.2. IDENTIFY THE MAIN ECONOMIC AGGREGATES OF THE CONCEPTUAL FRAMEWORK ON IFFs

In the scenario of exercise 1 above, for each country, please identify:

- **Illicit gross output:**

Value of the illicit goods or services produced in a given period. The value is determined as quantity-times-price (where the price is, for example, the retail price in the domestic market, or the export price if goods are exported).

- **Illicit intermediate expenditure:**

Value of (licit and illicit) inputs acquired to produce illicit goods and services over a given period. The value of inputs is determined as quantity-per-price (where the price is, for example, the domestic price if the goods are bought from a resident, or the import price if the goods are bought from a non-resident).

- **Illicit net output/value added/net income**

The economic result of the productive process. It is determined as gross output-minus-intermediate expenditure. It also represents the net income (income after accounting for costs) earned by all actors carrying out the illicit activity.

Fill out the tables below according to the conceptual framework illustrated in Figures 1 and 2 (below).

Maldives

	Domestic	Imports/outflows	Exports/inflows	TOTAL
Illicit intermediate expenditure	2,500 USD	3,000 USD		5,500 USD
Illicit gross output			10,000 USD	10,000 USD
Illicit net output				4,500 USD

Bangladesh

	Domestic	Imports/outflows	Exports/inflows	TOTAL
Illicit intermediate expenditure	500 USD	400 USD		900 USD
Illicit gross output			3,000	3,000
Illicit net output				2,100 USD

Sri Lanka

	Domestic	Imports/outflows	Exports/inflows	TOTAL
Illicit intermediate expenditure	2,000 USD			2,000
Illicit gross output			6,000 USD	6,000
Illicit net output				4,000

Exercise 2

Scenario:

In the Maldives, the Ahmed group is active in sexual exploitation. They pay recruiters based in India, the Khatri, for recruiting a victims lured with a promise of regular domestic jobs. The amount paid for the recruitment of 4 victims is 4,000 USD. They also pay transportation costs such as flight tickets for 2,000 USD. The extra savings earned by the Ahmed group from these Indian victims are estimated at 30,000 USD. 10,000 USD is the value of intermediate costs of maintenance of the guest houses and beauty salons.

In India, the Kathri has a recruitment network specialized in recruiting at a broad audience through the use of search engines or pop-ups from publicise tempting offers to target spaces, e.g., chat rooms, spam mails. Their intermediate costs are 1,500 USD. Please remind that they are paid 4,000 USD by Ahmed group based in the Maldives for recruiting the victims.

In Nepal, there is a group of intermediate recruiters, the Gnawalli. They are paid by local recruitment agencies 2,000 USD for putting them in contact with potential victims. Their intermediate costs for paying their recruiters are 700 USD. The local recruitment agencies are paid 5,000 USD by India recruitment agencies for the recruitment of these victims to be transferred and exploited in India. Nepal recruitment agencies bribe local authorities for the administrative authorization of the visas for 500 USD.

2.1 - IDENTIFY THE ILLICIT FINANCIAL INFLOWS AND OUTFLOWS

In the scenario of exercise 2 above, please fill the below table with the illicit financial flows (outflows and inflows) taking place between the 3 countries of Scenario 2. Please only fill in the white cells for this scenario.

		Outflows		
		Maldives	India	Nepal
Inflows	Maldives		\$30,000	
	India	\$4,000		
	Nepal		\$5,000	

2.2. IDENTIFY THE MAIN ECONOMIC AGGREGATES OF THE CONCEPTUAL FRAMEWORK ON IFFs

In the scenario 2 of exercise 2 above, for each country, please identify:

- **Illicit gross output:**

Value of the illicit goods or services produced in a given period. The value is determined as quantity-times-price (where the price is, for example, the retail price in the domestic market, or the export price if goods are exported).

- **Illicit intermediate expenditure:**

Value of (licit and illicit) inputs acquired to produce illicit goods and services over a given period. The value of inputs is determined as quantity-per-price (where the price is, for example, the domestic price if the goods are bought from a resident, or the import price if the goods are bought from a non-resident).

- **Illicit net output/value added/net income**

The economic result of the productive process. It is determined as gross output-minus-intermediate expenditure. It also represents the net income (income after accounting for costs) earned by all actors carrying out the illicit activity.

Fill out the tables below according to the conceptual framework illustrated in Figures 1 and 2 (below).

Maldives

	Domestic	Imports/outflows	Exports/inflows	TOTAL
Illicit intermediate expenditure	2,000 USD + 10,000 USD	4,000 USD		16,000 USD
Illicit gross output			30,000 USD	30,000 USD
Illicit net output				14,000 USD

India

	Domestic	Imports/outflows	Exports/inflows	TOTAL
Illicit intermediate expenditure	1,500 USD			1,500 USD
Illicit gross output			4,000 USD	4,000 USD
Illicit net output				2,500 USD

Nepal

	Domestic	Imports/outflows	Exports/inflows	TOTAL
Illicit intermediate expenditure	700 USD + 500 USD			1,200 USD
Illicit gross output	2,000 USD		5,000 USD	7,000 USD
Illicit net output				5,800 USD