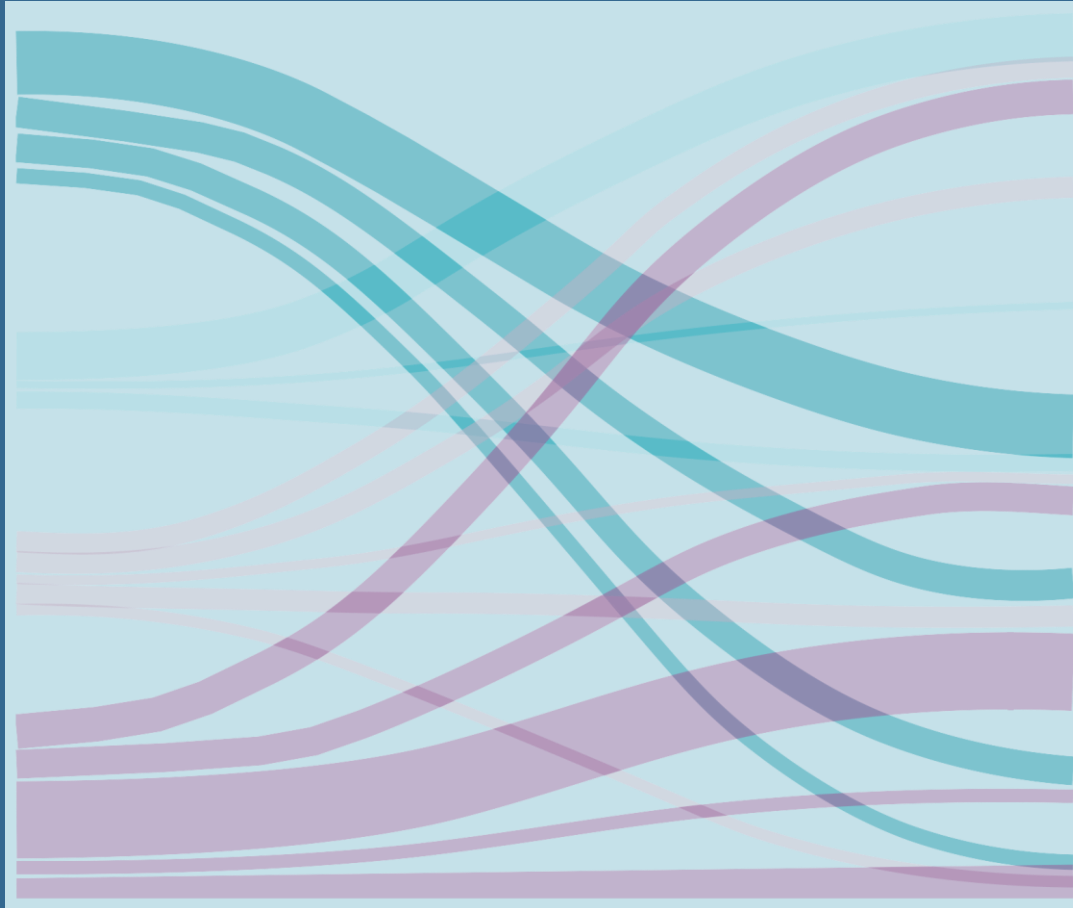




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Workshop to measure illicit financial flows associated with drug trafficking

Maldives drug situation, methodology and data

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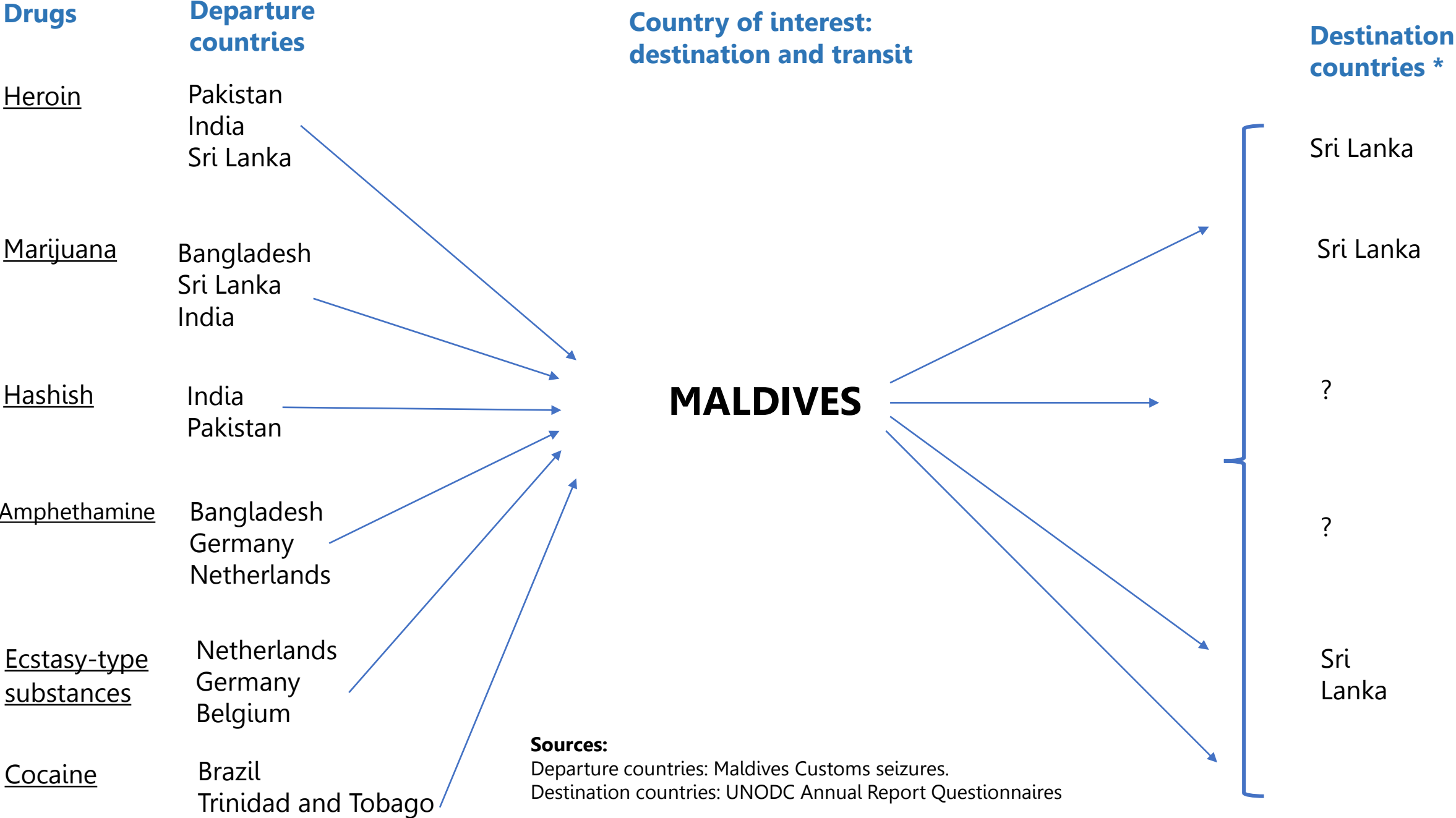
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1. MALDIVES DRUG SITUATION AND METHODOLOGY

Maldives in the drug supply chain



Maldives import per drug

1

X

**OUTWARD
IFFs**

=

import prices per drug

2

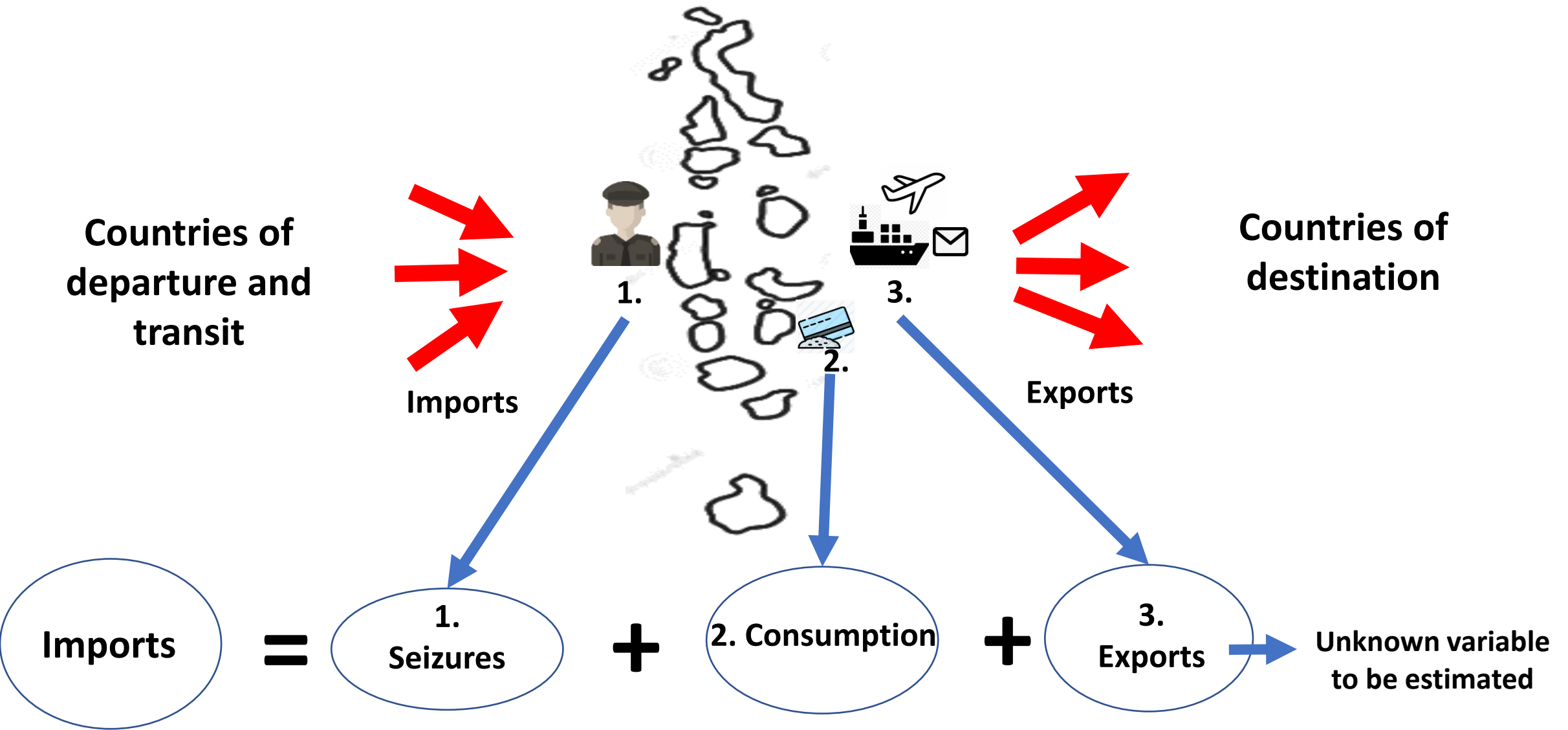
X

**% of resident traffickers in the Maldives dedicated to
import activities**

3

1

Measuring Maldives drug imports





1.1. Seizures

- Drug seizures are **confiscations** of illegal drugs by the State.
- The seized quantities are **part of the imported quantities** as they constitute a part of the drugs coming from abroad that the authorities managed to seize.
- Seizures can be driven by chance and thus can vary strongly from year to year. It is recommended to **remove the variations over the years**
- The methodology intends to **estimate the pure quantities seized**, i.e., only consider the drug chemical substance and exclude the impurities added over the supply chain. This is to make the quantities seized comparable between each drug and thus the IFFs per drug.

1.2. Illicit drug consumption

(For each relevant illicit drug)

Consumption = number of users x amount consumed per capita

= Population * annual prevalence

= Number of doses * quantity per dose

Or

The expenditures per user can also be used to estimate the quantity consumed per capita
(when combined with retail prices)

*Annual prevalence is the proportion of the population that consumed a drug at least once in the year before they were surveyed.

2

Import prices



2. 1. Consideration on import prices

- Import prices are prices at which the drug is **imported**, e.g., bought by residents from non-residents of the Maldives
- Import prices are an element to measure the **outward illicit financial flows**.
- Prices can vary according to the type of delivery:
 - Non-resident deliver the drugs **within borders of the Maldives** to resident actors (e.g., by maritime shipment or by mule)
 - Non-resident sell drugs **to residents of Maldives who went abroad to buy the drugs** (in another country)

2.2. Prices along the drug supply chain

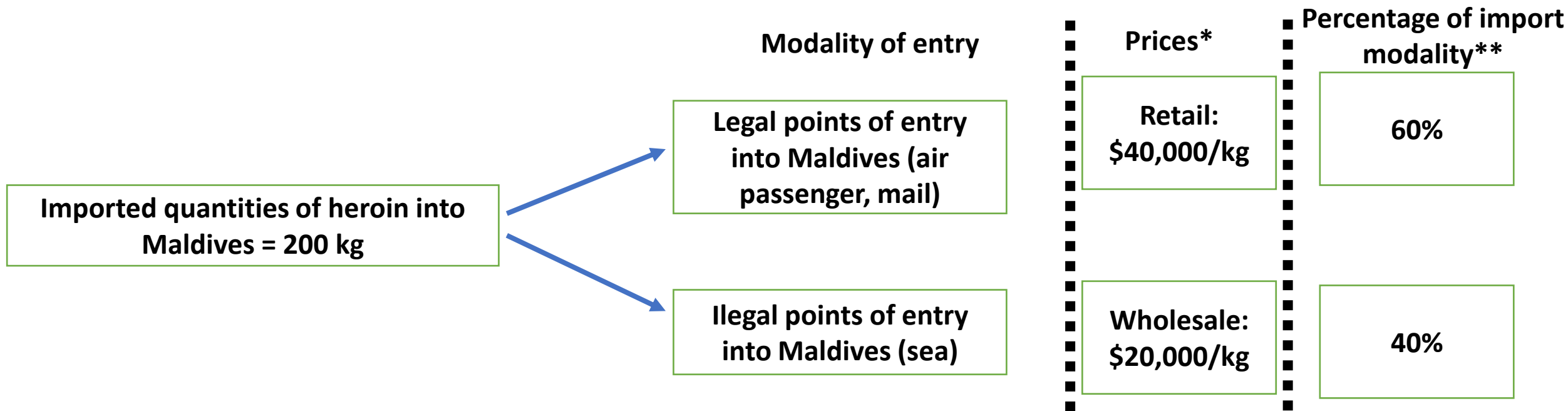


The value at the different trade level increases along the supply chain.

This is because each actor earns a markup.

NOTE: as there is no production of illegal drugs in the Maldives, the first actor of the supply chain is the **importer**.

2.3. Example: estimating heroin-related import market value



- Value of the import market = imports * Price * Percentage of import modality**

$$= (200 * 0.6 * \$40,000) + (200 * 0.4 * \$20,000)$$

$$= 4,800,000 + 1,600,000$$

$$= 6,400,000$$

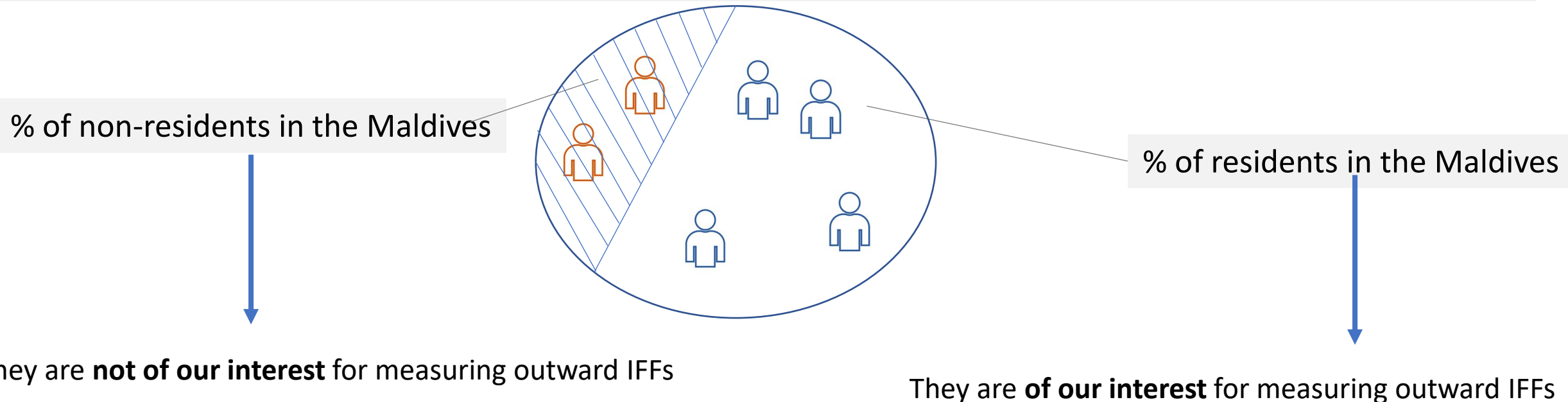
$$= 6.4 \text{ million USD}$$

3 Proportion of import traffickers per country of residence

3.1. Identifying the proportions of importers per residence

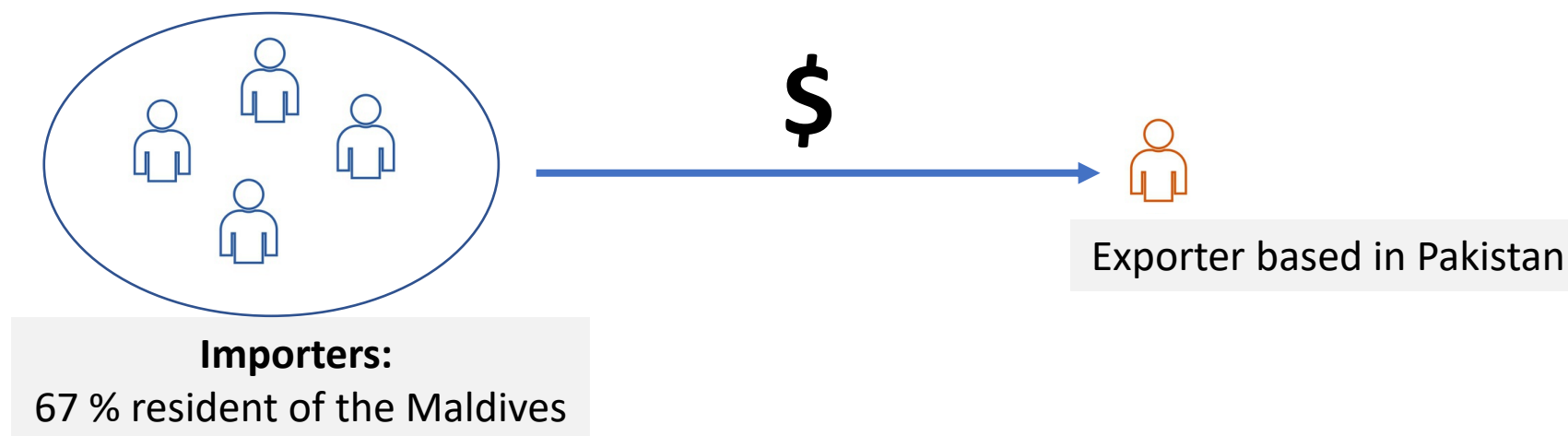
- When estimating **outward IFFs**, the methodology needs the proportion of resident among all the traffickers caught while importing.
- It is because outward IFFs are financial flows **only issued by resident traffickers** (importers) to non-residents (exporters).

Example of composition of the arrested traffickers when importing, per type of residence



3.2. Example: calculate Maldives outward IFFs

Let's consider this example to calculate the outward IFFs related to heroin:



With the example of the 6.4 million import market previously calculated:

$$\begin{aligned}\text{Outward IFFs} &= \text{import market value} * \% \text{ of the resident importers} \\ &= 6.4 \text{ million USD} * 0.67 \\ &= 4.28 \text{ million USD}\end{aligned}$$

Maldives exports per drug

1

x

INWARD
IFFs =

export prices per drug

2

x

% of resident traffickers in the Maldives dedicated to export activities

3



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1

Measuring Maldives exports

**Maldives
exports**

=

Maldives export
countries: A,B,C

Consumption



Seizures

X

% imports
from Maldives

+

A,B,C destination
countries: D,E,F

Consumption



Seizures

X

% imports
from A,B,C.

Last countries of
supply chain

% imports
from
previous
countries

X

Consumption



Seizures

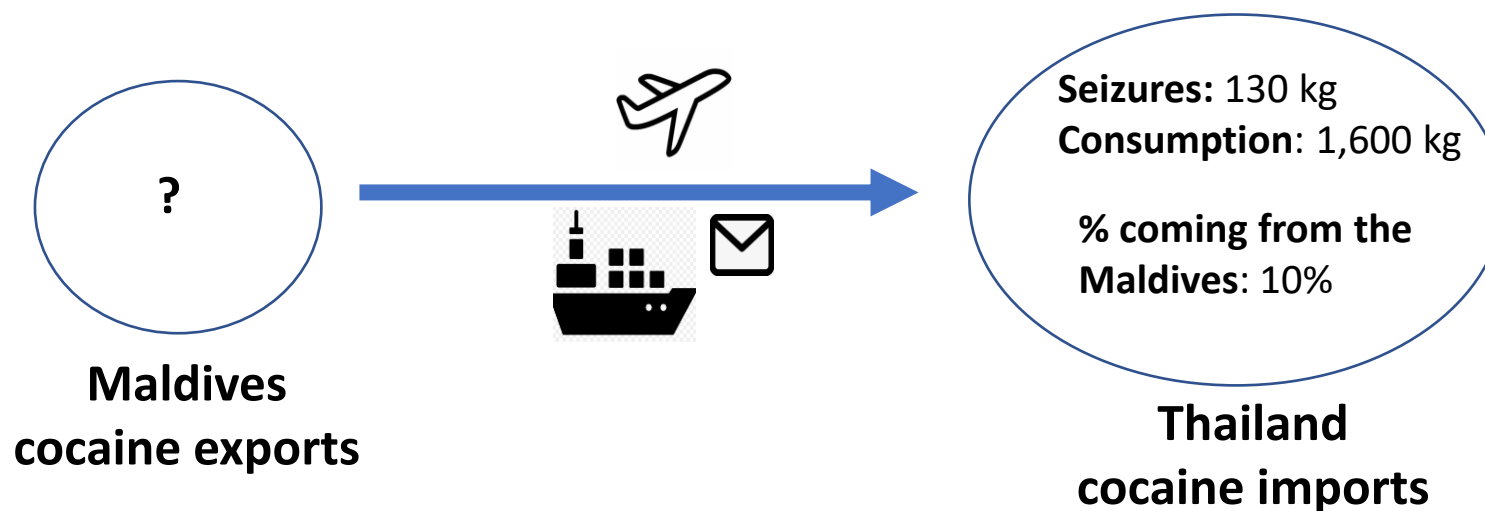
+

+

...

Example: calculate Maldives exports

Let's consider this example to calculate the quantities exported from the Maldives



Maldives export = (Thailand seizures + Thailand consumption) * % coming from the Maldives

$$= (130 + 1,600) * 0.1$$

$$= 173 \text{ kg}$$

2

Export prices



2. 1. Consideration on export prices

- Export prices are prices at which the drug is **exported**, e.g., bought by non-residents from residents of the Maldives
- Export prices are an element to measure the **inward illicit financial flows**.
- Prices can vary according to the type of delivery:
 - Residents deliver the drugs **within borders of the countries of** non-resident actors (e.g., by maritime shipment or by mule)
 - Residents sell drugs **to non-residents in the Maldives**

2.3. Example: estimating heroin-related export market value

Based on Maldives' exports cocaine calculated before, let's calculate the cocaine export market value, supposing the export price is 200 USD per kg

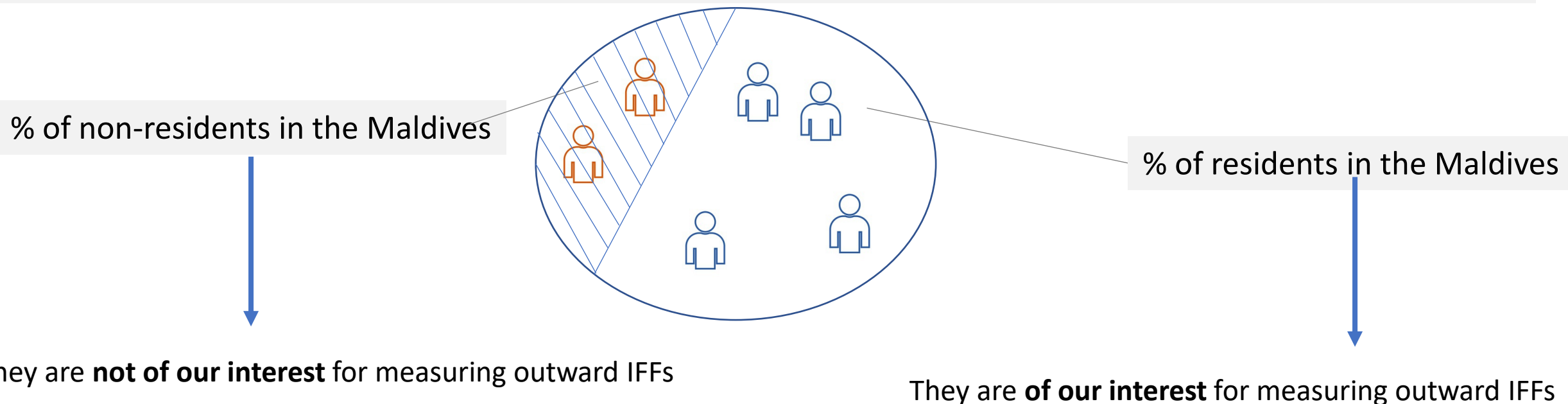
- **Value of the export market of cocaine = exports * export price**
= 173 kg * \$200
= 34,600 USD

3 Proportion of export traffickers per country of residence

3.1. Identifying the proportions of exporters per residence

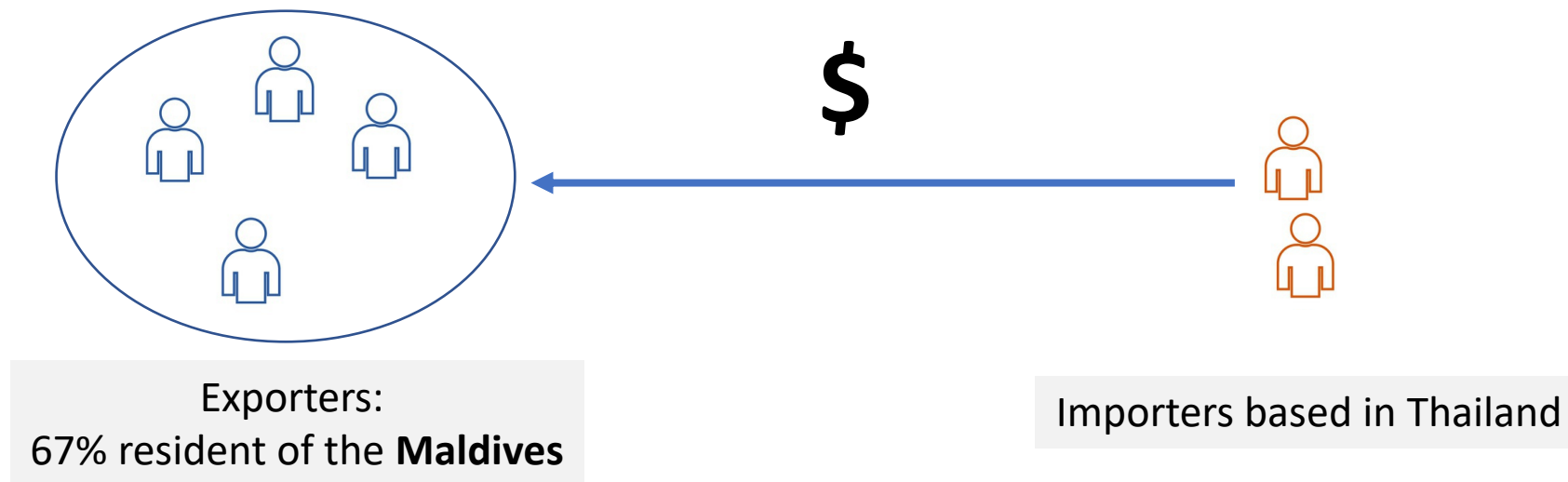
- When estimating **inward IFFs**, the methodology needs the proportion of residents among all the traffickers caught while exporting.
- It is because inward IFFs are financial flows **only earned by resident traffickers** (exporters) from non-residents (importers).

Example of composition of the arrested traffickers when exporting, per type of residence



3.2. Example: calculate Maldives inward IFFs

Let's consider this example to calculate the inward IFFs related to cocaine:



With the example of the USD 34, 600 export market previously calculated:

Inward IFFs = export market value * % of resident exporters
= 34,600 * 0.67
= 23,182 USD

IFFs are a percentage of the value of the international markets

Value of the international markets	Illicit financial flows (IFFs)
<p><i>Value of the export market</i></p> <p>= exports x export prices</p>	<p><i>Inward IFFs</i></p> <p>= value of the export market x % of resident exporters</p>
<p><i>Value of the import market</i></p> <p>= imports x import prices</p>	<p><i>Outward IFFs</i></p> <p>= value of the import market x % of resident importers</p>



2. DATA COLLECTED IN THE MALDIVES

Selected import trafficking routes

Proportions of Maldives **heroin** inbound seizures, per country of departure (average 2017-2020)

Departure country	Proportion
Pakistan	42.88
India	29.85
Sri Lanka	14.48
United Arab Emirates	6.70
Tanzania	4.73
Thailand	1.23
Greece	0.12
Netherlands	0.01
Total	100

Proportions of Maldives **cannabis** inbound seizures, per country of departure (average 2017-2020)

Departure country	Proportion
Bangladesh	84.57
Sri Lanka	6.55
India	4.89
Czech Republic	2.63
Other countries	1.36
Total	100.00

Proportions of Maldives **hashish** inbound seizures, per country of departure (average 2017-2020)

Departure country	Proportion
India	96.96
Sri Lanka	0.00
Pakistan	3.04
Total	100

Data on export trafficking routes

Proportions of **Sri Lanka** inbound seizures coming from the Maldives, per drug (average 2015-2018)

Drug	Proportion
Cannabis oil	100%
Marijuana	11.25%
Heroin	2.7%
Opium	5.60%
LSD	100%

Source: UNODC Annual Report Questionnaires

Note: Sri Lanka was the only country reporting the Maldives as country of transit – in UNODC Annual Report Questionnaires.

Maldives annual drug seizures (kg)

	2014	2015	2016	2017	2018	2019
Heroin	21.95	2.36	46.89	17.06	75.80	221.51
Cannabis	4.98	5.54	67.39	48.44	28.86	146.54
Cocaine	-	-	-	-	-	31.04
Others	-	-	-	-	-	9.17

Source: Statistical Year Book 2021, Maldives Bureau of Statistics

**Annual prevalence rates per drug in the Maldives
(16-64 population)**

Drug type	Annual prevalence (%)
Cannabis	2.55
Opioids	1.46
Opiates	1.34
Amphetamine	0.10
Cocaine	0.04

Source: National Drug Use Survey - Maldives 2011/2012

Daily expenditures per drug user, per drug

Drug	Expenditure per day (USD)
Cannabis (Hashish)	6.67 – 13.33
Heroin	13.33 – 20
Cocaine	66.67 – 133.33
Methamphetamine	1.33 – 3.33

Source: National Drug Agency

Weekly frequency of drug use per drug user

Drug	Typical	Minimum	Maximum
Cannabis	3-4 joints	1-2 joints	98-140 joints
Heroin	21 pieces	2-3 pieces	14 grams
Cocaine	3-4 lines	3-4 lines	7 grams
Methamphetamine	5-6 pieces	2-3 pieces	21-22 pieces

Source: National Drug Agency

Missing information to estimate the quantity consumed per capita

Drug	Number of dose per week (A)	Weight per dose (B)	Quantity per capita (C = A x B)
Cannabis	3-4 joints	?	?
Heroin	21 pieces	?	?
Cocaine	3-4 lines	?	?
Methamphetamine	5-6 pieces	?	?

SOLUTION:

if the weight per dose is missing, the expenditures per user can be combined with retail prices to estimate the quantity per capita.

But **RETAIL** prices also need to be collected.