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United Nations Office on Drugs and Crime



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UNCTAD-UNODC

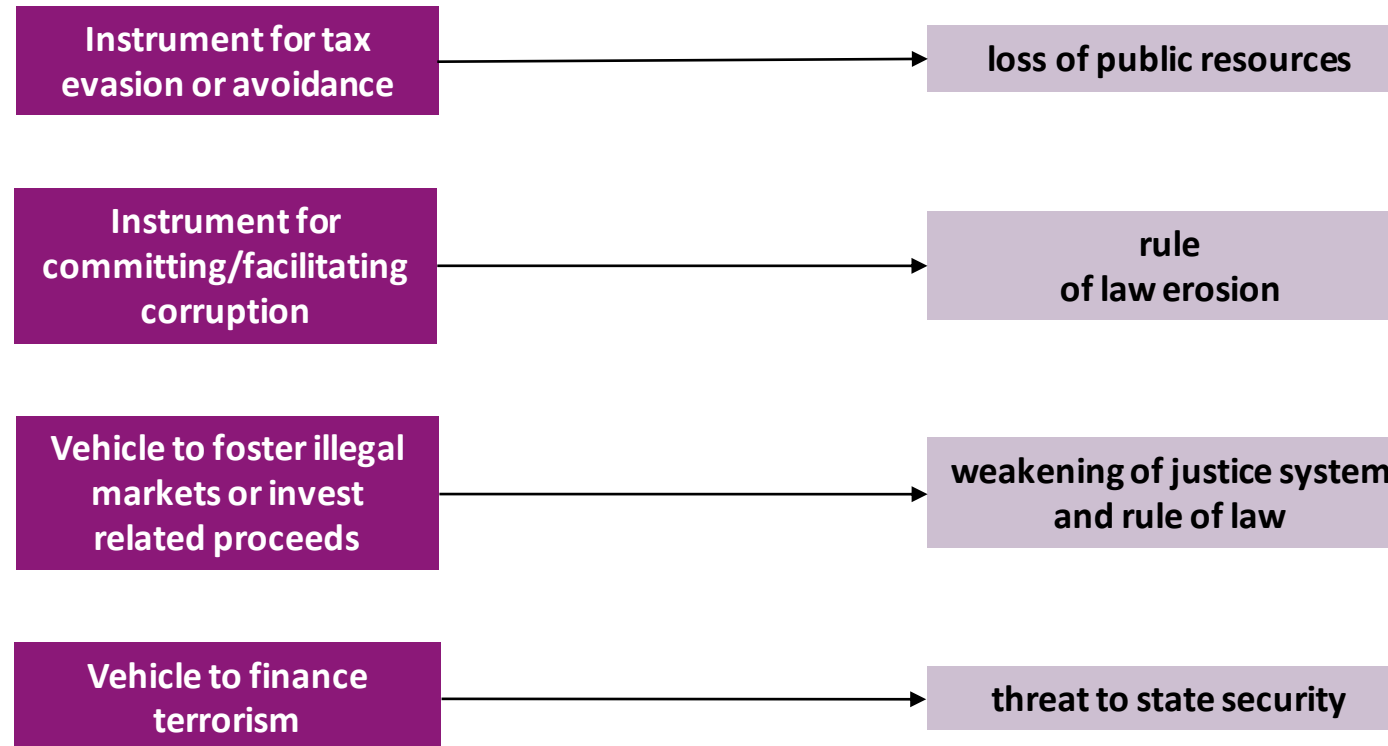
Conceptual framework for the statistical measurement of Illicit Financial Flows

First online training for the measurement of illicit financial
flows related to criminal activities in the Maldives

Diana Camerini, Project coordinator, UNODC

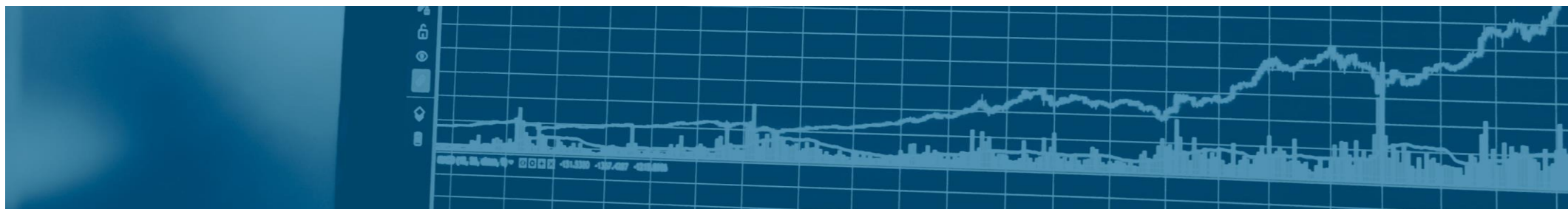
21 February 2022

IFFs at the crossroad of multiple policy agendas



Why is it important to measure IFFs?

- 1) Quantify resources to mobilize for the financing of the **2030 Agenda for Sustainable Development**
- 2) Define the **magnitude of the different sources** of IFFs and allow proper comparison
- 3) **Understand channels** of cross-border illicit transactions, to guide policy makers to define and improve tackling measures
- 4) **Monitor** impact of different policy actions to tackle IFFs



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)

UNCTAD and UNODC

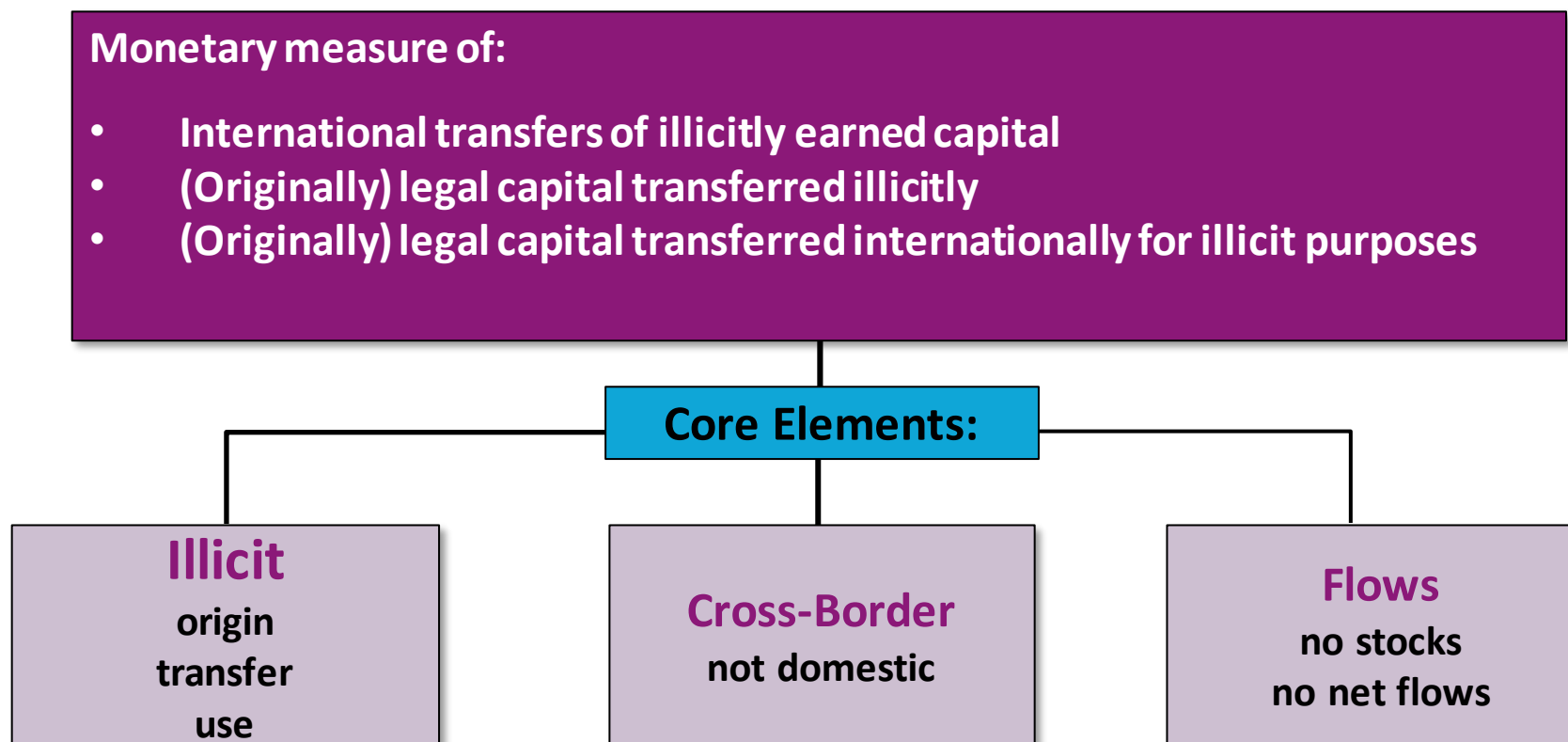
- As co-custodians of indicator 16.4.1, **UNODC and UNCTAD** are mandated to develop the statistical methodology
- In absence of an agreed statistical definition of IFFs and methods, the two agencies took coordinated action and consulted global experts



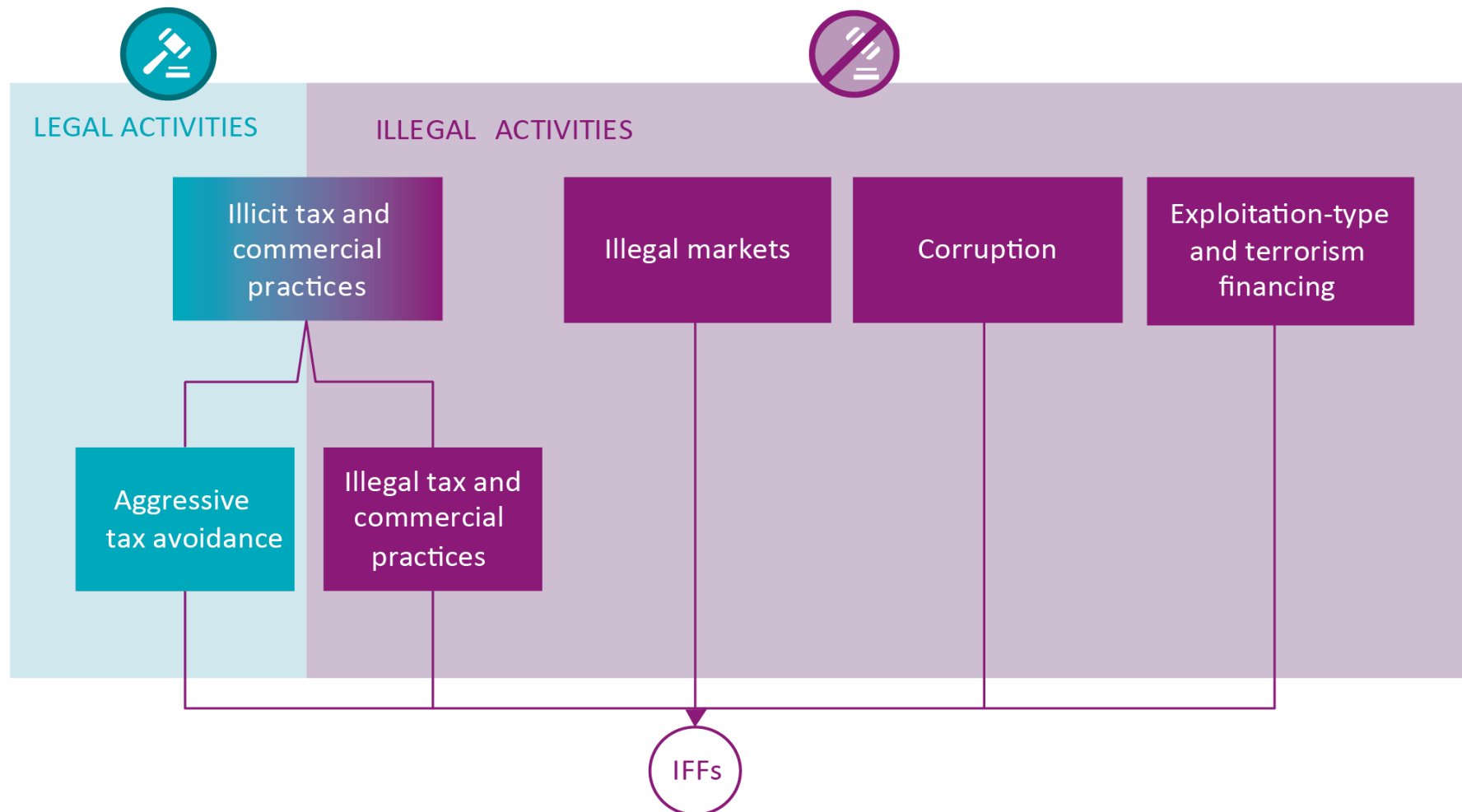
UNCTAD-UNODC Conceptual Framework for the Statistical Measurement of Illicit Financial Flows (2020)

IFFs for statistical purposes

*“Financial **flows** that are illicit in **origin, transfer or use**, that reflect an **exchange of value** and that **cross country borders**.”*



Four types of IFFs



Dual focus in Measuring IFFs

Income Generation

- Illicit financial flows connected to illicit markets and their functioning
- Linked to transnational supply and demand of illicit goods and services

Income Management

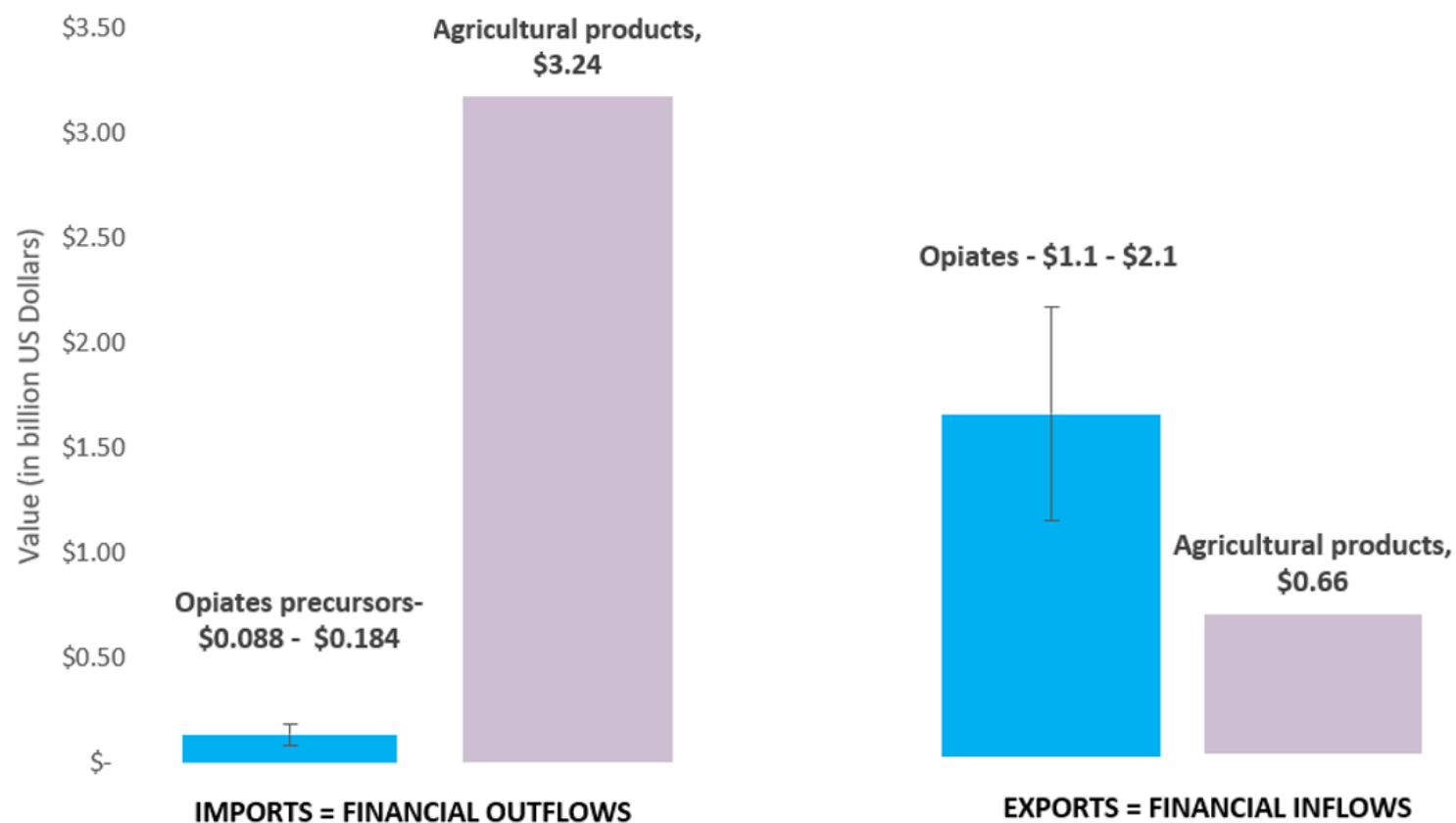
- Illicit financial flows to manage income generated from illicit activities
- Linked to consumption and investment patterns of illicit actors

Example: IFFs emerging from drug trafficking



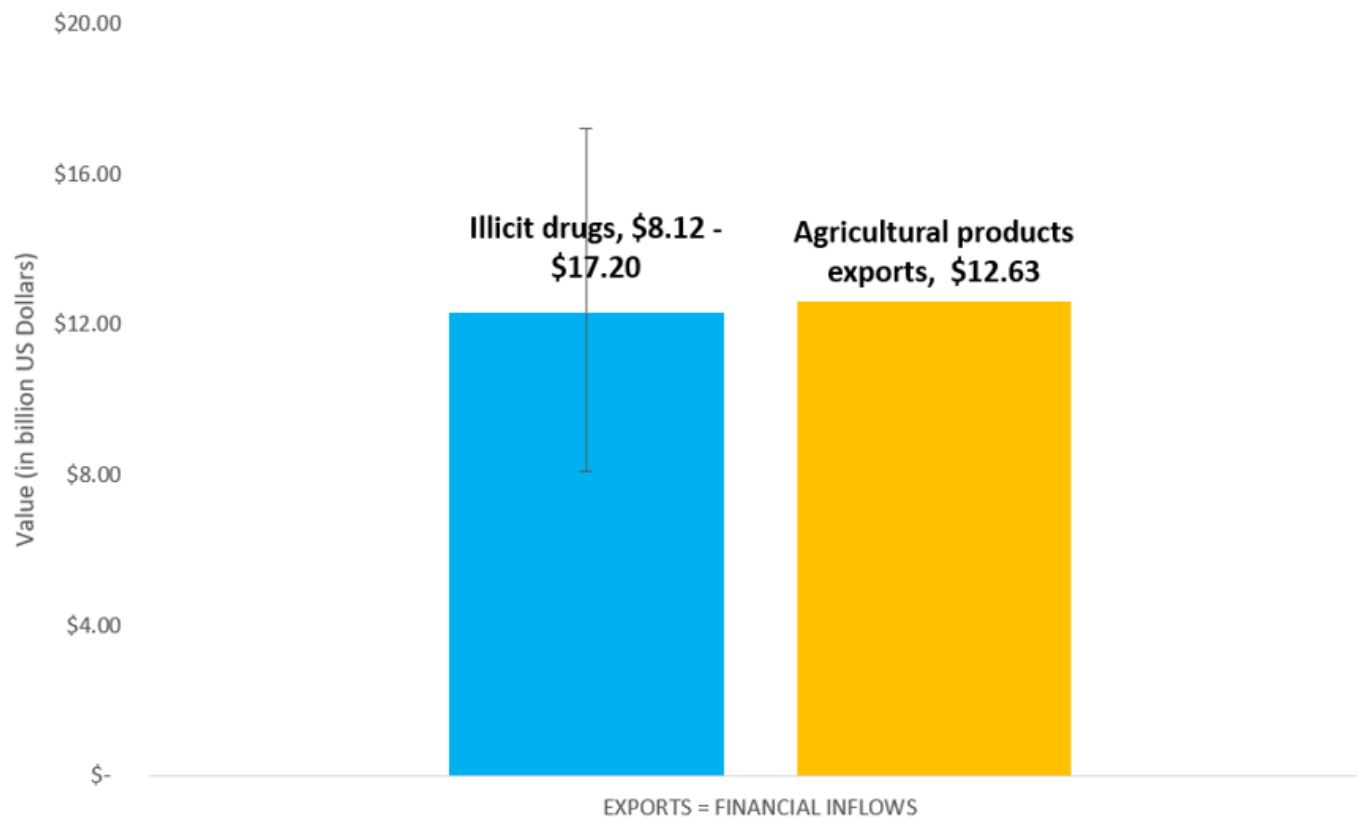
IFFs from opiates trafficking, Afghanistan (income generation)

Value (in billion USD) of trade in agricultural products vs opiates trafficking Afghanistan (2018)



Source: UNODC Estimates (Opiates trafficking), FAOStat (Trade in agricultural products)

Value (in billion US Dollars) of agricultural products exports vs export of illicit drugs
(average 2015-2018)



Inward IFFs from drug trafficking*, Mexico (income generation)

* cocaine, heroin and methamphetamine trafficking

Sources: INEGI, Sistema de Cuentas Nacionales de México (agricultural exports) and UNODC Estimates (illicit drugs)

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:** separate estimates for each IFF type
- **Comprehensive:** Encompasses main types of illicit activities that cause IFFs
- **Compatible:** Aligned to established concepts and standards from economics and accounting



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Scan here to download
the IFF Conceptual
Framework!



Thank you!



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