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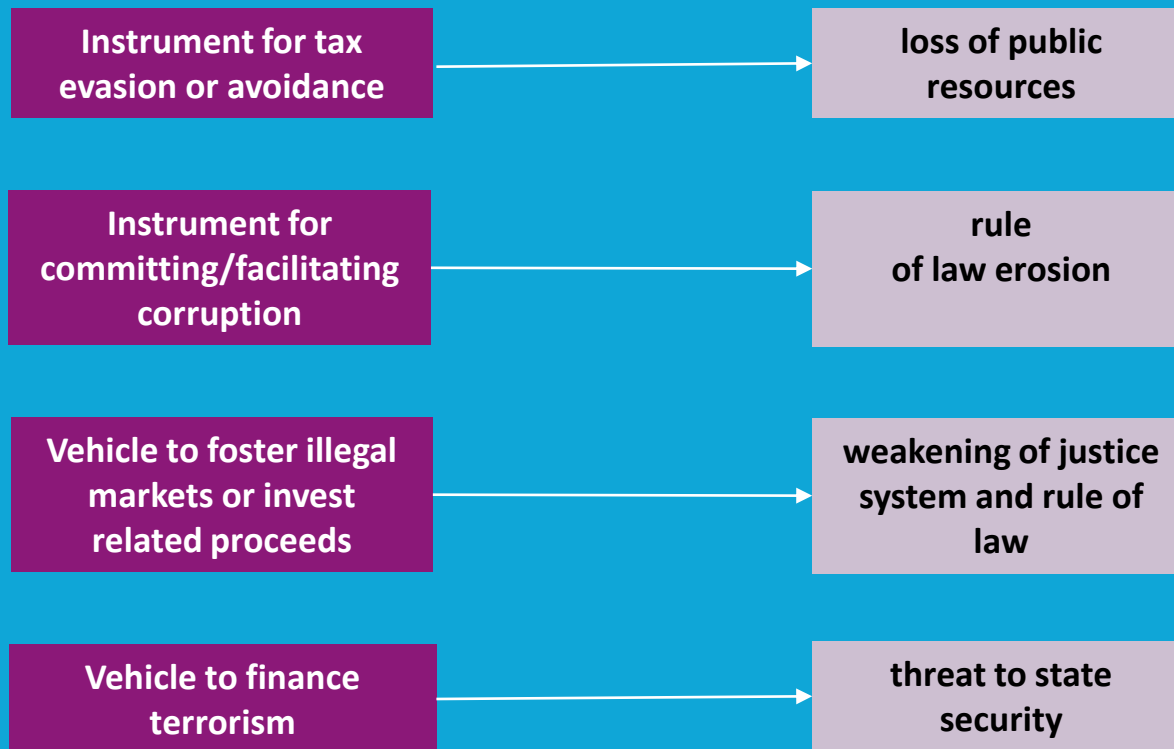
United Nations Office on Drugs and Crime



UNCTAD-UNODC Conceptual framework for the statistical measurement of Illicit Financial Flows

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IFFs at the crossroad of multiple policy agendas



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



The framework: 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)
- UNODC and UNCTAD, as co-custodians of indicator 16.4.1, are mandated to develop the statistical methodology

IFFs for statistical purposes

Monetary measure of:

- International transfers of illicitly earned capital
- (Originally) legal capital transferred internationally for illicit purposes
- (Originally) legal capital transferred illicitly

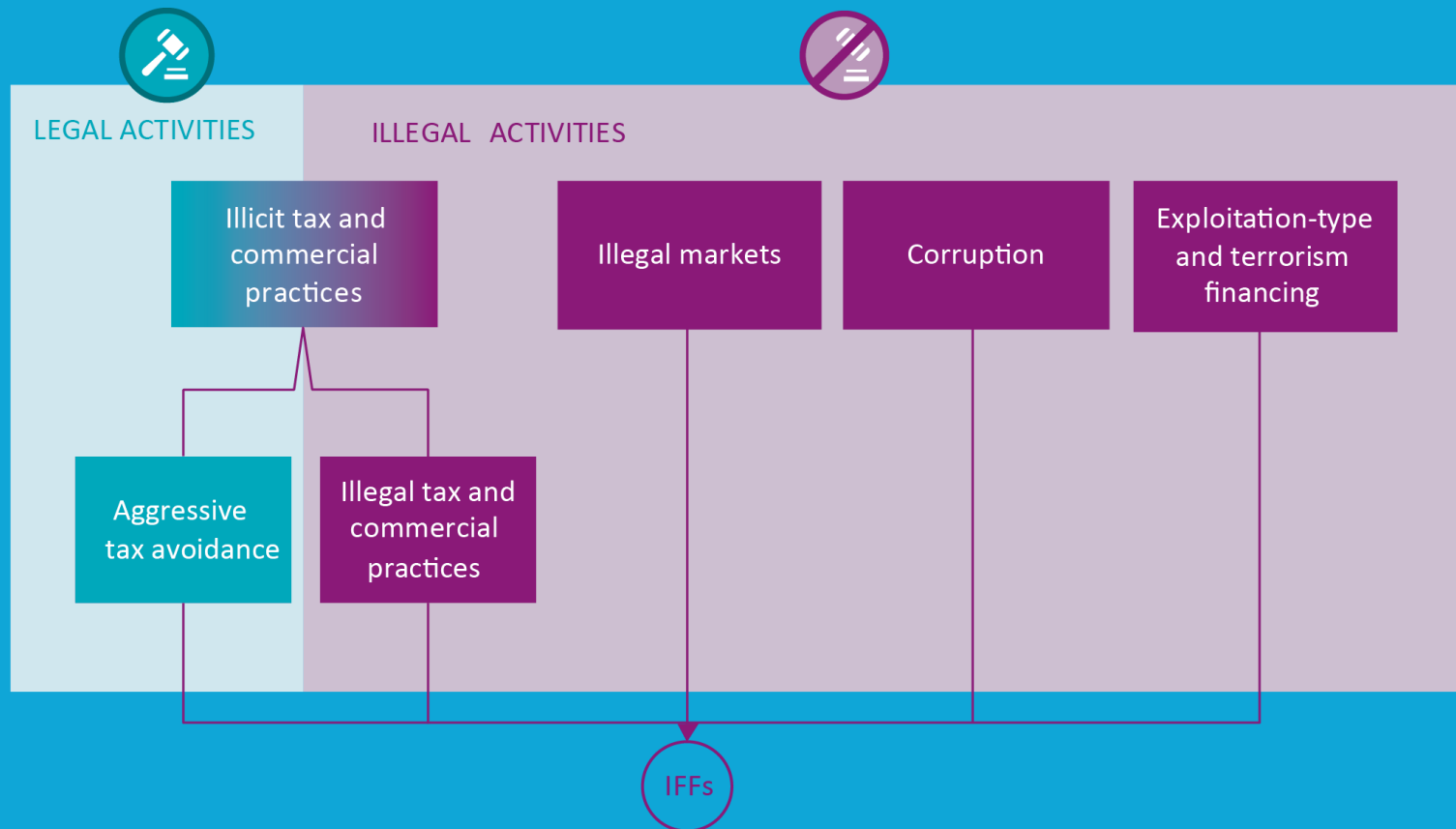
Core Elements:

Illicit

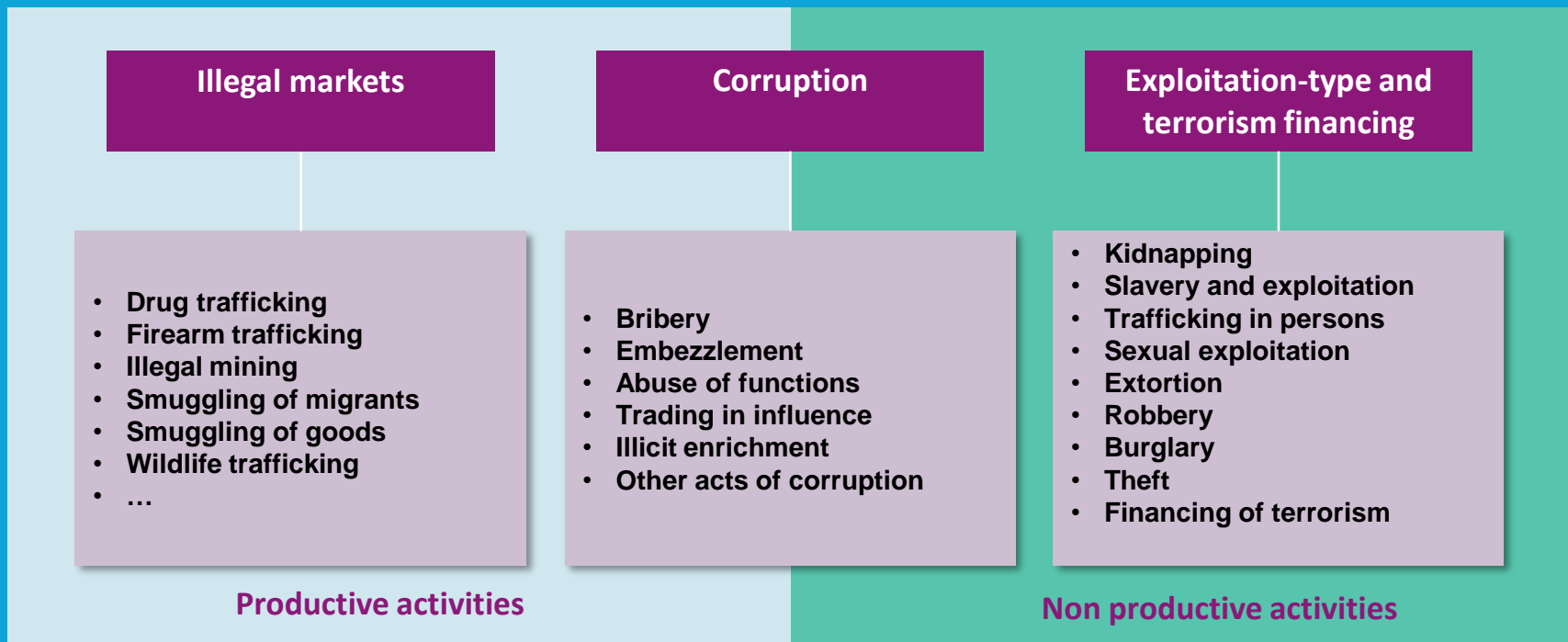
Cross-Border
not domestic

Flows
no stocks
no net flows

Distinguishing four types of IFFs



IFFs from illegal markets/activities



Example: IFFs emerging from drug trafficking



Dual Focus in Measuring IFFs

Income Generation

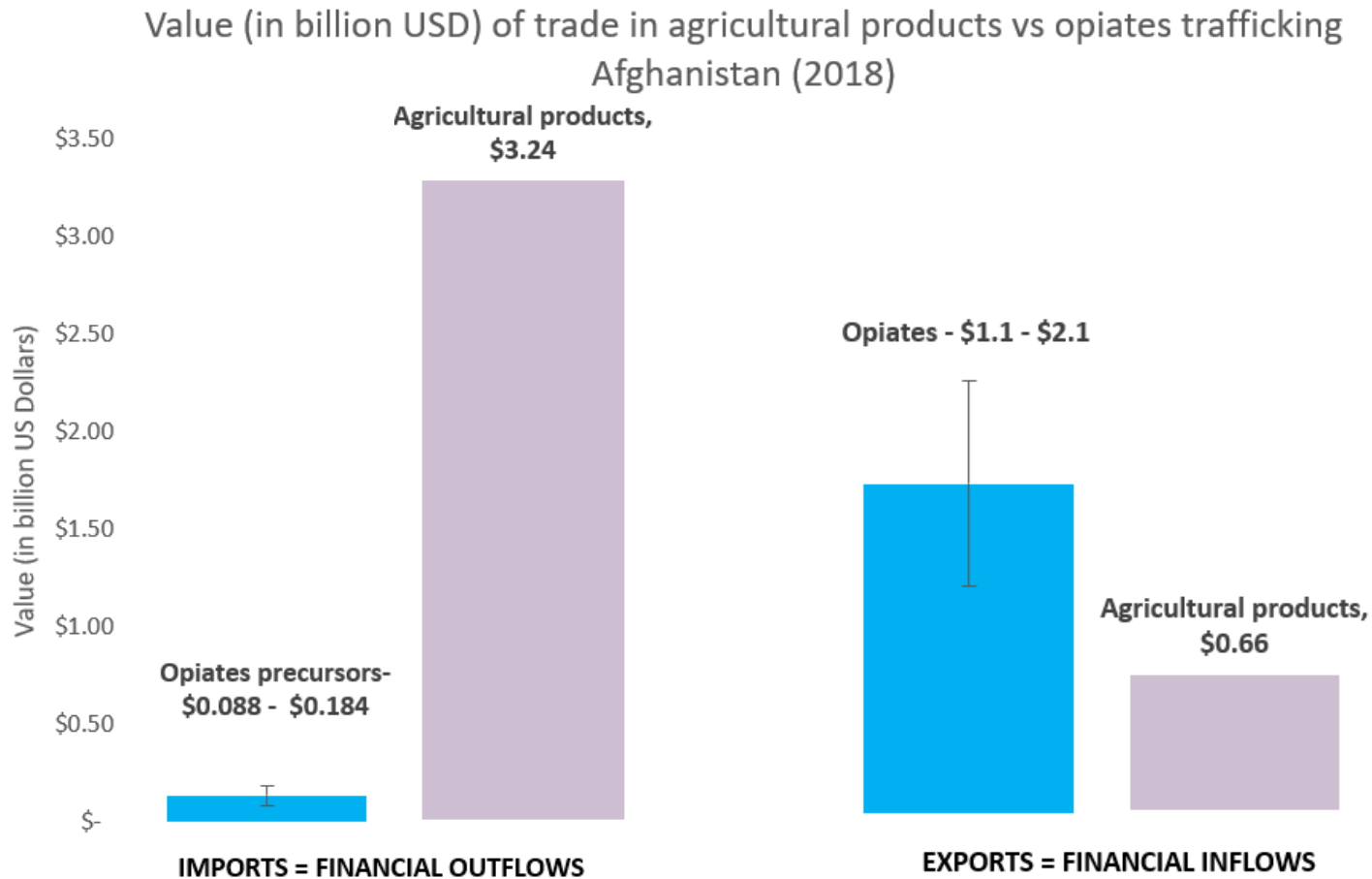
- Illicit financial flows connected to illicit markets and their functioning
- Linked to transnational supply and demand of illicit goods and services

Income Management

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



IFF from opiates trafficking, Afghanistan (income generation)



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

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