



UNODC

Oficina de las Naciones Unidas
contra la Droga y el Delito

SIMCI

Sistema Integrado de
Monitoreo de Cultivos Ilícitos

Illicit Financial Flows (IFF) for illicit gold exploitation and cocaine markets Experience in Colombia

Thematic Analysis Area

1. Colombia's experience in IFF measurement

IFF conceptual framework



- Principle
- Flows into and out of the territory

Methodology based on the
UN System of National Accounts (SNA)

Equilibrium Supply = Demand

By product and the intervening agents

Supply

Demand

Product perspective

$$\text{Production} + \text{Imports} + \text{Margins} + \text{Net taxes on products} = \text{Intermediate consumption} + \text{Final consumption expenditure} + \text{Gross fixed capital formation} + \text{Exports}$$

Production unit perspective

$$\text{Production} - \text{Intermediate consumption} = \text{Value added} = \text{Remuneration to employees} + \text{Other taxes on production} + \text{Mixed income}$$

1. Colombia's experience in IFF measurement

Summary of the supply-use table of the cocaine illicit market 2019. Millions of USD.

Product	Supply matrix				Use matrix				
	Production (agricultural activity, agroindustry, industry, drug dealing, other illicit sectors)	Imports Outward IFF	Commercialization margin (seizures)	Total supply	Total demand	Intermediate consumption matrix Intermediate consumption (agricultural activity, agroindustry, industry, drug dealing, other illicit sectors)	Demand vectors Household consumption	Potential exports Inward IFF Lower Limit	Incoming IFF vector Real exports Inward IFF Upper Limit
Fresh coca leaf	USD 457			USD 457	USD 457	USD 457			
Cocaine basic paste	USD 439			USD 439	USD 439	USD 439			
Cocaine base	USD 733		-USD 48	USD 686	USD 686	USD 647	USD 39		
Cocaine chlorhydrate	USD 1.877		-USD 280	USD 1.597	USD 1.597	USD 38	USD 81	USD 1.478	USD 10.235
Agrochemicals	USD 26	USD 20		USD 47	USD 47	USD 47			
Chemical substances	USD 415	USD 235		USD 650	USD 650	USD 650			
Transportation and security services	USD 131			USD 131	USD 131	USD 131			
Other inputs	USD 51			USD 51	USD 51	USD 51			
Total	USD 4.130	USD 255	-USD 328	USD 4.057	USD 4.057	USD 2.459	USD 120	USD 1.478	USD 10.235

Production and income generation accounts		
Total production		USD 4.130
Value added		USD 1.671
Remuneration to employees		USD 228
Mixed income		USD 1.442

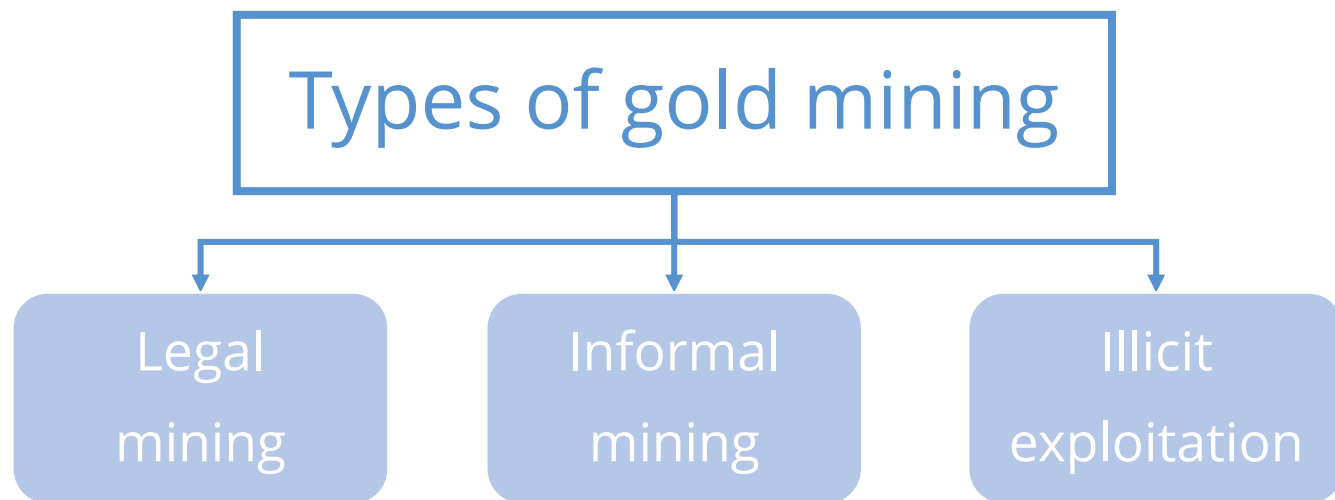
Outward IFF

Inward IFF

1. Colombia's experience in IFF measurement

Challenges in the methodological construction of the gold market IFF

Definition of what's illicit



Limited data to estimate IFF



2. Best practices identified during the process

- **Coordination spaces** were promoted with key institutions, such as the National Administrative Department of Statistics (DANE), Ministry of Justice and Law, Ministry of Mines and Energy, National Police - Antinarcotics Direction (DIRAN), Financial Information and Analysis Unit (UIAF) and National Tax and Customs Direction (DIAN) to **jointly establish the main features of the typification of illicit markets**
- The Colombia's IFF approach is **based on the principles of the UN System of National Accounts - SNA**:
 - **Statistical synthesis** of the phenomenon of illicit markets
 - Representation based on a **coherent accounting table**
 - Instrument for **macroeconomic analysis** that contributes to decision making
 - Homologation/adaptation of **activities (ISIC)** y **products (CPC)**

3. Learned lessons

No data, no model.

On cocaine outward IFF

- **37% of the total value** of demand for chemical substances comes from the external markets. Characterization of **transactions/actors** and **develop tools for monitoring** (un)controlled chemical substances to identify their origin.

On cocaine inward IFF

- It was **challenging to understand its dynamics**, specifically in relation to **trafficking and the return on capital invested** by drug trafficking organizations located in Colombia.

On illicit gold IFF

- We assessed the need for creating lines of research about **value chains, extraction methods, productivity, required inputs and illicit prices.**

4. Future plan and interest in updating

- Promote **joint work scenarios** with the Colombian government, in order to include the IFF estimations and methodologies to the **Colombia's System of National Accounts**
- In the estimation of the **IFF of the cocaine market**, opportunities were identified, including the characterization of the dynamics related to the **specialization of the extraction process, commercialization of raw materials and internal/external trafficking of cocaine**
- Regarding the estimation of the **IFF of the illicit gold market**, the creation of lines of research that allow **understanding the socioeconomic dynamics and context** of the actors involved in the illicit extraction of gold, providing greater elements and knowledge about the relationship between activities and processes



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