Reporting from Working Group 1
Day 2
Statistical challenges

Estimate the portion of income from illegal activities that is transferred abroad (financial transfers not associated with goods trade) and where (to which country/ies)

Ascertain origin-destination of financial flows associated with illegal trade

In both cases, the matrix of flows can be built with the assistance of information on illicit/illega financial transfers
Some general criteria

Need to select a few illegal activities

- Policy relevance, especially in terms of OC
- Relevance at country/regional level
- Stat.feasibility

Use of regional approach as first approximation to consolidate available information
Share of income transferred abroad

Determining the share of income that is transferred abroad:

- Type of illegal activity
- Type of actors involved and their strategy
- Contextual information:
  - opacity of the country
  - profitability of the country
  - ease of use of crime proceeds (e.g. cash intensiveness)
Possible methodological approaches

1. Use the same behaviour of legal actors, i.e. propensity of expenditure, savings and investments registered for income from legal activities

2. Use info from case studies on Org.Crim. Groups (challenge: standardization and harmonization of qualitative information that can be very different from country to country)

3. Risk assessment approach (assess the risk of the country of attracting/keeping illegal proceeds)
Determining direction of outward flows

- Suspicious transaction reports/suspicious activity reports (similar use of 'seizures of illegal goods'). Challenges: affected by capacity and different practices at country level

- Use data on all financial transactions and use some model (e.g. gravity model) to identify possible anomalous flows

- Information on cash transfers/use and currency transactions

- Survey on criminals/prisoners/law enforcement officers, etc.

- Collect qualitative data from countries on main destination countries of suspicious financial flows (e.g. explore data from Egmont Group/FATF)

- Risk assessment approach (comparative risk of countries to attract illegal flows)
Thank you