

# EVALUATION BRIEF

## FINAL INDEPENDENT PROJECT EVALUATION

# Developing indicator on illicit financial flows and monitoring them in Latin America (1617AL)

**Region:** Global – Latin America.

**Duration:** July 2017 to February 2021.

**Donors:** UNDA on its 10<sup>th</sup> Trench.

**Evaluation team:** Edgar Arredondo Casillas as team leader and Aldo Magoga as team member.

**Full report:**

[https://www.unodc.org/unodc/en/evaluation/reports\\_year\\_2021.html](https://www.unodc.org/unodc/en/evaluation/reports_year_2021.html)

## BACKGROUND AND CONTEXT

Due to an increasing concern among countries on the amount, origin and use of Illicit Financial Flows (IFFs) and an increasing need to measure and trace them to combat and control important illicit and/or criminal activities, UNODC and UNCTAD partnered to develop a methodological approach based on a global agreement on the conceptual definition of IFFs, that could allow such measurement of IFFs, under the terms set by indicator 16.4.1 of the SDGs. In collaboration with the UNODC-INEGI Mexico Centre of Excellence (CoE) they also tested this statistical methodology in four target countries of LA – Colombia, Ecuador, Mexico and Peru.

## MAIN FINDINGS

The project was highly relevant internationally for establishing an agreement on a conceptual definition of IFFs (previously inexistent) and for developing a statistical methodology to measure them consistent with the System of National Accounts (SNA). It was also sufficiently relevant for beneficiary countries, where the tools developed were found needed, useful and helpful to fully understand and map some criminal activities.

Important challenges on the design of the project due to the novelty of the issue and its complexity affected its efficient implementation and not all activities could be completed. Nevertheless, the project was highly effective: the document *Conceptual Framework for Statistical Measurement of IFFs* was considered a very good tool for its purpose and pilot studies results were all regarded as relevant, successful and significant.

In terms of impact, the developed tools have effectively helped to increase the understanding of IFFs and its types and it has made possible a way to measure some of them in a global scale. The project managed to build some capacity in target countries by delivering tools that can help to measure IFFs, but did not manage to enhance these capacities further, as expected in the Project Document. There is probability, nevertheless, that the project's results will be sustained in some areas and with some government institutions.

Finally, there is still a lot that can be done to improve the inclusion of the principles of gender equality and leaving no one behind into the design of the project and into its outcomes.



## LESSONS LEARNED

This project revealed that engaging beneficiary governments early and more securely is necessary for a good implementation of the project. This engagement has to be formalized somehow before intervention. It also showed that Country Offices should be involved in implementation, to take advantage of the knowledge they have of the

country and their existing relations, and that local technical experts should participate from the beginning of the project onwards to give their input on the reality of the country, its data basis, its existing knowledge and actual capabilities.

<p><b>STRENGTHS</b></p> <p>Consensus on a conceptual framework, developed methodology and pilot studies have established a solid basis for the measurement of IFFs related to criminal activities worldwide. The whole project has produced very important lessons learned.</p>	<p><b>WEAKNESSES</b></p> <p>Methodology needs to be tested further on other criminal activities and other regions/countries. Methodologies for activities as corruption, human trafficking and illicit commercial/tax evasion practices still need to be developed.</p>
<p><b>OPPORTUNITIES</b></p> <p>Other countries and regions are interested in applying this methodology. This can help increasing pilot studies and experiences. Targeted countries have interest in further capacity enhancement to continue their efforts to measure IFFs.</p>	<p><b>THREATS</b></p> <p>Difficult to involve National Statistical Offices. A strategy to engage them needs to be developed. It will be difficult to develop and strengthen capacities to measure IFFs in some countries. The issue is very sensitive politically and economically.</p>

## GOOD PRACTICES

The creation of a Task Force composed by a multidisciplinary group of experts is a good practice when developing a methodology in a new subject, which will be globally used. It provides a good groundwork for discussion and agreement of ideas. The double-edged strategy of having the HQs of UNODC doing research (especially for methodological development) and providing technical and expert assistance, and Country Offices implementing in the field, can also be considered a best practice. Finally, the open, flat and transparent mode of work that was achieved during the Expert Meetings and Regional Seminars, integrating multidisciplinary teams can also be considered a best practice, for it facilitates the sharing of knowledge, the open discussion of ideas and the achievement of shared conclusions.

## METHODOLOGY

The evaluation used a mixed methods methodology. Findings are the result of a triangulation of sources of qualitative and quantitative information, obtained from primary and secondary sources. Findings and sources have been compared to assess their consistency. Qualitative information was obtained from documentary review and from semi-structured interviews. Quantitative information, disaggregated by sex when possible, was obtained from the project indicators, reports, financial information and other documents received. Two online surveys have complemented the information. The number of stakeholders interviewed was 18 (12 male/ 6 female). The two surveys were sent to 37 participants and answered by 16 (only 4 female). Due to the restrictions imposed by the COVID-19 Pandemic, all data from primary sources was collected through long distance mechanisms.

## RECOMMENDATIONS

1. Engage with recipient governments to jointly identify follow up projects.
2. For future similar projects deploy a different, more efficient strategy of implementation, based on what was learned in this pilot project.
3. More pilot projects are needed elsewhere to keep on perfecting and expanding the possibilities to measure IFFs.
4. Capacity building to measure IFFs should also be regarded as a long-term ongoing activity, to expand the possibilities of achieving a global indicator.
5. Develop a long-term strategy to engage National Statistical Offices.
6. Make sure guidelines are construed involving local technical experts from the beginning on.
7. Explore ways to further include a gender and vulnerable-groups-inclusion perspectives into this kind of projects and studies.
8. For follow up projects or other pilots elsewhere try to find funding mechanisms that allow more flexible use of resources.



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