

UNDERSTANDING ILLICIT FINANCIAL FLOWS: An Introduction to the Volumes, Sources, Effects and Solutions for Developing Countries

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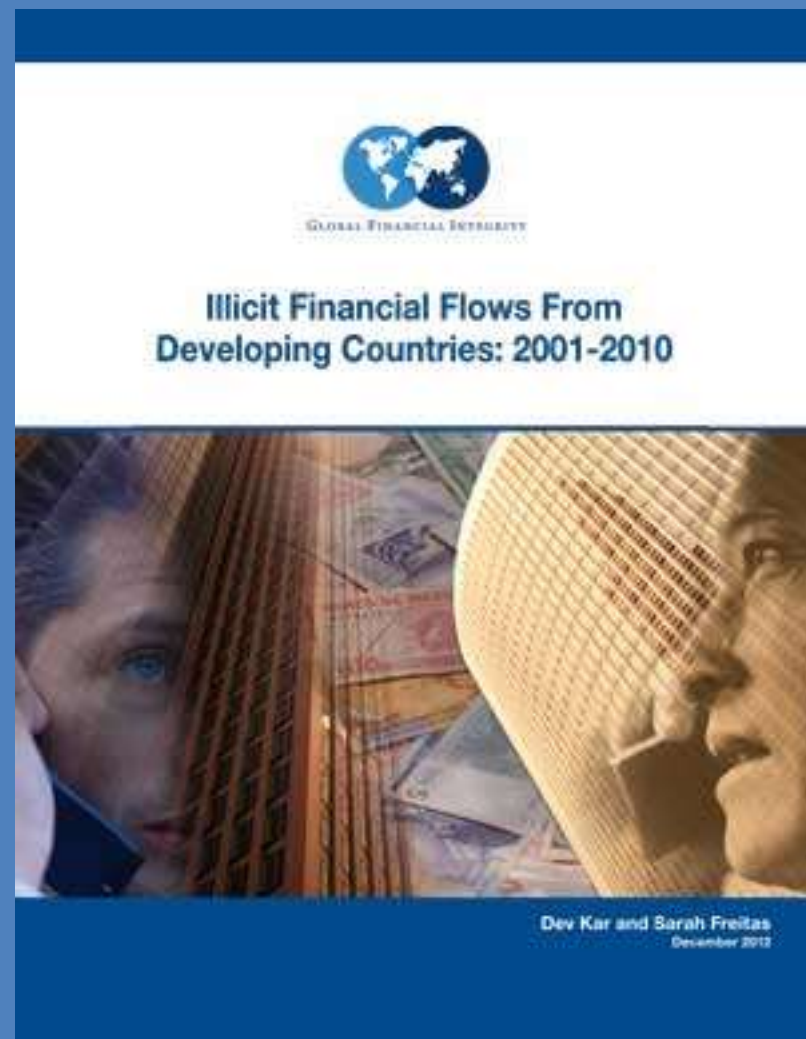
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What are Illicit Financial Flows (IFFs)?

*“Money that is illegally earned,
transferred, or utilized”*

What is the Data and How is it Measured?

- 2010: US\$859 billion left developing countries
- Methodology: Official data from the IMF and World Bank



Regional Breakdown: 2013 Report Preview

- Asia: 39.6%
- Americas: 19.6%
- MENA: 11.2%
- Africa: 7.7%
- Europe: 2.5%



The Global Shadow Financial System

- Secrecy jurisdictions
- Anonymous shell companies, trusts and foundations
- Manipulated invoices

Every dollar in illicit financial outflow is absorbed as an inflow somewhere else in the world.

Consequences of Illicit Financial Flows

- Reduced domestic resource mobilization
- Lost capital for investment
- Weakened rule of law and governance
- May fuel instability
- Harm to human rights, equality, and economic development

Policies to Curtail Illicit Financial Flows

- Beneficial Ownership Transparency
- Automatic Exchange of Tax Information
- Harmonization of AML Laws
- Country-by-Country Reporting
- Trade Misinvoicing

Thank You | Gracias

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