

Testing UNCTAD and UNODC statistical methods to measure illicit financial flows. Preliminary testing results in Latin America

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Abstract

Illicit financial flows (IFFs) threaten countries' ability to achieve the 2030 Agenda. To curb IFFs and their impact on social and economic development, reliable statistics on IFFs need to be collected. SDG indicator 16.4.1 is set to measure the size of inward and outward IFFs, with custodian agencies UNCTAD and UNODC leveraging methodological work around the indicator, starting with the conceptual framework to define IFFs, developing methodological guidelines to statistically measure tax and commercial and crime-related IFFs, and last, but not least, to pilot test methodologies in various countries. To that end, UNCTAD and UNODC have launched pilot testing projects with United Nations regional commissions to support national activities to apply methodologies in Latin America, Asia and Africa. This paper discusses additional case study of applying the method to measure tax and commercial IFFs using price filter method in Brazil's soya beans exports.

1. Introduction

For the purpose of the Sustainable Development Goals (SDGs) Indicator 16.4.1, illicit financial flows (IFFs) are defined as financial flows that are illicit in origin, transfer or use that reflect an exchange of value and cross country borders (UNCTAD and UNODC, 2020). IFFs threaten countries' ability to achieve the 2030 Agenda. They drain much needed and limited resources to support environmental, social and economic development, undermine functioning of national authorities and weaken rule of law by fuelling corruption. Without reliable statistics on IFFs the high uncertainty about the size of these flows, their origins and impact on development and on the achievement of a safe and peaceful society hampers policy action to combat IFFs.

This paper is structured in the following way. The next section provides background information on the methodological work on statistical measurement of IFFs, further referring to pilot activities in countries to measure IFFs in Section 3). Central to the paper is the case study of applying a trade mispricing

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methodology to measure IFFs from exports in Brazil, presented in Section 4. Last section provides concluding remarks.

2. Background

In July 2017, the United Nations General Assembly adopted the indicator framework for the monitoring of progress towards SDGs, with indicator 16.4.1 estimating the “total value of inward and outward illicit financial flows” selected as one of two indicators to measure progress towards target 16.4. The United Nations Conference on Trade and Development (UNCTAD) and the United Nations Office on Drugs and Crime (UNODC) were assigned as custodians of SDG indicator 16.4.1. At the time, there was no universal agreement on the definition of IFFs or how the component parts could be measured.

In 2017-2018, UNCTAD and UNODC, jointly with the United Nations Economic Commission for Africa (UNECA), carried out wide expert consultations to discuss the scope and measurement of IFFs and take stock of related research. Regular expert consultations were established in January 2019 when UNCTAD and UNODC established a Task Force on the Statistical Measurement of IFFs, involving experts from national statistical offices, financial intelligence units, tax authorities, academia, non-governmental organisations, international organisations and other IFF experts.

As a result, an UNCTAD/UNODC Conceptual Framework for the Statistical Measurement of Illicit Financial Flows was published in October 2020 (UNCTAD and UNODC, 2020), reflecting concepts and standards presented to and approved by the Inter-Agency and Expert Group on SDGs Indicators (IAEG-SDGs) and the United Nations Statistical Commission in October 2019 and March 2020, respectively. The latter has led also to reclassifying of SDG Indicator 16.4.1 from Tier III to Tier II indicator, meaning that the indicator is now conceptually clear and based on internationally established standards, while data are not yet available from countries. In February 2021, these concepts were subsequently adopted by the FACTI Panel (United Nations, 2021), noting that UNCTAD and UNODC together “developed the first statistical definition of the term to contribute to the development of SDG Indicators”.

3. Pilot activities to statistically measure IFFs in Latin America and Africa by UNODC and UNCTAD

IFFs are deliberately hidden and, as they take many forms and use varying channels, their measurement is challenging both conceptually and in practice. The challenges differ across countries, depending on main types of IFFs affecting the country, data availability, mandates of national institutions, statistical capacity and national policy priorities. While international comparability is central to SDG reporting, the measurement of IFFs requires space for country-specific solutions and the flexible application of methods in line with the common framework.

In June 2021, UNCTAD published Methodological Guidelines to Measure Tax and Commercial IFFs for pilot testing, developed based on extensive deliberations within the Task Force. They identify methods for the measurement of the main types of tax and commercial IFFs in country pilots and will be refined during and after the pilot tests.

The UNCTAD guidelines provide a suite of methods for pilot testing the measurement of three main types of tax and commercial IFFs:

1. Trade misinvoicing by entities, addressed using the pair of methods:

- a. Method #1 – Partner Country Method to review bilateral discrepancies in reported trade flows and exploiting detailed trade data available within national statistical systems to identify the amount of asymmetries to be attributed to IFFs more accurately.
- b. Method #2 – Price Filter Method to identify abnormally priced transactions in international trade to observe signs of IFFs.
2. Aggressive tax avoidance or profit shifting by multinational enterprise groups (MNEs)
 - a. Method #3 – Global distribution of MNEs’ profits and corporate taxes to observe tax-induced profit shifting.
 - b. Method #4 – MNE versus comparable non-MNE profit shifting to identify potentially tax-avoiding behaviours and the amount of profits shifted as a measure of IFFs.
3. Transfer of wealth to evade taxes by individuals
 - a. Method #5 – Flows of undeclared offshore assets looking at discrepancy between declared and internationally reported offshore assets by citizens.
 - b. Method #6 – Flows of offshore financial wealth by country to estimate the level of related flows from undeclared offshore wealth.

UNODC has developed and continues to enhance methods to address IFFs from criminal activities, such as smuggling of migrants, drugs trafficking, illegal mining, wildlife trafficking, and corruption, providing guidance and expert support to national authorities undertaking measurement. These methods are being currently refined based on the outcomes of pilots carried out in Latin America between 2018 and 2020.

The methodological guidelines are aimed at statistical and other national authorities with a mandate to collect and access relevant information. Microdata available to national authorities enable the compilation of more reliable estimates. The guidelines suggest simpler methods in parallel with more sophisticated methods to enable IFF estimation, also where less data are available.

Regardless of their hidden nature, IFFs leave traces in official data held by national statistical systems and other agencies, but these data are scattered across a range of national authorities. Relevant data may be held by the police and ministries and councils of justice, financial intelligence units, central banks, tax authorities, customs and national statistical offices.

Eventually, the many types of IFFs should be measured in one indicator. That will require close collaboration within the national statistical system and with administrative data providers. National statistical offices are well placed to lead and coordinate the compilation of IFF statistics. This is in line with the General Assembly (A/RES/71/313) resolution which “stresses that official statistics and data from national statistical systems constitute the basis needed for the global indicator framework, ..., and stresses the role of national statistical offices as the coordinator of the national statistical system.”

In 2021-2022, large-scale pilot testing of the UNCTAD and UNODC concepts and methods for SDG Indicator 16.4.1 are ongoing jointly with the UN Regional Commissions. These pilots provide countries with the first steps, resources and tools to build their statistical capacity to estimate IFFs. In total, 12 countries in Africa⁴ and six in Asia and the Pacific⁵ take part in the pilot activities. These pilots and the work of other pioneering countries across continents, in particular in Latin America, will help to refine the methods to measure IFFs. The coordination offered by Regional Commissions ensures the development of practicable and feasible methods, and a focus on regional and national priorities.

⁴ Angola, Benin, Burkina Faso, Egypt, Gabon, Ghana, Mozambique, Namibia, Nigeria, Senegal, South Africa, and Zambia.

⁵ Bangladesh, Maldives, Nepal, Kyrgyzstan, Uzbekistan, and Viet Nam.

UNODC carried out the first pilots in Latin America between 2018 and 2020 involving Columbia, Peru, Ecuador and Mexico⁶. Methods to estimate *income generation* IFFs from selected illegal markets, such as drug trafficking, smuggling of migrants and illegal gold mining were tested. First estimates in Mexico show that drug trafficking flows⁷ to the United States have generated an average of over US\$12 billion in inward illicit financial flows between 2015 and 2018. In addition, the flows of smuggled migrants crossing or departing from Mexico to find better opportunities in Northern America is estimated to be responsible for an increasing value of inwards IFFs, growing from almost US\$1.0 billion in 2017 to almost US\$1.2 billion in 2018. Outward IFFs from the cocaine market in Colombia for 2019 amounted to US\$ 255 million. A similar pilot in Afghanistan by UNODC estimated illicit gross income of the opiate economy to be worth between US\$1.2 and US\$2.2 billion in 2018, a value corresponding to between 6 to 11 per cent of the country's gross domestic product (GDP).

Such estimates refer only to IFFs directly link to cross-border operations strictly associated with illicit trade, and do not take into account the so-called *income management* IFFs (the flows associated with management of crime profits). Therefore, such estimates are conservative and additional research is being carried out to develop methods to cover all flows associated with these criminal activities.

4. Case study: Estimating tax-related illicit financial flows in Brazil

4.1 Introduction

Tax and commercial IFFs cover a wide range of activities defined within the continuum of tax aggressiveness, rendering estimation methodologies even more challenging to apply, or interpret results. Adding to the complexity of these flows, the research outlined in this case study looks at estimating price anomalies likely resulting from tax-minimizing routes which artificially divert cross-border trade income flows into offshore intermediary entities, located in low-tax jurisdictions. This approach may not sufficiently allow to disaggregate such estimated IFFs into tax evasion and aggressive tax avoidance. Nevertheless, it does reflect important methodological considerations, important also (and above all) in the interpretation of the results. This research was prepared as a case study for the UNCTAD-UNODC Task Force on the Statistical Measurement of IFFs to support testing methodologies to statistically measure IFFs. More details on the methodology can also be tracked in Amaral and Barcarolo (2020).

4.2 Phantom trade rationale

The work carried out by the Secretariat of the Federal Revenue of Brazil (RFB, 2019), i.e., studies, research or audits, demonstrate that Brazilian export transactions follow a pattern of very high reliance on triangular operations through offshore intermediary entities. The latter are most likely to be found as special purpose entities or pass-through entities, located in tax havens or privileged tax regime jurisdictions. These tax-induced structures, frequently enabled by empty corporate shells with no real commercial activity, artificially divert the financial flows of trade transactions to low-tax jurisdictions. These artificial financial flows routed through transactions with phantom⁸ corporations also generate a serious distortion to what is believed to be the real structure of the Brazilian international trade network

⁶ Summary results and methods used in pilot testing activities are available at: <https://www.unodc.org/unodc/en/data-and-analysis/meeting-25-march-latin-america.html>

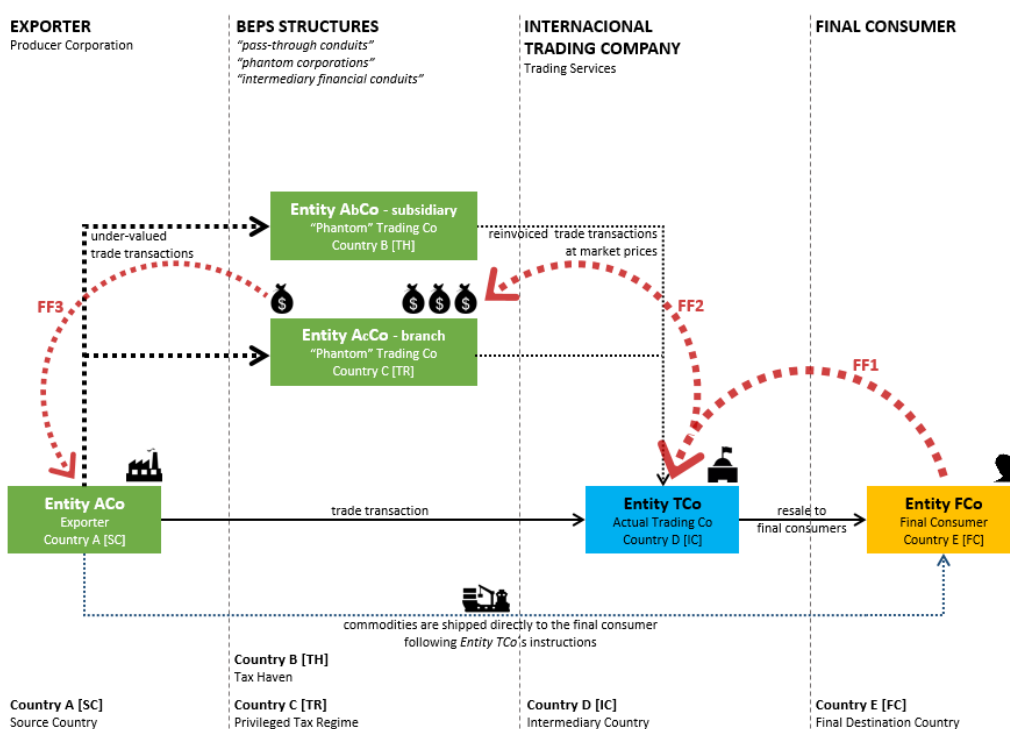
⁷ From trafficking in cocaine, heroin and methamphetamine

⁸ Analogously to the phantom investment phenomena identified by a recent International Monetary Fund research (IMF, 2019).

since the reported export transactions would be biased due to aggressive tax avoidance or international tax evasion strategies.

The rationale of phantom trade is best depicted in the following graphic (see Figure 1), clearly showing financial flows not being (as) direct as the trade transaction (commodities traded).

Figure 1. Phantom trade rationale



Source: Amaral and Barcarolo (2021).

Note: The payments or financial flows (FF) enabled by the BEPS structures could be disentangled, for didactic purposes, as follows:

FF1 (Country E [FC] to Country D [IC]): payments from final consumers (e.g.: Entity FCo) to actual international trading companies (e.g.: Entity TCo) at market prices. Low-tax or non-transparent jurisdictions not involved.

FF2 (Country D [IC] to Country B [TH] or Country C [TR]): payments from actual international trading companies (e.g.: Entity TCo) to phantom trading companies (Entities AbCo and AcCo) at market prices. Low-tax or non-transparent jurisdictions involved.

FF3 (Country B [TH] or Country C [TR] to Country A [SC]): payments from phantom trading companies (Entities AbCo and AcCo) to the Entity ACo (Exporter) at under-valued prices. Low-tax or non-transparent jurisdictions involved.

The FF2 is artificially created through the insertion of phantom trading companies (Entities AbCo and AcCo), empty corporate shells with no real economic activity located in low-tax and non-transparent jurisdictions, leading to profit shifting and tax revenue loss where the real economic activity is undertaken and the income is generated (Country A [SC]).

[SC]: Source Country, wherein the income is generated.

[TH]: Tax Haven, wherein the phantom trading company (intermediary financial conduit) is located.

[TR]: Privileged Tax Regime, wherein the phantom trading company (intermediary financial conduit) is located.

[IC]: Intermediary Country, wherein the actual international trading companies are located.

[FC]: Final Destination Country, wherein the final consumers are located.

4.3 Price filter methodology

This study is using the price filter method (PFM) to detect abnormally priced transactions, themselves being suspicious of mispriced transactions, therefore likely to enable or carry IFFs either in the form of

misinvoicing or aggressive tax avoidance (profit shifting). A range of prices, so-called price filters are identified for each Harmonized Commodity Description and Coding System (HS) code as a proxy for arm's length prices and subsequently used to detect suspicious transactions with abnormal prices, i.e., the prices falling outside this range. Such a pattern is considered as an indication of possible trade mispricing. The arm's length price in a transaction varies depending on the particular transaction's circumstances, such as contractual terms, economic circumstances, and business strategies pursued by buyer and seller (refer to, e.g., WCO, 2018; Carbonnier and Mehrotra, 2020; UNCTAD, 2021).

Price filter for each of the studied commodities would include a central price and a variation around this price deemed as a normal deviation to account for these circumstances, hence creating an upper- and lower-bound price. In determining the price filter, a decision needs to be made as to whether they would be constructed from observable market prices or be statistically estimated using transaction-level trade data. Data availability would be the primary driver behind this decision, as construction of price filter from observable market prices is recommended to overcome shortcomings, especially endogeneity of statistical price filters.

The lower and upper bound prices are usually set at the first and third quartiles, respectively – hence, using the inter-quartile range. Alternatively, they can be set at the central (e.g., average) price with identified range of variation, i.e., $\pm \alpha$ (%) for each HS Code based on the judgment of commodity specialists. The price filter range may be set narrower or wider around the market price as appropriate. For the analysis, the following formula can be used to depict the price filter:

$$PRICE\ FILTER = [MARKET\ PRICE\ or\ STATISTICALLY\ ESTIMATED\ PRICE] \pm \alpha\ (\%) \quad (1)$$

Using this approach, all abnormally priced transactions detected by the price filter method are assumed suspicious mispriced transactions and, likely, enable outward IFFs or profit shifting out of countries either through import overinvoicing or export underinvoicing, or inward IFFs through import underinvoicing or export overinvoicing. The underinvoiced amount in export transactions is the focus of this statistical research, and may be estimated as the lower bound price minus invoice price times quantity (in cases where this holds, i.e., invoice price is actually lower than the lower-bound price):

$$UNDERINVOICED\ AMOUNT = [LOWER\ BOUND\ PRICE - INVOICE\ PRICE] \times [QUANTITY] \quad (2)$$

4.4 Soya bean exports in Brazil

In this case study, the PFM approach has been applied to the soya bean trade market in Brazil, specifically looking at exports and moreover the triangular trade involving so-called phantom trade.

In the context of the Brazilian trade market, the soya bean price is composed by the commodity future market quoted price (e.g., Chicago Board of Trade (CBOT) quoted price) plus the premium basis paid to the exporters. As a result, to define a proxy for the arm's length price, the price filter for the soya bean trade market should be constructed not only from observable market prices but also taking into account the premium basis negotiated:

$$SOYA\ BEAN\ PRICE\ FILTER = [QUOTED\ PRICE + PREMIUM\ BASIS] \pm \alpha\ (\%) \quad (3)$$

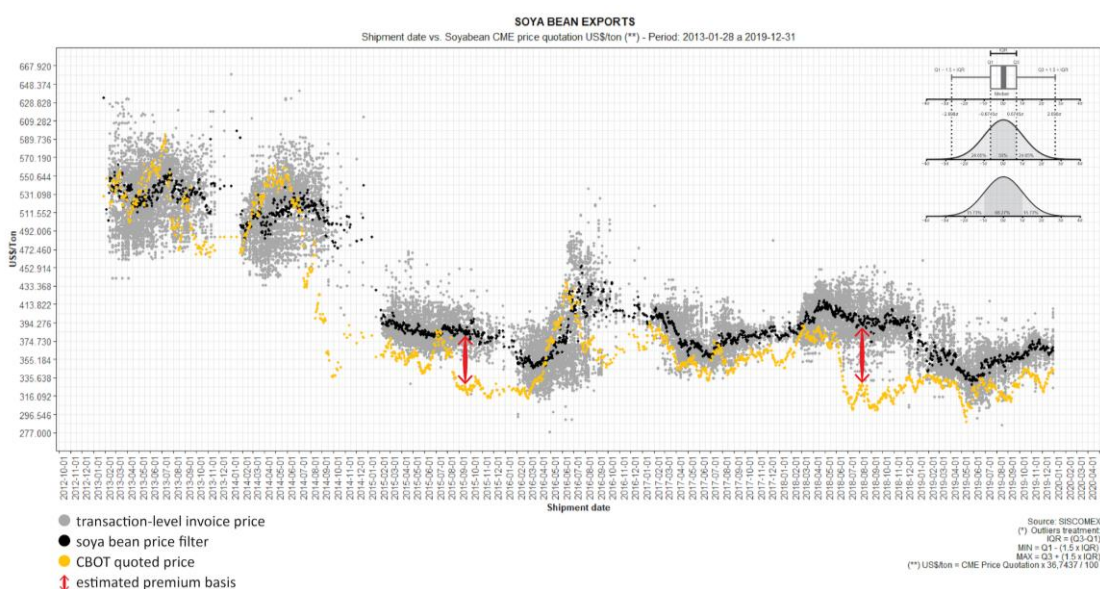
However, since the historical series of the premium basis are not available publicly, e.g., in an open data source, a proxy for the arm's length price, hereinafter referred as the price filter for the soya bean

trade market, was statistically estimated using a three-day weighted moving average price built on transaction-level trade data collected by the Customs Bureau. The upper and lower bound prices were set at the three-day weighted moving average price $\pm 1\sigma$ (standard deviation).

$$\text{SOYA BEAN PRICE FILTER} = [\text{THREE-DAY WEIGHTED MOVING AVERAGE PRICE}] \pm 1\sigma \quad (4)$$

Figure 2 plots all transaction-level invoice prices (grey) and illustrates the price filter for the soya bean trade market statistically estimated using a three-day weighted moving average price including a benchmark upper and lower bound prices set at $\pm 1\sigma$ (black). The Chicago Board of Trade (CBOT) quoted prices (yellow) were plotted as well.

Figure 2. Transaction-level invoice prices and the price filter for the soya bean trade market (2012-2020).

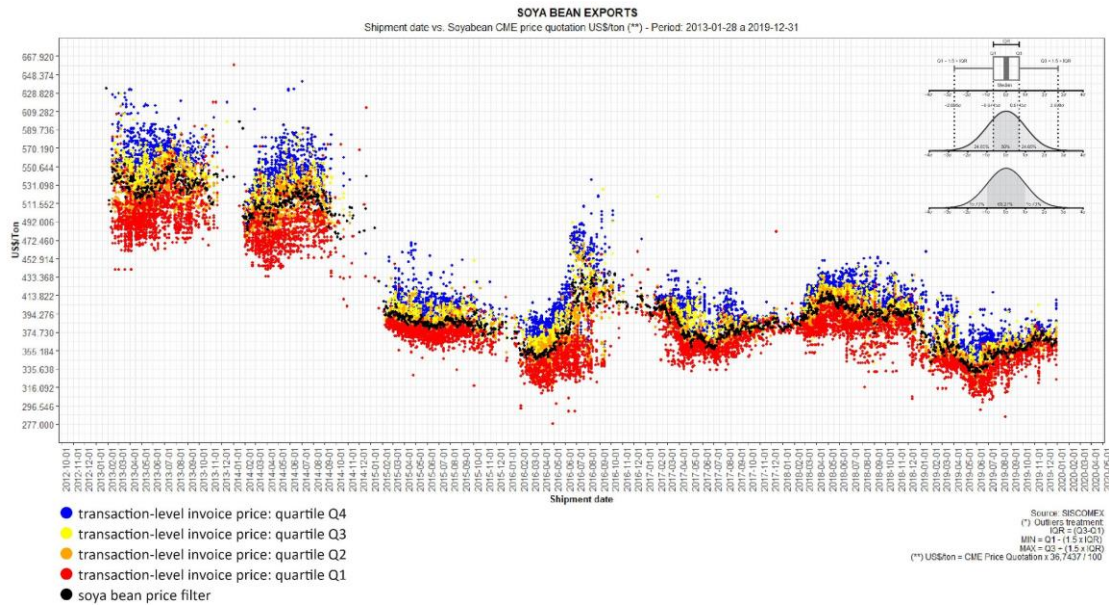


Source: SISCOMEX Customs Database, Secretariat of the Federal Revenue of Brazil and Chicago Board of Trade (CBOT).

The difference between the three-day weighted moving average price and the CBOT quoted prices suggests that, likely, a premium basis has been paid to the exporters. This finding also indicates that the invoice prices should be, in general, equal or very close to the estimated price filter for the soya bean trade market (proxy for the arm’s length price).

Before estimating the weighted moving average price, an outlier treatment was applied using the interquartile range (IQR). All export transactions which are more than 1.5 times the interquartile range above the quartile 3 ($Q3 + 1.5 \times IQR$) or below the quartile 1 ($Q1 - 1.5 \times IQR$) were excluded from the daily data series. In the following chart, the transaction-level invoice prices are segregated by quartiles Q1, Q2, Q3 and Q4.

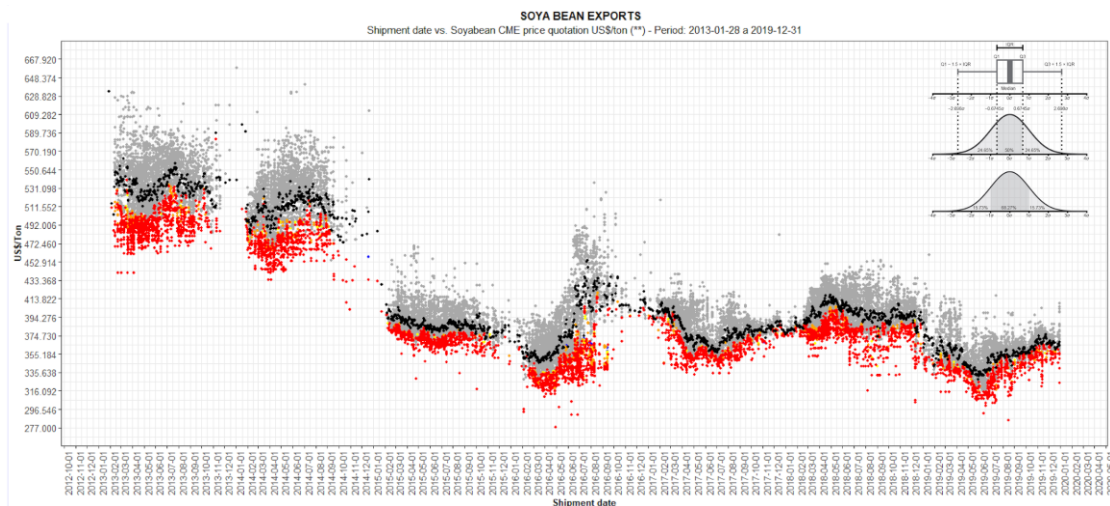
Figure 3. Transaction-level invoice prices, segregated by quartiles Q1, Q2, Q3 and Q4 (2012-2020).



Source: SISCOMEX Customs Database, Secretariat of the Federal Revenue of Brazil.

In view of the aforementioned findings, the assumption is that transaction-level invoice prices below the estimated price filter for the soya bean trade market (three-day weighted moving average price minus 1σ) are evidence of potential exposure to base erosion and profit shifting (BEPS) or IFF opportunities and, therefore, the estimated underinvoiced amount might be used as a basis to estimate BEPS-related financial flows which are artificially diverted to low-tax jurisdictions through intermediary offshore structures. Figure 4 highlights transaction-level invoice prices below the lower bound set at the weighted three-day moving average price - 1σ (standard deviation), which indicates suspicious abnormally underpriced invoices (coloured in red).

Figure 4. Suspicious abnormally underpriced invoices (2012-2020).



Source: SISCOMEX Customs Database, Secretariat of the Federal Revenue of Brazil.

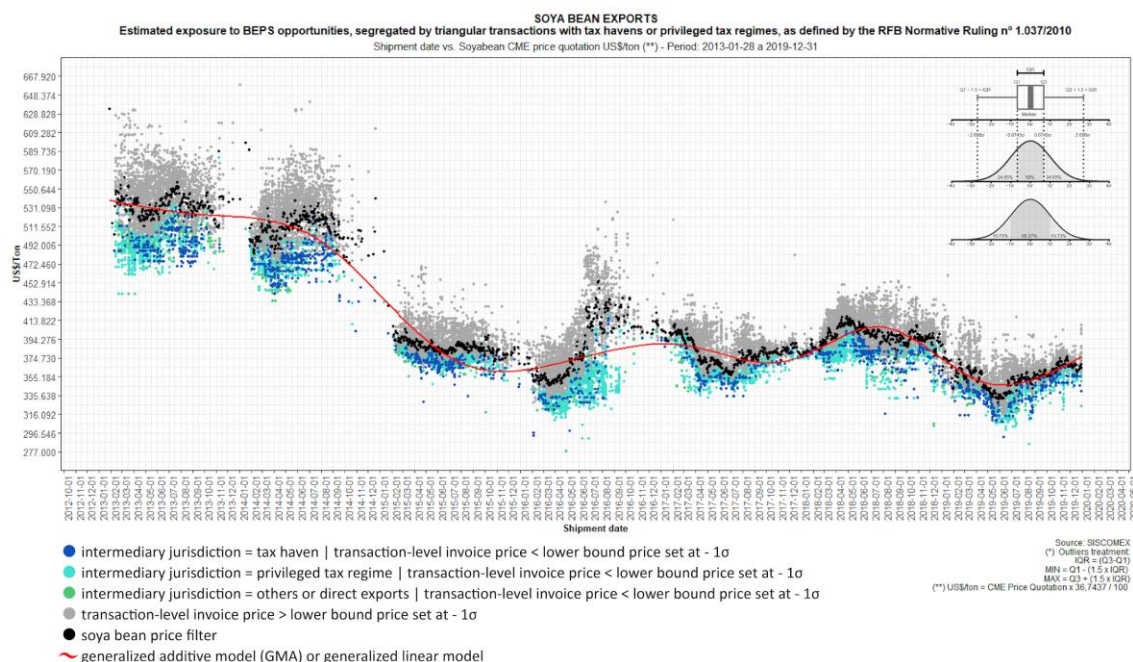
According to the interquartile range analysis and the assumptions of this statistical research, the transaction-level invoice prices classified in the quartile Q1 would be the most exposed to BEPS opportunities and, therefore, should be the focus of an additional methodological approach to estimate the risk exposure to BEPS-related financial flows, which takes into account factors such as economic substance and variables that might capture elements of secrecy such as the absence of international cooperation and information exchange, aiming to shed some light in the comprehension of the role played by special purpose entities or empty corporate shells (phantom corporations) located in favoured taxation jurisdictions, used as intermediary entities or financial conduits hubs, within the global trade network of commodities.

Given that Brazilian export transactions follow a pattern of very high reliance on triangular operations through offshore intermediary entities located in low-tax jurisdictions, likely, special purpose entities or empty corporate shells (phantom corporations) used as financial conduit hubs in the routing of commercial financial flows, it is crucial to assess the economic substance of these offshore hubs in order to understand the potential BEPS behaviour risks and related artificial financial flows.

As an initial proxy to assess the economic substance or artificiality of these potential BEPS structures, and, thus, estimate the BEPS risk exposure associated with the phantom trade phenomena, the transaction-level invoice prices considered at a high risk exposure to BEPS opportunities (suspicious abnormally underpriced invoices mainly observed in the quartile Q1) have been segregated by type of jurisdiction of acquisition (intermediary jurisdictions or financial conduit hubs to which the commercial-related financial flows are diverted to), classified as (1) tax haven, (2) privileged tax regime or (3) other jurisdictions, as defined by the RFB Normative Ruling n° 1.037/2010⁹. This is depicted in Figure 5.

⁹ It is important to bear in mind that legal or regulatory framework is directly affecting statistical work of measurement in this phase. To clarify the classification of partner countries in the analysis here, it needs to be noted that the RFB Normative Ruling n° 1.037/2010 lists favoured taxation countries or tax havens, defined as jurisdictions that do not impose tax on income or, when impose, it is a low-tax jurisdiction, in which the applicable income tax rate is equivalent to any percentage varying between zero and 20 per cent (maximum), as well as whose national legislation does not allow access to the information regarding the capital stock structure or ownership of the legal entities organized under the laws of any such jurisdiction. There are additional considerations to be taken into account, for more refer to Amaral and Barcarolo (2020).

Figure 5. Transaction-level invoice prices, segregated by type of jurisdiction of acquisition and estimated risk exposure to BEPS opportunities (2012-2020).



Source: SISCOMEX Customs Database, Secretariat of the Federal Revenue of Brazil.

This preliminary approach to assess the lack of economic substance indicates that favoured taxation jurisdictions and the lack of transparency likely played key roles as drivers of the BEPS-related financial flows phenomena, which results in profit misalignment as part of the value created in the commodity sector in Brazil is artificially transferred to entities with no economic substance, located in low-tax jurisdictions or non-transparent jurisdictions.

In view of this finding and considering that around 99 per cent of the export transactions rely on export transactions intermediated by entities located in favoured taxation jurisdictions, the price filter for the soya bean trade market, statistically estimated using transaction-level trade data collected by the Customs Bureau, likely, is biased down by cross-border aggressive tax planning strategies. Hence this will produce underestimation of IFFs and this is an important element to be considered with interpreting the results.

Table 1 provides estimates of outward IFFs focusing on export underinvoicing using the PFM applying statistical price filter on three-day weighted moving average price with a range of one standard deviation. Categorisation of country of acquisition is as defined by the RFB Normative Ruling n° 1.037/2010:

Table 1. Estimated BEPS-related financial flows (2017 to 2019)

country of acquisition	triangular transactions	Incoterms	total exports US\$	quantity TON	estimated BEPS-related IFFs US\$
Art.1 ^o - Tax Haven	Yes	FOB	18.128.478.967	47.964.971	162.298.531
Art.2 ^o - Privileged Tax Regime	Yes	FOB	29.913.890.618	79.024.100	300.401.808
Other jurisdictions	Yes	FOB	5.552.651.496	14.590.957	38.643.608
Other jurisdictions	No	FOB	150.150.582	407.331	2.507.883
Total			53.745.171.664	141.987.359	503.851.830

The research has showed that all relevant and related information around transactions in international trade are required to construct a more reliable price filter and hence the reliable estimates of IFFs from mispricing. Several additional views also require further considerations and applications to refine the methodology. These would include constructing the price filter considering real historical premium basis –in the absence of these data, the results show that, even such a downward-biased estimate for the soya bean trade market indicate significant exposure to IFFs.

In addition, the Country-by-Country Report (CbCR) contain useful information on the level of revenues, profits, and economic activities, which can be used as initial indicators that multinational enterprise groups have entities in low-tax jurisdictions with disproportionate earnings in relation to their level of economic activity. This may pose a particular BEPS risk if these earnings are largely derived from related party revenues, which could indicate that profit has been diverted from other parts of the group. Further testing in line with OECD (2017) guidance, and application of methods from the profit-shifting part of UNCTAD Guidelines (UNCTAD, 2021). Tight collaboration with relevant national authorities and experts, also outside the statistical domain, will lead to reliable and comprehensive estimation of IFFs in a country.

5. Concluding remarks

Pilot testing of methodologies is important to gain new insights into the concepts, data and methodologies themselves. The joint efforts of UNCTAD and UNODC with Regional Commissions will help refine statistical methods to measure IFFs and develop a comprehensive Statistical Framework for the Measurement of Illicit Financial Flows which will offer practical tools and methodological guidance for countries. Currently, a statistical classification of activities generating IFFs, linked to the System of National Accounts (SNA) and Balance of Payments (BoP) concepts, is being developed and further work will focus on methods to measure the different types of IFFs, enabling their aggregation into a single measure of SDG Indicator 16.4.1. Effective policy action will also require detailed data and statistics on IFFs to be compiled in parallel with the overall SDG Indicator.

Lessons learned have already shed additional light on the major statistical and operational challenges associated with the measurement of IFFs. First, this is a very data intensive process. Methodologies for tax and commercial IFFs are relying on existing data and do not envisage new data collections. In the case of crime-related IFFs, dedicated tools are devised to integrate existing UNODC data collections in support of measurement activities. Estimates of crime-related IFFs rely on the availability of figures and data on phenomena that are hidden by nature, and as such there is more limited coverage in official statistics.

Second, due to the nature of IFFs, spanning multiple fields, also cross-border, the measurement efforts require multilateral engagement and political willingness to sustain the process and share relevant information, expertise and data, with the latter specifically with highest regards to the Fundamental Principles of Official Statistics. Intra- and inter-country collaboration of relevant stakeholders is required and merits due attention from the onset of these activities.

Operationally, measurement activities of IFFs in a country would be coordinated nationally within an established Task Force or Technical Working Group, pooling required technical expertise and various data sources to support the measurement process. Multidisciplinary teams are to be put in action to facilitate the sharing of knowledge, open discussion of ideas, exchange of data and achievement of shared conclusions, required to comprehensively address IFFs, and formulate policies based on evidence base.

Pilot projects led and supported by custodians has been built on open, inclusive, and transparent modus operandi by the two United Nations agencies. Such an approach by UNCTAD and UNODC is leading further work and plans to spread the testing of methods to additional countries and members of the Statistical Task Force, but also supporting refining of methodologies to ultimately result in the comprehensive Statistical Framework for the measurement of IFFs.

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