

**UNODC-UNCTAD Regional Technical Meeting**

**Measuring Illicit Financial Flows related to criminal activities for SDG Indicator 16.4.1**

**Group Exercise 2 – Understanding the statistical framework to measure IFF  
related to criminal activities**

Day 1 – 20 November 2018

1. Scenarios

**Scenario 1**

In Italy, the Aziani mafia group is producing cocaine. The group imports precursors for the production of cocaine from Mexico for 3,000 USD. The Aziani group also sells directly 40% of the production to the local retail markets for 35,000 USD, whereas the other 60% is directly exported to Germany for 51,000 USD.

In Germany, the Kamprad criminal group is importing all cocaine from Italy for 51,000 USD. All cocaine imported is directly re-exported to Mexico for 63,000 USD. The Kamprad transportation costs within the country amounts to 1,000 USD.

In Mexico, the drug cartel Sanchez imports all cocaine for 63,000 USD and reselling to the local retail market for 80,000 USD. Mexico exports to Italy precursors for the production of cocaine for 3,000 USD.

**Scenario 2**

In India, there is one organised crime groups, the Prakash. The Prakash is active in firearms trafficking by stealing legal firearms from legal shops and exporting the firearms stolen to Australia for 26,000 USD. For stealing firearms, they buy a car from a local dealer for 6,000 USD.

The Horby group is based in Australia where it is importing firearms for 26,000 USD from India. 50% of firearms trafficked are sold in the local retail markets for 20,000 USD, whereas the other firearms are re-exported to France for 30,000 USD. In order to sell firearms to France, the Horby group has to corrupt public official in this country for 5,000 USD. Australia sold to France financial assets for 10,000 USD.

The Ravaux group is active in France, importing illicit firearms from Australia and selling them in the local retail markets for 35,000 USD. The Ravaux group buys financial assets in Australia for 10,000 USD.

**2.A - INCOME GENERATION EXERCISES**

Please only fill in the white cells for this scenario.

**Scenario 1 (Guided)**

Please fill the below table with the illicit financial flows taking place between the 3 countries of Scenario 1.

|         |         | Outflows |         |        |
|---------|---------|----------|---------|--------|
|         |         | Italy    | Germany | Mexico |
| Inflows | Italy   |          |         |        |
|         | Germany |          |         |        |
|         | Mexico  |          |         |        |

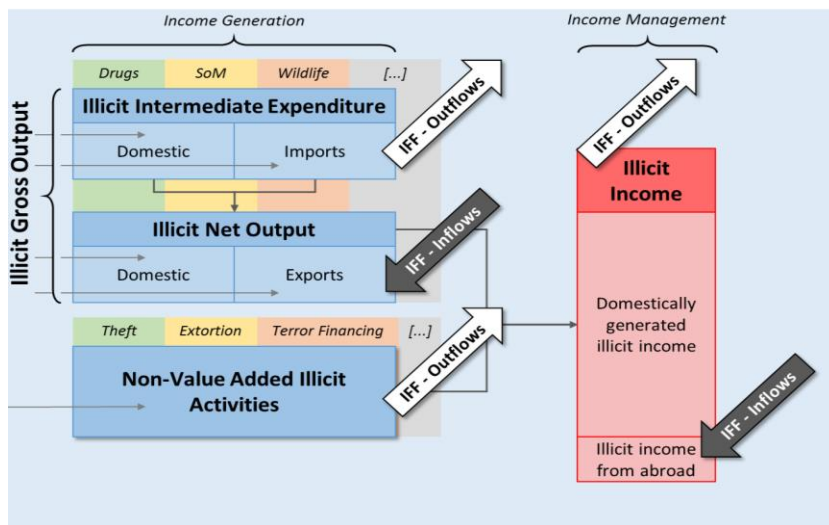
**Scenario 2 (Guided)**

Please fill the below table with the illicit financial flows taking place between the 3 countries of scenario 2.

|         |           | Outflows |           |        |
|---------|-----------|----------|-----------|--------|
|         |           | India    | Australia | France |
| Inflows | India     |          |           |        |
|         | Australia |          |           |        |
|         | France    |          |           |        |

**2.B- IDENTIFICATION ON THE MAIN ECONOMIC AGGREGATES IN THE FRAMEWORK (INCOME GENERATION)**

Figure 1



For each scenario above, for each country, please identify:

- **Illicit intermediate expenditure**

Definition (for statistical purposes): *Total monetary value of all domestic and imported goods and services used in the production of illicit goods and services during an accounting period (all costs incurred during the production of illicit goods and services)*

- **Illicit net output**

Definition (for statistical purposes): *Monetary measure of the value of all final illicitly produced goods and services incl. exports of final illicit goods and services AND exports of intermediary illicit goods and services during an accounting period.*

- **Illicit Gross Output (GO)**

Definition (for statistical purposes): *Monetary measure of total economic activity in the production of all intermediate and final illicit goods and services during an accounting period*

- **Non-Value-Added illicit activities**

Definition (for statistical purposes): *Monetary measure of all illicit transfers occurring during an accounting period that do not produce any added value (e.g. theft, extortion/protection racketeering, kidnapping)*

- **Illicit income**

Definition (for statistical purposes): *Monetary measure of all income from illicit economic activities AND all income from non-productive illicit activities AND all domestic expenditure of foreign illicit income.*

Fill out the tables below according to the statistical framework illustrated in Figure 1.

### Scenario 1

#### Italy

|   | Domestic | Imports/outflows | Exports/inflows | TOTAL |
|---|----------|------------------|-----------------|-------|
| <b>Illicit intermediate expenditure</b>   |          |                  |                 |       |
| <b>Illicit net output</b>                 |          |                  |                 |       |
| <b>Illicit gross output</b>               |          |                  |                 |       |
| <b>Non-Value-Added illicit activities</b> |          |                  |                 |       |
| <b>Illicit income</b>                     |          |                  |                 |       |

**Germany**

|                                    | Domestic | Imports/outflows | Exports/inflows | TOTAL |
|------------------------------------|----------|------------------|-----------------|-------|
| Illicit intermediate expenditure   |          |                  |                 |       |
| Illicit net output                 |          |                  |                 |       |
| Illicit gross output               |          |                  |                 |       |
| Non-Value-Added illicit activities |          |                  |                 |       |
| Illicit income                     |          |                  |                 |       |

**Mexico**

|                                    | Domestic | Imports/outflows | Exports/inflows | TOTAL |
|------------------------------------|----------|------------------|-----------------|-------|
| Illicit intermediate expenditure   |          |                  |                 |       |
| Illicit net output                 |          |                  |                 |       |
| Illicit gross output               |          |                  |                 |       |
| Non-Value-Added illicit activities |          |                  |                 |       |
| Illicit income                     |          |                  |                 |       |

**Scenario 2**
**India**

|                                    | Domestic | Imports/outflows | Exports/inflows | TOTAL |
|------------------------------------|----------|------------------|-----------------|-------|
| Illicit intermediate expenditure   |          |                  |                 |       |
| Illicit net output                 |          |                  |                 |       |
| Illicit gross output               |          |                  |                 |       |
| Non-Value-Added illicit activities |          |                  |                 |       |
| Illicit income                     |          |                  |                 |       |

**Australia**

|                                    | Domestic | Imports/outflows | Exports/inflows | TOTAL |
|------------------------------------|----------|------------------|-----------------|-------|
| Illicit intermediate expenditure   |          |                  |                 |       |
| Illicit net output                 |          |                  |                 |       |
| Illicit gross output               |          |                  |                 |       |
| Non-Value-Added illicit activities |          |                  |                 |       |
| Illicit income                     |          |                  |                 |       |

**France**

|   | <b>Domestic</b> | <b>Imports/outflows</b> | <b>Exports/inflows</b> | <b>TOTAL</b> |
|---|-----------------|-------------------------|------------------------|--------------|
| <b>Illicit intermediate expenditure</b>   |                 |                         |                        |              |
| <b>Illicit net output</b>                 |                 |                         |                        |              |
| <b>Illicit gross output</b>               |                 |                         |                        |              |
| <b>Non-Value-Added illicit activities</b> |                 |                         |                        |              |
| <b>Illicit income</b>                     |                 |                         |                        |              |