Final workshop of project “Statistics and Data for Measuring Illicit Financial Flows in the Asia-Pacific Region”

Lessons learned and way forward for the Asia-Pacific region

Review of methodologies used in estimation of crime related IFFs in Asia-Pacific

7-8 December 2022
United Nations Conference Centre, Bangkok, Thailand
Discussion topics

1. Summary of methods
2. What’s new in the Asian pilot activities
3. What emerged from group discussion
4. Lessons learned and further methodological improvements
1. Summary of methods
IFFs estimation methodology - drugs

Focus: income generation IFFs

Income generation IFFs -> value of exports (inward IFFs) & imports (outward IFFs) of
- drugs and
- drug-related services (transportation, surveillance, storage…)

Value = quantity * price

Considering IFFs from purchase and sale of drugs:

Quantity of drugs at a country i, at time t -> demand-supply equation balance

Production \textsuperscript{it} + imports \textsuperscript{it} – seizures \textsuperscript{it} = consumption \textsuperscript{it} + exports \textsuperscript{it}

Price of drugs: wholesale drug prices at the border (import and export prices)
IFFs estimation methodology – Trafficking in persons

Focus: income generation IFFs

Income generation IFFs -> value of inflows (inward IFFs) & outflows (outward IFFs) of money* for
- Recruitment services (recruitment phase)
- Exploitation of the victim (exploitation phase)

Value = number of victims * fee

The number of victims can be estimated through:
- Multiple System Estimation (capture-recapture method), with at least 3 lists of victims
- an estimated prevalence rate -> Nepal method

Cross-border aspects:
- Recruiter and exploiter resident in different countries
- Exploitation service paid by a foreigner (in sexual exploitation)
Wildlife trafficking IFFs estimation methods

Income generation IFFs -> value of exports (inward IFFs) and imports (outward IFFs) of
• Wildlife products, and
• Wildlife-trafficking-related services
  (transportation, surveillance, storage...)

Value = f(quantity, price)

Considering IFFs from illicit purchase and sale of wildlife species products:

Quantity of wildlife products at a country i, at time t -> demand-supply equation balance

\[ \text{Production}_{it} + \text{imports}_{it} - \text{seizures}_{it} = \text{consumption}_{it} + \text{exports}_{it} \]

Value of wildlife products: wholesale wildlife products prices at the border (import and export prices)
2. What’s new in the Asia pilot
New methods: estimating drug consumption

• Consumption data is hardly collected by countries: statistical challenges
• In general, consumption information can be derived from:
  • User-level information based on surveys/interviews
  • Aggregated information based on chemical analyses

New methods

1. In-depth survey among drug users, with questions on 3 indicators:
   o Quantity (direct question – qty per dose and in a typical month)
   o Frequency (per day and in a typical month)
   o Expenditure (in a typical month)

  ➢ Implemented by Bangladesh, Maldives, Nepal
  ➢ Primary data collection (can be implemented during the pilot)

OR/AND

2. Wastewater analysis: aggregated consumption
  ➢ Implemented in the Maldives
  ➢ Secondary data collection
Wildlife trafficking IFFs – demand and supply considerations

Demand-side approach: consumer surveys

IFF -> value of import and exports of wildlife products and related services

Value = f(quantity, price)

Usually: quantity x price, but for some products (especially in the retail sector), non-linear relationship\(^1\) between quantity and value.

Value of cross-border and domestic retail market\(^2\) -> expenditure
3. What emerged from group discussions
Methods highlight from group discussions

Methods and data needs:
• Upscale **consumption data collection** (surveys and wastewater)
• Promote **regular flows** of existing data
• Expand regular data collection efforts to include **new indicators**

In support of this statistical process:
• **National coordination mechanism** to continue to support data flows and exchange in the future
• UNODC to support **capacity building**
• **Standardisation** of data according to international standards
• **Cross-country data exchange**
4. Lessons learned and further methodological improvements
Lessons learned and further methodological improvements

Trafficking in persons IFFs
- Gradual data collection approach, starting from microdata on cases to derive national aggregated statistics
- Focus on IFFs from exploitation
- Implement standalone surveys and regular focus group discussions
- More efforts on coordinating information on labour migration from other countries

Drug trafficking IFFs
- Improved use of supply data, for certain drugs
- More drug surveys among users (for quantity estimations)
- Implement systematic data collection methods on drug border prices in all countries
- Cross-border money laundering: compare STRs with data from asset recovery and other ML data

Wildlife trafficking IFFs
- Combine demand and supply approach depending on the products, whenever possible
- For non-local species, global coordination for data collection on supply
- Reconcile data from NGOs with data available to national institutions
Thank you!