

Management Response by the UNCTAD project team

Management response to the Independent Evaluation of DA Project 1819Y “Defining, estimating, and disseminating statistics on illicit financial flows in Africa”

Overall response to the evaluation

The evaluation notes that the project was fully aligned to the 2030 Agenda and helped towards filling a gap in the SDG indicator framework. The project was also highly relevant to the needs of African countries as an opportunity to enhance statistical capacities and improve their knowledge on and awareness of illicit financial flows (IFFs) that are undermining tax collection and domestic mobilization of development finance. However, lot of work remains to be done in the dissemination of data on IFFs, and to scale up this work globally to enable future reporting of data on SDG indicator 16.4.1.

We agree with the finding that the project made significant progress with three expected achievements:

- First, harmonized definitions and methodologies to estimate IFFs were officially incorporated in an SDG indicator and made available to UN member States for their reporting. UNCTAD considers it a major achievement that the scope and definitions for measuring IFFs were endorsed by all member states and international organizations at the UN Statistical Commission and its Inter-Agency and Expert Group on SDG indicators (IAEG-SDGs).
- Secondly, the capacity of African countries’ institutions was enhanced and estimates of IFFs were produced. We note in addition that these estimates were produced out of 11 pilot countries by 9 countries (and 2 made attempts), exceeding the target of 6 countries. At the final event, 10 countries asked for future support to measure remaining types of IFFs.
- Thirdly, the project’s methodological outputs were broadly disseminated through different international fora. High level political support was received e.g., from the FACTI panel, UN Regional Commissions, African Conference of Ministers and the 2nd Committee of the UN General Assembly. UNCTAD has been actively and openly engaging in various processes related to IFFs to achieve this outcome.

The evaluation notes, while objectives were achieved, that the project implementation was affected by delays, mainly due to the time and effort required by the methodological

developments and related consensus-building activities at the global level, by delays in the preparatory missions initially foreseen to ensure political buy-in, and by COVID-19. UNCTAD would like to add that the process to involve key actors and countries in the UNCTAD/UNODC Task Force on the Statistical Measurement of IFFs was effective and we reached wide consensus on the concepts and methods, before presenting them to the IAEG-SDGs and the UN Statistical Commission. This caused delay but enabled agreed concepts and methods to be applied by pilots. We would also like to note that UNCTAD and UNECA found effective ways of engaging with and supporting pilot countries by hiring national consultants and organizing trainings of consultants and country experts online. The route of getting first political buy-in turned out to be too slow, so work focused on the technical level which was effective. The project ended up carrying out 11 country pilots instead of 9 planned, even within a cut budget.

The high-level political support, and unanimous endorsement of statistical concepts by all member states and organizations are noted in the evaluation report. However, it calls for even more coherence at the international level by connecting the statistical work to the policy work and by obtaining full support to the UN official definition of IFFs[1] from the OECD, which has endorsed the conceptual framework as a basis for future work, while showing a different approach to aggressive tax avoidance by multinationals. Full endorsement may not be possible due to the differing mandates of organizations. UNCTAD will continue close collaboration with all stakeholders within the IFF Task Force, including the OECD to ensure clarity of concepts and methods, and alignment of globally agreed approaches and ensuring full professional independence of statistical measurement of IFFs, while increasing dialogue between statistical and policy work. UNCTAD will promote coordinated action by all stakeholders, to align with the General Assembly resolution [77/154](#) which “calls upon the United Nations system entities, international organizations and donors to work in coordination with the custodian agencies (UNCTAD and UNODC) to train national statistical offices and other entities in charge of reporting on illicit financial flows on these agreed methods”. Linking statistical measurement with their use for targeted policy action is a key focus of a new global UN Development Account project, led by UNECA with all UN Regional Commissions, and supported by UNCTAD Statistics in coordination with ALDC and UNODC.

The evaluation notes the need to focus on dissemination of IFFs with pilots who have the capacity to produce estimates. First official estimates of SDG indicator 16.4.1 based on some crime-related IFFs are becoming available, but official estimates of tax and commercial IFF are not reported yet. There is a need for continued capacity support relying on the

methodological expertise of UNCTAD and UNODC, and substantive work and regional leadership by the UN Regional Commissions. The resolution 77/154 calls for strengthening of efforts to strengthen countries capacity to report data on SDG indicator 16.4.1 using the agreed concepts and methods. This requires significant scaling up of work with partners to establish global capacity to compile and analyse estimates, collect these from all countries, develop global reporting mechanisms and supply data to the SDG indicator database.

Since June 2022, six countries from Africa, Asia and Latin America have requested UNCTAD to provide support to national efforts to measure and curb IFFs; several more have reached out to UN Regional Commissions. UNCTAD will consider ways to enable this work, including to support capacity strengthening and data reporting of all countries globally. Where regular budget resources are lacking, UNCTAD will continue reaching out to potential donors to seek funding.

[¹] As defined in Conceptual Framework for the Statistical Measurement of Illicit Financial Flows (UNCTAD and UNODC, 2020) for measuring SDG indicator 16.4.1, and endorsed by Members States at the United Nations Statistical Commission in March 2022.

Box 1. Management response matrix¹

Management response to the Independent Evaluation of DA Project 1819Y “Defining, estimating, and disseminating statistics on illicit financial flows in Africa”					Date
Evaluation Recommendation (a)	Management response (b) Accepted, partially accepted or rejected	Management plan			
		Actions to be taken, and/or comments about partial acceptance or rejection (c)	Responsible unit (d)	Timeframe (e)	Resources required (Y or N) (f)

¹ Each column is cross-referenced to the bullet letters above.

<p>Recommendation 1:</p> <p>1. It is recommended that UNECA and UNCTAD explore financial arrangements for the continuation and scale-up of their work on illicit financial flows (IFFs). While UNCTAD, as co-custodian of SDG 16.4.1, should consider framing further methodological work (e.g., addressing consolidation of methodologies), capacity building support and setting up a global data reporting mechanism under its regular Programme and Budget, dialogue with donors like the EU could help to scale-up the related technical cooperation and reach a significant number of developing countries in a few years. Such an intervention could tap into the knowledge generated in this project and further developments foreseen in UNDA proposals, but it could extend the training-of-trainers approach,</p>	<p>Accepted</p>	<p>It will be important to explore opportunities to finance work on illicit financial flows as part of regular budget and supported by donor funding. The tangible results of this challenging project, show that the concepts and methods developed in the project work in practice, and that it is possible to measure IFFs. UNCTAD is continuing work after the project seeking opportunities to scale up work in two areas:</p> <ol style="list-style-type: none"> 1. Methodological work to test methods to measure different types of IFFs and develop methods to aggregate all IFFs into one SDG indicator for data reporting by all countries, aligned with current statistical frameworks to lower the barrier to measure IFFs. 2. A global UNDA project started in 2023, led by UNECA, with all UN Regional Commissions, and with substantive support by UNCTAD and UNODC. This project taps into 	<p>UNCTAD Statistics</p>	<p>2023-2030 (and beyond)</p>	<p>Y</p> <p>Staff resources: posts for a project management officer and a statistician.</p> <p>Funding for consultancies.</p>
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<p>deployment of more project staff in regional commissions, and assistance of UN Country Offices in convening national stakeholders and raising political support. Additionally, sub-regional work based on communities of practice in which UNDA beneficiary countries and national consultants could further facilitate the scale-up of this line of work.</p>		<p>the knowledge created and into existing regional networks and will use this evaluation as a source for lessons learned, also by including training of trainers. Regional events could be held for UN Country Offices in the new project to advance country efforts and convene stakeholders.</p> <p>However, resources are very limited in the global project and will not enable more project staff for UN Regional Commissions beyond national consultants for pilot countries. UNCTAD will continue efforts to raise funds in the lack of and to complement regular resources.</p>			
<p>Recommendation 2:</p> <p>New projects aiming at introducing IFF methodologies in new countries could also include follow-up activities for countries participating in previous projects. Follow-up activities should not only cover</p>	<p>Accepted</p>	<p>As per this recommendation, UNCTAD, UNECA and ESCAP are following up with previous pilots for their readiness to release first IFF estimates for reporting to the SDG indicator database, and a few previous pilot countries are considered for inclusion in the new global UNDA project. UNCTAD does not agree with the</p>	<p>UNCTAD Statistics and ALDC with other UN Regional Commissions</p>	<p>2023-2024</p>	<p>N (included in Recommendation 1 above)</p>

<p>statistical technical assistance, but also of managing the communication of the data from a domestic political perspective, and from a global perspective, by supporting the insertion of the estimates in Voluntary National Reviews on SDGs. In this respect, extra support should be given to countries likely to disseminate their estimates. (Follow-up on African countries could be led by UNECA).</p>		<p>statement that “countries have not yet disseminated the estimates produced..., nor have they made concrete plans on their use in SDG reporting” since 6 countries disseminated their first estimates in a public report of the project by early-2023 and all 11 countries made Action Plans (exceeding the goal of 4 countries) that plan actions to report data to SDG 16.4.1. The new global project will have a stronger focus on dissemination now that concepts were agreed, and methods tested. However, the project can only include 2-3 countries per region, rather than enabling global support. As recommended, the new global UNDA project will connect statistical capacity to the release and use of estimates in policymaking and will start data collection from the pilot countries. Such connection is already made by close collaboration of UNCTAD STAT and ALDC, the latter supporting policy work. In 2022, 10 out of 11 African pilot countries asked for continued support to measure all relevant</p>			
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		IFFs affecting their country to enable global reporting of data to SDG 16.4.1. Many have submitted official requests for continued support. It is unlikely that all these requests could be met. As recommended, priority will be given to countries ready to release estimates.			
<p>Recommendation 3:</p> <p>Consensus-building activities should be strengthened further to complement technical cooperation on IFFs. In the first place, these activities should promote the effective use of the methodologies approved for reporting on SDG 16.4.1 by attracting developing countries to UN technical assistance on this issue, and by fostering its use by developed countries with their own means. These activities could be inserted in side events of the UN Statistical Commission, the High-Level Political Forum on Sustainable Development,</p>	Accepted	<p>Consensus-building is ongoing and will need to continue. Some agencies will continue to advance their interests in relation to IFFs, while global recognition of the definitions and methods developed by UNCTAD and UNODC has been achieved. We aim at strengthening these efforts by:</p> <ol style="list-style-type: none"> 1. Awareness raising on concepts and methodologies, including at side events of UN Statistical Commission (in 2023), Financing for Development Forum (in 2023), Illicit Trade Forum (in 2022 and 2024), 2nd Committee of the UN General Assembly (each year), and events of the UN Regional Commissions (tbc). 	UNCTAD Statistics with UNODC (co-custodian) and relevant UNCTAD divisions, in particular ALDC; and jointly with UN Regional Commissions	2023-2030	N (included in Recommendation 1 above)

<p>the Inter-Governmental Expert Group on Financing for Development and regular reporting to the 2nd Committee of the UN General Assembly as well as relevant regional and thematic meetings related to the monitoring of the 2030 Agenda. (As co-custodian of SDG indicator 16.4.1, the application of this recommendation could be led by UNCTAD).</p>		<ol style="list-style-type: none"> 2. Use of methods by developed countries is currently underway in a few countries, either within the IFF Task Force or in other countries. This will be strengthened in the global project by discussing IFF measurement in regular statisticians' meetings of the UN Regional Commissions, and encouraging all countries to measure IFFs, in line with resolution 77/154. 3. UN technical assistance to developing countries is planned within the new global UNDA project, with 2-3 countries in four regions. All developing countries will be made aware of the guidance and tools. Partnerships with other UN entities are key to enabling more global reach for UNCTAD's capacity development work. 4. Wide stakeholder engagement is ensured in the development of 			
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		<p>the Statistical Framework to Measure IFFs by close consultation with the IFF Task Force, testing in the new global UNDA project, informing member states at regional events and ensuring a global consultation of the Statistical Framework ahead of its potential endorsement by the UN Statistical Commission.</p> <p>UNCTAD Statistics is committed to continuing these efforts (also aligned with Recommendation 1 above).</p>			
<p>Recommendation 4:</p> <p>The strengthened consensus-building activities could be also oriented to reinforce partnerships with international institutions, in addition to the OECD, and other members of the IFF Task Force, according to inputs from the project participants, such connections could include FATF and FATF-like entities, the Egmont Group, the EITI or the World</p>	<p>Accepted</p>	<p>As per this recommendation, UNCTAD Statistics has reached out to the WCO inviting them to the IFF Task Force, and they participated in the previous meeting. The OECD was a member from the start, including Eurostat, IMF, UN Statistics Division and many UN Regional Commissions to ensure wide consensus building and collaborative approaches to measuring IFFs. UNCTAD agrees to explore collaboration with the other groups.</p>	<p>UNCTAD Statistics with UNODC and relevant UNCTAD divisions, in particular ALDC; and jointly with UN Regional Commissions</p>	<p>2023-2030</p>	<p>N (included in Recommendations 1 and 3 above)</p>

<p>Customs Organization (WCO). (This recommendation could be led by UNCTAD at the global level and underpinned by UNECA at the regional level. Global discussions on these matters, could be framed under the IFF Task Force and the Intergovernmental Group of Experts on Financing for Development.).</p>		<p>The report notes (on page 40) that “the IFF methodology has been partly contested by the OECD, due to the inclusion of tax avoidance in its conceptual scope” and that this “might undermine the effective endorsement of the methodologies by OECD member states”. UNCTAD does not agree with this observation since the OECD has endorsed the conceptual framework as a basis for further work along with all Task Force members. The scope has also been politically endorsed or recognized, latest by the 2nd Committee. The concepts were unanimously adopted by all UN member states, including the OECD members and organizations active in statistics such as the OECD, at the UN Statistical Commission in 2022. This observation reflects the different mandates of organizations and different disciplines: statisticians and policy experts. UNCTAD is fully committed to working jointly with all agencies, each within their mandates.</p>			
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		<p>OECD is likely to focus its efforts on measuring those IFFs it considers relevant, which could importantly enhance countries' capacity to measure some of the IFFs. UNCTAD does not envisage problems in applying the IFF concepts and methodologies in OECD member states which do align their work fully with the UN Statistical Commission's decisions without letting political considerations interfere with impartial statistics produced in professional independence, as in Fundamental Principles of Official Statistics.</p> <p>However, close coordination is key since failure to address the differences and to ensure transparency about them, can misguide resources in developing countries to a narrow focus on IFFs, not including all elements that have been agreed to be measured for SDG indicator 16.4.1 and that can have significant development impacts. UNCTAD will strengthen efforts to ensure alignment</p>			
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		<p>and clarity, also encouraging coordination by all stakeholders with the agreed concepts and methods as request by resolution 77/154.</p> <p>The Intergovernmental Group on Financing for Development is political in nature, while the IFF Task Force is intended for statistical development. The former can discuss resources, encourage country engagement in measuring IFFs and in the future analyse IFF estimates for policy. It can also be informed of progress with measurement, while decisions about concepts and methods to measure IFFs will remain under the IAEG-SDGs of the UN Statistical Commission, as mandated by the UN General Assembly.</p>			
<p>Recommendation 5:</p> <p>It is also recommended that UNCTAD and UNECA continue research work related to this line of technical cooperation. In addition to a paper presenting new</p>	<p>Accepted</p>	<p>UNCTAD Statistics is engaging with partners within the Task Force, and pilot countries of this project, on reporting framework, dissemination of statistics and development and refinement of existing methods, to produce comprehensive guidance in the form of a Statistical</p>	<p>UNCTAD and UNECA</p>	<p>2023-2026</p>	<p>N (included in Recommendations 1 and 3 above)</p>

<p>methodologies, as soon as countries disclose their estimations, a publication presenting new estimates on the size of IFFs on the basis of the pilot tests would enrich the literature on IFF measurement and would increase the interest in a general and sustained use of these methods. This should also be pursued further in the global UNDA project on IFFs.</p>		<p>Framework for Measuring IFFs. The new global UNDA project will include collection of estimates aiming at publishing them in a report. A technical paper presenting the methodologies was submitted for release in March 2023.</p>			
<p>Recommendation 6:</p> <p>The UNCTAD and UNECA project teams could consider introducing inclusion criteria in agreements with participant countries. First, a gender balance (or a limit to gender imbalances) could be required for participants in technical working groups (TWGs) and training activities. Secondly, national counterparts could be asked to ensure and report on adaptability of training</p>	<p>Accepted</p>	<p>UNCTAD highly supports gender balance and inclusion of people with disabilities. Experience during the project has shown that in search of experts, gender equality could not be maintained. UNCTAD will continue active support and encouragement to national TWGs to ensure gender balance, and gender balance has been achieved when looking at persons trained in project activities. This hopefully enables better gender balance in TWGs in the future. Beneficiaries have also reported of the</p>	<p>UNCTAD and UNECA</p>	<p>2023-2026</p>	<p>N</p>

<p>activities to people with disabilities.</p>		<p>importance of tracking and curbing IFFs to allow better resources for health and social services, often important for children, women and people with disabilities. UNCTAD will focus on ensuring gender balance and considering the aspect of persons with disabilities in its training activities content and participation, requesting TWGs to gradually achieve gender balance. UNCTAD will invite pilot countries to report on impacts of tracking IFFs on gender equality and people with disabilities.</p>			
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Management response by the UNECA project team

Management response to the Independent Evaluation of DA Project 1819Y “Defining, estimating, and disseminating statistics on illicit financial flows in Africa”

Response by recommendation

In this section, Project Management should address each recommendation that is addressed to UNCTAD and UNECA, discussing them in the order presented in the evaluation report. This should be done in the format of the Management Response matrix below (see Box 1) and include:

- a. The recommendation number and text copied from the evaluation report;
- b. Indication of whether the recommendation is accepted fully, partially, or rejected;
- c. Description of the actions to be taken, with comments as required on the conditions to be met during implementation, or on reasons leading to a partial acceptance or rejection of a recommendation;
- d. The responsible party for implementing the action/s;
- e. The time-frame for implementation and/or an implementation schedule, if required;
- f. Indication if and what resources are required for implementing the recommendation.

Box 2. Management response matrix²

Management response to the Independent Evaluation of DA Project 1819Y "Defining, estimating, and disseminating statistics on illicit financial flows in Africa"					Date
Evaluation Recommendation (a)	Management response (b) Accepted, partially accepted or rejected	Management plan			
		Actions to be taken, and/or comments about partial acceptance or rejection (c)	Responsible unit (d)	Timeframe (e)	Resources required (Y or N) (f)
Recommendation 1:	Accepted	Explore financing and partnership arrangements with	ECA/MGD	By December 2025	Yes

² Each column is cross-referenced to the bullet letters above.

<p>It is recommended that UNECA and UNCTAD explore financial arrangements for the continuation and scale-up of their work on IFFs. While UNCTAD, as co-custodian of SDG 16.4.1, should consider framing further methodological work (e.g., addressing consolidation of methodologies), capacity building support and setting up a global data reporting mechanism under its regular Programme and Budget, dialogue with donors like the EU could help to scale-up the related technical cooperation and reach a significant number of developing countries in a few years. Such an intervention could tap into the knowledge generated in this project and further developments foreseen in UNDA proposals, but it could extend the training-of-trainers approach, deployment of more project</p>		<p>relevant institutions to deepen the work on IFFs. This will include:</p> <ul style="list-style-type: none"> Initiating discussions with regional institutions with mandates and programmes related to addressing IFFs in Africa Identify partnership priorities towards a cohesive and coordinated approach to curb IFFs Establish partnership mechanisms for deepening and scaling up the work on IFFs. 			
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<p>staff in regional commissions, and assistance of UN Country Offices in convening national stakeholders and raising political support. Additionally, sub-regional work based on communities of practice in which UNDA beneficiary countries and national consultants could further facilitate the scale-up of this line of work.</p>					
<p>Recommendation 2:</p> <p>New projects aiming at introducing IFF methodologies in new countries could also include follow-up activities for countries participating in previous projects. Follow-up activities should not only cover statistical technical assistance, but also of managing the communication of the data from a domestic political perspective, and from a global</p>	<p>Accepted</p>	<p>Follow ups to be done through the implementation of DA 15 and beyond. This would include: Supporting countries to build on the progress achieved under DA11 (statistical measurement of IFFs) to improve national IFFs related data collection, analysis and reporting.</p> <p>Supporting data ecosystem for more robust and transparent dissemination of IFFs data</p>	<p>ECA/MGD</p>	<p>2023-2025</p>	<p>Yes</p>

<p>perspective, by supporting the insertion of the estimates in Voluntary National Reviews on SDGs. In this respect, extra support should be given to countries likely to disseminate their estimates. (Follow-up on African countries could be led by UNECA).</p>		<p>Improving institutional architecture and policy environment through better institutional coordination and collaboration on matters related to IFFs</p>			
<p>Recommendation 3:</p> <p>Consensus-building activities should be strengthened further to complement technical cooperation on IFFs. In the first place, these activities should promote the effective use of the methodologies approved for reporting on SDG 16.4.1 by attracting developing countries to UN technical assistance on this issue, and by fostering its use by developed countries with their own means. These activities could be inserted in side events of the UN</p>		<p><i>Refer to UNCTAD response</i></p>			

<p>Statistical Commission, the High-Level Political Forum on Sustainable Development, the Inter-Governmental Expert Group on Financing for Development and regular reporting to the 2nd Committee of the UN General Assembly as well as relevant regional and thematic meetings related to the monitoring of the 2030 Agenda. (As co-custodian of SDG indicator 16.4.1, the application of this recommendation could be led by UNCTAD).</p>					
<p>Recommendation 4:</p> <p>The strengthened consensus-building activities could be also oriented to reinforce partnerships with international institutions, in addition to the OECD, and other members of the IFF Task Force, according to inputs from the project participants,</p>	<p>Accepted</p>	<p>Consensus building to be strengthened through partnerships with regional organisations in the area of IFFs. This would include partnering with AUC and its partners in fostering joint works on IFFs across the African continent. This may involve:</p>	<p>ECA/MGD</p>	<p>December 2024</p>	

<p>such connections could including FATF and FATF-like entities, the Egmont Group, the EITI or the World Customs Organization. (This recommendation could be led by UNCTAD at the global level and underpinned by UNECA at the regional level. Global discussions on these matters, could be framed under the IFF Task Force and the Intergovernmental Group of Experts on Financing for Development.).</p>		<p>Identification of key stakeholders on IFFs in the region (stakeholder mapping)</p> <p>Continue advocacy on IFFs (building on existing materials and evidence such as EGR1 recommendations and experience from the D11 project)</p> <p>Raising awareness on IFFs and identify opportunities for partnerships through different forums such as workshops, meetings, conferences etc</p>			
<p>Recommendation 5:</p> <p>It is also recommended that UNCTAD and UNECA continue research work related to this line of technical cooperation. In addition to a paper presenting new methodologies, as soon as countries disclose their</p>	<p>Accepted</p>	<p>Research work on IFF will be continued through a number of channels, including the DA15, and potential partnerships with continental and other relevant partners. This would include:</p> <p>Defining research goal and strategy</p>	<p>ECA/MGD</p>	<p>By December 2025</p>	<p>Yes</p>

<p>estimations, a publication presenting new estimates on the size of IFFs on the basis of the pilot tests would enrich the literature on IFF measurement and would increase the interest in a general and sustained use of these methods. This should also be pursued further in the global UNDA project on IFFs.</p>		<p>Identifying research partners in region Undertaking relevant research to inform policy for curbing IFFs</p>			
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<p>Recommendation 6:</p> <p>The UNCTAD and UNECA project teams could consider introducing inclusion criteria in agreements with participant countries. First, a gender balance (or a limit to gender imbalances) could be required for participants in TWGs and training activities. Secondly, national counterparts could be asked to ensure and report on adaptability of training activities to people with disabilities.</p>	<p>Accepted</p>	<p>Inclusion criteria to be included from the DA15 onward. This will include:</p> <p>Ensuring that gender dimensions are integrated in the formation of national TWGs</p> <p>Include gender disaggregated data as a requirement in all relevant activities and reporting</p> <p>Request national TWGs to report on adaptability of training activities to people with disability</p>	<p>ECA/MGD</p>	<p>December 2023</p>	<p>Yes</p>
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