Illicit Financial Flows in the Arab Region

Financing for Development

Committee on Financing for Development

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Illicit Financial Flows in the Arab Region
Conduits of Illicit Financial Flows
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Report Results
The cross-border movement of money or capital illegally earned, transferred or used.

1- **Disabler** to development
2- **Leakage** to domestic resource mobilization efforts
3- **Erodes** effective tax administration & financial systems
4- **Undermines** rule of law, governance & perception-based **corruption** standings
5- **Provokes** instability and insecurity
Motives for Trade Mis invoicing

- Exchange Controls
- Export Restrictions
- Trade Bans/Sanctions
- Expenditure Eligibility Requirements

Economic Factors

- Regulatory Oversight
- Judicial Delays
- Bribery & Kickbacks
- Environmental Controls
- Political Captures

Governance Conditions

- Income Distribution
- Tax Evasion
- Inequality

Structural Drivers

- Political Instability
- Armed Conflicts
- Terrorism
- Criminal Activity

Security & Stability

- Exchange Controls
- Export Restrictions
- Trade Bans/Sanctions
- Expenditure Eligibility Requirements

Economic Factors
# Types of Trade Misinvoicing

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Trade Misinvoicing in the Arab Region

Top 10 Misinvoiced Categories in the Arab Region (2008-15)

These 10 categories make up 61% of non-oil trade misinvoicing

Oil trade misinvoicing makes up 22% of total trade misinvoicing
Oil Trade Mis invoicing in the Arab Region

HS 27 is the largest 2-digit commodity category, particularly liquefied natural gas between 2008-15.