



GLOBAL FINANCIAL INTEGRITY

FOR IMMEDIATE RELEASE
September 21, 2015

Global Financial Integrity Releases Capstone Book on Illicit Financial Flows with Support from the Ford Foundation

Book to be launched at two-day conference on September 21 and 22 at the National Press Club in Washington, DC

Russia's illicit outflows were 8.3% of GDP (1994-2012); Illicit outflows from Mexico (1970-2012) and the Philippines (1960-2012) were 4.5% of GDP

\$682.2 billion drained illicitly out of India 1948-2012; \$561.7 billion leaked out of Brazil 1960-2012

Dr. Thomas Pogge, Leitner Professor of Philosophy and International Affairs at Yale University, calls illicit financial outflows a drag on human rights realization in developing countries

Erik Solheim, the OECD's Development Assistance Committee chair, considers the links between IFFs and development

Book is dedicated to all those who suffer the indignities of poverty due to illicit financial flows.

WASHINGTON, DC – Global Financial Integrity (GFI) is pleased to announce the release of its first book, [Illicit Financial Flows: The Most Damaging Economic Condition Facing the Developing World](#), supported by funding from the Ford Foundation. The book features five condensed and updated quantitative country studies on illicit financial flows (IFFs) from India, Mexico, Russia, the Philippines, and Brazil by GFI Chief Economist Dr. Dev Kar, as well as chapters written by GFI President Raymond Baker and Managing Director Tom Cardamone. Dr. Thomas Pogge, Leitner Professor of Philosophy and International Affairs at Yale University, writes on the human rights impact of illicit financial flows. The relationship between illicit flows and development is considered by Erik Solheim, the chair of the OECD's Development Assistance Committee.

Report Launch – September 21 and 22

The book will be launched at a two-day conference on September 21 and 22 at the National Press Club in Washington, DC. Panelists, keynote speakers, and moderators have been drawn from the public, private, and non-profit sectors to cover multiple sides of this important issue. This event will include discussions and keynote remarks from experts on the nature of illicit financial flows, country-level perspectives, and how and why curtailing these IFFs should be a priority for the global community.

“This book is the capstone of our collaboration with the Ford Foundation,” noted [Raymond Baker](#), President of Global Financial Integrity. “We are truly grateful for their early support, which allowed GFI to put illicit financial flows on the global development agenda. This book encapsulates all that we have achieved together.” Mr. Baker’s introductory chapter, entitled “A Brief Biography of Illicit Financial Flows,” examines the evolution of the issue from obscurity to global prominence over the past ten years. The Ford Foundation provided \$1.2 million in grant support to GFI over an eight year period.

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President: Raymond Baker

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Board: Lord Daniel Brennan (Chair), Dr. Rafael Espada (Vice Chair), Dr. Lester A. Myers (Secretary-Treasurer),
Dr. Thomas Pogge, Dr. Huguette Labelle, Raymond Baker

Illicit Financial Outflows as a Drag on Human Rights Realization in Developing Countries

In his chapter, Dr. Thomas Pogge notes that today's huge human rights deficit is almost entirely avoidable. Here, Dr. Pogge argues that "the morally significant issue is not whether such deprivations were *even worse* twenty-five years ago. Rather, the morally significant issue is whether such deprivations are *today* partly or wholly avoidable, and if so, at what cost." Curbing illicit financial outflows must be an aspect of reducing these human rights deficits; massive rights deficit reductions could be achieved if developing countries were able to capture and collect appropriate tax on illicit financial outflows from multinationals and their own wealthiest citizens.

Five Country Studies: India, Mexico, Russia, the Philippines, and Brazil

Dr. Kar is the lead author for the book's five central chapters on India, Mexico, Russia, the Philippines, and Brazil, as well as a preceding methodological overview. These chapters are condensed versions of our previously released country studies, with updated estimates of illicit flows calculated using GFI's more rigorous methodology to date. "The drivers and dynamics of illicit financial flows in these five countries are varied. Though trade misinvoicing is a common theme, the studies demonstrate that the composition of illicit flows can vary drastically from country to country. Tailored country-specific policy reforms, complemented by progress at the international level, are thus crucial to stemming the nefarious phenomenon of illicit financial flows," stated [Dr. Kar](#), who served as a Senior Economist at the International Monetary Fund before joining GFI in January 2008.

The updated estimates of illicit flows to and from these five economies are striking:

Country	Years Studied	Outflows		Inflows	
		Cumulative <i>(billions of real 2010 U.S. dollars)</i>	Percent of GDP <i>(Average)</i>	Cumulative <i>(billions of real 2010 U.S. dollars)</i>	Percent of GDP <i>(Average)</i>
India	1948-2012	\$682.2	1.5%	\$842.9	1.8%
Mexico	1970-2012	\$1,156.9	4.5%	\$1,050.7	4.1%
Russia	1994-2012	\$1,341.3	8.3%	\$1,925.4	12.0%
Philippines	1960-2012	\$222.6	4.5%	\$415.8	7.4%
Brazil	1960-2012	\$561.7	1.6%	\$520.3	1.1%

Illicit Financial Flows and Development

Mr. Solheim, chair of the OECD's DAC and former Norwegian Minister of International Development and Environment, lays out development opportunities to fight IFFs. He examines opportunities for political leadership, development cooperation, and global partnerships to stop bribery and corruption, tax evasion and illicit financial flows, and money laundering, as well as to enhance stolen asset recovery. "Just increasing average tax collection by 1 percent would add more than twice the total amount of global aid for public spending health and education in developing countries," Mr. Solheim argues. In his chapter, he notes that the best way to combat illicit flows is through a country-specific approach, and "[r]ich developed countries must do more to devise and enforce adequate laws to track and prevent illegal money transfers."

The Road to Addis and Beyond

[Mr. Cardamone](#), who has led GFI's advocacy efforts at the Financing for Development (FfD3) Conference for the post-2015 Sustainable Development Goals (SDGs), noted that "Illicit financial flows are now enshrined in these agreements as part of development orthodoxy. The Ford Foundation's foresight allowed GFI to push the issue of illicit financial flows such that the international community now accepts that these flows are a reality, and that curbing them is a crucial part of the development equation." Mr. Cardamone's closing chapter plots progress on IFFs since 2007, culminating in the Financing for Development Conference in Addis Ababa in July 2015 and the related SDG process

pledging to address illicit financial flows. The chapter goes on to suggest policy measures to reduce illicit flows in the coming years.

Global Financial Integrity hopes that the release of this book will spur further international action on illicit financial flows, which continue to be a scourge on the developing world. Though the issue has made great progress in the preceding decade, Winston Churchill's timeless 1942 quote is certainly relevant:

"Now is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

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Notes to Editors:

- [Click here](#) to read an HTML version of this press release on GFI's website. [Click here](#) to download a PDF version of this press release.
- More information about the GFI report—including Excel files with the report's data—is available on [the GFI website here](#). A PDF of the full report can be [downloaded here](#) [PDF | 3 MB].
- To schedule an interview with Mr. Baker, Dr. Kar, Mr. Cardamone or Dr. Pogge, contact Christine Clough at cclough@gfintegrity.org / +1 202 293 0740, ext. 231. On-camera spokespersons are available in Washington, DC.
- The report will be launched at an event at the **National Press Club in Washington, DC on Monday, 21 September 2015 beginning at 1pm EDT**. To RSVP as press for the event, contact Christine Clough at cclough@gfintegrity.org / +1 202 293 0740, ext. 231. View an agenda and list of speakers [here](#).
- All monetary values in the report and in this release are expressed in real 2010 U.S. dollars (USD).
- Global Financial Integrity (GFI) is a Washington, DC-based research and advisory organization, which promotes transparency in the international financial system as a means to global development.

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