



Estimates of IFF in Illegal Markets in Mexico

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The IFF Project at INEGI

Objective

Replicate and refine the UNODC-UNCTAD methodology on IFF estimation

How?

Identify sources

- **Regular**
- **Consistent**
- **Reliable**



¿Is it possible to define a **replicable methodology** for future estimates?

Phases

1

Literature review

2

Theoretical framework analysis

3

Collect data

4

Analyze data quality

5

Propose methodological refinements and adjustments

6

Report results

UNODC-UNCTAD conceptual framework



CONCEPTUAL FRAMEWORK FOR THE
STATISTICAL MEASUREMENT OF
ILLCIT FINANCIAL FLOWS

October 2020

UPDATED DRAFT FOR PILOT TESTING

METHODOLOGICAL GUIDELINES
TO MEASURE TAX AND COMMERCIAL
ILLCIT FINANCIAL FLOWS

Methods for pilot testing

Sources of IFF

- Corruption
- Commerce and fiscal
- Illegal markets
 - Drug trade
 - Migrant smuggling
- Financing of terrorism



CENTRO DE EXCELENCIA UNODC-INEGI
para Información Estadística de Gobierno,
Seguridad Pública, Victimización y Justicia

Estimates for 2015-2018
Aggregative method (*ascendant*)

[illegible]



Drug Trade

CdE-UNODC:

Cocaine
Heroin
Methanfetamines

INEGI proposal

Marijuana
Fentanyl



Assumptions

- **General**

- Mexico as producer, consumption market and transit country

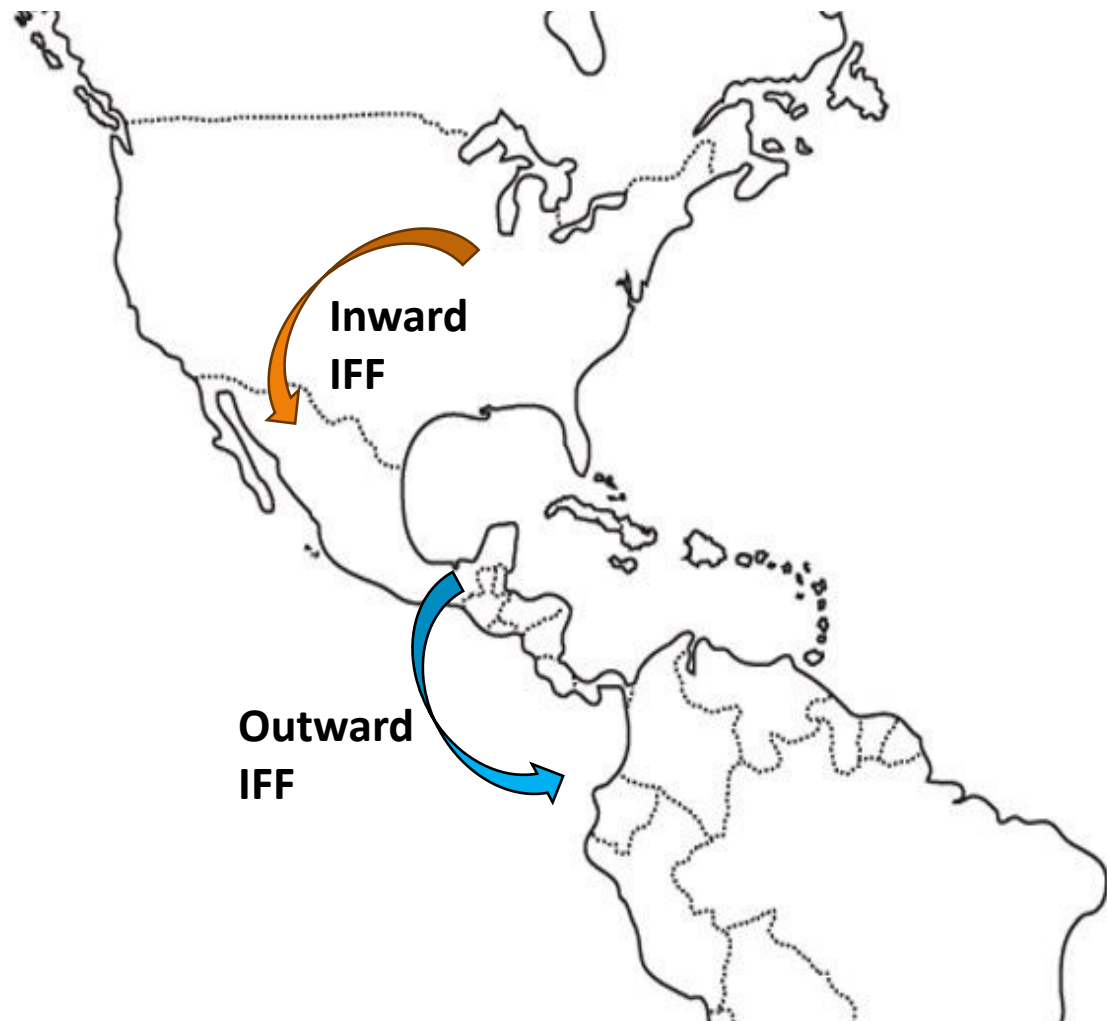
- **Inward IFF**



















- México as main source of drug flows into the US

- **Outward IFF**

- Mexican imports = domestic consumption + seizures

Drug trade IFF model for Mexico



Drug	Period	Outward IFF	Inward IFF
Cocaine	2012-2023	  	
Heroin	2012-2023	  	
Methamphetamine	2012-2023	  	
Marijuana	2012-2023	  	
Fentanyl	2016-2023		



Transit



Consumption



Producer

General formula

Inward IFF \equiv Mexican exports \times Export prices

Refinements:

((US consumption + US seizures) x
Purity) x Connection coefficient

US wholesale prices

Outward IFF \equiv Mexican imports \times Import prices

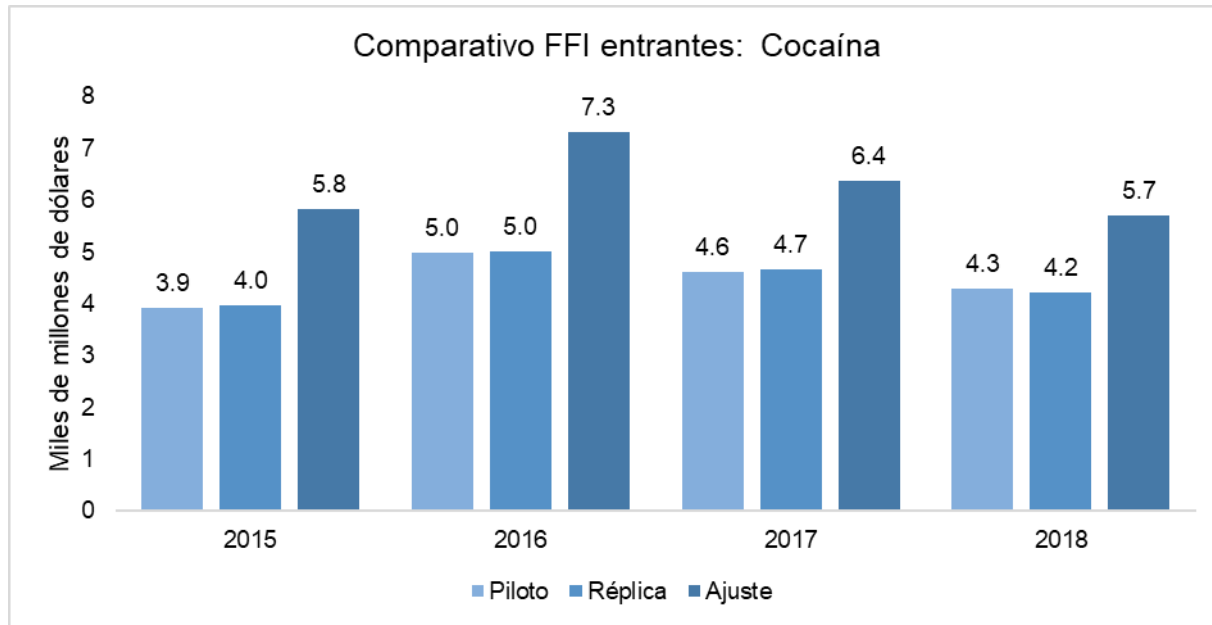
Refinements:

MX consumption + (MX seizures
x Purity) + MX exports

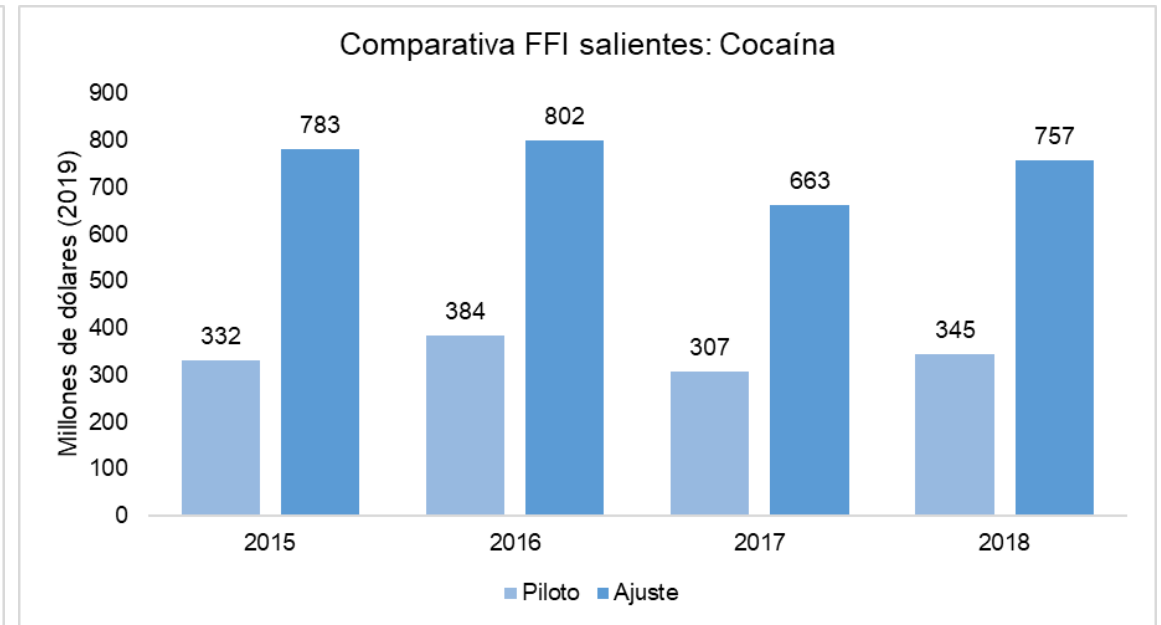
- Mexican wholesale prices

Cocaine trade IFF estimates

Inward IFF

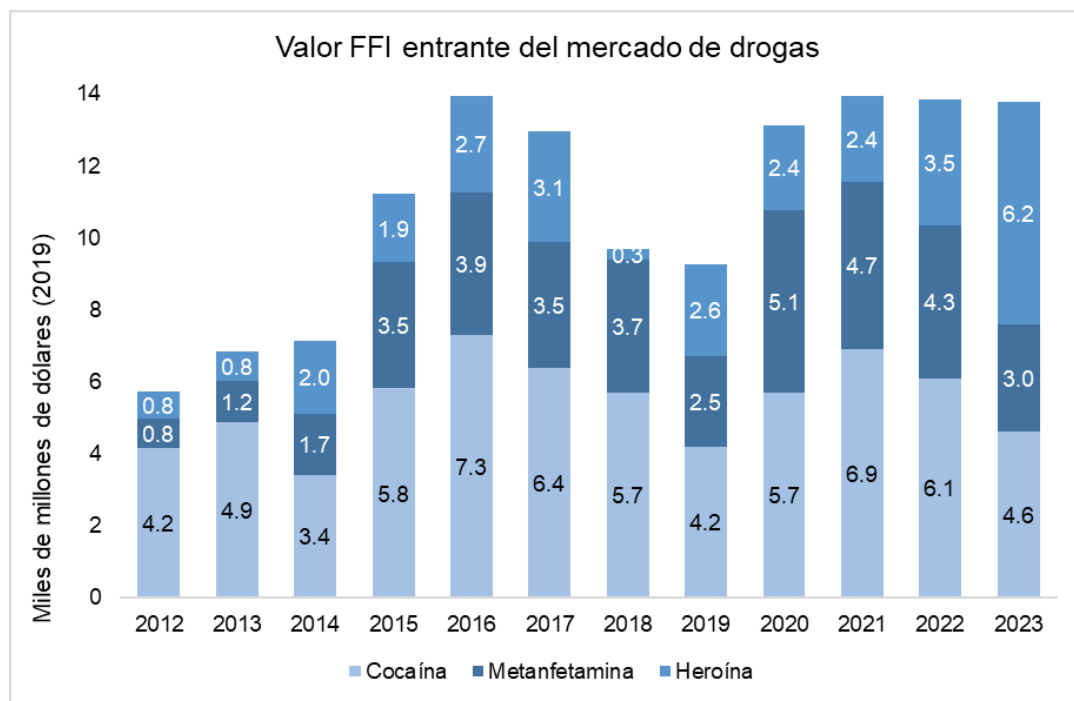


Outward IFF

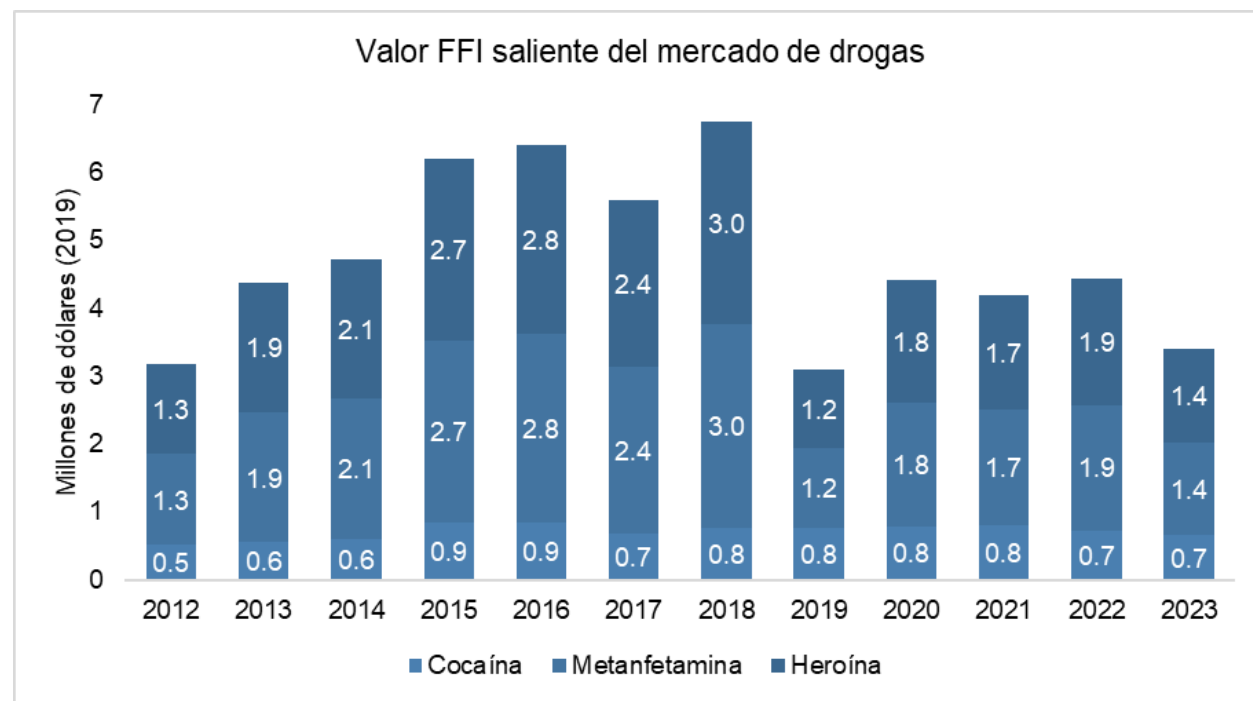


Drug market inward and outward IFF estimates

Inward IFF



Outward IFF





Migrant smuggling

CdE - UNODC

México

El Salvador

Guatemala

Honduras

INEGI proposal:

Nicaragua

Venezuela



Assumptions

- **General**

- One event per migrant per year (crossing attempt)
- Undocumented migratory status
- Final destination country

- **Inward IFF**

- Stay in Mexico < 1 year
- Smuggler country of residence (proxy: country of payment)

- **Outward IFF**

- Smuggler country of residence (proxy: country of contact)

General formula



General IFF



Number of
migrants



Smuggler use (%)



Cost of
"service"



Smuggler country of residence

- Mexico → inward
- EEUU → outward

Inward IFF

Detained
by Mexico



Detaine
d by US

Remain in
México



Deaths and
missing



Migrator
y status



Destinati
on

- México
- US

Remain in
México

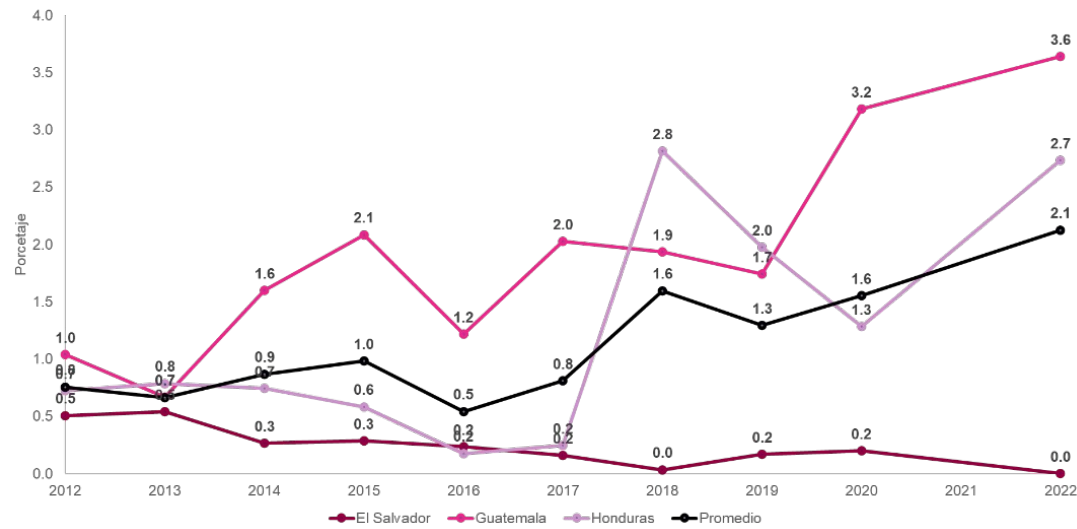


Remain in
US

Outward IFF → Only Mexicans crossing into
the US

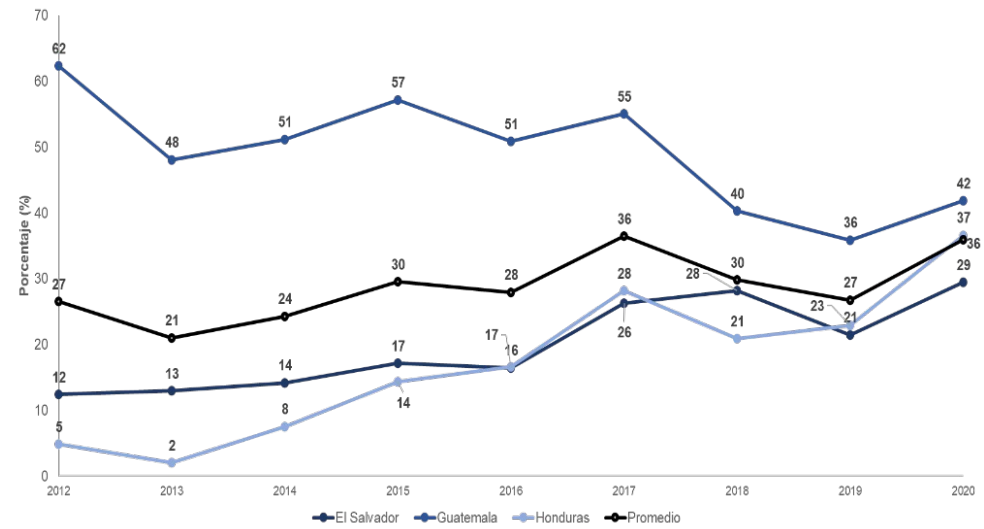
Preliminary estimates

Percentage of migrants legally coming into Mexico



Source: EMIF Sur 2012-2022

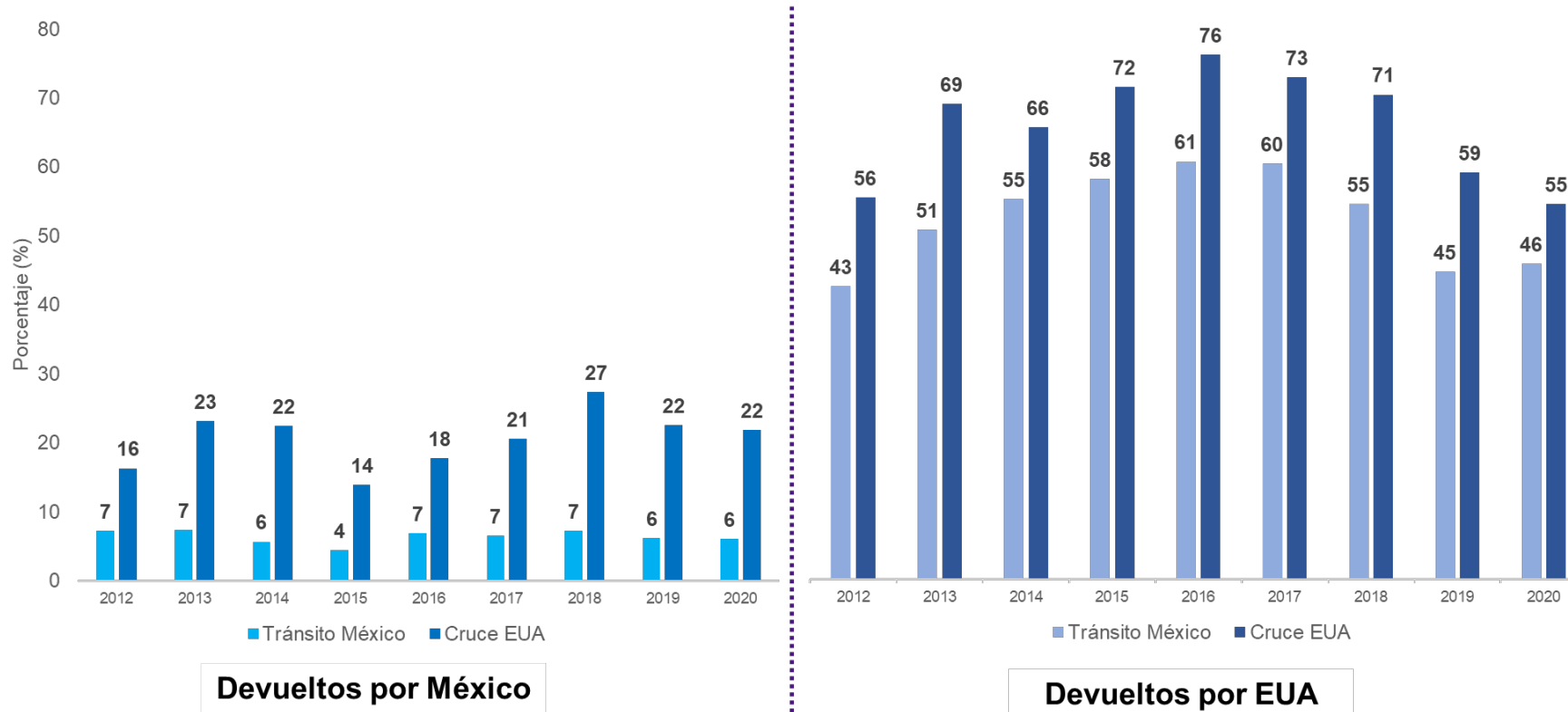
Percentage of migrants looking to stay in Mexico



Source: EMIF Sur 2012-2022

Preliminary estimates

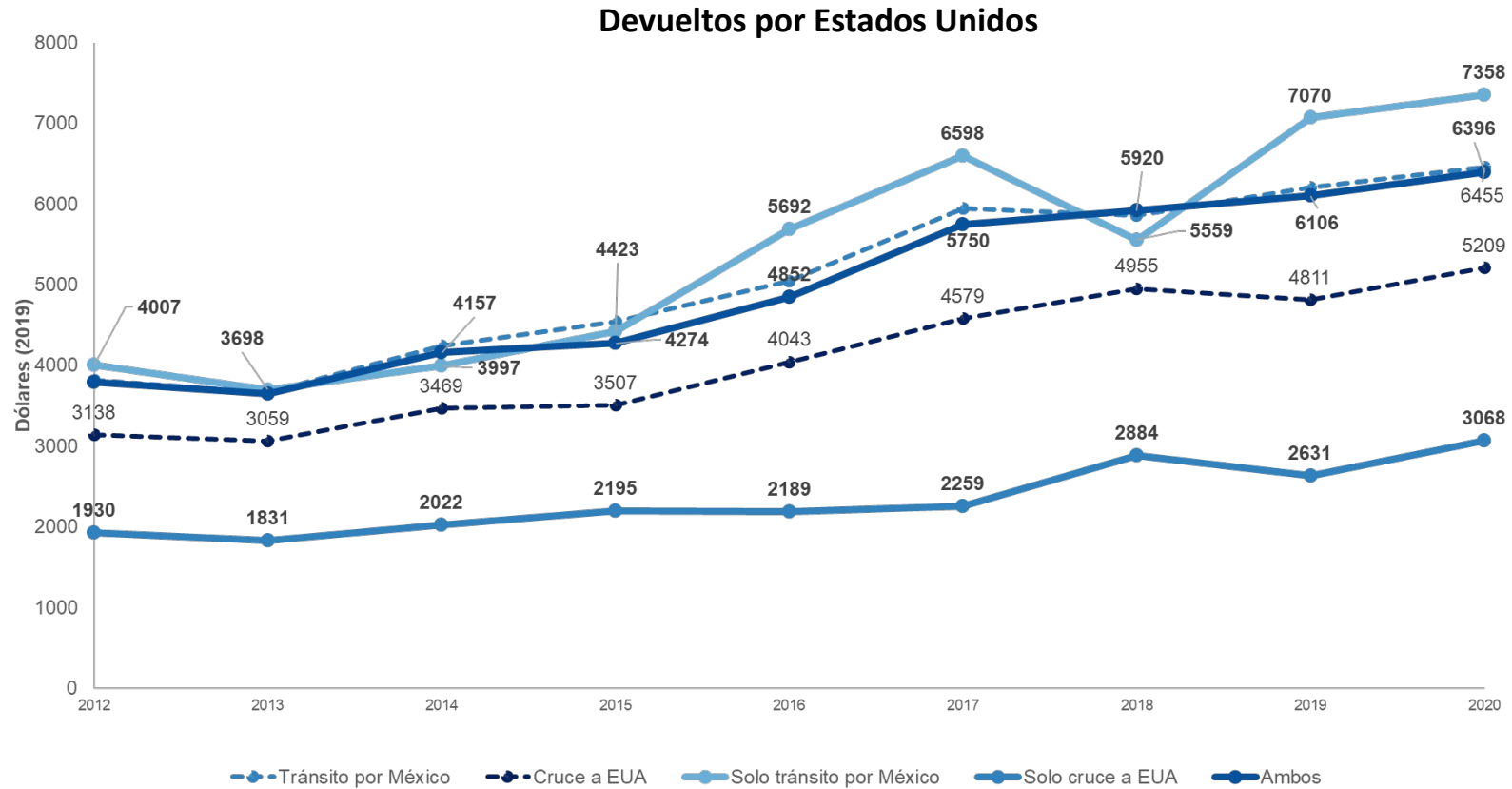
Percentage using smuggler by type of “service” (crossing and transit) 2012-2020



Source: EMIF Sur 2012-2022

Preliminary estimates

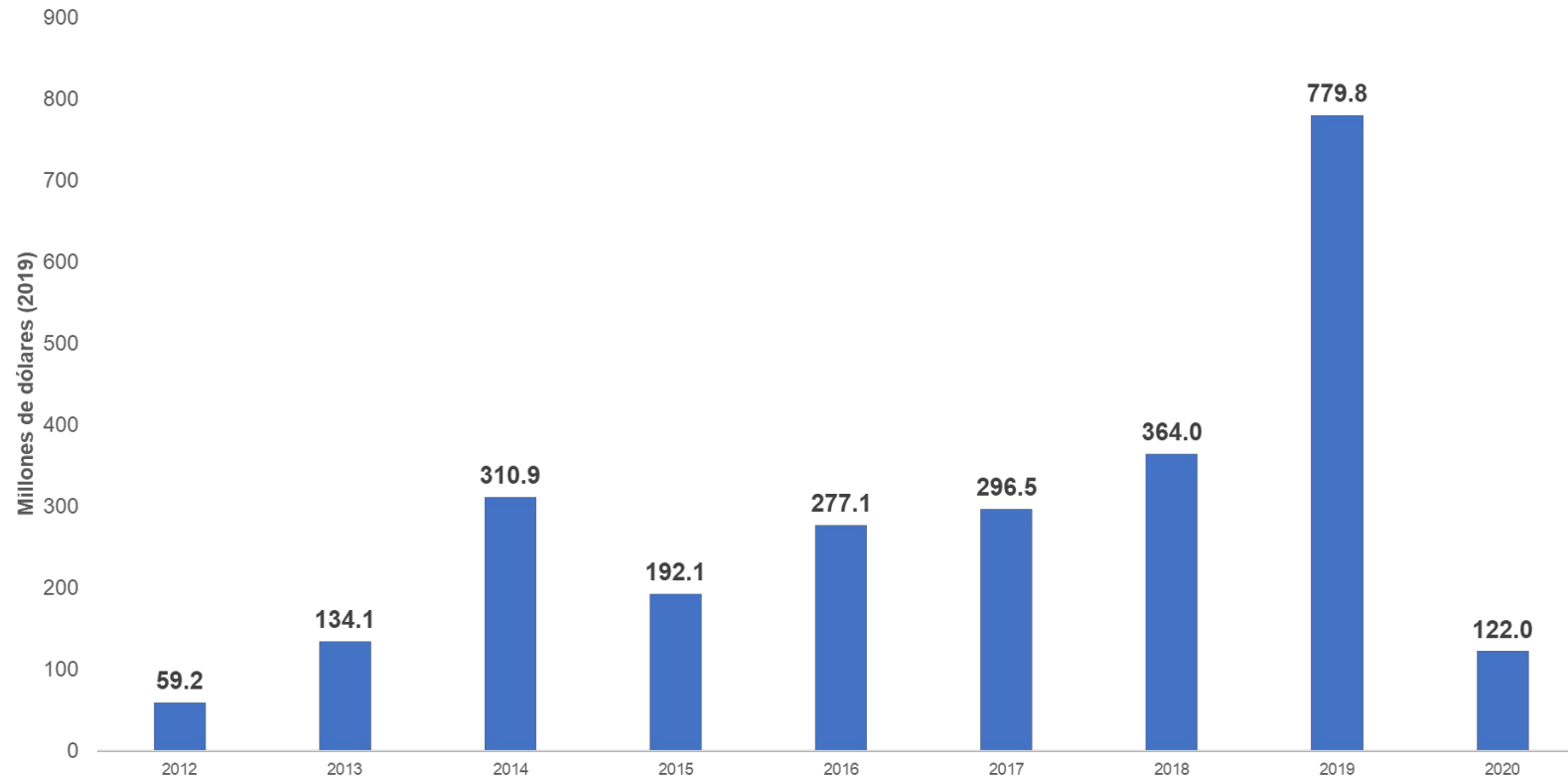
Mean cost by type of “service” (USD 2019) 2012-2020



Source: EMIF Sur 2012-2022

Preliminary estimates

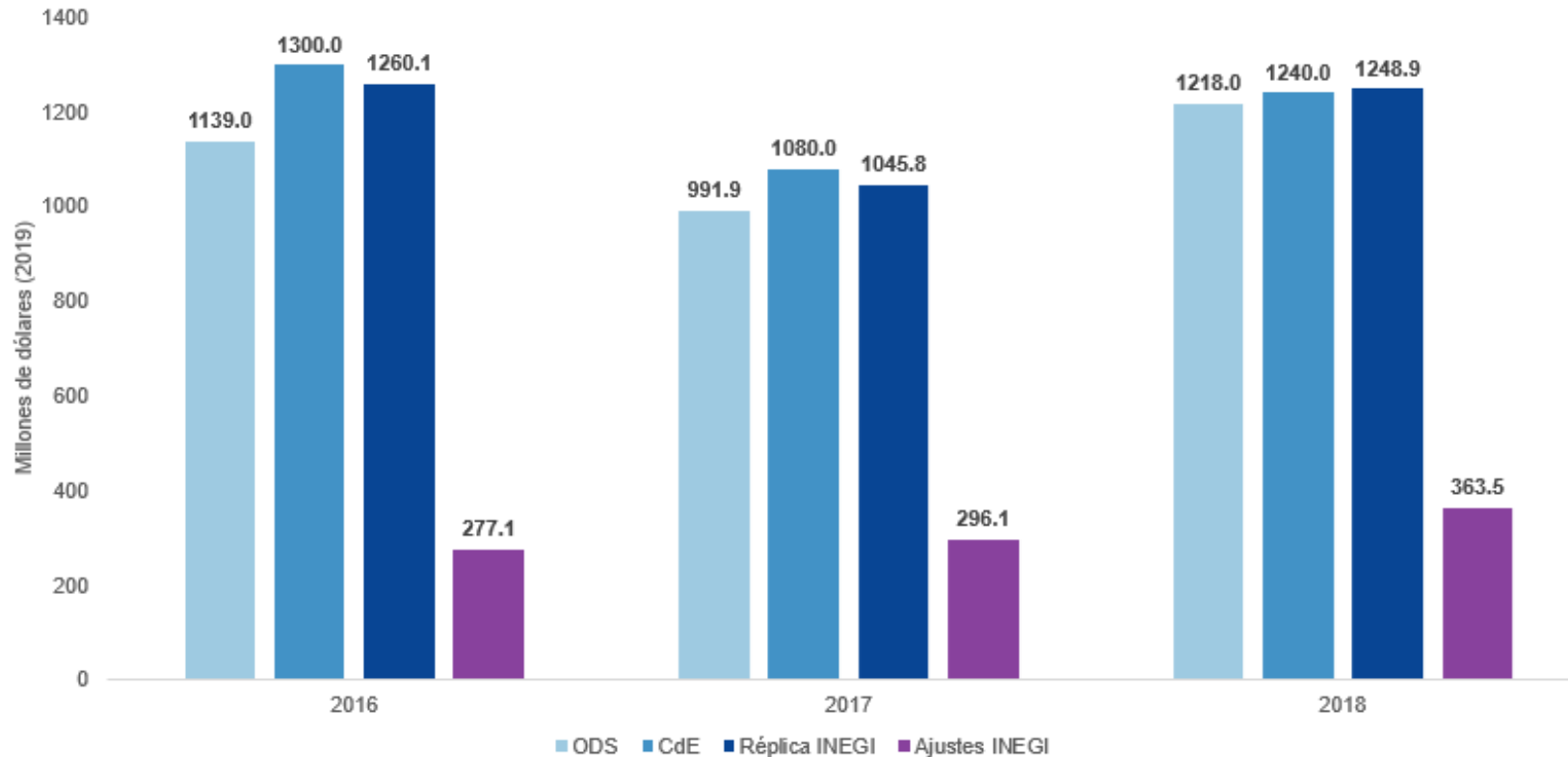
Inward IFF estimates 2012-2020 (USD 2019)



Source: EMIF Sur 2012-2022

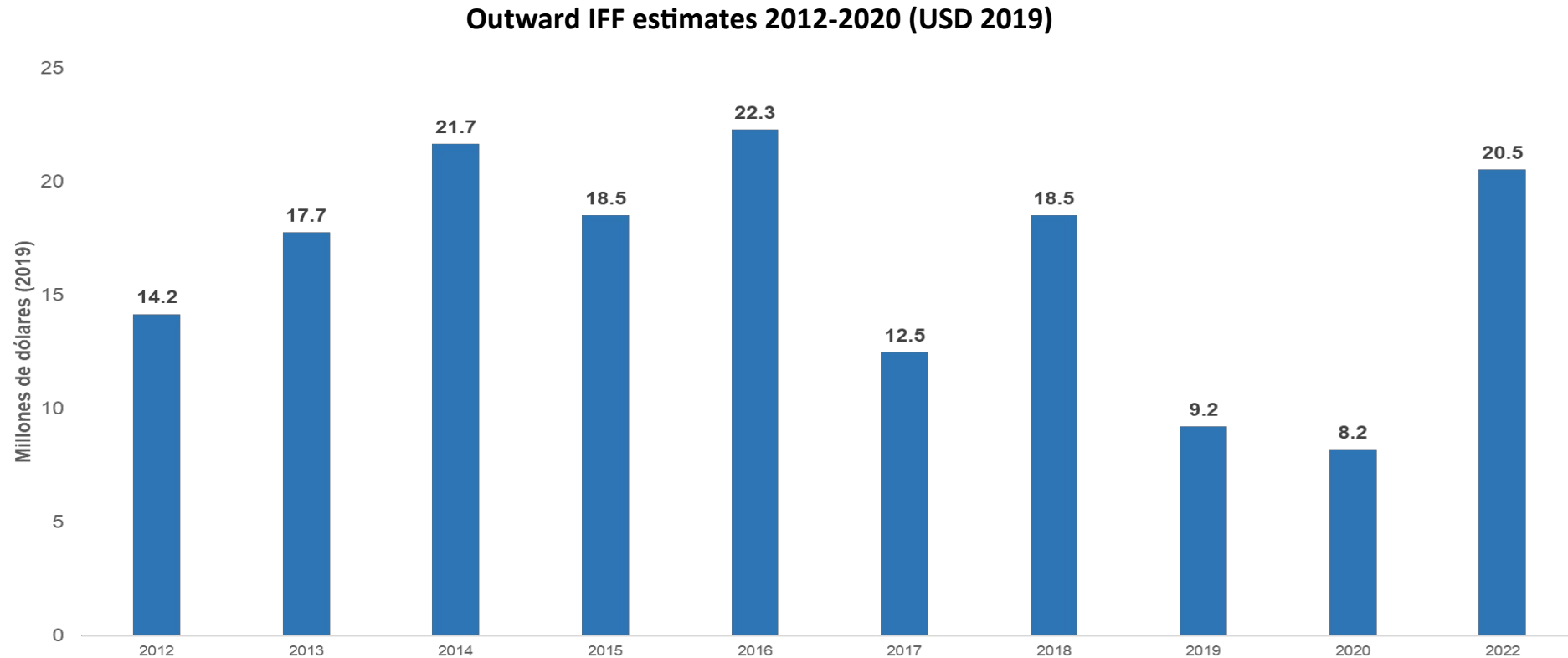
Preliminary estimates

Comparison of Inward IFF estimates (USD 2019) 2016-2018



Source: Sustainable Development Goals; CdeE UNODC-INEGI, Migration Policy Unit, SEGOB; Yearbook of Migration Statistics, DHS; US. Costum and Border Protection; American Community Survey; Missing Migrants Project IOM; EMIF Sur, 2016-2018.

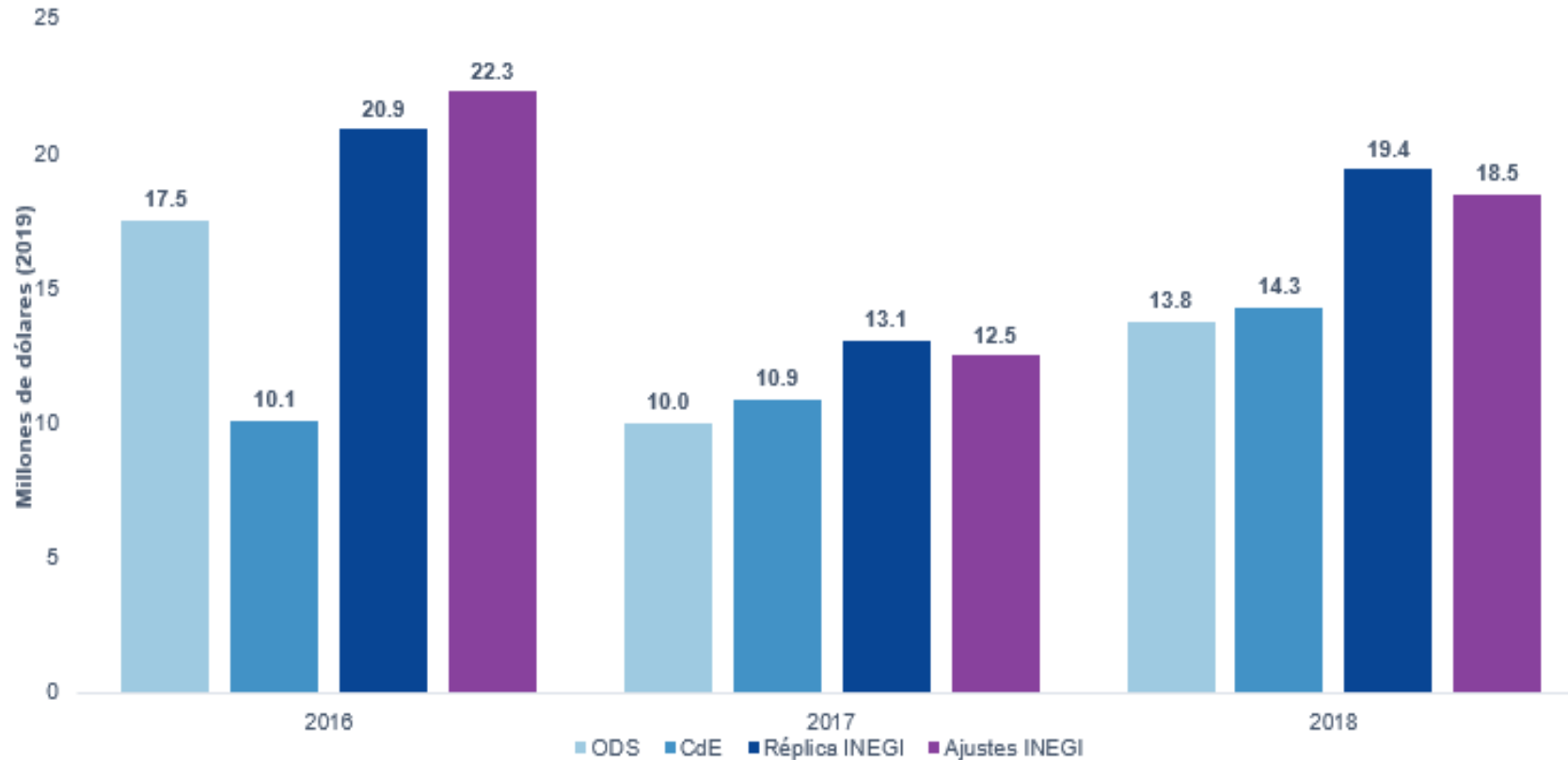
Preliminary estimates



Sources: Yearbook of Migration Statistics, DHS; US. Customs and Border Patrol; American Community Survey (ACS); EMIF Norte 2012-2022.

Preliminary estimates

Comparison of Outward IFF estimates (USD 2019) 2016-2018



Sources: Yearbook of Migration Statistics, DHS; US. Customs and Border Patrol; American Community Survey (ACS); EMIF Norte 2012-2022.

Conclusions

- Estimating IFF with precision is still challenging, because of:
 - Fragile assumptions
 - Inconsistencies across data sources
 - Unreliable continuity and completeness of key data
 - High cost of developing a statistical program

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    **INEGI** Informa

Thank you

