

Committee: General Assembly**Topic: Combating International Illicit Financial Flows****Report of the Chairs**

I. Theme of the Conference

Model United Nations San Antonio (MUNSA) is a conference dedicated to fostering authentic and passionate debate amongst delegates in order to generate solutions to current global issues. The theme of *MUNSA XXIV: Envision* encapsulates our mission to urge delegates to foresee a future in which these problems have been dissolved. With collaboration in mind, delegates from every committee are encouraged to visualize innovative resolutions and a prosperous world to come. Together, we will propel ourselves into an age in which brilliant ideas converge to transform our world and address its most paramount issues.

II. Rationale

This committee aims to address illicit international flows. Illicit international financial flows are the illegal transferring of money across borders. Usually, they can be indicators for further illegal activities such as drug trade, weapons trade, and more. These flows take money away from developing countries and, instead, grant money to those already in power. Furthermore, illicit financial flows promote corruption and greed in every country, regardless of the level of development within the region¹. This committee aims to abolish the issues that stem from illicit funds and subsequent tax evasions. Delegates will work tirelessly and explore every possible solution in order to accomplish this vision.

III. Background of the Topic

International illicit financial flows are used to conceal illegal activities and tax evasion. The entire continent of Africa lost 1.2 trillion dollars between 1980 and 2009.² The loss of funds and the high interest loans from developed countries have created a debt crisis. There are many ways to participate in these kinds of illicit activities, from money laundering to corruption and tax evasion. In developing countries, trade misinvoicing is the most widely used process of

moving illicit funds in developing countries.³ In Latin American countries, such as Columbia and Mexico, illicit flows have led to the loss of billions of dollars. Columbia has lost \$4.7 billion dollars, and Mexico has lost a massive sum of \$42.9 billion dollars.⁴ The flow of illicit finances is often difficult to follow due to nontaxation leading to untrackable finances.⁴

Recently, the United Nations has been working to develop concrete proposals for future action in order to ensure comprehensive participation by all.⁵ This means that the United Nations has discussed the targeting of financial flows and subsequent effects. Future solutions are on the horizon. It's vital that this committee discovers a solution quickly in order to improve the economies of developing countries.

IV. Contemporary Evidence of the Topic

Developing regions of the world, especially West Africa and the Middle East, are greatly affected by this issue. In 2013, the continent of Africa lost \$50 billion dollars due to illicit financial flows.⁶ This loss has had a huge impact on global economics and caused the country to divert resources from public spending. The United Nations formed an IMF (International Monetary Fund) to help prevent illicit financial flows by using funding to prevent tax evasion and to monitor financial flows.⁷ Finding a solution to international financial flows is vital to the global economy and stopping illegal trafficking. Countries lose revenue, markets, and legitimacy due to illicit flows in West Africa⁸. Illicit financial flows are at the heart of many international issues, including drug cartels, human trafficking, and terrorism. This committee must work to find a viable solution in order to support the global economy and developing countries.

V. References and Research Resources

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3. (n.d.). Trade Misinvoicing « Global Financial Integrity. Retrieved from <https://gfintegrity.org/issue/trade-misinvoicing/>
4. (2019, January 28). Illicit Financial Flows to and from 148 Developing Countries: 2006-2015 « Global Financial Integrity. Retrieved from <https://gfintegrity.org/report/2019-iff-update/>
5. (2019, May 16). International Cooperation to Combat Illicit Financial Flows and Strengthen Good Practices on Asset Returns | General Assembly of the United Nations. Retrieved from <https://www.un.org/pga/73/event/international-cooperation-to-combat-illicit-financial-flows-and-strengthen-good-practices-on-asset-returns/>
6. (2015, December). Africa loses \$50 billion every year | Africa Renewal. Retrieved from <https://www.un.org/africarenewal/magazine/december-2013/africa-loses-50-billion-every-year>
7. (2018, October 7). The IMF and the Fight Against Illicit Financial Flows. Retrieved from <https://www.imf.org/en/About/Factsheets/Sheets/2018/10/07/imf-and-the-fight-against-illicit-financial-flows>
8. (2018). Criminal economies and illicit financial flows in West Africa. *Illicit Financial Flows*, 57–106

VI. Note to the Delegates

Welcome to *MUNSA XXIV: Envision!* The Chairs are so excited to hear your debate on such an important topic, and we anxiously await to hear your opinions! Please be sure to remain informed on all prevalent current events in order to be the best delegates possible. We hope that you are as excited as we are, and don't be afraid to reach out to us if you have any questions.

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