Long Session Report

Session Title: Shared planet, shared responsibility: creating multi-stakeholder alliances to combat wildlife, forest and fisheries crime

Date & Time: 02 December 2016, 11h30 – 13h30

Report prepared by: Rob Parry-Jones, Lead, Global Policy, Wildlife Crime, WWF International

Session coordinated by: Rob Parry-Jones, Lead, Global Policy, Wildlife Crime, WWF International

On behalf of: Durrell Institute of Conservation and Ecology (DICE); Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH; Fisheries Transparency Initiative (FiTI); International Institute for Environment and Development (IIED); Northumbria University; Royal United Services Institute (RUSI); Transparency International - UK Chapter (TI-UK); TRAFFIC – the Wildlife Trade Monitoring Network; U4 Anti-corruption Resource Centre, Chr. Michelsen Institute, Norway; UN Office on Drugs and Crime (UNODC); World Wide Fund For Nature (WWF).

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Moderated by:
- Juan Carlos Navarro, former Mayor of Panama City, and
- Nicole Botha, Senior Advisor on Anticorruption and Integrity with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Experts:

Mrs Dorcas Agik Oduor, Deputy Director Public Prosecutions and Head of Economic, International and Emerging Crimes at the Office of the Director of Public Prosecutions, Kenya
What were the aims of the session and corruption risks?

1. Create a platform for shared understanding of the types of corruption in value chains concerning natural living resource sectors (wildlife, forests and fish), including access to these resources, and their environmental and human impacts;

2. Raise consciousness of the links between overexploitation of natural living resources, corruption and associated illicit finance (IFFs) and resource flows at all stages of the value chain;

3. Explore solutions to addressing, discouraging and preventing corruption and associated illicit financial flows and unsustainable resource exploitation;

4. Provide a platform and basis for new partnerships to pursue identified opportunities;

5. Identify a shortlist of priority actions.

Summary of panellists’ contributions & discussion points (please be as detailed as possible)

Corruption, including bribery, document fraud, and money laundering
facilitate overexploitation and mismanagement of natural living resources (including wildlife / fish). Other crimes such as human trafficking are also linked to wildlife & fisheries crime.

For fisheries, governance is critical to sustainable management – both in the EEZ and on the high-seas. Governance must be increased by reforming and adapting international law, enhancing enforcement, monitoring and transparency. For example, transparency must be increased concerning access to fisheries. Knowing who has the right to fish, what is been paid and what quantities have been extracted; this also includes the publication of existing and future access arrangements and identification of beneficial owners.

Its importance is highlighted by case law regarding the high seas which highlights the inherent challenges in ocean governance, international law and attitudes concerning lifting the corporate veil to reveal ultimate beneficial owners (UBO). Normative financial structures facilitating secrecy of illicitly sourced funds are part of a cyclical and destructive enabling environment.

The notion of allowing corporate veils protecting UBOs is outdated: UBOs and people profiting at the expense of the environment and human rights are concepts we can no longer live with. Although the corporate veil may not be lifted for concealment, one route to pierce the veil might be for evasion of international legal obligations pertaining to human rights and environmental crimes. An international treaty was suggested whereby every government would be required to lift the veil on corporate secrecy.

Wildlife crime is a high profit, low risk activity. Given the financial motivation of criminals, why is financial crime not pursued more when investigating / prosecuting wildlife crime? There are only a few cases where ancillary crimes have been linked to environmental crimes; a multi-door approach, using the full suite of relevant legislation and associated offences, would enable prosecution of perpetrators of grand corruption as well as of senior members of criminal syndicates, rather than only low-level actors.
Poaching is a threat to Kenya’s tourism sector - which generates 8% of GDP. Rangers may be killed if not amenable to corruption. Corruption and crime prevention strategies are required, particularly where finite resources are under threat. These strategies should focus on identifying major corruption risks and developing and implementing risk mitigation strategies. This is particularly important in agencies tasked with wildlife, fisheries and forestry management.

The Modern Slavery Act in the UK requires larger companies to report on measures taken to prevent forced and bonded labour in their supply chains, including third-party due diligence. Robust data can help private sector actors address wildlife crime by identifying risk areas and focus for due diligence procedures. We need to find the balance between data privacy and transparency of information.

Main outcomes of session (include the highlights and interesting questions from the floor)

Financial sector approaches to wildlife crime can learn from the focus brought to bear on human trafficking in the financial sector: for example, in the UK, two years ago, human trafficking and associated funds were not on the agenda for bankers undertaking due diligence procedures (there had been a process in the US since 2012). Now that human trafficking is on the financial crime agenda, red flags have been developed to assist identify human trafficking when analysing financial transactions. Prioritising wildlife crime as an illicit activity, noting also the links with other criminal typologies, is likely to result in detection of illicit financial activity related to wildlife crime.

Existing instruments should be used to facilitate the high-levels of international cooperation required, including: UNCAC; UNTOC, FATF; and OECD, especially mutual legal assistance, and harmonising domestic laws and arrangements. FATF is moving away from assessments of technical compliance (box-ticking), towards assessments of effectiveness; this is a welcome development.

Establish well-led cross-sectoral interagency task forces to address wildlife crime so that the full range of the law, for example laws concerning tax evasion; corruption; document fraud, slavery and human
trafficking, and money laundering can be brought to bear on actors engaged in wildlife crime. Although some progress has been made strengthening linkages between the broad range of existing national laws (e.g., tax evasion, money laundering, organised crime) and more specific sectoral law enforcement (e.g., wildlife crime), greater emphasis is required to develop capacity for financial investigation of environmental crime and regular documentation of cases.

Insist on credible public transparency in the issuance of official documentation concerning, contracts, loans, payments, beneficial owners, permitting and licensing, etc., regarding access to and exploitation of natural living resources.

Diversion of € hundreds of millions in Mozambique from a fisheries development initiative emphasises the need for greater transparency and accountability in loans linked to natural resource sector; it also raises questions regarding financial oversight and responsibility of private financial backers as well as public donor institutions.

Wolfsberg group - an association of thirteen global banks which aims to develop frameworks and guidance for the management of financial crime risks – developed anti-money laundering guidelines for banks. Development of specific principles / guidelines regarding how to link wildlife crime to financial crime would be useful to take forward the financial crime agenda. This process would create a structured approach with reporting guidelines between financial institutions and the financial intelligence centres, enabling follow up on suspicious transactions related to wildlife crime.

Supply chains are vulnerable to corruption and mingling of illicit with licit goods. Protecting the integrity of supply chains is absolutely critical, although also profoundly difficult, particularly in a culture of accepting paper work without rigorous verification and validation procedures. It is important that corruption risk mitigation strategies are designed and implemented in agencies responsible for managing each stage of the chain.

Mobile banking, like social media has profound societal benefits. It is also easily exploited and moves at a very quick pace. Seeking mutual legal
assistance is unwieldy and slow compared to the speed with which a person can move money on mobile platforms making it attractive to those of ill intent. This was discussed as a real and emerging challenge for countries particularly in Africa and Asia, where mobile money transfers are becoming mainstream for exchange of goods and services and in making payments, thereby facilitating the ease by which criminal networks can operate.

Interaction between the private sector, civil society and government is the magic triangle for effecting change, e.g. in delivering credible transparency, or building trust and political will: this is the basis for collective action for effective and timely change (e.g. Fisheries Transparency Initiative) – building on successful models and experience of existing initiatives such as the EITI.

Key recommendations and concrete follow-up actions

Anti-corruption and conservation communities must join forces for mutual benefit, taking forward outcomes of the 3C Network: greater understanding is required of what types of corruption occur where and how along living natural resource value chains, and of the links between wildlife crime and associated financial crime.

Enact an International Convention that compels countries to lift the corporate veil over beneficial ownership making it harder for criminal and corrupt behaviour to evade international legal obligations pertaining to human rights and environmental crimes. Note that UNCAC requires States to take measures to prevent corruption in the private sector including promoting transparency of the identity of legal and natural persons involved in the establishment and management of corporate entities (article 12(2)(c)); financial institutions are also required to maintain information on the identity of the customer, as well as, in so far as possible, of the beneficial owner (Article 52(3)). Disclosure of the beneficial owner is therefore not mandatory under UNCAC; an international convention would seek to address this.

Encourage the Wolfsberg group to develop specific principles / guidelines regarding how to link wildlife crime to financial crime.

Consider mandatory implementation and reporting by relevant private sector actors concerning due diligence procedures, including third-party due diligence, to reduce risks of involvement in wildlife crime in their supply chains (similar to the requirements of the Modern Slavery Act (UK)).
Using the financial sector’s growing engagement in due diligence procedures for human trafficking as an example, explore the feasibility of financial institutions prioritising identification of red flags for financial transactions likely to be associated with wildlife crime.

Strategies for prevention of corruption should, as a priority, be included in the hiring, training and management of staff, including protecting whistle blowers. Internal oversight systems used by agencies at all stages of the value chain should be strengthened to reduce corruption risks;

Use existing instruments to facilitate the high-levels of international cooperation required, including: UNCAC; UNTOC; FATF and OECD especially mutual legal assistance, and harmonising domestic laws and arrangements.

Establish cross-sectoral interagency task forces to address wildlife crime so that the full range of the law, for example laws concerning tax evasion; corruption; document fraud, slavery and human trafficking, and money laundering can be brought to bear on actors engaged in wildlife crime.

Insist on credible public transparency in the issuance of official documentation concerning, contracts, loans, payments, beneficial owners, permitting and licensing, etc., regarding access to and exploitation of natural living resources.

Interaction between the private sector, civil society and government is the magic triangle for effecting change, in e.g. delivering credible transparency, building trust and political will: this is the basis for collective action for change (e.g. Fisheries Transparency Initiative Initiative - FiTI) – building on successful models and experience of existing initiatives such as the Extractive Industries Transparency Initiative (EITI).

We value your assessment following the outputs of the session, if you need to, please get feedback from the session coordinator or the moderator for this component.
What can be done to create opportunities for scaling up the solutions discussed in the session? And by whom?

Experts from the finance, anti-corruption and conservation sectors must join forces for action, e.g., undertaking case studies, and producing general guidance in identifying red flags for financial institutions to recognise illicit financial activities related to the natural living resource sectors. This would also support implementation of transparency initiatives, for example in the fisheries sector through FiTI. Iterative monitoring and evaluation should also be undertaken to inform approaches.

Build on existing momentum in high-level fora to develop and refine protocols, guidelines and risk-profiling systems specific to wildlife crime, and capitalise on expertise from other sectors and crime types to develop comprehensive and robust on-the-ground approaches.

Key Insights for the future of the anti-corruption agenda (including Game Changing ideas/ suggestions/ actions from the session)

Turning policy into practice is one suggestion for the next IACC agenda. There were a lot of fascinating workshops at IACC17; turning policy into practice would inform, guide and provide practical insight into where the illicit flows meet (ie., human & wildlife trafficking) creating value chain [and] nodes for priority interventions. This approach may also raise consciousness regarding interlinkages, and relevant data types, where they are held / can be found, etc.

Rapporteur’s name and date submitted
Rob Parry-Jones
Submitted 03 Dec 2016

Remember! This Long Report needs to be emailed to reports@17iacc.org by 15th December. Thanks!