

# Working Paper 32

## Private-sector engagement in the fight against illegal wildlife trade

Scarlet Wannewetsch, Gemma Aiolfi | December 2019

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# About the authors

## **Scarlet Wannenwetsch**

Project Associate Anti-Corruption Collective Action, Basel Institute on Governance

Scarlet Wannenwetsch joined the Basel Institute in February 2017 as a Project Associate at the International Centre for Collective Action. Her focus at the ICCA is supporting the development and further implementation of the Siemens Integrity Project.

Prior to joining the Basel Institute, Scarlet gained experience at the International Chamber of Commerce (ICC Germany) and as a legal advisor to an international start-up.

Scarlet holds a Law degree (LLB) from Kings College London as well as a Masters (LLM) from the Free University of Berlin focusing on Public International Law and Alternative Dispute Resolution.

[scarlet.wannenwetsch@baselgovernance.org](mailto:scarlet.wannenwetsch@baselgovernance.org)

## **Gemma Aiolfi**

Head of Collective Action, Compliance and Corporate Governance, Basel Institute on Governance

Gemma Aiolfi has been the Head of Compliance, Corporate Governance and Collective Action at the Basel Institute on Governance since July 2013.

Prior to that she was Legal Counsel to the Integrity Department and the internal Office of Special Investigations at ABB AG in Oerlikon Zurich, focusing on advising on internal corruption allegations in connection with the US Deferred Prosecution Agreement. Ms. Aiolfi was Global Head of Anti-Corruption at UBS AG in Zurich, and also worked in the Group Money Laundering Prevention Unit. Whilst employed by the OECD's Working Group on Bribery in International Business Transactions she was seconded to work at the University of Basel, where she helped to establish the Basel Institute on Governance and worked with the Chairman of the OECD Working Group, Prof. Mark Pieth.

Ms. Aiolfi also served as an advisor to the UN Independent Inquiry Commission on the Iraq Oil-for-Food Programme. Having studied Law at the London School of Economics, she was called to the bar of England and Wales and practised in London before relocating to Switzerland. Postgraduate law studies were undertaken at Basel and Stockholm Universities. She is a member of the board of Ethics and Compliance Switzerland and an external council adviser to the board of Graña y Montero, Peru.

[gemma.aiolfi@baselgovernance.org](mailto:gemma.aiolfi@baselgovernance.org)

# Abbreviations & acronyms

ACI	Airports Council International
C4ADS	Center for Advanced Defense Studies
CEO	Chief Executive Officer
CSR	corporate social responsibility
EMS	environmental management system
FATF	Financial Action Task Force
FCPA	Foreign Corrupt Practices Act
IATA	International Air Transport Association
IEnvA	IATA Environmental Assessment
ISS	Information Sharing System (UfW Taskforces)
ISO	International Organization for Standardization
IUCN	International Union for the Conservation of Nature
IWT	illegal wildlife trade
KYC	know your customer
MACN	Maritime Anti-Corruption Network
ML/TF	money laundering /terrorist financing
M&E	monitoring and evaluation
OECD	Organisation for Economic Co-operation and Development
ROUTES	Reducing Opportunities for Unlawful Transport of Endangered Species
SOP	standard operating procedure
TNRC	Targeting Natural Resource Corruption
TraCCC	Terrorism, Transnational Crime and Corruption Center
UNDP	United Nations Development Programme
UNDP-GEF	UNDP Global Environmental Finance
UfW	United for Wildlife
UNODC	United Nations Office on Drugs and Crime
USAID	United States Agency for International Development
WWF	World Wildlife Fund

# 1 Executive summary

This working paper explores efforts by and with private-sector organisations to combat the multibillion-dollar illegal wildlife trade (IWT) and/or strengthen their resistance to IWT risks, with a focus on the East Africa – Southeast Asia trading chain.

There is widespread and growing awareness of the need for greater involvement of the private sector in efforts to prevent IWT. The transport and financial industries are the most clearly affected: the illegal products are usually trafficked via commercial land, sea and air transport services, and financial transactions take place via regulated financial services providers and the global banking system.

For their part, companies are starting to perceive of IWT not just as a conservation issue, and therefore confined to corporate social responsibility departments, but in terms of the risks this illegal trade presents to their business. These risks are tightly intertwined with other risks, particularly corruption and security.

Current multi-stakeholder initiatives aimed specifically at tackling industry-specific IWT risks show great promise to create a virtuous circle of engagement and action, but are still in their infant stages. Challenges include getting all relevant stakeholders around the table and building a strong business case for engagement that takes into account companies' specific risks and needs. At the moment, key industry sectors remain unrepresented and will therefore act as a weak link that wildlife traffickers can exploit.

Companies' levels of engagement in multi-stakeholder initiatives vary wildly and most are still unclear as to which departments and job functions are the most relevant in this sphere. Action is often ad-hoc and driven by individual "champions", and funding is neither adequate nor sustainable.

Lastly, there is clearly difficulty in moving from commitment to action, in other words for companies to not only sign commitments on paper but operationalise them. Clearer monitoring and evaluation mechanisms would help to increase accountability in this regard.

A basic but major identified need is for more reliable, targeted and actionable information and intelligence on IWT, to enable companies to take informed internal measures, co-develop industry guidelines and effect real systems change. This can best be achieved through mechanisms that allow all stakeholders to pool information and resources in pursuit of their common goals.

These challenges echo some of the challenges addressed over the years by Collective Action initiatives focused on tackling shared corruption challenges.

This similarity, as well as the strong links between corruption and IWT, means that practitioners can benefit from lessons learned from anti-corruption Collective Action initiatives and do not need to reinvent the wheel.

## 2 Introduction

This working paper explores private-sector initiatives against illegal wildlife trade (IWT) as part of a cross-divisional project at the Basel Institute on Governance on preventing corruption from fuelling IWT along the East Africa – Southeast Asia trading chain.

The main aim of this report is to develop a better understanding regarding:

- which industries are most affected by IWT, both wittingly and unwittingly, and how;
- relevant IWT-related risks for specific industry sectors;
- the relationship between IWT and wider corruption risks;
- insights from anti-corruption Collective Action that apply to IWT-focused initiatives;
- current initiatives aimed at engaging the private sector in collectively tackling IWT.

Understanding private-sector perceptions of IWT, and how this illicit trade affects companies and their risk management systems, will help to build a strong business case for companies to engage in multi-stakeholder initiatives against IWT and catalyse their efforts to prevent and combat IWT.

The paper is based on a combination of desk research, insights from in-depth interviews with key stakeholders and IWT experts, and participation in meetings and workshops of relevant initiatives.

Stakeholders interviewed include representatives from:

- companies in the industry sectors concerned;
- industry associations;
- NGOs and international organisations working in relevant fields;
- the main current initiatives focused on IWT and the private sector.

In order to take advantage of synergies with other elements of the Basel Institute's programme of work and relationships with existing partners, the focus is on stakeholders in the transport and financial sectors that are relevant to IWT. The geographical focus is East Africa.

It is important to note that IWT is an evolving issue. Companies are updating their internal processes in line with new laws and standards on anti-money laundering, supply chain due diligence, and risk management. This paper therefore represents a snapshot in time (August 2019).

The number and scope of multi-stakeholder initiatives and public-private partnerships involved in IWT is vast when it comes to conservation, but few when it comes to disrupting the supply chains fuelled by corruption. This working paper is limited to the key initiatives, both mature and fledgling, that are private sector-driven or have a strong private-sector focus.

## 3 Context

### 3.1 A shift in approach to tackling IWT

The exact dimensions of the multibillion-dollar trade in illegal wildlife are disputed, but it is widely recognised to be the fifth most lucrative organised crime<sup>1</sup> after drugs, human trafficking and counterfeiting.

It may therefore be surprising that until recently, global efforts to tackle IWT came mainly from the conservation sector. This has typically consisted of numerous donor-funded efforts to catch poachers and raise public awareness of the plight of endangered species mainly in Africa, Latin America and Asia.

Valuable as those efforts are, they do little to impact the organised crime networks, corruption and illicit financial flows that allow the lucrative illegal trade in wildlife products to continue. Profits from wildlife crime that enter global financial markets are proceeds of crime, linked by default to other forms of financial crime such as money laundering and tax fraud. Yet United Nations Office on Drugs and Crime (UNODC) statistics indicate that only around 26 percent of jurisdictions investigate financial structures behind IWT and only 11 percent investigate criminal networks that operate in the IWT sphere above the level of poachers and couriers.<sup>2</sup>

This conservation-led approach is now shifting towards a new and more promising era of collaboration between public- and private-sector actors. Some high-profile initiatives discussed later in this paper are working to bring together industry stakeholders with law enforcement, and to raise awareness among company leaders of the need for the private sector to take both individual and collective action. This shift in approach has started to trigger systemic and sustainable change in businesses worldwide.

These private-sector efforts are being boosted by increasingly stronger laws and involvement of supervisory bodies. The 6th Anti Money Laundering EU Directive, which comes into effect in December 2020, makes environmental crimes a predicate offence to money laundering.<sup>3</sup> The Financial Action Task Force (FATF) announced in July 2019 that IWT is a priority for 2019–2020.<sup>4</sup> These changes in the regulatory landscape evidence the shift from perceiving IWT as a conservation issue to recognising it as a serious transnational organised crime, with implications for both law enforcement and business.

Moreover, recent law enforcement successes against wildlife traffickers – notably the 2019 arrest of Liberian trafficker Moazu Kromah<sup>5</sup> – have benefited from increased collaboration and information-sharing between international law enforcement agencies and private-sector companies. This is in part, as evidenced by the Kromah case, driven by these agencies' and companies' involvement in multi-stakeholder initiatives focused on action against IWT.

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<sup>1</sup> Clarke, A. and A. Babic. 2016. 'Wildlife trafficking trends in sub-Saharan Africa'. In *Illicit Trade: Converging Criminal Networks*. OECD Publishing, Paris. <https://doi.org/10.1787/9789264251847-6-en>.

<sup>2</sup> Statistics quoted in Fein, D. 2018. 'To fight the illegal wildlife trade, disrupt its business model.' *Financial Times*, October 7 2018. <https://www.ft.com/content/ae276f0e-c638-11e8-86e6-19f5b7134d1c>.

<sup>3</sup> Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law. [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2018.284.01.0022.01.ENG](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2018.284.01.0022.01.ENG)

<sup>4</sup> Objectives for FATF – XXXI (2019-2020). [https://www.fatf-gafi.org/media/fatf/content/images/Objectives-FATF-XXXI\(2019-2020\).pdf](https://www.fatf-gafi.org/media/fatf/content/images/Objectives-FATF-XXXI(2019-2020).pdf).

<sup>5</sup> Reals, T. 2019. 'How Prince William helped U.S. agents bust a major wildlife and drug smuggling network.' *CBS News*. <https://www.cbsnews.com/news/wildlife-heroin-trafficking-ring-africa-bust-southern-district-new-york-fish-and-wildlife/> <https://www.cbsnews.com/news/wildlife-heroin-trafficking-ring-africa-bust-southern-district-new-york-fish-and-wildlife/>.

The shift in focus towards greater private-sector involvement recognises the convergence between IWT and other forms of trafficking and financial crime, and the threats it poses to businesses in certain industries – as well as the responsibility of these businesses in being part of the solution.

## 3.2 Challenges for private-sector engagement in tackling IWT

Despite the progress, there are inevitably growing pains in operationalising this new, collaborative approach to IWT for the private sector. As the UNODC summarised in a paper on corruption in wildlife crime that was presented to the G20 Anti-Corruption Working Group meeting in 2017 in Berlin:<sup>6</sup>

*“Complicity in wildlife crime and corruption carries legal liability and could be a significant reputation risk for companies. However, awareness of the harms related to wildlife crime remains low in many industries and companies have not prioritized reducing opportunities for wildlife crime or cooperation with law enforcement. There is a need for public-private partnerships to develop detection and due diligence tools that would reduce vulnerability to wildlife crime.”*

Interviews conducted for this working paper reveal some of the possible challenges for companies, including financial institutions. Among them:

- Companies may regard IWT as an extraneous issue and therefore confined to corporate social responsibility (CSR) and marketing departments.
- Companies may not recognise the legal risks that IWT poses to their business.
- Companies may not fully appreciate the reputational or financial risks involved.
- Companies may recognise the risks but lack the information needed to understand and mitigate them through strengthened internal procedures and policies.
- Companies may fear losing their competitive advantage against other companies who do not invest in strengthening their procedures and policies against IWT.
- Companies may fear that publicly taking action against IWT is an implicit acknowledgement of responsibility, when they consider they do not bear any responsibility.
- Companies may sign commitments on paper to support the fight against IWT without being willing to take the next step, or even understand what operationalising those commitments could imply.
- Companies may not be willing to contribute financially to multi-stakeholder initiatives, putting the initiatives’ power to act and long-term sustainability at risk.
- Poor management of the initiatives themselves, or goals and visions that are vague, unattainable and not articulated in the language of business, may reduce the value of the initiative in the eyes of members.

These are just some of the hurdles faced by practitioners who attempt to engage industry stakeholders in collaborative action against IWT.

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<sup>6</sup> UNODC. 2017. 'Addressing Corruption and Wildlife Crime'. Background paper for the G20 Anti-Corruption Working Group Meeting, January 2017, Berlin. [https://www.bmjv.de/SharedDocs/Downloads/EN/G20/UNODC\\_Adressing\\_Corruption.pdf?\\_\\_blob=publicationFile&v=1](https://www.bmjv.de/SharedDocs/Downloads/EN/G20/UNODC_Adressing_Corruption.pdf?__blob=publicationFile&v=1).

## 4 IWT-related risks for industry sectors

### 4.1 Key industry stakeholders

Transport and finance stakeholders affected by IWT include:

Industry	Type of organisation
Financial	<ul style="list-style-type: none"> <li>International bank</li> <li>Regional or domestic bank</li> <li>Insurance company</li> <li>Money transfer service</li> <li>Currency exchange service</li> <li>Mobile money service</li> <li>Cryptocurrency service</li> </ul>
Aviation	<ul style="list-style-type: none"> <li>Passenger transport</li> <li>Cargo transport</li> <li>Airport operator</li> <li>Airline industry association</li> </ul>
Maritime	<ul style="list-style-type: none"> <li>Passenger transport</li> <li>Cargo transport</li> <li>Port operator</li> <li>Shipping industry association</li> </ul>
Land transport	<ul style="list-style-type: none"> <li>Passenger transport company (bus, coach)</li> <li>Rental car company</li> <li>Trucking company/association</li> <li>Railway company / association</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>Logistics service provider</li> <li>Freight forwarder</li> <li>Warehousing</li> </ul>

Supervisory authorities and standard-setting bodies such as the World Customs Organization, International Air Transport Association (IATA), International Maritime Organisation and Financial Action Task Force (FATF) also play a key role.

The great variety of trading routes and methods employed by traffickers means that multiple forms of transport, and multiple forms of financial transaction, can be involved along the chain.

Figure 1 illustrates some of the current major wildlife trafficking routes through East Africa on their way to Southeast Asia.

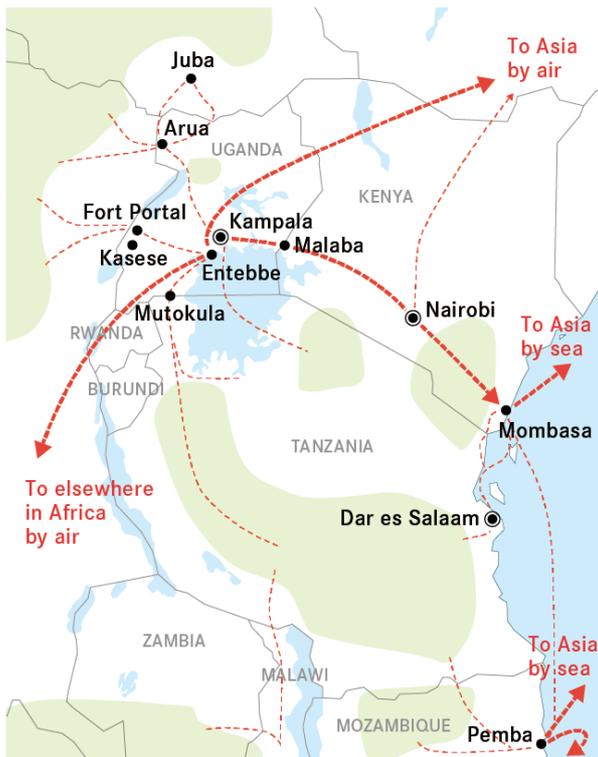


Figure 1: Major wildlife trafficking routes through East Africa, 2019. Produced by Dr Timothy Wittig, Senior IWT Specialist, Basel Institute on Governance

Between the source and the exit points, companies involved may include land transport (trucking), warehousing, logistics firms and regional/domestic banks and mobile money services. Along maritime trafficking routes, the major stakeholders are ports, freight forwarders, container shipping companies and banks. It is likely that international banks are involved at this point, since payments must be made to purchase container space on ships and pay for the goods. Similar stakeholders are active along the air route, substituting cargo, passenger and private planes for ships and airports for ports.

## 4.2 Risk categories for exposed industries

Discussions and initial risk mapping exercises with industry stakeholders have identified three main areas of risk.

Risk category	Description	Example
Reputational	Media attention on wildlife crime is increasing globally: illegal wildlife activities are reported regularly, often disclosing names and details of implicated parties. Concerned clients, consumers, passengers and businesses might choose to boycott	<i>“Turkish Airlines and Turkish Cargo are enabling the exotic pet trade, despite making</i>

	<p>companies implicated – even unfairly – in wildlife trafficking cases.</p> <p>Reputational damage can lead to lost business opportunities and affect a company’s economic performance.</p>	<p><i>commitments to tackle wildlife trafficking”.</i><sup>7</sup></p>
Legal	<p>Authorities might increase scrutiny over companies that are repeatedly implicated in wildlife seizures, and business partners might take a company to court for an alleged breach of regulations, depending on the country’s laws. This can disrupt flows of products and services.</p> <p>The links between wildlife trafficking, corruption and money laundering (explored in more detail in Section 4) lead to risks of sanctions for corruption and ML/TF offences.</p>	<p><i>Gibson settles with the US government over the use of illegal timber from Madagascar in its instruments. Gibson will pay \$300,000 in penalties and \$50,000 as a community payment (violation of the Lacey Act).</i><sup>8</sup></p>
Security	<p>There is an obvious threat to transport companies who do not know what they are carrying: their cargo could include not just illegal wildlife products but dangerous explosives, for example.</p> <p>Moreover, corrupt or criminal insiders pose a security risk for companies. If corrupted employees are willing to bypass security procedures for illegal wildlife products, they will probably be willing to bypass them for other illegal and dangerous goods.</p>	<p><i>“Gun smuggling on plane reveals security oversight.”</i><sup>9</sup></p>

The interviews and examination of current industry initiatives conducted for this working paper reveal that some transport companies and financial institutions are starting to take risks specifically associated with IWT into account when evaluating whether or not to do business in a particular geographical area.

<sup>7</sup> World Animal Protection. 2019. 'Traffickers exploiting Turkish Airlines in illegal wildlife trade.' *CISION*. <https://www.newswire.ca/news-releases/traffickers-exploiting-turkish-airlines-in-illegal-wildlife-trade-830893932.html>.

<sup>8</sup> Black, R. 2012. 'Gibson settles discord on timber.' BBC News. <https://www.bbc.com/news/science-environment-19153588>.

<sup>9</sup> Sharkey, J. 2014. 'Gun Smuggling on Plane Reveals Security Oversight' *The New York Times*. <https://www.nytimes.com/2014/12/30/business/gun-smuggling-on-plane-reveals-security-oversight.html>

## 5 Links between IWT and corruption

According to all experts interviewed for this working paper, IWT should not be viewed as an isolated typology of illicit trade and trafficking, but rather as one aspect of the wider ecosystem of transnational organised crime. And while IWT has some distinct qualities, such as its geographical hotspots and consumer markets, it also follows similar patterns and is closely intertwined with other major types of criminal activity such as corruption, money laundering, terrorism and illicit trade more generally.

The abovementioned June 2019 US Department of Justice indictment of Moazu Kromah highlights the convergence of IWT with other forms of organised crime.<sup>10</sup> Extradited members from the West African criminal enterprise led by Kromah were charged not only with large-scale trafficking of rhino horns and elephant ivory but also for heroin distribution. As the indictment stated:

*"Wildlife trafficking [...] is often intertwined with other major types of criminal activity including conspiracy, smuggling, money laundering and narcotics."*

### 5.1 Convergence and interdependence

The convergence of different types of trafficking shows not only how trade routes are used to smuggle different types of products, but also how these different types of illicit trade are symbiotic and sometimes even interdependent.

One example of this symbiosis – between human trafficking and illegal fishing – has been discovered in Thailand.<sup>11</sup> Trafficked workers are forced to work on illegal fishing boats, which significantly increases the profit margin for the traffickers and enables the traffickers to abandon the ships as collateral damage if they are picked up by law enforcement.

At the transnational level, too, different types of illicit trade are often found to facilitate one another. For example, there is evidence that young women from Asia are being trafficked to South Africa as part of the sex trade and are also used for a fraud scheme declaring them as big game hunters to retain hunting permits and facilitate the trade of illegal wildlife from Africa to Asia.<sup>12</sup>

Despite the significant increase in cases that highlight the interdependency of corruption, money laundering and other forms of transnational crime, there is still a lack of a cohesive approach to tackling IWT that considers this convergence with other types of crime. For example, wildlife trafficking to date has received very little attention as a financial crime.<sup>13</sup>

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<sup>10</sup> US Department of Justice. 2019. *Members Of African Criminal Enterprise Charged With Large-Scale Trafficking Of Rhinoceros Horns And Elephant Ivory And Heroin Distribution*. <https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns>.

<sup>11</sup> Shelley, L. 2018. *Dark Commerce: How a New Illicit Economy Is Threatening Our Future*. Princeton University Press. <https://press.princeton.edu/titles/13270.html>.

<sup>12</sup> Ibid.

<sup>13</sup> Fein, D. 2018. 'To fight the illegal wildlife trade, disrupt its business model.' *Financial Times*, October 7 2018. <https://www.ft.com/content/ae276f0e-c638-11e8-86e6-19f5b7134d1c>.

## 5.2 Corruption along the IWT trade chain

There is still currently very little academic research into the links between corruption and IWT. As one of the few researchers active in this field puts it:

*"While corruption is slowly taking centre stage in the global wildlife conservation agenda, research on the problems and solutions to IWT – and even on the types, mechanisms and modalities – from an anti-corruption perspective is still scarce".<sup>14</sup>*

Nevertheless, there is overwhelming agreement among experts interviewed for this working paper – as well as Basel Institute researchers currently examining the topic – that corruption facilitates IWT at almost all stages of the trading chain.

Figure 2, presented by the UNODC at a G20 Anti-Corruption Working Group meeting in 2017 in Berlin, sets out some of the main areas of concern.

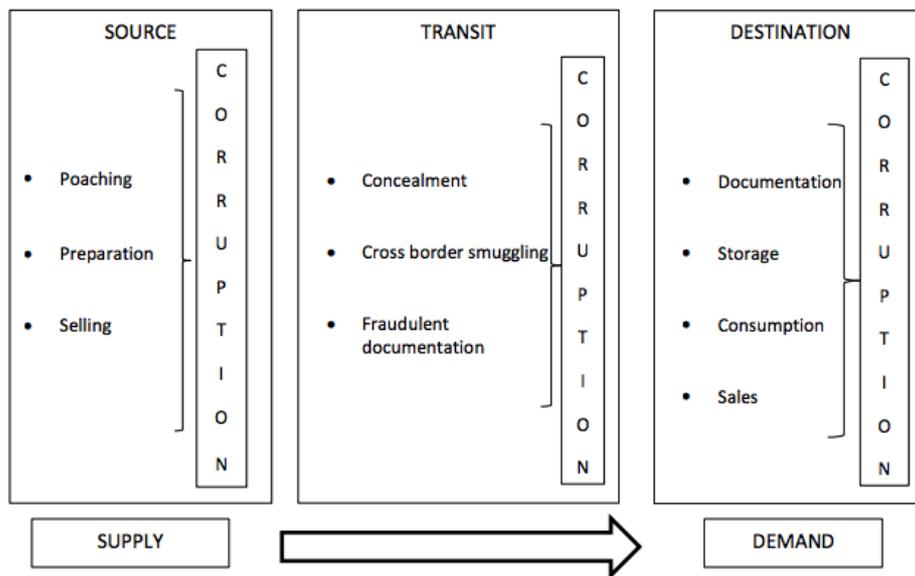


Figure 2: Corruption in wildlife crime (UNODC working group document)

As such, it is reasonable to conclude that IWT hotspots have not only developed out of geographical convenience or because of low levels of security, but also because of high levels of corruption. Trafficking networks take advantage of opportunities created by endemic corruption.

While IWT can provide funds that contribute to fuelling and perpetuating corrupt networks, the consequences of endemic structures of corruption extend far beyond IWT. Weak governance, poverty and lack of law enforcement, coupled with a culture based on reciprocity, are all factors that enable corruption to thrive.

This leads to a vicious circle that can seriously impact the business realities and corruption risks faced by companies operating in the affected regions.

<sup>14</sup> Williams, D.A., Parry-Jones, R. & Roe, D. 2016. 'The resource bites back: Entry-points for addressing corruption in wildlife crime.' *U4 Issue*, 2016:2, <https://www.cmi.no/publications/5987-the-resource-bites-back>.

### 5.2.1 Public officials

The research that *does* currently exist almost exclusively dissects how criminal organisations of poachers and traffickers are corrupting public officials along the wildlife trade routes to facilitate the transportation of illegal goods. The example below illustrates the typical IWT corruption typology that has been established:

*Corruption may facilitate many of the crimes along the wildlife trade route, from poaching (e.g. illegal payments to issue hunting licenses, bribery of forest patrol officers), to trafficking (e.g. bribery of customs officials, illegal payments to issue export certificates, etc), to law enforcement (e.g. bribery of police officers and prosecutors to avoid investigations; illegal payments to manipulate court decisions).*

*In addition, corruption and weak regulatory frameworks may offer several opportunities to criminal organisations to launder the proceeds of crime.”<sup>15</sup>*

### 5.2.2 Company employees

Research into IWT that connects corruption with the private sector has received less attention, despite the fact that illegal wildlife products can only enter the private-sector sphere through criminal networks coercing or corrupting company employees to facilitate the trade.

Examples given by interviewees during the research for this working paper include a case of a crew member smuggling illegal wildlife goods on board an aircraft and frequent instances of security personnel circumventing security screening processes.

These forms of corruption are made easier by weak security systems, under-resourcing affecting levels of supervision, and low levels or lack of secure technology that enable humans to more easily forge documents and exploit loopholes.

#### How corruption can open the door to shipments of illegal wildlife products

Transporting large quantities of illegal products across land borders usually involves lorries. This increases the likelihood that truck drivers are aware of what they are transporting, and that they are being co-opted by criminal networks to reduce the risk of seizures and ensure the illegal products reach their destination. For example, Malawian Department of Parks and Wildlife officials report having been offered bribes by a truck driver intercepted transporting elephant ivory.<sup>16</sup>

Freight forwarders are also an important link in the chain of private-sector stakeholders exposed to IWT risks. By law, a freight forwarder is responsible for what is being transported and has the duty to make sure that the documentation accurately reflects what is in the shipment. When a corrupted employee circumvents the freight forwarder’s standard checks, the illegal products can enter the sphere of other companies that rely on the security protocol of the freight forwarder and do not conduct additional checks. For example, container ships receive sealed containers that they cannot legally open, so rely heavily on documents provided by their freight forwarders.

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<sup>15</sup> Abotsi, K., Galizzi, P. and Herklotz, A. 2016. ‘Wildlife Crime and Degradation in Africa: An Analysis of the Current Crisis and Prospects for a Secure Future.’ *Fordham Environmental Law Review*, 27 (3), p.394.

<sup>16</sup> UNODC. 2017. ‘Addressing Corruption and Wildlife Crime’. Background paper for the G20 Anti-Corruption Working Group Meeting, January 2017, Berlin. [https://www.bmjv.de/SharedDocs/Downloads/EN/G20/UNODC\\_Adressing\\_Corruption.pdf?\\_\\_blob=publicationFile&v=1](https://www.bmjv.de/SharedDocs/Downloads/EN/G20/UNODC_Adressing_Corruption.pdf?__blob=publicationFile&v=1)

Insider threats such as these are not only an issue for wildlife trafficking. They also present serious security risks relating to the trafficking of other illegal products and even humans, and to the smuggling of explosive equipment on board a vehicle.

In this context, a stakeholder interviewed for this report has indicated their concern that in the aviation industry, corruption issues related to IWT are not consistently communicated by public agencies to other relevant stakeholders. For example, when corrupt baggage handlers have been identified by law enforcement as being part of a longstanding IWT network, there is often no follow-up and standardised communication protocols after a seizure to inform airlines of the potential security risk.

This lack of understanding of the close connections between IWT risks, corruption and security lead to important information falling through the cracks.

Another issue identified by stakeholders from transport sectors is that traditional anti-corruption reporting mechanisms are not being used due to the fear of retaliation. The close proximity of companies to criminal networks – in particular for trucking companies and freight forwarders – promotes fear and reduces the likelihood that employees report incidents internally. It also makes it less likely that companies report incidents to law enforcement and public institutions.

As part of an IWT outreach and training programme in Tanzania, the Wildlife TRAPS project (see Section 6.4) has tentatively connected with freight forwarders and found that there is a need for tailored anti-corruption mechanisms and strategies to ensure employees have the right guidance and the ability to report any IWT-related corruption safely and without fear of retaliation.

It is perhaps telling that despite the important role that both trucking companies and freight forwarders can play to shut down IWT close to its source, neither of these industry sectors have been actively engaged in IWT forums to date.

## 5.3 Consequences of corrupt practices in the transport sector

A case study from the maritime sector serves to illustrate one of the consequences of corruption.

### How facilitation payments<sup>17</sup> at ports undermine security and hygiene standards

The Maritime Anti-Corruption Network (MACN)<sup>18</sup> is a global anti-corruption Collective Action initiative that brings together over 100 maritime companies committed to raising awareness of the corruption challenges faced by maritime companies, co-developing and sharing best practices and creating a culture of integrity within the maritime community.

The MACN has developed a unique information-sharing system that enables companies to report any incidents of corrupt practices and requests for facilitation payments in an anonymous and safe way. This system enables the members to collectively design specific, practicable interventions on the basis of this information.

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<sup>17</sup> Payments made to foreign officials with the purpose of "facilitating or expediting" routine governmental action. See FCPA: <https://www.justice.gov/sites/default/files/criminal-fraud/legacy/2012/11/14/fcpa-english.pdf>

<sup>18</sup> <http://www.maritime-acn.org>.

One successful project by MACN in Argentina addressed the facilitation payments that captains were expected to make to pass inspections in order for their cargo ships to enter Argentine waters and ports.<sup>19</sup> Although the inspection was officially supposed to cost only a few hundred dollars per ship, captains routinely paid significantly higher facilitation payments for the inspector to pass the ship.

The payments were made by the captains for economic reasons, as failing an inspection and any associated delays could cost the company many thousand dollars per day. However, as a consequence of this corrupt practice, the envisaged checks in the system were circumvented. The payments were not paid on top of the standard inspection procedure, but instead of it.

Once this had established itself as standard practice, shipping companies would send their oldest and dirtiest ships to those harbours, knowing that they would not be inspected. The majority of container ships were transporting grain and other agricultural products, which raised concerns of contaminated products and ultimately presented a health risk for consumers.

In sum, the aim of the facilitation payments was to avoid costly delays in entering port, but the consequence was to undermine standard control procedures and jeopardise food safety.

Following a thorough analysis of the corruption risks and drivers on the ground, MACN together with local partners supported the development of a new regulatory framework to improve operating practices for the vessel inspection process. The framework entered into force on November 1, 2017.<sup>20</sup>

This example highlights not only the potential consequences of corrupt practices in the transport sector, but also the potential to address these by coming together with other stakeholders, sharing information and collaborating on the development of stronger processes that make sense for all.

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Similar pressures are faced by transport companies in areas exposed to high corruption risks coupled with high IWT risks. Can facilitation payments made by companies with the aim of speeding up administrative or control processes provide traffickers with a convenient entry point for illegal products? This is important, because if an entire security procedure is bypassed, initiatives to strengthen individual security checks at key airports and ports may well be rendered ineffective.

More research is necessary to identify how corrupt practices by employees of transport companies in IWT hotspots affect security processes and the possibilities this creates for criminal networks.

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<sup>19</sup> MACN. n.d. *MACN Argentina: Collective Action Case Study*. <http://www.maritime-acn.org/macn-argentina-case-study>.

<sup>20</sup> MACN. *Annual Report 2017*. <https://static1.squarespace.com/static/53a158d0e4b06c9050b65db1/t/5ab9fbba0e2e723b8ebbd329/1522138074522/MACN+Annual+Report+2017.pdf>.

## 6 What can we learn from Collective Action against corruption?

As illustrated above, corruption is intrinsically linked to IWT and may undermine the effectiveness of initiatives and tools applied to reduce opportunities for wildlife trafficking.

However, this convergence can also be viewed as an opportunity: private-sector initiatives against IWT can build on lessons learned over the past 20 years of anti-corruption Collective Action.

### 6.1 How the private sector became an integral part in the fight against corruption

International standards<sup>21</sup> and national anti-corruption laws have changed how the private sector addresses the prevention of bribery in business operations. Anti-corruption compliance efforts address some of the risks of corruption, but they cannot directly change the environments where companies operate.

This is where anti-corruption Collective Action initiatives can help. These initiatives are structured efforts that bring together private sector actors with other stakeholders with the aim of preventing corruption and improving the business environment in a particular context.<sup>22</sup>

The landscape of initiatives is extremely diverse. Differences cut across the type and number of stakeholders involved. Initiatives can be sector-specific or cross-sectoral. They can be applied at the community, country, regional or global level, and include enforcement mechanisms or be entirely voluntary. Collective Action is increasingly recognised as an important tool for companies to consider when addressing their corruption risks.<sup>23</sup>

#### Softer self-regulation instead of hard regulation?

Collective Action can engage companies in co-developing industry soft-law standards that address concerns that might otherwise be subject to harder legislation or regulations. The working method developed by the Wolfsberg Group of private banks<sup>24</sup> provides an example of how a similar approach, if taken by an initiative in the IWT sphere, could pre-empt or influence potential regulation in future.

For example, following the 2001 terrorist attacks in New York, the members of the Wolfsberg Group came together to identify how they could support government efforts to track terrorists who misuse

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<sup>21</sup> Such as the United Nations Convention against Corruption (UNCAC) and OECD Convention on Combating Bribery.

<sup>22</sup> More information about anti-corruption Collective Action can be found on the B20 Collective Action Hub, hosted by the Basel Institute's International Centre for Collective Action: [www.collective-action.com](http://www.collective-action.com).

<sup>23</sup> All the major international organisations in the anti-corruption sphere, such as the United Nations (UN), the Organisation for Economic Co-operation and Development (OECD), the World Bank, and even the Guidance on the UK Bribery Act 2010 supports and encourages companies to actively engage in Collective Action as an effective corruption prevention tool.

<sup>24</sup> See [www.wolfsberg-principles.com](http://www.wolfsberg-principles.com) and [www.wolfsberg-principles.com/sites/default/files/wb/pdfs/The-Wolfsberg-Group.pdf](http://www.wolfsberg-principles.com/sites/default/files/wb/pdfs/The-Wolfsberg-Group.pdf)

the financial system to finance their aims.<sup>25</sup> The initial result of this exercise was to differentiate where the financial institutions could play their part, where they needed information from governments in order to provide useful information to law enforcement, and the roles other actors needed to play to support their efforts.

Over time this initial position was further refined and provided the basis for dialogue with the public sector and international standard-setters, though the original statement, issued in 2002, is still in place.

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## 6.2 Key elements of a Collective Action initiative

Bearing in mind the diverse forms that Collective Action can take, research and peer learning exercises have nevertheless identified a set of core features common to most successful anti-corruption Collective Action initiatives. The exact features are open to debate, but they include:

1. A critical mass of companies who are committed and actively engaged.
2. A convincing business case.
3. A neutral facilitator to moderate, convene and manage the initiative to prevent antitrust risks.
4. Clear goals and aims, defined and driven by the members.
5. Sustainable funding.
6. Monitoring and evaluation system, with clearly defined consequences for non-compliance.

While it may look like a simple list of prerequisites, experience shows that it can take years to get together a critical mass of competitors around a table to openly discuss issues of corruption and to establish a level of trust where companies feel comfortable sharing their experiences.

The facilitator plays an essential role in ensuring, among other things, that there is no anti-competitive behaviour and that the goals remain clearly defined and at the centre of the group's activities. This role is a delicate balancing act that also needs to take into account changes in business priorities and the political climate.

## 6.3 Tailoring anti-corruption Collective Action methodologies to IWT-focused initiatives

Considering the strong link between corruption and IWT, practitioners should consider applying anti-corruption Collective Action methodologies to existing and new multi-stakeholder initiatives focused on IWT.

These methodologies and lessons learned can be used to solidify and extend some of the initial work done by companies and organisations already engaged in these efforts. They can help to overcome the significant challenges and avoid some common pitfalls.

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<sup>25</sup> Wolfsberg Group. 2002. *Wolfsberg Statement on the Suppression of Terrorism*. [https://www.wolfsberg-principles.com/sites/default/files/wb/pdfs/wolfsberg-standards/16.%20Wolfsberg\\_Statement\\_on\\_the\\_Suppression\\_of\\_the\\_Financing\\_of\\_Terrorism\\_%282002%29.pdf](https://www.wolfsberg-principles.com/sites/default/files/wb/pdfs/wolfsberg-standards/16.%20Wolfsberg_Statement_on_the_Suppression_of_the_Financing_of_Terrorism_%282002%29.pdf)

The central idea is that work, for example to develop industry standards or guidelines, should be done collectively by bringing together groups of representatives from companies and organisations who are both committed to the process and have the necessary expertise in each area.

The process can and should be supported by NGOs and other experts in the field of IWT. Ultimately, however, it needs to be driven by the industry in order to work towards system changes at the company level.

Corruption could also serve as a way to introduce the topic of IWT into existing private-sector initiatives and associations involved in setting industry standards.

## 7 Current private-sector initiatives against IWT

As with all categories of risk faced by companies, including corruption and money laundering risks, there are two main areas of potential action: internal and external.

Internal actions typically revolve around risk management and compliance procedures and policies to comply with legal requirements and industry best practices. External actions can include engagement in multi-stakeholder initiatives focused on solving shared challenges.

These two categories are not mutually exclusive. For example, companies may collaborate in an initiative to develop standard compliance processes that will then be implemented internally.

The following section focuses on external activities, and in particular Collective Action in the form of multi-stakeholder initiatives or public-private partnerships whose main focus is action against IWT. The scope covers only initiatives relevant to wildlife trafficking in East Africa.

The purpose is not to provide a comprehensive list of all initiatives, but rather to give an overview of the main IWT-focused initiatives currently active from a Collective Action perspective.

### 7.1 United for Wildlife Transport Taskforce

The United for Wildlife (UfW) Transport Taskforce<sup>26</sup> brings together high-level representatives of customs agencies, container shipping companies, airlines, logistics companies and freight forwarders, together with representatives from organisations engaged in conservation and anti-trafficking activities. It was established in March 2015 by the Duke of Cambridge and is led by Lord Hague of Richmond. It is coordinated by United for Wildlife, an initiative of The Royal Foundation.

The main aim of the Taskforce is to help transport companies identify any roles they might unwittingly play in IWT and seek ways that the sector can break the chain between suppliers and consumers.

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<sup>26</sup> United for Wildlife. n.d. *What is the Transport Taskforce?* <https://www.unitedforwildlife.org/what-is-the-transport-taskforce/>

Transport Taskforce members sign the Buckingham Palace Declaration, with 11 provisions setting out how they will achieve their commitment to "not knowingly facilitate or tolerate the carriage of [illegal] wildlife products". The commitments are listed in Annex I.

### Taskforce Information Sharing System

At the centre of Taskforce activity is the Information Sharing System (ISS), which provides case-specific intelligence alerts and regular strategic information bulletins on wildlife trafficking trends, typologies and red flags to Taskforce members.

Now implemented by the Basel Institute on Governance, the mechanism was originally developed in response to demand from members to systematically gather and share IWT-relevant intelligence and information. As many of the members had not yet started their internal process of actively assessing their risks and internal data relating to IWT, the ISS was also a tool to sensitise members to these possibilities.

Driven by member feedback and requests, the ISS has evolved into a mechanism disseminating targeted monthly bulletins on IWT issues of high concern to members of both Taskforces, plus facilitating the sharing and actioning of operational intelligence on live IWT cases between Taskforce members and law enforcement.

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## 7.2 United for Wildlife Financial Taskforce

The UfW Financial Taskforce was launched in October 2018 by the Duke of Cambridge and initially modelled on the Transport Taskforce. At the time of writing it has around 30 members, spanning banks and financial institutions plus eight non-member signatories including the Basel Institute on Governance. The Chair is Lord Hague of Richmond and the Vice-Chair is David Fein of Standard Chartered bank.

Members must sign the [Mansion House Declaration](#), with six commitments focused on implementing "appropriate measures" to "improve the identification and reporting of this crime and contribute to the global fight against IWT." The commitments are listed in Annex II.

### IWT intelligence for enhanced risk management

The business case for financial institutions to engage more actively in IWT-related initiatives is stronger than for transport institutions, since these institutions have greater legal obligations regarding money laundering, due diligence, KYC, and screening for and reporting suspicious transactions to the appropriate authorities.

As a result, the Taskforce ISS described in Section 7.1 plays an important role in the UfW Financial Taskforce. From the perspective of companies and financial institutions, the types of strategic and operational intelligence provided by the ISS are essential to taking internal action. This includes vital measures such as implementing IWT risks and red flags into existing company risk and security management processes.

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## 7.3 ROUTES Partnership

The Reducing Opportunities for Unlawful Transport of Endangered Species Partnership (ROUTES Partnership), brings together transport and logistics companies, government agencies, development groups, law enforcement, conservation organisations, academia and donors. The aim is to collectively develop ways to disrupt wildlife trafficking activities by reducing the use of legal transportation supply chains.<sup>27</sup>

ROUTES is one of several industry-focused initiatives coordinated and supported by TRAFFIC.<sup>28</sup> TRAFFIC is a non-profit organisation and joint programme of the World Wildlife Fund (WWF) and International Union for the Conservation of Nature (IUCN), dedicated to monitoring wildlife trade and supporting initiatives against IWT.

Activities so far have been focused mainly on the airline industry and include:

- Developing awareness-raising resources for airline staff, including flyers, guidance PDFs for staff on prohibited carriage of wildlife products by passengers and safe handling of escaped animals, plus posters and a video.
- Providing downloadable training materials for on-site workshops.
- Supporting Etihad Airways in developing a 20-minute eLearning course for staff on the business risks of IWT and how to prevent them.
- Gathering resources including publications, industry guidance, factsheets, infographics, posters, images, videos and an expert contact list.
- Developing an interactive dashboard<sup>29</sup> for graphical representations of wildlife trafficking through airports between 2009 and 2019. The dashboard is based on open-source wildlife seizure data collected by a ROUTES partner, the Center for Advanced Defense Studies (C4ADS), and includes interactive tools to help airlines assess their risks along specific routes and destinations.

The ROUTES Partnership's contribution to co-developing a voluntary industry standard for the airline industry is of particular interest.

### Case study: voluntary industry standards for the aviation industry

The airline industry association IATA works on developing global standards for airline safety, security, efficiency and sustainability. It has taken a leading role in the development of voluntary standards related to IWT in collaboration with the ROUTES Partnership.

An important springboard for developing voluntary IWT standards was the Buckingham Palace Declaration of the UfW Transport Taskforce (see Section 7.1), which has been signed by many IATA members.

As a first step, the commitments of the Buckingham Palace Declaration had to be translated into terminology that was relevant to the industry, and practical guidance on what companies are expected to do on the ground had to be developed. Using the high-level commitments of Buckingham Palace

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<sup>27</sup> ROUTES Partnership website: <https://routespartnership.org/>

<sup>28</sup> TRAFFIC website: <https://www.traffic.org/>

<sup>29</sup> [www.routesdashboard.org](http://www.routesdashboard.org)

Declaration as the baseline, IATA, with the support of the ROUTES Partnership and in collaboration with The Royal Foundation, developed a standard covering IWT risks in the aviation industry.

The standard is embedded into the existing Environmental Assessment (IEnvA) Program, which is a voluntary environmental management system (EMS) that has been designed for companies in the aviation industry to demonstrate compliance with ISO 14001:2015. The IWT standard can be added to the external assessment of IEnvA, which is conducted every two years, and as such provides good value for money for members. The initial pilot phase, assessing Qatar Airlines on the new standard as part of their IEnvA assessment, has been conducted successfully.<sup>30</sup> However, a limitation is that only around 5-15 percent of Taskforce members are currently assessed on the IEnvA.

The standard will remain voluntary for IATA members, but could be introduced to the UfW Transport Taskforce as an acknowledged monitoring and evaluation tool for companies to showcase their commitment to fighting IWT and how they are implementing their Buckingham Palace Declaration commitments. Although as an industry-specific standard it is not automatically transferable to other industries, it could function as a blueprint or best-practice example for other industry sectors to emulate the process and benefit from the lessons learned.

This initial experience in the aviation industry shows that it is possible to use the Buckingham Palace Declaration commitments as a baseline for developing a voluntary IWT standard that fits the industry's specific risk profile and can be integrated into existing standards and assessment programmes (e.g. security or environmental) at minimal cost for companies. It also demonstrates the potential of joint, industry-led action against IWT (in other words, Collective Action).

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## 7.4 Other initiatives

Other relevant private sector-focused initiatives relevant to IWT along the East Africa–Southeast Asia trading chain include:

- **Wildlife TRAPS**, a USAID-funded programme implemented by TRAFFIC in collaboration with the IUCN, aimed at tackling wildlife crime through “ground-breaking partnerships and pioneering approaches.”<sup>31</sup>
- **UNDP-GEF Project – Reducing Maritime Trafficking of Wildlife between Africa and Asia**. The USD 2 million project, a partnership between the UNODC, The Royal Foundation, the Global Wildlife Program and others, aims to reduce maritime trafficking of wildlife between Africa and Asia by strengthening wildlife law enforcement at ports and increasing cooperation between ports and other maritime stakeholders.<sup>32</sup> Activities so far include a Ports Project Workshop in Dar es Salaam, Tanzania, in July 2019.<sup>33</sup>

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<sup>30</sup> Green Air Online. 2019. *Qatar Airways first to achieve IATA wildlife trafficking standard as new ROUTES mapping tool released.* <https://www.greenaironline.com/news.php?viewStory=2618>.

<sup>31</sup> TRAFFIC. d.d. The Wildlife TRAPS Project [https://www.traffic.org/site/assets/files/2612/wildlife-traps\\_2pager\\_a4.pdf](https://www.traffic.org/site/assets/files/2612/wildlife-traps_2pager_a4.pdf).

<sup>32</sup> UNDP. 2018. *UNDP, GEF embark on vast programme targeting wildlife trafficking in commercial ports.* [https://www.undp.org/content/undp/en/home/news-centre/news/2018/UNDP\\_GEF\\_wildlife\\_project.html](https://www.undp.org/content/undp/en/home/news-centre/news/2018/UNDP_GEF_wildlife_project.html).

<sup>33</sup> UNDP. 2019. *Dar es Salaam Seaport Stakeholders Tackle Illegal Wildlife Trade.* <http://www.africa.undp.org/content/rba/en/home/presscenter/pressreleases/2019/dar-es-salaam-seaport-stakeholders-tackle-illegal-wildlife-trade.html>.

- **Targeting Natural Resource Corruption (TNRC).** A USAID-funded project awarded to a consortium led by WWF with the U4 Anti-Corruption Resource Centre at the Chr. Michelsen Institute, TRAFFIC, and the Terrorism, Transnational Crime and Corruption Center (TraCCC) at George Mason University. The goal is to "strengthen USAID's efforts and the efforts of a wider community of stakeholders to improve natural resource management outcomes by reducing threats posed by corruption."<sup>34</sup>

## 8 Taking stock: initial conclusions

### 8.1 Conclusion 1: Multi-stakeholder initiatives can drive a virtuous circle

Engagement with multi-stakeholder initiatives focused on IWT has succeeded in prompting some companies, including financial institutions, to take proactive internal measures to address their own specific IWT risks. These include strengthening processes and procedures or working to implement IWT-specific red flags into their due diligence processes.

There are signs that this can lead to a virtuous circle and organic growth in engagement and activity. In the initiatives examined, engagement has generally made member companies more aware of their specific IWT risks, leading them to take internal measures to address their own risks. In turn, the more companies have examined their IWT risks, the more active their engagement in the initiative is reported to have become.

### 8.2 Conclusion 2: The conversation is shifting from CSR obligations to business benefits

Framing the issue of IWT in terms of business risks and benefits, rather than purely conservationism and CSR, is starting to attract more companies to join the discussions. The perspective is shifting from supporting the fight against IWT out of ethical or image concerns, to actively participating in the fight by signing up to – and delivering on – commitments aimed at developing and setting industry standards.

Developing a strong business case that clearly sets out the risks and benefits to companies in specific industry sectors is therefore essential to building a strong foundation for sustainable engagement in multi-stakeholder initiatives against IWT. The business case should highlight, at least:

- why IWT is relevant to each industry sector;
- the legal, financial and reputational risks they may be exposed to;
- how these risks relate to broader risk management systems;
- how companies in the industry might collectively engage in addressing these risks;

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<sup>34</sup> Chr. Michelsen Institute. *Targeting Natural Resource Corruption*. <https://www.cmi.no/projects/2169-targeting-natural-resource-corruption>.

- benefits of engagement in collective industry initiatives beyond risk management, for example information-sharing.

It should translate IWT goals into business language, emphasising added value and risk management, and take into account the challenges faced by businesses on the ground.

Fleshing out IWT-relevant risk categories and creating tailored risk maps for specific sectors will help to support the business case for engaging in collective efforts to mitigate these risks. It will also highlight the convergence between IWT risks and other risks, such as corruption.

Some promising leads that aim to develop a more multi-dimensional business case by connecting IWT with international standards that add value from the business perspective include:

- introducing IWT into Trade Facilitation Programs (transport sector);<sup>35</sup>
- including IWT requirements in environmental assessment programmes (such as for the airline industry, see Section 7.3);<sup>36</sup>
- making IWT a topic of discussion for sustainable investment (financial institutions);<sup>37</sup>

### **8.3 Conclusion 3: Collective information-sharing mechanisms provide value**

“Companies want data” is a consistent message from all stakeholders involved in existing initiatives against IWT. This is backed up by the demand for data-driven tools such as the ROUTES Partnership’s interactive data dashboard for airlines (see Section 7.3) and, separately by the central position in the UfW Taskforces of the Information Sharing System (see Section 7.1).

This emphasis on information and intelligence makes a powerful argument for companies to engage in multi-stakeholder initiatives against IWT. Such an approach will also generate a sustainable and long-term engagement by the private sector.

In order to help practitioners and analysts to better tailor information and intelligence resources, tools and products, it is necessary to first identify the specific needs of industries, companies and individual departments within those companies in terms of information and intelligence on IWT. This requires companies to pool their knowledge and identify gaps that are acting as barriers to their taking effective action against IWT.

Expanding and supporting companies in actioning this information and intelligence internally will help to embed IWT risks into company systems and procedures. This can take the form of developing industry-specific red flags for due diligence and transaction screening processes, for example, or guidelines for responding to operational intelligence alerts.

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<sup>35</sup> World Customs Organisation. 2018. *SAFE Framework of Standards to Secure and Facilitate Global Trade - 2018 edition*. [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/safe\\_package.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/safe_package.aspx)

<sup>36</sup> IATA. n.d. *IATA Environmental Assessment (IEnvA)*. <https://www.iata.org/whatwedo/environment/Pages/environmental-assessment.aspx>

<sup>37</sup> Equator Principles. n.d. *EP Association Members & Reporting*. <https://equator-principles.com/members-reporting/>

## 8.4 Conclusion 4: Engagement and motivation levels vary

In all the initiatives examined, there is a great variety in the extent to which different sectors – and different companies within the sectors – engage in either individual or collective efforts to tackle IWT.

Interviews with industry stakeholders and NGOs showed that some companies are proactively addressing their internal risks, including mobilising resources and hiring dedicated staff, as well as engaging heavily in initiatives such as the UfW Taskforces or ROUTES Partnership to encourage action across their industry.

Others display little awareness of the topic or motivation to engage in it, being happy to do light awareness raising and communications but not take substantive action. This may be related to the incentives – and in some cases disincentives – for companies to engage.

### How companies may be disincentivised to engage in multi-stakeholder initiatives against IWT

There is a public perception that since container ships carry a large proportion of the illegal wildlife products to their destinations, they should be able and willing to help tackle the issue. In fact, container shipping companies have limited knowledge of – and legal responsibility for checking – the contents of the large containers they load.

This fear of being falsely branded as responsible for facilitating IWT is reflected in a footnote to the Buckingham Palace Declaration stating that *“The Taskforce recognises that there may be limits on what some organisations in the transport sector can do to detect illegal wildlife species or products, particularly if those organisations are carriers of containers, which are sealed prior to loading.”*

Any business case seeking to engage container shipping companies – and to some extent cruise lines – must take this disincentive into account and identify stronger positive incentives, such as demonstrating commitment to sustainability and environmental protection.

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## 8.5 Conclusion 5: Moving from commitment to action – the problem with voluntary standards

The problem with voluntary standards, guidelines and policy recommendations is that they are voluntary. Companies are free to ignore them and focus on other priorities. Not only are there no penalties for failing to implement voluntary standards around IWT – where they exist – there are currently few consistent mechanisms for following up with companies or for evaluating and comparing companies’ progress in adopting the recommended measures.

Many companies that have signed up to voluntary commitments such as the Buckingham Palace Declaration or Mansion House Declaration are still unsure what it takes to translate high-level commitments into action.

If initiatives and companies do not manage to bridge this gap and move towards operationalising their commitments and developing accountability mechanisms, there is an inherent risk that initiatives can stagnate and eventually become dormant as companies lose interest. This would leave the initiatives vulnerable to criticisms of green-washing or being a window-dressing exercise and will ultimately undermine the legitimacy of private-sector engagement in the IWT sphere as a whole.

Is mandatory regulation the answer? Arguably, a better solution for both companies and lawmakers would be the development of soft-law standards and self-regulation mechanisms. This is not an easy option or a guarantee against future laws or regulations being put into place. It can, however, be a means for companies to engage and inform government authorities and international bodies regarding what is feasible when it comes to developing preventive methods to tackle IWT.

To achieve this level of understanding and influence, stakeholders in particular industry sectors would need to pool their joint knowledge and combine efforts to address the drivers, methods and tools that traffickers and related parties deploy.

Voluntary certification or accreditation could play a role in encouraging companies to commit to implementing a specific set of measures to combat IWT, as well as holding them to account.

## **8.6 Conclusion 6: Key industry sectors remain unrepresented**

A lack of common standards implemented by companies across the board enables traffickers to exploit the weakest links and gaps that haven't been bridged. That is why it is paramount to engage a critical mass of companies to level the standard and find a common denominator to reduce the opportunities and loopholes that can be exploited by criminal networks.

Not all IWT-relevant industry sectors have been actively approached: freight forwarders and land transportation companies are currently conspicuous in their absence from the major IWT initiatives focused on transport, while local banks and mobile money services are missing from IWT initiatives focused on the financial sector.

As long as these companies remain un- or poorly represented in efforts to tackle IWT, they will continue to weaken overall efforts.

Mapping relevant stakeholders in each industry sector or region will help to identify companies missing from the main initiatives. Efforts to engage these “missing” companies can help to close gaps and eliminate the weak links.

Fleshing out IWT-relevant risk categories and creating tailored risk maps for specific sectors will help to support the business case for engaging in collective efforts to mitigate these risks. It will also highlight the convergence between IWT risks and other risks, such as corruption. Innovative tools could be used for this, such as bringing a range of companies together for war-gaming scenarios around a simulated wildlife trafficking case.

## **8.7 Conclusion 7: IWT “champions” can trigger initial engagement, but a strong business case is essential for sustainability**

Individuals driven mostly by personal, often ethical convictions around IWT are prominent in all industry sectors and play an important role in triggering initial action and mobilising resources.

Identifying and engaging potential IWT champions who can then go on to mobilise company employees and management is an effective way to kickstart engagement, especially if the “champion” has a prominent position in the company.

Given the issues of staff turnover and the limits to what one person can do alone, however, it is clearly not a sustainable way to maintain the engagement and momentum. This is why developing a strong business case for engagement (see Conclusion 2) is essential.

## **8.8 Conclusion 8: Different functions have different priorities**

A brief analysis of membership profiles of the current initiatives analysed shows that there is a great variety in the type of job functions assigned by companies to work on IWT topics. This influences their priorities and needs, and may be a barrier to developing clear, common goals that all can agree on.

- At the highest level, UfW Taskforce meetings are often attended by CEOs or other headquarter-based upper management. This is good for publicity and buy-in, but less suitable for working groups to operationalise commitments.
- Staff from companies' compliance and corporate social responsibility departments are interested in Standard Operating Procedures (SOPs), guidelines, checklists and policies.
- Meanwhile, security and investigations staff require names to check against their databases or red flags to implement into screening processes.
- Representatives from environmental and sustainability departments are key to changing the culture of a company but may be more focused on the conservation angle and less on the business risks.

This variety of job functions present in the current main initiatives indicate that it is still not clear to companies why and how they should approach the issue of IWT. This makes it complicated to find a common denominator on how to proceed and define goals for the industry.

However, the breadth of experience and perspectives could be valuable in developing holistic solutions that address the varied needs and priorities of companies.

## **8.9 Conclusion 9: Long-term funding needs to be addressed**

For private-sector IWT initiatives to achieve sustainable impact, they need adequate and sustainable financing. The majority of IWT initiatives that focus on private-sector engagement rely on donor funding and the voluntary work of industry personnel at no cost to the initiatives.

Experience from anti-corruption Collective Action has shown that seed funding is crucial to kickstart the initiative and flesh out the business case for engagement. It enables work to commence and, in the process, for trust to develop between the different stakeholders. Being fully dependent on third-party funding, however, can paint a distorted picture of the engagement and commitments made by companies. Companies might be willing to make financial commitments provided they can also identify tangible benefits for their organisations.

A transitional funding model that combines financial and in-kind private-sector contributions with third-party funding can help ease the transition and is sensitive to the business reality that companies have limited resources available.

## 8.10 Conclusion 10: Better M&E systems can increase accountability

As companies start to take a more proactive role in tackling IWT, it is essential to develop an effective mechanism for monitoring and reporting on progress and sharing experiences with peers.

A consistent method of seeking and acting upon feedback, as well as monitoring and evaluating members' progress in implementing measures to combat IWT in line with their commitments, is a basic necessity to identify the value and impact of any multi-stakeholder initiative. The M&E system should measure both quantifiable results and indications of long-term systems change.

Experiences from anti-corruption Collective Action show that a solid M&E system can also support peer learning.

# Appendix I: Buckingham Palace Declaration

United for Wildlife Transport Taskforce member companies sign the Buckingham Palace Declaration with the following 11 commitments:

*Expression and demonstration of agreement to tackle IWT:*

1. Adopt or encourage the adoption of a zero tolerance policy regarding illegal wildlife trade.
2. Increase passenger, customer, client, and staff awareness about the nature, scale, and consequences of illegal wildlife trade.
3. Promote the Declaration and its Commitments across the entire transport sector and encourage all in the sector to sign up to the Declaration.

*Information sharing and detection:*

4. Develop mechanisms to enable the transport sector to receive timely information about the transport of suspected illegal wildlife and their products, including methods of transportation, key routes, ports and other locations.
5. Enhance data systems, including due diligence and risk assessment, to allow the transport sector and/or enforcement agencies to screen data and/or cargo, to identify potential shipments of suspected illegal wildlife and their products.
6. Identify and promote systems for staff and the public to report suspicions in relation to the transportation of illegal wildlife and their products.
7. Improve the training of staff within the transport sector to enable them to detect, identify and report suspected illegal wildlife trade, and acknowledge staff who champion this cause.

*Practical measures to stop the transportation of illegal wildlife products:*

8. Develop a secure, harmonised system for passing information about suspected illegal wildlife trade from the transport sector to relevant customs and law enforcement authorities, where permitted by law.
9. Notify relevant law enforcement authorities of cargoes suspected of containing illegal wildlife and their products and, where able, refuse to accept or ship such cargoes.
10. Establish a cross-disciplinary team working with local customs and law enforcement authorities to develop a system of best practice for combatting illegal wildlife trade in key ports.

*New mechanisms tackling illegal wildlife trade:*

11. Support the development of mechanisms by the World Customs Organization and national customs authorities to aid the detection and prevention of trade in illegal wildlife and their products.

## Appendix II: Mansion House Declaration

United for Wildlife Financial Taskforce member companies sign the Mansion House Declaration with the following 6 commitments:

1. Take measures to increase awareness of IWT and the role of the financial industry in combatting it.
2. Provide training to relevant staff within financial crime compliance functions to enhance their ability to identify and investigate potentially suspicious activity that may be related to IWT.
3. Utilise current suspicious activity reporting mechanisms to provide intelligence related to potential IWT activity to the relevant regulatory body or law enforcement agency, where permitted by law.
4. Review intelligence alerts received through the Taskforce and where relevant take appropriate action including due diligence screening and steps to identify, investigate and report potentially suspicious financial activity related to IWT.
5. Consider additional actions, examples include policy amendments that would support the aims of the Taskforce in addition to financial crime related mechanisms.
6. Support the work of the Taskforce, promote the Declaration and where possible support external mechanisms that enhance the ability of the financial industry to identify potentially suspicious activity related to IWT.