



# The Importance of Public-Private Partnership in Combating the Illegal Wildlife Trade (IWT)

CFATF RESEARCH DESK  
SEPTEMBER 22<sup>nd</sup>, 2022.



## What is a Public-Private Partnership (PPP)?

### Source:

(<sup>1</sup> <sup>3</sup> <sup>4</sup>) FATF (2020), “Money Laundering and the Illegal Wildlife Trade”. FATF, Paris, France, p.53.

(<sup>2</sup>) FATF (2020), “Trade-Based Money Laundering: Trends and Methods. FATF, Paris, France.

- There is no specific FATF definition of a PPP in the context of anti-money laundering and counter-terrorist financing (AML/CFT).<sup>1</sup>
- The FATF Recommendations contemplate PPP on AML/CFT matters but does not explicitly require jurisdictions to establish a PPP to meet this requirement.<sup>2</sup>
- PPPs can refer to mostly formal mechanisms set up to share information between the public and private sectors to advance joint efforts to combat ML/TF.<sup>3</sup>
- There has been limited interaction between the public sector and financial institutions on following the financial flows related to IWT.<sup>4</sup>
  - Especially in countries where PPPs are established.



## Benefits of PPPs for IWT

- PPPs can improve analysis, investigation, and prosecution of financial crimes.
  - IWT is often not adequately prioritized as a risk, investigated and/or prosecuted globally with low sanctions when prosecution occurs.
  - Useful for developing typologies and red flags for IWT.
- Effective PPPs can enhance the use of technology, and the collection and sharing of data to improve cross-border intelligence and analysis.
  - IWT is cross-border in nature and criminals exploit gaps in domestic and international systems. Quality of information flows between partners are also important.



## Benefits of PPPs for IWT

- PPPs contribute to improving the quality of suspicious reporting (STRs) inter alia,<sup>1</sup>
  - Ensuring that stakeholders have a good understanding of the ML/TF risks that they are exposed to, and to the
  - Identification of opportunities and ways of improving a country's AML/CFT framework.
- PPPs can often provide the most direct and impactful opportunity for FIs to collaborate with public sector stakeholders to identify, address and disrupt illicit financial flows from IWT.<sup>2</sup>
  - This type of collaboration and communication has the potential to assist FIs in mitigating financial crime risk in a more surgical manner.
  - Multi-agency PPP networks are necessary to prevent the duplication of efforts and avoid increasing competition between agencies operating in similar domains.

### Source:

(1) The Financial Intelligence Analysis Unit of Malta "Public-Private Partnerships"

(2) The Wolfsberg Group. 2022. "Effectiveness through Collaboration", p.1



## Benefits of PPPs for IWT

Source:

The Wolfsberg Group. 2022. "Effectiveness through Collaboration", p.1

- National authorities can:
  - Create a legal framework for information-sharing.
  - Commit to senior level participation.
  - Incentivize private sector participation legislative through “safe harbours” that protect FIs from civil actions when they engage in permissible information-sharing with law enforcement.
  - Quantify and acknowledge the value to law enforcement of an FI’s information-sharing activities in their assessment of the FI’s AML/CTF programme during regulatory examinations.



## Overview of Interacting Roles - FATF Findings<sup>1</sup>

### Sources:

(<sup>1</sup>) FATF (2020), Money Laundering and the Illegal Wildlife Trade, FATF, Paris, France.

(<sup>2</sup>) Inputs from over 15 financial institutions comprised of ten multinational banks, four local/regional banks, and one international MVTs with a global footprint in the FATF (202) Report on “Money Laundering and the Illegal Wildlife Trade”

- Based on the responses from a questionnaire,<sup>2</sup> the FATF reported the following regarding PPPs in IWT:
- *FIUs and Private Sector*
  - Reporting entities can identify risks from the proceeds of crime generated by IWT or other associated crimes.
  - They should also take steps to detect and report STRs relating to IWT to the country's FIU.
  - FIUs should consider STRs a source of financial intelligence to commence or support analysis, which can provide operational intelligence, trigger investigations or support ongoing criminal investigations into wildlife crime.





## Overview of Interacting Roles - FATF Findings

### *Sources:*

FATF (2020), Money Laundering and the Illegal Wildlife Trade, FATF, Paris, France, p.53.

### *Private-Public Collaboration*

- The majority of countries in the survey stated that the public sector has had limited outreach to the private sector regarding the IWT.
- The public sector collaborates more with NPOs on issues relating to conservation, investigation of wildlife crimes and repatriation of seized protected endangered species.
- Most of the guidance and collaboration on combating IWT has mainly occurred amongst industry groups within the financial sector.
- There is also significant collaboration between civil society and the private sector in sharing specific typologies and red flag indicators with financial institutions based on the cases they are seeing



## Multi-Agency Collaborations between Public and Private Sector

### Source:

FATF (2020), Money Laundering and the Illegal Wildlife Trade, FATF, Paris, France, p.53.

(<sup>1</sup>) In 2012, Interpol issued a recommendation to its members to establish a 'National Environmental Security Task Force' (NEST) to combat environmental crime through bringing together environmental, policing, and other specialist agencies into a formal network. Some jurisdictions responding to the FATF "ML and the Illegal Wildlife Trade" study indicated they had set up networks in accordance with this recommendation.

- Some jurisdictions<sup>1</sup> have established multi-agency networks to coordinate between authorities investigating the wildlife crimes and those with AML and financial investigation powers and responsibilities.
  - Bridges the gap between agencies that do not naturally work closely or regularly together.
- Some collaborations exist in wider national AML/CFT co-ordination frameworks while others exist outside and include non-traditional partners.
- All mechanisms that successfully supported law enforcement to conduct effective financial investigations for wildlife crimes brought together environmental and AML agencies.
  - Helps to utilize specialist expertise located within specific agencies and forge relationships between agencies with mutual objectives.





## Examples of Public and Private Sector Agencies that Collaborate to Combat IWT



Source:

FATF (2020), Money Laundering and the Illegal Wildlife Trade, FATF, Paris, France, p.31



## Actions to Strengthen PPPs in Combating IWT

### *Source:*

*FATF (2020), Money Laundering and the Illegal Wildlife Trade, FATF, Paris, France, p.58-59*

### *Promote Collaboration*

- Countries should consider how they can promote public-private collaboration and information exchange, to effectively identify and address ML linked to IWT.
  - Financial and environmental expertise should include a broad range of organisations, including from the NPO sector.

### *Increased Outreach*

- Outreach by governmental authorities to the private sector should emphasize the need to report to the FIU if there is suspicion of activity relating to IWT.
  - Reporting entities should disclose specific, operational information as permitted by domestic law and regulation.



## Actions to Strengthen PPPs in Combating IWT

### Source:

FATF (2020), Money Laundering and the Illegal Wildlife Trade, FATF, Paris, France, p.58-59

(<sup>1</sup>) In 2012, Interpol issued a recommendation to its members to establish a ‘National Environmental Security Task Force’ (NEST) to combat environmental crime through bringing together environmental, policing, and other specialist agencies into a formal network. Some jurisdictions responding to the FATF “ML and the Illegal Wildlife Trade” study indicated they had set up networks in accordance with this recommendation.

### *Multi-Agency Coordination*

- In line with Interpol’s National Environmental Task Force or “NEST” initiative<sup>1</sup>, countries should consider establishing multi-agency co-ordination mechanisms.
  - Allows for intelligence and information sharing between the FIU, financial investigators and agencies involved in investigating IWT and prosecutorial authorities.

### *Assessment of Risks*

- Relevant financial institutions and non-financial institutions should be required to identify and assess their exposure to ML risks relating to IWT and take appropriate mitigating measures, as part of a broader risk-based approach.
- Reporting entities should be aware of the risks of new technologies being exploited in IWT and any relevant regional trends or typologies.





**Thank you!**



Phone Number  
1868-623-9667



Email Address  
[cfatf@cfatf.org](mailto:cfatf@cfatf.org)



Website  
[www.cfatf-gafic.org](http://www.cfatf-gafic.org)