



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

CFATF RESEARCH DESK
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What is a Public-Private Partnership (PPP)?

Source:

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

(²) 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).¹
- The FATF Recommendations contemplate PPP on AML/CFT matters but does not explicitly require jurisdictions to establish a PPP to meet this requirement.²
- 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.³
- There has been limited interaction between the public sector and financial institutions on following the financial flows related to IWT.⁴
 - 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,¹
 - 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.²
 - 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.

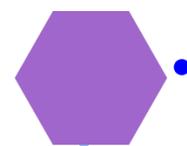
Source:

(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



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.

Source:

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



Overview of Interacting Roles - FATF Findings¹

Sources:

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

(²) 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”

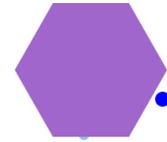
- Based on the responses from a questionnaire,² the FATF reported the following regarding PPPs in IWT:
- *FIUs and Private Sector*
 - Reporting entities can identify risks from the proceeds of crime generated by IWT or other associated crimes.
 - They should also take steps to detect and report STRs 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.

(¹) 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 jurisdictions¹ 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

(¹) 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” initiative¹, 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!



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