



## Session Report

*Please know you may design the structure of this report to better suit the session. It's important to capture the key outcomes and solutions proposed for the future.*

**Session Title:** Following the trail of dirty money and corruption: Exposing the finances and actors behind environmental crimes

**Date & Time:** Friday, 09.12.2022, 1:30 pm - 3:00 pm GMT -5

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**Moderated by:** Sophie Frossard, Advisor on Illicit Financial Flows, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

### Panelists:

- Patrick Alley - Co-Founder and Director, Global Witness
- Florence Magoma - Senior Legal Officer – Prosecution, Kenya Wildlife Service
- Julian Newman - Campaigns Director, Environmental Investigation Agency
- Mariama Thiam - Investigative Journalist, Independent

## Share the thematic focus of the session, it's purpose and corruption risks?

**Thematic focus of the session:** The session on environmental crimes fed into the IACC “Stream 5 – Ending criminal networks, dark markets and cross-border crimes”. Environmental crime is a profitable global crime on the rise threatening whole ecosystems, people’s livelihoods, public health, and security. Being a low-risk, high-reward crime makes it highly attractive to corrupt actors and transnational organized crime groups. Against this backdrop, the international community has recognized the importance and increased its commitment to prevent and combat environmental crime through a “follow the money” approach. Yet, there are very few financial investigations into environmental crime anywhere in the world, anti-money laundering

laws are rarely used to prosecute involved criminals and corruption is still acting as a major enabler along the supply chain. Hence, actors in the field need to uphold government commitments, ensure their implementation, promote the exchange of knowledge, and further create awareness.

**Purpose:** The session aimed to bring together the anti-money laundering, anti-corruption and conservation communities to discuss their initiatives and approaches to exposing the finances and actors enabling environmental crimes. Moreover, the workshop intended to highlight obstacles hindering the fight against environmental crime and how those challenges can be overcome. Finally, the workshop had the goal to create a space to facilitate new alliances against environmental crime. Ultimately, heightened awareness and cooperation can lead to an increased implementation of the “follow the money” approach to prevent and combat environmental crime and seize its illicit assets. Thus, targeting higher-level offenders, dismantling the upper illicit supply chain and reducing the profitability of the crime.

**Corruption risks:** Environmental crime and corruption are closely intertwined with each other. Environmental crime fuels corruption and corruption is a key enabler in the supply chain of environmental crime. Bribery allows individuals and companies to unlawfully secure contracts, concessions, and state permission as well as to falsify certificates to explore and transport environmental products around the world. Additionally, criminal networks bribe law enforcement agencies or financial institutions to evade detection and uncover their illicit activities. At the same time, high profits linked to natural resource exploitation present a greater risk of engagement in corruption and the involvement of politically exposed persons (PEPs) creating a space where corrupt actors can thrive.

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

The panelists kicked off the workshop by pitching case studies on different forms of environmental crime. The rationale is that one can best learn from practical examples about the challenges and success factors of financial investigations, prosecutions, and the recovery of environmental crime-related assets.

**Julian Newman - Campaigns Director, Environmental Investigation Agency** shared insights from a decade-long investigation on the trafficking of teak timber from Myanmar to Europe and China ([State of corruption – EIA Reports](#)), as well as a case on elephant ivory trafficking from Mozambique to China ([The Shuidong Connection: Exposing the global hub of the illegal ivory trade - EIA](#)).

**Mariama Thiam - Investigative Journalist, Independent** pitched two stories on illicit rosewood trafficking between Senegal and the Gambia ([Profiting from rebellion: Inside ‘blood timber’ traffickers network in Gambia - Malagen](#)) and on illegal, unreported and unregulated (IUU) fishing in Senegal ([Fishy networks: Uncovering the companies and individuals behind illegal fishing globally - Financial Transparency Coalition](#)).

**Patrick Alley - Co-Founder and Director, Global Witness** shared an investigation into the palm-oil sector in Papua New Guinea and the corresponding trafficking network ([The true price of palm oil | Global Witness](#)).

**Florence Magoma - Senior Legal Officer – Prosecution, Kenya Wildlife Service** shared her agency's experience in conducting financial investigations into wildlife crimes and related illicit financial flows (IFFs) in Kenya.

The detrimental effect of these crimes on the environment in the form of massive deforestation, the killing of endangered species and on societies in the form of food scarcity, human rights abuses and higher prices became evident in all the presented cases. These case studies demonstrated that not only public authorities play a role in exposing IFFs and corruption linked to environmental crimes, but also investigative journalists and civil society organizations. Moreover, they showed the importance of mapping out national, regional and international supply chains and financing structures to better target these crimes and the related IFFs – especially as legal and illegal structures are often closely intertwined.

Following the pitches, participants joined four working groups in which the case presenters shared more details about the case and facilitated a discussion. Lastly, the experts presented the main takeaways of the working group debate in the plenary.

### **Main outcomes of session (include quotes/highlights and interesting questions from the floor)**

- The interference of corruption at the political level and in the investigation and prosecution of wildlife crimes resulting in impunity is a major challenge. Criminals committing environmental crimes pay bribes for fraudulent permits, to law enforcement to turn a blind eye in investigations or even to the police to defend their illicit enterprises. Moreover, it is very challenging to effectively implement the “follow the money” approach due to, e.g., the limited awareness and capacities of the authorities and the cross-border nature of most of these crimes.
- However, multiple participants reported that it is important to not see the government and ministries as a unified group. In some countries, although the president was in favor of a transparency initiative, the fishery minister opposed it.
- Since a prosecution does not necessarily lead to convictions, countries should explore using innovative legal instruments such as non-conviction-based forfeitures and unexplained wealth orders. So even in cases where perpetrators are acquitted, prosecutors can still recover illicit assets. These have been successfully implemented in Kenya.
- Capacities for conducting parallel financial investigations need to be improved. Thereby, authorities should not only investigate the predicate offense and low-level actors such as poachers but rather the dealers of wildlife products and high-level offenders. The seizure of illicit goods should be the start and not the end of investigations. In addition, judges and prosecutors need to be sensitized or even specialized for environmental crime cases. Otherwise, judges do not prioritize these cases and even ask: “Why are we looking into trees?”
- Most crimes are facilitated by using opaque legal vehicles or proxies such as

family members. Beneficial ownership reform and lists on PEPs, thus, are crucial for preventing environmental crime and detecting related corruption and IFFs. For the fishery sector, initiatives such as [Fisheries Transparency Initiative \(FITI\)](#) pose an opportunity to increase access to information. Policymakers should ensure that criminals do not exploit loopholes. In Kenya, e.g., criminals misused churches for money laundering purposes as they are not regulated in this area.

- Inter-agency collaboration between law enforcement authorities, environmental agencies, financial investigation units, customs and anti-corruption agencies is crucial for successful financial investigations, prosecutions, and the recovery of environmental crime-related assets. In addition, there should be an increased focus on building partnerships with civil society and the private sector, i.e., shipping companies and maritime authorities. The [Transport Taskforce Disrupting the Illegal Wildlife Trade - United for Wildlife](#) is an example of a public-private partnership.
- There is also a need to have strong country legislation and international conventions that support the extradition or prosecution of suspects and to further deprive them of the illicit proceeds.
- The private sector needs to properly analyze corruption and financial crime risks linked to environmental crimes and implement mitigation measures to keep investments and the supply chain crime-free.
- Due to globalized supply chains, coordination with international actors such as Interpol and exchange with other countries via mutual legal assistance (MLA) needs to be improved along the supply and financial chains of these crime typologies.
- Moreover, the regulation, enforcement, supervision, and sanctioning of companies importing environmental products needs to be strengthened to check for illicitly sourced or trafficked products. There are often regulations in consumer countries such as the EU timber regulation, but the regulation is weakly enforced. The EIA uncovered that even though Myanmar teak is forbidden in the EU, the hardwood is still found in the market (e.g., for the decking of yachts).

## Key recommendations for the future and concrete follow-up actions

**Concrete follow-up:** GIZ will share the results of the workshop in the UNCAC Environmental Crime and Corruption Working Group (WG ECC) and in the newly established Countering Environmental Corruption Practitioners Forum. Sophie Frossard (moderator) is a member of both groups.

## What can be done to create opportunities for scaling up the solutions discussed in the session? And by whom?

The GIZ Global Program “Combating Illicit Financial Flows” will take up and review the initiatives shared by speakers and participants on combating illicit financial flows and corruption linked with environmental crimes for potential implementation and scale-up with partner countries. The findings are specifically relevant to the program’s interventions in the Latin America Hub as well as the East and Southern Africa Hub.

Additionally, the insights gathered in the discussions will be taken into consideration in the Call for Ideas of the GIZ Global Forum on Illicit Financial Flows for Sustainable Development. This initiative focuses on the technical implementation of innovative projects that target, among others, environmental conservation.

### **Rapporteur's name and date submitted**

**Carola Frank, 13.12.2022**