



6th Public – Private Sector Dialogue (PPSD)

8 – 9 September 2023

Cresta Mowana Resort & Spa

Kasane, Botswana

SUMMARY REPORT

SUMMARY OF THE 6th ESAAMLG PUBLIC PRIVATE SECTOR DIALOGUE

On 8th and 9th September 2023, the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) held its 6th Sub-Saharan Africa Public/Private Sector Dialogue (PPSD) at the Cresta Mowana Resort and Spa, in Kasane, Botswana. The Dialogue, which was launched by the outgoing President of the ESAAMLG Council of Ministers, Hon. Peggy O. Serame, Minister of Finance of Botswana, was attended by Finance Ministers from the ESAAMLG Region, participants drawn from public and private sectors and representatives from the Cooperating Nations and Organizations (CONSUNS).

The theme for the PPSD was *“Detecting and Preventing Illicit Financial Flows Associated with Illegal Wildlife Trade”*. The agenda covered a range of topics critical to developing robust AML/CFT regimes in the region. The topics include, but are not limited to, understanding of IWT common techniques used to launder proceeds from illegal wildlife trade, case studies for financial investigations and asset recovery into IWT offences, international cooperation to combat money laundering linked to IWT and the role of the private sector in detecting suspicious activity. In particular, the dialogue’s main objective was to address the challenges faced by the financial sector in addressing the growing phenomenon of illicit financial flows emanating from illegal wildlife trade without compromising the integrity of the implementation of the FATF recommendations. The PPSD was designed to help facilitate the development and implementation of robust anti-money laundering and combating the financing of terrorism (AML/CFT) regimes in Sub-Saharan Africa. It offered a unique opportunity to engage with key policy officials and business stakeholders within the region on this topic which represent a growing challenge for our members and the financial sector in particular. Specifically, the PPSD aimed to:

1. Raise awareness about, and commitment to, robust AML/CFT regimes as a necessary foundation for sustainable economic growth in Africa, and;
2. Exchange good practices and other technical knowledge on implementation of effective AML/CFT regimes, including in the face of commonly occurring challenges in Sub-Saharan Africa.

The PPSD provided an unparalleled opportunity to develop a deeper understanding about the benefits of maintaining secure and transparent financial systems and combating illicit financial flows, gain a deeper technical grasp of implementation of robust AML/CFT regimes, and establish new relationships throughout the continent and across the globe.

I. The Key Issues Highlighted During the Plenary Session of the PPSD

The key concern raised was that criminal syndicates exploit weak legal, regulatory, and institutional frameworks to commit crimes and launder the proceeds from IWT through both financial and informal routes. There was a general consensus that wildlife crimes should no longer be perceived solely as an environmental challenge but recognised as a

transnational and organised crime posing a threat to the sustainability of wildlife resources within the ESAAMLG region.

Due to the limited understanding of the IWT dynamics and insufficient capacity to detect, investigate and prosecute related cases of both IWT and ML by law enforcement authorities and financial intelligence units, there is a pressing need for a concerted approach by both public authorities and the private sector which includes financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) which facilitate the creation of legal structures to conceal the true identity of natural persons, including companies involved in logistics management and transportation which are used to store, facilitate and move the proceeds from illegal wildlife trade.

In addition, there are differences in legislative, institutional, and cultural approaches to addressing IWT across the region with corruption identified as a catalyst for illegal wildlife trade occurring at every stage of the value supply and trafficking chain. Additionally, different stakeholders appear to prioritize independent efforts, hindering collaboration and cooperation, leading to challenges in joint inspections and investigations.

Ensuring a proportionate application of controls to counter illicit financial flows within both the formal financial system and the informal economy necessitates scrutinizing the implementation of measurable controls by financial institutions. This includes assessing the competent authorities' capability to conduct thorough checks and balances on the integration of proceeds from illegal wildlife trade into the economy. This scrutiny should be based on available information, such as reports from recognized organizations and typologies provided by competent authorities, forming the foundation for implementing additional measures.

II. Way forward for effectively combating illegal wildlife trade

In consideration of these adverse consequences and in alignment with the outcomes of the Dialogue, the forum acknowledged that transnational and international entities participate in and finance IWT within the region. Therefore, the forum emphasized the importance of adopting a regionally coordinated response to counter illegal wildlife trade. This approach involves effective collaboration and an all-inclusive strategy, necessitating the establishment of tailored structures at the global, regional, and national levels by:

- a) Adopting new legislation or amending existing laws to classify wildlife crime as a criminal offence, harmonising processes and procedures, and strengthening institutional & regulatory frameworks.
- b) Promoting and strengthening relationships among international, regional and national key stakeholders through public and private partnerships (Financial Institutions, Financial Intelligence Agencies, and Law Enforcement, Judiciary and fostering cooperation among source, transit and destination countries.)

- c) Gathering evidence from successful cases that demonstrate proceeds from wildlife crimes being laundered, moved and concealed using the financial system with little to no detection. Developing standardised Suspicious Transaction Reports (STR) reporting templates/information requests across the region for tracking illicit financial flows.
- d) Encouraging mind-set change/paradigm shift – IWT should not only be regarded as an environmental challenge but also an organised crime. Therefore, countries must adopt the principle of following the money trail through parallel financial investigations and prosecution of individuals linked with illegal wildlife trade.
- e) Enhancing information sharing on best practices and utilising available guidance and toolkits provided to competent authorities for conducting financial investigations and recovering criminal proceeds.
- f) Requiring countries to conduct comprehensive national, sectoral and institutional risk assessments to understand the level of risk, modus operandi, and the impact of illegal wildlife – and develop AML/CFT strategies to manage residual risk and sharing this information and risk updates.
- g) Promoting public awareness and education, involving communities in wildlife conservation and fighting IWT.
- h) Addressing human-wildlife conflict to change perceptions around wild animals and promoting human-wildlife co-existence and community benefit.
- i) Establishing a dedicated regional task force or inter-governmental organisation focused on addressing IWT & ML issues.

III. Practical Solutions for Detecting, Reporting & preventing Money Laundering through Illegal Wildlife Trade by the Private Sector

Countries need to understand the risks and exposure by illicit financial flows associated with IWT occurring through the financial institutions.

- a) Financial institutions should implement measures to prevent illicit financial flows through their systems – conducting in-depth analysis of the financial transactions, KYC processes, detecting and reporting suspicious transactions.
- b) Collaboration on research to understand trends, identify typologies, manage information and propose effective solutions to combat such criminal activities.
- c) Consistent Information sharing among Financial Institutions and LEAs and the FIU
- d) Enhancing collaboration and establishing different forums to create and promote an environment of flexibility in sharing information between the private sector and the competent authorities.
- e) Enhancing capacity building for the public and private sectors to understand the dynamics of IWT and the landscape in which it thrives.

The Dialogue concluded that countries are urged to proactively enhance coordination and collaboration between public and private sector institutions to mitigate ML risks associated with IWT, primarily through inclusion of financial institutions and non-profit

organisations. However, it should be emphasised that AML/CFT measures should not be implemented in a way that undermines financial inclusion.

ESAAMLG would like to thank all of those who participated in the Dialogue and appreciates their continued cooperation and partnership.