

Illegal Wildlife Trade: Half Year Report

(due 31 October)

Project Ref No	IWT021
Project Title	Following the Money: Disrupting Wildlife-Linked Illicit Financial Flows in Kenya/Tanzania/Uganda
Country(ies)	Kenya, Tanzania, Uganda
Lead Organisation	Royal United Services Institute (RUSI)
Collaborator(s)	Environmental Investigation Agency, INTERPOL, Mars Omega, Standard Chartered Bank
Project Leader	Tom Keatinge
Report date and number (eg HYR1)	31 st October; HYR1
Project website	N/A

1. Outline progress over the last 6 months (April – Sept) against the agreed baseline timetable for the project (if your project has started less than 6 months ago, please report on the period since start up to end September).

From April – June 2016, the project proceeded to plan with activities scheduled for Q1. These activities made up Work Package 1 (Output 1): Strategic Assessment. Over this period, the team worked to address the dearth of analysis on illicit financial flows (IFFs) linked to illegal wildlife trade (IWT) in the region. An extensive threat and needs assessment was conducted, through desk research, phone interviews and a research trip to Kenya, Tanzania and Uganda.

During the trip, researchers conducted 80 in-person interviews with ministries, wildlife agencies, anti-corruption commissions, financial intelligence units (FIUs), central banks, serious and organised crime units, Financial Action Task Force-style regional bodies, commercial bank compliance officers, prosecutors, international organisations, NGOs and major donors. These were followed by phone interviews with additional individuals working on these and other countries for further context, amounting to over 100 interviews. The JIGZAW analysis tool was used to collate the information acquired, both through interviews and secondary sources.

Analysis of the findings was then conducted, resulting in the production of a preliminary assessment of the dynamics of IFFs linked to IWT, and of existing capacity in wildlife, law-enforcement, financial and other institutions to tackle wildlife-linked IFFs. The first core finding was that there is not currently a clear picture of how money generated by IWT moves in the countries studied, either close to source areas or to points of export. This forms part of a broader global theme, with interviews on other source and destination states showing a similar neglect of financial investigation. It also owes in part to a second core finding: the striking lack of capacity in relevant agencies to conduct financial investigation around IWT, and to use financial evidence in court. Although this situation was expected, the team found the full extent of the capacity gaps striking, resulting in a successful change request to conduct training at purely a domestic level in Kenya, Tanzania and Uganda (as detailed in the next section).

Plans to conduct training have been received enthusiastically by wildlife, law-enforcement and financial authorities in all three countries. During Q2, the team began planning for Work Package 2 (Output 2): Multi-Agency Training. In line with the proposal, an 8-day curriculum was designed for delivery to both public- and private-sector institutions. 6 days have been designed for public-sector agencies (investigators/prosecutors from a range of agencies, plus FIUs), 1 day for private-sector institutions and 1 day for both public- and private-sector participants, with

the aim of bringing these participants together to facilitate dialogue and cross-sector working.

In terms of content, the 8 days of training cover theoretical sessions on the fundamentals of anti-money laundering (AML), local AML regimes and the financial system. They also cover technical training on preparing cases, confiscation, network analysis and charting financial intelligence, amongst other topics. Finally, case study-based exercises have been designed as part of the training, as have sessions allocated to mentoring participants on particular cases, where this has been requested. All of this content has been designed flexibly, allowing for modifications based on the particular circumstances of the country where it will be delivered.

Finally, Q2 saw the team begin to make concrete plans with the relevant institutions in each country for training dates and logistics. This has involved communication with a range of organisations, given the training's cross-sector, multi-agency nature. It has also necessitated close collaboration with the range of other NGOs, international organisations and donors operating in both the wildlife and the financial training space, in order to ensure coordination in terms of timings of this and other planned trainings. The outcome of this process has been a decision to hold all three trainings in Q4, as discussed in further detail in the next section.

Detailed planning for all trainings is now underway. The Tanzania training will be held in January, on which the team is working with the NGO PAMS Foundation, which provides long-term support to Tanzania's National and Transnational Serious Crimes Investigation Unit (NTSCIU) – the unit identified as most relevant for inclusion in training. NTSCIU incorporates seconded officers from a range of agencies and is achieving positive results in combating IWT. RUSI will also involve the Tanzanian FIU, with the Tanzania Bankers' Association engaged in convening Tanzania's banking sector for the training.

Training in Kenya will follow on from the training in Tanzania, in late January. Here, the team is communicating with Strathmore University's Institute for Advanced Studies in International Criminal Justice and the NGO Freeland regarding logistics and participants. There is no multi-agency equivalent to NTSCIU in Kenya, however the team is working to convene participants from across agencies, and is also in discussion with Kenya's Financial Reporting Centre, as well as the Central Bank of Kenya regarding convening the banking sector for the training.

In Uganda, the team is collaborating closely with Uganda Conservation Foundation on convening the relevant agencies for training. Training here will take place in February, involving Uganda Wildlife Authority investigators and prosecutors, and representatives from other agencies, including the Financial Intelligence Authority. As in Tanzania and Kenya, the team is working simultaneously to convene the banking sector for the training.

A final note concerns the highly positive reception the project has received throughout Q1 and Q2, amidst a growing movement to understand the money flows and corruption facilitating IWT. The team has been invited to present at numerous international fora, including the Asia Pacific Economic Cooperation 'Pathfinder III Dialogue: Strengthening the Fight Against Corruption and Illicit Trade', in Lima, Peru, in August, thanks to a fully funded invitation. The Project Leader will also present the team's work at the Hanoi Conference on Illegal Wildlife Trade in November, at OECD's November meeting of the Task Force on Countering Illicit Trade in Brussels, and at the International Anti-Corruption Conference in Panama, in December.

2a. Give details of any notable problems or unexpected developments that the project has encountered over the last 6 months. Explain what impact these could have on the project and whether the changes will affect the budget and timetable of project activities.

The team is pleased with project progress to date. The team has, however, encountered various issues, its handling of which is described below. The team has discussed the issues with LTS, and does not expect them to impact negatively on overall project delivery.

Firstly, changes in the availability of Tom Maguire and Martine Zeuthen between submission of the project proposal and project initiation saw changes made to accommodate this. The time

assigned to Tom Maguire was given to the Lead Financial Investigator to allow him to conduct extra research and preparation for the training. Martine Zeuthen was replaced by Ines Sofia de Oliveira as the lead on M&E. Ines' previously assigned role (as a researcher) was in turn filled by Florence Keen. A change request to this end was approved in May.

The team submitted a second change request in July, after the research trip. This concerned the delivery of multi-agency training later in the project. Specifically, the team requested approval to revise its initial proposal to follow four weeks of domestic-level training with one week of transnational-level training. During the research, the team identified major capacity gaps, and found a baseline of awareness and capability much lower than they had been led to expect through preliminary research in preparing the project proposal. It became clear that the impact of the limited previous work in this area has been less significant than expected.

In light of this, the team re-evaluated the feasibility of providing training at a cross-border level. The findings suggested that capabilities are too low to allow transnational-level training at this time – though it will be important to address this in future. Instead, the team proposed that training focus entirely at a domestic level (though incorporating some sessions on basic use of transnational tools such as mutual legal assistance). The team also suggested redistributing domestic-level training – extending it beyond Kenya and Tanzania, to include Uganda.

Following extensive research, the team had become convinced of the need to include Uganda: every expert consulted agreed that the strength of the networks between the three countries made this vital. On the research trip, the team was able to visit Uganda, conducting 20+ interviews, which confirmed the need for financial capacity-building. Uganda's position as the final African country, besides Kenya and Tanzania, named in the 'Gang of 8' further highlighted the urgency of extending training to Uganda – as did CITES' citation of 'capacity in investigation techniques' as amongst the greatest challenges to meeting Uganda's National Ivory Action Plan. A change request was approved in July, as were corresponding changes to the logframe.

The final issue the team has faced, in starting to arrange the logistics of the training concerns timing. The team's proposal notes that two of the three courses will occur in Q3, and the third in Q4. As noted, there is strong appetite in all three countries for the courses, however the region is congested with general AML training (e.g. the EU's AML/Counter-Terror Finance Horn of Africa training run from Nairobi). The team's courses are distinctive in that they focus on AML specifically as it relates to IWT. However, the team is aware that this is a relatively small programme, which needs to fit in harmoniously with existing regional financial crime training.

As such, the team has discovered that training congestion likely requires an adjustment in the timeline of the first two trainings. The initial dates planned conflict with existing trainings/events, and the team thus plans to conduct all training in Q4. The team is in dialogue with the range of stakeholders operating in this space, and with all institutions that will participate in training. As discussed previously, specific dates and logistics are now being defined. The team has contacted LTS on this shift in timings, and has been advised that this in and of itself does not require a change request form.

As noted above, the team is very pleased with the way in which the project is progressing and does not expect these issues to impact overall project delivery. To compensate the shift of some training towards Q4, the team is starting in Q3 on some other Q4 activities. These include the expansion of the preliminary report produced in Work Package 1 into a full report ready for incorporation of lessons learned, and for publishing and launch in Q4.

2b. Have any of these issues been discussed with LTS International and if so, have changes been made to the original agreement?

Discussed with LTS: Yes/No – for all three issues discussed.

Formal change request submitted: Yes/No – As noted, formal change requests have been submitted for the first two issues. The team has been advised that a formal change request is not necessary in the case of the third issue.

Received confirmation of change acceptance Yes/No – As noted, formal change requests have been accepted for the first two issues detailed.

3a. Do you currently expect to have any significant (eg more than £5,000) underspend in your budget for this year?

Yes No Estimated underspend: £

3b. If yes, then you need to consider your project budget needs carefully as it is unlikely that any requests to carry forward funds will be approved this year. Please remember that any funds agreed for this financial year are only available to the project in this financial year.

If you anticipate a significant underspend because of justifiable changes within the project and would like to talk to someone about the options available this year, please indicate below when you think you might be in a position to do this and what the reasons might be:

4. Are there any other issues you wish to raise relating to the project or to IWT challenge Fund management, monitoring, or financial procedures?

The only issue not yet detailed concerns training budgets. As the team refines training logistics, it has received requests for which it had not catered in the budget. For example, in Tanzania, NTSCIU has requested a residential course for 4-5 days, whereas the team had not budgeted for residential stays. The team is discussing the issue with PAMS Foundation, which has offered to provide the extra budget required to run this as a residential course. Any potential financial implications of this and potential issues around residential stays in Kenya and Uganda will be discussed with LTS in the coming weeks.

Please note: Any planned modifications to your project schedule/workplan can be discussed in this report but **should also be raised with LTS International through a Change Request.**

Please send your **completed report by email** to Joanne Gordon at IWT-Fund@ltsi.co.uk. The report should be between 2-3 pages maximum. **Please state your project reference number in the header of your email message eg Subject: 001 IWT Half Year Report**