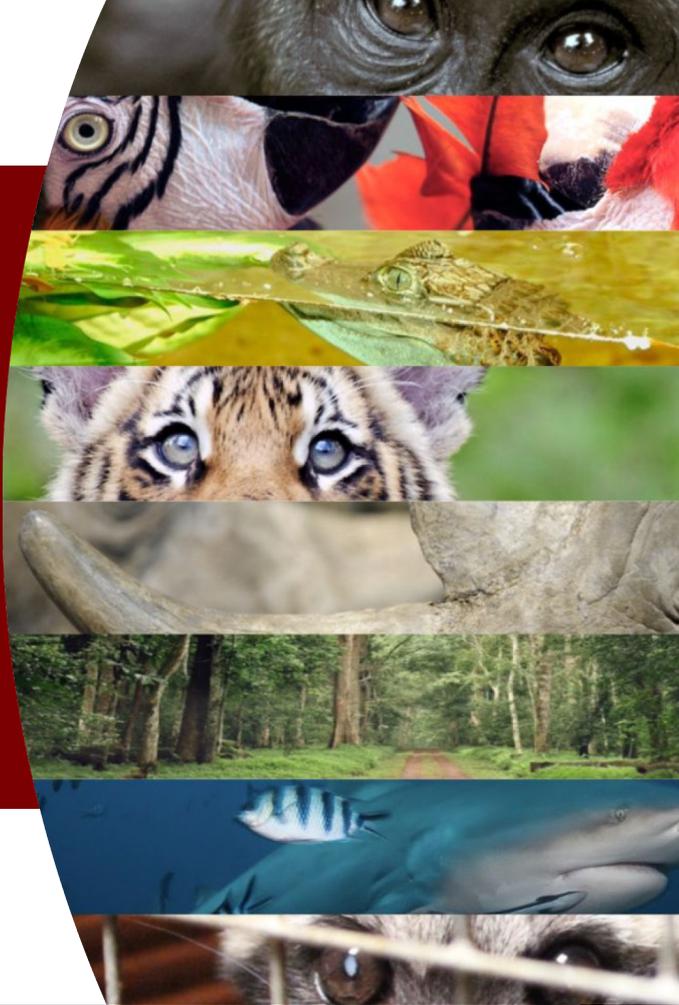


# COMBATTING ILLEGAL WILDLIFE TRAFFICKING

Making a Collective Impact

**(MENA FCCG - UFW)**

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This Guidance paper aims to motivate stakeholders to join the fight against illegal wildlife trade including via clarifying the magnitude of the harm this trade inflicts on endangered species and global biodiversity. It also provides practical guidance to Financial Institutions (FIs) across the MENA region and beyond to establish the necessary financial crime compliance controls and in-turn play a critical part in fighting illegal trade of wildlife and related products. The Guidance focuses on the efforts undertaken by the UAE to eradicate the scourge of illegal wildlife trade which we expect will soon be mirrored by other MENA countries.

## INTRODUCTION

Wildlife crime is a crisis on a global scale, putting both humans and nature in peril. A threat that knows no borders, wildlife crime requires a coordinated and strategic response that pulls together diverse stakeholders and acts across sites, countries, regions, and the globe. Illegal Wildlife Trade (IWT) is an organized crime on a global scale, devastating wildlife and pushing some of the world's most iconic species like elephants and rhinos towards

extinction. This criminal trade is estimated to be worth up to \$20 billion annually as poachers and traffickers illegally trade wildlife and wildlife body parts, such as rhino horn, ivory, pangolin scales or tiger parts, among many others. This illegal trade is a major threat to global biodiversity and human health, and is linked to money laundering, corruption, and extreme violence, as well as the trafficking of drugs and weapons.<sup>1</sup>

1. UFW - <https://unitedforwildlife.org/about-us/>

## DEFINITION

The UNODC defines wildlife trafficking as “the illegal trade, smuggling, poaching, capture, or collection of endangered species, protected wildlife (including animals or plants that are subject to harvest quotas and regulated by permits), derivatives, or products thereof”. There is, however, no universally accepted definition of the term and different jurisdictions and organizations use different terminology.<sup>2</sup>

## THE IMPORTANCE OF COMBATting ILLEGAL WILDLIFE TRADE (IWT)

IWT is extremely lucrative and is the fourth largest illegal trade globally after arms, drugs and human trafficking. It is consistently associated with other forms of serious and organized crime such as money laundering, fraud, and corruption. The trade has heavily depleted some populations and has brought others to the verge of extinction. While the threats to flagship animals like

elephants, tigers and rhinos are well known, other species – including everything from cacti to commercial timber – don’t receive the same attention. Yet illegal trafficking in both live and dead specimens – whether for pets, medicines, trophies, food, or a host of other purposes – threatens a huge range of wildlife. Controlling it is a global priority.<sup>3</sup>



2. United Nations Office on Drugs and Crime, <https://www.unodc.org/e4j/en/wildlife-crime/module-3/key-issues/criminalization-of-wildlife-trafficking.html>

3. World Wildlife Fund, <https://www.wwf.org.uk/what-we-do/projects/tackling-international-wildlife-crime>

## REGULATORY REQUIREMENTS IN THE UAE

The UAE law bans dealing in and ownership of all types of wild and domesticated but dangerous animals. Only zoos, wildlife parks, circuses, breeding and research centers are entitled to keep wild or exotic animals.

Possession of dangerous animals for trading purposes will be penalized with a jail term, or a fine ranging between Dh50,000 and Dh500,000 or both. It also details measures for the registration of all types of imported animals, including Cites (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) certificates and official vet certificates issued in the UAE.<sup>4</sup>

- Under Article 3 – General provisions of the Federal Law No. 11 Issued on 26/10/2002, the import, transit, discharge, reload, export, re-export or introduction by sea of any specimen of the species referred to in all 3 appendices of The International Convention on Trade in Endangered Species of Wild Fauna and Flora (CITES)<sup>5</sup> of which the UAE was admitted to its membership, in a way that breaches the provisions hereof, shall be prohibited and the burden of proof of legal possession of any specimen of the species listed in the annexes shall fall upon the possessor thereof.<sup>6</sup>
- Under Federal Law No. 22 of 2016, only zoos, wildlife parks, circuses, breeding and research centers would be allowed to keep wild or exotic animals. Fines for failing to comply with the law would range from AED 10,000 to 700,000 and may be accompanied by a jail term and the animal would be confiscated.
- Federal Law No. 16 of 2007 as amended by Federal Law No.18 of 2016, concerning animal welfare aims to maintain the rights and dignity of animals in the UAE.
- The UAE encourages the public to join voluntary activities related to animal protection. The UAE's Ministry of Climate Change and Environment with Emirates Animal Welfare Society and Emirates Park Zoo to promote animal protection aimed at raising public awareness on animal welfare. Emirates Animal Welfare Society is a voluntary institute that focusses on establishing and defending animal rights throughout the United Arab Emirates.
- One can report cases of animal abuse to the Police or to the municipality in the respective emirate.<sup>7</sup>

### IWT TOOL KIT – AN INITIATIVE OF UAE-UK GOVERNMENT PARTNERSHIP AGAINST IWT

The government of the UAE has worked with the UK government, in collaboration with TRAFFIC, WWF and Themis, to launch a toolkit to support financial institutions in tackling illicit financial flows in IWT. The toolkit provides key guidance to institutions in combating the IWT, from large institutions with significant compliance departments to smaller institutions with less experience or fewer resources in countering this trade. It consists of red flags to detect IWT in financial flows and transport, and the risk assessment tool to enable organizations to assess the risk they are exposed to.<sup>8</sup>

4. <https://uaecabinet.ae/en/details/news/private-wild-animal-ownership-banned-in-the-uae>

5. CITES - <https://cites.org/eng/app/appendices.php>

6. <https://www.moccae.gov.ae/en/legislations>

7. The Official Portal of the UAE Government- <https://u.ae/en/information-and-services/environment-and-energy/banning-private-ownership-of-dangerous-animals>

8. (mofaic.gov.ae), <https://www.mofaic.gov.ae/en/mediahub/news/2022/3/7/07-03-2022-uae-uk, IWT Red Flags> –<https://themisservices.co.uk/iwt>

## IWT IN VARIOUS SECTORS OF THE ECONOMY

### 1. TRANSPORTATION

According to TRAFFIC, the wildlife trade monitoring network, “Transportation is the backbone of global trade, and traffickers in wild animals and wildlife products rely heavily on logistics, land, air and sea carriers to smuggle illicit goods. Companies from the transportation and logistics sector can therefore play a critical role in identifying and strengthening key risk points in the supply chain.” Transportation and logistics businesses, such as passenger and cargo airlines, shipping companies, express couriers and freight forwarding companies, are becoming increasingly vulnerable to exploitation by illegal wildlife traffickers.<sup>9</sup>

The United for Wildlife Transport Taskforce brings together global transport and freight industry experts including airports, shipping companies, and airlines with law enforcement and other agencies to identify and facilitate action led by the private sector.<sup>10</sup>



### 2. TOURISM

Regionally, particularly in biodiverse locations, wildlife viewing tourism contributes significantly to total tourism revenues. In Southern Africa, for instance, wildlife tourism equates to 80% of total tourism revenues, whilst habitats like coral reef-based tourism generate US\$36 billion per year. Tackling IWT will, therefore, help to maintain healthy ecosystems and levels of biodiversity, and in turn safeguard inbound tourism and local prosperity. It also helps to combat climate change, as intact ecosystems are better at sequestering carbon. Given the obvious benefits of tackling IWT, the Travel & Tourism sector has both an opportunity and responsibility to increase its actions ‘on the ground’ and ensure that it does not facilitate IWT. This includes avoiding the trade in live wild animals, wildlife parts and products, as well as the promotion of activities and excursions that involve live animals, which may fund or in other ways support the cross border illegal movement of wildlife. Trade in live animals for public entertainment tourism, though less obvious, also contributes to IWT. For instance, juvenile animals such as primates are captured and smuggled overseas to be made available for opportunistic activities like souvenir photographs. Animals are also captured from the wild to maintain supply to growing, lucrative tourism activities such as elephant interactions, captive dolphin facilities, or ‘canned’ lion hunting. Some tourist attractions even breed and supply live animals for slaughter and sale.

9. <https://www.traffic.org/news/transportation-and-logistics-sector-lends-support-to-global-efforts-tackling-wildlife-crime/>

10. <https://unitedforwildlife.org/taskforces/transport-taskforce/>

### 3. PET TRADE

Live, and often endangered, animals and plants are taken from the wild and sold on to attractions, hotels, or to tourists. Tourists buy animals, plants and seeds to take home, or may be inspired to purchase them online or otherwise. Examples include endangered reptiles, such as tortoises or terrapins proffered for sale in Africa or Asia, caged wild birds popular in Europe, endangered Barbary macaques in Morocco, and even cheetahs captured as kittens and smuggled for sale in the Middle East. The capture of wild animals for the pet trade is regularly cited as a major contributing cause of species decline, ecological manipulation and biodiversity loss in the wild. When it is unregulated, imported wildlife may carry zoonotic diseases that are linked to global epidemics such as SARS, COVID-19 and Ebola.

### 4. FOOD AND BEVERAGE

The demand for wildlife parts and products in food is one of the most significant contributors to the decimation of species in the wild. From eel and sturgeon to pangolin and turtle, hundreds of species are threatened by human hunger or greed.

### 5. FASHION

Wild animals must be recognized by the fashion industry not only as thinking and feeling beings, but as important parts of their ecosystems. Wildlife exploitation is a significant and direct contributor to global biodiversity destruction, with the fashion industry playing a major role in this harm. The fashion industry is responsible for the exploitation and slaughter of millions of wild animals every year. Wild animals are trapped, shot, or confined in barren cages until their slaughter. All this suffering, just to transform them into a coat, bag, or shoe. Souvenirs, decoration, clothing, or jewelry made by wildlife is another way endangered species are consumed. For instance purchase of clothing made of fur or leather, chopsticks made of African elephant ivory, turtle shell in jewelry by people unaware that it is causing the depletion of highly endangered species, while in Africa hardwood carvings perpetuate the destruction of forests and the loss of vital habitat. A kinder, more humane, environmentally responsible, and safe fashion industry is not only possible, but exciting, creative and – in the face of changing community attitudes – inevitable.<sup>11</sup>



11. <https://www.humanrights-in-tourism.net/sites/default/files/media/file/2021/rc177preventing-illegal-wildlife-trade-1831.pdf>

## 6. TRADITIONAL MEDICINE

Traditional medicine is also fueling IWT. Nearly two-fifths of the seizures of illegally trafficked wildlife products made in the EU were of a medicinal nature, according to TRAFFIC. The most seized medicinal products were derivatives of costus root, ginseng panax, seahorses, and king cobra. The use of traditional medicine has been very close to indigenous communities around the world for centuries. Some have even used it as an antidote against destructive activities on their ancestral land. In the case of the community of Cajamarca, a municipality in the Andes, the inhabitants strongly opposed the mining activities that were damaging their natural heritage. They successfully developed a strategy of selling agro-ecological and medicinal products in the area to prevent mining activities in their territory. This is an example of how protecting biodiversity and using traditional medicines in a sustainable way can go hand in hand. However, some other types of traditional medicine are destructive to wildlife and ecosystems and are bringing many species to the point of extinction.<sup>12</sup>

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## IMPLICATIONS OF WILDLIFE TRAFFICKING

Although threats to wildlife and plant species come from multiple sources, such as pollution, deforestation, destruction of natural habitats and climate change, wildlife trafficking contributes significantly to the problem through poaching, harvesting, or depleting significant quantities of already endangered or at-risk species. Trafficking in wildlife, animal parts, & plants has far-reaching implications, not only for the species involved, but also for human livelihoods, biodiversity, and governance.

### ENDANGERING SPECIES

Trafficking in wildlife can diminish species populations and cause local or even global extinction. When endangered species are involved, any poaching or harvesting of that species to supply the illegal trade risks the species becoming extinct. Further worsening the problem is the fact that the demand for larger and more ornate specimens means that hunters and collectors often aim for the fittest individuals from the breeding population, with serious consequences for subsequent generations. Moreover, many endangered species are fragile and require expert and delicate handling. The ways in which many animals and plants are caught, transported, and kept, however, frequently cause injury, death, or attrition, resulting in further losses especially when living animals or plants are trafficked.

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12. <https://meta.eeb.org/2021/06/03/the-deadly-impact-of-traditional-medicine-on-endangered-wildlife/>

## ECOLOGICAL COSTS

Wildlife trafficking is related to some of the most important underlying causes of biodiversity loss. It can threaten ecosystem functions. Wildlife overexploitation can cause long term ecological problems such as creating sex-ratio imbalances and slowing the reproduction rate of vulnerable species. With respect to the former problem, elephant poaching of bull elephants (i.e., males with large tusks) have left a severe gender imbalance amongst African elephants. Species like macaws have an extremely slow reproduction rate compared to others in the parrot family and their populations are less likely to rebound with fewer and fewer macaws left to reproduce with. Population decline is further problematic if keystone species are affected by illicit trade. Keystone species have 'a significant direct and indirect effect on their surrounding ecosystem and other species within that ecosystem. Sharks, for example, have a key role in the oceanic system by preying upon smaller fish. Unfortunately, as a result of shark finning that has decimated shark populations globally, populations of smaller fish have significantly increased leading to a decline in other species. Furthermore, ecosystems have been altered through environmentally destructive practices to remove wildlife, timber and fish. In Peru, for instance, the demand for forest products has led to several iconic species becoming threatened with extinction. With regards to destructive fishing practices, cyanide and dynamite is used at times to capture fish by stunning them; this practice can also kill many other nearby fish and destroy coral reefs that provide a habitat for many aquatic species.

## ANIMAL CRUELTY

The methods used by poachers to kill or capture animals and the way animals are handled are often extremely cruel and fail to comply with animal welfare standards. Furthermore, many transportation and concealment methods are harmful to animals and many specimens fall ill, are injured, starve, or die otherwise in transit. As mentioned above, indiscriminate methods used to catch animals, such as cyanide fishing, can also harm and kill non-target species, deplete fishing populations, and damage ecosystems.



## THREATS TO OTHER SPECIES

Beyond the direct negative biological impact on specific species, the IWT can have indirect impacts from a conservation perspective. The two most obvious examples are detrimental by-catch of non-target species and the introduction of harmful alien species into a habitat. Examples of detrimental by-catch are particularly well known from the fisheries sector: nets, lines, and other fishing gear used to catch the desired fish will also catch everything else in their path, including turtles, dolphins, and juvenile fish. Terrestrial examples include impacts on non-target species from activities such as logging and waterfowl hunting.

## BIOSECURITY RISKS

Wildlife trafficking can pose health threats to humans, native species and livestock, especially if it introduces viruses, bacteria or species to which native populations are not adequately resistant. Exotic species that are trafficked can pose a biosecurity risk because they can potentially establish themselves in the wild and become pests. They can also carry seeds, parasites and viruses which, if released to the environment, would have negative impacts on native wildlife and on the agriculture, horticulture, and aquaculture industries. Negative impacts of alien species introductions caused by wildlife trafficking are less well documented; some of the more problematic examples have been linked to deliberate movements of ornamental plants and game fish species outside their natural ranges.

Example: the illegal commercial bushmeat trade - bushmeat trade is the commercial hunting and selling of wild animals for food and bushmeat is an important source of food and social/cultural values in many parts of the world. For many wealthy consumers, bushmeat may be considered a 'status symbol' that enables them to stay connected to their ancestral cultures. There are also significant risks to human health from killing, handling, and butchering wild meat: wildlife-related diseases can be transmitted from animals to humans, including Ebola and retroviruses.

## INCREASED THREATS, VIOLENCE, AND CORRUPTION

Poachers and hunters are frequently armed with guns or other weapons that are used not only to kill, capture or collect wildlife, but are also employed against rangers, conservation officials, Police, and local people who protect or live in close proximity to endangered animals or plants. Rangers around the world are killed at a high rate. Over the last decade some 1,000 rangers have died in the line of duty in Africa alone. Threats and violence can often escalate - along with the scale of depletion - if organized criminal groups become involved in wildlife, forest, and fisheries crime. This also heightens the risk of corruption at many stages of IWT.

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## DEPLETING NATURAL RESOURCES AND THREATENING LIVELIHOODS

Wildlife trafficking undermines and threatens the ability and efforts by States to manage their natural resources. It can result in severe economic losses, which particularly affect developing countries that rely on revenue generated by legal trade. Wildlife, forest, and fisheries crime can threaten rural livelihoods where people's subsistence and income rely on wildlife, including those based on ecotourism.

## GOVERNANCE AND CONFLICT

Wildlife trafficking can undermine good governance and the rule of law and, in some cases, threaten national stability. Several reports also document the impact of land clearance for mining operations and infrastructure projects on local animal species and humans in the Democratic Republic of Congo. Many of the affected areas are home to endangered mountain gorillas that are displaced, lose their food supply or that are poached for use as bush meat that is then sold to miners and armed groups. In the case of the armed conflicts in the Great Lakes Region of Africa, the Report of the Expert Group on the Democratic Republic of the Congo noted that the 'slaughter of elephants in the Democratic Republic of the Congo is one of the most tragic consequences of years of war and poor governance'. In 2014, the Security Council drew attention to the linkage between the illicit trade in natural resources, including poaching and illegal trafficking of wildlife and the proliferation and trafficking of arms. According to the Security Council this constitutes one of the major factors fueling the conflict in the Great Lakes Region.<sup>13</sup>



## THE 3 STAGES OF IWT

Wildlife trafficking impacts different regions across the world. Worldwide, countries can be involved in, or impacted by one or more of the three stages of wildlife trafficking: source, transit, and destination.

**SOURCE:** The first stage indicates where initial activities occur (i.e. the jurisdiction where poaching and initial transport takes place). These crimes are often facilitated by bribing corrupt officials or individuals with access to the targeted species. At the source location, the profits generated are often the lowest and source countries are potentially the most impacted by the IWT from a biodiversity and economic standpoint.

**TRANSIT:** The second stage represents the movement of poached or illegally obtained goods that are disguised and consolidated with other items for transportation. These concealed items clear customs due to known weaknesses in customs controls and/or bribery of corrupt officials.

**DESTINATION:** The final stage involves poached, illegally acquired or trafficked goods arriving at their final destination for sale. As the sale of these products may be illegal in some countries, they are often sold at in-person or online black marketplaces where profits for distributors are often the highest.

13. <https://www.unodc.org/e4j/en/wildlife-crime/module-1/key-issues/implications-of-wildlife-trafficking.html>

## IWT IN THE MENA REGION

- The Middle East North Africa (MENA) region is a source, transit point, and destination for the IWT through the air transit sector and the Gulf States, particularly the United Arab Emirates (Dubai), are transit and destination hubs for live animals trafficked from Africa, Asia and increasingly South America.
- Wild animals are openly displayed and sold in markets in Iraq, Jordan, Lebanon, Egypt, Kuwait, Saudi Arabia, Syria, Turkey, the UAE, Algeria, Morocco, and Palestine and birds are the most trafficked live animals within MENA.
- Traders often operate through pet shops, small zoos, veterinary clinics and animal importers/exporters, both online, and communicate with and accept payment from buyers through encrypted apps.
- Lack of awareness on laws protecting wildlife, or the impacts on the illegal trade on wildlife populations, weak enforcement, and low fines and penalties across MENA allow traffickers to operate with impunity.

### MENA AS A SOURCE ZONE

Birds are the most trafficked live animals within MENA. The Bedouin practice of hunting with falcons and other raptors has surged in popularity, leading to poaching, trafficking, and overexploitation of wild falcon species across their territory and along migratory routes. In the case of migratory falcons like Saker and Peregrine the risk of poaching increases in August to November who are typically trapped and retained in captivity for falconry in Saudi Arabia and other Arab countries. These birds are sold from \$6,000 to \$60,000 depending on their species, age, size and appearance. Usually, the younger birds are preferred as they are easier to train.

Reptiles are the second most trafficked species globally. Traffickers target biodiverse areas within the MENA to harvest rare and/or endemic reptiles for pet trade in Europe particularly from Oman, Iran, and Morocco. Reptiles are sold during shows or online through specialist websites. Belgium, Germany and the Netherlands are hotspots where such reptiles are in demand. Other species sourced from the MENA region include Persian leopards, otter, goitered gazelles, striped hyenas, crested porcupine, rock hyrax, Arabian oryx, sand gazelle, Persian squirrels, hedgehogs. Animals are often smuggled via air and are sedated, bound, and hidden within suitcases or on persons or other carry on items like car seats for intraregional trade, hidden in potato chip tubes, appliances, toys, or wrapped in socks.

### SOME OF THE CLIENT RISK RED FLAGS

**ARE :** Trading in species not previously seen in trade, sales through specialist reptile trade fairs and associated online sales platforms in the European Union (EU) like Terraristika.com and the Terraristika Hamm trade, advertising species as rare or new to the trade and as captive bred, advertising captive breeding when capture and export are prohibited at the source, and/or no captive breeding programs exist, posts including phrases such as 'new to the trade,' 'only pair available,' 'first time in trade,' or other indications of extreme rarity, posts including specific harvest locations, particularly where wild capture is prohibited, presence of adult animals, animals with injuries or parasites, repeat offenders often continue trading in Europe after arrests and convictions for wildlife smuggling or poaching in source countries. Some of the most common high risk clients are pet stores, importers/exporters, private menageries, zoos, taxidermists, veterinarians and breeders.

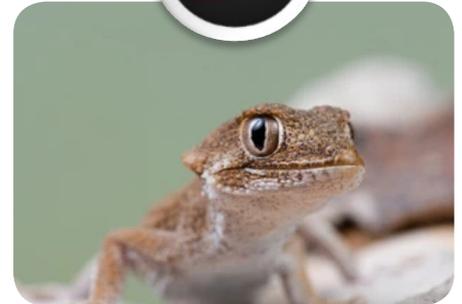
### Some poaching hotspots for reptiles



Oman is home to more than 240 species of reptiles, 18 of which are endemic



Iran is home to 332 reptile species, of which 58 species are endemic



Poachers target the helmethead gecko *Tarentola chazaliae*

#### MENA as a destination zone

Exotic animal ownership, fueled by social media influencers, is increasing in popularity across the MENA and is now considered a hotspot destination for live animal trafficking, particularly through the air transit sector. Direct flights from Africa and Asia to the region are at high risk of exposure IWT, especially in air hubs like Dubai and Oman.

Wild animals are openly displayed and sold in markets in Iraq, Jordan, Lebanon, Egypt, Kuwait, Saudi Arabia, Syria, Turkey, the UAE, Algeria, Morocco, and Palestine and birds are the most trafficked live animals within MENA, particularly birds originating in West Africa. Bird species at high risk of trafficking include kestrels, other raptors, flamingoes, owls, and African grey parrots. Falcon eggs are also smuggled via air taped to trafficker's bodies for warmth, particularly from the UK. Other species are cheetah, saker falcon, peregrine falcon, Nile crocodile, chimpanzees, orangutans, bonobos, gorillas, gibbons, clouded leopards, and red panda. Since 2011, more than 4,000 cheetahs have been trafficked to MENA and in 2016, the global cheetah population was estimated at 7,000 individuals in the wild.

Some of the high-risk routes for trafficking wildlife include flights originating in Thailand, Indonesia, Tanzania, and Mozambique, destined for the UAE, Kuwait, Qatar, and Iran. Cargo flights and private planes are known to be used to traffic wildlife especially from the Horn of Africa and Central Africa.

Often fraudulent paperwork is used with species misrepresented as captive bred and/or with species mislabeled. Moreover, the prevalence of corruption amongst customs and border officials makes trafficking easier.

Species are often promoted online on social media along with the use of encrypted messaging applications to finalize traded deals and are also traded in pet stores, breeders, veterinary clinics, taxidermists, zoos after which the money is laundered through their business accounts.

#### SOME OF THE CLIENT RISK FLAGS ARE:

Social media influencers who often feature wild animals, especially CITES listed species or rare and endemic animals, companies advertising animal experiences such as selfies or handling events, especially when CITES listed species are advertised, online or retail outlets offering CITES listed species for sale, companies or individuals advertising the ability to procure CITES documents for species unavailable in international trade, frequent travel to high risk jurisdictions, transactions and/or communications with known dealers, past involvement in wildlife trafficking, taxidermists specializing in services for rare animals, use of veterinary licenses to import/care for, rare wildlife.

### MENA as a transit hub

The MENA region, at a crossroads between Africa and Asia, and Asia and Europe, plays a key role as a transit hub for IWT in both the air and maritime sector. According to C 4 ADS, a nonprofit organization with a mission to defeat the illicit networks that threaten global peace and security, air hubs in Dubai and Qatar linking biodiverse regions to hub airports in high demand markets in Asia and Europe are disproportionately exposed to trafficking.

**IWT in air transit:** Air hubs in the Gulf States are at a high risk to IWT particularly in passenger luggage, on individuals, and in air cargo. Animal parts and derivatives make up the greatest volume of wildlife trafficking through Dubai from Africa, particularly ivory, rhino horn, pangolin scales and sent to Asia. Since June 2020 at least six illegal consignments of rhino horn have been sent via air through MENA. Rhino horn have been smuggled from Kampala, Uganda through Cairo to Yemen.

**IWT in maritime transit:** According to INTERPOL, maritime ports such as Dubai, are vulnerable to wildlife trafficking risks during transit, particularly from ports within free trade zones. However, the high volume of container shipping, sophistication of concealment methods, and constantly shifting trafficking routes challenge detection. MENA is also a transit hub for high volume shipments of timber from Asia to Europe and from Africa to Asia.

### IWT in the UAE

The UAE has emerged as a globally important destination for trafficked live wildlife. Traffickers exploit social media platforms to popularize wild animal ownership and to link with buyers and suppliers. Traders often operate through pet shops, small zoos, veterinary clinics and animal importers/exporters and communicate with and accept payment from buyers through online and through encrypted apps.

### SPECIES LIKELY TO BE TRADED IN THE UAE:

- Birds, especially falcons and other birds of prey, from Eastern Europe, Central Asia, and the Middle East.
- Apes and other primates (great apes and other primates sourced in DRC, Cameroon, Guinea, and Nigeria; orangutans, sourced in Indonesia; gibbons sourced in Southeast Asia).
- Big cats sourced in Africa - Established networks traffic cheetahs, a CITES I species, poached in the Horn of Africa, through Yemen into Jizan, Saudi Arabia and onwards for sale in Riyadh or for transport to Ghuwaifat border into the UAE.
- Reptiles, the UAE is a global hotspot destination for the illicit reptile trade.
- Illicit agarwood trade- UAE is destination of agarwood trafficked from India and Kenya, transit hub for agarwood exported to Kuwait.
- The UAE is regionally the most prominent air transit hub for pangolin scales, ivory, and rhino horn trafficking routes from Africa to Asia.<sup>14</sup>



14. UFW Regional Threat Assessment Jan 2023 - MENA by the Royal foundation

## RISK TO A FINANCIAL INSTITUTION FROM IWT

Apart from IWT being a serious environmental crime that can have far-reaching implications for the environment, economy and public health and safety, it is also a major source of illicit funds for transnational criminal organizations and corrupt officials. The Financial Action Task Force (FATF), in its report dated June 2020, states that the proceeds of IWT are increasing at a fast pace causing new vulnerabilities for the global financial system. Also, despite all the damage caused, investigations are rarely conducted on trails left by IWT syndicates. It is thus very critical to understand how to identify, report, and mitigate the risks associated with IWT transactions. The vulnerabilities of financial sector are often exploited by wildlife traffickers who use established methods like placement and layering to move their illicit proceeds. It is thus imperative that FIs take measures to stop wildlife traffickers from misusing its services and take steps to detect and report suspicious financial activity. Such reporting will lead to triggering new investigations or support the ongoing ones. Thus, FIs undoubtedly play a significant role in exposing and interrupting the financial flow of wildlife crime.

### SOME OF THE RISKS TO A FINANCIAL INSTITUTION FROM IWT INCLUDE:

**Money Laundering** - Being used as a conduit for money laundering and terrorist financing by wildlife traffickers and their associates, by corrupt officials that act as facilitators of poaching as well as transactions between supply, transit, and demand countries.

**Regulatory fines** – Risk facing regulatory fines and penalties generating losses as there is a legal liability for failing to comply with anti-money laundering and countering the financing of terrorism (AML/CFT) obligations. This is often accompanied by potential lawsuits, adverse judgments, increased expenses for an organization or even the closure of the organization.

**Negative publicity** – Corporates risk reputational damage and losing customers and investors who are concerned about environmental and social responsibility.

### WHAT FIS MUST DO

1. Conduct a risk assessment of their exposure to IWT and incorporate it into their overall risk framework.
2. Set up an IWT framework and implement effective policies, procedures, and controls to identify, monitor, report and prevent suspicious transactions related to IWT.
3. Provide adequate training and awareness to their staff on the indicators and red flags of IWT.
4. Collaborate with law enforcement, regulators, industry peers, and civil society to share information and best practices on combating IWT.
5. Support conservation efforts and sustainable development initiatives that address the root causes of IWT.

## INDUSTRY'S BEST PRACTICES FOR FINANCIAL INSTITUTIONS

In our efforts to fight against IWT, FIs must undertake the below initiatives to help detect and deter payments. Primary reference was made to recommendations on IWT by FATF<sup>15</sup> whilst developing the standards underpinning the development of this Framework.



### 1. PRIORITIZE COMBATTING THE FINANCIAL FLOWS

FIs must increase their efforts to better understand financial flows arising from IWT. Prioritization must be proportionate with risk indicators and the ability to identify, assess, report such transactions and cooperate with other jurisdictions, relevant international organizations and the private sector.

- **Subscribe to the IWT online toolkit** which is the result of UAE-UK joint efforts to fight IWT and utilize it to avail insights on red flags that are particularly relevant to IWT. It highlights the methods by which IWT is concealed within legitimate trade. Hence, firms will need to assess and incorporate these red flags into their systems based on the nature of their own business.
- **Risk assessment**, use the Risk Assessment Tool from the IWT online toolkit to assess the risks your organization maybe exposed to.
- **Implement effective policies, procedures, and controls** to identify, monitor, report, and prevent suspicious transactions related to IWT.
- **MIS & reporting**, where feasible, Business Units and Functions may include IWT risks and related MIS as part of governance packs and dashboards to support senior management attention and action.
- **Increase awareness**, use internal communication channels to create awareness and hold introductory and regular role-based training sessions with all employees to enable them to identify, mitigate and report risks associated with IWT supply chain. The content for training may include consequences of IWT, the common routes and methods abused by traffickers, Red Flags related to IWT and tips to follow the money, list of most trafficked species, countries prone to IWT, typical case studies, how to uncover shell companies and export schemes associated with IWT, support and partake in initiatives towards private – public collaboration to fight IWT.

15. <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Money-laundering-and-illegal-wildlife-trade.pdf>

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## 2. KNOW YOUR CUSTOMERS

- Strengthen customer due diligence to help identify customer profiles with potential links to wildlife trafficking when establishing business relationships and when carrying out transactions. Also consider new information arising from the review of previously obtained customer identification data. Refer Appendix A for red flags on the KYC that require an EDD.
- Public sources must be monitored that name criminals and organized crime groups to identify exposure to your organization to take appropriate risk mitigating actions.

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## 3. TARGETED MONITORING OF TRANSACTIONS

- Update detection scenarios to include typologies related to IWT in transaction monitoring and update red flags repositories and investigation procedures. Refer Appendix B and the referenced IWT toolkit for the list of red flags and typologies.
- Where appropriate and feasible, develop rules / analytics to support proactive identification of IWT.
- Screen IWT specific lists for convicted criminals in wildlife trafficking.
- Convention on International Trade in Endangered Species (CITES) - Research on public domain and use the CITES lists to identify endangered species at higher risk of being illegally trafficked which is the golden source for this information to be used for keyword searches in transactions and while conducting reviews.

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## 4. REPORTING SUSPICIOUS ACTIVITY (SUSPICIOUS ACTIVITY REPORT (SAR)/ SUSPICIOUS TRANSACTION REPORT (STR))

If we have reasonable grounds to suspect that transactions (Posted and attempted) are the proceeds of a criminal activity such as IWT, FIs must report promptly to their Financial Intelligence Unit by raising a SAR. A specific SAR theme must be deployed to identify and track IWT cases. Refer Appendix C for the list of red flags and indicators that may support filing of SAR.

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## 5. PUBLIC – PRIVATE PARTNERSHIP

Work together with different stakeholders, thereby identifying, and disrupting financial flows linked to IWT and support relevant agencies to conduct successful financial investigations into IWT. Such collaborations between the public and private sector will facilitate bringing relevant environmental and financial experts together and will not only aid existing investigations but also trigger new ones.

- Join the Environmental Crime Sub Working Group of the Executive Office of Anti-Money Laundering and Counter Terrorism Financing's PPP in the UAE. This brings individuals from various organizations together (Central Bank of UAE, KPMG, Deloitte, First Abu Dhabi Bank, HSBC and Emirates NBD to share knowledge, learnings, and best practices against environmental crime.

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## 6. PRIVATE – PRIVATE INFORMATION SHARING

Information sharing amongst the private sector is essential in identifying and reporting financial flows linked to illegal wildlife trade. FIs must endeavor to share information in the context of correspondent banking, money value transfer services, wire transfers etc., within the limits of privacy laws as applicable to the jurisdictions it operates in. This will improve co-ordination between authorities responsible for combatting wildlife crimes and those responsible for conducting financial investigations so that authorities more regularly exchange information and follow the financial trail.

## JOIN THE UNITED FOR WILDLIFE (UFW)

**In February 2022, the United for Wildlife (“UfW”) Financial Taskforce was launched in MENA following signing of the Mansion House declaration by a number of Institutions. FIs can join the UFW by:**

- Signing a Mansion House Declaration with the UFW. This declaration commits the institution to take measures to increase awareness of IWT and strengthen controls and utilize it to mitigate risk, support the taskforce in reviewing and taking action on intelligence alerts and consider policy amendments.
- Promoting the Declaration and giving a media statement on your support to fight against IWT.
- Incorporating an IWT framework within its organization.

**The UFW was founded by Prince William and The Royal Foundation in 2014 to protect endangered species from this abhorrent trade. Some of the initiatives of the UFW to support organizations in the fight against IWT include:**

- Setting up 2 Taskforces - a Financial Taskforce and a Transport Taskforce. These Taskforces bring together some of the world’s largest businesses in the transport and financial sectors to break the chains of IWT.
- The UFW’s network has produced a range of resources which can aid the finance and transport sectors to detect and deter the threat from IWT, such as case studies, news articles and has even released information specific to IWT in the MENA region on this subject.
- Taskforce alerts – Trends and typologies are shared with members which can be used to understand how wildlife are being trafficked and identify whether we provide our services to any of the named traffickers for the purpose of mitigating risk associated with maintaining such relationships.
- Regularly organizes global outreach sessions where various members share their information, experiences and challenges faced in the fight against IWT.

By sharing knowledge and information across sectors and between countries, UfW aims to transform IWT prevention and the prosecution of those who profit from these crimes. This unique collaborative approach has united international law enforcement agencies, non-governmental organizations, private and public sector, grassroots communities, and large corporations.<sup>16</sup>

FIs may use its expertise in financial crime investigation, experience / resources to support the taskforce and support fighting IWT syndicates. Share intelligence reports and good practices generated with the Task Force and other authorities fighting IWT, subject to internal clearances.

### CONCLUSION

If wildlife crime and trafficking are to be tackled effectively, innovative measures must be deployed against those responsible. Not only will this help educate the general public of the seriousness of such behavior and it’s devastating impact upon wildlife, but it will also result in a level of deterrence which does not widely exist today. The 'war' against wildlife crime can only be won if those responsible are brought to justice in large numbers for the risk for them to become high enough that trafficking will no longer be viewed as sufficiently profitable.

16. <https://unitedforwildlife.org/about-us/>

## ABBREVIATIONS

ABBREVIATION	DEFINITION
AML/CFT	Anti-money laundering and countering the financing of terrorism
CITES	Convention on International Trade in Endangered Species
COVID-19	Corona virus Disease of 2019
CDD	Customer Due Diligence
EDD	Enhanced Due Diligence
EU	European Union
FI	Financial institution
IWT	Illegal Wildlife Trade
MENA	Middle East & North Africa region
MLRO	Money Laundering Reporting Officer
SARS	Severe Acute Respiratory Syndrome
TRAFFIC	Trade Records Analysis of Flora and Fauna in Commerce ( <a href="http://www.traffic.org">www.traffic.org</a> )
UFW	United For Wildlife ( <a href="https://Unitedforwildlife.Org/">https://Unitedforwildlife.Org/</a> )
UNODC	United Nations Office on Drugs and Crime
WWF	World Wildlife Fund

## APPENDIX A – KYC / CDD

**The following list provides additional information, red flags that require EDD.**

- Involvement of international trade companies, including import-export, freight forwarding, customs clearance, logistics, or similar types of companies operating in the following commodities long high-risk corridors or ports for IWT supply and demand: raw or squared wooden logs, plastic waste or pellets, frozen food, fish maws, various kinds of beans, stone or quartz blocks.
- Use of common containers, consignees, transporter, clearing agents, or exporters as seen in other cases believed to involve IWT.
- Activity involving PEPs and wealthy businessmen/women, particularly those with environmental, game drives / hunting, or forestry oversight or environmental or wildlife related businesses.
- Involvement of legal wildlife-related entities such as private zoos, breeders, (exotic) pet stores, safari companies, pharmaceutical companies making medicines containing wildlife and wildlife collectors or reserves.
- Individual or beneficial owner(s) of a corporate domiciled in jurisdiction that is a prominent transit or demand country for illegal wildlife.
- Adverse media connected to wildlife or environmental crimes identified in open and available sources on individuals and/or entities involved in reviewed financial transactions.

## APPENDIX B – TRANSACTION MONITORING, LIST OF RED FLAGS AND TYPOLOGIES

- Large cash deposit by government officials working in wildlife protection agencies, border control or customs and revenue officials.
- Large cash or other deposits, wire transfers, multiple cash deposits and withdrawals, and/or unexplained wealth from government officials working in forestry agencies, wildlife management authorities, zoo and wildlife park employees, or CITES Management Authorities (CMAs).
- Large cash or other deposits, multiple cash deposits and withdrawals, and/or unexplained wealth from government officials from environment or other ministries who have specific management or oversight authority of government stockpiles of seized ivory, rhino horn, timber, or other illegal wildlife products.
- Shipments of legal wildlife (fauna and flora) with anomalous, incomplete, or otherwise suspicious CITES certificates / no objection certificates, import / export certificates.
- Transactions using names of ingredients or products in the traditional medical trade that refer to CITES species.
- Illogical or anomalous loans between trading or import/export companies in key IWT source or transit countries.
- Switched bills of lading by traders previously implicated in criminal activity involving wildlife trafficking or trade fraud investigations or prosecutions.
- Transactions having discrepancies between the description or value, of the commodity in customs and shipping documents and invoice, relative to the actual goods shipped or quoted price or the actual value in payments made.
- Illogical or anomalous purchases, payments, or other transactions related to gold trading from business accounts of clients. Payments for wildlife shipping are often masked as payment for gold or to gold trading business.
- Escrow-type transactions from/to accounts and companies with same beneficial owner in particular for payment of cross-border and transcontinental shipments.
- Transactions from known traffickers to individuals who then pay for couriers or packages via the post.
- Transactions for hired vehicles and domestic accommodation from known members of a trafficking syndicate who are not present in the country or region within a country.
- Third-party wire transfers/cash deposits to, or withdrawals by, known wildlife poachers and traffickers.

- Transaction references using specimen names or veiled speech.
- Transactions between licensed pet shop suppliers/breeders and known wildlife poachers and traffickers.
- Transactions to licensed pet shop suppliers/breeders that originate from overseas, and/or incommensurate with stated business activities.
- Large transactions to licensed pet shop suppliers/breeders where there is significant discrepancies between the animal/product ordered and the value of the good.
- International wire transfers from known wildlife traffickers to a relative's accounts as tuition, allowance, or family support payments.
- Large dollar wire transfers between wildlife farms and firms operating in inconsistent lines of business. Particular attention should be given to payments with firms that produce goods which may be used as "cover loads" to hide illicit wildlife products (e.g. manufacturers / traders of coffee, tea, beans, or used clothing).
- Payments between entities operating in disparate lines of business or who do not have the usual business operating expenses such as tax.
- Individuals or companies suspected of being involved, or linked to, IWT networks using accounts and addresses located in different countries.
- Middleman transactions – large incoming payments followed by smaller outgoing payments.
- Rental card transactions with two bookings close in time in neighboring countries.

## **APPENDIX C– LIST OF RED FLAGS AND INDICATORS THAT MAY SUPPORT FILING OF SAR/STR**

- Existence of illogical loans between trading or import/export companies.
- Large dollar wire transfers between wildlife farms and firms operating in inconsistent lines of business. Particular attention should be given to payments made to firms that produce goods which are used as “cover loads” to hide illicit wildlife products (e.g. manufacturers / traders of coffee, tea, beans, or used clothing).
- Suspicious wire transfers, especially where source, destination, and key transit hub countries such as Turkey, the UAE, Hong Kong and Singapore are involved.
- Transactions that mention wildlife-associated care or equipment.
- Convergence with Gold, Jewelry, Precious Metals, and Antiquities. Payments to gold, diamonds, or precious metals dealers or to precious metal trading business. Payments for wildlife shipping are often masked as payment for gold or to gold trading business. Source countries are looking for international transactions in gold that may be IWT payments.
- Large cash or other deposits, wire transfers, multiple cash deposits and withdrawals, and/or unexplained wealth from government officials working in forestry agencies, wildlife management authorities, zoo and wildlife park employees, or CITES Management Authorities (CMAs).
- Activity involving PEPs and wealthy businessmen/women, particularly those with environmental, forestry oversight, environmental or wildlife-related businesses.
- Airline passengers traveling on high-risk IWT routes on tickets paid for by a third party or in cash.
- Payments from companies/owners from industries using IWT products (including traditional medicine manufacturers, leather producers, auctioneers of wildlife products, exotic food providers [including butchers, chefs, stall holders wildlife markets and restaurants]) to known wildlife traders or their associates or other entities above that have been identified as involved in IWT.

## **APPENDIX D – DOCUMENTATION RED FLAGS**

- False names or addresses for importers and exporters on invoices and shipping documents (bills of lading (BoL), certificates of origin and quality certificates); in particular, matching addresses of carrier and shipper.
- Discrepancy between the gross weight or size of a commodity as reported on shipping documents or invoices and the cargo/cargo container's actual weight or size.
- Discrepancy between the description, transaction reference or value of a commodity in shipping documents and invoices and the actual goods shipped or actual value in payments made.
- Dubious or vague descriptions of commodities on shipping documents and invoices.
- Questionable paperwork such as duplicate certificate numbers, missing permit details, falsified signatures, especially anomalous, incomplete or suspicious CITES certificates.
- The size / volumes of the shipment and payments being dealt are too huge for unknown entities / traders who have no / limited digital footprints.

## ABOUT THE AUTHORS

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With c.23 years overall experience including 18 years in the Financial Crime arena, Nish leads the AML, ABC and Compliance Technology function in Group Compliance at Mashreq Bank. Prior to this role he was the Global Head of Transaction Monitoring at HSBC and held a number of leadership roles in anti-financial crime covering the Middle East and Africa at HSBC, Standard Chartered Bank and KPMG. Nish is a Chartered Accountant (India), Chartered Management Accountant (UK), and PGP holder in Data Science / Business Analytics from University of Texas, Austin, US. Nish represents Mashreq as a Member of the UAE Public Private Partnership Committee, was the Project Lead for Trade-Based Financial Crime in MENA region project commissioned by the MENA Chapter of the Global Coalition for Fighting Financial Crime. He is also Chair of the Digital Working Group under the UAE Public Private Partnership Committee.

### **SANCHIT KAPOOR**

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Sanchit has spent over 15 years navigating the intricate landscape of Financial Crime Compliance in the UAE. He has previously served in multiple roles in India with HDFC Bank, Kotak Mahindra Bank and American Express. With a foundation in software engineering combined with Diploma in Money Laundering from University of Manchester, Sanchit brings a unique blend of technical expertise and strategic acumen to the battle against financial crime. His unique skill set seamlessly bridges the gap between technology and regulatory intricacies.

## ABOUT MENA FCCG:

The MENA Financial Crime Compliance Group (MENA FCCG, [www.menafccg.com](http://www.menafccg.com)) is a voluntary body that seeks to bring collective action in the fight against money laundering and terrorist finance in the region. The Group comprises 13 banks representing eight MENA countries, including Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, and the UAE. The Group is presided over by Dr. Wissam H. Fattouh, Secretary General for the Union of Arab Banks while Michael Matossian is the current Deputy Chair.

The Group also seeks to enhance dialogue among public and private sector actors as the best medium for a more targeted and intelligent approach for responding to the changing face of financial crime. In November 2021, the Group officially launched a Europe Chapter at an inaugural meeting in London. The chapter aims to extend MENA FCCG's objectives to Europe by bringing together compliance professionals of Arab banks operating in Europe to enhance financial crime literacy and support implementation of best practices. The Arab Bankers Association acts as the strategic partner and the Chapter has entered a strategic alliance with Themis Services, a specialist financial crime consultancy.

## ABOUT UFW:



United for Wildlife (UFW, [www.unitedforwildlife.org](http://www.unitedforwildlife.org)) was founded by Prince William and The Royal Foundation in 2014 to protect endangered species from this abhorrent trade. At its core, United for Wildlife fosters global collaboration in the private sector to stop the trafficking of wildlife products. It does this through two Taskforces: a Financial Taskforce and a Transport Taskforce. These Taskforces bring together some of the world's largest businesses in the transport and financial sectors to break the chains of the illegal wildlife trade.

By sharing knowledge and information across sectors and between countries, United for Wildlife is transforming illegal wildlife trade prevention and the prosecution of those who profit from these crimes.

**Member Banks**



**MENA FCGG Strategic Partners and Alliances**

