

## POLICY BRIEF

# ILLEGAL WILDLIFE TRADE IN UGANDA

## TRACKING PROGRESS ON 'FOLLOWING THE MONEY'

### ABOUT THIS DOCUMENT

This policy brief aims to concisely communicate research findings from the RUSI Occasional Paper 'Illegal Wildlife Trade in Uganda: Tracking Progress on "Following the Money"' to policy actors working in and with Uganda. Based on research under the USAID Uganda Combatting Wildlife Crime Activity, the paper assesses the link between illegal wildlife trade (IWT) and illicit finance in Uganda and considers how effectively the country is responding to the financial dimensions of IWT.

Based on 35 semi-structured interviews with key stakeholders, a rigorous review of open-source literature and analysis of confidential information, the paper offers an in-depth assessment of experience in a single, critically placed jurisdiction. In doing so, it highlights lessons learned, analyses ongoing obstacles and makes targeted recommendations to enhance the response.





## BACKGROUND

Uganda's status as both a key source country and a regional transit hub for IWT makes it a critical case study to explore progress on the financial investigation of IWT. A 'one-stop shop' for regionally active criminal operators trading in illegal wildlife and engaged in laundering the proceeds, targeted action on the finances of IWT here is crucial.

The research in Uganda comes against the backdrop of enhanced global momentum around this issue. At a global level, with the Chinese presidency of the Financial Action Task Force (FATF) in 2019, IWT became a strategic priority and received recognition as a high-proceed generating offence.

Globally, the FATF has engaged with IWT while highlighting the extent of gaps in efforts to 'follow the money' generated by IWT. The FATF's recent review of 45 jurisdictions concluded that 'financial information is not being regularly or proactively collected, developed, and disseminated to initiate or support financial investigations into wildlife crimes'. To address this, in June 2020, the FATF urged countries to assess their exposure to IWT, ensure legislation allows for financial charges, and prioritise financial investigations in IWT cases.

Countries now face raised international expectations to track domestic progress against these actions. In October 2021, the FATF will ask jurisdictions and private-sector actors to report specifically on how they are responding.

## SUMMARY OF FINDINGS: THE LINK BETWEEN IWT AND ILLICIT FINANCE IN UGANDA

### Key Findings

- Little data exists on record on how money linked to IWT moves in Uganda: most investigations focus on the predicate offence, with financial investigations not routine.
- Limited typologies exist, with key knowledge gaps around the funding of IWT domestically and Uganda's role as an international conduit for IWT-linked illicit finance.
- Absent fuller official data, analysis of cases handled by the Natural Resource Conservation Network shows money linked to IWT moving in at least five ways: through the financial system; FOREX bureaus; mobile money services; trade-based money laundering; and cash.
- Corruption is key to the shape of illicit finance linked to IWT. With wealth stored in property, animals and land, it is crucial to 'follow the value', beyond a narrow focus on the money.
- Limited evidence exists to suggest that IWT in Uganda funds terrorist activity; neither the Lord's Resistance Army nor Allied Democratic Forces are likely to profit significantly.
- There has been insufficient focus on vulnerabilities associated with peace operations in neighbouring states, in terms of IWT and associated money laundering risks.

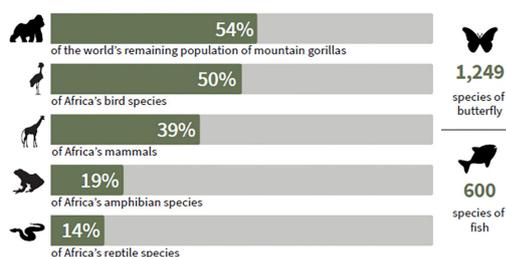
Often described as a country where East African savanna meets Central African rainforest, Uganda is of crucial importance to global biodiversity. A key driver of domestic poaching is that of sourcing meat, skins and other products for the domestic market. Further drivers include human-wildlife conflict and retaliatory wildlife crime, where communities do not feel benefits from wildlife tourism.

Yet, the threat to Uganda from IWT lies not only in the targeting of domestic wildlife. More significant from a global

perspective is the country's role as a transit hub for wildlife sourced elsewhere.

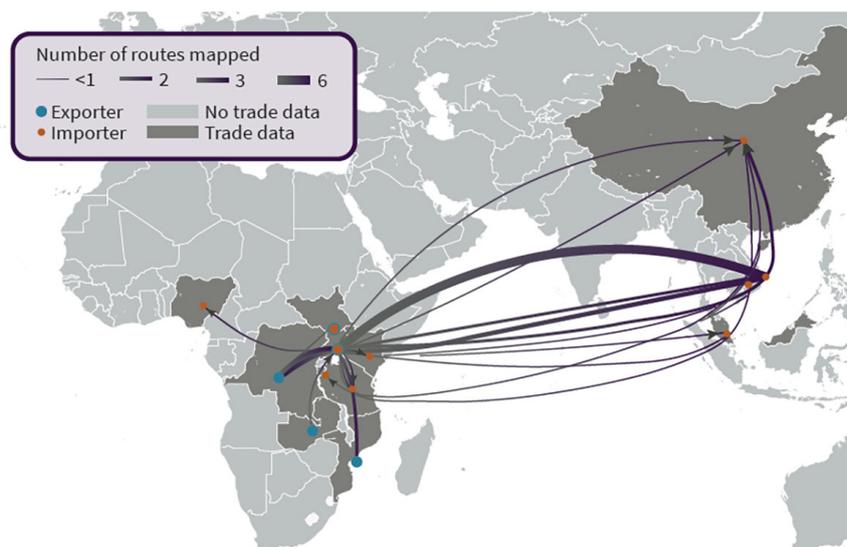
In 2016, CITES listed Uganda as one of 10 countries worldwide 'linked to the greatest illegal ivory trade flows since 2012'. While Uganda has since been downgraded to Category B and commended for 'achieving' its National Ivory Action Plans, seizure data points to the country's ongoing role as a transit hub for transnational flows of ivory, pangolin and hippo teeth.

Global Importance of Uganda for Biodiversity



Source: Alessandra Rossi, 'Uganda Wildlife Trafficking Assessment', TRAFFIC, April 2018.

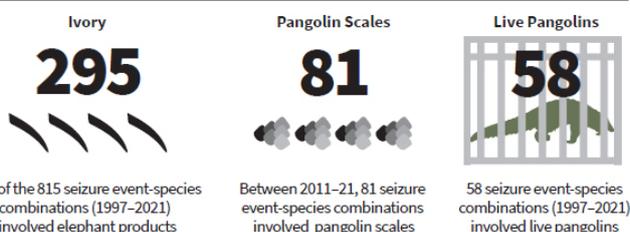
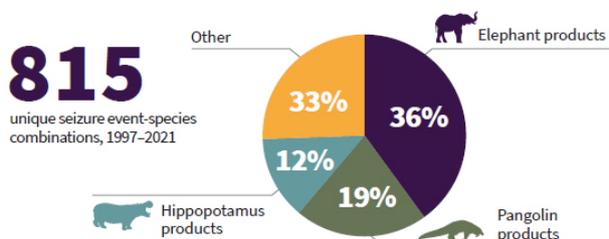
### Trafficking Routes Via or From Uganda for Ivory, Rhino Horn and Pangolin Scales



Source: Referenced in EIA intelligence reports (1 January 2018–30 June 2020), as mapped using TRAFFIC’s TradeMapper, 2018.

Analysis commissioned by the Environmental Investigation Agency (EIA), based on the integration of seizure data from EIA, TRAFFIC and NRCN databases, points to a total of 644 seizures between 1997 and February 2021 (after merging 131 duplicated records).<sup>1</sup> Of these seizures, 107 involved more than one species; as such, data was compiled for ‘unique seizure event-species combinations’, of which 815 were identified. Of these, 96% were recorded in the decade from 1 January 2011 to 12 February 2021. For the full database period, elephant products accounted for 36% of seizures (constituting over 64,253 kg), followed by pangolin (19%) and hippopotamus (12%).

#### Wildlife Seizures Involving Uganda



Source: DeeAnn M Reeder, ‘Wildlife Trade and Zoonotic Disease Risks in Uganda and DRC’, internal report, 27 May 2021, based on seizure data integrated from EIA, TRAFFIC and NRCN databases (containing data from 2000 to February 2021, 1997 to February 2021 and January 2015 to December 2020 respectively).

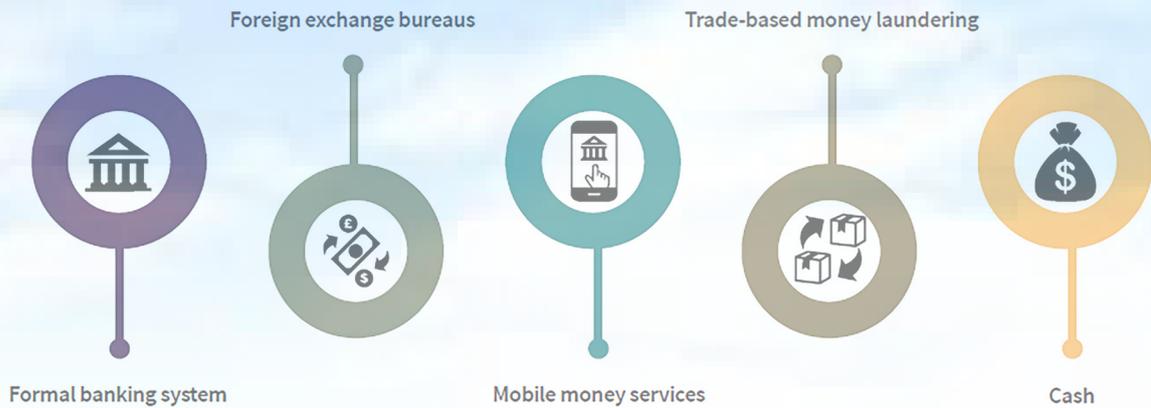
IWT activity in Uganda, as elsewhere, does not take place in isolation. It is enabled by associated criminal activity and triggers further illicit practices, from the movement of funds to arrange logistics to the laundering of proceeds. Yet financial investigation tools are not yet used routinely to tackle IWT. The result is a dearth of data on how money linked to IWT moves in the country. As such, the amounts of money linked to IWT in Uganda are poorly understood, as are the channels through which they flow.

Yet analysis of cases handled by NRCN since 2015 suggest that money moves in at least five ways. First, there is evidence that money linked to IWT moves through the banking system, which Uganda’s 2017 Money Laundering and Terrorist Financing National Risk Assessment (NRA) notes is ‘exposed to considerable ... risk’. Second, IWT-related payments are made via FOREX bureaus, which pose significant risks in terms of unlicensed activity. Mobile money represents a third payment method: used across

rural Uganda, with options to send funds internationally, these services offer multiple options to IWT offenders. A fourth method includes trade-based money laundering, with transactions disguised via the use of import-export and other companies, with the price, nature or quantity of goods misrepresented. Finally, IWT-related transactions are made in cash – unsurprisingly given Uganda’s traditionally cash-based economy and the financial system’s limited reach in rural regions.

<sup>1</sup> EIA’s database contains data on both in-country and international seizures from 2000 to February 2021. TRAFFIC’s database contains international seizure data from 1997 to February 2021, and NRCN’s database contains records of mostly in-country seizures from January 2015 to December 2020. See DeeAnn M Reeder, ‘Wildlife Trade and Zoonotic Disease Risks in Uganda and DRC’, internal report, 27 May 2021.

## How Money Linked to IWT Moves in Uganda



Source: Author generated.

For large-scale, international transactions, the banking system and FOREX bureaus appear to be favoured. Smaller transactions more commonly occur through cash or mobile money. At park level, amounts are typically small: to enable poaching, cash is used to purchase wire snares from local smiths. Up the chain, trade in higher-value wildlife products involves larger amounts, with Uganda-specific price data obtained by EIA shown below. At all levels, corruption is key to the shape of illicit finance linked to IWT. With relationships maintained in multiple ways, in Uganda, it is crucial to 'follow the value': a focus on 'what is in the bank' must be replaced by an assessment of where many Ugandans keep money – in property, animals and land.

## Price Ranges Quoted by Uganda-Based Wildlife Traffickers Seeking International Buyers



Source: Environmental Investigation Agency.

On the question of terrorism financing, the paper finds that neither the Lord's Resistance Army nor the Allied Democratic Forces is likely to profit significantly from IWT, in a Ugandan or regional context. This owes to their position early in the chain, in borderlands with limited infrastructure (rather than on established global trade routes). Any moneys generated at these early stages would be limited, even if involvement in IWT were large in scale. Instead, the research points to the urgent need for in-depth analysis of potential involvement in IWT by members of national and international military contingents deployed as part of peace operations to contain the security threat posed by such groups.

**SUMMARY OF FINDINGS: UGANDA'S RESPONSE TO IWT AND ILLICIT FINANCE**

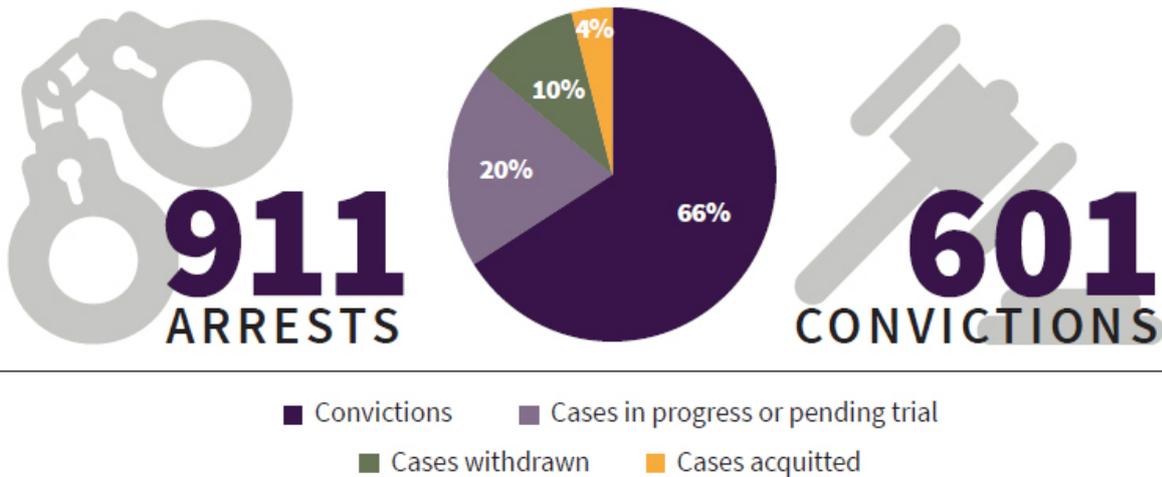
**Key Findings**

- Uganda has taken tangible steps to strengthen action against the predicate offence of IWT and associated finances, exhibiting dynamism and leadership in this area.
- Key advances include coverage of IWT in Uganda's Money Laundering and Terrorist Financing National Risk Assessment; the creation of multi-agency structures encompassing agencies such as the Financial Intelligence Authority (FIA); and increasing consultation of these agencies on IWT cases.
- This has not always led to criminal justice outcomes: despite strong progress on convictions for IWT offences, Uganda has never seen a conviction for associated money laundering.
- Obstacles to more effective use of financial tools include technical capacity gaps, insufficient Uganda-specific typologies, corruption and as-yet limited private-sector engagement.
- The result is often that financial leads go unfollowed, accomplices go unidentified, and provisions to freeze and seize the proceeds of crime go unused.

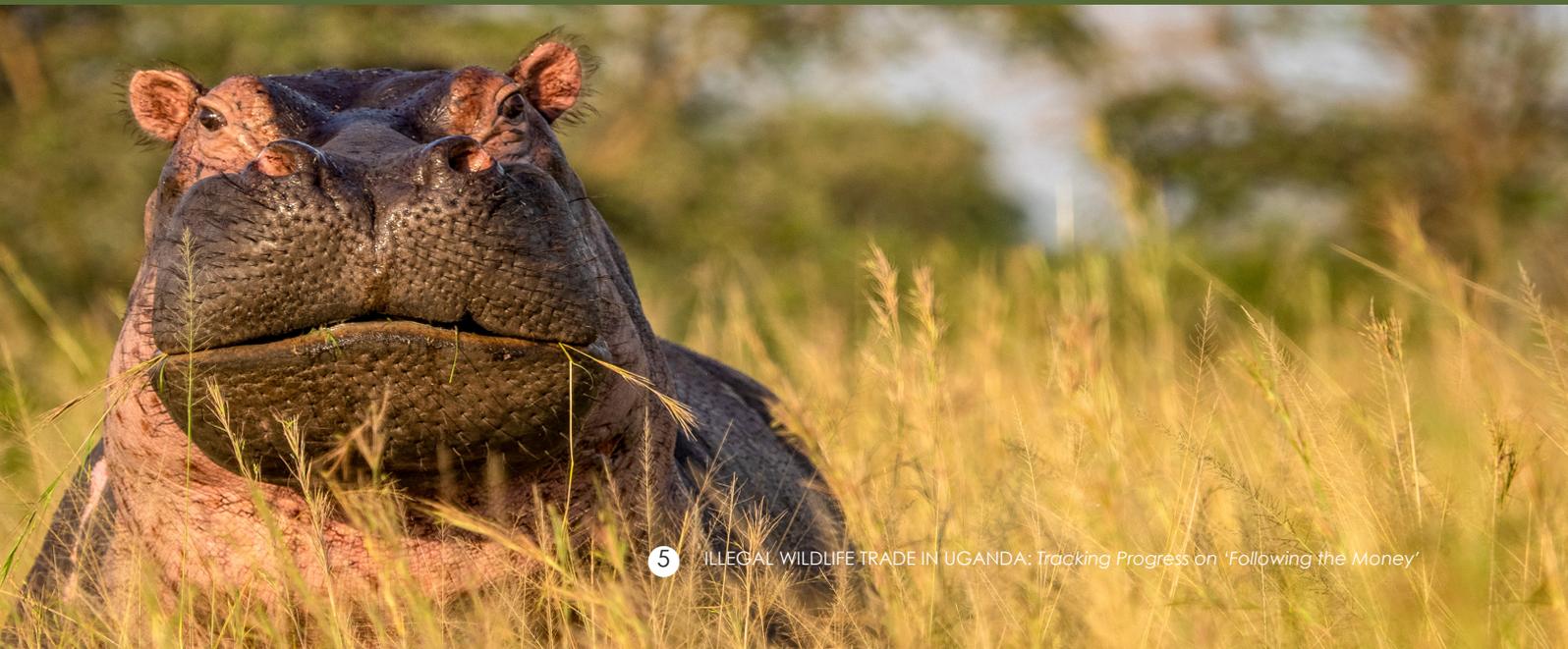
Uganda has taken tangible recent steps to strengthen action against the predicate offence of IWT and associated finances. The passage of the Uganda Wildlife Act 2019 points to a determination to treat IWT as a serious crime, bringing legislation to the level of that in neighbouring Kenya and Tanzania. In parallel, the establishment of the Standards, Wildlife and Utilities Court represents an effort to tackle obstacles where

IWT cases are handled by prosecutors and judicial officers with a generalised mandate. These developments have been accompanied by significant momentum at enforcement level. NRCN continues to see significant success in disrupting IWT, benefiting from an innovative model allowing a specialised NGO to investigate and prosecute on behalf of government.

**Record of NRCN Investigations and Prosecutions, January 2015–June 2021**



*Source: NRCN data on long-term key investigation and prosecution indicators.*





On the financial side, key developments include coverage of IWT in the country's 2017 NRA; the establishment of multi-agency structures encompassing agencies with expertise in countering financial crime; and the increasingly regular consultation of the FIA during IWT investigations. A number of multi-agency initiatives have bolstered the momentum behind these developments, including the formation of the National Wildlife Crime Coordination Task Force (NWCCTF) and an operational-level Joint Financial Investigations Team. These are positive developments, which have seen Uganda recognised for its leadership in this area.

Yet, these innovations have not always led to criminal justice outcomes. While wildlife products continue to be seized and significant progress has been made in convicting IWT offenders, Uganda has not seen convictions for associated money laundering. As a result, in the case of IWT, the country's comprehensive framework to address money laundering continues to go unexploited. In most cases, provisions to

seize proceeds of crime go unused, with criminal assets unconfiscated. This means that IWT offenders can continue to enjoy the financial fruits of their endeavours. Meanwhile, additional suspects, accomplices and players in associated criminality continue to go unidentified.

The research identifies a range of obstacles to greater progress on 'following the money' linked to IWT in Uganda. A first challenge in launching financial investigations concerns a lack of capacity and technical expertise. Capacity challenges may include limited awareness of the techniques required to obtain financial information, the fundamentals of conducting financial analysis and requirements for effective case preparation. Meanwhile, limited efforts have been made to conduct closed case reviews, whereby historic IWT cases are revisited for financial leads that may have gone unaddressed.

A further obstacle to conducting effective financial investigations lies in ensuring effective inter-agency

cooperation. While numerous inter-agency structures have been developed with external support, these have often suffered due to overlap, lack of donor coordination, and lack of clarity on intended purpose. The result, at times, has been confusion over which structures to use when and how, and which should focus on policy versus operations.

Further obstacles persist around a lack of trust between agencies, corruption and direct involvement of staff from key agencies in IWT offences. These challenges manifest prominently in relation to financial investigation, which involves sensitive enquiries into those through whose hands money linked to IWT moves. A lack of systematic engagement with IWT by the country's anti-corruption agency – the Inspectorate

of Government – poses further obstacles in this regard.

A final challenge in the Ugandan context links to relatively weak engagement by the private sector on the topic. This manifests in relatively low levels of suspicious transaction reports filed by the regulated sector relating to IWT. While financial institutions and other reporting entities are legally required to be alert to the risk of facilitating illicit financial flows linked to IWT and report suspicions to the FIA, a number of factors may limit this activity in practice, including a lack of awareness of the threat and of clear red flags in the Ugandan context.

## THE WAY FORWARD

Experience in Uganda paints a mixed picture, with practical efforts to investigate illicit money flows linked to IWT met with challenges. If these obstacles can be addressed, current momentum could have highly positive results: if key challenges can be overcome, financial investigation in Uganda, as a key transit hub, could have a transformative impact on the wider regional IWT system. The paper thus offers recommendations to build on progress to date.

- Advance Uganda-specific typologies. With Uganda occupying a unique space in the regional IWT supply chain, relevant entities should develop further typologies and red flags that reflect the country's position and specific risk indicators, to direct public and private sector resources.
- Consider risks posed by national and international security operations. Dedicated analysis should consider how far the supporting architecture around large-scale peace operations regionally should be considered a potential IWT and money laundering risk.
- Provide technical assistance and mentorship. Dedicated on-the-job mentorship must be provided to equip those responsible for disrupting IWT with the financial investigation skillset required, empowering investigators with the techniques to analyse financial information.
- Provide dedicated mentorship on case preparation. Mentorship should be provided to ensure that officials are aware of requirements in terms of case preparation for court, with the correct evidence is collected, in the correct ways, to allow successful money laundering prosecutions.
- Conduct reviews of closed IWT cases. Historic IWT cases in Uganda should be revisited to establish financial leads that have gone unaddressed. This presents a crucial capacity-building opportunity, while potentially presenting operational opportunities.
- Clarify the role of inter-agency structures. A variety of inter-agency structures have been established in Uganda. A clear national strategy is required to establish which structures should be used for which purposes when it comes to parallel financial investigations.
- Establish mechanisms to enhance donor coordination. Uganda presents a case study of the results where donors fail to coordinate. A similar mechanism to the NWCCTF must be implemented to prevent conflicting external programming on the finances of IWT.
- Develop case studies of 'what works'. To counter a perception of financial investigations as 'too difficult', a body of successful case studies must be developed, in Uganda and beyond, documenting how cases were built, evidence collected and convictions achieved.
- Bolster private sector action. Action should be taken to equip private sector actors in Uganda with the awareness required to identify suspicious transactions linked to IWT, including regular provision of information on evolving Uganda-specific trends and typologies.
- Support transnational cooperation. With illicit finance linked to IWT operating across borders, awareness must be raised of the need for agencies to coordinate internationally, with dedicated support provided to financial investigations extending beyond Ugandan borders.
- Prioritise preventive measures. Financial tools are ultimately reactive and must be matched with proactive measures prior to wildlife harvesting. Alongside the Uganda Wildlife Authority and Ministry of Tourism, Wildlife and Antiquities, preventative messaging should be issued by the Ministry of Gender, Labour and Social Development; Ministry of Local Government; and Ministry of Information and Communications Technology and National Guidance.



Find Full Document Here:  
<https://static.rusi.org/295-OP-IWT-Uganda.pdf>

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