



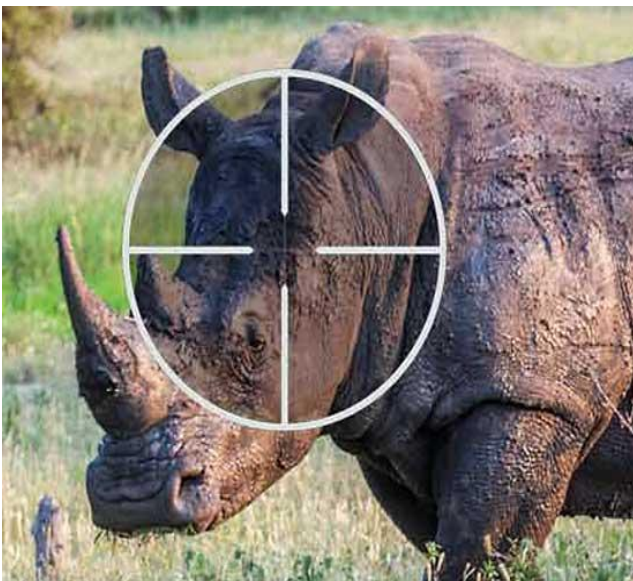
Republic of Namibia

Financial Intelligence Centre

**TRENDS AND TYPOLOGY REPORT NO 1 OF 2017**

**RHINO AND ELEPHANT POACHING, ILLEGAL TRADE IN RELATED WILDLIFE PRODUCTS AND ASSOCIATED MONEY LAUNDERING IN NAMIBIA**

**JANUARY 2017**



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### III. LIST OF ABBREVIATIONS AND ACRONYMS

AfRSG	African Rhino Specialist Group
AML	Anti-money laundering
CITES	Convention on International Trade in Endangered Species
CoP	Conference of Parties (CITES)
DEA	Department of Environmental Affairs (South Africa)
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
ETIS	Elephant Trade Information System
FIC	Financial Intelligence Centre (Namibia)
FIU	Financial intelligence unit
ITW	Illegal trade in wildlife
IUCN	International Union for Conservation of Nature
MET	Ministry of Environment and Tourism (Namibia)
MIKE	Monitoring the illegal killing of elephants
MVT	Money or value transfer
NAMPOL	Namibian Police Force
PRU	Protected Resources Unit of the Namibian Police
RhODIS	Rhino DNA Index System
TRAFFIC	Trade Records Analysis of Flora and Fauna in Commerce
UNEP	United Nations Environmental Programme
UNODC	United Nations Office on Drugs and Crime
WMA	Wildlife management areas

# **CHAPTER I: INTRODUCTION TO THE STUDY**

## A. Background

Although, broadly understood, wildlife includes marine-based wildlife and resources, this study is confined to illicit dealings with land-based wildlife, particularly rhino and elephant poaching.

Poaching refers to the “illegal shooting, trapping or taking of game or fish from private or public property” (West's Encyclopaedia of American Law 2008). The United Nations Environmental Programme (UNEP) defines illegal trade of wildlife as “theft of sovereign natural capital” (UNEP 2014: 1). The international body estimates a total loss of USD 48 to 153 billion per annum of natural capital through illegal trade of wildlife including forest products globally. UNEP also notes:

“This theft of sovereign natural capital affects the resource base for local communities. The illegal trade in wildlife is therefore a barrier to sustainable development, involving a complex combination of weak environmental governance, unregulated trade, loopholes and laundering systems used to conduct serious transnational crime, and undermining government institutions and legitimate business (UNEP 2014).”

More than 40% of Namibia’s surface area is under conservation management. While private ownership of white rhinos is permitted, the state owns all black rhinos. Namibia is famous for her community conservancies, which employ former poachers as wildlife guards. Community-based conservancies are integrated into the tourism and hunting industries with local communities benefitting. The statement below, made by the Minister of Environment and Tourism underscores the growing trend in rhino and elephant poaching activities:

*“Ninety-five black rhinos and eight white rhinos have been poached in Namibia ... from 2005 to 03 June 2015”*

The Minister of Environment and Tourism, as quoted by *The Namibian Newspaper*, 03 June 2015

Namibia has vast resources in wildlife, which during the last few years have seen unprecedented targeting by both individuals and syndicates involved in poaching and other illegal wildlife activities. This typology project focused on rhino and elephant poaching and related illegal trade in rhino horns and ivory as well as the associated money laundering risks in Namibia. As a general proposition, every successfully completed economic crime presents an opportunity to launder the proceeds of such crime. Depending on the nature of the commodity and the prevailing regulatory regime, the crime may result in the loss of revenue to the state and/or private individuals. Whether money laundering will ensue, and if so, the level of laundering, however might depend on such factors as the capacity of the offenders, the capacity of the law enforcement to interrupt them and the quantum involved.

The Financial Intelligence Centre (FIC) presents this report which is an outcome of its analysis on poaching and related crimes such as laundering of related proceeds as well as recommendations of best practices to help mitigate these risks.



The extent of loss sustained by Namibia on account of illicit trafficking of wildlife is not always reliably quantified, mainly because of the lack of comprehensive, reliable and current statistics. Records presented by the Ministry of Environment and Tourism at the 'National Stakeholder Consultative Workshop on Law Enforcement and Wildlife Crime Prevention', held in Windhoek, from 08 to 09 May 2014 gave an example of economic losses for rhino and elephant poaching as follows: NAD 141,506 for two rhino horns (possibly from one and NAD 7 million for 42 elephants poached in 2012.

Loss is evidently both direct and indirect. Direct losses would be the value on the lawful market that would have accrued to the state and/or individual victims from the undeclared disposal of the product. In the case of products that are illicitly traded, working out such value is not straightforward. The value that tends to be cited is the street value, which is probably at variance<sup>1</sup> with the value on the legitimate market. Another related complication is that the street value may represent the price that could be earned for a product in its unprocessed form.

In June 2015, the Minister of Environment and Tourism, Honourable Pohamba Shifeta, when releasing the outcome of tests conducted on the rhino and elephant carcasses discovered since 2014, amongst others, highlighted the following trends:

- a. Namibia is home to the largest black rhino population in the world and the country should maintain this record by protecting its natural heritage;
- b. That Namibia had lost 78 elephants and 24 rhinos to poaching in the 2014 calendar year;
- c. By June 2015, the country had already lost 68 rhinos (62 in the Etosha National Park and 4 in the Kunene Region);
- d. 23 elephants were poached by June 2015 (21 were poached in the Bwabwata National Park and 2 in the Mashi Conservancy in Zambezi region).

If one considers that Namibia only lost 16 rhinos to poaching activities from the period January 2005 to December 2013, the numbers lost in the years 2014 and 2015 (as cited above) indicate a spike or worrying trend in rhino and elephant poaching activities locally.

Illicit wildlife (including wildlife products) trafficking is one of the most lucrative types of transnational organized crime today, with annual revenues estimated to be between USD 7.8 billion and USD 10 billion per year<sup>2</sup> (excluding fisheries and timber). These illegal proceeds are suspected to be laundered into the financial systems worldwide.

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<sup>1</sup> Lawson & Vines, in a 2014 report published by Chatham House, contend that rhino horn could fetch up to USD 66,139 / kg on the Chinese black market.

<sup>2</sup> According to a report by US-based strategy and policy advisory firm Dalberg. Report titled: *Fighting illicit wildlife trafficking - A consultation with governments*, conducted by Dalberg. Accessible at: [http://www.dalberg.com/documents/WWF\\_Wildlife\\_Trafficking.pdf](http://www.dalberg.com/documents/WWF_Wildlife_Trafficking.pdf)

Common to rhino and elephant poaching is its localized and cross-border phenomenon which is often orchestrated by well organised, sophisticated and at times heavily armed poachers. The cross border nature of poaching puts the illegal activity beyond the capacities of most governments where wildlife products are harvested, Namibia included. Poaching invariably transcends into illegal wildlife trade which has been associated with well organised crime groups or syndicates which have amassed significant resources through the unlawful trade and the complex laundering of the proceeds of crime. The resources include; large amounts of disposable cash, modern technology and the established corrupt transportation routes<sup>3</sup>.

Azzedine Downes, a researcher on wildlife poaching, in an article titled; *“When it comes to poaching, hate the crime not the criminal”*, highlights factors contributing to wildlife poaching as being: the amounts of money generated, the low risk of arrest, the lenient penalties, the killing and thefts which are done quickly, the inexpensive and minimal social stigma associated with the crime (compared to other crimes such as murder, robbery, kidnapping, etc). The FIC, through this study found indications which may support the above factors as contributing to the ever increasing incidences of wildlife poaching and associated illegal wildlife trade in Namibia.

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<sup>3</sup> See case Study 11 of this report

## **B. Executive Summary**

This typology report is centred on the poaching, trafficking and the movement of proceeds thereof (illegal trade), in Namibia and consumer countries of rhino horns and ivory such as the Asia Pacific Group (APG) member countries. Given the significant demand for rhino horns and ivory, it is clear that there are significant illicit financial flows associated with these crimes. Such financial flows constitute proceeds of crime, and thus fall within the ambit of money laundering. There is a risk of such proceeds being used in other illicit activities locally or abroad.

The major finding is that wildlife crimes, particularly rhino and elephant poaching are escalating at alarming levels, with extinction being a reality in future. The study further found that a number of vulnerabilities in wildlife crime combatting frameworks across the various stakeholders in Namibia are exploited by syndicates committing these crimes. The most common shortcoming highlighted as a hindrance to adequate and effective enforcement efforts is the general lack of resources for the various wildlife crime investigators and stakeholders, with the conduct of corrupt public officials being cited as another contributing factor.

The study found that there is a growing demand for wildlife and wildlife products mostly in the Asian countries. In an effort to supply this demand, it came to the fore that organized transnational criminal syndicates have created networks that facilitate the execution of poaching and related wildlife crime activities and the trafficking of wildlife and wildlife products from Namibia, along with other African countries, to consumer destinations primarily in Asia. These networks involve the recruitment of locals who are into poaching activities for minimal financial rewards, the bribing of authorities at crucial points of entry and exits such as border posts and airports to help facilitate the smuggling of wildlife products which ultimately compromises border security.

It is however worth noting that despite the reviewed case studies indicating a lucrative business with significant financial gains in trading wildlife products such as ivory, almost all cases reviewed could not provide details on illicit financial flows such as methods and techniques used to fund poaching activities. Additionally, the study could not obtain data and information related to methods used to pay for the wildlife products by end users and/or kingpins of the organized criminal syndicates, in the consumer countries. This lack of related financial information in itself may explain why relevant authorities did not provide any data on successful wildlife crime investigations as requested for this study. It is therefore not surprising that of the cases brought to court, there is little evidence to support the laying of money laundering charges or which identify the syndicate kingpins or masterminds involved. In all cases prosecuted locally, there has not been money laundering convictions, let alone such charges laid against involved persons. The norm is that accused persons are usually charged for the predicate offences of poaching or/and with being in possession or dealing in protected resources.

FATF Recommendation 30<sup>4</sup>, amongst others, states that in all cases related to major proceeds-generating offences, the designated law enforcement authorities should develop a pro-active parallel financial investigation when pursuing money laundering, associated predicate offences and terrorist financing. The Recommendation further expects that such should include cases where the associated predicate offence occurs outside their jurisdictions. This should therefore lead to expeditiously identifying, tracing and initiating actions to freeze and seize property that is, or may become, subject to confiscation, or is suspected of being proceeds of crime.

The study equally found that there are hardly STRs reported at the FIC, relating to wildlife crimes, which speaks to the limited support that the FIC provides to investigative operations. It goes without saying that despite the transnational nature of wildlife crimes, Namibia has generally reported poor international cooperation as an area of concern in the combatting of wildlife crimes.

The study reviewed counter wildlife trafficking efforts in Asian countries, as destinations of wildlife and wildlife products. It is worth noting that information requested from most of the countries identified as the primary consumers of illegal wildlife products harvested from Namibia specifically and the southern Africa region has not been provided by the relevant authorities in those countries. In two of the countries where rhino horns and ivory are consumed, it was surprising to find that these countries have only criminalised possession of wildlife and wildlife products, if they originate from within their jurisdictions. This means that being found in possession of wildlife and wildlife products from Africa in these countries is not a criminal offence.

Despite the various counter wildlife trafficking laws in most Asian countries advocating for investigative authorities to liaise with and involve the countries of origin of the wildlife and wildlife products seized or found in their jurisdictions, there were hardly any cases provided by such jurisdictions to show if this is indeed happening. In all cases provided for this study, by Asian countries, the wildlife crime investigations have not engaged with relevant authorities in Namibia and the seized wildlife products such as rhino horns and elephant tusks are destroyed, if not preserved for local state museums. These factors point a need to strengthen international cooperation, with the aim of enhancing enforcement efforts both locally and in consumer jurisdictions.

### **C. Objectives**

The objectives of this study are:

- To determine the magnitude of rhino and elephant poaching, its illegal trade and other related wildlife crimes in Namibia;
- To determine the major underlying reasons for rhino and elephant poaching, its illegal trade and other related factors;

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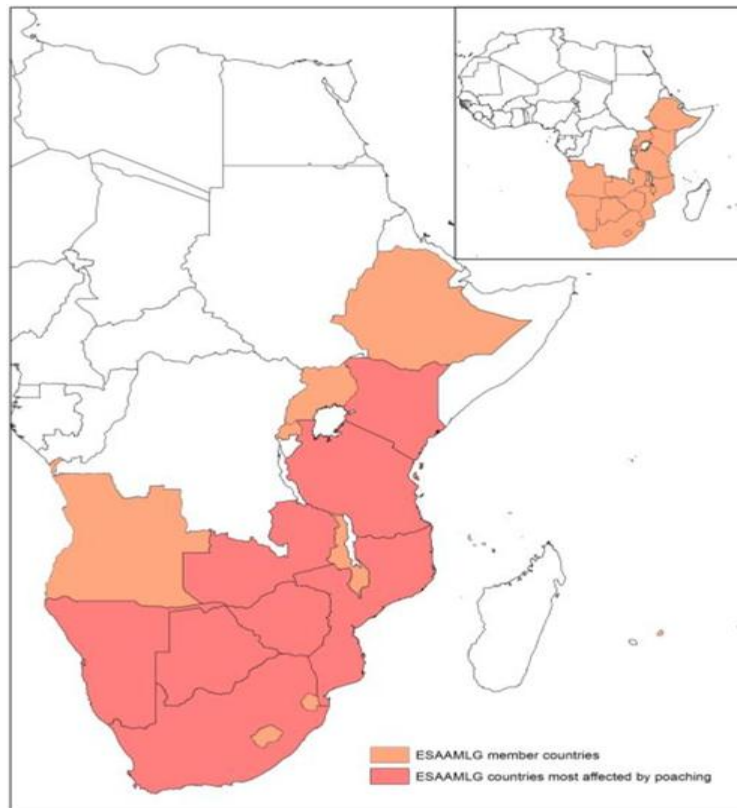
<sup>4</sup> The International standards on combating Money Laundering and the Financing of Terrorism & Proliferation, The FATF Recommendations, February 2012. Namibia's national Anti-Money Laundering efforts (like any other country) is evaluated to determine the extend to which it complies with these international obligations reflected in the Recommendations.

- To determine the major sources of funds used to finance rhino and elephant poaching and related illicit activities;
- To determine how poaching crimes are organised, establish who is involved, where the crimes are most concentrated and possible reasons;
- To establish the trends in payment methods, ways of tracing the proceeds and how they are eventually laundered and whether there has been an effective confiscation/forfeiture regime for these crimes in Namibia;
- To establish the extent of the prejudice (both in monetary and wildlife resource value) to government and private individuals;
- To recommend measures that could enhance current wildlife crime combatting activities (policy, domestic institutional arrangements, legal framework, etc.);

## **D. Methodology**

### **i. ESAAMLG Typology Report**

Based on a decision at the 14<sup>th</sup> Meeting of the ESAAMLG Council of Ministers, the ESAAMLG member country FIUs commissioned a study on 'Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region'. The study was commissioned to help determine the extent of harm caused by criminal activities that threaten animal species in the seventeen member countries, particularly Botswana, Namibia, Tanzania, South Africa, Uganda, Zambia, Zimbabwe and Kenya. The study was undertaken by ESAAMLG member FIUs, under the leadership of the Namibian FIU (The FIC). A report was published entitled 'A Special Typologies Project Report on Poaching and Illegal Trade in Wildlife and Wildlife Products' and is available on the FIC and ESAAMLG websites.



**Figure 1: Map highlighting ESAAMLG countries most affected by rhino and elephant poaching**

The ESAAMLG project team worked jointly with the ESAAMLG Secretariat to develop a comprehensive questionnaire that was distributed to all ESAAMLG member countries in November 2014. Another questionnaire was sent to Asia-Pacific Group member countries for which some responses were received, albeit minimal. Together with information obtained from open sources, the responses received to the questionnaires form the basis for the findings of this country report on Namibia.

Existing information and datasets formed the backbone of the approach in this study. Several methods were used, including: Key person interviews, collation and analysis of national level statistical data on wildlife crime, evaluation of national regulatory frameworks (laws, control measures, and enforcement), a literature review of existing reports and journal articles. This country report on rhino and elephant poaching and related money laundering activities in Namibia was based on specific analysis of relevant observations and findings sourced from Namibian authorities as part of the regional ESAAMLG project. The information collection commenced in November 2014 and lasted until early 2015.

**ii. Approach in sourcing data**

Where available, national level statistics for recent years were compiled and assessed (given the constraints of successfully recording illegal activities).

Interviews were held with:

- **State actors:** Ministry of Environment and Tourism, national parks authorities, law enforcement, justice sector, trade and commerce, customs and border security officials.;
- **Civil society:** Experts from the private sector, civil society and the media;
- **Regional experts:** Representatives from the international community and recognized regional experts;
- **Poachers, traffickers and those vulnerable to recruitment:** key informants with direct experience in poaching and environmental crime and members of the national prison population serving sentences for involvement in poaching or environmental crime; and
- **Private security and intelligence actors:** private sector entities and individuals who are involved in anti-poaching operations and intelligence gathering on behalf of private and/or public actors and NGOs.

The project team was cognisant of the challenges associated with collecting information related to illegal activities – whether related to specific poaching activities, or to corrupt practices on the part of some officials. To mitigate such challenges, every effort was made to: a) ensure anonymity of informants where requested; b) adjust for inaccuracies in reporting, and c) remove any national identifiers when reporting issues of corruption that may be problematic for certain stakeholders.

#### **E. Gaps (limitations) in the study**

This report should be read along with the ESAAMLG typology report (2016) which contains a more detailed presentation on findings relating to, amongst others, literature reviews and other research findings on areas relating to rhino and elephant poaching and illicit activities.

Given the FIC's standing as an authoritative body on Anti-Money Laundering (AML), Combatting the Financing of Terrorism and Proliferation activities (CFT & CFP) in the country, the planning of this typology project deliberately centred on understanding the illicit financial flows related to the stated wildlife crimes, in addition to relevant matters relating to the predicate offences and related trafficking. The focus on poaching activities (not directly related to financial aspects) was only to the extent that it would help create and understanding of possible illicit financial flows related to such activities, and may thus not be extensive.

The study's findings indicate that despite rapidly increasing criminal cases involving wildlife, information on the illicit financial flows driving the crimes, both on the demand and supply sides is not available, or could not be acquired, or understood which limited presentation on the following:

- a. **Source of funds:** an understanding of how and where funds are generated to fund the organized rhino and elephant poaching criminal activities in Namibia;
- b. **Financial flows:** an understanding of how funds are moved along the formal or informal financial systems in organized crime networks involved in the said wildlife crimes; and
- c. **Payment methods:** indication of how (methods and techniques) funds are channelled to retailers of ill-gotten wildlife products by consumers of such products (payment methods).

The study equally found that law enforcement investigations, in Namibia and other southern African countries faced with this challenge were primarily focused on the poaching activity as a predicate offence and hardly considered investigating the illicit financial flows related to these crimes. The fact that the Namibian FIC did not indicate receiving any STRs (apart from IRDs<sup>5</sup> etc) relating to the stated wildlife crimes further supports the limited scope of wildlife crime investigations. From cases reported by law enforcement, the overwhelming indication of the preferred payment method, particularly between poachers and traffickers (or other role players) was *cash on delivery* of the wildlife products. The mere fact that authorities do not have an understanding of related illicit financial flows is worth noting and highlights an area that needs significant improvement.

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<sup>5</sup> IRDs – Information Requests Domestic (for requests from local law enforcement)



# **CHAPTER II: DETAILED FINDINGS AND OBSERVATIONS**

## **1. Rhino and elephant poaching activities**

### **1.1 National risk of rhino and elephant poaching activities in Namibia**

In order to understand the risks of rhino and elephant poaching and related wildlife activities, the Ministry of Environment and Tourism indicated that Namibia had undertaken a risk assessment to help it understand relevant threats and vulnerabilities and inform the implementation of combative measures. The rhino and elephant poaching risk was at the time (December 2014) rated to be **“Low to very low risk”**, by the Ministry. The primary reason cited for this risk rating was the low number of known poaching activities at the time.

When compared to other countries in the ESAAMLG region, there appears to be a positive correlation between countries which cited a high risk rating of wildlife crimes and the actual rhino and elephant poaching activities in such countries. For example, countries such as Tanzania, Kenya and South Africa rated this risk as high and have generally experienced a higher rate of actual poaching activities compared to other countries in the region.

To illustrate this correlation between a country’s risk rating levels and the rate of wildlife crimes, the study also compared official risk ratings from the relevant authorities with open source information on wildlife crimes. In furtherance of this, the known information at hand may suggest that if a rhino and elephant poaching risk assessment is undertaken in Namibia, at present, the risk rating could be higher than previously stated.

It is equally important to note the findings of the National Money Laundering and Terrorism Financing Risk Assessment undertaken by Namibia in 2012. This was done under the leadership of the FIC and did not include specific considerations of wildlife crimes (including related financial flows) or rhino and elephant poaching threats and vulnerabilities. The current revisions of the said National Risk Assessment have included reviewing wildlife crimes in its scope.

Despite the low risk ratings for rhino and elephant poaching activities, the authorities indicated that their understanding of the primary poaching hotspots around Namibia generally inform their combatting efforts, strategically and operationally. This understanding is best demonstrated by the deployment of Namibian Defence Force members to anti-poaching operations, particularly in the Zambezi region where the most poaching activities are said to be occurring.

### **1.2 Wildlife poaching in Namibia**

Namibia was the first African country to incorporate environmental protection into its Constitution and today more than 40% of the country’s surface area is under conservation management. While private ownership/custodianship of white rhinos is permitted, the state owns all black rhinos. A successful custodianship programme was developed to grow rhino range (total area available for rhino conservation) and spread the risk of poaching and disease. Namibia is famous for her community conservancies, which employ former poachers as wildlife guards. Community-based

conservancies are integrated into the tourism and hunting industries with local communities benefitting. Namibia's Community-based Natural Resources Management (CBNRM) programme has three pillars: natural resource development; institutional development and governance; and business, enterprises and livelihoods. Namibian conservancies offer employment to 1,544 people on a full-time basis and another 6,000 on part-time contracts in 2016 (Interview with MET official, 2015). The greatest number of black rhinos – approximately 1 850 animals – survive in Namibia. After South Africa, Namibia holds the second greatest number of rhinos within her borders. Community-based conservation initiatives led to positive growth rates after a period of severe poaching during the border wars of the 1970s and 1980s.

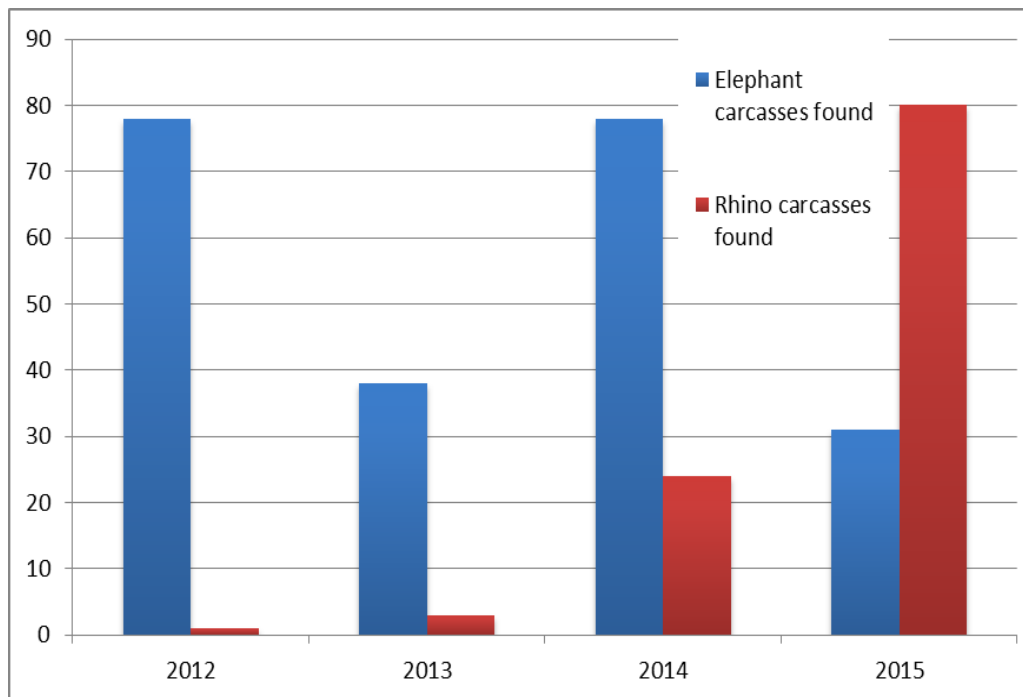
As recently as 2012, Namibia appeared immune to the scourge of rhino poaching that was affecting South Africa (see for example: Shipanga 2012). The head of the Protected Resources Unit (PRU), a unit within the Namibian Police Force (NAMPOL) that specializes in wildlife trafficking cases (Interview, 2015) stated that; "We thought we were safe. We thought it would never happen here." Conservationists were convinced that the success of community conservancies, the geographic spread and the remoteness of rhino populations had kept rhino poachers at bay. Unfortunately these good fortunes changed in 2014 when 24 rhino carcasses were discovered in the north-western desert regions<sup>6</sup> (as per Figure 1).

Poaching trends continued in an upward fashion with a further 80 carcasses discovered during the course of 2015. The remote Zambezi region has also been the site of elephant poaching. Located adjacent to international borders with Angola, Botswana, Zambia and Zimbabwe, geography and opportunity structures provide ideal conditions for poachers and traffickers. The rural nature of the narrow Zambezi region with its porous borders, with several neighbours in close proximity to each other, means that it is easy for poachers to enter and leave the area without much risk of detection. For example, there are opportunities for unofficial border crossings, as natural borders such as rivers are difficult to monitor and to patrol. This is compounded by the presence of skilled cross-border smuggling networks, corrupt border officials<sup>7</sup> or the limited capacity (possibly resources) to enforce border control. With more than 9,100 residential elephants and 30,000 migrating elephants, according to 2013 data, elephant poaching was not a serious issue until recently. In 2010 and 2011, the numbers of elephant poached in isolated cases were four and six respectively. However, in 2012 the situation changed. Since then, poachers have killed another 127 elephants (as at December 2015). Namibian authorities do not share rhino and elephant population numbers; information was however gleaned from a report submitted to the AfRSG in 2013.

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<sup>6</sup>An additional three rhinos were wounded during botched poaching attempts in 2014. One of the rhinos had to be put down.

<sup>7</sup>This was explained by Officials in the PRU, who preferred not be named. We are however not aware of any border officials convicted of having facilitated wildlife trafficking activities. At the time of reporting, Case Study 11 of this report was still pending in court.



**Figure 2: Illegal rhino and elephant killings in Namibia, 2012 to 2015 (data provided by the Protected Resources Unit in December 2015)**

### 1.3 Local increase in rhino poaching despite decreased poaching activities in neighbouring countries

The southern white rhino is currently listed as “near threatened” on the International Union for Conservation of Nature (IUCN) Red List (IUCN 2012a). With approximately 5,000 animals remaining in the wild, the IUCN categorizes the black rhino species as “critically endangered” (IUCN 2012b).<sup>8</sup> The greatest number of black rhinos – about 1,850 animals – live in Namibia. Community-based conservation initiatives led to positive growth rates after a period of severe poaching during the border wars of the 1970s and 1980s. The Namibian rhino populations recovered until 2014, when 24 rhino carcasses were discovered in the north-western desert regions. In light of the further 80 rhino poaching incidents reported for 2015, rhinos are facing an uncertain future in Namibia, if current poaching trends are anything to go by.

There may not be convincing reasons to suggest that the decline in rhino poaching activities in South Africa in 2015 (compared to 2014) is correlated to the decline in rhino population numbers (see Table 1 below). It may be also tempting to link the increase in poaching activities in 2015, in Namibia

<sup>8</sup> The IUCN Red List is the world's most comprehensive inventory of the global conservation status of plant and animal species. It uses a set of criteria to evaluate the extinction risk of thousands of species and subspecies. These criteria are relevant to all species and all regions of the world. With its strong scientific base, the *IUCN Red List of Threatened Species* is recognized as the most authoritative guide to the status of biological diversity. Within the Red List the concept “threatened species” is used as an overarching concept. The following categories of imperilment are relevant:

- “critically endangered”: species face an extremely high risk of going extinct in the wild
- “endangered”: species face a very high risk of going extinct in the wild
- “vulnerable”: species face a high risk of going extinct in the wild (IUCN Standards and Petitions Subcommittee 2010)

and Zimbabwe to the decline in poaching numbers in South Africa. That correlation could not be reliably established even as rhino poaching in Namibia spiked to about 80 rhinos from 24 in 2014 and in Zimbabwe to about 50 (2015) rhinos from about 5 in 2014. There is no evidence to support the idea that the poachers themselves have moved location (i.e from South Africa to Namibia and Zimbabwe), but these figures are indicative of the poaching activities being displaced and worth keeping an eye on. Speculatively, however, it may be possible that syndicate kingpins may have moved their focus and recruitment to a different country as conditions become less favourable elsewhere. This latter suggestion is supported by national police statistics that show that in most cases, citizens of each of the countries far out-number other nationalities among those arrested.

<b>Year</b>	<b>Kruger National Park</b>	<b>Rest of South Africa</b>	<b>Total</b>
2013	606	398	1004
2014	827	388	1215
2015	544	826	1175

**Table 1: South African rhino poaching statistics, 2013 – 2015 (Hübschle, 2016, extracted from DEA data)**

#### **1.4 Wildlife crime activities along the national borders**

In Botswana, most of the elephant and rhino populations are concentrated in the northwest of the country, and it is thought that poachers often enter and leave the country on foot from Zambia or Namibia, crossing through the border with Namibia’s Zambezi Region. Links are believed to be to Lusaka, with smuggling of ITW products westward to Luanda in Angola, for shipping onward to the far-east (Interviews, 2016). Payments to poachers are thought to be made in cash. By using technology such as GPS receivers and satellite telephones, it is likely that poachers do not need to meet the middle man, and anonymity combined with cash payments safeguards the links back to the organising syndicate (Interviews, 2016).

#### **1.5 Country comparisons and identification of regional hotspots**

In terms of rhino poaching, the Kruger National Park remains the primary hotspot in the ESAAMLG region with losses of more than 800 rhinos registered for 2014 and 2015. Other areas of concern are provincial parks in KwaZulu–Natal such as Hluhluwe-Imfolozi and Mkuze.

The north-eastern Zambezi region in Namibia has been the scene of the majority of both rhino and elephant carcasses detected in Namibia. However, poachers are likely to focus their attention on the Etosha National Park, which is home to more than 1,000 rhinos as rhino numbers grow less in the Zambezi area.

## 2. The role of various actors in poaching, trafficking and illicit dealing

### 2.1 Understanding the supply side

There is a noticeable bias towards describing the supply side of wildlife markets within the literature, as many studies focus almost exclusively on the first segment or stage of the supply chain with little consideration of what happens further down the line. Researchers thus portray “poachers” as the principal suppliers of wildlife contraband, ignoring the role of the wildlife industry, the state and criminal networks in the overall market structure. A limited number of existing research reports and scholarly contributions cast the net beyond the ‘usual suspects’ – poachers and organized crime – in research analysing illegal wildlife supply chains. Stephen Ellis (1994) provides a succinct analysis of the South African apartheid state’s involvement in the ivory and rhino horn trade structures of the 1970s and 1980s by showing how these illicit trades financed the South African secret services and individuals linked to them. Other researchers (Rademeyer 2012; Milliken 2014; Milliken/Shaw 2012; Animal Rights Africa 2009) depict the complicit role of wildlife industry actors along rhino horn and ivory supply chains. Rademeyer (2012), for example, shows the involvement of the “boeremafia” (Afrikaners who are involved in the wildlife industry) in the illegal rhino horn trade.

While researchers describe permit fraud and the laundering of illegally harvested horn into legal channels, the literature remains silent on the market mechanisms and structures that enable these flows. It also remains unclear how wildlife industry actors (and the ‘usual suspects’) are connected to Asian distribution networks. Another gap relates to how actors make initial contact, establish business relations and finance ITW in spite of cleavages based on language, culture, nationality, social status and ethnicity. Moreover, little is known about the vertical and horizontal integration of these diverse actors in the transnational trade chain.

Of significance is thus the existence of interfaces between legality and illegality along trade chains and in wildlife markets. Legal methods of harvesting, hunting, trade, distribution and consumption co-exist and are frequently intertwined with illegal or grey trade chains. While law enforcement agencies have been turning their attention to transnational organized crime as primary actors (see for example: Sellar 2008; Felbab-Brown 2011; Bennett 2012; UNODC 2010; UNODC 2012; Harken 2011; Challender/MacMillan 2014; Gosling/Reitano/Shaw 2014; Nellemann et al. 2014), it is important that attention also be paid to the involvement of the wildlife industry, the broader business sector (predominantly import/export companies), hunting fraternity and state regulators in grey and illegal wildlife markets. Insider knowledge of market structures and exposure or access to political or economic elites renders such actors important facilitators or intermediaries of illegal wildlife markets. Regulatory responses to ‘insider trading’ within the wildlife industry, corruption and collusion of state and industry players, as opposed to organized crime and terror networks differ in terms of the perceived seriousness of the crime, punishment and recompenses.

Although there are regional and national variations, data collection found similar trends, actor constellations, routes and methods in the region. While Botswana and Kenya have banned trophy

hunting (Botswana only in WMAs), the hunting ban seems to have limited success in countering poaching and illegal wildlife trade in their jurisdictions. Peculiar to our region is that certain countries allow private ownership (e.g. Namibia, South Africa, Zambia). Privatization is used as a conservation strategy to expand population range and also as a form of risk mitigation; there are however examples of abuse and mismanagement. This section of the report shows that illegal wildlife markets are frequently intertwined with legal markets. Illegal market operators may rely on formal trade and transport structures to conceal illegal wildlife trade or to launder illegally harvested wildlife and parts through legal supply chains. An understanding of the interfaces between legal and illegal market structures is thus crucial to countering ITW and ‘following the money’ approaches. These interfaces occur along the entire supply chain and will be discussed in more detail below.

## 2.2 Nationalities involved

Noteworthy is the high number of Namibian nationals arrested for wildlife crimes. It certainly confirms that ITW would not be possible without the complicity of locals. Several other cases underscore the complicity and involvement of wildlife guardians, politicians and wildlife professionals in wildlife trafficking. As an example, a medical doctor, who was formerly the team doctor of the Namibian national soccer team, was arrested in connection with rhino poaching in the Etosha National Park. Police had found a firearm and ammunition registered to the individual and confiscated NAD 30,000 [USD 1,900 in 2016] believed to be the proceeds from the sale of rhino horn. In late 2014, the study found that the Inspector-General of NAMPOL was investigating claims that high-ranking government officials are facilitating and benefiting from rhino poaching in the Kunene and Zambezi regions.

**Table 2: No. and nationalities of poaching suspects arrested in Namibia (data provided by the Protected Resources Unit in December 2015)**

	Angola	Botswana	China	DR Congo	India	Namibia	Tanzania	Zambia
<b>2012</b>	2	2	0	1	0	27	0	3
<b>2013</b>	3	0	0	2	0	23	0	15
<b>2014</b>	0	0	6	0	1	12	0	3
<b>2015</b>	2	3	1	0	0	41	1	1
<b>Total</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>103</b>	<b>1</b>	<b>22</b>

The above table shows that locally, more Namibians are involved at the primary levels of poaching or moving rhino horns and ivory to the middlemen or smugglers. The Zambians, Angolans and Botswana are also heavily involved in the wildlife crime activities locally. Figure 2 below shows the number and nationalities of persons arrested in connection with the rhino and ivory smuggling and dealing activities in the Asian Pacific countries. The table equally shows that most seizures occurred in China, Vietnam, Thailand and Hong Kong.

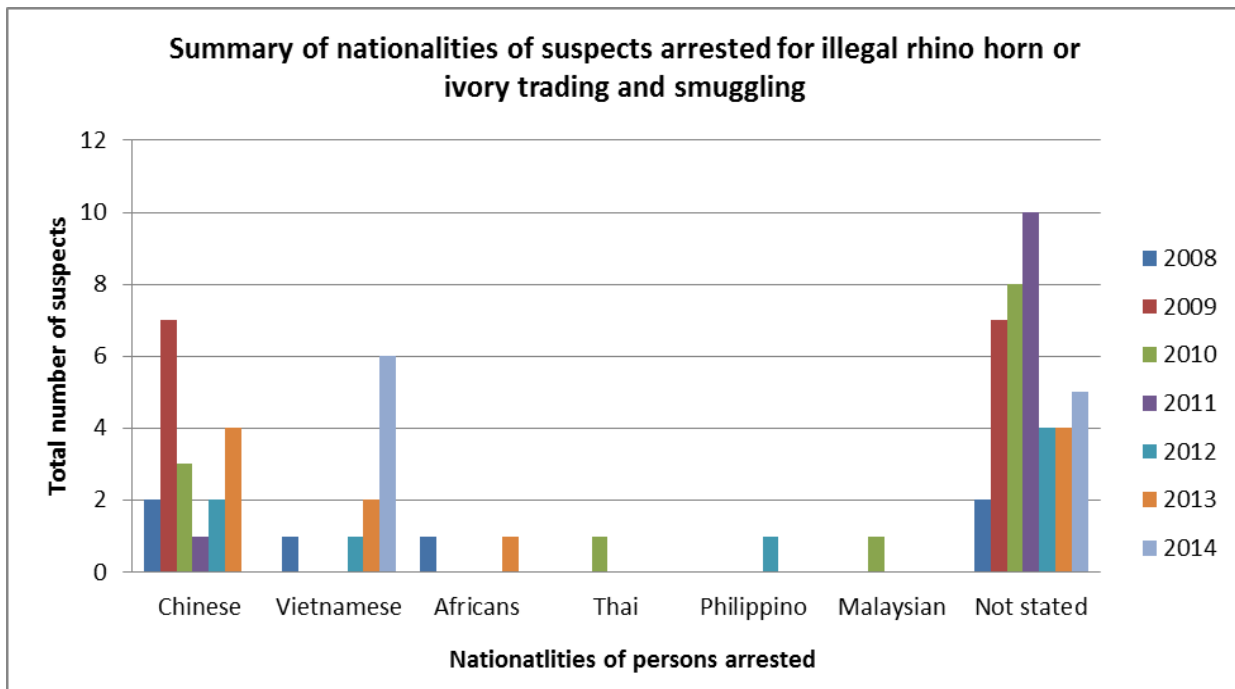


Figure 3: Summary of involved nationalities based on various seizure reports in the APG region<sup>9</sup>

Interviews with the Namibian Professional Hunting Association and NGO representatives also pointed to the existence of loopholes in the regulatory framework. Key informants pointed to known rogue professional hunters from South Africa conducting hunts in Namibia. A South African organized crime investigator (Interview, 2016) also warned that South Africans had moved white rhinos to private farms and game reserves in southern Namibia without knowledge of the state. As Namibia shares a long and porous border with South Africa, trucks can easily cross the border undetected by driving through farm gates on private land. One such incident was discovered when a truck transporting rhinos had an accident in southern Namibia<sup>10</sup>. Criminal networks used several innovative ploys such as the so-called ‘pseudo-hunting’ to bulk up ‘legal’ rhino horn exports from South Africa to consumer markets.

### 2.3 General observations on the various actors involved

This study found that in most cases, the criminal actors involve some or most of the following:

- a. **Subsistence or artisanal poachers**, who initially poached to supply local markets, but have since been co-opted or crowded out by an illicit commercial trade;
- b. **Professional snipers**, who are occasionally in formal employment or in business, with some being active in law enforcement agencies (police officers, soldiers, security intelligence operatives, professional hunters of specific animals);
- c. **The porters (transporters)** that establish and maintain contact with the snipers;

<sup>9</sup> Source: Data was sourced from various TRAFFIC reports on seizures and compiled by ESAAMLG, 2016

<sup>10</sup> Interview with anti-poaching professional, 2015



- d. **Intermediary – 1<sup>st</sup> level:** located in an urban area to receive the products from the porters and arrange further transportation to the dealer. Also responsible for hiring some of the lower level actors, and for paying them against the delivery of products;
- e. **Intermediary – 2<sup>nd</sup> and 3<sup>rd</sup> level** often closely connected to markets, which are predominantly Asian. This level of intermediary has a presence locally, often disguising illicit activities through running a legitimate, but often-strategic business in commodity import/export, transportation, pharmaceuticals, scrap metal or general retail;
- f. **Alternative to d) and e)**, there may be only one level of intermediary, who is based locally but connected (by nationality or through trade relationships) with dealers in Asia. He operates a small retail shop in a remote area, through which he acquires some ivory and/or rhino horns from subsistence poachers;
- g. **Intermediary – 4<sup>th</sup> level: These are Couriers hired (by 2<sup>nd</sup> or 3<sup>rd</sup> level intermediary)** for cross border transportation of products. Depending on quantity and type of contraband, some are transported by air, sea or by road (usually within country or across borders, when using road);
- h. Following its procurement, ivory and rhino horns have to be transported to processing points and retail markets, most of which are currently in China, Taiwan and Vietnam. The study notes that there is a general understanding that Transnational Organized Crime syndicates could be involved in organizing and funding these activities, but local law enforcement could not point to specific indicators of such Transnational Organized Crime involvement.
  - ✓ In the case of fraudulent hunting permits, use has been made of **public officials/functionaries and structures** that can provide the interface between the criminal networks and public regulatory institutions, such as the departments that issue permits. This was noted from a few case studies in South Africa.

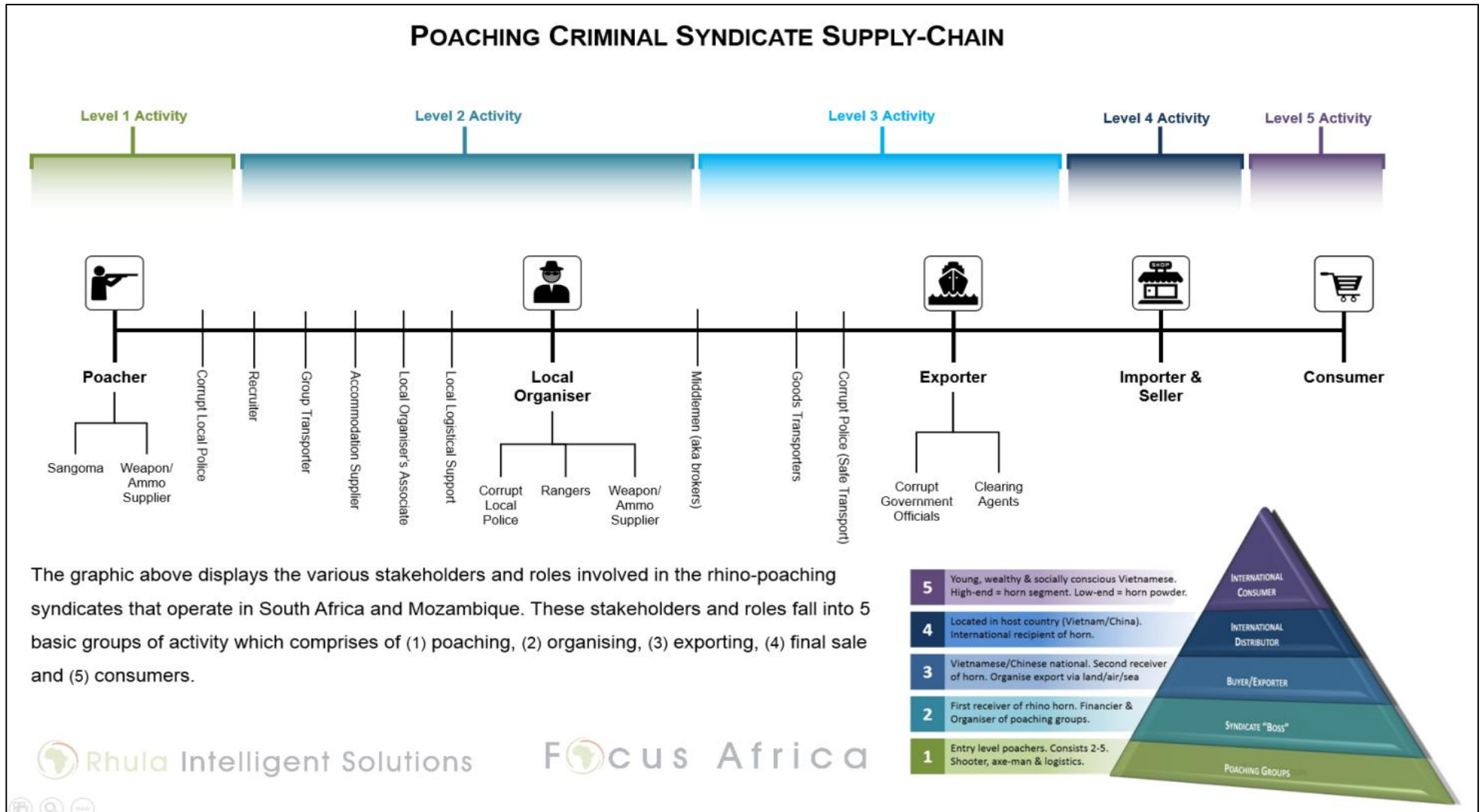
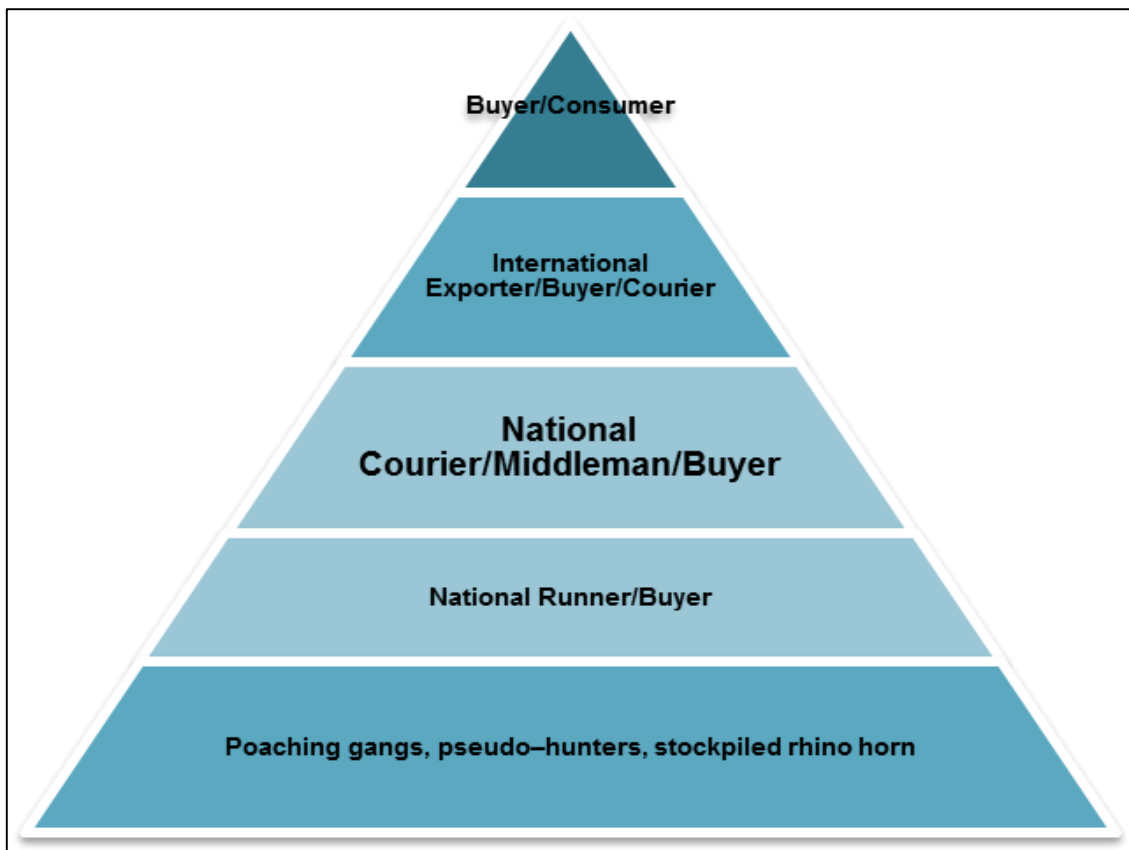


Figure 4: Graphic of the Supply Chain Underlying Wildlife Poaching (Source: Focus Africa Foundation, 2016)



**Figure 5: Structure of rhino horn conduits. Source: Milliken and Shaw (2012: 61 and 78) and data provided by South African law enforcement officials**

## **2.4 Motivations for the actual poacher**

Kahler and Gore (2012) undertook a study of stakeholders’ perceptions and motivations to uphold wildlife laws in Namibia. A number of motivations extended beyond what they termed “cooking pot and pocket book” explanations for poaching behaviour. Some poachers were motivated by rebellion or disagreements with the rules. This was linked to negative sentiments towards the establishment, governance or benefit distribution system of the relevant community conservancies (Kahler/Gore 2012: 115). Kahler and Gore (2015) conducted a follow-up study in the north-western Zambezi region of Namibia. The study looked at how human–wildlife conflict (HWC) might influence valuation of wildlife and potentially lead to poaching decisions. The study revisited inequitable benefit distribution systems, suggesting broader community engagement and nuanced open communication and messaging with local communities.

It is suggested that rural poverty, opportunity structures of living close to the parks and greed are feeding the poaching crisis. These factors constitute sufficient drivers of poaching; however, interviews with some communities raised the view that the root causes of poaching touch on the history of conservation, hunting rights and land ownership locally. This argument was consistently

advanced to the extent that the effects of structural violence are visible in the village communities who not only live on the edge of parks but also on the edge of society when it comes to social development initiatives. Furthermore, the continued economic, political and social marginalization of village communities has given rise to environmental and social justice concerns. While the rhino has a bounty on its horn that far outweighs the average annual income of a rural villager, poaching is not just about the price of the horn but also about claiming reparations for the loss of land, hunting and land use rights and demands for economic opportunities and agency to co-determine the future and good fortunes of village communities.

## **2.5 Role of the demand side in influencing motivations**

Unlike countries such as Vietnam, Thailand, China and Hong Kong, there are no indications of use for rhino horns and ivory in Namibia. The said products are not consumed locally, save for the possibility that persons from the known consuming countries are resident in Namibia and consuming same. In as far as this study could establish, the demand side is thus in east Asia.

Namibian cases reviewed as part of this study did not provide indicators of how funds are channelled from the demand side to the supply side.

The study found<sup>11</sup> that the demand side provides the financial and logistic support which enhances motivation for illicit trafficking of wildlife and wildlife products. The product price is determined by the imbalance between the demand in certain locations and the supply from Namibia, among other sources. This makes it imperative to examine the payment systems, prevailing trends and levels in law enforcement investigations and future studies of this nature. The next section presents brief indications of what could be found in terms of the movements of funds between various role players in the wildlife crimes syndicates.

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<sup>11</sup> Through interviews with Industry experts and some PRU officials

### **3. Understanding the demand related activities**

#### **3.1 Organizational arrangements underpinning poaching and the illegal trade in wildlife products**

Seizure statistics indicate that rhino horns are usually moved from the ESAAMLG region to APG member countries by air, while ivory is moved by sea concealed in or disguised as other cargo. Air transport is rarely used for transporting ivory. The different shipping methods of these two commodities is notable.

As indicated earlier in this report, those involved in the demand side take over from the 2nd level intermediaries responsible for the containerisation of commodities. They are ‘brokers’ rather than wholesalers or retailers, in turn connected to broader markets in the consuming territories. They probably initiate the larger poaching assignments, using quantities demanded by their clients or by the market in general. A report by the Elephant Action League (2012) suggests that some of the brokers operate from locations in the Middle East, such as Dubai or Qatar. With Namibia now having introduced flights from the Middle East, the risk of trafficking could be enhanced. Apart from placing orders for ivory and rhino horn, the brokers set the price to be expected by the 2nd level intermediary, a price that will affect prices in the lower sections of the transaction chain. The offshore broker generally carries the cost of shipment of the consignment, unless there is an agreement to the contrary or the parties are in a partnership.

On the demand side, the trade is dominated by wholesale and retail business. Substantial logistics, funds, influence and numerous contacts are required to move contraband across vast distances and borders without being detected and/or intercepted in transit or at the destinations (Milliken 2012). Where substantial risk is perceived to exist, it is managed by the use of corruption.

Vietnam has been implicated by the Environmental Investigation Agency (2013), as the largest market for rhino horn trafficked from South Africa. This study could not establish the country to which most rhino is trafficked from Namibia. Milliken (2012) notes that while there is extensive research into the supply side of the rhino horn trade, there is little empirical data on the actors involved on the demand side in Vietnam. Statistics that summarize seizures done from 2009 to 2014 show that rhino horns from the ESAAMLG region are also trafficked to Taiwan, China and Laos, often through Singapore or Thailand. Hubs along the route, which can also be destinations, include Ho Chi Minh City and the Dinh Vi Port in Hai Phong City, Vietnam. 7.28 kg of rhino horns were seized at the former’s airport in June 2013. In China the following places have been implicated, on account of recent seizures: Hefei, Guangzhou province, Nanning City, Harbin, Changsha, and Tsing Yi.

There have been occasional interceptions of ivory shipments landed in Hong Kong, with ivory worth USD 1.5 million being confiscated in October 2013. There is evidence of ivory entering Asia through Port Klang and Selangor in Malaysia, and through Bangkok, Thailand and Lao PDR. The other entry point used in the last few years is Singapore. Most seizures reported by TRAFFIC of illegal wildlife

products from 1996 to 2008 originated from the ports of Kenya (Mombasa) and Tanzania (Dar es Salaam).

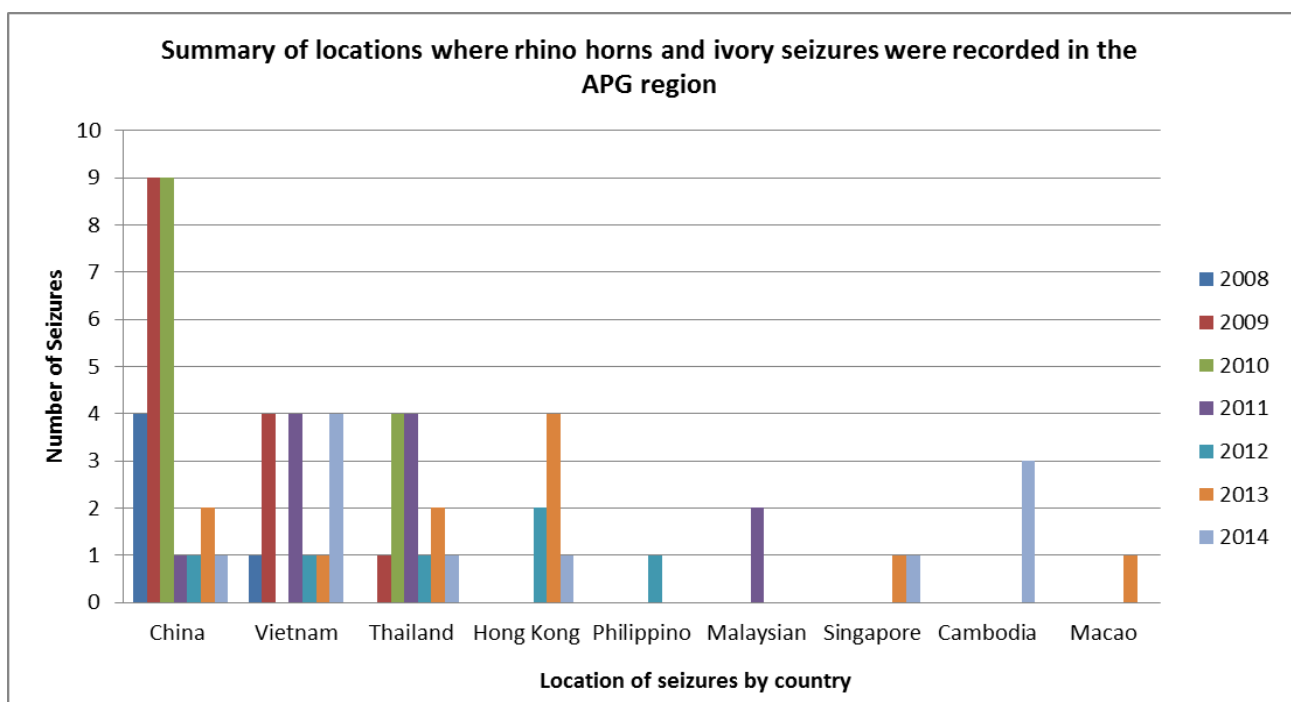
Most airport inspections at ports of departure are preoccupied with aviation security, i.e. weapons and explosives. It is usually at the points of entry where inspections for biomaterials are conducted, and contraband discovered. The arrests of Asian nationals at the Hosea Kutako International Airport in 2014 however indicates, amongst others that law enforcement have some notable cases which can demonstrate effective interceptions at ports of entry/exit (see Case study 1, in Chapter V of this report).

Based on a report by TRAFFIC titled ‘Illegal trade in Ivory and Rhino Horn’, most rhino horn seizures were made at the airport as opposed to land, ports and mail. According to TRAFFIC’s Tom Milliken (2014), illegal ivory has been detected at seaports as a result of:

- Acting upon crime intelligence (25%),
- Routine inspections (13%),
- Risk assessment through targeting (11%),
- Investigations (7%),
- X-rays (4%) and
- Sniffer dogs (1%).

### 3.2 Possible destinations of Namibian rhino horns and ivory

The graph below shows the location (country) where most rhino horn and ivory seizures occurred. China, Vietnam, Thailand and Hong Kong appear to be the countries where the most seizures are taking place.



**Figure 6: Data on location of seizures sourced from various TAFFIC reports and compiled by ESAAMLG (2016)**

### **3.3 Elephant poaching and trafficking of ivory**

Southern Africa hosts the majority of African elephants, nearly 64%, across 39% of the continent's range.<sup>12</sup> Botswana holds the largest population (the only range state with more than 100,000 elephants) followed by Zimbabwe. While Mozambique, Namibia, South Africa and Zambia host large elephant populations, smaller populations live in Angola, Malawi and Swaziland (CITES Secretariat 2016:12). Less than 22% of Africa's elephants were found in Eastern Africa. Despite significant losses comprising the majority of the sub-region's decline, Tanzania still hosts that sub-region's largest elephant population, followed by Kenya.

Unlike rhinos, not all African (*Loxodonta africana*) or Asian (*Elephas maximus*) elephant killings are linked to poaching. Human-elephant conflict features prominently, with elephants being killed in retaliation attacks. In the past, conservation authorities would retrieve the elephant tusks. Due to growing demand, the tusks emanating from retaliation killings often enter illegal flows (Interviews, 2015).

Drought, combined with the reduction of habitat and the loss of seasonal migration routes, has also been responsible for elephant deaths. However, poaching for ivory remains the biggest threat to African elephant populations. While trade in rhino horn has consistently been banned since CITES listed black and white rhinos on Appendix I, there have been occasional one-off sales of elephant ivory. CITES banned all trade in ivory in 1989. After a recovery in elephant numbers, CITES allowed a one-off sale of ivory in 1999. CITES Parties agreed to "downgrade" the populations of African elephants in Botswana, Namibia and Zimbabwe to Appendix II (which allows international trade). A directive for all stockpiles to be registered and an audit of trade controls in any designated importing country accompanied this decision. The three countries sold approximately USD 5 million worth of raw ivory to Japan at an auction in 1999. In 2008, South Africa joined Botswana, Namibia and Zimbabwe and sold their raw ivory stockpiles to two designated trading partners: China and Japan. The countries received about USD 15.5 million from the auctions. One of the consequences of this large sale was the creation of a grey area that facilitated the movement of illegal wildlife products.

Probably the largest in terms of volume is the trade in ivory, which has been described as "... a giant illicit resource transfer from Africa to Asia that is robbing local communities of an important source of potential wealth, destroying the potential of critical economic sectors such as tourism, and financing a wide range of predatory and corrupt actors across the continent" (Vira & Ewing 2014). It has grown to involve participants at various levels and in various places, from local subsistence hunters to criminal entrepreneurs resident in foreign capitals who rarely set foot in Africa. They each expose themselves to the risk of interception by regulators and law enforcement, although the

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<sup>12</sup> Note that in Figure 2, Tanzania's elephants are included in Southern Africa, while in the subsequent figures, they are dealt with as part of East Africa.

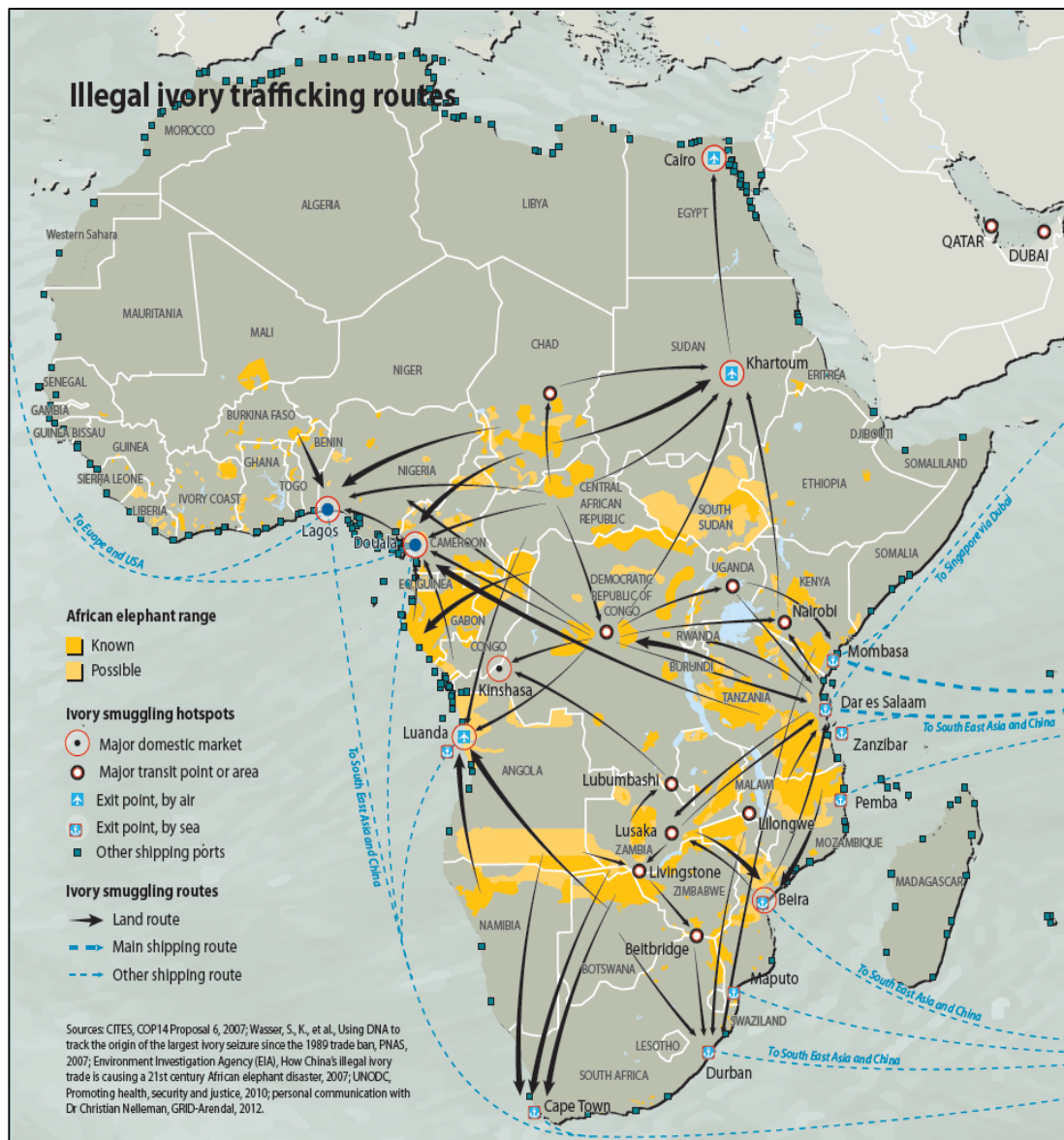
incidence of such risk is uneven. Risk appears to be greatest at the lower levels, and in places closer to the sites where the elephants are killed. Ironically, the distribution of risk is in direct contrast to the allocation of income. While poachers bear much of the risk, low-level poachers receive minimal profits. For example, while a transnational trafficker may receive USD 3,000/kg, the actual hunter is likely to make a maximum of USD 33/kg. With very little or no influence over trading prices, they rarely benefit from ivory's rising price (Vira & Ewing 2014).

Levels of elephant poaching in Africa have declined since peaking in 2011 but according to the CITES Secretariat (2016:10), they remain at "unsustainably high levels". Moreover, the trend "appears to correlate with population declines in parts of the continent" (ibid). In the absence of reliable elephant population data, any assessments remain conjecture.

### **3.3.1 Ivory trafficking methods and routes**

The overall trend for illegal ivory trade shows a progressive upward projection from 2007 through to 2013. According to an assessment by TRAFFIC (in: CITES Secretariat 2016:10), this may signal time lags between poaching and export of illegal trade. In other words, ivory might get stockpiled, possibly in anticipation of higher prices, collecting ivory towards shipping a big consignment or waiting for a suitable buyer (Interviews in Kenya and Botswana, 2015).





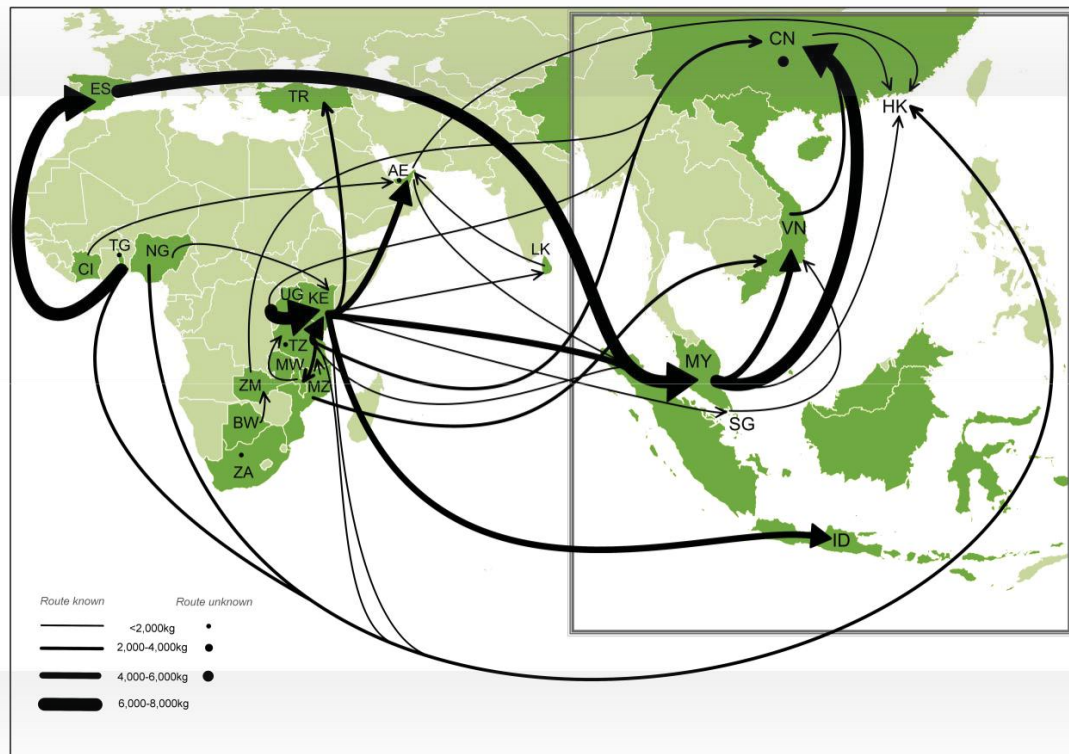
**Figure 7: Illegal ivory trafficking routes (Pravettoni, 2013)**

In 2014, the number of large ivory seizures appears to have decreased and the volume dropped by nearly 40 tonnes. The complete picture for 2015 is still to be established, by the time of completing this report. However, recent large-scale ivory seizures, and the shifts in smuggling routes (see figures 6, 7 and 8) and trafficking techniques to evade law enforcement suggest continued organized crime activity obviating a coordinated response (CITES Secretariat 2016: 10).

The frequency of reported large-scale ivory seizures reached the second highest number reported by the CITES Parties in 2013. However, two thirds of global ivory seizures reported to the Elephant Trade Information System (ETIS) occur in Asian countries and territories (Milliken 2014: 11). In the aftermath of the 2013 CITES Conference of Parties (CoP) in Bangkok, more large-scale seizures were made in Africa than in Asia for 2013. 80% of the seizures occurred in Kenya, Tanzania and Uganda. The three countries were subjected to CITES Ivory Trade Action Plan, which has been interpreted as CITES oversight pressure leading to improved law enforcement efforts (Milliken 2014: op cit). Trade

routes appear to link in other ESAAMLG countries, such as Uganda and Angola, showing the need for vigilance beyond the countries targeted by poachers. Luanda in Angola particularly, appears to be a key trafficking hotspot, being a major domestic market, air exit point and sea exit point (figure 5).

It is also important to note that while some eastern countries are not necessarily end consumers, they may play an important role in trafficking - for example figure 6 suggests that further research into the route through Malaysia is needed.



**Figure 8: Trade routes for large-scale (>500kg) seizures of ivory, 2012 – 2013 (ETIS, 03 November 2013; Milliken 2014: 15)<sup>13</sup>**

### 3.3.2 Rhino horn trafficking and trading

At an average weight of 5.5 kg per pair of rhino horns (Pienaar/Hall–Martin/Hitchens 1991), the horns of a single white rhino are worth close to USD 500,000 on consumer markets. The current poaching statistics provide an approximate size of illegally hunted rhino horn entering illegal markets each year. In light of South Africa losing 1,215 rhinos to poaching in 2014 (Department of Environmental Affairs 2015), more than 4 tons of illegally harvested rhino horn may have entered illegal flows in 2014. What is concerning from a Namibian conservation perspective is the indications that rhino poaching has flared up or spiked in Namibia (despite the reduction in South Africa in

<sup>13</sup> The insert map of Asia is at a larger scale than the rest of the map; most trade from CI, KE, MZ, NG, TG, TZ and ZA is by sea even if directional arrows cross-landmasses.

2015). This trend continues with the noted increase in safari parks in Kenya and other rhino range states, further augmenting fresh horn supplies.

Although not perhaps noted in Namibia, the study also found that gangs of thieves have increasingly been stealing rhino horns from private collections, state-owned stockpiles, museums and galleries across the globe. An unknown amount of previously harvested, even antique rhino horn, horn artefacts and hunting trophies are either in circulation or safely stowed away. Due to the high value of rhino horn, entrepreneurs have also developed fake or 'ersatz' horn<sup>14</sup>, for which consumers are willing to part with substantial sums of money.

The illegal hunting and dehorning of rhinos constitutes one of several means of obtaining rhino horn for illegal wildlife markets. The international regulatory framework (CITES) permits the export of rhino trophies and live animals. All rhino species were listed in Appendix I in 1977, effectively banning international trade except under exceptional circumstances (Milliken/Shaw 2012: 44).<sup>15</sup> In recognition of South Africa's success with rhino conservation and management (CITES 1994), the populations of white rhino in South Africa were moved to Appendix II in 1994. An annotation confined permissible trade to live rhinos to "acceptable and appropriate destinations and hunting trophies only" (CITES 1994). While CITES deals with international trade and trade bans, individual states have to domesticate CITES stipulations at the local level, and regulate domestic trade of endangered species. Domestic trade of rhino horn was permissible in South Africa until 2009 and presented the greatest regulatory loophole, which criminal actors were readily abusing (Hübschle 2016). The annotation of permissible trades and the relative short lifespan of the CITES prohibition (approximately 40 years) have allowed for legal flows to co-exist with grey and illegal flows. It is thus legal for live animals and hunting trophies to be exported from rhino range countries to elsewhere in the world (certain safeguards apply) (Hübschle 2016).

The international sale of rhino horn has been banned since 1977. Soaring demand in these countries, caused a rapid rise in prices. In the consumer countries, it is said that rhino horns are used for various purposes including:

- As a detoxifying beverage and body-rejuvenating tonic – "The Ferrari Factor";
- Cancer cure;
- Fever treatment;

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<sup>14</sup> an artificial substance or article used to replace something natural or genuine; a substitute.

<sup>15</sup> In essence, CITES accords protection to about 35,000 animal and plant species, which are included in the three Appendices. Species are considered for inclusion in or deletion from the Appendices at the Conference of Parties (CoP), held every three years. Appendix I provides a list of species threatened with extinction and thus commercial trade in wild-caught specimens of these species is illegal (CITES 2002). The Scientific Authority (a further requirement of CITES) of the exporting country must issue a non-detriment finding, assuring that such export would not adversely affect the wild population. Any form of trade in these species requires export and import permits. The Management Authority of the exporting state is expected to check that an import permit has been secured and that the importing state is capable of providing adequate care for the specimen (CITES 1973). Species listed under Appendix II are not necessarily threatened with extinction but may become threatened unless trade is subject to strict regulation to prevent extinction in the wild. International trade may be authorized by the presentation and granting of an export permit or re-export certificate. No import permit is necessary although some countries may require import permits in terms of their own stricter domestic measures. The exporting state has to issue a non-detriment finding and export permit.

- High value gifts;
- Hangover cure etc.

As law enforcement battles the trade, increasingly organized traffickers nimbly shift their supply routes of poached or stolen horn.

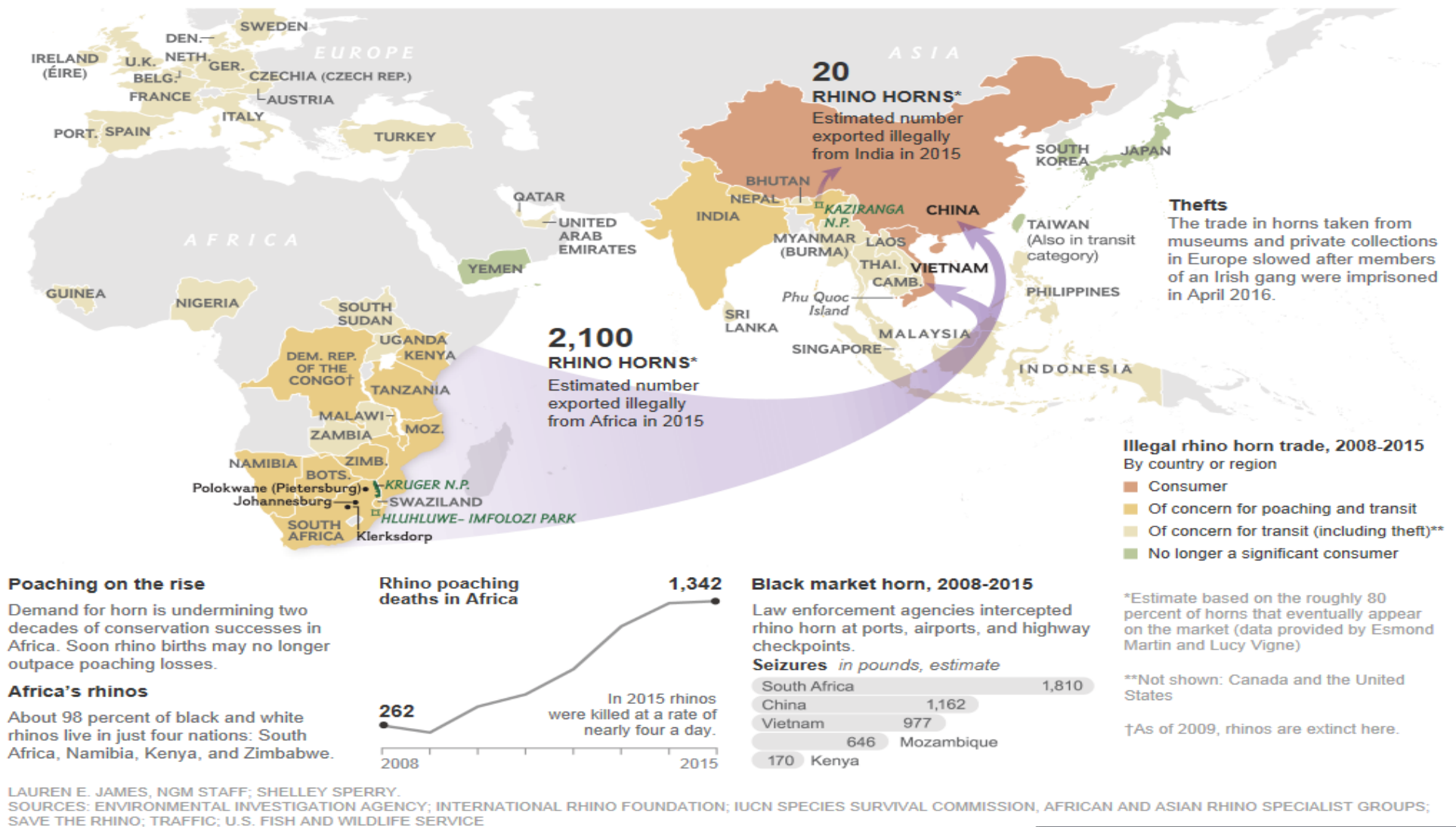


Figure 9: Trade routes for rhino horn smuggling, 2008 - 2015

#### 4. Methods used to move funds along the wildlife crime conduits

The logistics of ivory trafficking are complex and highly variable, but the study found that there are mainly three distinct phases of wildlife crime, namely:

- Poaching level,
- Trafficking activities, and
- Retail levels.

Each of these phases is increasingly professionalized and dominated by criminal and possible corruption networks. Substantial markets (retail level) for wildlife products have been shown to exist in Thailand, China, Vietnam and Laos, with Vietnam being easily identified to be the largest consumer. During the period 2010 – 2014 it was estimated that about 4,000 - 4,500 tonnes of wildlife products were illegally trafficked each year into Vietnam.

Payments have to be made at various points in the chain or through the phases stated above. For retail in the consumer markets, studies generally show that there are three general methods of selling illicit products on the internet, which include rhino horns and ivory, in Asian countries. The methods are:

- individuals selling on discussion forums (predominantly, in the Darknet<sup>16</sup>);
- online storefronts, operated by one individual or group of individuals (see the kingpins, organizers or the level 2 & 3 operators in case studies 1-3 of this report); and
- online marketplaces, connecting buyers and sellers but not selling anything themselves.

The above mentioned methods are supplemented by sales to known consumers, such as established retailers.

The methods used and the quantum are determined by various factors, key among them being risk aversion by the parties involved, which leads to *cash* being the preferred method of payment in respect of payments in the domestic setting of the countries of procurement. In most of the cases under Namibian law enforcement authorities, the finding also points to cash being the method of payment. The study observed that payments will generally be made in Namibian Dollars, even if it may be calculated in the putative US dollar value of the merchandise. There is however a strong perception that cash payments in US dollars is also used. Interviews with some involved stakeholders revealed that cash payments are made against delivery of the products. This suggests that the intermediaries have access to local currency from local financial institutions, or from black market exchange transactions. ESAAMLG's Typologies Report on Currency Exchange Transaction ML/TF Risks (2014) concluded that:

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<sup>16</sup> The darknet refers to networks that are not indexed by search engines such as Google, Yahoo or Bing. These are networks that are only available to a select group of people and not to the general internet public, and only accessible via authorization, specific software and configurations. This includes harmless places such as academic databases and corporate sites, as well as those with shadier subjects such as black markets, fetish communities, and hacking and piracy.



*“Unlike other sectors like the banking sector, it is also clear that many countries in the ESAAMLG Region do not have adequate mechanisms to help increase the detection rate of money laundering and terrorist financing activities in bureaux de changes and other money remitters.”* The report further identified the following as factors aggravating the risk exposure:

- **Failure to conduct adequate customer due diligence** in establishing source and ultimate beneficiary; reporting entities not being able to effectively determine the relationship or the link between the transfers of funds and the person that sends or receives the funds;
- Money laundering is a **new phenomenon** to the money or value transfer (MVT) and currency exchange sectors hence the understanding and appreciation of ML risks is relatively low;
- **Failure to strictly adhere to the KYC requirements** for fear of losing clients; and
- The **speed in transfer for international and local remittances**, and low commission associated with local MVT services makes it an attractive option for anyone wishing to remit money.

Payments among intermediaries, and between poachers, have also been made in foreign currencies, although these may be exceptional and would be the case where no universal local or regional currency is available or agreed (Interviews, 2015). Direct payments in forex are likely to grow in attraction as the exchange rate between hard currencies and local currencies continues to decline. Where necessary, the foreign currency is subsequently converted to local currency through ‘parallel’ market outlets or bureaux de change.

Participants at the lower level of the poaching value chain have little say in the fee paid to them, as they do not have access to retail markets. They are also under pressure to pass on the commodities to intermediaries within the shortest possible time to avoid arrest. Payments at that level are disproportionate to the value that the products are known to command in the destination markets.

In instances where fraudulently secured hunting licences were used, the applications were submitted by various landowners on behalf of the trafficking network. It is not clear how the applicants were paid for their role in defrauding the system.

The public officials that should have detected the abuse of the licensing system were probably bribed in order to overlook the fraudulent trophy hunts. Interviews<sup>17</sup> also revealed that at points of entry (borders), the method of payments for corrupt activities were predominantly cash, which is used to facilitate the movement of wildlife products.

#### **4.1 Preference for cash payments**

The FATF Report on Money Laundering Through the Physical Transportation of Cash (October 2015), herein referred to as the FATF Cash Report provides relevant guidance on the movement of cash by

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<sup>17</sup> With PRU officials and other industry experts

criminal syndicates involved in activities such as wildlife crimes where the transaction audit trails are either non-existent or not known to law enforcement authorities.

Physical transportation of cash as a method of money laundering is not restricted to a particular type of crime. The FATF Cash Report states that although many jurisdictions report the use of this typology by drug trafficking organisations, it is also linked to the illegal trafficking of other commodities, such as alcohol and tobacco, and it is also used widely by criminals involved in other activity including tax fraud, weapons and arms smuggling, organised immigration crime and the financing of terrorism.

The report, which was based on research with FATF member countries states that there are no cash smuggling methods more associated to one form of criminality than another, and no guarantee that criminals committing the same type of crime will move their proceeds in the same way and by the same route. Instead, the methods used to physically transport criminal cash are dependent on a decision making process undertaken by the criminal. This process begins with the criminal deciding what the purpose of the cash movement is (for example, to break the audit trail, to pay a supplier, to bank it in another jurisdiction etc.). This will dictate the ultimate destination, which will in turn inform the method used, and ultimately the route chosen. At all stages, influences such as risk, familiarity, simplicity and the demands of partners will affect the decisions made. Understanding the decision making process can assist in developing control techniques by authorities tasked with combatting the problem.

Once the cash has been moved to its destination and used for its intended purpose it will eventually enter the legitimate financial system and will be recycled by banks and other financial institutions.



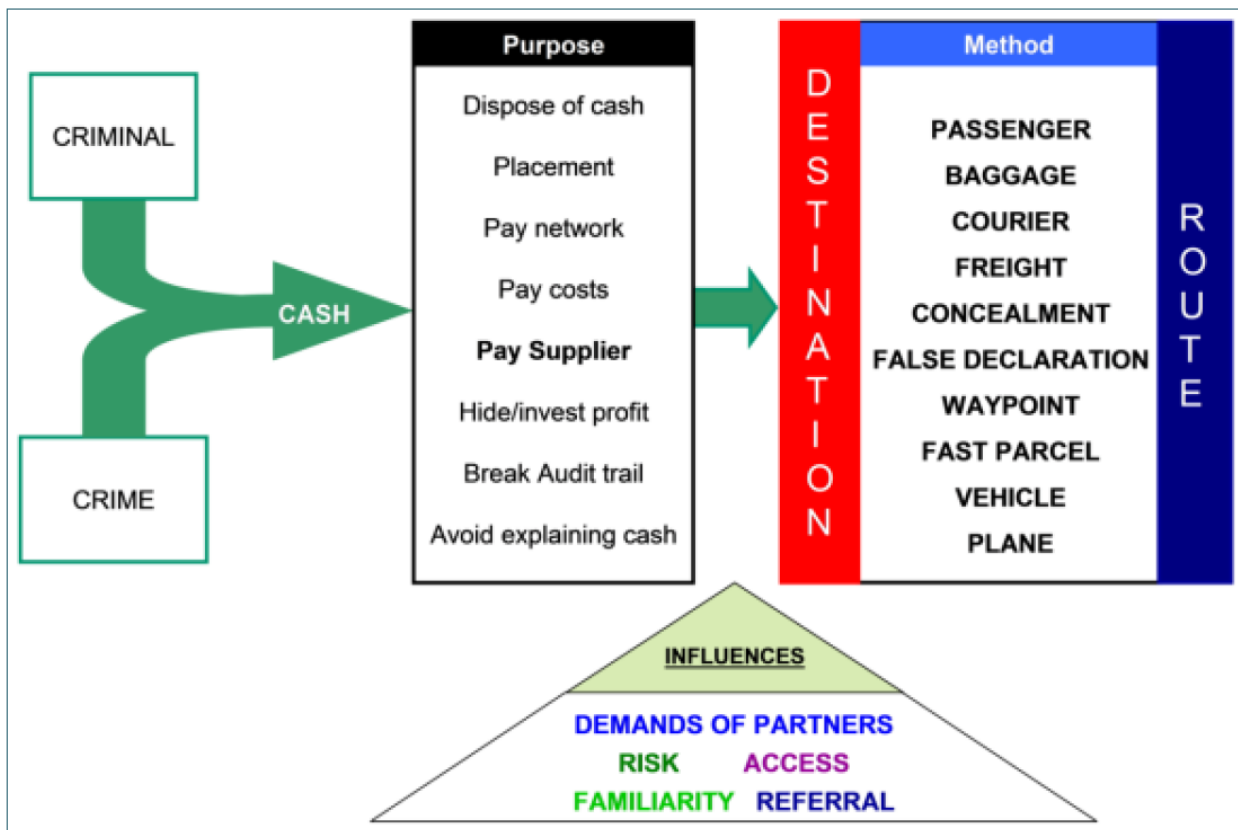


Figure 10 Criminal decision making influences purpose and method of cash movement<sup>18</sup>

Figure 8 above shows that the process starts with the criminal committing the crime that generates the cash (for those that are already involved in criminal activities). The criminal must then decide the **purpose** of what he wants to do with it, i.e. pay his costs, pay his supplier, invest the profits etc. It is only once the purpose has been decided that the destination will become apparent. The next step will be to decide how to get the cash to its intended **destination**; which will influence the next decision: the **method** to use, (cash courier, concealment in a vehicle, use of freight etc.), and, closely associated and interrelated to the method and destination will be the ROUTE chosen to move the funds.

This study could not find sufficient information on financial trends to demonstrate:

- How the finances used to fund poaching activities or those involved at the lower-end (poaching, dehorning, local movement of the rhino horns or ivory from poachers to smugglers) are moved to the international or cross border smugglers along the conduit or syndicate; and
- How the proceeds from such criminal activities (poaching, trafficking, retail thereof) are laundered into the financial system.

<sup>18</sup> Source: The FATF Cash Report, October 2015 (Obtained from UK Authorities)

The failure to observe the above, especially, from cases in which the FIC was involved presents a challenge, which ought to motivate relevant authorities to enhance focus on the financial flows, during wildlife crime investigations.

## 5. The extent of prejudice to Namibia

The full extent of loss sustained by Namibia on account of illicit trafficking of wildlife has not been quantified, mainly because of the lack of comprehensive, reliable and current statistics. Loss is evidently both direct and indirect. Direct losses would be the value on the lawful market that would have accrued to the state and/or individual victims from the undeclared disposal of the product. In the case of products that are illicitly traded, working out such value is not straightforward.

Direct losses would be the value on the lawful market that would have accrued to the state and/or individual victims from the undeclared disposal of the product. In the case of products that are illicitly traded, working out such value is not straightforward. The value that tends to be cited is the street value, which is probably at variance with the value on the legitimate market. Another related complication is that the street value may represent the price that could be earned for a product in its unprocessed form.

Lawson & Vines, in a 2014 report published by Chatham House, quote the street value of ivory in 2014 to be as high as USD 2,205 / kg in Beijing. They contend that rhino horn could fetch up to USD 66,139 / kg on the Chinese black market. The general standard of estimating such financial value lost is determined by multiplying the estimated weight of the contraband to the average street price per kilogram.

To the extent possible, the Ministry of Environment and Tourism does compute the financial value lost to poaching activities. Records presented by the Directorate of Parks & Wildlife Management in the Ministry of Environment and Tourism at the ‘National Stakeholder Consultative Workshop on Law Enforcement and Wildlife Crime Prevention’, held in Windhoek, from 08 to 09 May 2014 showed the following as economic losses from both rhino and elephant poaching activities:

### 5.1 Economic losses from Elephant tusks (as a result of poaching)

Year	Number of Tusks	Total Weight (kg)	Total Value (NAD)
2005	2	14,85	11,101.86
2006	3	3,45	452.04
2007	0	0	0
2008	0	0	0
2009	19	93,90	90,092.82

2010	78	161,10	80,870.61
2011	65	365,55	269,910.22
2012	39	373,10	209,818.08
2013	16	898,25	690,151.80
<b>TOTAL</b>	<b>222</b>	<b>1910.20</b>	<b>1,322,380.43</b>

**Table 3: Economic losses from Elephant tasks (as a result of poaching)**

## 5.2 Economic losses from Rhino horns

Year	Number of Tusks	Total Weight (kg)	Total Value (NAD)
2005	4	7.9	133,177.60
2006	0	0	0
2007	0	0	0
2008	0	0	0
2009	2	3	124,854.00
2010	1	0	200,000.00
2011	1	0	0
2012	2	3.4	141,506.00
2013	8	0	0
<b>TOTAL</b>	<b>18</b>	<b>14.30</b>	<b>599,532.60</b>

**Table 4: Economic losses from Rhino horns**

## 5.3 Economic loss from poaching of elephants in 2012 (In Conservancies)

Conservancy	Number of elephants poached	Approx. fee loss (NAD)	Approx. meat loss (kg)	Approx. meat loss value (NAD)
Balyerwa	2	272,000.00	6,360	108,120.00
Bamunu	3	408,000.00	9,540	162,180.00
Dzoti	11	1,496,000.00	34,980	594,660.00
Kabulabula	1	136,000.00	3,180	54,060.00
Kasika	9	1,224,000.00	28,620	486,540.00
Kwandu	1	136,000.00	3,180	54,060.00
Salambala	2	272,000.00	6,360	108,120.00

Sikunga	9	1,224,000.00	28,620	486,540.00
Sobbe	4	544,000.00	12,720	216,240.00
<b>TOTAL</b>	<b>42</b>	<b>5,712,000.00</b>	<b>133,560</b>	<b>599,532.60</b>

**Table 5: Economic loss from poaching of elephants in 2012 (In Conservancies)**

In its presentation, the Ministry further stated that income generated from trophy hunting in the Zambezi Conservancies in 2013 amounted to **NAD 12,052,548.00**. It naturally means that the reduction in wildlife leads to a reduction in such government revenues.

#### **5.4 Economic loss from poaching of elephants in 2012 (in National Parks)**

<b>Conservancy</b>	<b>Number of elephants poached</b>	<b>Approx. fee loss (NAD)</b>
Bwabwata National Park	13	1,768,000.00
Mudumu National park	7	952,000.00
Nkasa Rupara National Park	8	1,088,000.00
<b>TOTAL</b>	<b>28</b>	<b>3,808,000.00</b>

**Table 6: Economic loss from poaching of elephants in 2012 (in National Parks)**

The indirect losses caused by the illicit wildlife trafficking industry is more difficult to quantify, and potentially larger than the monetary loss set out above. At its most remote, it even consists of structural harm to the institutions on whose integrity and efficiency structures of state depend. The loss to tourism as a source of economic activity, job creation and development income is tangible. The 'loss of earnings' attributable to the illegal trade in wildlife excluding timber and fisheries is worth USD 10 billion per year across the globe. It has yet to be quantified in ESAAMLG countries (Lawson/Vines, 2014).

#### **5.5 Terrorist financing activities related to wildlife crime**

There has not been any indication that rhino horns and ivory harvested from Namibia ends up funding or advancing Terrorist Financing activities locally or abroad. Much of the concern on links to terrorism financing in Africa is centred on East Africa. No links were reliably established in countries such as Kenya and thus there is not much more than speculation in this regard.

# **CHAPTER III: INDICATORS AND TRENDS**

## 6. Elemental indicators

The ideal Financial Intelligence Unit typology report presents clear indications and trends relevant to techniques and methods used in money laundering, terrorist financing activities related to illicit activities. The desirable finding would have been to identify methods and techniques of financial flows both in the demand jurisdictions and Namibia as a consumer jurisdiction. However, the indications from cases under investigation by law enforcement investigations, those brought before courts and those of the FIC which point to well-orchestrated criminal syndicates that are paying various actors with cash, which conceals any possible audit or transaction trails. As a consequence, the cases reflected herein show minimal indications of relevant financial flows. The mere observation of hidden financial flows is in itself a finding which ought to assist law enforcement, the FIC and relevant authorities to enhance investigations on understanding financial flows in these wildlife crimes.

This section presents the notable 'elemental' indicators which could help shape typologies that relevant authorities, Accountable Institutions, the FIC and other stakeholders need to be aware of in an effort to contribute to the national efforts to combat rhino and elephant poaching and related trafficking and money laundering activities. These indicators, although classified under different sub-sections, may be used by financial institutions as well as other relevant authorities in various combinations with each other (as building blocks). The mere placing of an indicator under a specific sub-section does not exclude it from relevance (or adding value to the building blocks) to another sub-section.

The indicators are not exhaustive, therefore, the list of indicators can be amended to include additional ones to what is presented herein.

Several of the indicators suggest the relevance of individuals' professions, ethnicity, place of residence or nationality. These factors alone should not be considered as primary grounds for suspicion. However, in certain instances, such information may provide supporting intelligence to other indicators of suspicion which may support the identification of individuals involved in criminal activities. **This typology in no way supports the direct discrimination of individuals or communities solely on the grounds of ethnic origin or nationality.**

### 6.1 Indicators pertaining to natural persons and financial flows

#### 6.1.1 Indicators related to the cross border movement and travelling of smugglers (Customs)

- Cash is only declared when passenger is intercepted, especially if the passenger first denied having money with him or declares that he carries the money for third parties;
- Illogical travel patterns;

- ✓ *For example: Less than 24 hours between inbound and outbound travel bookings, travelling to non-tourist destinations, convoluted routes for no apparent reason; vague or contradictory details of destinations or reason for travel.*
- Repeated short notice travel to the same destination;
- Multiple individual travellers who appear to be involved in similar unusual movements or show similar travel patterns;
- Contradictory stories of apparently associated passengers;
- Travel patterns that mirror smuggling patterns of illegal goods (i.e. drugs) and human trafficking routes;
- Demeanour of passengers: Nervous, aggressive, evasive - clothes and baggage inconsistent with 'cover story', overreacts to the presence of detection animals and/or refuses to be in the vicinity of detection animals and/or other detection equipment (i.e. x-ray machines);
- Passenger has a connection (nationality, destination, origin, previous travel etc.) with a risk area or jurisdiction. E.g. those with specific crime issues; jurisdictions with non-functioning state institutions etc;
- Traveller has a criminal record indicating connection with predicate offences (e.g. contraband/drug trafficking, etc.);
- ✓ *For example: Customers or those suspected/reported to be dealing in other crimes: The case studies in Namibia also show that people involved in other criminal activities (drugs, human trafficking, diamond dealing etc) are most likely to involve themselves in the illicit wildlife product dealings;*
- Traveller has a history of lost or stolen travel documents;
- Passenger has dual nationality;
- Passenger's suitcase is sealed (e.g. wrapped in cling film etc.);
- Passenger is a politically exposed person or otherwise a person of interest;
- Passenger leaves baggage at border/(air)port;
- Passenger aborts attempt to cross border;
- Last-minute check-in or boarding;
- Previous use of cash declaration forms to legitimise banking large amounts of cash. As per previous discussion in this report - this can potentially be identified by FIU analysis of suspicious transaction reports;
- Volume of the currency in possession of the traveller exceeds currency/monetary control threshold of country of issuance;
- Cash is carried in several currencies;
- Passenger appears to have detailed knowledge of and/or shows interest in the declaration/disclosure system and/or procedure;

- Passenger failed to comply with declaration requirements at origin;
- Travel document pages appear to be damaged to conceal past travel - (suspected) use of different travel documents to conceal past travel;
- Nationality stated on the travel document does not match the traveller;
- Possession of illegal goods (i.e. narcotics, endangered species, counterfeit goods);
- Traveller is in the possession of a (new) (pre-paid) mobile phone with unknown and/or few number(s) saved in the phone book;
- Tickets bought for cash at very short notice at higher than normal prices;
- Tickets purchased by someone other than the traveller;
- Possession of large amounts of currency from jurisdictions unrelated to the traveller;
- Banknotes carried in concealed form (more than necessary to prevent against theft);

### 6.1.2 Indicators related to financial services (and cash)

- Requests to purchase, or possession of, large amounts of foreign currency without a plausible explanation. The norm could be disguising the funds as intended for legitimate holiday;
- Possession of large amounts of money without an adequate explanation;
- Multiple cash deposits and withdrawals;
- Possession of money supposedly for business reasons while travelling to countries where cash payments are restricted (or hardly in use);
- Financial institution's customers who may be involved in the wildlife conservation sectors;
  - ✓ *For example: The recent indications of wildlife officials such as game ranchers, safari operators and professional hunters being involved in potential poaching and laundering activities cannot be ignored if Accountable Institutions have such customers whose professions are in this sphere.*
- Requests to purchase, or possession of, large volumes of high denomination banknotes;
- Cash deposits in bank account (possibly indicating previous transportations of cash);
- ID documents appear to have been falsified;
- ID documents appear to be brand new;
- Possession of stored value cards that cannot be endorsed in destination country;
- Amounts declared/disclosed do not match the actual amounts carried;
- Source of funds is unknown;
- Money transfers are not related to the known entrepreneurial, investment activity or supposed purchase;
- Financial transactions are made frequently through automatic teller machine;



- Wire transfers from the international financial centre including payments for certain types of exports which are easy to manipulate for the purposes of valuation such as antiquaries, software, fake services, etc.
- Enhanced monitoring of the business or persons providing financial services in the international financial centres.
- Cash deposits to the account of an import-export company with further transfer to the international financial centre.

#### **6.1.2.1 Financial institutions filling STRs based on wildlife crime media reports**

It was noted by the FIC that some Accountable Institutions have filed STRs based on publicly available information such as media reports etc. It appears that when the media publishes reports indicating the involvement of certain persons in wildlife crime activities, the Accountable Institutions check their customer databases to see if their name matches. If they find a match, they will file STRs with the FIC. At times, when the FIC analyses such reported person's transactional behaviour, there are clear patterns of behaviour which differ from the known customer profile even in the absence of having a wildlife crime link. This suggests that conventional Customer Due Diligence measures should be adequate to help detect these suspicions or at least create avenues for additional investigation which may further expose wildlife crime activities.

Although relying on media reports appears reactive, the FIC does not discourage it. In the absence of clear and specific money laundering related to wildlife crimes, the FIC will continue to encourage the enhancement in Customer Due Diligence controls.

#### **6.1.2.2 Additional considerations for financial institutions**

Money laundering could be taking place both in the demand or consumer countries and also in Namibia. Locally, the proceeds paid to poachers, smugglers, dealers who are locally based could present opportunities for laundering proceeds from wildlife crimes. The well known arrests of persons who are in legitimate professions may support this view:

- A known medical practitioner, who was formerly the official medical doctor of the football national team;
- Two men, who are Windhoek based business men, whose business interests are primarily in printing and general office supplies to Government, restaurants etc (case study 10 of this report).

In consumer countries however, the proceeds from the cross border trafficking, retailing, etc. can be channelled through various means to fund more poaching or procurement activities. This is possibly done through the following intermediaries:

- MVTs (including Hawalas<sup>19</sup>)

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<sup>19</sup> MVTs are overarching and include Hawalas in their definition

- Even cash couriers.

In the financial sectors, accounts of companies, financial institutions, as well as resident individuals and financial services professionals are normally used to accumulate and redistribute the financial flows from wildlife crime activities. This may be one way of layering such proceeds. The other techniques used for the layering and integration of proceeds are:

- Intermingling with cash intensive business
- False declaration of goods and services
- Use of third parties
- Movement through multiple accounts/entities
- Movement through multiple jurisdictions
- Use of corporate structures

Given the magnitude of wildlife crimes, the further integration of proceeds accumulated in the financial sectors may be by investment in real estate, securities and corporate stock purchase. From these consumer jurisdictions, proceeds may also be laundered through payments made under export contracts to supply goods to Namibia, as noted from other jurisdictions.

### **6.1.3 Possible indicators in non-banking remittance systems**

- Transactions (incl. via non-banking remittance systems) are conducted between persons who belong to communities of the same national origin in different countries. These communities are ethnically related to a country known for rhinos and elephants;
- Funds transfers originate from known financial hubs<sup>20</sup>;
- Amounts of money transfer carried out by natural persons and legal entities are multiples of 100, 1000, 10,000 and sometimes USD 100,000, or EUR either NAD. Payment purposes are put on a random basis: “for cars”, “for current expenses”, “for goods”, “loan”, “material aid”, etc. The transfers usually have no true economic value. Also, the beneficiaries of the transfers don’t send any goods to originators;
- Money source is unknown. In this case, the originator of the transfer is not able to provide documents on the source of the money. For example, individuals (residents and non-residents in Namibia) purchase USD or EUR for national currency cash and send it abroad but they can’t describe the source of the cash. The money could be transferred from a bank account or through a non-banking system;
- Money transfers are not related to entrepreneurial, investment activity or real estate purchases. Usually originators of such transfers are non-resident individuals;

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<sup>20</sup> Such as China (but this indicator in itself may not help raise suspicion)

- Foreign currency exchange transactions are carried out by non-resident individuals over a short period of time, and transfers are effected through non-banking remittance systems;
- Funds received into/sent from Namibia but goods not exported/imported;
- Large amounts of funds being received from /sent to Namibia as advances for export /import;
- Description of the goods is vague and their value and total quantity not ascertainable at the time of initiation of transaction;
- Unusual activity in an account compared to the past transactions;
- Large number of accounts having a common holder;
- Payment for goods with a price that is vulnerable to manipulation;
- Multiple cash deposits and withdrawals;
- Multiple cash deposits on the e-wallet (also applicable in financial services/banks);
- Multiple transfers from the e-wallet to the 'transit country' via the money remittance system.

#### **6.1.4 Non-financial sector: Indicators relating to casinos**

Cases reviewed by the FIC showed that some of the Asian nationals suspected of/or investigated for wildlife crimes of this nature gambled at casinos and the following are worth noting:

- Customer undertaking transactions which appear to be inconsistent with their profile and/or transaction history;
- Large casino chip cash-outs;
- Large electronic gaming machine pay-outs;
- Multiple cash deposits below NAD 5,000 (i.e., 'structuring');
- Use of third-party gaming accounts.

#### **6.1.5 Indicators pointing to Third Party Payments & Trade Based Money Laundering**

According to the FATF Report on *Financial flows linked to the production and trafficking of Afghan opiates* (June 2014), one of the three main methods by which criminals move and legitimize illicit funds, is Trade Based Money Laundering<sup>21</sup>. The report further cites another FATF Typology report on MVTs which highlighted examples of proceeds of crime being used to sustain pools of funds that were used to make third party payments for imported goods – this allows both businesses to evade

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<sup>21</sup> The term trade-based money laundering and terrorist financing (TBML/FT) refers to the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimise their illegal origins or finance their activities. Examples of how TBML/FT may be carried out include, but are not limited to: misrepresentation of the price, quantity or quality of imports or exports; and money laundering through fictitious trade activities and/or through front companies (FATF, 2008).

customs duties and criminals to hide the financial link between the illicit commodity, such as heroin, and its funding trail.

A commonly applied method to layer and integrate the illicit proceeds is by payment on export contracts for shipments of goods to the destination or to the 'transit country'. In many cases, payments are routed via a third party, which is often located in a regional financial centre. The cash-pools that develop under such third-party payment systems may be used to pay for legitimate international trade or finance illicit activities.

There may not be direct indications of Third Party Payments and Trade Based Money Laundering activities linked to the financial flows of wildlife crimes but the available indications (especially of Asian local businessmen arrested and charged for rhino/ivory related offences) from Namibian cases at the FIC and law enforcement's disposal point to huge possibilities of same.

## **6.2 Indicators pertaining to the concealing of rhino horns/ivory in cargo and other mail**

- Odd or illogical routing;
- No economic justification for the goods or the routing;
- A frequently used shipment route stops after interference of the authorities / there is a decrease in the apparently legal activities after a criminal investigation;
- No contact from the shipper or beneficial owner after a consignment has been inspected;
- The owner or carrier of the consignment in cargo changes their story concerning the origin and destination of the consignment;
- The owners and carriers of the consignment in cargo have different stories concerning the origin and destination of the money;
- Business sense: Why are the goods being shipped if they are readily and cheaply available in the destination country;
- Goods appear to be re-used. The same goods appear to be shipped to the same destination multiple times;
- Companies do not exist or do not trade;
- Goods shipped or posted from known high risk wildlife crime jurisdictions;
- Paperwork is very basic, or appears to have been altered. It may also contain material errors such as spelling mistakes in names of companies, countries etc. The paperwork is not consistent with the goods;
- Beneficial owner of the consignment is unclear or appears to have been disguised;
- False customs declaration;
- Value of declaration (Freed on Board Value) too low for content or too low for total amount remitted;
- Name and address details on parcel are unclear, vague and/or falsified;

- Signatures and handwriting inconsistent.

### **6.3 Indicators pertaining the use of vehicles to smuggle rhino horns/ivory**

Wildlife products are mostly carried by vehicle when moving between various points in the country or when crossing borders before eventual shipment from a collection point in another or neighbouring country.

- Driver of the vehicle is not the owner;
- Nationality of the driver and the nationality of the vehicle do not match;
- Demeanour of driver is nervous, sweating, excessive smoking etc.;
- Older vehicle;
- Vehicle not insured, or insured in the name of someone who is not the driver
- Vehicle recently purchased;
- Vehicle purchased for cash;
- Signs of tampering/scratches or fingerprints on wheel rims or around panels, stray sealant, new screws, smell of chemicals etc;
- Inaccessible parts of the vehicle - parts of the boot/trunk, beneath seats etc;
- New wiring or electrical items (possibly electronically operated access to concealment)
- Goods carried by vehicle are uneconomic to ship;
- Goods don't match paperwork;
- Driver and passengers give contradictory stories;
- Driver displays any of the traits detailed given for natural persons above;
- Use of rental cars.

# **CHAPTER IV: CHALLENGES AND PROPOSED REMEDIES**

## 7. Challenges and proposed remedies

### 7.1 Challenges

The study found the following as common challenges faced by various enforcement authorities such as; Customs, Prosecution, Immigration, the FIC and the Namibian Police include:

- a. Inadequate sharing of information concerning wildlife and other related predicate offences;
- b. Inadequate specialised training and expertise in the investigation of wildlife and other related predicate offences;
- c. Inadequate financial, human and technological resources;
- d. Inadequate coordination and cooperation between agencies domestically;
- e. Complications arising from the transnational nature of wildlife crimes. Poor international coordination and information sharing;
- f. Varying operating standards, and powers of individual agencies in enforcement efforts;
- g. Varying levels of maturity of FIUs in Africa and Asia and their limited involvement in combatting transnational crimes;
- h. Lack of awareness amongst stakeholders on the role of the FIC, especially with regards to the following:
  - i. The FIC can solicit intelligence from other FIUs abroad on behalf of local law enforcement and other relevant stakeholders;
  - ii. Assist law enforcement and other relevant stakeholders with domestic requests for information and intelligence gathering;
  - iii. Partake in joint investigations with law enforcement to the extent possible;
  - iv. Assisting law enforcement and other relevant stakeholders by highlighting trends and methods relating to financial crimes.
- i. Competing priorities and challenges in the respective countries;
  - i. Inadequate coordination and cooperation with international agencies/stakeholders;
  - ii. Allocation of resources;
  - iii. Dual criminality, e.g. some jurisdictions have not criminalised activities relating to rhino horns or elephant ivory;
  - iv. Differing quality and credibility of information exchanged;
  - v. Late or lack of responses to requests; insufficient/low quality of responses; unduly rejected requests;
  - vi. Lengthy and complicated (time-consuming) procedures for implementation of MoUs and other agreements on international cooperation;
  - vii. Language barriers making communication more difficult;
  - viii. Lack of commitment of requested countries to provide responses, e.g. ESAAMLG member countries requesting information from developed countries.

- j. Failure to bring wildlife crime kingpins to justice (due to various factors including corruption<sup>22</sup>);
- k. Wildlife crimes being considered low priority when compared to other crimes.

## **7.2 Factors contributing to the above challenges**

In view of the above, the following we cited as primary reasons that have led to the above-mentioned challenges encountered by law enforcement, Prosecution, the FIC and Customs authorities:

- a. Inability to deal with emerging criminal networks in wildlife crimes (due to various reasons including lack of resources, ineffective investigations, poor and ineffective laws etc);
- b. Limited ability<sup>23</sup> to prudently, effectively and adequately detect and provide effective combating measures to investigations;
- c. Ineffective execution of the customs mandate, where smugglers leave with wildlife and related products. This is exacerbated by large cargo moving through customs, all of which cannot be subjected to screening and scanning controls. It was further found that the sealed cross-border container traffic is rarely subjected to search by authorities in transit countries. Even containers originating from within the same state are not necessarily searched, as some exports are not liable to export tax. Only taxable exports generally attract inspection to verify declarations;
- d. Inadequate communication within the country's domestic enforcement agencies;
- e. Lack of intelligence gathering about high level targets;
- f. Lack of commitment by law enforcement to pursue high level targets related to wildlife crime syndicates;
- g. Corruption and abuse of Government authorities who deal with wildlife matters;
- h. Disruption caused by frequent transfers of law enforcement agents investigating wildlife crimes, due to the application of "one size fits all" transfer policies.

### **7.2.1 Macro-economic factors**

Criminal syndicates often exploit observed opportunities in frameworks in which they operate. The study found that there are some general macro-economic factors, listed below, which indirectly present a platform for the thriving wildlife crimes described herein.

- A large and/or complex economy making it easier for illicit operations of this nature to go unnoticed. As a consequence, a sophisticated financial sector can facilitate the global movement of illicit funds quickly and effectively;

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<sup>22</sup> See Case Study 11 of this report

<sup>23</sup> Including funds, personnel etc



- The general complexity of the financial system (the quality of being difficult to understand or explain);
- A cash-based economy with a large informal sector where there is a high percentage of cash outside the legitimate banking system;
- Being a major financial or trade hub, where the sheer volume of transfers can hide illicit proceeds and their transfers. Factors such as the Walvis Bay harbour contributes to making Namibia a trade hub. It was indicated by Customs Officials that due to resource constraints, Customs authorities are not able to open and inspect each and every container. Inspections are mostly done on tip offs or when there is reasonable suspicion raised with regards to certain containers;
- Economic ties with rhino horn and ivory consumer jurisdictions (legitimate business may be used as cover for). Namibia has trade relations with major consuming countries such as China and Vietnam;
- A number of robust sectors in which to invest proceeds, *e.g.*, residential and commercial property sector.

### 7.3 Proposed ways to respond to the challenges: remedies

In addressing the indicated challenges above (apart from the macro-economic factors), the following measures are proposed in order to enhance the efficiency and effectiveness of operations to combat wildlife crimes:

#### 7.3.1 Resourcing

- a. **Capacity building** across all levels in combating wildlife crimes (from game rangers to private land owners, customs officials, Namibian Police, the FIC, affected communities etc);
- b. **Training and technical assistance** to the Namibian FIC on how to deal with wildlife crime cases. This should be aimed at capacitating the FIC to understand how they can get involved proactively, to add value to investigations without compromising their (FIU) position (as opposed to the current reactive approach of waiting for reports, which are not forthcoming as per findings in this report);
- c. **Practical on the job training (OJT)**, where law enforcement agencies (the PRU) are shown how to conduct financial investigations and other such non theory training (e.g. tracing transactions and assets, linking evidence to develop leads or scenarios etc.);
- d. Allocating adequate **budgetary resources**; and
- e. Allocating adequate **human resources**.

#### 7.3.2 Other considerations

- f. Signing of MoUs among relevant combatting stakeholders to enable **coordinated efforts** in wildlife crime combating;

- g. **Revision of the local wildlife protection laws** to incorporate international standards to enhance enforcement efforts (currently under revision);
- h. Conduct **public awareness campaigns** on the subject matter and the related money laundering and terrorist financing issues;
- i. Conduct a **National Risk Assessments (NRAs)** with the scope covering the wildlife crime sector and using results thereof to guide wildlife crime combatting strategies at all levels;
- j. **Enhancing political will** to support combating of wildlife crimes and wildlife policy development through involvement of high public offices.

### 7.3.3 Observations on policy considerations: Stakeholder cooperation

The following observations and potential policy implications have been highlighted both in the responses to the surveys and during interviews with key stakeholders as part of our information gathering exercise.

Close and continuing cooperation between the FIC and the various stakeholders and law enforcement agencies was identified by all contributors as essential to understanding and disrupting the wildlife crime enterprises, especially crippling their financial muscle which is bankrolling their activities. This cooperation might include not only operational work, but:

- ✓ may be carried out on a continuing basis;
- ✓ by providing each other with the information on emerging trends (including new payment instruments and services, new transportation routes, etc.);
- ✓ determining the direction of further work, jointly formulating specific red flag indicators, proving their effectiveness in practice etc.

This Typology project has identified the following issues which may inform subsequent policy discussions (with international partners and other jurisdictions), specifically on enhanced information sharing and disruption capabilities:

- a. **Global mechanisms to alert government agencies and the private sector of suspected wildlife crime product traffickers and to freeze their assets.** Where national authorities have identified traffickers and their assets, there is no global mechanism for this to be communicated to other government authorities internationally or to gatekeepers in the financial sector at an international level so that they could take immediate preventive measures. This could take the approach similar to the one the United States Department of Treasury, Office of Foreign Assets Control (OFAC), based on the Foreign Narcotics Kingpin Designation Act;
- b. There is no current mechanism for government agencies internationally to share a **list of high-risk individuals who are suspected of being members of wildlife crime enterprises** or networks. Such a system might encourage government agencies to communicate these lists to foreign counterparts, monitor those persons and the financial transactions

conducted by those persons, exchange the information gathered at the end of the monitoring process with counterparts, review those lists and restart this cycle periodically. Unlike the above mechanism for global alert, this mechanism could work on a bilateral basis between countries or across a region, for example within ESAAMLG and with APG member countries, which share the common threat of wildlife crimes. Participating countries could also make use of the ARINSA<sup>24</sup> network to help in the speedy exchange of information;

- c. Interviews with law enforcement and relevant authorities revealed that there are challenges in **monitoring the security of protected species such as rhinos and elephants on private land**. It was stated in the interview that some private land owners with such protected species on their land could be involved in poaching activities, with little to no monitoring activities by relevant authorities due to the impracticalities of continuously doing such monitoring and inspections on private land or farms. Often, private land owners, especially those who have trophy hunting activities on their private land pose the highest risk in advancing wildlife crimes under the pretext of legitimate hunting.

#### 7.3.4 Guidance and typologies amongst stakeholders

Some local agencies, when asked about challenges they faced in developing an effective response to the problem of money laundering emanating from wildlife crimes, mentioned the following issues:

- a. There is a perceived **lack of clear and usable typologies and best practices**: both from an international and national perspective. Research, including a literature review, in the course of the preparation of this report did identify that, although many individual agencies have studied the issue, there has been no single paper that comprehensively pulled together all of this experience. Hopefully this typology paper will go some way to addressing this issue;
- b. There are **no profiles available that target packages and cargo that may contain undeclared (and/or criminal) protected wildlife products** (essential for the risk-based approach of customs). Again, this paper is designed to address this issue;
- c. There is a **lack of relevant information available** to judge whether protected wildlife products being transported across borders may possibly be connected to money laundering. As described above, this could be addressed by greater international co-operation and data sharing, and potentially by closer cooperation with relevant agencies; and
- d. Once protected wildlife products has been discovered in cargo or mail, **barriers exist regarding the rapid and timely exchange of information** between countries regarding the origin/ source of the said products. It would appear that closer co-operation between countries (particularly those who share land boundaries with Namibia or ties such as ethnicity or frequency of travel

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<sup>24</sup> Asset Recovery Inter-Agency Network for Southern Africa (ARINSA)

by citizens between Namibia and any such countries) would be an advantage, such that the countries become more aware of the unique circumstances in each other's jurisdictions, and the barriers that they need to address to enable the necessary information sharing.

# **CHAPTER V: CASE STUDIES**

## 8. Case studies

**The case studies are presented to reflect the actual techniques and methods used in poaching, smuggling and illicit trading of wildlife parts in Namibia.**

Although the report content was primarily subjected to information collected as at December 2015, this section contains some case studies (after the said period) cited with the sole aim of helping to highlight some noted methods and techniques of these wildlife crimes.

### 8.1 Case study 1

**This is possibly one of Namibia's biggest rhino horn smuggling cases which was intercepted by law enforcement, at the time of reporting.**

Three Chinese nationals (B, C & D) and a suspected kingpin were arrested after 14 rhino horns and a cheetah skin were found in two suitcases at Hosea International Airport on 24 March 2014. The kingpin (A) is based locally and has a retail business in Otjiwarongo.

The horns had been wrapped in foil, in an attempt to deflect the x-ray, before being hidden in clothes. The three individuals had flown in from Shanghai and arrived in Zambia travelling to Namibia by road on tourist visas. They were attempting to smuggle the horns from Namibia to Hong Kong. They were stopped by airport security staff after a police officer at a luggage scanner noticed suspicious objects in the two suitcases.

Samples from the rhino horns were sent for DNA-testing to the University of Pretoria's Veterinary Genetics Laboratory. The DNA profiles of the samples were compared to DNA profiles on record in the Rhino DNA Index System (RhODIS) database. 13 horns derived from black rhinos originating in the north-western region where the majority of rhino poaching incidents have occurred in Namibia to date. Another horn was micro-chipped and came from a South African white rhino that had been translocated to Namibia.



**Figure 11. The above are images of the 14 rhino horns and a cheetah skin which the suspects attempted to smuggle, as part of their luggage, through the Hosea Kutako International Airport.**

The four accused were charged with two main counts of unlawful export of controlled wildlife products, alternatively unlawful dealing in or possession of controlled wildlife products, and a third main charge of acquiring the proceeds of unlawful activities, alternatively possessing or bringing into or taking out of Namibia the proceeds of unlawful activities.

In his plea explanation, one of the accused said that he had been asked to transport two suitcases from Namibia to China, where he was supposed to deliver the items to a family member. The story used by one of the accused was that he was visiting Namibia as a tourist and to investigate business opportunities in the construction sector. While in Namibia he was asked to transport the contraband goods. He stated that he received the locked suitcases at local hotel and it was at that time that he was informed that there were rhino horns and a leopard skin inside.

In September 2016, the State provided evidence that linked three of the 14 rhino horns to Namibia. Two were from a black rhino shot by poachers in 2014 and the other horn was from a white rhino that was shot by a trophy hunter and stolen at a taxidermist.

The evidence was submitted after a dispute had arisen over the origin of the horns, during trial. The head of the Protected Resources Unit, testified that the 14 rhino horns were scanned with a microchip scanner in his presence upon confiscation in 2014. He further indicated that DNA samples were also collected from the horns and sent through the Ministry of Environment and Tourism to a laboratory in South Africa for assessment. It was determined through additional scanning that one of the horns was microchipped and was from a white rhino that had been imported from South Africa by the owner of Snyrivier farm near Okahandja. Upon further investigation it was determined

that the animal was later hunted and the horns were given to a taxidermist in Brakwater to be turned into a trophy.

The PRU head said the horns were stolen between September and November 2013 and never recovered. The owner reported the theft to the environment ministry but did not want to open a criminal case because he believed the horns would turn up. It was further testified that “The owner of the taxidermist only opened a case in November 2015 and neglected to report the case to the police”. The PRU stressed that this was negligence on the part of the taxidermist and not the hunter, but no charges were made against the taxidermist. It was said that investigations are still continuing to establish how the horns went missing.

In June 2014 an old rhino carcass was discovered in the Uukwaluudhi area (Omusati region) and DNA samples were sent to South Africa for analysis. The PRU head testified that the tests confirmed that the samples taken from two of the 14 rhino horns confiscated from the Chinese matched those taken from the carcass found in Uukwaluudhi. In summary he testified that “Three horns were linked to Namibia, one from the white rhino imported from South Africa and two horns from a black rhino poached at Uukwaluudhi.”

**The court found all four accused persons guilty. Below are some notable findings made by the court, which shed light on the operations of this criminal syndicate:**

- a. According to the interpreter, it was said during conversations between the convicted that **B** must take the “weight”. This, the court found, eventually did happen, as he was the only one who pleaded guilty. It was also said during this conversation that **C** is the “employer” of them;
- b. The court found that their intention was to export the rhino horns and leopard hide out of Namibia and that although the four had different roles to play, they planned it together;
- c. The judge stated that the fact that **D** and **C** previously came to Namibia was clearly with the intention to come and scout how their smuggling activities would work;
- d. While the court rejected the evidence of **D** and **C** as being untruthful going into the evidence of **A**, the court said the problem with his evidence was that he claimed to not know **D** and **B**, but went out of his way to help them;
- e. According to the judge, even when the four men left the Windhoek Country Club Resort and Casino (hotel) in the early morning of 24 March 2014 he (**A**) was also with them although he claims that he had come to Windhoek to do business;
- f. The judge further pointed out that he even took possession of a luggage bag at the hotel in which the rhino horns were later found. This, the judge said, was done as though he wanted to make sure the bag was safe. The judge further stated that “*He eats with them, buys travelling tickets for them and pays for accommodation. His actions are more of a caretaker and someone who is responsible for them.*” The court said it is therefore difficult to believe his version adding that all four men acted with common cause;



g. According to the judge, the four smugglers thought that their arrival and departure in Namibia would go unnoticed because they used different entry and exit points to the country and did not make use of a return ticket as would normally be the case;

All four were each sentenced to 14 year's imprisonment by the Windhoek Regional Magistrate on without an option to pay a fine.

Key:	Airport controls: The use of airport luggage. They entered Namibia by road after flying to Lusaka from Shanghai, via Johannesburg. Obtained tourist visas for Namibia.
Offences:	Attempting to smuggle 14 rhino horns and leopard skin
Smuggling methods:	Airport: Wrapping rhino horns in foil and clothes in luggage bag.
Nationality of persons involved:	All four were Chinese
Sector involved:	The arrested Otjiwarongo based businessman has a typical Chinese shop which is a general dealer (selling a variety of products/items) There is a link or preference of those implicated in these type of criminal activities to make use of the said casino in Windhoek.
Jurisdiction:	Namibia, destined for Hong Kong
Detective method:	Airport security/law enforcement scanning devices
Additional information:	The convicted criminals arrived in Namibia via Zambia, supposedly on holiday, linked up with the businessman who appears to have been the mastermind and used another way (airport) to exit the country.
Observed financial flows:	Unknown. It appears the mastermind's businesses which may be legit or front companies presents an opportunity to launder or co-mingle funds/proceeds. It does not appear that information related to financial flows, such as laundering, potential dealings, the use of front companies, co-mingling etc was noted and included in charge sheets.

## 8.2 Case study 2

A Chinese national was arrested in the north-western town of Opuwo for dealing in illegal rhino horns in 2014. The man was arrested in a sting operation when he was in possession of two rhino horns after police received a tip off from members of the public that a Chinese trader had sent people to Opuwo to look for elephant tusks and rhino horns for him to buy. According to the police sources (Interviews, 2015), criminal networks had started recruiting locals to obtain rhino horns and elephant tusks on their behalf from rural communities.

The police further explained that these communities are given a figure and contact details of the local link up. The going rate was said to be between NAD 10,000 [USD 640 in 2016] to NAD 20,000

per horn. The intermediary will sell the horn at NAD 50,000 to NAD 80,000 [USD 5,100 in 2016] to the buyer. Locals are paid in cash. According to the PRU, Chinese nationals were not using the banking system in Namibia. It is suspected that money is siphoned off from legitimate businesses and front companies in the construction, mining and tourism industries.

Key:	Community involvement and undercover operations
Offences:	Urging locals to look for and sell to him, rhino horns
Smuggling methods:	Not known, suspect intercepted before he could attempt smuggling.
Nationality of persons Involved:	Chinese
Sector involved:	Unknown
Jurisdiction:	Namibia
Detective method:	Tip off from the public
Additional information:	It is commonly accepted locally that the Chinese community does not make much use of the financial system (e.g banks). Their businesses are cash intensive
Observed financial flows:	Unknown. It does not appear that information related to financial flows, such as laundering, potential dealings, the use of front companies, co-mingling etc was noted and included in charge sheets.

### 8.3 Case study 3

On 21 December 2015, a Chinese businessman was sentenced to 10 years in prison or alternatively to pay NAD 100,000 for the illegal possession of protected wildlife specimen in the Opuwo magistrate court.

The accused said he bought the horns from local people in the area of Sesfontein for NAD 2,500.00. "I bought the horns to make ornaments," he told the court. He, however, said that he had no intentions of selling the ornaments that he intended to make out of the horns. The individual also stated that he had no knowledge that a licence was required to purchase rhino horns, and that he was under the impression that those selling the horns to him had a licence to do so.

According to an expert witness, a rhino horn costs between USD 65,000 and USD 85,000 on the black market.

Key:	Factors that led to the arrest are not known
Offences:	Illegal possession of protected wildlife parts
Smuggling methods:	Unknown

Nationality of persons	
Involved:	Chinese
Sector involved:	General Chinese retailing shops
Jurisdiction:	Namibia
Detective method:	Police undercover operations
Observed financial flows:	Not known. The convict has a local retail shop. It does not appear that information related to financial flows, such as laundering, potential dealings, the use of front companies, co-mingling etc was noted and included in charge sheets.

#### 8.4 Case study 4

According to the Save the Rhino Trust (SRT), GPS coordinates of all known poaching cases confirmed what their 6 month-Long investigation had established, that the majority of the rhino poaching cases were committed in the close proximity of a settlement called “Mbakondja”. Mbakondja is the SRT’s former camel patrol base and home to several SRT employees. A motley collection of communal farmsteads around a focal fountain, it is situated about 60km north of Palmwag and 15km west of the C43 truck road leading through Khowarib and Warmquelle up to Sesfontein.

A Himba cattle herder, who arrived at Mbakondja in late 2012, was quickly apprehended and convicted in August 2014 by the Opuwo Magistrates Court and sentenced to a seven-year jail term for illegal hunting, as well as fined NAD 3,000.00 for illegal possession of rhino horn and a gun, stolen from a neighbour. The accused retracted a statement that he had given to police later in court, stating that he was offered a sum of NAD 30,000.00 by his employer for a rhino horn. His employer appears to be an established business personality in the area. Sources also reported that the accused was at one time a guide for ‘Plan’ (The former military wing of SWAPO during the struggle for Namibia’s independence).

Key:	The key for detection was not known
Offences:	Poaching, possibly for the employer, who is a prominent business man
Smuggling methods:	Unknown
Nationality of persons	
Involved:	Namibians
Sector involved:	Possibly the farming sector [Retail businesses selling a variety of products and alcohol (bar)]
Jurisdiction:	Namibia
Detective method:	Not known, possibly Police undercover operations
Observed financial flows:	Unknown. It does not appear that information related to financial flows, such as laundering, potential dealings, the use of front companies, co-mingling etc was noted and included in charge sheets.

A cattle herder could have been coerced into the poaching activity by a level 1, 2 or 3 intermediary, who could find links to upper level intermediaries.

### 8.5 Case study 5

A Chinese business man based in Katima Mulilo was investigated for collecting pythons and pangolins. In 2011, he was arrested for buying two ivory tusks (in cash) from Ministry of Environment officials, fined NAD 20,000.00 and released. It is reported that he was using the same transportation and trading routes of his legitimate businesses to smuggle ivory. These legitimate trading routes are cross border routes to neighbouring countries such as Zambia, Zimbabwe and Botswana (these countries are also known to have high rates of elephant and rhino poaching as well as related dealing activities).

Key:	Business owners and those participating in import and export activities could be involved in smuggling activities
Offences:	Illegal possession and possible smuggling of protected wildlife parts
Smuggling methods:	Possibly mingling wildlife parts with merchandise
Nationality of persons Involved:	Chinese
Sector involved:	Retail and logistics
Jurisdiction:	Namibia, suspected smuggling destinations are Zambia/Botswana
Detective method:	Police undercover operations
Observed financial flows:	Unknown. The payment he made for the rhino horns (upon arrest) was in cash. It does not appear that information related to financial flows, such as laundering, potential dealings, the use of front companies, co-mingling etc was noted and included in charge sheets.

### 8.6 Case study 6

A medical professional and four other accused persons are awaiting trial (at the time of presenting this report) on charges of illegal hunting of specially protected game, possession of a firearm without a licence and unlawful possession of ammunition.

The medical professional was the former soccer national football team Chiropractor. He is said to have a medical practice in Katutura, Windhoek.

The five suspects were all arrested in November 2014 and charged with the poaching of critically endangered black rhinos in the Etosha National Park. It was said that the Police had found a firearm and ammunition registered in the name of one of the accused – suspicion is that ballistic tests had

linked his hunting rifle to the Etosha National Park poaching. The police additionally confiscated NAD 30,000 [USD 1,900 in 2016] believed to be the proceeds from the sale of rhino horn.

Whilst the medical professional is out on bail, he is suspected to have teamed up with other two persons to engage in rhino poaching activities. It should be noted that these two persons, although one is having a pending rhino poaching case are not the same persons he was charged with for the poaching in 2014. At the time of publishing, he remained in custody as bail was not granted, with the case postponed to 31 March 2017. The state's case is that on 22 December 2016, the medical doctor and his co-accused allegedly, without a hunting permit, killed four white rhinos – two bulls and two pregnant cows – valued at NAD 1,25 million each and with a total value of NAD 5 million. This is alleged to have happened at a farm near Khainas, in the Gobabis district.

Key:	Unknown
Offences:	Illegal hunting of specially protected game, possession of a firearm without a licence and unlawful possession of ammunition
Smuggling methods:	Unknown
Nationality of persons	
Involved:	Namibians
Sector involved:	Medical profession (the others' professions are unknown)
Jurisdiction:	Namibia
Detective method:	Informants and undercover operations
Observed financial flows:	Unknown. At the centre of the two poaching cases is a medical professional who has a medical practice in the city. It does not appear that information related to financial flows, such as laundering, potential dealings, the use of front companies, co-mingling etc was noted and included in charge sheets.

## 8.7 Case study 7

Environment and Tourism game wardens late in October 2014 arrested three men suspected of poaching in Salambala.

The three suspects who were armed with an AK-47 rifle were detained deep in the core conservation area of Salambala. They were reportedly travelling in the official vehicle of the Namibian Minister for Presidential Affairs. One of the men arrested is said to be the driver of the Minister.

Although no animal was found in their possession the three were charged with poaching. It was reported that an AK-47 with a number of rounds of ammunition, a pistol, a small rifle and a hand-held spotlight were confiscated by a team of alert environment wardens who trailed the trio. The small rifle is said to have been carried without a licence. It was not clear whether the machine-gun

and a pistol are part of state-issued weapons carried as part of the Minister for Presidential Affairs' security. The charge sheet at the police station lists possession of a machine-gun as one of the charges.

According to the manager for Salambala conservancy, the three men were spotted at one of the core areas of the conservancy between Mutikitila and loma while driving suspiciously. His testimony states as follows: "We saw a vehicle, ... in the core area of the conservancy at Chizuma. It was around 10pm and it was clear that they were trying to poach animals. When we approached them, they did not resist and admitted that indeed they were poaching. We found an AK-47 and four magazines, one pistol, one small rifle and a spotlight," said the conservancy manager.

A well-placed source noted that it is likely that the two weapons, the machine-gun and pistol are issued by the state as part of protection arrangements.

Three suspects were identified and they appeared in the Katima Mulilo Magistrate's Court on 23 October 2014 on charges of possession of a machine-gun, possession of a firearm without a licence, hunting on state land and hunting by making use of artificial light without permission. The case is still before the courts.

Key:	Unknown
Offences:	Illegal hunting of specially protected game, possession of a firearm without a licence and unlawful possession of ammunition
Smuggling methods:	Unknown
Nationality of persons	
Involved:	Namibians
Sector involved:	Public servants
Jurisdiction:	Namibia
Detective method:	Observations
Observed financial flows:	Unknown

## 8.8 Case study 8

A Namibian national of Chinese (suspect A) descent made a first appearance in the Windhoek Magistrate's Court for dealing in parts of elephants or rhinos as well as for possession of controlled wildlife products (dried abalone). Another Namibian national (Suspect B) also appeared in court with Suspect A. Suspect B appears to have a close relationship with a local church in Windhoek. He is possibly a church leader or pastor. There are financial activities between Suspect B and the church. Although smaller in amounts, there are transfers from suspect B's account to the church and vice versa. The relationship between the two suspects is not clear, although there are indications of association between the two of them.

Suspect A is said to be an employee of a Chinese company involved in imports and exports. He is not registered as one of the owners of the companies and in court appearances to date, he has maintained that he is only an employee of the said company. However, the records of payments made by the company to him<sup>25</sup> does not appear to suggest that he is only an employee. The company makes huge payments, regularly to his personal account at a local bank, and there is no reasonable justification for such payments to someone who is just an employee.

It was indicated that suspect A was caught in possession of pieces of rhino horn without a permit authorising possession or dealing, near Windhoek.

It was further indicated that Suspect A and B together were found in possession of abalone (perlemoen) without a valid permit during the same operation.

The case is still being investigated by Namibian Police, at the time of publishing this report.

Key:	The key which led to detection/arrest was not known
Offences:	Possession of protected wildlife parts
Smuggling methods:	Unknown at the time of reporting.
Nationality of persons Involved:	Namibian national of Chinese descent, and a Namibian
Sector involved:	Import and Export business. The Namibian national may have links to a faith based organization such as a church.
Jurisdiction:	Namibia
Detective method:	Unknown
Additional information:	Information at hand shows that the suspects, especially suspect A appears to be involved in other businesses which may appear legitimate (or a front), judging from his banking behaviour. Many payments to cellphone numbers (emoney) were also observed which may indicate unconventional behaviour for his type of business activities. Suspect B appears to have links to faith based organizations in Namibia. It does not appear that information related to financial flows, such as laundering, potential dealings, the use of front companies, co-mingling etc was noted and included in charge sheets.

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<sup>25</sup> As noted from FIC analysis

## 8.9 Case study 9

The police crime investigation co-ordinator for the Kavango East region said that the accused, who is the Kavango East Regional Head of the Ministry of Information and Communication Technology, was arrested after a police raid on his home in Rundu, on 31 October 2016. He is an established livestock farmer, who periodically ventures into crop farming in the rainy season.

The police were busy patrolling in the farm areas when they ended up on the Accused's farm in Satoka in Kavango East and found two elephant tusks, but he was not at the farm at the time. They were told that the accused was out on a hunting trip, so they went to his home in Rundu the following day and while searching the place, they found nine duiker carcasses. He was then arrested.

The accused has since appeared at the Rundu Magistrates' Court where he was granted NAD 10,000 bail on charges of illegal possession of elephant tusks and poaching of the duikers.

Key:	Unknown
Offences:	Illegal hunting of specially protected wildlife
Smuggling methods:	Unknown
Nationality of persons Involved:	Namibians
Sector involved:	Public servant, established farmer
Jurisdiction:	Namibia
Detective method:	Said to be from normal police patrols in farm areas
Observed financial flows:	Not known. It does not appear that there was an extensive review of his farming income to uncover any potential co-mingling, laundering etc.

## 8.10 Case study 10

A Windhoek resident, Accused A, aged 32 and his co-accused (B) who lives in Ongwediva (also aged 32), were granted bail when they made a second appearance in the Windhoek Magistrate's Court in Katutura on a charge of possessing or dealing in rhino horns in June 2016.

Accused A and B were arrested and charged with possessing or dealing in four rhino horns in Windhoek during the period of 11 to 13 June 2016. It was noted that the horns were found in the boot of the car of Accused A.



The police spokesperson said that police received information about rhino horns being offered for sale on 13 June, and then conducted a covert operation, during which four rhino horns were confiscated and the two accused persons arrested.



**Figure 12: The above image is said to be of the four rhino horns that the suspects were found in possession with**

With their appearance before the Katutura magistrates court, the state agreed that bail of NAD 50,000 could be granted to each of the two accused, with a number of conditions attached. The case was postponed and is still ongoing at the time of publishing this report.

Both men had to surrender their travelling documents to the police and not apply for new ones before their case is concluded, and were warned not to interfere with state witnesses, either directly or indirectly.

Key:	The need for covert operations in wildlife crimes
Offences:	Possession and dealing in rhino horns
Smuggling methods:	Not yet at smuggling stage. Horns found in the boot of the car
Nationality of persons Involved:	Namibians
Sector involved:	They are both business men who are primarily providing various services to Government as their client (Accused A has a printing/branding business, and fast food outlets, amongst others)
Jurisdiction:	Namibia
Detective method:	Under cover police operations

Observed financial flows: Not known. It does not appear that there was an extensive review of the accused's business activities to uncover any potential co-mingling, laundering etc. The accused persons are involved in a host of businesses primarily in Windhoek and in the northern part of Namibia.

### 8.11 Case study 11

At the time of publishing this report, the Namibia Airports Company (NAC) and the Namibian Police are both investigating how a 28 year-old Chinese national carrying 18 rhino horns went through the security points at the Hosea Kutako International Airport.

The Accused was arrested at the OR Tambo International Airport in Johannesburg, South Africa. The South African Police said members of the Directorate for Priority Crime Investigation (Hawks) at the airport acted on a tip-off when they arrested the suspect. He was in transit from Namibia and was about to board a connecting flight South African Airways flight to Hong Kong (on 23 November 2016) when he was stopped and searched. Upon the search, police recovered 18 rhino horns inside his luggage weighing 43kg with an estimated value of R6.6 million.

NAC spokesperson told the media<sup>26</sup>, after the arrest in South Africa that preliminary investigations confirmed that the scanners at Hosea Kutako International Airport detected the rhino horns. He was further quoted as saying, "To this end, follow-up investigations are underway to determine why and how the passenger was allowed to proceed," adding that an empirical investigation is being carried out by the agencies involved with aviation security, and the public will be informed on the outcome thereof.

The NAC chief executive officer, on 29 November 2016 also stated that they checked the CCTV footage at the airport, which clearly showed the 18 horns going through the scanners. He was quoted as saying that "We could see the image of the rhino horns in the video footage. It was so clear, even an untrained eye can see it," he said, adding that he could not say if the accused was working with an employee at the airport. "It is very disturbing and disappointing, but we will only be able to pronounce ourselves once the investigations are complete", he further stated, adding that CCTV monitoring is the Police's responsibility.

The Chinese suspect was remanded in custody in Johannesburg, after his first court appearance in the Kempton Park Magistrates Court. The trial has yet to start, at the time of publishing this report.

On the other hand, a Namibian police officer has been charged with defeating or obstructing the course of justice for failing, or omitting to detect and stop the 18 rhino horns that were taken from Namibia to South Africa through the Hosea Kutako International Airport as stated above. The officer

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<sup>26</sup> Sourced from The Namibian newspaper online: <http://www.namibian.com.na/48545/read/Rhino-horn-smuggling-probe>

who appeared before the Windhoek Magistrates Court was on duty operating the luggage scanners when the accused slipped through and boarded the flight that ended with his arrest on arrival at the OR Tambo International Airport in Johannesburg. The police officer was granted bail of NAD 2,000.00 and remanded out of custody pending his next court appearance for trial on February 3, 2017.

Key:	Ensuring aviation security plays its part in combatting efforts
Offences:	Possession and smuggling of rhino horns as well as possible negligence or corrupt behaviour of aviation security officials
Smuggling methods:	Mingled with smuggler's luggage and passed through airports
Nationality of persons involved:	Chinese smuggler and possibly a Namibian Police Officer
Sector involved:	Background on smuggler unknown
Jurisdiction:	Namibia and South Africa
Detective method:	Tip-off resulted in the search and arrest

### 8.12 Case study 12

Three Chinese nationals were arrested at a police checkpoint in Windhoek with various rhino horn products that included bangles they tried to conceal in empty coffee tins. Confirming the matter, the Namibian Police Spokesperson in Khomas region (Chief Inspector A) said the trio were arrested at Kapps Farm checkpoint – on the road between Windhoek and the Hosea Kutako International Airport at around 11 a.m, on 07 December 2016. The trio were travelling in a sedan on their way to the airport, when they were pulled over at the Police checkpoint for a routine search.

The rhino horn products were discovered after searching through at least three suitcases where they found various items including chocolates and coffee tins where the rhino finished products (some cut into smaller pieces) were concealed.

Key:	The need for Police searches and vigilance
Offences:	Possession of rhino horns (possibly attempting to smuggle horns out of the country as they were travelling to the airport)
Smuggling methods:	Mingled with smuggler's luggage
Nationality of persons involved:	Chinese
Sector involved:	Unknown
Jurisdiction:	Namibia
Detective method:	Routine searches at Police checkpoint

### 8.13 Case study 13

#### Indications of involvement of nationals from neighbouring countries:

**Case 1:** In April 2016, Zambian police in Mongu, Western Province, arrested two locals and a Namibian for being in possession of two black rhino horns. They remain in custody at the time of publishing this report.

**Case 2:** In early May 2016, the PRU's arrested Mr. X and Y after their tracks were found inside Etosha National Park. Fresh rhino horns, illegal ammunition and a .303 rifle were found in their possession. The rifle led the police to Zambian national Mr. Z, a senior manager at regional electricity distributor, NORED in Ondongwa. Mr. X pointed out where he had stashed the horns as well as the carcass in the national park to the police, who subsequently discovered two more carcasses, one fresh, in the same area, according to sworn affidavits by police in the criminal docket opened in the case.

The Mongu arrests and Mr. Z's syndicate arrests have now led investigators back to Okahao in the Omusati region in Namibia, and to a prominent local businessman, a well-placed legal source close to the case revealed. It is suspected that the Okahao based businessman could be a mastermind (possibly level 3) buying such horns from poachers (level 1 and 2) persons for onward selling to Asian networks. He has businesses in Okahao which appear to be doing well, judging by his assets and properties.

**Case 3:** In mid 2016, a Zambian-registered professional hunter (Mr. A) was picked up by the police in Otjiwarongo after a black rhino was poached at the private Erindi game reserve. Police sources said Mr. Z had booked into the lodge and hidden two firearms in the bush before booking out – and returning with another Zambian, a Namibian and an Angolan accomplice to kill a black rhino a few days later. Mr. A, Mr. B (also Zambian), Mr. C (An Angolan national) and two Namibian nationals made a brief appearance in the Omaruru magistrate's court and were remanded in custody until their next appearance in November 2016. At the time of their court appearance, it came to light that the Police were looking for a Congolese national in whose shack in an Okahandja squatter town the horns were recovered.

Key:	The need for Police searches and vigilance, community engagements (tip offs). Nationals from neighbouring countries could be involved in local poaching and related illicit dealings
Offences:	Management of Erindi Game Reserve as per Case 3 is said to have timely notified the Police when they detected poaching activities
Smuggling methods:	Dealing/Possession of rhino horns and poaching activities
Nationality of persons Involved:	Not known (persons were found in possession)
	Namibians, Zambians, Congolese and Angolan

Sectors involved: Tourism (Etosha National Park, Erindi Game Reserve)  
Jurisdiction: Namibia, Zambia  
Detective method: The common denominator was tip offs and informants

#### 8.14 Case study 14

Mr. B, aged 48, a nephew of a current Minister was recently transferred out of the Etosha National Park because of his suspected links to poachers, sources close to the official investigation said. Mr. B, who is a former police officer is now employed by state-run Namibia Wildlife Resorts and was arrested in 2016 with an accomplice in Rundu for possession of two fresh rhino horns they were trying to sell.

Although two fresh rhino horns were confiscated from them, the Ministry of Environment and Tourism is yet to find the carcasses from which those horns originated.

Key: People suspected of poaching activities end up being eventually arrested for such suspicions, even when placed in positions that require them to safeguard and protect wildlife.

Offences: Possession and Dealing in rhino horns

Smuggling methods: Unknown

Nationality of persons Involved: Namibians

Sector involved: Tourism and conservancies

Jurisdiction: Namibia

Detective method: Law enforcement picked up this attempt to sell from informants

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