

# SPECIES TRAFFICKING AS A PARADIGMATIC CASE OF TRANSNATIONAL CORRUPTION: POTENTIAL CONTRIBUTIONS FROM GOVERNMENTAL EXTERNAL CONTROL

Working Group  
Specialized in the  
Fight against  
Transnational  
Corruption

March 2021

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\* The results of the in-house consultancy carried out by María de los Ángeles Barrionuevo were essential for the development of this publication. For more information about this work, we invite you to consult the OLACEFS webinar entitled “The role of SAIs in the Illicit Wildlife Traffic”, organized and presented on August 19, 2020 by the Presidency of the GTCT, along with IUCN, UNODC, and GIZ, which is available on OLACEFS’ YouTube channel at <https://www.youtube.com/watch?v=0vuBkM2CjFY>”.

## Presentation

Since its constitution, the members of the Working Group Specialized in the Fight against Transnational Corruption (GTCT) considered it relevant to focus their first investigative efforts in the area of environmental crimes, starting with a deeper exploration of the illegal trade in species. Thus, this line of investigation recognizes the trajectory of the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS) and the German Cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in matters of governmental control of natural resources; at the same time, it urges further investigation into the nexus between this area and transnational corruption.

In view of the above, a consultancy was carried out from March to August 2020 to identify the state of illegal trafficking of wild flora and fauna in Latin America and the Caribbean and the ways to mitigate the corruption related to it. From this academic exercise, three technical reports were obtained that revealed the actors and organizations of interest, the good international practices and an approach to the routes and main species trafficked. The role of the Supreme Audit Institutions in preventing the illegal trade in species was also explored in a cross-cutting manner.

It is worth mentioning that the most significant points of the consultancy were presented in a webinar organized on August 19, 2020, which brought together 500 attendees from the OLACEFS community, and where distinguished representatives of the United

Nations Office on Drugs and Crime (UNODC) and the International Union for Conservation of Nature (IUCN) participated. After analyzing the results with the stakeholders involved, the Presidency and members of the GTCT, as well as the German Cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, decided to prepare a new document that systematizes the findings of the aforementioned consultancy, and that details, in a more explicit manner, the contributions of governmental control to the reduction of corruption that facilitates illegal trafficking of species.

With that in mind, the results of a second investigation are presented below, which exposes the international practices of the fight against the illicit trade of flora and fauna, which investigates the recognition of this environmental crime as an area of interest for governmental control, which establishes the potential approaches and actions to address this new area and which, finally, envisions challenges for the Superior Audit Institutions.

We invite readers to take this publication as a starting point and a reflective exercise around the contributions of governmental control in less explored areas within the framework of environmental crimes.

**Dr. Pablo Celi de la Torre**  
Comptroller General of the State of  
the Republic of Ecuador  
President of GTCT

# Message from the United Nations Office on Drugs and Crime (UNODC)



Previously perceived as an emerging threat, crimes against wildlife, forests and those related to fishing have evolved into one of the most serious and lucrative transnational criminal activities after drug and human trafficking.<sup>1</sup> Therefore, combating these crimes requires strong, holistic and coordinated responses among the public sector, civil society, academia, the private sector and the international community.

In addressing this issue, UNODC draws on its role, experience and expertise as guardian of the United Nations Convention against Transnational Organized Crime (UNTOC) and the United Nations Convention against Corruption (UNCAC).

In this framework, through the Global Programme for Combatting Wildlife and Forest Crime, UNODC provides technical assistance to Member States to develop prevention strategies, strengthen the criminal justice response to crimes against wildlife, forests and those related to fishing; improve inter-agency coordination; strengthen technical capacities on investigation and prosecution processes; and promote international cooperation to address these crimes.

In Latin America, the Global Programme implements activities in Bolivia, Brazil, Colombia, Ecuador, Mexico, Peru, and also promotes cooperation at the regional level, to-

gether with the partners of the International Consortium on Combating Wildlife Crime (IC-CWC). In this way, the structure is being established to implement the South American Wildlife Enforcement Network (SudWEN).

Under a scheme that promotes joint work and empowerment of national authorities, the Global Programme supports planning, development and implementation of technical tools designed “by authorities for authorities.” To this end, it has been proposed to promote the creation of Inter-institutional Working Groups, in which all those interested in dealing with crimes against wildlife, forests, and those related to fishing, converge on a voluntary basis.

With the support of the Global Programme and its partners - national authorities, civil society, academia, and the international community - these working groups are called upon to develop not only joint and consensual actions to combat crimes against wildlife, forests, and those related to fishing, but also to address related crimes, such as economic crimes (fraud, counterfeiting, tax evasion, and illicit financial flows).

In this sense, it is important to emphasize that corruption attacks the core of efforts to combat crimes against wildlife and forests, facilitating illicit trafficking at each stage of the value chain. In this context, UNODC makes available to Member States a wide range of technical guides focused on risk management, enabling their identification, assessment and mitigation.

1. For statistics and data on environmental crime, see UNODC, World Wildlife Crime Report (2016).

## Preface

Given the relevance of Supreme Audit Institutions (SAIs) in the prevention, timely detection and fight against corruption, as well as with the objective of enhancing their capacities in addition to disseminating the value and benefit of their contribution, the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS) promotes the exchange of knowledge among SAIs in the region, encourages technical cooperation among its members and with external stakeholders, contributes to the development of innovative audit tools and methodologies, and encourages the implementation of regional initiatives to strengthen transparency and integrity both within SAIs and in the public sector.

With the creation of the Working Group Specialized in the Fight against Transnational Corruption (GTCT) in April 2019, OLACEFS opens a new chapter that will make it possible to articulate, coordinate and consolidate the various existing (and to be promoted) initiatives to prevent, detect and mitigate the impact of acts of corruption, as well as to assist in their investigation and punishment, in compliance with the rule of law.

Within the framework of the implementation of the regional Project for Strengthening External Control in the Environmental Field, with the support of the German Cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, in collaboration with OLACEFS, we are pleased to collaborate with the Working Group Spe-

cialized in the Fight against Transnational Corruption (GTCT), headed by the Office of the Comptroller General of the Republic of Ecuador, particularly for the development of an initiative of great regional importance: the incidence of corruption in the illicit traffic of wild flora and fauna, as well as the role of SAIs in its prevention.

The illicit trafficking of species of flora and fauna constitutes a serious environmental crime, threatening biodiversity in the countries of origin, increasing the risk of extinction of these species, contributing to the deterioration of ecosystem services, and further harming the populations that depend on wildlife for their livelihood. Furthermore, this illicit trafficking is exploited by organized crime networks at the local, national and transnational levels, which connect the countries of origin with the consumer countries, where the trafficked species are used in traditional medicine and in the production of consumer goods, used as food, or even become pets. It is estimated (GEF, 2019) that the illegal trafficking of species has an annual turnover of between US\$ 7 billion and US\$ 23 billion, which makes it highly lucrative; however, it still presents a low level of sanction for those who commit these crimes.

The problem is especially relevant in Latin American and Caribbean countries, due to their rich biodiversity. Poverty, which often afflicts many local communities, contributes negatively to this situation, as do weaknesses in the functioning of institutions that should

inhibit this type of crime, which encourages corruption among officials responsible for auditing cross-border trade and issuing permits for the export of wild species, among others. This allows the illicit trafficking of species to be integrated with the other illegal activities of organized crime, such as money laundering, tax evasion, as well as trafficking in drugs, arms and people. In recent years, the countries of the region are becoming aware of the need for joint and coordinated work in the fight against illicit trafficking of wildlife, even having signed agreements on this issue, such as the Declaration of Lima (2019). In this context, the crucial importance of the role of OLACEFS, the GTCT and the SAIs of the region in improving the processes of control and prevention of corruption among public agents is evident, in such a way that illicit trafficking of wild species is discouraged, as well as the other activities of organized crime that benefit from this corruption.

That said, the importance of this initiative is clear, as reported in this publication, which includes other results such as closer collaboration with relevant actors such as the International Union for Conservation of Nature (IUCN), as well as with the United Nations Office on Drugs and Crime (UNODC). Therefore, plans exist to follow up and contribute to the technical collaboration of the WGCT with these bodies and other stakeholders to promote the reduction of spaces for the commission of crimes that threaten the preservation of biodiversity.

It is essential to contribute to the reconciliation of global economic progress with social justice and natural resource conservation. This includes ensuring that no one is left be-

hind, in line with one of the principles of the 2030 Agenda for Sustainable Development, as well as contributing to the achievement of international agreements such as the Aichi Biodiversity Targets of the Convention on Biological Diversity (CBD) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). In this way, the prevention and mitigation of environmental crimes is considered a relevant line of work for GIZ in the framework of this regional project (commissioned by the BMZ) since trafficking in wild species, illegal fishing, and illegal trade in wood undermine sustainable development, promote social conflicts over scarce natural resources, degrade the environment, and affect vulnerable populations in greater proportion.

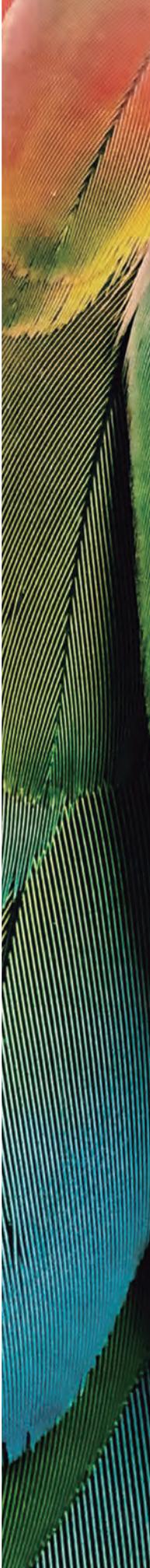
In view of the above, collaboration with OLACEFS, through the GTCT and its members, as well as other bodies of the Organization, is considered relevant, since its audit function contributes to fostering accountability and governance in line with United Nations Resolution A/69/228 (December 2014), which favors the achievement of the sustainable development goals. In particular, it highlights the joint work contributing to corruption prevention and promoting transparent and accountable entities, in line with the provisions of SDG 16 of the 2030 Agenda.

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## Introduction

Population increases, the growing demand for spaces for agricultural activity, accelerated urbanization processes, and the intensive exploitation of resources, among other economic and social factors, have generated conditions that, over the decades, have presented society with a dilemma: either the responsibility for protecting the environment is assumed –collectively and beyond national borders; or, in the short and medium term, society will have to face the consequences of the deterioration to which the planet has been subjected, evident in global warming, desertification, the loss of bodies of water, air pollution and the extinction of species.

It could be argued that the impact on nature is an inherent cost to social development and economic growth, and that there are practical alternatives so that this use of resources can be done in an orderly, scientific and sustainable manner. However, it is necessary to point out that a significant and totally dispensable part of this impairment is not exclusively due to productive activities –subject to government supervision, sanctioned by public scrutiny and, therefore, susceptible to improvement– but rather to irregular acts or violations of the law; an example of this is species trafficking.

The exploitation and sale of certain species of flora and fauna –which in many cases face serious risks in terms of their survival or are openly on the way to extinction– are committed through clandestine structures and

networks in which public and private actors participate. These networks are oriented to market niches –both national and international– with high purchasing power, essentially satisfying a sumptuary demand, and they remain outside of state control, engaging in different forms of corruption.

The cumulative impact of these types of activities constitutes a serious threat to the existence of not only individual species, but also the biota of which they are part, with one more aggravating factor: if these processes result in the extinction of a plant or animal species, the damage is exponential and irreversible (Rivera-Olarte, 2016). This scenario reveals a serious impact on the natural assets of the States, which endangers the future of the new generations. Accordingly, the relevant authorities must implement controls that, while promoting conservation, prevent or discourage the illegal trafficking of species.

Supreme Audit Institutions (SAIs) have been recognized as institutions promoting accountability, efficiency, effectiveness and transparency of public administration, and contributing to the achievement of national development goals and priorities, as well as internationally agreed development goals<sup>2</sup> – (Resolution 69/228 of the General Assembly, 2015). The latter, together with other competent bodies from the Latin American and Caribbean nations, must join forces to combat this far-reaching problem, given that

2. [https://www.intosai.org/fileadmin/downloads/documents/open\\_access/intosai\\_and\\_united\\_nations/69\\_228\\_2014/SP\\_un\\_resol\\_69\\_228.pdf](https://www.intosai.org/fileadmin/downloads/documents/open_access/intosai_and_united_nations/69_228_2014/SP_un_resol_69_228.pdf)

their geographical space is characterized as being one of the wealthiest in the world in terms of biological diversity.

This wealth is, without a doubt, one of the most important assets of the region's countries: its proper administration represents not only the opportunity to access an inclusive and sustainable development model, but also an ethical duty before the rest of humanity given that its conservation is essential for maintaining the planet's ecological balance.

The review of the government management of public resources –including environmental assets– is part of the powers of governmental external control, and represents a space where it can offer important contributions. Environmental assets correspond to territory or physical spaces that support specific ecosystems and offer environmental goods and services; despite the fact that their valuation in a monetary value is complex and controversial –because it is considered by some analysts as one step away from their privatization (Aznar & Estruch, 2012) –recognizing that they are part of the national patrimony will contribute to generating a level of awareness regarding the responsibility for their conservation, as well as the trans-generational consequences of their destruction (Aznar, Guijarro & Moreno, 2007).

The biodiversity conservation problem is not new; there is a significant number of private and governmental organizations that have dedicated their efforts to expose, before the authorities and public opinion, the existence of problems and critical situations derived from the overexploitation and misuse of biosphere resources. Likewise, these groups are dedicated to monitoring and following up on actions that affect the environment and pro-

posing alternatives or technical solutions to problems that endanger the survival of the species.

Actors such as the United Nations Environment Programme (UNEP), the International Consortium on Combating Wildlife Crime (IC-CWC), the International Union for Conservation of Nature (IUCN), the World Wide Fund for Nature (WWF) and the International Fund for Animal Welfare (IFAW), among many others, offer technical support, access to information, databases and specialized tools to address these issues. These organizations mainly aim at improving the actions of environmental authorities and/or enhancing the implementation of penalties for damage to nature and/or to the State's assets. However, they do not necessarily involve or recognize the management that the external governmental control bodies could have in these matters.

In this context, the SAIs have established spaces for international and regional action aimed at strengthening environmental control, evident in the creation and operation of the Working Group on Environmental Auditing (WGEA) of the International Organization of Supreme Audit Institutions (INTOSAI) and the Special Technical Commission on the Environment (COMTEMA) within the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS).

In particular, on the issue of species trafficking, there is an element that obliges SAIs to not remain on the sidelines, but to be decisively involved: the presence of corruption as one of the central elements of this crime.

That is why this document has resolved to give continuity to the efforts made by the Working Group Specialized in the Fight

against Transnational Corruption (GTCT) of the OLACEFS –headed by the Office of the Comptroller General of the Republic of Ecuador and composed of fourteen full member SAIs and three associate SAIs<sup>3</sup> with the support of the German Cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, in the context of implementing the regional project for Strengthening External Control in the Environmental Field,<sup>4</sup> to address the nexus of species trafficking with the commission of acts of corruption; and how SAIs could contribute in this area.

In mid-2020, these joint efforts resulted in the execution of a consultancy<sup>5</sup> specializing in this theme, which integrated three documents: “Approach to the Identification of Illegal Trafficking Routes of Wild Flora and Fauna Species in Latin America and the Caribbean;” “Mapping Stakeholders” and “Mapping Initiatives that Promote Sustainable Trade of Species.”

These studies were of great relevance for the preparation of this text, which supports

the need to implement a multisectoral and regional approach allowing effective collaboration of the SAIs of Latin America and the Caribbean with the relevant actors and stakeholders to enhance the control of the use of environmental assets –in this case, wildlife species– with the aim of reducing the incidence of corruption and closing spaces for the commission of illegal actions.

This approach is based on the answer to four questions:

- What has been the international practice in the fight against illegal trafficking of species?
- Why is species trafficking an area of interest for governmental external control?
- From the perspective of governmental external control, what approach would be advisable to adopt to address this problem?
- What challenges would the implementation of these types of actions have to face at the regional level?

3. SAI full members: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador (Presidency), El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay and Peru. More information is available at: <https://www.olacefs.com/grupo-de-trabajo-especializado-en-la-lucha-contra-la-corrupcion-transnacional-de-la-olacefs/>

4. Regional project implemented - from January 2016 to April 2021 – as a partnership between the German Cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the Federal Court of Accounts (TCU) of Brazil and the Latin American and Caribbean Organization of Supreme Audit Institutions (OLACEFS).

Microsite: <https://www.giz.de/en/worldwide/75436.html>

Video in English: <https://www.youtube.com/watch?v=dB6f0Bds9fg>

5. Dr. María de los Ángeles Barrionuevo is in charge.



## 1 What has been the international practice in the fight against illegal trafficking of species?

The issue of species trafficking is emblematic of a situation that involves a large number of actors from different fields and nationalities who interrelate in complex economic and commercial chains. Its operation depends on the inadequate practice of, or the omission of, actions in matters of internal and external control by the competent authorities, for example, investigation, oversight and sanction work by government authorities in matters of flora and fauna protection, the issuance of permits and licenses for the exploitation of silvicultural and forestry resources, the environmental impact determinations, conducting risk studies, granting export permits or the performance of customs controls, to name a few. These omissions are largely due to corrupt practices. Furthermore, it must be borne in mind that the action of criminal groups, on occasions, obstructs the application of the Law by putting the integrity of the officials in charge of these actions at risk.

In order to properly characterize the illegal trafficking of species, it is necessary to understand that the use of natural resources is not an illegal practice *per se*, or one that necessarily implies a high impact on the natural environment, as long as sustainable methods are taken into account. That is why the Preamble to the 2030 Agenda for Sustainable Development mentions the commitment to “protect the planet against degradation including, through sustainable consumption and production, the sustainable manage-

ment of its natural resources and urgent measures to address climate change so that it can meet the needs of present and future generations.<sup>6</sup>

Indeed, when the use of flora and fauna species is carried out in a rational and orderly manner, it can represent an important factor in a country’s economic development. Likewise, the population that engages in the legal exploitation of this type of resource – usually in conditions of poverty– can develop, with the support of the authorities and other interest groups, different schemes of sustainable use and commercialization that allow conservation of the environment and do not negatively affect its long-term management. This is recognized in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES),<sup>7</sup> an instrument that was ratified by the States of the control bodies that make up the GTCT.

In this sense, reforestation programs, the exclusive authorization of the capture of specimens of certain sizes, ages or characteristics, the observance of closed periods, the determination of reserve areas, the setting of maximum quotas for the extraction of certain resources, to name a few mechanisms, are examples of responsible management of a natural resource which, insofar as they are applied rigorously, will allow for the long-term sustainable use of species of flora and fauna.

6. [https://unctad.org/system/files/official-document/ares70d1\\_es.pdf](https://unctad.org/system/files/official-document/ares70d1_es.pdf)

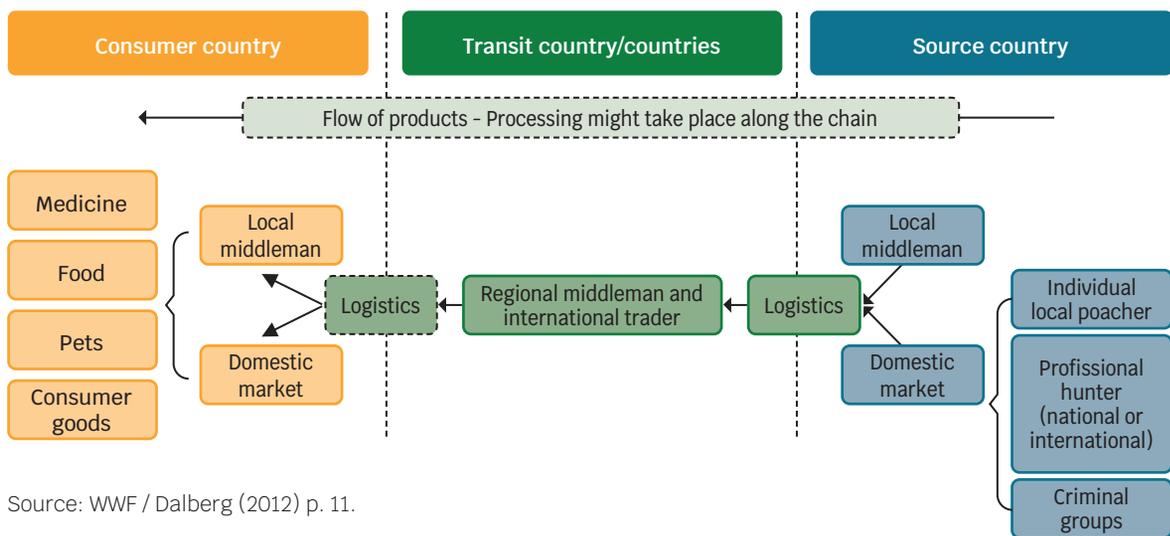
7. <https://www.cites.org/esp/disc/text.php>

From the point of view of governmental external control, this use is characterized as dealing with formal activities in which the incidence of governmental action –such as the granting of permits, application of fiscal measures, oversight of commercial exploitation, and compliance of phyto and zoosanitary standards, to name a few examples – can be duly evaluated through the practice of compliance or performance audits. This, with the objective of determining the degree of application and observance of the applicable regulations, or the efficiency, effectiveness and economy of a certain govern-

ment program focused on achieving a better use of these resources. In this way, the application of these measures translates into a relevant contribution of the supreme audit to the protection of the environment, as well as favoring a sustainable development.

However, the practice of illegal trafficking of species is governed by different parameters, insofar as it implies a particular way of relating between the various actors and sometimes, due to its clandestine nature, can only be detected by inference from existing evidence, or from specific investigations.

Figure 1. The wildlife trafficking value chain



Source: WWF / Dalberg (2012) p. 11.

To understand this phenomenon it is necessary to make a general characterization of its different stages. The illegal trafficking of species starts from obtaining the flora or fauna specimen through hunting, gathering, felling or capture in order to be commercialized. The collection, preparation and transfer of the specimens –both within the country of origin as well as to the country of destination– represents another link in the

chain; this stage is followed by their sale to the final consumer. The transit of the wild species in question involves different actors, both public and private, who make a profit in the process: payment to the person who directly exploits the resource, the benefits received by intermediaries, and the bribes received by the different officials involved for performing or omitting acts inherent to their positions.

It should be noted that the areas with the greatest biotic wealth generally have a low population density, as well as the existence of traditional productive structures that do not allow the inhabitants of these localities access to a minimal satisfaction of their needs, even the most basic ones, which can open up spaces for those who decide to engage in this type of activity. In this regard, it is possible to distinguish criminal actions against wildlife for purposes of subsistence –caused by the lack of minimal satisfaction of needs or of the means to obtain them, during times of environmental stress and social conflict– or for commercial purposes –in search of obtaining resources beyond those necessary and driven by a combination that generates at once a demand and a lack of legitimate sources of income (Harrison et al., 2015).

It should be noted that, in this initial link in the trafficking chain, the possibilities for a person, family group or community to overcome poverty through the irregular exploitation of these resources are practically nil. If we consider that the exponential increase in the monetary value of the illegally traded species occurs during the commercialization stage, the primary producer's situation of marginalization is perpetuated because, in general, the trafficked species are bought at low cost from those who obtain them from the environment; for this reason, the level of profit obtained does not represent a factor allowing those who incur the risks of their exploitation to escape poverty.

Likewise, the type of work that has to be carried out puts the producer in a situation of greater vulnerability to the action of institutions and surveillance bodies and, in the case of being discovered, having to face the legal

consequences without having the knowledge or the necessary means for defense.

Additionally, due to the irregular conditions in which they are obtained –illegal felling, poaching, pillaging of young animals, mistreatment and overcrowding of captured specimens, and high mortality rates due to inappropriate management– an overexploitation of the resource is necessary, so that, at least some specimens reach their final consumers alive, increasing the negative impact of illegal trafficking of species for the ecosystems where they are obtained.

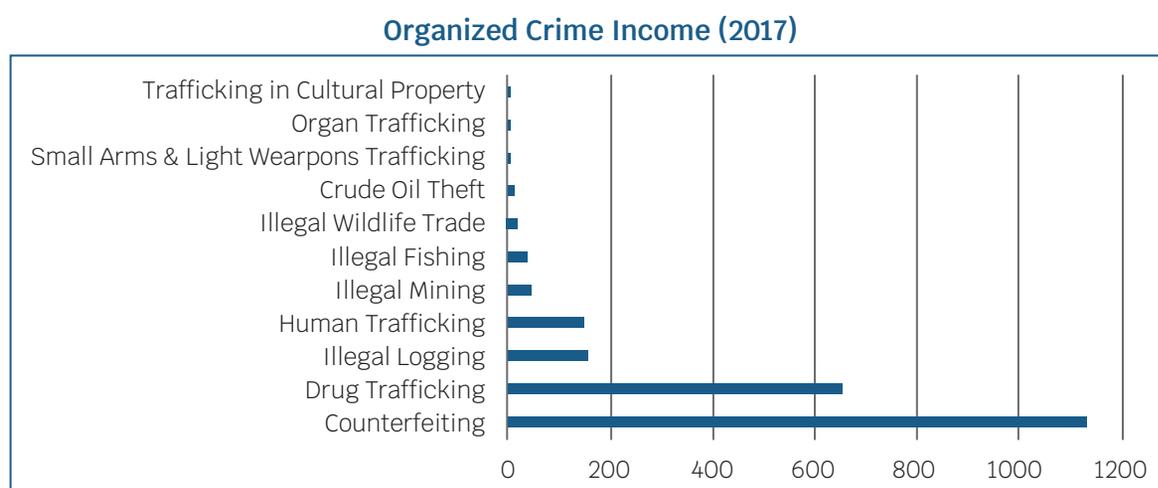
The seizure of the trafficked species by the competent authorities and the application of pecuniary or corporal sanctions are usually the most serious consequences of this type of crime. These measures have shown their lack of effectiveness in terms of being a real deterrent in helping to discourage the illegal trafficking of species, along with the predominant deficiency in the institutions which operate the justice system, and the inequality in the application of the law; in fact, the use of violence and intimidation by organized crime against state agents further limits the impact of law enforcement in combating these crimes.

On the other hand, the persistence of situations of poverty that induce or lead offenders to these illegal activities is also beyond the scope of the issue of sanctions since their remedy depends on other factors, such as the implementation of government programs and policies aimed at the rational and sustainable use of natural resources or the promotion of alternative economic activities, which, due to their public nature, fall within the sphere of action of the SAIs.

As there is no government presence in this part of the process due to the fact that these are agreements that occur illegally and informally between individuals –the buyer or solicitor of the species linked to local and transnational criminal networks and the person who captures or obtains the species to be traded– the identification of the crime

early on is complex. It should be added that there are cases in which criminal organizations engaged in species trafficking carry out multiple types of illicit activities, such as human trafficking, smuggling, illegal arms trading and the production and sale of drugs. Criminal networks have multiple communication vessels that make it diffi-

Figure 2. Organized crime income.



Source: May (2017). The amounts are in billions of dollars.

cult to pursue their activities separately, and that provide them with ample resources to be able to intimidate or bribe the responsible authorities.

The commercialization phase is precisely where the highest profits are generated and where acts of corruption can be committed, such as document fraud in customs processes, to extract the species from one country to another. This occurs because criminal organizations have abundant resources to carry out such acts that involve lower level officials up to higher commands, responsible for the management of government bodies and agencies for the protection of flora and fauna, the management of international trade,

the customs process and even the administration of justice.

The issue of trafficking becomes even more complex if we take into account that, in a considerable number of the cases, the commercialization of species of flora and fauna is not limited to the interior of the countries of origin, but rather, these resources move to through the territories of different States until they reach the markets where they are acquired. Primarily, these are countries with a higher level of development and, in principle, with greater institutional capacity and maturity in their control bodies. So criminal groups need to have the appropriate channels in

the destination countries to be able to sell the trafficked species and make the level of profit expected, necessarily implying the use of corruption to achieve this.

It should be emphasized that, for this process to exist, it is not enough that supply is generated, but that it corresponds to the demand of buyers with a high level of purchasing power, who, for reasons of prestige, image, or mere conspicuous consumption, are willing to close the criminal cycle with the purchase of species at risk without considering at some point not only the illegality of their act, but also the ecological and human impact of making these assets available. It is then a responsibility shared by all those authorities in the countries of origin, transit and destination where meddling exists in the different phases of the process of the illicit trafficking of species.

In these areas, the audit action finds, in its anti-corruption aspect, a natural space for action. Although not all control bodies have this competence, the practice of forensic auditing, for example, allows investigations to be carried out to determine the existence of irregular activity aimed at committing fraud. On the other hand, conducting performance audits makes it possible to detect if there are deviations or failures in the expected behavior or “should be” of the public entities that perform specific functions related to the different processes involved in the control of species trafficking. The performance audit also contributes to the study of the effectiveness, efficiency and economy of the public programs and policies designed and implemented in the interest of reducing this type of crime.

Currently, the best practices for facing the challenges arising from the incidence of transnational corruption in the illegal trafficking of species, and therefore, from the conservation of the environment, are oriented towards (1) implementing a multidisciplinary approach in the problematization of the phenomenon; (2) calling for open participation by different groups related to the issue, such as Non-Governmental Organizations (NGOs), academic and research sectors, citizen groups, and the media; (3) establishing effective interaction at different levels and areas of government, and (4) conducting active cooperation with international stakeholders, such as multinational organizations, regional groups or specialized agencies, to address, in a holistic manner, an issue that cannot be resolved in a partial or limited way, and whose occurrence is not limited to the territory of a single country.

Regarding the first point, it is convenient to assume a multidisciplinary approach in which not only specialists in environmental conservation participate, but also other professional profiles that allow an adequate problematization of the phenomenon by contemplating its different causes and taking into account the effects it has in the economic, social, administrative and legal areas, among others. The issue of committing environmental crimes presents different facets that involve different specialized actors, whose contribution is essential for a thorough understanding of the different variables involved, as well as for the design of strategies that seek to attack the structural causes of these types of actions.

The second practice refers to capitalizing on the fact that many NGOs focus on

8. Web sites: <https://wwf.org/> and <https://wwf.panda.org/>

specific topics of conservation of certain species or habitats as a way to counteract species trafficking and have valuable information to initiate research in this regard. For example, we can mention the actions of the WWF,<sup>8</sup> such as the promotion of the Convention on International Trade in Endangered Species of Wild Fauna and Flora; the Wildlife Conservation Society (WCS),<sup>9</sup> which manages around 500 conservation projects in more than 60 countries; TRAFFIC International,<sup>10</sup> which analyzes and monitors the figures of the illegal trade of species around the world; and other associations that are dedicated to the analysis of specific issues in the matter of environmental protection.

The same can be said of the work carried out by the academic and research sectors in terms of support, training and awareness of the responsible personnel, as well as acting as scientific advisors for the planning of audits or assisting with the evaluation of the effectiveness of implemented strategies. It is even possible to highlight that the implementation of citizen complaint reporting mechanisms by public entities, or those carried out by some of the media, can be a very useful input for these purposes.

Third, there is recognition that species trafficking involves the commission of irregular-

ities at the local, sub-national and national levels, and involves different types of authorities, from administrative and technical to reviewing –including governmental external control– and the administration of justice. For this reason, attention to this type of crime falls on different levels and competencies of government, whose actions must be properly coordinated to avoid omissions or redundancies and make more efficient use of the budgetary resources dedicated to them.

Finally, the need to establish effective synergies at the international level is mentioned, given the cross-border nature of the illegal commercialization of species. Examples of such actions would be the collaboration between the World Customs Organization (WCO) and INTERPOL to combat this traffic, the establishment of the ICCWF,<sup>11</sup> or the Declaration of Lima resulting from the First High-Level Conference of the Americas on Illegal Trade in Wildlife,<sup>12</sup> to name a few.

With this, it is possible to affirm that species trafficking is a highly complex phenomenon that demands a broad approach from the national authorities and international bodies that covers the most relevant variables of the problem and that finds, in cooperation, dialogue and exchange of information and experiences, greater power and an expansion of capacities to face the challenge.

9. Web site: <http://www.wcs.org/>

10. Web site: <https://www.traffic.org/>

11. More information available at: <https://www.unodc.org/unodc/en/wildlife-and-forest-crime/iccwf.html>

12. More information available at: <http://iwtlima2019.pe/> and in <http://iwtlima2019.pe/acerca-de/presentacion>



## 2 Why is species trafficking an area of interest for governmental external control?

The auditable universe includes those actions in which the use of public resources is involved, considering that these resources are not limited to those of a monetary or financial nature, but encompass the entire physical patrimony of a country. This therefore includes the so-called *environmental assets*, i.e., resources derived from the local flora and fauna, in addition to the habitats where they develop.

The evidence regarding the effects that the decrease or extinction of species has on the balance of the ecosystem is overwhelming. The current state of the environment around the world has shown that it is not possible to separate different phenomena –such as increased temperatures, droughts, torrential rains, rising ocean levels, loss of glaciers, forest fires– from ecological deterioration (Useros, 2012).

These conditions affect all countries, so it is the responsibility of the nations with the greatest degree of biodiversity, such as some Latin American and Caribbean countries, to help slow this trend through an orderly and sustainable management of its natural patrimony.

The responsibility of the State regarding the proper management of these assets is two-fold. On the one hand, it must be accountable to the present society –and by extension, to future generations– for the administration of these elements. On the other hand, each country is responsible to the international

community for the present and future conservation of resources that, because they are part of an indissoluble network that transcends national jurisdictions, consequently, have a global impact.

It should not be forgotten that the international concern for these issues was evident in the integration of the 2030 Agenda for Sustainable Development<sup>13</sup> and in the various commitments arising from the seventeen Sustainable Development Goals defined within the scope of the United Nations (UN). A considerable number of actions to be undertaken in this scheme are directly linked to the conservation of the environment and its rational and sustainable use, as well as the improvement of government management through the abatement of practices harmful to the public good, such as corruption, bribery and tax evasion.

In this context, the SAIs decided to assume the commitment of contributing to the monitoring of progress in the fulfillment of the objectives of the 2030 Agenda in each country. Therefore, it is possible to state that the issue of species trafficking represents an area in which governmental external control is called upon to play an active role, given its considerable negative impact in terms of environmental conservation and the importance of criminal networks using the resource to corrupt authorities in order to carry out their operations successfully and without interference from the State.

13. More information available at <https://www.un.org/sustainabledevelopment/es/development-agenda/>

Hence, it would be desirable that the supreme audit bodies, within the scope of their competence, collaborate to verify the compliance of their respective countries in the implementation of instruments related to this issue, such as the Convention on Biological Diversity (CBD)<sup>14</sup> or the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES),<sup>15</sup> which represent commitments of the greatest relevance in environmental matters.

This is especially important in countries such as those of Latin America and the Caribbean which, despite having notable levels of biodiversity, are affected by structural problems related to the lack of economic growth and social development of broad sectors; the absence of institutional strength; limitations in terms of technical solvency of administrative personnel, especially at the state and regional levels; the scarce availability of resources for caring for the environment; the existence of missing legal frameworks or without the necessary adaptation to the characteristics of the current situation; the absence of clear operating rules for the effective implementation of programs, and relevant public policies; the ignorance of environmental regulations by the bodies in charge of their implementation; or the existence of lags in terms of the administration of justice.

Furthermore, environmental crimes, such as species trafficking, are a sign of serious deficiencies in the control of institution and government actions to protect environmental assets. These deficiencies allow the emergence of a series of irregular behaviors. Among them are the prevalence of corruption, the generation of high levels of impu-

nity –which in fact operates as an incentive to break the law due to the low transactional cost perceived by the violators– and the existence of wide spaces for discretion on the part of the competent authorities in the matter, for the design and implementation of public programs and policies.

Various factors linked to not only the presence of species trafficking, but also the very existence of corruption in government management, are beyond the scope and objectives of governmental external control. The inaccessibility of some areas where the trafficked species exist, the limitations in terms of technical capacities and the availability of material and financial resources of the competent authorities, the lack of precision of the applicable legal instruments, and the weight of criminal organizations, make the application of control measures and, likewise, their audit, difficult.

Evidently, it is not expected that institutions such as SAIs have the capacities and resources to correct all of the deficiencies existing in each country, but the possibility of multiplying the capacities of the SAIs through greater cooperation with other bodies, both public and private, to build a united front that disputes the spaces for actions of corruption in a systematic and organized manner is open to debate.

It is worth noting that governmental external control, due to the characteristics of its mandate and due to the experience gained by the institutions that carry it out, is in a privileged position to be able to determine those areas of public management susceptible to improvement, or that involve struc-

14. More information available at <https://www.un.org/es/observances/biodiversity-day/convention>

15. For more information, refer to <https://cites.org/esp/disc/what.php>

tural risks that need to be addressed in a preventive manner. Additionally, access to different levels of information, as well as the availability of auditing techniques that are adapted to each case, give these bodies a considerable level of knowledge regarding the operation of the administration of public resources.

This in-depth knowledge, while useful for the purposes of governmental external control, can be an important input for other bodies dealing with corruption in other scopes, including within the framework of a formal bilateral, regional or global cooperation.

The specialization of SAIs in the control mechanisms implemented both within the different government entities and those carried out externally represents a valuable contribution for those administrative areas directly linked to environmental issues. The results and reports of the audit constitute an objective parameter based on evidence of the capacities and limitations of the entities reviewed, and can be extrapolated to the management of bodies or entities with similar functions. SAIs can even play an advisory role for the authorities that are responsible for the supervision of elements and factors specifically related to the illegal trafficking of species, through mechanisms to facilitate citizen complaint reporting, investigation powers, generation of databases and geolocation systems, to name a few alternatives. In fact, point 3 of the Moscow Declaration,<sup>16</sup> issued at the XXIII INTOSAI Congress, indicates that SAIs can add value by addressing strategic, complex, and sensitive issues through the formulation

of recommendations, without compromising their independence.

On the other hand, this situation implies that addressing environmental issues requires SAIs to access specialized technical knowledge in the matter, by having specialists on their audit teams who contribute substantively to diversifying and expanding the topics to be audited during the planning and scheduling processes of audits, as well as over the course of their execution, disclosure and follow-up.

The conservation of the environment refers directly to the safeguarding and correct administration of the national patrimony. The integration of multidisciplinary teams will allow a greater management capacity and impact on the supreme audit processes and will result in the possibility of offering the audited entity observations and recommendations of greater scope and depth that, when dealing with a sensitive issue such as environmental deterioration, may find an echo not only in the administrative area, but also before public opinion and in international forums.

Likewise, to face the challenges of carrying out audits on species trafficking, it is necessary for SAIs to expand their operational capacities as far as possible through the adoption of different methodologies and the creation of specialized areas for conducting them; these include performance audits and forensic audits, the greater use of Information and Communication Technologies (ICTs), and evaluations of public programs and policies.

Although the introduction of these practices implies a considerable commitment in terms of human, material, technological and

16. The full text of the Declaration can be found at <https://incosai2019.ru/en/documents/46?download=278>

financial resources, for SAIs, it would be important to take advantage of the synergies and support existing in different bodies and Working Groups of INTOSAI or of the OLACEFS itself. Cooperation between SAIs, materialized in exchanges of experiences and knowledge, internship programs, technical visits, workshops and specialized publications, has shown broad potential in increasing the auditing capacities of the entities in charge of conducting government audits.

In this sense, the signing of the Declaration of San Salvador on the Fight against Transnational Corruption,<sup>17</sup> issued by the OLACEFS in the framework of its XXIX General Assem-

bly of 2019, urges the SAIs of the region to effectively advise the authorities involved in detecting and combating acts of corruption, which, for the purposes of this text, would include the environmental crimes that, as already mentioned, may irreversibly affect the very existence of the State's environmental assets.

A greater involvement of SAIs in this matter will eventually open the possibility of extending this intervention to other issues where the existence of corruption and the interaction of actors at the regional or global level require the practice of audits of all kinds.

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17. Document available for consultation at: <https://www.olacefs.com/declaracion-de-san-salvador-acuerdo-que-contribuira-a-la-lucha-contra-la-corrupcion-en-la-region/>



### 3 From the perspective of governmental external control, what approach would be advisable to adopt to address this problem?

Given that the subject of this document is the characterization of the illegal trafficking of species as a paradigmatic case of transnational corruption, and since this work is framed within the activities of the GTCT, it will be necessary to analyze what governmental external control can do to contribute to the solution of this problem. This can be determined through the definition of the areas in which the practice of audits and the application of control mechanisms are possible, as well as proposing which spaces are susceptible to synergies, institutional cooperation and exchange of information with other entities dedicated to addressing this problem.

The phenomenon of government corruption is characterized by the fact that public servants put their personal interests before those of society and seek to use their positions and the power that society has placed in them to carry out their duties to obtain an illegal and unjustified profit. A factor of the utmost importance that fosters this type of behavior is the absence or inadequate functioning of the control framework required to limit and organize public management.

Behaving in a corrupt manner is a complex act for the offender: it implies weighing the advantages of the act against its possible disadvantages, foreseeing situations in case the fault is discovered, thinking of possible alternatives to cover up or hide the irregularity, assuming the existence of a risk, an-

icipating different scenarios, seeking ways to control the information or prevent it from being known by third parties.

Particularly for the management of the GTCT, it is considered that its greatest contribution would be to understand the mechanics underlying corruption and, consequently, to adequately propose a set of solutions to different areas of risk among which we can distinguish: (1) the existence of a weak or insufficient legal and institutional framework for the public servant to have a clear and objective framework for action that avoids discretion or gray areas; (2) the perception that it is possible to obtain a benefit through exploiting the lack of oversight or its deficiencies without incurring a risk that operates as a deterrent; (3) the possibilities of proceeding covertly or with the complicity of the bodies in charge of supervision; (4) the lack of identification of the public official with the general interest or the patrimonial vision of the position and responsibility entrusted to him/her; (5) the personal deficiencies in matters of values, ethics, vocation for service, integrity and professionalism; (6) the atomization or dispersion of the actions of the bodies and entities in charge of enforcing accountability, resulting in isolated, unrelated, redundant, and ineffective efforts; (7) the application of sanctions which are selective, spectacular, or aimed at causing an impact on the media and the public, but which are unrelated to a strategic vision aimed at attacking structur-

al deficiencies; (8) the absence of a medium and long-term perspective that goes beyond temporary situations and isolated cases, and (9) the lack of knowledge and adequate training of public officials to fulfill the corresponding responsibilities.

Regarding the topic of corruption, a central element in decision-making regarding what to audit and how to do it is represented by the very nature of the audit object. In other words, the specific characteristics of the phenomenon to be reviewed are what, to a large extent, dictate the approach to be adopted in carrying out the process. Thus, it is necessary to define the parts of the process that can be subject to audit.

In the species trafficking, the part corresponding to the actions carried out by individuals is beyond the scope of supreme audit since, as in any criminal act, those responsible seek to avoid producing and leaving evidence of their actions. However, when the offenders approach the scope of the various government agents competent in the matter, the possibility arises that documentary or testimonial evidence is generated with respect to the commission of irregularities in the course of the performance of their duties, which places them within the scope of the audit work.

The execution of different actions that make up the stages of obtaining, safeguarding, transporting and marketing the resource is directly related to the effectiveness and degree of implementation of the existing legal frameworks and controls. The verification of such measures is configured in the actions of the supreme audit authorities, as explained in the previous section, through various audit and non-audit services. This implies that these bodies

must be fully aware of the operation of the crime in order to provide adequate advice to public bodies and establish the necessary control frameworks.

Therefore, in addition to conducting research to strengthen the definition of audit programs in environmental matters, SAIs could carry out coordinated work with audited entities, the judicial sector and external stakeholders. This, considering that the control bodies affect the phases of prevention, detection and, in some cases, sanction of corruption linked to species trafficking; in addition to having an independence mandate that supports the reliability of their audit results.

For this reason, it is recognized that there are common interests among SAIs and other government entities, national and foreign; citizens' groups; international agencies; NGOs; research and academic sectors; and the media, in order to respond to the complexity of the fight against species trafficking, in which corruption plays a crucial role, and which goes far beyond the possibilities of individual action by each of the different entities that interfere in the matter.

That is why, within the framework of action of the GTCT, the viability of motivating the integration of a multisectoral platform is suggested to allow the coordination of efforts of the competent authorities and the different stakeholders of the countries involved in the international traffic chains, based on common commitment, open dialogue and the exchange of experiences and knowledge, under the premise of respect for the applicable legal framework in each country and the rules on management and disclosure of the information derived from the investigation processes.

This situation is of particular relevance in the Latin American region, due to the density of this type of traffic, the geographical proximity that facilitates the transport of species and the presence of government structures that are still vulnerable to the onslaught of corruption.

It is worth mentioning that, in addition to the existence of weaknesses and risks, in Latin America and the Caribbean, there is also a manifest will to attack these situations through concrete actions of international cooperation and coordination of efforts, as well as to set forth and assume specific commitments to tackle the problems that affect our countries. The work carried out within the OLACEFS for the coordinated audit of different aspects of the environmental issue is a sign of a successful collaboration with an impact beyond the national sphere.

Additionally, it is necessary to mention that the collaboration between SAIs of the region is not limited to conducting audits, but is also carried out through the preparation of technical studies, advice given to congresses and even government entities to improve their performance, as well as by conducting internship programs, forums for the exchange of experiences, on site and distance training courses, or the practice of peer reviews.

Similarly, it is possible to exploit the fruits of the efforts that institutions and organizations of other orders and countries have made available to the international community, with the objective that they be directly used or be a guide for the implementation of good practices. Among these types of synergies, we can highlight, for example, the development of a multisectoral model applicable to forest crimes developed by the Peruvian authorities on the matter and by the

United Nations Office on Drugs and Crime (UNODC), the training offered by IUCN or the support provided by the German Cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH for the development of consultancies on the issue of illegal trafficking of species.

It is also possible to capitalize on the lessons learned in the course of the successful implementation of coordinated environmental audits at the regional level in terms of the organized interaction of SAIs to address problems that transcend national borders and propose an audit where the focus is on detection and mitigation of corruption linked to the crime of trafficking of wild flora and fauna.

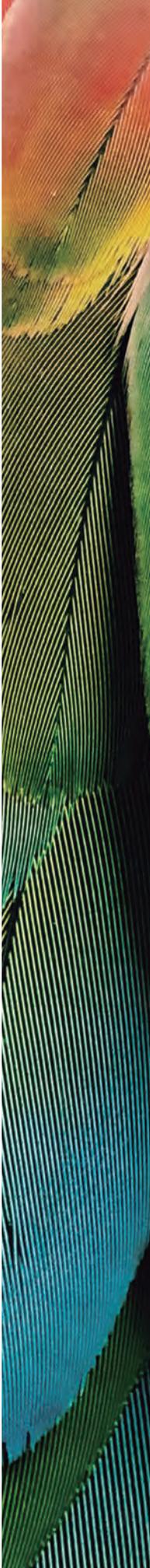
There is no single solution to such a manifestly complex problem. Faced with an environment of lack of control measures, impunity, lax observance of applicable regulations and opacity, the chances of someone committing an irregular act are very high. The set of factors that contribute to the possibility of corrupt acts being generated responds to different areas, and therefore demands a multidimensional plan and the use of diverse approaches, which are adapted to the nature of the problem to be solved.

This systemic vision of cooperation to fight transnational corruption requires that the participating institutions, groups and bodies achieve a high degree of complementarity and interaction so that the exchange of information, the joint definition of tasks and the results obtained represent usable inputs so that each institution can fulfill their respective objectives more completely.

In this sense, and within the context of the activities of the GTCT, carrying out a coor-

dinated audit could be proposed where the focus is the detection and mitigation of corruption related to the crime of trafficking of flora and fauna; likewise, it is possible to promote and intensify the performance of other joint actions to exchange good practices and lessons learned, or to develop capacities in the matter within the framework of cooper-

ation between SAIs at the regional and interregional level, or in conjunction with other bodies, such as COMTEMA or the WGEA. Likewise, joint work can continue with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and relevant actors with regards to corruption and conservation with UNODC and IUCN.





## 4 What challenges would be faced in implementing this type of action at the regional level?

Now is the time to characterize the administrative, budgetary and organizational challenges arising from SAIs deciding to assume a more relevant role in the fight against species trafficking, the areas of opportunity and growth that could be opened for the strengthening of audit capacities and the impact that the establishment of strategic alliances with a great diversity of actors and stakeholders would have in multiplying the impact of the audit activity through its combination of efforts with other competent bodies.

It is also relevant to consider the future applicability of good practices, lessons learned, and experience gained throughout the process, as well as their possible extrapolation to other issues –potentially susceptible to being the object of the audit action– where transnational corruption is also a central element.

In order to visualize these challenges, it is necessary to consider the consequences that emerge from the arguments presented in this document and the ways in which they can be translated into specific actions. It is possible to distinguish six main challenges:

(1) *Species trafficking has a serious impact on State assets, so governmental external control must be involved in actions leading to their proper administration and custody.*

To be able to face this challenge more effectively, SAIs must have mandates that

allow them to intervene in this process and, with this, guarantee the legitimacy of their actions, as well as have the financial, material, technical and human resources to do it properly.

It is also necessary to stop underestimating the value that environmental assets represent, so that the State applies the necessary measures and allocates adequate resources for their due protection: the institutions in charge of governmental external control, together with the technical and jurisdictional agencies directly involved in environmental issues, must be provided with the corresponding inputs to carry out this important work.

In this sense, it would be convenient to explore the possibility of SAIs approaching academic and research sectors, NGOs and citizen groups oriented to the protection of these assets, given that their experience and involvement at the field level would allow for the availability of real time information that is relevant for audit planning activities or for the detection of areas of risk and vulnerability of public management in environmental matters.

(2) *This crime would not present the current levels of impunity, low risk and high profit if there were no structural conditions –such as marginalization, poverty, lack of environmental education, traditional customs and uses, among other elements– that would facilitate its exercise, but above all, if the*

*criminal groups involved did not repeatedly exploit the weaknesses in the authorities in charge of their defense through corruption.*

Although corruption in the public sphere is a complex and multifactorial problem that even involves the official's personal ethics, it is a fact that deficiencies in terms of control, discretion, and the absence of a specific regulatory framework create an environment conducive to the commission of acts or omissions by the authorities.

All these elements fall within the range of action of governmental external control and other control bodies, and their due attention represents a highly relevant contribution to the establishment of an environment that makes the commission of corrupt actions as difficult as possible or even impossible.

(3) *The organization and maintenance of commercialization chains that go from the countries of origin, passing through those of transit, and ending in the consumer markets, shows that said corruption is not limited to a single country, but involves all those who are part of the process.*

It will not be possible to stop the trafficking of species without the establishment of synergies at the regional level of Latin America and the Caribbean, and even at the trans-regional level, since consumers are usually located in developed countries. In this sense, the fight against transnational corruption should concern not only the countries of origin and transit, but also those of destination.

Species trafficking is a crime that affects everyone, and must be fought based on a

global strategy that involves relevant actors –such as police, health and customs control authorities at both the national and international levels, without excluding SAIs– who substantially increase its trans-actio- n- al cost and, as much as possible, limit the spaces where this type of traffic can take place.

In this sense, it is relevant to explore the alternatives offered for the activities of the GTCT, the Memorandum of Understanding signed in 2019 between INTOSAI and UN-ODC to verify compliance with the 2030 Agenda, in particular Goal 16, “Peace, Justice and Strong Institutions,” referring to the issue of corruption and government improvement as central elements to combat inequality, marginalization and poverty, elements that could lead to the commission of environmental crimes.

Likewise, it is worth recalling that with the signing of the Declaration of San Salvador on the fight against transnational corruption, the SAIs of Latin America and the Caribbean assumed the commitment to advance in taking concrete actions to fight this phenomenon; both the recitals and the declaratory part contain the lines to be followed to make governmental external control and inter-institutional cooperation a relevant element in the fight against actions against public interest.

(4) *There is a serious problem regarding the lack of competencies on the part of the authorities in charge of the custody of environmental assets, a situation that is compounded by the existence of corruption as an additional negative factor. However, this lack of knowledge also affects the SAIs themselves in some cases, which, due to limita-*

*tions in terms of human or budgetary resources, may present a deficit of capacities to be able to act effectively on issues related to the environment.*

In justifying the need to have these resources, it is necessary to reiterate that their involvement in the environmental issue is not a passing fad, a matter of political correctness, or a merely temporary problem, but a matter of the utmost importance in terms of the protection of the State's patrimony.

Additionally, it is necessary to take into account the irreversibility of the consequences of not helping to contain this crime –ultimately symbolized by the extinction of species of flora and fauna due to their irregular commercialization. The global impact of these effects, and the damage that the effects of trafficking represent for the current environmental conditions and the quality of life of the affected communities, extend over time, calling into question the viability of sustainable development and the well-being of future generations.

*(5) A positive factor is the existence of a considerable number of public and private entities that have a recognized track record over time in the defense of such assets, and whose experience and information can be widely exploited by governmental external control.*

The environmental issue occupies a relevant place on the agendas of both States and international organizations and citizen groups, due to the existence of a real risk derived from the effects on the environment and the deficient use of its resources. This concern has also extended to the sphere of governmental external control,

which has sought to address these challenges through study and cooperation.

Both COMTEMA at the OLACEFS and the WGEA of the INTOSAI have carried out different coordinated actions for the exchange of information and for training and dissemination of knowledge, which have yielded very positive results and show the importance of international collaboration in the matter.

For this reason, it would be necessary that, given the importance that the issue of corruption has in environmental problems, the GTCT find ways that allow a joint and coordinated action with these groups through, among other elements, the generation of guides and technical documents that address the seriousness of corruption related to environmental crimes, the identification of the strategies that SAIs could carry out to mitigate potential irregularities in the management of environmental assets, and the dissemination of this problem as an urgent matter for the States and their institutions.

In this sense, the greater the dialogue and understanding of the bodies involved in dealing with the different aspects of a problem, the greater the scope and impact of the solutions proposed and implemented.

*(6) The findings derived from the practice of audits represent an input of the greatest importance for organizations and institutions interested in the environmental issue.*

International cooperation presupposes an interaction in which the parties involved mutually benefit from each other's developments. Government auditing, given its capacity for penetration and analysis, as well as the need for the auditor to base

its results on incontrovertible evidence, can become a strategic ally of the utmost importance to help limit and reverse the negative impact of environmental crimes. The use of new technologies and research as sources for the development of new SAI services may be another option.

Although it is legitimate for SAIs, in the first instance, to seek to obtain all those

elements derived from international cooperation that can contribute to reducing the gaps in skills and competencies in environmental matters, once they have multidisciplinary and experienced audit teams, it will be possible to generate knowledge and experience that, reciprocally, can be capitalized on by other bodies involved in the issue.



## 5 Case study: large-scale trade in wood of species in danger of extinction in Brazil

As we have seen in the preceding pages, the contribution of governmental external control to the protection of species may be enhanced as long as the institutions responsible for this important mission have at their disposal technically qualified personnel to analyze these cases, take advantage of the knowledge generated by other actors involved in this theme, and carry out audits that allow them to determine the opportunity areas and the margins of discretion that prevent an effective surveillance. Below we present an example of the potential of SAIs for the defense of environmental assets.

In a recent study, Brandes et al. (2020) analyzed the documentation contained in a Brazilian government information system, the National System for the Environment (SISNAMA; data available in IBAMA, 2017), revealing that some 6 million cubic meters of wood, corresponding to 9.9 percent of the volume of this commodity transported in Brazil between 2012 and 2016, with the approval of the Federal environmental authorities, came from 38 species included in the Official National List of Endangered Species from the Brazilian Flora (Brazil, 2014). It is also noted that only six of the 38 endangered species (according to the official list of the Brazilian government) whose wood was traded between 2012 and 2016 are under the protection of CITES. These species represented only 4.9 percent of the wood of threatened species traded in the period.

In principle, the extraction, transport, storage, processing and trade of these species is

prohibited by Brazilian legislation; however, there are special circumstances in which this prohibition does not apply, namely: (1) the extraction of threatened species cultivated for scientific research purposes; (2) the exploitation under the regime of “sustainable management” of species officially considered as falling into the “vulnerable” category, and (3) the trade in wood of threatened species obtained from the elimination of native vegetation for the construction of certain types of infrastructure or real estate projects.

It should be considered that, in the end, the volume of wood from these species that could fit into the three legal hypotheses mentioned above that allow their commercialization, should be much lower than the volume of trade actually registered. For this reason, the authors of this study question the large volume of wood from endangered species which is traded with the permission of Brazilian authorities, despite the existence of strong restrictions on its exploitation.

Among the possible causes indicated for this discrepancy, the following stand out: (1) the lack of human and financial resources of Brazilian environmental institutions to verify the declared origin of the wood from endangered species; (2) the practice of registering in the government information system only the genus of these trees, without including the species; this allows species at risk whose genera contain both threatened and non-threatened species to be unduly released from restrictions on their exploitation; and (3) the practice of registering wood from

endangered species with scientific names that have fallen into disuse due to updates in their taxonomy, so they are not present on the official list of threatened species.

Added to these circumstances is the possible existence of omissions or actions outside the provisions of the applicable legal framework by officials in charge of enforcing the regulations designed to prevent the trafficking of species at risk. Hence, it is feasible to infer that a large volume of wood from threatened species, such as the Paraná pine (*Araucaria angustifolia*), has been exported with officially issued documentation, but possibly

obtained irregularly or with incorrect declarations.

From the perspective of external governmental control, there are different alternatives to help protect species at risk through the practice of audits.

The approaches of the above mentioned study, for example, would point to the need to carry out a performance audit to determine if public policy objectives –in this case, the protection of flora in danger of extinction due to its overexploitation– are being achieved through the enforcement of the



*Araucaria angustifolia*

applicable legal framework and the technical and administrative provisions relative to the classification and registration of wood for internal consumption or for export. This

type of analysis would make it possible to determine if there are weaknesses or omissions in the regulations that result in gaps through which considerable volumes of the resource

escape the surveillance of the competent authority.

An additional issue that could be the subject of a performance audit would be the qualification and training processes of the personnel in charge of the classification of forest resources and the issuance of the corresponding legal documentation, and the approval of wood products for commercialization; this, in order to determine if the established protocols and practices allow the responsible personnel to be given the necessary powers to adequately carry out the surveillance tasks entrusted to them.

The compliance audit approach could also be relevant in this example, since the protection of species at risk depends on the correct enforcement of the provisions of the applicable legal framework by the personnel of the different agencies involved in activities of registration and control of forest exploitation.

Another variant –in case the necessary information is available to presume the existence of a criminal action– would be to carry out a forensic type audit of the documentation that supports the exploitation of this resource, in order to determine if there is a collusion between forest authorities and the producers or marketers of the resource to falsify the information that allows wood from species at risk of extinction to be treated as belonging to other species that have the proper authorization.

Additionally, in this example, it is clear that a greater interaction of SAIs with the academic and research sectors can be the starting point of external governmental review processes that will translate into better governmental management in the protection of species at risk, since this involves technical issues that demand a high level of specialization.

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Photo: Ryan Hyde

## List of Acronyms

### **CBD**

Convention on Biological Diversity

### **CITES**

Convention on International Trade in Endangered Species of Wild Fauna and Flora

### **COMTEMA**

Comisión Técnica Especial de Medio Ambiente de la OLACEFS (OLACEFS Special Technical Commission on the Environment)

### **GIZ**

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

### **GTCT**

Grupo de Trabajo de la OLACEFS Especializado en la Lucha contra la Corrupción Transnacional (OLACEFS Working Group Specialized in the Fight against Transnational Corruption)

### **ICCWC**

The International Consortium on Combating Wildlife Crime

### **ICTs**

Information and Communications Technologies

### **IFAW**

International Fund for Animal Welfare

### **INTERPOL**

The International Criminal Police Organization

### **INTOSAI**

International Organization of Supreme Audit Institutions

### **IUCN**

International Union for Conservation of Nature

### **NGOs**

Nongovernmental Organizations

### **OLACEFS**

Organización Latinoamericana y del Caribe de Entidades Fiscalizadoras Superiores (Organization of Latin American and Caribbean Supreme Audit Institutions)

### **SAIs**

Supreme Audit Institutions

### **UN**

United Nations

### **UNEP**

United Nations Environment Programme

### **UNODC**

United Nations Office on Drugs and Crime

### **WCO**

World Customs Organization

### **WCS**

Wildlife Conservation Society

### **WGEA**

INTOSAI Working Group on Environmental Auditing

### **WWF**

World Wide Fund for Nature

# Glossary

## 2030 Agenda

Global action plan for the people, planet and prosperity, based on seventeen Sustainable Development Goals, which aims to ensure sustainable social and economic progress throughout the world and to strengthen universal peace within a broader concept of freedom.

## Biodiversity

Variability among living organisms of any kind, including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within each species, between species and of ecosystems.

## Biota

Set of species of plants, animals and other organisms that occupy a given area.

## Climate change

Climate change attributed directly or indirectly to human activity that alters the composition of the global atmosphere and adds to the natural variability of climate observed over comparable periods of time.

## Compliance audit

Independent evaluation to determine if a matter complies with the applicable authorities, identified as criteria, evaluating whether the activities, financial operations and information comply, in all significant respects, with the authorities that govern the audited entity.

## Coordinated audit

Form of collaboration between SAIs to exercise control over issues of an international or regional nature, which are of interest to the countries involved.

## Environmental audit

Review of environmental assets and liabilities, compliance with legislation and conventions – both international and domestic – as well as the measures instituted by the audited entity to promote economy, efficiency and effectiveness.

## Environmental asset

Element incorporated into the patrimony of an entity in order to be used in a lasting way in its activity, whose main purpose is to minimize the environmental impact and the protection and improvement of the environment, including the reduction or elimination of future pollution of the entity's operations.

## Forensic audit

Inspection methodology that entails a rigorous and detailed review of processes, facts and evidence, in order to document the existence of an alleged irregular act.

## Global warming

Global warming is the increase in the temperature of the earth, which is reflected in the oceans and the atmosphere, mainly caused by the emission of greenhouse gases emitted by human activity; this process has been increased, especially by the burning of fossil fuels and changes in land use, such as deforestation, as well as several other secondary sources.

# Glossary

## **Governmental external control**

Process by which the authority oversees the use of public resources to evaluate and review the actions of the government considering their veracity, rationality and adherence to the law; review of the efficient and effective operation of the planning, organization and execution of the public administration.

## **Performance audit**

Objective and reliable review that allows to know if public policies operate under the principles of effectiveness, efficiency and economy.

## **Peer-review**

External and independent review of one or more elements of the organization and/or operation of a SAI by a team of peer professionals from one or more SAIs.

## **Phyto and zoosanitary standards**

Measures to guarantee the safety of food products intended for human consumption and to prevent the spread of pests or diseases between animal and plant species.

## **Species trafficking**

Legal and illegal trade in wild animal species and/or derived products. Illegal wildlife trafficking encompasses the sale, smuggling, capture or collection of endangered animals, protected wildlife (fauna and flora, subject to quotas and regulated by legal permits), poaching, their derivatives or products, in contravention of national and international laws and treaties.

## **Sustainable trade**

Commercial exchange of goods and services that generates social, economic and ecological advantages, respecting the basic rules of sustainable development: creating economic value, reducing poverty and inequality, and conserving and reusing natural resources.

## **Transnational corruption**

Offering a pecuniary or other undue advantage to a foreign public agent, for their benefit or for the benefit of a third party, so that this agent acts or refrains from acting in the performance of its official duties, with the intention of obtaining or keeping a market in international trade.



Photo: Clark Van Der Beuken

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The Working Group Specialized in the Fight against Transnational Corruption (GTCT) has the objective of promoting the interchange of timely information between the region's Superior Audit Institutions (SAI) to improve the performance of their investigation and government audit processes which contribute to the fight against transnational corruption, as well as the interchange of experiences and best practices in this area.

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