A GUIDE ON ADDRESSING CORRUPTION IN THE FISHERIES SECTOR

ROTTEN FISH
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EXECUTIVE SUMMARY

CORRUPTION: AN ENDEMIC PROBLEM UNDERCUTTING THE FIGHT AGAINST FISHERIES CRIME

The global fishing industry is made up of a complex net of activities, actors and authorities spread across multiple countries and jurisdictions. The sheer complexity brings with it regulatory and enforcement challenges, and provides numerous opportunities for criminals to break the law. Corruption strikes at the core of the fight against fisheries crime. It threatens effective regulation and crime prevention at every stage of the fisheries value chain, exposing it to a wide range of risks, from the preparation of forged licences and the underreporting of quantities of caught fish at landing, through to the sale of mislabeled fish, among others.1 Corruption also undercuts the efforts of law enforcement to investigate and prosecute fisheries crime when it does occur.

All other efforts to regulate the fisheries sector and combat fisheries crime will fail unless the disease of corruption is addressed.

This UNODC guide is designed to help policymakers with the challenging task of identifying the specific areas in their legal and regulatory frameworks susceptible to corruption, and to act to address those weaknesses. It also aims to sensitize the authorities working on fisheries management to the threat that corruption poses. And where corruption already has gained a foothold, the guide suggests ways to reduce its impact and develop safeguards to prevent its return.

ADDRESSING CORRUPTION TO ADDRESS FISHERIES CRIME

Countries need to take a thorough look both at their fisheries supply chains and their applicable regulatory processes to understand where corruption threatens to undercut the fight against fisheries crime. Despite this, only a few countries to date have undertaken even a basic corruption risk assessment of their fisheries sector. That means that many countries are left with an incomplete understanding of how their fisheries sector is vulnerable to corruption. It also suggests that they have limited information with which to develop the preventive anti-corruption strategies that can best protect their fisheries sector.

This guide provides a step-by-step process for fighting corruption in the fisheries sector:

- **Assemble** a dedicated task group, ideally inter-agency and led by someone with authority.
- **Understand** the key issues, and how they apply specifically to the fishing activities of a country. These issues include:
  - The typologies of corruption pertinent to the fisheries sector
  - The key groups that are the common perpetrators of corruption
  - The fisheries value chain in the country
  - The flow of money along the fisheries value chain
  - The regulatory and law enforcement frameworks in place

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• **Undertake** a corruption risk assessment to identify current and potential weaknesses, and then prioritize risks to optimally allocate resources.

• **Devise** a targeted risk mitigation strategy that includes:
  - Preventive measures to mitigate corruption risks in the fisheries sector before they materialize. These could include:
    - Improving transparency of information and processes related to the fisheries sector.
    - Raising awareness of issues related to corruption through learning how to identify it, how to respond to it and how corrosive it is to society and the rule of law.
  - Law enforcement measures to strengthen investigations and prosecutions of corruption and to form a deterrent against potential criminal activity, such as:
    - Strengthening inter-agency cooperation to facilitate exchange of information and harness complementary skill sets.
    - Conducting parallel financial investigations, as bribery and illicit profit can leave monetary trails useful to investigators and prosecutors.
• **Implement** the newly devised mitigation strategy, review regularly and feed lessons learned back into the risk assessment process.

By following the stepped approach put forth in this guide, countries can bolster the regulatory and enforcement frameworks they set up to fight fisheries crime. By conducting the recommended risk assessment, countries will gain the added benefit of minimizing the damage to their society, and to the rule of law, that results from corruption.

**THE WAY FORWARD**

The global fishing industry directly employs over 59.6 million people, and the long-term viability of the industry requires a fair global market. To protect blue economies and those that work within them, it is imperative that the fishing industry itself becomes an advocate for stamping out corruption, and that Governments worldwide focus on strengthening preventive measures that will address identified corruption risks.

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INTRODUCTION

Fisheries crime can be a contributor to overfishing and is an environmental and security threat that negatively affects developing countries in particular. It undermines global and local efforts to responsibly manage fisheries resources and the governance of the seas, efforts that would be more successful were the risks known and confronted. The devastating human and environmental effects are evident: by 2015, 59.9 per cent of fish stocks were “maximally sustainably fished” and 33.1 per cent were “overfished”, according to a 2018 report by the Food and Agriculture Organization of the United Nations (FAO). At its core fisheries crime is an economic crime; it is rooted in opportunities to make an enhanced profit.

This guide focuses on the often-overlooked relationship between corruption and fisheries crime, and highlights the significant financial, environmental and societal damages that will continue if States fail to tackle corruption in the fisheries sector. To ensure the greatest support for these anti-corruption efforts, this guide is intended for a broad audience. This may include: senior politicians, high-level policymakers, managers within the fisheries authorities and anti-corruption agencies as well as those that provide oversight for government activities such as watchdogs, industry stakeholders and the media.

This guide has two aims. Firstly, to sensitize authorities working on fisheries management and enforcement, as well as those working on anti-corruption matters, to the mutual benefits that can arise from working together. The second purpose is to provide guidance on the use of anti-corruption techniques to more effectively prevent and combat fisheries crime.

Globally, the fisheries sector is massive and is strategically important for many countries. World fisheries and aquaculture production in 2016 was estimated at $362 billion, of which $232 billion was from aquaculture production, with a significant proportion of this fish production entering international trade channels. According to a 2016 report by FAO:

- Developing countries’ proportion of the global total of fisheries-based exports accounted for approximately 53 per cent by value, and approximately 59 per cent by quantity.
- Worldwide production of fish and other aquatic animals (a measure of fisheries and aquaculture combined), reached 170.9 million tons.
- The world fishing fleet consisted of approximately 4.6 million vessels.
- The livelihood and income of approximately 59.6 million people around the world was derived directly from the fisheries sector.
- Fish accounted for approximately 17 per cent of the global population's intake of animal protein, and is a valuable nutritional source of fatty acids and essential micronutrients, often deficient in the diets of vulnerable populations. (In some least-developed countries, fish contributed 50 per cent or more of total animal protein intake).

This guide is designed to lead readers through a process of risk assessment, first considering the types and categories of corruption that might exacerbate fisheries crime in a particular country, then determining

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5 Ibid, p. 2.
which corruption prevention techniques might have the most impact in the specific context of that country, and finally considering ways to further strengthen law enforcement responses.

To best identify where corruption is likely to facilitate fisheries crime, this guide suggests and provides direction on three interconnected and sequential anti-corruption approaches:

- **Analysis:** The guide explores in detail key aspects of the fisheries sector so as to provide countries with a more complete understanding upon which to undertake analysis specific to their particular circumstances:
  - The fisheries value chain
  - The flow of money along the fisheries value chain
  - The regulatory and law enforcement frameworks in place to govern the sector.

- **Risk assessment:** Based on the analysis, the guide provides a structured method for undertaking a corruption risk assessment, along with recommendations for developing and implementing risk mitigation plans.

- **Mitigation measures:** Examples of responses that could be incorporated into the implementation of the risk mitigation plans focus on the two following approaches:
  - Preventive measures, including improving transparency and raising awareness of the corruption risks in the fisheries sector.
  - Law enforcement measures, including the strengthening of inter-agency coordination, and conducting parallel financial investigations.

At the time of writing this guide, there is no standard way of defining “fisheries crime”. For the purposes of this guide, it is understood as “a crime in the fisheries value chain”. In addition, although there are many available definitions for the “fisheries sector”, this guide will use the definition provided by the North Atlantic Fisheries Intelligence Group (NAFIG), which is “commercial marine and freshwater fishing and/or harvesting and aquaculture (the farming or culturing of fish, molluscs, crustaceans and seaweed), and connected businesses.”

Although they may often overlap, fisheries crime is distinct from illegal, unreported and unregulated (IUU) fishing. Fisheries crimes are criminal and administrative offences that occur along the fisheries value chain and include document fraud, money-laundering, tax and customs evasion and corruption. In contrast, IUU offences take place primarily at the fishing stage of the value chain, and certain types of IUU fishing may or may not be regarded as a criminal offence or even illegal in a given jurisdiction.

Anywhere there are crimes involving money, there is a risk of corruption. By following the recommendations contained within this guide, States can reduce the opportunities for corruption, and by doing so reduce the likelihood of fisheries crimes being committed.

**THE ROLE AND MANDATE OF UNODC**

The United Nations Office on Drugs and Crime (UNODC) has the mandate and expertise to assist Member States in strengthening their preventive and law enforcement capacities, including their technical skills, to address both corruption and fisheries crime. In addressing corruption linked to fisheries crime, UNODC draws on its experience in preventing and combating corruption linked to transnational criminal activities committed in other sectors, such as in the area of wildlife and forest crime. UNODC also delivers technical assistance and capacity-building through an extensive global network of field offices.

UNODC is the guardian of the United Nations Convention against Corruption. The Convention is the only legally binding universal anti-corruption instrument. It embodies innovative and globally accepted

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anti-corruption standards and provides a comprehensive approach both to corruption prevention and enforcement. It promotes integrity, accountability and proper management of public affairs and public property. The Convention also addresses the cross-border nature of corruption with provisions on international cooperation and asset recovery. The Convention is steadily approaching universal ratification, being one of the world's most ratified legal instruments.

As State parties of the Convention, States have undertaken to implement and adhere to its goals. Similarly, a number of resolutions from the Conference of the States Parties (CoSP) to the Convention call upon UNODC to support States parties in implementing the Convention.

The Convention brings with it tools that States parties can use to better implement the requirements of the Convention, including a regular review process through which States parties review the progress of their peers in implementing specific chapters of the Convention. Through analysis of the recommendations made through the Implementation Review Mechanism, States, UNODC and other development partners can offer guidance, support and lessons-learned where appropriate, and provide expertise and training where gaps are identified.

The Convention recognizes that corruption is a continuously evolving phenomenon that is affected by various factors. Different legal frameworks therefore can vary in their descriptions of corruption. Considering this, the Convention offers a list of universally agreed manifestations of corruption (described in box 1), leaving each State free to go beyond the minimum standards set forth in the Convention.

UNODC derives its mandate to work on fisheries crime from a series of General Assembly resolutions dating back to 2009 concerning the nexus between international organized crime and illegal fishing. In 2011, the Commission on Crime Prevention and Criminal Justice (CCPCJ) expressly tasked UNODC to play a leading role in helping Member States address transnational organized crime at sea under the United Nations Convention against Transnational Organized Crime, specifically with regard to prevention and investigation, including by providing technical assistance and assisting with capacity-building.

Box 1. Various manifestations of corruption

- **Active bribery** – the promise, offering or giving to a national public official, a foreign public official and an official of public international organizations of an undue advantage, in order to act or refrain from acting in matters relevant to official duties.
- **Passive bribery** – the solicitation or acceptance by a national public official, foreign public official and official of public international organizations of an undue advantage, in order to act or refrain from acting in matters relevant to official duties.
- **Embezzlement** – theft or misappropriation of property, funds, securities or any other item of value entrusted to a public official in his or her official capacity.
- **Bribery in the private sector** – active or passive bribery by any person who directs or works, directly or indirectly, in any capacity, for a private sector entity.
- **Embezzlement of property in the private sector** – embezzlement by any person who directs or works, directly or indirectly, in any capacity, for a private sector entity.
- **Abuse of functions** – performance of, or failure to perform, an act in violation of the law by a public official in order to obtain an undue advantage.
- **Trading in influence** – abuse of a public official’s influence with an administration, public authority or State authority in order to gain an advantage.
- **Illicit enrichment** – a significant increase in assets of a public official that cannot reasonably be explained as being the result of his or her lawful income.
- **Money-laundering** – the concealment of the origins of corruptly obtained money, often by means of transfers involving foreign banks or legitimate businesses.
- **Concealment** – hiding or continued retention of property that has resulted from corruption.

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10 As of September 2018, 186 States parties have ratified the Convention.
11 General Assembly resolution 64/72, 4 December 2009.
Chapter 1.

SCOPE AND CONTEXT

Linking corruption to the fisheries sector is not a new phenomenon, however the idea of tackling corruption in the fisheries sector with a preventive rather than reactive approach, is new.

While there is substantial anecdotal evidence and media coverage of alleged corruption linked to the fisheries sector (which suggests that significant corruption risks do exist), there is currently very little formal literature, and few decided cases on the subject that have been made public. When studying the modus operandi of fisheries crime, it becomes apparent that the crimes in question could not have been committed without the enabling presence of corruption, even if corruption is not directly investigated or prosecuted.

Given the large sums of money involved in, and the complexity of, the fishing industry, it is probable that many, if not all, countries will be exposed to a range of corruption risks that could be addressed through preventive approaches.

While countries often have corruption task forces mandated to detect corruption that already has occurred, very few countries have, to date, conducted risk assessments designed to identify the corruption risks at each distinct stage of the fisheries value chain (a case study is provided in box 10, section 3.1). Without this risk assessment, it is likely that most countries will only have an incomplete understanding of which preventive approaches would be most appropriate for their specific circumstances.

This is the first guide that provides guidance on how to address the corruption that enables fisheries crime. This guide does not seek to provide detailed advice on how to conduct criminal investigations, but rather guidance on how best to assess corruption risks, and on creating a risk mitigation strategy that includes preventive and law enforcement measures.

As the examples highlighted in this guide illustrate, linking corruption to fisheries crime not only broadens the number of crimes that can be prosecuted, but also introduces into the fisheries crime arena investigators with different skills, expertise and areas of experience, allowing the alleged criminality to be investigated using a range of different tools.

The approach suggested in this guide to combat corruption in the fisheries sector is expressed in figure 1 below.
1.1 WHY ADDRESS CORRUPTION IN ORDER TO ADDRESS FISHERIES CRIME?

Corruption is a facilitator of nearly all types of crime, including fisheries crime. From officials taking bribes in order to verify forged fishing licences, through to port officials allowing businesses to knowingly import mislabeled species to evade higher tax rates, corruption enables fisheries crimes to occur at every stage of the value chain, and almost without exception results in significant loss of revenue for the country in question.

The regulatory frameworks and controls in place to govern the fisheries sector, and the assumptions that they will be effective, are all threatened by corruption. By addressing the corruption that enables actors to contravene these regulatory frameworks, countries can safeguard the integrity and efficacy of these frameworks. Without tackling corruption, these frameworks are left unguarded and vulnerable to manipulation, and will prove ineffective in governing the fisheries sector.

According to the 2015 WWF *Our Living Blue Planet* report, fish populations have halved since 1970.12 Some commercial fish stocks (including tuna, mackerel and bonito) have been depleted by as much as 74 per cent.13 Collective mismanagement (and the fisheries crime that can often accompany it) has pushed fish stocks, and therefore the fishing industry, to the brink of collapse in many parts of the world.14

In an attempt to restore fish stocks as quickly as possible, and protect food security, the world agreed on the Sustainable Development Goal (SDG) 14, “Conserve and sustainably use the oceans, seas and marine resources for sustainable development”. The regulatory frameworks of the fisheries sector aim to support the attainment of the SDGs (primarily SDG 14, but also SDG 2 “zero hunger” and SDG 16 “peace, justice and strong institutions”).15

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13 Ibid., p. 7, figure 3.
14 Ibid., p. 3.
15 Sustainable Development Goals.
SDG 16 includes target 16.4 to “substantially reduce corruption and bribery in all their forms”. As countries around the world invest efforts to meet the expectations placed on them by the 2030 Agenda, the impact of anti-corruption work on sustainable development is more apparent than ever.

A corrupt and ill-managed fisheries sector prevents the attainment of these SDGs by diverting funds away from government programmes designed to alleviate poverty, food insecurity and income inequality, among others. The recommendations in this guide seek to support States in meeting the applicable SDGs, through minimizing corruption in their fisheries sectors.

The fishing industry forms an integral part of the economy of many countries. Maintaining a legitimate fisheries sector relies on a fair global market. To ensure the sustainable welfare of these blue economies and protect the livelihoods of the millions employed by the fishing industry, the industry itself must become an advocate for stamping out corruption and the crimes it enables. With less corruption comes less fisheries crime, and with that comes a fairer global market that spreads the benefits of this valuable global resource in a more equitable manner.

The fisheries sector is particularly vulnerable to corruption, and this vulnerability has three key aspects:

- **The global nature of the fishing industry.** Unlike industries that are more localized, for instance diamonds or precious metals, the fisheries sector is truly global; almost all countries are involved to some degree in fishing, exporting or importing fish. Therefore, the effects of corruption in one part of the fishing industry can often have a ripple effect across the globe. In addition, there is a lack of centralized regulation as each of the over 150 coastal States has the right to choose how it regulates the fisheries industry in its exclusive economic zone (EEZ).16

- **Fishery resources are finite and depleting quickly.** Increased competition for finite resources can result in participants willing to engage in corruption or commit fisheries crimes to gain an advantage over competitors.

- **The lack of transparency.** In the fishing industry, a lack of transparency leads to difficulties for investigators and port officials. Owners can, for instance, register their vessels in countries that lack the resources to regulate their fisheries sectors effectively, or in countries with strong privacy laws that protect the identity of vessel owners who engage in corrupt practices from being revealed to authorities or investigators.

The methods proposed in this guide to combat corruption are not meant to replace or duplicate existing approaches to combating fisheries crime, but instead are meant to complement and bolster them. Existing enforcement activities and ongoing investigations in both corruption and fisheries crime should continue alongside the suggested analyses and risk assessments.

1.1.1 Practical benefits of linking corruption to fisheries crime

As noted previously, addressing corruption to address fisheries crime has the benefit of protecting and strengthening regulatory and legal frameworks, while also helping achieve key SDGs. In addition, focusing on corruption offences can result in practical benefits for management and enforcement authorities that fight fisheries crime. Some examples of these are:

- In many cases, corruption linked to fisheries crime happens on land and very often in a single jurisdiction. This means that the jurisdictional challenges faced may be less burdensome than those experienced when addressing crime that occurs on the high seas.

- While small-scale corruption, such as the bribery of low-level officials, may take place behind closed doors, many types of corruption linked to the fisheries sector leave a documentary and money trail that can be reconstructed by investigators and prosecutors. This can provide them with concrete proof of criminal activity that can be used to secure convictions.

In many jurisdictions, the penalties for corruption are higher than those for many fisheries crimes, which can enable prosecutors to secure high-profile convictions that act as deterrents for potential future criminal behaviour.

Some actors who facilitate fisheries crime may primarily have done so by committing a corruption offence, thus linking and investigating corruption that surrounds fisheries crime can often be the only way to hold these supporting actors accountable for their actions. An example of this could be a customs official who accepts a bribe to allow certain shipments through customs without going through the normal inspection process. Similarly, when a fisheries crime has been committed, investigating linked corruption offences in parallel to the fisheries crime allows for a wider range of conduct to be more thoroughly prosecuted.

1.1.2 Attitudes to compliance

Figure 2 below demonstrates different attitudes to compliance by fisheries operators and illustrates the kind of compliance strategies needed in response. It illustrates that the attitudes of fisheries operators fall across a spectrum; at one end are those who are committed to consistently complying with regulations. At the other end are those that have decided not to comply with any regulations.

However, many operators will fall somewhere in the middle of the spectrum, demonstrating a more opportunistic attitude driven by a general but not absolute desire to follow the regulatory frameworks. These operators will adhere to them when adherence is the easier option, but contravene them either when the regulations are too onerous, or easy to circumvent, or when the benefits of contravening them outweigh the risks involved.

In an environment where corruption is not properly addressed, the attitudes of fisheries operators – and the associated compliance strategy – is likely to be pushed towards the least desirable end of the spectrum (band 4, shown in figure 2 below). No country can reach perfect compliance (band 1) without acting to address corruption and mitigate the opportunistic behaviours that enable it.

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1.2 WHAT BEHAVIOURS ARE WE DEALING WITH?

To plan an effective anti-corruption response, it helps to understand what types of behaviours might be encountered. This guide focuses on three main behaviours involved in fisheries crime.

**Behaviour 1: Seeking the veneer of legitimacy**

The first behaviour is characterized by established businesses that may use illegal means, where the opportunity arises, to increase their profits or to remain in business. One of the underlying problems is the vast number of fishing vessels in the world; this leads to high levels of competition both in obtaining the right to fish and in turning the fish caught into a profit. In most cases, individuals in this group have made considerable asset investments to underpin their business operations, and often focus on catching and selling low value/high volume species.

The individuals exhibiting this behaviour may be tempted to pay bribes to obtain quotas or licences, or bribe inspectors to incorrectly record either the volume or species that have been landed, or to turn a blind eye to infractions linked to their operations. Their objective is to stay in business and make higher profits by inflating income or reducing costs (including the tax burden).

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**Box 2. A business uses corruption to maintain the veneer of legitimacy**

Hout Bay Fishing Industries (Pty) Ltd was a market leader in the fishing industry for over 30 years in Cape Town, South Africa, and at times it had employed more than 400 personnel.

From at least 1987 through to approximately August 2001, the company conducted a complicated scheme to illegally harvest enormous quantities of South African rock lobster and sell them at significant profit. This was enabled by corrupt payments to Fishery Control Officers (FCOs).

Anti-apartheid sanctions imposed by the United States, and the introduction of a fishing quota system, decreased the quotas allocated to Hout Bay for rock lobster harvesting from 112 metric tons to 36 metric tons. Despite this being their main source of income, Hout Bay were still able to maintain and operate a huge and expensive infrastructure of fixed equipment, movable assets and a large fleet of fishing vessels.

They maintained their operations by overharvesting (using their own vessels and purchasing from local fishermen) rock lobster far in excess of quotas, and exporting it to East Asia, Europe and the United States. During this period, Hout Bay overharvested a total of 1,704 metric tons of ocean stock (comprised of south coast rock lobster, west coast rock lobster and hake) valued at R125.3 million ($15.6 million). In the final year of the scheme, approximately 93 per cent of the west coast rock lobster that Hout Bay handled had been illegally harvested. A report by Ocean and Land Resource Assessment Consultants (OLRAC) conservatively estimated that the criminal activity cost South Africa between $46.7–61.9 million by depletion of and damages to the indigenous rock lobster resource.

Hout Bay maintained a veneer of legitimacy through corrupt payments to FCOs of the Marine and Coastal Management of Cape Town. These payments ensured that FCOs omitted to perform acts in relation to their duties by turning a blind eye to overharvesting by Hout Bay, and by verifying the underreporting of the mass of fish products landed.

Five executives of Hout Bay were found guilty in the United States of conspiracy to violate the Lacey Act and commit smuggling, while the remaining executives were convicted in South Africa. In addition, the company director pleaded guilty to 301 charges of corruption relating to the bribing of fisheries inspectors, 14 of whom were convicted in South Africa.

Further details on the activities of Hout Bay can be found in box 6, in chapter 2.

**Sources:**

Regional court Cape Town, Case number 14/223/2002.

Behaviour 2: Hiding from authority

The second behaviour is typified by organized crime groups who operate criminal enterprises. These groups see high-value/low-volume marine resources as a low-risk/high-profit opportunity. Examples of the species that these groups often target include abalone (*haliotis*), totoaba (*Totoaba macdonaldi*) and sturgeon (*acipenseridae*).

These groups tend not to invest heavily in industrial assets, but rather focus on developing structures to facilitate and ensure continuity of their illegal operations. They may rely on bribery to facilitate their schemes, for example bribing law enforcement to turn a blind eye to their illegal operations, or border control officials to allow their products to reach markets.

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**Box 3. An organized crime group issues illegal fishing licences in return for bribes**

In 2015, prosecutors successfully indicted an organized crime gang operating in the Brazilian fisheries sector, responsible for environmental damage estimated at R$1.28 billion ($320 million). The gang fostered widespread corruption in the Brazilian fisheries sector through bribery of officials, the granting of illegal fishing licences, and document fraud. Through Operation *Caught in the Net* (*Enredados* in Portuguese), the Brazilian Federal Police and the Brazilian Federal Prosecution Service were eventually able to indict nearly 440 individuals, but only after the destructive effects of corruption had already taken hold.

Mullet (*Mugil cephalus*) fishing is highly restricted in Brazil. The authorities only grant licences for industrial fishing to take place for two months each year, and because of this there is a significant demand for these licences and they are of high value. The investigation found that irregular licences were granted to shipowners and vessels that did not meet the minimum legal requirements to undertake industrial fishing, in exchange for bribes or other forms of undue advantage.

In contrast, shipowners and vessels that did meet the minimum requirements were confronted with obstacles in an attempt to force them to pay bribes to obtain the desired fishing licences. The catches coming from those illicit licences were sold using fake invoices. In effect, an organized crime group captured and controlled an important segment of the Brazilian fisheries sector.

The individuals involved in the violations were spread among several government and private sector entities, including the Ministry of Fisheries (the then-authority in charge of granting licences to fish within Brazil’s economic exclusive zone (EEZ)) and the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) (the authority in charge of fishing oversight as well as control of stock and catch), to the Shipowners’ Union of Itajaí and Region in the Brazilian state of Santa Catarina. Those involved were spread over seven different states.

*Source: Compendium of press articles provided by Federal Police of Brazil.*

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Behaviour 3: Hospitality vs. corruption

The third behaviour is driven by the fact that many fishing operations occur in small and often remote communities where the fishermen and those who are tasked with regulating their conduct may live in close proximity. When this situation prevails, the line between hospitality and friendship between neighbours, and corruption becomes indistinct and blurry.

For example, in many traditional fishing communities, such as in some small Pacific Island States, it is a common practice that when a vessel lands its catch at port and reports the value and type of the catch, the captain or crew presents fish to the inspection officers. This is often seen as a traditional gesture of hospitality rather than a bribe. However, even if the intention of such a gift would not be to bribe the officers to falsify records, or otherwise perform or refrain from performing their official duties, presenting fish may in fact influence the decision-making of the inspector, or at least give rise to a perception of improper influence.  

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SCOPE AND CONTEXT

Responding to these behaviour types

It is postulated that most fisheries crime fits into one of these three types of behaviours, though it should be noted that there are also large-scale trawling operations operating completely outside of the law, and that outwardly legitimate companies do illegally harvest high-value marine resources.

From a corruption risk management point of view, these distinctions of behaviour are important. For the first and third behaviours, the primary focus of anti-corruption work is likely to be preventive. To address issues linked to the first behaviour (seeking the veneer of legitimacy), efforts would mainly be targeted at fisheries management and other relevant licensing authorities, both through preventive and law enforcement mitigation measures. For the third behaviour (hospitality vs. corruption), the main focus would probably be on transparency and awareness-raising. To address the second behaviour (hiding from authority), it is probable that the primary approach would be enforcement based, although closing loopholes using preventive measures would also be crucial.

For the first and third behaviours, the actors have, for the most part, elected to work within the confines of the regulatory system. Therefore, they are more likely to respond to preventive measures that aim to bring about a behavioural shift. Law enforcement strategies can also foster this behavioural shift by providing a deterrent in the form of a “criminal backstop”, putting operators off circumventing the rules by increasing the perceived risk of prosecution and penalties.

By implementing corruption prevention measures, tightening the regulatory framework and bringing about a behavioural shift, States gain the added benefit of forcing into the open criminal actors they may not even have been aware of.

In some countries, two or all of these behaviour groups will be present and, at times will be difficult to differentiate. Care should be taken to treat the issues separately as the responses they require are likely to be very different. As described above, behaviour groups one and three will respond best to preventive measures

Box 4. A Minister receives a “loan” as a reward for granting licences

The Minister of Marine Resources of the Cook Islands was sentenced to four years and four months imprisonment after having been found guilty of obtaining a bribe as a reward for issuing fishing licences to a Thai fishing company, under section 133 of the Cook Islands Crime Act of 1969.

Between October 2011 and April 2013, the Minister signed and issued a total of 18 foreign fishing vessel licences to vessels owned or operated by companies associated with the Luen Thai Fishing Venture Ltd, one of the largest fishing and seafood companies in the Asia-Pacific region. Only the Minister had the statutory authority to issue these licences, and through this role he developed a close personal relationship with the Chief Operating Officer of the company.

In June 2012, the Minister became interested in buying a resort in the area where he lived. The Minister brought in a business partner, but as neither had the security required for a bank loan, the Minister directly approached the Chief Operating Officer of Luen Thai for a loan through Luen Thai’s Cook Islands company. After a series of negotiations, the company agreed to lend $256,745. The loan agreement was concluded under the name of the Minister’s business partner.

During the process, one bank declined to be involved in lending money to the Minister and/or his business partner if the remainder of the funding was to be provided by a fishing company. The bank saw this as a conflict of interest because of the Minister’s position. Also, the Chief Operating Officer of Luen Thai informed the Minister at one stage that the board was worried that political opposition in Cook Islands could use the loan arrangement to attack the Minister and the Cook Island arm of the company, but that he would do his best to convince them otherwise.

This personal connection and the friendship developed by the Minister, through his official role and capacity, facilitated the acquisition of a loan he would otherwise not have been able to secure.

Source: Cook Islands, Case number C.R No. 594/15.
whereas group two is best combated with law enforcement measures. Table I below highlights the main features and variations in these two approaches.

Table I. Main features of the enforcement and preventive approaches to combating corruption

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Source: Table taken from Supreme Audit Institution of Hungary, adapted for this guide.

1.3 EXAMPLES DEMONSTRATING THE TYPOLOGIES OF CORRUPTION

While corruption comes in many forms, certain typologies are especially prevalent in the fisheries sector. Familiarizing authorities with these typologies will enable patterns to be more easily recognized and corruption risks to be identified and investigated earlier. By conducting the risk assessment as suggested in this guide, countries can effectively identify and evaluate these typologies and devise mitigating strategies to combat them. This guide sources these typologies from experts working in a broad range of organizations, including INTERPOL, UNODC and Norad.

Corrupt information sharing

Some protocols and safeguards that are put in place to help regulate the fisheries sector rely on the element of surprise, for instance spot check inspections of fishing vessels. Information regarding these patrols (such as scheduling, locations and which officers will be on duty) should be recorded in an official, confidential document. Those with access to this document or any of the restricted information it contains, may accept a bribe in return for sharing it with a captain or other interested party. If, when boarding a vessel, an officer sees restricted documentation in the possession of those being inspected it is reasonable to assume that a form of corruption has taken place, which may have enabled the circumnavigation of fisheries regulations.

Corrupt logistics networks

Fishing businesses will, over time, build logistics networks for the movement of their products. For businesses engaging in corruption, these networks can include bribing officials in order to move illegally caught fish across borders. Once these networks are established, it is also possible to transport other illegal products
(e.g. drugs) hidden in fish product shipments with little risk of discovery. Corruption that assists illegal fish to be transported can enable other forms of trafficking, such as drug and human trafficking.

**Corrupt licensing payments**

A fisheries minister or official in charge of issuing foreign fishing vessels with licences to fish in the coastal waters of their exclusive economic zone may be tempted to accept side payments from operators seeking licences, unless effective oversight mechanisms are in place. Where the value of the potential catch is greater than the expected cost of any financial penalties to the operator if caught, there is an opportunity for the official to charge an illicit premium to operators for the issuing of a licence.

**Corrupt market inspectors**

In a given country, first sale landings of fishery products by national vessels must take place at government-designated sites monitored by government officials. Prior to sale, the individual landings of vessels are identifiable to the port officials, the auctioneers and the customers. Vessel landings, the prices, species and quantities sold are recorded and reported to the Government for various regulatory purposes. Officials whose role it is to monitor these landings and file any necessary paperwork, can commit fraud by misreporting the value or quantity of these landings.

**Corrupt garnering of community favour**

Both individuals and businesses have been known to fund much sought-after community projects in towns where they have current or future interests. These projects can range from organizing a concert to constructing new factories that increase local employment. Once these projects have been delivered and the communities are favourable towards the funder, community members are significantly less likely to report any illegal, suspicious or corrupt activities.

**Corrupt maintenance of over-investment**

Many large fishing companies invest heavily in fixed assets, for example building shipping yards and processing plants on prime real estate. When there is a substantial reduction to a company’s fishing quota, there would be an expected decrease in their financial income. However, if after some time there is no change in their operations or levels of investment, this suggests that the company has found alternative, potentially illegal ways in which to increase their profits and thus maintain their levels of investment.

**Corrupt approval of seafood certificates**

In most countries, seafood products, aquaculture products and products for the treatment and rehabilitation of aquatic environments will require a quality assurance and testing certificate before the product can be sold. Public officials in roles where they have almost complete control over the issuing of such certificates, have more opportunities to engage with corruption and profit personally. These officials have the ability to make false certificates and allow the purchasing of certificates to take place without the required quality assurance and testing. This form of corrupt issuing of certificates results in substandard or untested products entering the market.
Chapter 2.

ANALYSIS OF THE FISHERIES VALUE CHAIN, MONEY FLOW AND REGULATORY FRAMEWORKS

One of the most destructive effects of corruption at every stage of the fisheries value chain is the impact it will have on the sustainable management of fish resources. Almost 60 per cent of fish stocks are already fished to their maximum sustainable limits, and an estimated 33.1 per cent of fish species are being fished at unsustainable levels. Mislabelling of catches will inevitably result in a lack of reliable information on current fish stock levels, which then can lead to overfishing of certain fish species.

The first phase in designing an appropriate anti-corruption strategy is to understand the types of fisheries crime potentially perpetrated in a given country. This chapter begins by analysing a hypothetical fisheries value chain, and the vulnerabilities for corruption that are present at each stage of the chain. Next, an examination of the flow of money along the fisheries value chain is carried out, and finally a breakdown of the regulatory and law enforcement frameworks relevant to the fisheries sector is provided.

This guide does not aim to discuss all potential risk areas, though it will provide examples of the most commonly identified areas in which corruption could take place. It also demonstrates how all stages of the value chain (and the corruption that occurs at these stages) are interlinked and affect one another.

2.1 UNDERSTANDING THE FISHERIES VALUE CHAIN

Businesses have long understood the benefits of using value chain analysis to improve performance, increase profit margins, and remain competitive. However, the value of such analyses is not limited only to economics and the bottom line. Understanding the value chain can also help public bodies, investigators, law enforcement, and the private sector understand where the risks of corruption might be, and how to mitigate them.

Before starting, an institution or a group of institutions should be assigned to take ownership of the analysis of the fisheries value chain and the initial assessment of corruption vulnerabilities in the fisheries sector. It is important to recognize that the areas of vulnerability may also fall well outside the mandate of fisheries management and enforcement agencies. There are many possible variants for this institutional arrangement,
including assigning the task to an anti-corruption authority, to the fisheries management agency or forming a multi-agency task team.

When analysing the fisheries value chain, and where on the chain the country in question may be most vulnerable to corruption, it is important to look at the dominant types of fisheries products harvested in, imported to and sold in the country. The risk profile will look very different if the country is primarily a manager of fish stocks compared to a consumer country in which citizens place a high value on ethical certification.

Value chains for fisheries can vary from product to product, between fishing and aquaculture, and between large-scale and small-scale operations. Any value chain that seeks to cover the entire industry must, to some extent, be a simplification. However, there are models that are useful for industry-wide analyses. For instance, the FAO uses a six-step approach: harvesting (fishing and aquaculture); primary processing; secondary processing; wholesale; retail; and consumer. Similarly, the Organization for Economic Co-operation and Development (OECD) takes a five-step approach: fishing; landing/processing; sales; transport; and consumer.

The primary areas where corruption risks are likely to arise are in interactions with various public authorities that regulate the steps along the value chain. Therefore, the risks presented by the “primary processing” and “secondary processing” steps of the FAO value chain, for example, might very well be identical in many instances.

As explained later in this section, there are often unique corruption risks during the phase where a fishing company or fisherman is preparing to begin operations. Considering this, this guide will adopt a slightly modified OECD value chain model, with seven steps: preparation; fishing; landing; processing; sales; transit; and consumer.

No “one size fits all” value chain exists; these value chains are hypothetical examples, as no single chain (or order of events in a value chain) can correctly describe the process across every country. Each stage of the value chain can occur multiple times, in a different order, or in a different manner across borders. This is also the case with aquaculture, where the value chain may vary substantially from a fishing-based value chain. It is for this reason that this guide recommends an analysis of the fisheries sector in a particular country as the first step towards forming a fisheries anti-corruption strategy.

Participants at each stage of a value chain can be blind to the big picture; they might not see why or how the other stages are relevant to them or their work, or how their corrupt practices can have additional effects further up the chain. For instance, a simple act such as a port official misreporting the type of fish caught at the fishing stage will have a knock-on effect at later stages. This effect could be tax or customs revenue loss at the sales stage (resulting in reduced income for the State), or misinformation at the consumer stage (where ethically driven consumers are misled regarding the type and source of their purchase).

When analysing the fisheries value chain, it is important to understand the legal fishing industry that is present in a specific country. Creating an overview of the primary activities, locations and companies involved can be a good starting point. This may include: landing spots, vessel ownership, processing plants, packaging producers, insurance companies (especially regarding high value species), fish traders and ship brokers.

As the value chain model below shows, each step along the value chain involves interactions with a unique set of public authorities, including licensing bodies, inspectors and auditors, customs authorities, and tax authorities. Each interaction can give rise to unique types of corruption risks. Understanding these risks and interactions is key to the prevention of corruption and fisheries crime, and to the success of any

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ANALYSIS OF THE FISHERIES VALUE CHAIN, MONEY FLOW AND REGULATORY FRAMEWORKS

subsequent investigation or enforcement action. The fisheries value chain model in figure 3 has been adapted from the OECD value chain model.25

**Value chain stage 1: Preparation**

The first stage of the value chain covers the preparation for fishing. For example, a fishing company or fisherman would obtain and register a vessel and obtain a licence for fishing. That licence may specify the type of fish that can be harvested as well as the quota for those fish. The company or fisherman may also recruit a captain and crew. Only after these preparatory steps have been completed can the vessel operate and harvest fish.

Because of the number of necessary interactions with public authorities, the preparation stage is often where corruption risks, and subsequently corruption scandals, arise. For instance, bribes can be paid to register vessels using forged documents, or to turn a blind eye to unregistered vessels. Another common scenario is where bribes are paid, or favours given, to obtain licences that should not otherwise have been issued, or to obtain forged licences or higher quotas.

Part of the preparation stage includes obtaining quotas that limit the species, or amount of each species, that a fishermen or company can catch.26 Due to declining fish stocks around the world, more and more countries have placed these quotas on fishing activities in an effort to try to limit the environmental and economic impacts of overfishing.

However, the quota systems themselves can create many opportunities for corruption. Bribes may be demanded or offered when obtaining a quota. A fisherman or company may be legitimately entitled to a

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25 Ibid., figure 1.
26 Ibid., p. 20.
quota but cannot obtain it without a bribe, or a fisherman or company that does not qualify for a quota may
obtain one through corrupt means, or obtain a quota larger than they would have otherwise been entitled to.

In addition, registering a vessel is another step that involves a risk of corruption. As noted in the Nordic
Council of Ministers Chasing Red Herrings report, it is common practice for vessels to be registered in flag
States that are “either unable or unwilling to adequately exercise their criminal enforcement jurisdiction
over vessels flying their flag.”27 In cases such as these, ship owners can act with impunity; this is further
exacerbated by the use of complicated transnational corporate structures that take advantage of privacy and
anonymity laws in certain jurisdictions, rendering owners untraceable and therefore impervious to law
enforcement efforts.

Even the act of recruiting a captain and crew can involve the risk of corruption. For instance, bribes may be
paid to officials to look the other way when a crew does not have proper work permits. In the worst-case
scenario, fishing vessels can be used for human trafficking, or crews may be subject to human rights abuses
on board, such as forced labour or physical injury. There is a risk that corruption can be used to cover up and
facilitate these crimes. An in-depth report on the prevalence of trafficking in persons and smuggling of
migrants in the fisheries sector can be found in the 2011 UNODC report Transnational Organized Crime in
the Fishing Industry.28

**Value chain stage 2: Fishing**

After the preparation stage, the vessel sets out to the fishing grounds to catch fish. Depending on the size of
the vessel, it may move within the area and make more than one catch. Fish may also be processed or frozen
on board before the vessel returns to port. This is one example of the sequence of events that may take place
during the fishing stage; different countries and jurisdictions may differ from this illustration.

During this step, each catch would be recorded for type and quantity, as well as the location where it was
caught. This creates an opportunity for illegal activity, as vessels may falsify records to hide where certain
fish was harvested (if it was outside of the licensed area), what type of fish was caught (if it was outside of
what was permitted by the fishing licence), and how much was caught (if it was either over quota, or simply
over- or under-reported to hide the actual value of the catch).

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Corruption may arise in the attempt to cover up these illegal activities. For instance, some fisheries (and other) authorities will have the ability to inspect a ship while it is at sea, and bribes can be paid for that inspector to overlook or certify false records. Alternatively, corruption can occur when vessels are caught fishing without the proper licences or authorizations, such as when bribes are paid to officials to release vessels caught operating without fishing licences or with improperly documented crews. Alternatively, attempts to cover up, through corruption, illegal actions that took place during the fishing stage may occur during the subsequent steps of landing, processing, transport, or by falsifying records created during fish sales.

**Value chain stage 3: Landing**

In practice, modern fishing vessels can be large enough to allow for the initial processing of a product on board. Thus, chronologically, landing and processing may happen in either order. However, for the purposes of looking at corruption risks, landing is the next stage where issues can arise.

Landing is where a vessel lands its catch at port or at sea, which may be designated by the fishing licence. Separate to this fishing licence, the port itself should also maintain a valid licence. The fishing company should then report the value and type of catch. If the catch has been sold while still at sea, this stage may also involve generating records such as sales and landing reports, production reports, sales notes, invoices, stock-taking records and production yield reports. Payment for the catch may also be exchanged.

As stated above, some types of ships can land the fish at sea; catching, processing, packaging, freezing and selling can all take place without the ship ever needing to come in to port, and often a different ship will meet the fishing vessel in open water to transport the catch to its sales destination. This is known as trans-shipping, and is a method sometimes used to avoid controls on land.

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**Box 6. Corruption at the landing stage: Widespread bribery of port officials enables company to exceed quotas**

In 2002, 14 Fishery Control Officers (FCOs) from the Marine and Coastal Management of Cape Town, South Africa, and Hout Bay Fishing Industries Limited (as represented by its chairman and one of its directors) pleaded guilty to the offence of contravention of the Corruption Act 94 of 1992 and the Marine Act and Regulations, entering into a plea and sentence agreement with the State.

The job of the FCOs was to exercise control over marine living resources and ensure strict compliance with the provisions of the Marine Living Resources Act, including on the part of commercial fishing companies. Hout Bay was one such fishing company.

The permit granted to Hout Bay by the Minister of Environmental Affairs and Tourism stipulated that fish products were only permitted to be off-loaded and weighed in the presence of Marine and Coastal Management FCOs. During multiple incidents over a period of more than three years, Hout Bay had contravened the Marine Act and Regulations by off-loading fish products from vessels while no FCO was present, and without recording the true mass of the catch.

In order to ensure passage of the over-harvested fish products through the landing port, Hout Bay directors paid the total of R424,247 ($53,030) on 338 separate occasions to the FCOs, who then omitted to regulate Hout Bay’s landings, as required by their duties.

Each of the accused FCOs were sentenced to a fine of between R1,500 and R5,000 (between $187 and $625) with an additional one to two year’s imprisonment wholly suspended for five years. Some of the accused were also required to repay the amount that they had received in bribes.

In line with the plea and sentence agreement between Hout Bay and the State, R19 million ($2 million) was to be confiscated under the Prevention of Organised Crime Act of 1998. It was also sentenced to fines of R8,200,000 ($1.025 million) and one of its vessels and the contents of one of its containers were forfeited. The director was sentenced to a fine of R1 million and a further five years suspended sentence.

*Source: Regional Court Cape Town, Case number 14/223/2002.*

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In cases where trans-shipping is the method utilized by the fishing vessel, corruption risks are heightened. Inspectors in port will often work in larger teams, whereby corrupt individuals or behaviour would be more easily noticed. When inspecting a catch away from port, however, the risk for an inspector of being caught engaging in corruption is reduced due to their distance from supervisors and the fact that they might be operating in a smaller, less visible team.

The opportunities for corruption at this stage are numerous. For instance, unscrupulous fishing companies may set up illegal landing sites and bribe officials to overlook their existence. More commonly, fishing companies or captains falsify the type or value (or both) of a catch, and bribe an inspector to ignore or even certify these false records. Payments for catches are often still in cash, which can facilitate the payment of bribes. If a port is disproportionately popular with vessels for landing their catches, this could be an indicator that port officials are engaging in corrupt activities.

**Value chain stage 4: Processing**

As noted by the FAO, processing often includes two stages, primary and secondary, both of which can be carried out either at sea or after landing in production plants. Primary processing refers to the cleaning and filleting of the fish, while secondary processing refers to the manufacturing of fish products.

If a catch is processed at sea, corruption risks can arise in the reporting and inspection of processed catches when they are landed. As mentioned above, this usually involves falsifying the type or value, or both, of the catch and bribing an official to certify or overlook such false records. It may also be possible to process a catch in a way that hides its type or value, in which case again bribes may be paid to overlook any discrepancies.

Corruption risks can also arise during audits or inspections at production facilities, where bribes or favours can be offered to overlook discrepancies in records or quality of products. Corruption between private sector entities can also occur if the fishing company, primary processor, and secondary processor are distinct entities. For instance, a fishing company that has processed its catch on board the vessel may pay a bribe to a secondary processor to falsify its purchase or onward sales records, in order to reflect an under-reported original catch.

**Value chain stage 5: Sales**

Sales of a catch can take place while the vessel is still at sea, or after landing. In either situation, the catch must be categorized and inventoried, and invoices created. At this stage, payments will also be made. Usually, landing is when the first sale occurs. If the catch is sold before it is landed, this could be an indication of criminal activities including the creation of fraudulent documents and the illegal discarding of unwanted fish. During the sales stage the catch will usually change ownership, which therefore necessitates the creation of a number of records and may also involve inspections by a public authority (which could increase the likelihood of a bribe changing hands).

The main risks at this stage again relate to the falsification of records. Here, either the seller or the buyer may falsely label the catch in terms of type or quantity, falsify the amount asked for, or falsify the amount actually paid. Corruption can occur when bribes are paid in order for inspectors to turn a blind eye to these activities, or to certify false records. In addition, corruption within the private sector can occur when the buyer or seller is given improper business incentives or bribes to overlook or create false records. A further risk is if the seller and purchaser are under common ownership.

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30 Ibid.
The variety of payment methods available can also be used to hide illegal activities, and this can be aided and abetted by corrupt officials. For instance, using a range of payment methods can hide the real value or quantity of fish purchased, and double invoicing (for illegal and legal purchases) can hide criminal activity such as the purchase of quantities that exceed legal quotas. In addition, during the sales stage large sums of money change hands, and this can provide the opportunity for money-laundering to take place.

Finally, the sales stage of the value chain is where tax crimes are most likely to occur. These include the underreporting of sales and profits, and here again, corruption can occur by participants improperly influencing tax authorities to overlook or certify false records. As will be seen in the analysis of the money chain, when the money flow deviates from the product chain, this is an indicator that a corruption risk is present.
Value chain stage 6: Transit

This stage involves the movement of a catch between where it is caught, landed, processed and sold. The distances between these sites can be significant, creating difficulties in monitoring the flow of the catch. Additionally, sites often stretch across borders, and transporting them involves creating import and export records, customs inspections, and dealing with tax compliance issues.

As noted earlier, trans-shipping (whereby fish is sold and distributed either at sea or in port, but without going through any customs clearance or reporting process on land) can amplify these risks as the opportunities for inspection and oversight are reduced.

During the transit stage, an area particularly vulnerable to corruption risks is customs inspection. Companies may bribe customs officials to allow certain shipments through without going through the normal customs inspection process. Alternatively, as with the landing, processing and sales steps, customs officials can also be bribed to overlook or certify falsified records. For instance, a company may attempt to: import a catch into one country as a certain type of fish when it is actually something else, falsify the origin of the catch, or underreport the quantity of the catch. These falsifications often also have tax crime implications, as companies may seek to avoid or underpay customs duties.

Another indicator of potential criminal activity and corruption during the transit stage is a significant discrepancy between import and export quantities. In theory, export records should match import records. Yet in reality, large differences are often noted; the World Wildlife Fund (WWF) report *Illegal Russian Crab: An Investigation of Trade Flow* highlights such discrepancies. “While Russia’s registered crab exports to Japan increase[d] nine-fold from approximately 600 metric tons (mt) in 2008 to 5,800 mt in 2009, it pales

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**Box 9. Corruption during the transit stage: Vessel with untraceable ownership used to transport misreported and protected catches**

In line with a Purple Notice published by INTERPOL in 2015, vessel (M) frequently transported fish and other commodities between countries (P) and (Q). The cargoes from country P were unloaded and imported into country Q. Boat M then loaded fish and protected species and departed back to P. These imports and exports were not reported correctly to the authorities of country Q. Sometimes the loading and unloading activities took place at sea through trans-shipments between vessels. Protected species that were loaded to boat M included yellow-crested cockatoo and saltwater crocodile. M’s crew also often loaded fish at sea with no documentation. The fish were therefore exported with no health certificates or evidence of the country of origin or flag of the catching vessel.

Boat M was purported to be owned by “(G) shipping Ltd”, which was believed to be a shell company based out of country (R). No public listings revealed the true identity of the owner. A fax transmitted by a fishing company from country Q, listed the ownership of the vessel to “(H) International Shipping Co Ltd” of which no public records exist. INTERPOL believed this to be another shell company, and no public listings revealed the true identity of the owner of this company either.

In addition, exporters at fishing companies in country Q were believed to have provided false information in the export documents with regard to receivers of the fish in country P. The proof of the existence and ownership of the reported receiving companies could not be verified.

By using shell companies and falsifying customs documentation, the boat M owners and operators were suspected of violating national laws and regulations of country Q and possibly other jurisdictions, and of otherwise being engaged in fraud and fisheries crimes.

Although there is insufficient evidence for corruption to have been mentioned in the Purple notice, based on the facts at hand, it is highly likely that corruption at some level was necessary to facilitate the misreported shipments.

*Source: INTERPOL Purple Notice, published 9 September 2015. (Interpol Purple Notices advice on modus operandi of potential offences).*

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in comparison to Japan’s reported imports from Russia for those years, which in 2008 was 70,000 mt and in 2009 was 60,000 mt.”

The figures demonstrate that at times Japan’s imports from the Russian Federation were over 100 times greater than the Russian Federation’s exports to Japan. The WWF reports suggest that “one possible explanation … could be that most of Japan’s imports of crab from Russia are, in fact, illegally sourced from Russian waters and were delivered straight to Japanese ports without Russian authorization.”

**Value chain stage 7: Consumer**

The final stage of the value chain is when the fish product reaches the consumer. Corruption may have allowed a mislabelled, illegally caught, or illegal product to reach consumers, but there is generally thought to be a lower risk for new corruption at this stage, except in so far as local inspectors at customer sales locations can also be vulnerable to corruption (e.g. health and safety inspectors).

Ultimately, however, consumer demand is a driving force behind poaching and illegal fishing. In fact, consumer demand for ethically caught or sustainable seafood products may have ironically created an additional form of corruption risk along the value chain. Currently, a number of private entities, including non-profit organizations, provide labelling and certification that a product has been caught, processed or farmed in a sustainable or ethical manner, such as the Marine Stewardship Council (MSC), the Blue Ocean Institute, Fishwise, or others. Having a certification like the one from MSC can at times increase the price of a product by 11-14 per cent. As certification can increase the sales price of fish, fishing companies often have enormous profit incentives to obtain a certification. This creates a series of corruption risks at whichever step along the value chain certification occurs, where bribes or other illegal incentives may be paid to inspectors, audits or officers to provide false records or allow improper use of labels such as “eco-friendly” or “sustainable”.

Some certification companies are funded by the sale of their logo. While in theory these sales must meet a set of very strict criteria, it only takes one inspector willing to engage in corruption for the value of the logo, and what it stands for, to be diminished.

Raising consumer awareness around the impact of unsustainable demand for certain fish products can be a powerful tool in preventing fisheries crime and the corruption that enables it to occur.

**2.2 UNDERSTANDING THE MONEY FLOW**

As fish and fish products make their way along the value chain, documentation reflects this movement and money is exchanged with each transaction. Where corruption or fisheries crimes occur, both the documentary chain and the flow of money may deviate from the path that one might expect legitimate transactions to follow. False, forged or supplementary documentation may be created to conceal or legitimize illicit activities, while additional and potentially suspect financial transactions will occur beyond what would be expected from a legitimate money flow.

Understanding how money should flow along the fisheries value chain can help to identify transactions that are at odds with expectations. As is explained in detail in section 4.2.2 (conducting parallel financial investigations), when fighting corruption and fisheries crimes, investigating those areas where the money flow deviates from its expected path, through financial evidence or documentary trails, can prove fruitful.
Figure 4 above represents the legitimate (A) and illegitimate (B) flows of fish product, money and documentation.

In a hypothetical and idealized “legitimate value chain”, the fish and fish products move from boat to plate along the product chain (light blue arrows) the links of which are connected by nodes (dark blue rings). Nodes represent events such as ownership changes, transportation and processing. Each of these events, or nodes, is recorded by a related chain of documentation (represented by the dark blue solid circles).

Money flows (white arrows) are in the reverse direction to the product flow. At each transaction step, the product moves one step to the right and the money moves in the opposite direction. For example, fish is transferred from seller to buyer and money is transferred from buyer to seller. The size of arrow reduces from right to left to show that the total available money decreases; the amount of money at the sales and consumer stages of the value chain is more than is present at the processing stage, which is more than exists at the fishing stage (in most value chains the profit will reduce in a similar manner). Although the cash flow is from right to left, the time sequence of each money transaction follows the product flow, i.e. from left to right.

Figure 4(B) represents a value chain where there is illegitimate extraction of profit. Although the fish product flow is the same as that in figure 4(A), in 4(B) there is a separation of the document chain from the product chain that produces one or more paper trails that disguise illicit activity. For example, invoices may show the artificial interposition of an entity resident in a tax haven as a purchaser or seller. This coincides with a substantial part of the profit being extracted from the money flow, resulting in a much-reduced money flow (and profit) in the rest of the value chain.

This figure demonstrates how fisheries crime almost always results in unlawful extraction of profit from the money flow and will have a significant impact on the amount of revenue that a country can expect to collect from its fisheries sector.
2.3 UNDERSTANDING THE REGULATORY AND ENFORCEMENT FRAMEWORK

Although the exact formation of regulatory and enforcement frameworks will differ for each country, their aims will be similar: to regulate their fisheries sector, to sustainably manage their fish resources and to ensure adherence to regulations. Understanding the different structures and actors involved in these frameworks will support any gap analysis performed as part of the proposed risk assessment.

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### Table II. Fisheries regulatory and enforcement actions, controls and authorities

<table>
<thead>
<tr>
<th>STAGE</th>
<th>ACTIONS</th>
<th>COMPLIANCE CONTROLS</th>
<th>AUTHORITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PREPARATION</td>
<td>Purchase vessel</td>
<td>Money-laundering</td>
<td>Fisheries director</td>
</tr>
<tr>
<td></td>
<td>Register vessel</td>
<td>Financial regulation</td>
<td>RFMOs (Regional fisheries management organizations)</td>
</tr>
<tr>
<td></td>
<td>Insure vessel</td>
<td>Fisheries regulations/</td>
<td>Banking regulator</td>
</tr>
<tr>
<td></td>
<td>Licence</td>
<td>Licensing</td>
<td>Financial services regulator</td>
</tr>
<tr>
<td></td>
<td>Quota</td>
<td>Marine safety</td>
<td>Marine/ship inspector</td>
</tr>
<tr>
<td></td>
<td>Crew</td>
<td>Immigration/border</td>
<td>Immigration</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tax authority</td>
</tr>
<tr>
<td>AT SEA</td>
<td>Fishing/harvesting</td>
<td>Fisheries regulations</td>
<td>Fisheries inspectorate</td>
</tr>
<tr>
<td></td>
<td>Primary processing</td>
<td>Border controls</td>
<td>Customs legislation</td>
</tr>
<tr>
<td></td>
<td>Trans-shipping</td>
<td>Customs</td>
<td>Immigration legislation</td>
</tr>
<tr>
<td></td>
<td>Smuggling/trafficking</td>
<td>Maritime law</td>
<td>Marine/ship inspector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PSCM (Purchasing and supply chain management)</td>
<td>PCs (Purchasing and supply chain management)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minimum wage</td>
<td>Tax authority</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax authority</td>
<td>Food safety</td>
</tr>
<tr>
<td>AT PORT</td>
<td>Landing</td>
<td>Fisheries inspectorate</td>
<td>Fisheries inspectorate</td>
</tr>
<tr>
<td></td>
<td>Weighing</td>
<td>Customs legislation</td>
<td>Customs authority</td>
</tr>
<tr>
<td></td>
<td>Buying/selling</td>
<td>Immigration legislation</td>
<td>Marine/ship inspector</td>
</tr>
<tr>
<td></td>
<td>Bunkering</td>
<td>Marine/ship inspector</td>
<td>Labour inspector</td>
</tr>
<tr>
<td></td>
<td>Trans-shipping</td>
<td>PSCM (Purchasing and supply chain management)</td>
<td>Tax authority</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax authority</td>
<td>Food safety inspector</td>
</tr>
<tr>
<td>PROCESSING</td>
<td>Primary processing</td>
<td>Food safety</td>
<td>Labour inspector</td>
</tr>
<tr>
<td></td>
<td>Secondary processing</td>
<td>Environmental controls</td>
<td>Tax authority</td>
</tr>
<tr>
<td></td>
<td>Buying/selling</td>
<td>Consumer protection</td>
<td>Food safety inspector</td>
</tr>
<tr>
<td></td>
<td>Mixing/substitution</td>
<td>Immigration legislation</td>
<td>minimum wage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax authority</td>
<td>environmental controls</td>
</tr>
<tr>
<td>TRANSPORT</td>
<td>Movement of fish/fish product by: Air, Sea</td>
<td>Container movements</td>
<td>Labour inspector</td>
</tr>
<tr>
<td></td>
<td>Land [road/train]</td>
<td>Customs</td>
<td>Customs authority</td>
</tr>
<tr>
<td></td>
<td>Mixing/substitution</td>
<td>Environmental controls</td>
<td>Food safety inspector</td>
</tr>
<tr>
<td></td>
<td>Undervaluation</td>
<td>Consumer protection</td>
<td>minimum wage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax authority</td>
<td>environmental controls</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Customer protection</td>
</tr>
<tr>
<td>RETAILING</td>
<td>Distribution and sale of fish/fish product</td>
<td>Food safety</td>
<td>Trading standards</td>
</tr>
<tr>
<td></td>
<td>to the consumer</td>
<td>Consumer protection</td>
<td>Labour inspector</td>
</tr>
<tr>
<td></td>
<td>Mixing/substitution</td>
<td>Tax authority</td>
<td>Tax authority</td>
</tr>
<tr>
<td></td>
<td>Mislabelling</td>
<td>Minimum wage</td>
<td>Food Safety inspector</td>
</tr>
</tbody>
</table>
As referenced in section 1.1 (Why address corruption in order to address fisheries crime?) and chapter 2 (The fisheries value chain), legislators and policymakers include mechanisms in fisheries laws and regulations specifically intended to make it harder for actors to cheat. To help ensure that only legitimate actors engage in commercial fishing, for example, regulators often require that those operating within the industry obtain fishing licences and register their vessels. Recognizing that it is often difficult to catch illegal over-harvesting while it is occurring at sea, regulators often will require fishermen to report the quantity and type of fish they have caught, and may require that inspectors weigh the catch as it is being offloaded in port. Customs authorities typically will require exporters and importers to declare the type and value of their cargo. Recognizing that criminals will need to move money as part of any scheme, banking regulators have established detailed record keeping and reporting requirements for financial institutions to follow, making it more difficult for traffickers to use the financial system as part of a criminal scheme.37

When setting up these regulatory mechanisms, policymakers are making a basic assumption: that the particular regulator or inspector will do their job properly. However, as discussed in section 1.1. (Why address corruption in order to address fisheries crime?), that assumption will be thwarted if the regulator or inspector is taking bribes. Without tackling corruption, any regulatory framework – no matter how well designed as a theoretical matter – will prove ineffective in practice.

Table II above outlines some of the regulations and authorities responsible for policing specific activities and locations in the fisheries sector.

Corruption during the law enforcement stage

Targeting corruption along the fisheries value chain will be fruitless if some actors in the criminal justice chain nevertheless commit acts of corruption during the investigation, prosecution and adjudication stages. It is not only the officers and inspectors interacting with fisheries operators along the value chain who are susceptible to corruption, but also those investigating the corrupt acts themselves.

A number of issues can result in cases not being referred for prosecution, or in prosecutions being dropped during the trial stage. These issues include political pressure, using a position of influence to implement a top-down directive, and bribery. For instance:

- Investigators can be bribed or pressured not to collect evidence or to lose evidence that has been collected.
- Prosecutors can be bribed or pressured to make the decision not to prosecute or not to oppose a bail application.
- Court officials can be bribed or pressured to lose the court file or key items of evidence.
- Judges can be bribed or pressured to acquit suspects or give light sentences.

When it is suspected that corruption is so embedded in a country or its criminal justice system that it is difficult or impossible for that State to successfully prosecute fisheries crime, then the transnational nature of fisheries crime can become a benefit. In these cases, coordination with other countries that may have jurisdiction in the case, and which have a better record of successfully investigating and prosecuting corruption cases, will reduce the belief among perpetrators of these crimes that they can act with impunity.

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Chapter 3.
CORRUPTION RISK ASSESSMENT AND MANAGEMENT

Corruption risk assessments and the related risk mitigation plan, as laid out in this guide, are part of a structured, systematic method designed to identify the stages of the value chain that are particularly vulnerable to corruption, and to devise actions to minimize these vulnerabilities. The goal of a corruption risk assessment is to produce a realistic list of likely corruption schemes or scenarios (specific to the country carrying out the assessment), prioritize them, and suggest mitigation measures which, when aggregated, will comprise the corruption risk mitigation plan.

There are two essential components to the risk assessment approach recommended in this guide. First, the assessment plan should always be based on a solid understanding of which stages of the fisheries value chain are most prevalent in the given country. Second, there needs to be an understanding that, whatever programme is developed, it will realistically consider the resources available for implementation.

A UNODC publication on corruption risk management (due 2019) provides guidance on how to understand and develop an organization-wide corruption risk management approach. The publication takes into account the existing standards and methodologies for assessing and managing risks such as the International Standards Organization ISO 31000. Figure 5 below outlines the risk assessment and management process adopted in this guide.

3.1 HOW TO UNDERTAKE THE CORRUPTION RISK ASSESSMENT

Depending on the size and complexity of the country, the risk assessment may be conducted at either an organizational (ministry or agency) level, or an industry level. In larger countries, risk assessments are likely to be carried out at an organizational level and in smaller countries an industry level risk assessment can be considered.

The suggested approach requires commitment on the part of the assessed agency, as most of the activities are carried out by that agency with minimal support from the outside. The main steps of a corruption risk assessment and management process are described below.

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Appointment of the working group

A working group that will act as an oversight or management body should be formed, and given responsibility for conducting the risk assessment and forming the risk mitigation plan. Other branches and individuals within the organization should support the working group to ensure that the group receives the resources and information needed for conducting an effective corruption risk assessment.

The working group should be headed by a senior representative of the organization; their authority will have a direct impact on the success of the group and its ability to undertake an effective risk assessment and devise a realistic mitigation plan. Ideally, some working group members should be trained in, or have prior experience with, conducting corruption risk assessments.

The working group should be small enough to maintain efficiency and large enough to have relevant expertise available. The group should ideally be comprised of members both internal and external to the organization in which the risk assessment will take place (or from a range of agencies if assessment is taking place at an industry level). The members of the team should have specialized knowledge and extensive experience in the areas where the corruption schemes might potentially take place.
**Risk assessment step 1: Establish the context**

*Familiarization with the value chain analysis*

Before identifying risks, it is important to note that all stages of the fisheries value chain, and therefore the agencies that regulate those stages, are interlinked. Actions taken by an agency at one stage of the value chain will have consequences for other agencies whose work takes place further up or down the chain.

The working group should reflect on the external and internal factors that shape the behaviour of the assessed organization and its employees, the powers that the organization has over these factors, and what constraints there are in exercising these powers.

“Establishing context” includes conducting (or reviewing) the value chain analysis described in section 2.1, as this will help identify the specific areas of focus in the subsequent assessment steps. For instance, an area of focus for a country might be whether species that may be popular targets of organized crime groups are present in that given country.

In addition to this, the analysis of the flow of money along the value chain, and the regulatory and enforcement frameworks in sections 2.2 and 2.3, will identify the specific organizations and individuals who should ideally be involved in the risk assessment, either through cooperation or consultation.

**Initial tasks of the working group**

During the initial stage of the working group’s operation, the group should prepare an assessment plan, listing the methods, techniques and tools for the identification, description and assessment of the corruption risks.

**Risk assessment step 2: Risk identification**

*Compilation of a list of possible corruption scenarios*

To identify corruption risks, the group should create a list of possible corruption scenarios. The list should include both potential future risks of corruption as well as actual known cases of corruption. Actual cases of corruption are good indicators of where and how future corruption is likely to take place. At this stage of risk identification, a wide net can be cast, but caution should be exercised to ensure that the corruption scenarios identified are within the realms of what might realistically take place.

There are many ways to obtain information that will help identify potential corruption schemes, and the approach to be adopted will depend greatly on the level of sophistication and the breadth of fishing activities in the country.

The simplest possible analytic method is a review of existing documents, combined with discussion among relevant industry and government experts. The selection of these experts will depend on the risk being assessed, but might include the coastguard, police, customs, lawyers, prosecutors and fisheries sector representatives. At the other end of the spectrum, some countries may be capable of performing complex technology-based assessments with a much wider scope, to complement the inputs of industry and government experts.

**Risk assessment step 3: Risk analysis**

*Collection and review of documents and other data*

After the working group has listed possible corruption schemes and scenarios, the group should collect and review documents and other data that can help to determine if these identified scenarios and schemes are actually taking place, or have done so in the past. Important sources of information include past audit reports, past investigation reports, past procurement and accounting records and analyses of procurement trends (companies that win tenders, links between these companies and government officials, etc.).
Mapping identified schemes to a specific organizational policy or procedure

No matter what assessment methodology is used, it is important to ensure that any risks that are identified are mapped to specific schemes that are or may be happening, and that those schemes can be mapped to specific policies and procedures within the organization.

Very often, vulnerabilities will be associated with weak or non-existent controls. While no knowledge or record of corruption related to these weak controls may exist, it is normally only a matter of time before someone takes advantage of any vulnerability within a process.

At the other end of the spectrum, over-complex or highly burdensome rules and regulations may create a high risk of bribery as both those who are subject to the rules and those who enforce them seek ways of avoiding overly complex bureaucracy. This is discussed in section 1.1.2 (Attitudes to compliance).

For example, if a certification process to show that fish products originated from ethically caught fish was too complex, officials and suppliers who were confident of each other’s honesty, at first might collude to not conduct the required checks, deeming them too onerous. In time, unscrupulous actors might realize that as the checks within the certification process were not being conducted, an opportunity might exist to gain certification (and therefore increased sales value) for fish that had not been ethically caught. This could potentially lead to a series of corrupt schemes.

Risk assessment step 4: Risk evaluation

Prioritize risks based on likelihood and impact

During this step, the likelihood of the occurrence of the corruption schemes and scenarios identified in step 2 are estimated, and the impact of each particular risk is assessed. Corruption risks can then be prioritized based on their likelihood and impact ratings.

Risk evaluation and prioritization is very important when a large number of risk schemes have been identified, or when resources are scarce. No organization is likely to be able to address all potential corruption risks that it faces, nor would it be effective to do so.

It is therefore essential to remain realistic. Rather than aiming to produce an all-encompassing risk management programme, the more effective approach is to start with a handful of risks where corruption is most likely to occur, or where, if corruption were to occur, the consequences would be most severe.

- Risk categories. The risks are then grouped into generic categories, usually “financial risks”, “reputational risks”, and “a risk that an agency will not be able to deliver on its mandate”. Particular to the fisheries sector, “environmental risk” can be added as another category. An individual corruption risk may fall into multiple categories, and this should be reflected when analysing the risks. For instance, if there is a risk that inspectors will be bribed to turn a blind eye to the volume of fish being landed, two potential risk categories are relevant: the financial risk and environmental risk. The impacts of these risks are, respectively, the loss of revenue and overfishing, leading to a loss of biodiversity. If this scheme is taking place on a grand scale, it may also fall into a third category, being that the fisheries ministry becomes unable to meet its mandate.

- Risk gradings, likelihood and impact ratings. Both the likelihood and impact severity of corruption risks can be categorized in simple terms, for instance; low, medium and high. However, the working group should define these categories to provide clear guidance on how to rate the likelihood and impact severity of a corruption risk occurring.

The example below of a simple risk matrix is aligned with the “Assessment of Probability and Consequences, Weighting and Prioritization” principles in the 2013 INTOSAI report.\(^\text{40}\) Using this matrix, the working group would evaluate both the likelihood and impact of the identified risks as either “low”, “medium” or

“high”. Based on this, the risk will be graded as “minor”, “medium” or “major”. For example, if an identified risk was “Bribery for large quotas”, the working group would consider the likelihood of such a case, and the harm it could cause if it happened. If the group judged both to be “high”, for example, the risk would be graded as “major”.

A corruption event that has a low individual impact but happens every day may have a higher grading and thus be a greater priority than an event which, if it happened, would be catastrophic but which is very unlikely to happen.

**Risk assessment step 5: Risk treatment**

*Review existing controls and management practices, and feasibility of new controls*

All institutions have (or should have) procedures, rules and management practices in place that seek to prevent fraud and corruption. In an institution responsible for granting fishing licences, for example, this could vary from the nightly reconciliation of cash receipts to internal audits or detailed regulations related to the licensing process.

Throughout the risk assessment process, especially steps 1 (establish context) and 3 (risk analysis), information will have been gathered on these existing procedures and their effectiveness. During this step, the working group reviews which procedures, rules and practices (e.g. those related to whistle-blowing) are in place and how effective they are, and finally decides if additional ones are required. However, it is important to recognize that a specific individual’s responsibility for implementing a certain procedure may affect his or her judgement on the extent or treatment of a risk.

For example, one of the risks identified by the working group in step 2 (risk identification) is that fishing companies or captains may falsify the type or value (or both) of their catch, and bribe an inspector to ignore or certify these false records. As part of step 5 (risk treatment), the working group reviews the related existing

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**Figure 6. Risk prioritization matrix**

<table>
<thead>
<tr>
<th>LIKELIHOOD</th>
<th>IMPACT SEVERITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High</strong></td>
<td><strong>Bribery for large quotas</strong></td>
</tr>
<tr>
<td><strong>Medium</strong></td>
<td><strong>Major</strong></td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td><strong>Minor</strong></td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td><strong>Medium</strong></td>
</tr>
<tr>
<td></td>
<td><strong>High</strong></td>
</tr>
</tbody>
</table>

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**Table:**

<table>
<thead>
<tr>
<th>LIKELIHOOD</th>
<th>IMPACT SEVERITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High</strong></td>
<td><strong>Bribery for large quotas</strong></td>
</tr>
<tr>
<td><strong>Medium</strong></td>
<td><strong>Major</strong></td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td><strong>Minor</strong></td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td><strong>Medium</strong></td>
</tr>
<tr>
<td></td>
<td><strong>High</strong></td>
</tr>
</tbody>
</table>
controls. There may, for example, already be one control in place, namely a procedure providing that from time to time a second inspector joins the inspection or closely reviews the records. If this is the only control, however, the captain and the inspector could easily evade it by agreeing that the inspector will alert the captain when the second inspector is due to visit, to allow the captain to ensure that the catch and records match on that specific day. The group tasked with the risk assessment process could conclude that it would be more useful if the second inspector made unannounced visits to compare the catch and the documents produced.

After the working group has assessed the effectiveness of existing procedures, and the need for additional ones, the cost and feasibility related to these findings must be considered. For example, while assigning a second inspector to visit a vessel may not be expensive, it is not costless either. There are transportation expenses and the employee’s time away from other duties. The group could also conclude that additional controls are not feasible due to the limited number of inspectors or, in small communities, their close relations.

The working group could also consider if civil society, media or the private sector could be involved in complementing the Government’s regulations and anti-corruption work. Civil society and media could, for example, support in awareness-raising efforts, or the private sector could strengthen their internal ethics and anti-corruption compliance programmes, thereby increasing the awareness in their employees of the consequences of bribing a public sector employee (see section 4.1.2).

**Assessment of staff**

When it comes to assessing staff for corruption risks, the working group should consider whether certain roles are inherently more vulnerable to corruption. Once vulnerable roles are identified (i.e. roles in which there are greater risks of corruption), the working group should assess whether these roles have adequate safeguards in place. For example, are there requirements that those holding such roles regularly declare their income and assets? Are they subject to spot checks to determine whether their lifestyle is consistent with the household’s income?

The working group should then identify staff members who perform these vulnerable roles and determine whether they exhibit behavioural red flags. These red flags may include borrowing money from coworkers, gambling beyond the ability to stand the loss, becoming easily annoyed at reasonable questioning, bragging about significant new purchases and refusing vacations or promotions (for fear of detection).

Safeguards that could address these vulnerable roles may include specialized training, rotation of staff to another position from time to time, or mandatory leave during which another staff member is assigned to the role.

**Prepare a corruption risk mitigation plan**

This plan should outline the measures and actions that will be implemented in order to mitigate the corruption risks identified during the previous steps. In order to best identify the optimal actions that will form the risk mitigation plan, it is recommended that working groups follow the flow chart below in figure 7 (in an iterative fashion) for each identified risk.

The aim is to develop a detailed plan that mitigates each prioritized risk. Responsibilities should be allocated, and target dates determined for each risk mitigation activity. Finally, it is critical that responsibility to oversee the implementation of the entire plan is clearly allocated to an individual or committee.

For most countries, gaps in controls and legislation relating to corruption offences, and the criminal justice framework needed to address corruption have been identified through the Mechanism for the Review of Implementation of the United Nations Convention against Corruption.41

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Implementation of mitigation measures.

Finally, the corruption risk mitigation plan has been developed and implementation of the mitigation plan can start. Examples of risk mitigation measures, related to both prevention and enforcement, are provided in sections 4.1 and 4.2 respectively.

Overarching risk assessment principles

As demonstrated in figure 5, there should be “Communication and consultation” and “Monitoring and review” at each step of the risk assessment process:

- **Communication and consultation**: To ensure buy-in and support from relevant stakeholders, it is important to communicate regularly and keep them appropriately informed on the progress and findings of the risk assessment. The working group and the risk assessment process also relies on incoming information from individuals and organizations that is gained through the process of consultation.

- **Monitoring and review**: Regular monitoring and reporting should be ongoing, on a monthly or at least quarterly basis, to track the progress of the plan, the effectiveness of each risk mitigation strategy, and to determine if any adjustments are required. Frequent monitoring will also encourage transparency in the implementation of the risk mitigation measures.

A risk assessment is not a one-off process, but requires focused, consistent efforts over a period of time. It should be repeated periodically, with organizations building an internal review mechanism to allow for ongoing feedback and updates to the corruption risk assessment and resulting risk mitigation plan. Institutional structures should be established to gradually strengthen corruption risk management processes, and should become increasingly nimble in addressing new potential corruption schemes as they are identified.
During each cycle of the risk assessment process, corruption risks should be identified and prioritized according to likelihood, impact and available resources. However, in addition to new risks being uncovered during the risk assessment process, previous non-prioritized risks from prior assessment cycles may also remain unaddressed and should therefore be dealt with once prioritized risks have been adequately addressed.

When preparing a risk mitigation plan, both figure 7 and table III above help to identify considerations and controls that should be addressed. Table IV shows one possible method of recording potential risks, while Table V is an example of risk mitigation actions that might form part of a risk mitigation plan. It assumes that specific control weaknesses have been identified through a risk analysis process, and is not a comprehensive approach to prevent corruption in a quota award system.
### Table IV. Example of a fisheries sector corruption risk assessment

| RISK ASSESSMENT | RISK ID NUMBER | 1. | 2. | ...
|----------------|----------------|----|----|------
| Identified corruption risk (schemes/scenarios) | Bribery to obtain quota | ... | ... |
| Stage of the value chain (if relevant) | Preparation |
| Documentation to support existence or suspicion of risk | Award letter, backing documents relating to quota award |
| Related policy, procedure or legislation | Likely to be extensive policy and procedures governing quota allocation |
| Related authority or organization | Normally fisheries management agency |

### Table V. Example of a fisheries sector corruption risk mitigation plan

<table>
<thead>
<tr>
<th>RISK MITIGATION ACTION</th>
<th>SPECIFIC ACTIONS</th>
<th>RESPONSIBILITY</th>
<th>TIMELINE</th>
</tr>
</thead>
</table>
| Merge the different systems for allocation of quotas to ensure a single national system | 1. Appoint consultant to draft a unified system  
2. Convene stakeholder meetings to discuss and refine the proposed system  
3. Support the minister to promulgate regulations on the quota system | Director, Department of legal affairs, Ministry of Fisheries | 30 November XXXX  
1 January XXXY to 30 June XXXY  
31 August XXXY |
| Educate stakeholders on the new quota system | 1. Develop manual and computerized training courses  
2. Develop and agree on a communications strategy so that stakeholders can obtain information on how to access training materials  
3. Establish a helpdesk to support stakeholders during first year of application of the new system | Director, Department of Community Services, Ministry of Fisheries | 31 August XXXY  
31 August XXXY  
1 November XXXY to 31 October XXXZ |
| Computerize the system from application to award of quotas | 1. Agree on scope of the system  
2. Determine whether a bespoke system is required or an existing system can be used  
3. Develop and test the system | Director, Information Technology, Ministry of Fisheries | 31 August XXXY  
30 September XXXY  
30 November XXXY |
| Embed a red flag system to identify potential anomalies in the application and award of quotas | 1. Develop and agree criteria that will indicate potential abuse of the system  
2. Agree on a system whereby internal control receives system generated red flag reports | Deputy Director General, Corporate Services, Ministry of Fisheries | 31 August XXXY  
30 November XXXY |
3.2 FURTHER ANALYSIS FOR LAW ENFORCEMENT

Following the risk assessment, the focus of the mitigation measures will become more apparent; they are likely to centre on some combination of a preventive or an enforcement approach to tackling corruption in the fisheries sector. This is discussed in more detail in chapter 4 below.

When it comes to law enforcement, countries may sometimes be inclined to decide from the outset to focus on this approach. However, this guide strongly recommends that countries still undertake a full corruption risk assessment, starting with the analysis discussed in sections 2.1 (Understanding the fisheries value chain), 2.2 (Understanding the flow of money along the fisheries value chain) and 2.3 (The regulatory and enforcement frameworks).

It is also the recommendation of this guide that countries that focus their risk mitigation plans on a law enforcement approach should still seek to incorporate preventive measures. If countries undertake an initial risk assessment and decide not to place significant focus on an enforcement approach, it should be reiterated that the assessment of risk is not a static process, and that the decision should be reviewed periodically.

To the extent the mitigation plan is focused on an enforcement approach, the following additional (but complementary) analyses and assessments should be undertaken:

- **Analyse vulnerabilities particularly attractive to organized crime.** The first step is to undertake an analysis of the predominant crime types, both in terms of high-value or endangered fish species, and the stages of the value chain in which they might occur. It may be advisable to produce a separate, customized value chain for high-value or endangered fish species if they deviate from the generic fisheries value chain, or would benefit from being represented in more detail. As described in section 1.3 (examples demonstrating typologies of corruption), certain types of crime and corruption may be particularly rife in specific countries and at specific stages in the value chain.

- **Assess law enforcement networks.** Institutional mapping needs to be undertaken to better understand which agencies are responsible for detecting, investigating and prosecuting each of the potential crimes identified in the previous stage, as well as the associated corruption. In many countries, the agencies entrusted with investigation and prosecution responsibilities are different from those entrusted with prevention responsibilities. It is therefore important to highlight areas where mandates are unclear or inter-agency coordination may be required.

- **During this institutional mapping process, the linkages between financial intelligence units, asset recovery agencies, tax authorities and other bodies that use financial information should be examined and understood. This is important as the involvement of and coordination between all relevant stakeholders can increase the potential for using a wider range of sanctions against perpetrators of fisheries crime, and increase the States’ ability to recover the proceeds of these crimes. These are crimes undertaken for financial gain, and therefore recovery of money or even limitation of access to the banking sector may dissuade many criminals.**

- **Evaluate capacity.** Finally, the country should evaluate its law enforcement capacity to undertake corruption investigations in parallel with fisheries crime investigations. Careful attention should be paid to identifying the agencies where these corruption investigation skills are to be found.
Box 10. A country conducts a corruption risk assessment of their fisheries sector

In Namibia, the fisheries sector plays a significant role in terms of production, employment, foreign exchange earnings and government revenue. Fisheries sustain around 16,800 jobs directly and provided an annual average of approximately R$10 billion ($735 million) in foreign exchange earnings during 2012-2016.

Recognizing the devastating impact that corruption could have in its fisheries sector, the Government of Namibia put in place a number of preventive measures. These include strengthening policies and legislation, identifying and mitigating corruption risks, ensuring more transparency in processes and decision-making, and educating stakeholders.

To identify the main corruption risks in the Namibian fisheries sector, the Namibian Anti-Corruption Commission, with the support of UNODC, organized a stakeholder workshop in 2017. The group considered risks at different stages of the fisheries value chain in Namibia and agreed on four main risk areas: the financial manipulation of books and records; false declarations to shareholders, rights holders and others; collusion between inspectors and third parties; and collusion between observers and third parties.

The group concluded that these risks were possibly linked to limited enforcement capacity, disconnected policies and processes, and the lack of coordination among multiple actors with enforcement roles.

As the next step, Namibia plans to undertake a detailed analysis of the work of observers, inspectors and management of the Ministry of Fisheries and Marine Resources to determine any corruption risks related to these groups at different stages of the value chain. Namibia is also in the process of establishing an integrity committee for the fisheries sector to implement and oversee the mitigation strategy for the risks identified.

Source: Information provided by Namibian Anti-Corruption Commission, July 2018.
Chapter 4.

IMPLEMENTATION OF THE CORRUPTION RISK MANAGEMENT PLAN

The common wisdom has it that “prevention is better than cure”. This is particularly true for the prevention of corruption, when public trust and the effectiveness of institutions and economic development are at stake. Even the most successful enforcement of criminal law happens after the crime has already been committed and the detrimental consequences of corruption have taken place. As a result, this guide recommends that all corruption risk management plans incorporate at least some preventive measures, even if the primary focus of the plan is a law enforcement approach. The risk assessment process will have informed the allocation of resources and guided the decision on which implementation approach to prioritize: either preventive, or law enforcement.

Undertaking a risk assessment is in itself a preventive measure when addressing corruption. However, for the purpose of this guide, a risk mitigation plan where the majority of the risk mitigation measures are prevention-focused (rather than enforcement-focused) will be referred to as a plan which adopts a “preventive approach”.

In the context of fisheries crime, the use of corruption prevention tools is likely to yield better results in a situation where the underlying motive behind the crime is for an established business to increase its profits. When organized criminal groups are involved, prevention is less likely to be effective and the main anti-corruption focus would be law enforcement. This is due to the fact that criminal groups are, in the first place, not tied to a legitimate operation and therefore seek to avoid contact with government bodies altogether, rather than manipulate the results of contact with authorities as described in behavioural group 2 (“Hiding from authority”). However, as mentioned above, prevention is still important in order to identify and close loopholes in the systems that criminal groups could use for their benefit.

One of the challenges with addressing corruption linked to fisheries crime is that corruption often involves officials outside the fisheries sector. Examples of this could include customs officials, tax authorities or officials responsible for providing work permits to vessel crews. This means that the responsibility for adopting preventive approaches falls outside the sphere of control of fisheries managers. In an ideal scenario, corruption risks would have been systematically identified and prioritized with the involvement and commitment of all relevant actors, both within and outside of the fisheries sector. In reality however, often the most that fisheries managers can accomplish (when they have reason to believe that there is a corruption risk in an outside agency whose work impacts fisheries management) is to lobby that organization to take steps to mitigate this risk.
4.1 THE PREVENTIVE APPROACH

Corruption risks will vary from country to country and organization to organization, and require a variety of preventive mitigation measures. These could range from legislative or policy reforms to adoption of codes of conduct, improved public reporting, or new procedures to address corruption in the recruitment and management of fisheries officials, to name but a few. This guide provides, as examples, two cross-cutting preventive approaches which are often particularly relevant to the fisheries sector:

- Increasing transparency in all aspects of the fisheries sector
- Raising awareness and education

4.1.1 Increasing transparency

Transparency is given extra coverage in this guide as it is likely to be part of the solution to mitigate against corruption risks in most countries. Because of the complex and often multinational nature of fishing and fisheries, promoting transparency can serve as an important method of preventing corruption and ensuring integrity and sustainability. Transparency can not only reduce the opportunities for corruption in the fisheries value chain, but also allows for open discussion, participation and cooperation regarding the corruption risks that do arise.

Discussions in the formation of the Fisheries Transparency Initiative (FiTI), for instance, eventually led to the inclusion of a public registry on national fisheries laws, regulations, and policies as part of FiTI’s twelve core reporting elements.42 Some key areas in the fisheries sector that are likely to benefit from improved transparency are as follows:

- **Policymaking.** Increasing transparency at the policymaking stage is a logical step. A Government or administrative body cannot expect fisheries and fishermen to uphold its laws if they do not know about or understand those laws. In practice, however, increasing transparency at the policymaking stage can be difficult to achieve. While some countries are now striving to involve environmental groups in the discussions on fisheries management, most decision-making is still being done behind closed doors.43 Even after those decisions have been made, basic information about the size of national quotas, how those quotas are determined, and the criteria for issuing licences may not be easily accessible, especially to smaller fishing operations.

- **Licensing.** Public eligibility criteria for licences and quotas can be particularly vital information for preventing corruption. If the public has a clear understanding of what quota limits are, and who can be eligible for certain types of licences, it will also be better able to understand or identify instances where someone who should not have been issued a licence has received one, or where quotas have been issued that do not make sense in relation to national fish stocks. By increasing transparency and visibility at the licensing stage, the probability of being caught offering or soliciting a bribe, for instance, increases, and the opportunities for corruption decrease.

- **Registering.** Transparency in the national registration of fishing vessels is of particular importance. When it comes to corruption, increased transparency of vessel registration can allow authorities to spot instances where, for example, a vessel may have been inappropriately registered under one or more flags, indicating that obtaining that registration may have involved corrupt practices. Increased transparency and international cooperation would also enable authorities to better investigate vessels that have committed offences in multiple jurisdictions, potentially with the impunity offered by flags of convenience (FOCs). A State with a ship registry is called a flag State. It is responsible for enforcing the laws of the high sea on those ships and crews that are registered to that State. FOCs can be characterized as those flags belonging to States that are either unable or unwilling to enforce

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IMPLEMENTATION OF THE CORRUPTION RISK MANAGEMENT PLAN

the prescribed regulations and laws. Ship owners that desire to operate with impunity will often
target these flag States for ship registration. More on the nature and impact of FOCs can be found
in the NAFIG Chasing Red Herrings report.44

• Reporting. Transparency can also help prevent many of the corruption risks present along the fish-
ing, landing, processing, sales, and transport stages of the value chain. In these stages, many of the
corruption risks relate to recording, verifying and reporting the type and value of each catch. One
potential method of preventing corruption in these areas is to require vessels to make public their
records about catches, processing, and onward sales.45 This way, inspectors all along the supply
chain could have access to one set of information (e.g. a database), which would track a catch from
fishing through to processing, transportation and sales.

This would potentially increase the ability of officials to spot discrepancies between records at each
of these stages, or differences between the value of a catch as reported in a sale and the reasonable
market value, for example (a graphical representation of these discrepancies can be found in
figure 4, section 2.2). Increasing visibility and the risk of getting caught naturally decreases the
opportunities for corruption, and challenges the low risk/high reward mindset that motivates actors
to commit fisheries crimes.

• Whistle-blowing. Even though persons working in the fisheries sector might witness or suspect
corruption, most incidents of corruption go unreported and undetected. People may have the
impression that authorities will not take their report seriously and that nothing will be done. Other
reasons for the reluctance to report include the lack of awareness of available reporting mechanisms
and the fear of retaliation. It is therefore important that States consider improving transparency by
establishing measures and systems to facilitate the reporting of suspected corruption to appropriate
authorities, and to protect the reporting persons (so-called whistle-blowers).

As part of improving transparency, employers should provide their staff with clear information
about the different reporting channel available to them, both internally and to relevant external
authorities (e.g. regulators and law enforcement bodies). In addition, regular citizens can also pro-
vide vital information concerning suspected corruption. Many States have established hotlines to
facilitate these reports, some of which can be done anonymously.46 This includes reporting with
regard to suspected corruption, as encouraged by the Resolution adopted by the United Nations
Economic and Social Council on 2 July 2018.47

• Labelling. Transparency can and should be improved at the consumer stage, especially with regards
to labelling. This can present a complex problem since, as mentioned previously, labelling is often
done by several different private entities. However, it is an important area to target, even at the most
basic level, by setting clear, transparent requirements for the correct labelling of fish products.
Governments often set standards for the accuracy of consumer product labelling, especially those
for human consumption. By making the process of obtaining authorization or approval for these
labels more transparent, administrations can reduce the risks of bribes being offered to, for exam-
ple, falsely label one fish product as another more expensive one. Increased transparency in obtain-
ing certifications for sustainability or ethical fishing can also help ensure that those certifications are
properly applied, and that corruption risks in obtaining them are reduced.

International transparency initiatives

A number of Governments and international civil society organizations have launched transparency-related initiatives. At present, the initiative with the widest reach is the aforementioned FiTI, which is a multi-stakeholder effort involving Governments, the private sector, and civil society. The purpose of FiTI is to increase transparency and participation in fisheries governance for the benefit of a more sustainable management of marine fisheries. Launched in 2017, FiTI is in its initial stages, and it is yet unclear how well it will fare. However, its 12 Transparency Requirements represent an ambitious attempt to promote transparency in the fisheries sector and promote international cooperation in this area.

Other efforts include the Who Fishes Far database and the related 2017 European Union regulations which seek to increase transparency on the management of external fleets fishing within European Union waters, and European Union registered vessels fishing outside of European Union waters. The database makes public information relating to European Union registered vessels operating externally, including how many are operated in third-country waters or on the high seas, their names, and where and when they were authorized to fish. Interestingly, the website for the database states that it was created due to an access to information request to the European Commission.

Both FiTI and the 2017 European Union regulations are relatively new, and it is not yet possible to determine their full impact. However, their development represents a clear indicator of the way forward for transparency in the fisheries sectors.

Develop transparency initiatives

Transparency initiatives are effective corruption prevention measures which could be included in a risk mitigation plan. To develop these initiatives, Governments and decision makers should take steps to increase public access to information regarding fisheries rules, regulations and policies. They should increase transparency throughout the fisheries value chain by making information about registration, licensing, catches

Box 11. Public database provides transparent fisheries records

In Iceland, the Directorate of Fisheries maintains a public central database which is available online.

The site provides a search function, enabling users to search by vessel name, vessel registration number, name of the (corporate) operator, or the home port. It contains a wealth of information on vessels, valid fishing permits, quota shares, quota share transactions, catch quotas, catch quota transactions, landing data (such as date, gear used, port landed, species and weight per species), and coastal catches.

In addition, the database provides summary data for catches by species/quota and catches by species/vessel, total catch and quota status by species, as well as data for individual harbours, vessel types and gear.

In Iceland, full transparency in the fisheries sector is a matter of public policy and law. The Fisheries Management Act stipulates that Icelandic exploitable marine resources are the common property of the Icelandic nation and that allocation of harvesting rights does not confer a right of ownership or control over those harvesting rights.

All catches must be landed in officially designated landing harbours. Accredited harbour officials weigh the catch by species and enter the record in the central database. Landed catches are subtracted from the vessel’s quota, and when a quota is used up, the vessel owner must acquire an additional quota for the vessel, or stop fishing. Failing that, the vessel loses its fishing licence. The Directorate of Fisheries and the Icelandic Coast Guard monitor and control commercial fishing and the landing of catches.


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48 FiTI, About the Initiative. Available at: http://fisheriestransparency.org/about-the-initiative.
and sales publicly available. It also requires international cooperation between authorities in the different countries where a catch might find itself as it moves along the value chain. Multi-stakeholder transparency efforts such as FiTI represent one possible way forward in this regard.

Finally, the use of technology and databases help make information available consistently and internationally, and can serve as a key tool in promoting transparency and preventing corruption. However, although the degree to which a country or organization is able to make records transparent depends on both national and local resources, significant improvements can be made to the transparency of even a paper-based system. Some simple transparency initiatives could include pasting rules and regulations to a wall or ledger, authorizing that the public can view the records in situ, setting up a system whereby managers train staff on procedures (and staff are tested regularly to identify if managers are actually delivering the training), creating an in-house anti-corruption team, holding open trials, and conducting community discussions.

4.1.2 Awareness-raising and education

Informing a wide range of stakeholders (including government officials, fishermen, general public, civil society and the private sector) of the risks and effects of corruption in the fisheries sector, and what they could do to help prevent it, can foster attitudes that do not tolerate corruption. Increased availability of information helps individuals develop skills that allow them to resist social and cultural pressures when faced with corrupt practices. Awareness-raising efforts can further help gather support for any required anti-corruption reforms.

Identifying the groups that could potentially play a role in supporting efforts to prevent corruption is supported by the fisheries value chain analysis (section 2.1). It is important to think outside of the box at this stage to ensure that all possible groups, not only the most obvious ones, are considered.

Raising awareness among public officials

In every country, there will always be individual public employees who consciously break rules and engage in corrupt practices. However, corruption risks can also arise from the simple fact that some public officials are not aware of corruption risks or the policies or practices to prevent them. They might not know what they should do if they suspect that their managers or colleagues have engaged in corrupt practices. It is also possible that a culture of ignorance prevails in the organization, whereby staff think potential corruption is either not their problem, or worse, simply part of the organization’s way of doing business.

There are many ways to educate and raise awareness among public officials. During the risk assessment stage (chapter 3), gaps in knowledge and unsavoury attitudes should be assessed in order to decide how best to address them. Anti-corruption induction training and regular refresher courses (either in-person or online) could be provided to all employees. More in-depth, tailored training could be provided for those in roles most vulnerable to corruption, such as officials responsible for granting licences or conducting inspections on vessels.

Training should include information on the types, risks and effects of corruption in general and in the fisheries sector in particular. It should also include guidance on codes of conduct or other laws, policies, regulations or practices that are aimed at promoting integrity, honesty and responsibility in that country and organization. In short, the training sessions should increase the capacity of the officials to recognize corruption and act on it: What are the consequences if I engage in corrupt actions? What should I do if I witness or suspect corrupt practices?

Many organizations also have oaths of office or other forms of assurances by public officials upon induction that reiterate the values of integrity, honesty and responsibility. Other examples of ways to increase awareness among public officials include positive incentives for the promotion of the above-mentioned values (such as annual integrity awards) and publicizing the genuine support of high-level officials (the “tone-from-the-top”) for anti-corruption measures.
Whatever the education or awareness-raising method, the message should be clear: corruption is not tolerated in our organization and there will be consequences for any corrupt acts.

**Raising awareness among the general public**

Raising public awareness of the existence of, and the threat posed by, corruption in the fisheries sector could greatly support a State’s preventive efforts.

One important way to promote participation of the general public in corruption prevention efforts in the fisheries sector is to enhance transparency and ensure that the public has effective access to information. However, for the public to be able to seek information, participate and meaningfully contribute to anti-corruption efforts, they first need to be aware of the risks and effects of corruption. The better informed people are, the greater their capacity to act.

Public information programmes can take different forms, from formal education, to civic education, to awareness-raising initiatives. Including elements of ethics and anti-corruption in formal education could change attitudes generally, and instill a culture of integrity in the long term. However, it is often important to address immediate awareness gaps and undertake more targeted awareness-raising activities specifically related to corruption in the fisheries sector. Awareness-raising campaigns are a way to reach large numbers of people. A recent example of a successful awareness-raising initiative is the global anti-plastic campaign, which has gained momentum and attention worldwide, bringing about a significant change in public attitudes.

Increased awareness can have many benefits: if the public understands (at least at a basic level) what the national laws require from the Government and its officials, and that their responsibility to the public is to remain corruption-free, they are likely to demand more integrity, and be vigilant for any evidence of potential wrongdoings. If the public understands the costs of corruption in the fisheries sector, and its negative effects on their country and communities, they are more likely to refuse to participate (or tolerate participation by their public officials) in any activities that are not legal and transparent. If the public understands what they can do when they suspect corruption, including the awareness of the existence of any reporting mechanisms and whistle-blowing protections, they are more likely to speak out.

Any awareness-raising efforts should be carefully designed to fit the context and address the identified corruption risks. Awareness campaigns should consider:

- **The audience.** The value chain analysis and the risk assessment process should give guidance on who the primary audience should be. For instance, the scope and method of the awareness efforts would vary considerably if the main audience group were the local community or fishermen, rather than if it were the relevant private sector entities, foreign fisheries companies or consumers.

- **The message.** What needs to be communicated? Again, the message of the campaign is quite different if the main goal is to raise awareness of fishing quotas and licences (to help the members of local communities identify potential instances of wrongdoings), rather than to provide information on how the public can report suspected corruption in the fisheries sector (such as corruption hotlines).

- **The resources.** All awareness-raising campaigns will require resources, both in terms of money and the people involved. These resources depend largely on the channels and scale at which the campaigns are carried out. Passive channels include circulation of information through websites, social media platforms, flyers, handouts, posters or media. Active channels could include educational sessions where information is presented directly to the target audiences.

Awareness efforts are most effective when they are part of an ongoing programme. Rather than one-off media campaigns or events, awareness-raising efforts should be both continuous and evolving. One option is to find new ways of engaging with civil society organizations, community members, or private entities interested in the fisheries sector, building a list of who might be willing to partner or take responsibility for future awareness-raising efforts.
4.2 THE LAW ENFORCEMENT APPROACH

Fisheries crime is primarily a financial crime – it is all about the money. If corruption helps increase profits, then the risk that corruption will occur is higher. Yet, to date, there have been very few publicized convictions of corruption linked to fisheries crime. This is probably because only very few cases were ever investigated specifically as corruption cases; even cases that contained corruption components were not charged as corruption due to other crimes being easier to charge or prove. The success of the cases that have been investigated and prosecuted appear to rely heavily on the capacity and dedication of individual investigators and prosecutors, as well as on the evidence available.

During the preparation of this guide, only a few examples were identified where financial investigations were linked to fisheries crime. The case studies included in the above sections provide an overview of the proven types of corruption that are linked to the fisheries sector. However, the consensus among experts consulted for this guide was that these proven cases were only the tip of the iceberg, and that corruption linked to the fisheries value chain was far more common than these few cases would suggest.

The case studies provided in this guide illustrate that the sums of money involved in fisheries crime can be extremely high, demonstrating how important it is to address the corruption that enables fisheries crime to occur. These examples clearly showcase that there may be a significant financial dividend for States that investigate the economic crime aspects of such cases, and use the full range of anti-corruption tools, including asset recovery, to sanction offenders.

This section of the guide discusses ways to implement exemplary law enforcement measures that seek to address corruption in the fisheries sector. States’ decisions to implement a risk mitigation plan that is focused on a law enforcement approach should be grounded in the findings of the risk assessment process as recommended in chapter 3.

Ongoing law enforcement activities such as policing, investigating and prosecuting should continue at the same time as the risk assessment is being conducted or the mitigation plan is being implemented. The two activities should inform one another in an ongoing process. It may be the case that law enforcement will need to be rapidly strengthened in response to risk assessment findings, but before a full analysis has been completed.

Unlike the preventive approach described in section 4.1, a successful enforcement approach is reliant on detecting specific cases of corruption.

There is a complementary relationship between preventive approaches and law enforcement approaches when addressing corruption in the fisheries sector. A central assumption underlying this guide is that if there are robust corruption prevention systems in place, criminal activities are both less likely to occur and more likely to be identified. At the same time, in order to support an effective corruption prevention system, a deterrent to criminal behaviour must be presented through the presence (prosecutions and sentencing) and threat of effective law enforcement.

When reviewing their corruption management approach in the light of risk assessment, States must decide how much to invest in proactively trying to identify and prosecute corruption cases linked to fisheries crime. While compliance is clearly a critical aspect of fisheries management and requires the allocation of sufficient resources, States will need to recognize the need to allocate additional resources to addressing fisheries crime in all its forms, and the corruption that enables it.

Where most preventive measures have a high likelihood of positive impact and are recommended in almost all cases, law enforcement measures must be more cautiously assessed before choosing where to allocate often limited resources.

The rationale for this difference is that the preventive work is very likely to have a positive impact in terms of efficiency gains and future-proofing a fisheries sector against corruption, whereas money invested in a law enforcement approach is at greater risk of being ineffectively spent, either if no corruption cases are
discovered, or if those discovered are not successfully prosecuted, or compensation and assets are not recovered.

In order to establish an effective law enforcement approach to combating corruption linked to fisheries crime, this guide proposes that the following actions could form part of the risk mitigation plan:

- Strengthen legal and institutional structures to facilitate the investigation of corruption linked to fisheries crime, through inter-agency cooperation supported by strong political will.
- Conduct parallel financial investigations to provide information, guidance and proof of corruption and fisheries crime.

4.2.1 Strengthening law enforcement frameworks

It is recommended that in most instances any identified gaps in legislation should be addressed as a matter of priority. However, the creation of institutional structures to detect, investigate, prosecute and sanction corruption linked to fisheries crime should not be delayed if only minor legislative changes are required.

A challenge that most countries are likely to encounter is one of coordination between different agencies, such as those tasked with addressing the various aspects of fisheries crime and those tasked with investigating and prosecuting corruption.

Experience from enforcement of other crime types suggest that there are many different models that can be used to improve coordination between the different authorities, and to ensure that the economic crimes linked to other crimes are investigated and prosecuted. These models include:

- The establishment of inter-agency coordination mechanisms to facilitate the sharing of intelligence, and the referral of cases between investigative agencies, among others.
- The creation of ad-hoc, multi-agency task teams to investigate and prosecute specific large-scale cases.
- The formation of a permanent multi-agency task force mandated to focus on economic crime linked to the fisheries sector.

All these models have resource implications and should only be considered when there are either strong indicators that economic crime linked to the fisheries sector is occurring in the country, or one or more large-scale cases have already been investigated.

Whichever coordination model is adopted, it will need a “champion” to act as coordinator and ensure the mechanisms of the model work. Prerequisites for this champion to succeed include high-level political support, and being able to allocate sufficient time and priority during the working day. There will also be a need for financial resources to underpin the work of the champion and the inter-agency coordination structure.

Furthermore, if countries suspect corruption is forming part of the modus operandi of criminal behaviour in their domestic fisheries sector (specifically during the investigation or prosecution phase of fisheries crimes), international law enforcement cooperation tools such as INTERPOL purple notices are available to share specific modi operandi or request information from other countries.

4.2.2 Conducting parallel financial investigations

Ideally, financial investigations running parallel to the investigations of the underlying fisheries crime would begin once any legislation gaps have been addressed and inter-agency cooperation structures have been formed.

On one hand, one can think of the enforcement framework as an engine that needs to be functional for an effective investigation to take place; on the other, the outcomes of the investigations are like the fuel that the engine needs. Both are interdependent. If the decision is taken to follow mainly the enforcement route, it is very unlikely to be effective if parallel financial investigations are not also undertaken in relevant cases.
Often, the greatest impediment to undertaking parallel financial investigations is the low national prioritization of the issue at both the political and operational level, exacerbated by a lack of advanced financial investigation skills.

The top-down approach supported by extensive information gathering, put forward in this paper, is intended to increase the prospect of corruption linked to fisheries crime being detected. In the Least Developed Countries (LDCs), lack of available technical skills may be addressed in the short term by carefully designed mentoring programmes. A good mentor, preferably a forensic accountant, would be able to identify which cases to focus on and how to conduct investigations on those cases.

The most direct method of identifying when it is appropriate to undertake a financial investigation linked to fisheries crime is an analysis of existing administrative and criminal investigations linked to the fisheries sector. In any case where a significant volume of money could be involved, a financial investigation should be undertaken in parallel to the investigation into the underlying offence. These cases should have been identified in the various analytical stages suggested in this guide.

In each case where potential corruption or economic crime (including money-laundering) is identified, there should be a referral to financial institutions either directly or through one of the agencies that maintains lists of legal and natural persons whose accounts should be suspended or subject to additional scrutiny. This will enable the financial institution to gather further information linked to the account holder, and generate additional suspicious transaction reports, leading to more intelligence being passed to law enforcement and, therefore, more financial investigations.

As more cases are completed, more and more information will be obtained on how corruption linked to the fisheries sector is being perpetrated, and by whom the crime is being committed. This intelligence will help in the detection of further cases but, importantly, should also be fed back into the risk assessment as discussed in chapter 3 (Corruption risk assessment and management) so that the loopholes being exploited by criminals can be closed.
Chapter 5.
SUMMARY OF POLICY IMPLICATIONS

The global fisheries sector is worth an estimated $362 billion per year.\(^2\) Given the extent of opportunities for corruption in the fisheries sector, and the enormous impact corruption has on the legal, economic and environmental well-being of a country, it is recommended that Governments seek to protect their fisheries sector (and those who rely on it for their livelihoods) by better understanding the corruption risks and implementing targeted prevention and law enforcement strategies.

This guide proposes a structured approach to identifying corruption risks linked to the fisheries value chain that can be adopted by all countries, regardless of the size of their economy or availability of resources.

Addressing corruption to address fisheries crime

The term “fisheries crime” encompasses a range of serious offences that can occur at each stage of the fisheries value chain. The crimes extend to activities not directly linked to fishing, for instance fraud and forgery, money-laundering and financial services. Investigating corruption can sometimes be the best way to accumulate proof that these crimes have been committed, as documentary evidence and money trails are left in the wake of certain types of large-scale corruption in the fisheries sector.

The creation and implementation of regulatory and law enforcement frameworks assumes good governance, but is often undermined by the existence of corruption. If resources are allocated to these frameworks but do not address corruption effectively, the potential impact of those resources is diminished significantly.

In many jurisdictions, penalties for corruption convictions are much greater than those associated with illegal fishing convictions, and consequently successful prosecution and sentencing of cases involving corruption can have the benefit of acting as a deterrent for future criminal behaviour.

Additionally, corruption that facilitates fisheries crimes will often take place on land, within a single jurisdiction, which makes investigation, prosecution and conviction more achievable. This is in contrast to illegal, unreported and unregulated (IUU) fishing, which often takes place in international waters across multiple jurisdictions.

Understanding the different types of corruption and the actors in play

Those involved in corruption in the fishing industry can be divided into three categories: established businesses seeking to maximize profit, organized crime groups seeking to hide from authority, and those blurring the boundary between hospitality and bribery.

Corruption takes many forms in many industries, and there are certain typologies more prevalent in the fishing industry. For instance, overinvestment in assets that continue to operate despite reductions in quotas or licences, or the funding of community projects to garner favour and prevent future whistle-blowing, are examples of typologies of corruption in the fisheries sector.

Understanding the fisheries sector

It is necessary for policymakers to gain a comprehensive understanding of three fields: the fisheries value chain, the flow of finances within the industry, and the regulatory and law enforcement frameworks in place to govern the industry. Understanding how the specific fishing activities of a country relate to these fields will be critical in undertaking a successful risk assessment, and identifying how best to allocate resources when combating corruption.

Assembling a task group

A dedicated inter-agency task group must be assembled to undertake the corruption risk assessment and ensure the implementation of the resulting mitigation plan. Ideally this team should be led by the most politically senior member possible, as this has been shown to increase the degree to which a project is successful. The task group should also include members from a variety of fishing, regulatory and enforcement authorities.

Undertaking a corruption-focused risk assessment

By grounding this assessment in the product- and financial-value chains in the fisheries sector, the areas most at risk of corruption will become apparent and any gaps in legislation or regulatory frameworks will also become evident. Once identified, risks can be graded using an (Impact x Likelihood) matrix, enabling States to prioritize those areas most vulnerable to corruption, and to focus their resources accordingly.

The corruption risk assessment process includes a regular review cycle, as risks can diminish or increase over time or be impacted by strategies designed to address corruption. As a result, mitigation strategies will be dynamic, responding to the findings of each review cycle.

Devising a fisheries corruption risk mitigation plan

It is often said that prevention is better than cure, and nowhere is this truer than when discussing corruption. Investing resources in preventive measures is almost guaranteed to lower occurrences of corruption before its damaging effects can take hold, whereas investing further in law enforcement responses is premised on the idea that corruption, and its harmful impact, has already taken place.

A State will develop its risk mitigation approach based on the behaviours involved. Preventive measures are best suited to corruption involving legitimate businesses seeking to increase profit, while law enforcement measures are most suitable for addressing corruption involving organized crime groups. Identifying these actors is a feature of the risk assessment process.

Implementing a preventive approach

Corruption facilitates hidden crimes such as fraud, forgery, smuggling, people trafficking, tax evasion and money-laundering. The two most effective preventive measures for combating the hidden nature of corruption are improving transparency and raising awareness:
• **Improving transparency.** Measures to improve transparency at all stages of the fisheries value chain can include publicizing of data, creation of a whistle-blower policy, publishing of rules and regulations, increased digitalization and real time access to records across agencies, and for the bravest of States, legislative reform. These measures are not limited to States with ample resources; even printing up-to-date quota allocations and displaying them to the public will improve transparency.

• **Raising awareness.** Measures to raise awareness need to target certain key groups: the communities that work in the fishing industry, the general public and the authorities tasked with governance. These measures should include education on the types of corruption that exist, how to recognize them, what to do when you see them and how they erode civil society. States can raise awareness through social media campaigns, in-house training (including information on available whistle-blowing support), and improved codes of conduct at work. An increase in public awareness of the detrimental effects of corruption will also result in increased public support for anti-corruption initiatives.

**Implementing a law enforcement approach**

Where prevention measures minimize the opportunities for established businesses to surreptitiously contravene the rule of law, risk mitigation strategies that focus on law enforcement measures will primarily impact organized crime groups that operate outside of the law. The two most effective law enforcement measures for combating corruption and crimes in the fisheries sector are:

• **Establishing and strengthening inter-agency cooperation.** Law enforcement is the last line of defence against crime; however the various components that make the enforcement of law most effective are often split between multiple agencies. The creation of institutional structures to detect, investigate, prosecute and sanction corruption linked to fisheries crime depends on forming inter-agency relationships between, among others, the police, the prosecution, the judiciary and the tax/financial authorities.

These inter-agency relationships can take a variety of forms, including but not limited to mechanisms to facilitate sharing of information, temporary teams assigned to specific cases or permanent task forces.

• **Conducting parallel financial investigations.** As most fisheries crimes are economic crimes, it makes sense to “follow the money” when investigating potential offences. As profit is the objective of these crimes, money linked to the crime will inevitably enter into the system at some point. Investigating the flow of finances along the fisheries value chain can bring these crimes to light through discrepancies in accounting, variations in sales quantities or suspicious payments.

Where there is a lack of financial investigation expertise, intense mentoring programmes led by an experienced forensic accountant should be considered. At the very least, when investigating fisheries crimes, agencies should inform financial institutions so that relevant accounts can be suspended or subjected to additional scrutiny.

As more information is gathered on how corruption linked to the fisheries sector is being perpetrated, and who it is committing these crimes, it can be fed back into the risk assessment process and help to close loopholes being exploited.
Artwork provided by Felipe de la Torre. 
Felipe works for UNODC as a Public Information Officer in Mexico City. He is a self-taught artist whose colourful and vibrant paintings are influenced by the lush jungles of his home country Ecuador and the diversity of Mexico’s wildlife. “Sardines” is a tribute to the abundance of the Latin American seas.