The Case for Network Sanctions to Tackle Africa's Deadliest Conflicts

Remarks issued on behalf of The Sentry, at the *UNODC Global Expert Group Meeting: Corruption Involving Vast Quantities of Assets* on 14 June 2019 in Oslo, Norway.

Good morning ladies and gentlemen.

I would like to thank the UNODC for the invitation to speak today as well as the Government of Norway for hosting us in the beautiful city of Oslo. It is a great honour to be here with you and be part of discussions on the implementation of the *UN Convention Against Corruption* and the *Lima Statement on Corruption involving Vast Quantities of Assets*.

Before I begin, I would like to read you a quote from one of our reports *Fear, Inc*. as I feel it is a good, if grim way to set the scene this morning.

(This is allegedly a quote from Abdoulaye Hissène according to one of his close collaborators)

"People need to die, the blood must flow for people (like me) to get rich."

For those of you who do not know, Hissène is a notorious warlord who has been a key player in the deadly conflict in the Central African Republic (CAR) since 2009. This conflict has seen ethnic purges, torture and the displacement of 1.27 million people, which is roughly 25% of the population. Since 2014, the cost to the UN has been the lives of at least 25 peacekeepers and $3.2 billion (the cost of the UN Mission to CAR).

Hissène is a former government minister who was able to surround himself with powerful political and economic actors in Central African countries. Because of his malign activities, he was sanctioned by the UN, EU, and U.S. which included both an asset freeze and travel ban. Yet, in spite of numerous efforts to arrest him, Hissène remains a free man with a surprisingly profitable business in the face of sanctions.

Which brings me to why I am here today. I have been asked to speak to you about The Sentry and why we advocate for the use of network sanctions. I will begin by telling you about who we are and what we do, where we operate, and then try to build the case for using network sanctions to tackle human rights abuses and corruption.

Who are we?

The Sentry is an investigative and policy team that follows the dirty money connected to African war criminals and transnational war profiteers and seeks to shut those benefiting from violence out of the international financial system.

By disrupting the cost-benefit calculations of those who hijack governments for self-enrichment in East and Central Africa, the deadliest war zone globally since World War II, we seek to counter the main drivers of conflict and create new leverage for peace, human rights, and good governance.

Co-founded by George Clooney and John Prendergast, The Sentry is composed of financial investigators, international human rights lawyers, and regional experts, as well as former law enforcement agents, intelligence officers, policymakers, investigative journalists, and banking professionals.

We encourage the use of tools of financial pressure, including network sanctions, anti-money laundering measures by both governments and financial institutions, and criminal prosecutions relating to suspected identified stolen assets.

These measures are key drivers for change in the regions in which we operate.

Where do we operate?

We focus on four key countries: Sudan, South Sudan, Congo and the Central Africa Republic.

These are countries that have the highest rate of death and displacement due to conflict in the entire world. They have some of the greatest numbers of mass rape, child soldier recruitment, and other mass atrocities. And they have been ravaged by war sustained by corrupt individuals who launder vast quantities of assets. These kleptocrats amass beautiful homes around the world. They send their kids to the best schools in Europe. They wear ludicrously expensive designer clothing and jewels and drive luxury cars. All while their people are living in deplorable conditions. With limited access to sufficient food, clean water, hospitals, or medicines to fight ebola, people are also dying from extreme poverty. It is worth highlighting that the recent protests that brought about Bashir's downfall in Sudan started with the rise in the cost of bread.

The incentive structures in these kleptocratic states are stacked in favour of extreme repression, authoritarianism, conflict, and state looting, with few consequences for those who benefit from human misery.

How do they do it? The networks used by kleptocratic regimes include proficient money launderers with experience in diverting state assets, committing fraud and emblezzlement, disguising beneficial ownership, and using offshore centers to move and hide assets.

The UN Human Rights Council recently highlighted that it is estimated that, over the past 50 years, the African continent has lost $1 trillion in illicit financial flows.

The Case for Network Sanctions

We believe that multilateral network sanctions are a key tool that can be used to stifle the systematic corruption rooted in these countries

The Sentry has done a lot of work on sanctions in Africa and will soon be publishing a study on sanctions effectiveness. The study has found that while sanctions programs in Africa suffer from poor implementation and enforcement, they have led to changes in behaviour in some cases. In other words, sanctions can work if used in a strategic way that targets not just the principal individuals but the support networks used to perpetuate conflict and looting of state resources. Through the provision of our investigative findings and policy expertise, we support the ability of the U.S. government, the EU, and the United Nations Security Council to pursue a strategy of network sanctions. We believe that sanctions must be levied against entire kleptocratic networks, not just some of the individuals involved in the crimes. Targeting the companies, financial enablers, and groups of individuals used to help kleptocrats move and hide their money can have a dramatic effect in combating corruption and money laundering.

Abdoulaye Hissène, the warlord I quoted earlier, is a key example of how sanctions evasion can become easier if support networks are not targeted more broadly.

And while we have called on the enforcement of existing sanctions against Hissène, including that travel ban, we also advocate for additional sanctions by the UN, EU and the Office of Foreign Assets Control (OFAC), the U.S. Treasury's sanctions listing and enforcing authority, that target key spoilers, including entities and individuals that support the looting of CAR and mass violence. This would generate more financial pressure not just on Hissène but also on those who engage in or provide support for armed groups such as Hissène's and criminal networks that exploit or traffic natural resources such as diamonds, gold, wildlife and humans.

We strongly believe that for sanctions to be effective, they must be applied to an entire network.

The U.S. is leading in the implementation of network sanctions by going after key targets and those who help them launder their money.

Under the leadership of Under Secretary Mandelker, the U.S. applied sanctions targeting former Congolese President Joseph Kabila's kleptocratic network. The U.S. designated Israeli mining and oil tycoon Dan Gertler along with 19 of his companies and one of his business associates in order to add pressure on Kabila. Gertler was a major facilitator of and profiteer from Kabila's regime. The U.S. Treasury added 14 more companies connected to Gertler just six months after the initial designation, demonstrating a clear focus on suffocating this network. The Gertler designation shows the type of consistent and escalating approach necessary for financial pressures to be effective in combating violent kleptocracy in the region. Partially as a result of this financial pressure, Kabila opted not to change the constitution and run for another term, leading to the Congo's first "democratic election" in nearly 20 years.

Conclusion

All UN member states have the responsibility to implement UN sanctions by preventing the travel and freezing assets of those listed.

We have the tools necessary to make it harder, and more expensive, for corrupt actors to launder their ill-gotten gains around the world. But we need to work together to ensure we are going after the right targets, hitting the right networks, and disrupt the ability of those involved in heinous acts of violence and human rights abuses to personally profit from these crimes. This means not only using the sanctions authorities that we currently have in a more impactful, network-focused way but also ensuring that governments around the world have the ability to use these authorities not only against individuals directly responsible for human rights abuses but also the corruption that serves as the root cause of this violence.

The Sentry will continue to work with the UN, the Financial Action Task Force, FATF-style regional bodies, governments, banks, and others in civil society to close down these illicit money laundering networks and hold corrupt leaders and public officials to account for their crimes. Maybe in time, we will be able to seize the assets taken out of CAR by Hissène and his facilitators and lay down the first stepping stones that will create a path to peace in this country.

I thank you for your time and the opportunity to speak here today, and I look forward to the discussion this morning.