

# EuroPressure

EU Financial Leverage for Impact in South Sudan

By Brad Brooks-Rubin and Jonathan Benton  
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### Executive Summary

For the past several years, South Sudan has spiralled out of control. The nation's still young history is marred by brutal conflict and failed peace agreements, creating one of the most extreme humanitarian crises in the world.<sup>1</sup> As another Cessation of Hostilities agreement falters and hopes dim for regional leadership during a time of upheaval in Ethiopia, it is time for the European Union to more clearly and consistently assert leadership and develop much-needed financial leverage that could support a truly reinvigorated peace process.

The European Union provided over 350 million euros in aid to South Sudan in 2017, focusing particularly on assistance to South Sudan's neighbours facing serious challenges related to caring for the more than 2 million refugees, who have crossed the border in search of safety.<sup>2</sup> The United Kingdom plays a leading role in international diplomacy on South Sudan through its place in the "Troika" (along with Norway and the United States), and a number of EU member states play critical roles in providing development assistance and support to South Sudan and the broader region. Across the Atlantic Ocean, the United States remains a critical player on South Sudan policy issues. It has taken a number of strong steps to address the crisis since September 2017, including both the U.S. Department of the Treasury's unprecedented issuance of an anti-money laundering "Advisory" to highlight concerns about corruption directly for the banking sector and the U.S. Department of Commerce's non-sanctions measures focused on the oil sector.<sup>3</sup> But the United States' overall diplomatic strategy and level of engagement remains unclear, given the myriad uncertainties in the Trump administration, underscored by the recent dismissals of U.S. Secretary of State Rex Tillerson and U.S. National Security Advisor H.R. McMaster. This, combined with paralysis on South Sudan in the U.N. Security Council, creates both an opening and a need for clearer action by the European Union to address the crisis.

To date, the European Union has principally answered with financial aid and humanitarian support, rather than a comprehensive approach that matches this critical engagement with meaningful leverage to drive change. Without this modernised approach to financial leverage and associated

1 The Enough Project • [enoughproject.org](http://enoughproject.org)  
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incentives—the likes of which have never been used by the European Union with respect to conflicts in sub-Saharan Africa—the crisis and suffering will persist.

On 2 February 2018, the European Union did take a first small step in this direction by designating for sanctions three current and former senior South Sudanese officials. The European Union should ensure that this is not an isolated action, but the first step in a sustained approach that follows this action by imposing and enforcing elevated financial pressures on other South Sudanese spoilers, from within the government and the opposition, who are driving violence and connected to grand corruption. Where possible, these measures should seek to impact the myriad companies that these leaders and their families own or control.

In the short term, the European Union can deploy the following modernised tools of financial pressure:

- **Designating for sanctions key spoilers of the peace process and their business networks.** Sanctions placed on only a few individuals and that lack enforcement are ineffective. Sanctions measures must impact not only individuals, but also their networks. Where possible, companies owned or controlled by those sanctioned should be included in EU actions, either formally or through indirect means, such as communications of names to banks.
- **Issuing warnings or alerts to financial institutions concerning AML risks related to South Sudanese politically exposed persons (PEPs).** These actions would have the greatest impact if EU member states with the most developed financial services sectors, such as the United Kingdom or Germany, take the lead.
- **Engaging neighbouring governments.** EU delegations should pressure key countries in the region, notably the financial intelligence units, central banks, and ministries of foreign affairs in Uganda and Kenya, to take action on AML risks related to South Sudanese PEPs. The European Union's leverage with Kenya, a country that has focused heavily on developing its banking sector, has increased as it holds an increasing share of the country's growing debt.
- **Meeting with banks active in the region.** In addition to governments, EU missions can highlight the risk of illicit activity and money laundering in relation to operations in South Sudan or with South Sudanese PEPs through direct meetings with banks. This includes major banks in the region, as well as those providing correspondent services from London, Berlin, and elsewhere in Europe.

In the medium to long term, the European Union should use these tools:

- **Imposing sectoral-based restrictive measures on economic sectors** that are under the control of certain political and military elites, such as the extractive industries, banking, and transport sectors. These measures need not be limited to asset freezes and travel bans but other measures that encourage responsible business behaviour by European and other companies, such as due diligence reporting requirements or more stringent limitations on lending.
- **Further developing its autonomous evaluation process of high-risk third countries** that have strategic deficiencies in their AML/CFT regimes that pose significant threats to the EU's financial system (rather than restricting to those countries that are of "economic importance" to the European Union).
- **Becoming a cooperating member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).**

- **Convening discussions on governance conditional to disbursing non-emergency aid**, and reassessing multilateral loans to government institutions led by corrupt politicians, like the Cotonou Agreement.<sup>4</sup>

Deployed in a patient, persistent, and coordinated manner, these tools can build the leverage needed to finally change the calculations of those who have pushed South Sudan to crisis and strengthen the European Union's role beyond one of providing never-ending financial and humanitarian assistance with no hope for a solution.

## Using Modernised Sanctions Effectively

The European Union traditionally follows the lead of the United Nations for action on crises like South Sudan, but the United Nations has simply failed to act on sanctions since the designation of six mid-level targets in 2015.<sup>5</sup> No country is providing sustained leadership on South Sudan in the U.N. Security Council, and this seems unlikely to change. Although the EU member states now serving on the Security Council, including non-permanent members Sweden, the Netherlands, and Poland, should press for action there, the European Union's sanctions designations in February suggest that it now recognises that such efforts will likely be fruitless.

For some time, the European Union has declared it remains ready to impose sanctions against any individual responsible for undermining the peace process, including in November 2017.<sup>6</sup> Together with the Troika (United Kingdom, United States, and Norway), the European Union also set its own benchmarks of success for the revitalization process, including the security and inclusivity of the process and commitment to cessation of hostilities by parties involved.

The European Union finally acted on its sanctions readiness on 2 February 2018, when it announced the unilateral designation of three South Sudanese individuals: Michael Makuei, the minister of information, Lt. General Malek Reuben Riak, then-deputy chief of the defence forces, and Paul Malong, the former chief of staff. This mirrored earlier action on the same individuals by the United States and Canada.<sup>7</sup>

Significantly, and unlike the U.S. and Canadian actions, the European Union's sanctions were timed to come immediately before a round of IGAD-led negotiations and were coordinated with a separate action by the United States. This was an important step, in that it delivered the message to those negotiating that the international community is increasingly coordinated and will impose consequences on those undermining efforts to bring peace.

To truly be effective in achieving substantive results towards a diplomatic strategy rather than using sanctions principally as an *ad hoc*, political messaging tool (an unfortunate under-utilization of the instrument), the European Union must continue in this direction. Sanctions actions should be taken against targets where direct financial impact is possible and likely to build leverage toward political goals. Moreover, as has worked effectively in contexts such as Iran and Myanmar,<sup>8</sup> sanctions should be used in an ongoing and integrated way to deliver a policy outcome, rather than solely in a seemingly punitive and reactive manner and without meaningful enforcement. Thus, at each key stage of

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negotiations, sanctions can be used in different forms to ensure that desired policy outcomes are reached using leverage.

To increase the effectiveness of sanctions, EU officials should impose sanctions on key spoilers. Where possible, they should also identify their business associates and the companies they own or control, whether publicly or through other means directly to financial institutions. By targeting multiple actors and entities together as a network, sanctions have a greater impact because they provide banks with the information they need to more effectively detect evasion. The immediate identification of companies and associates will be far more effective than leaving it up to implementing authorities and financial institutions to establish and act upon those linkages *ex-post* to make sure no funds or economic resources shall be made available indirectly to or for the benefit of listed legal individuals or entities, as the sanctions regime requires.

Besides targeted sanctions, the European Union should also explore implementing restrictive measures directed at economic sectors hijacked by political and military elites. These measures would go beyond simply imposing asset freezes on key targets but might also include, for example, export licensing requirements or limitations on the financing available from international institutions for projects in sectors such as oil and construction. These sectors are critical to South Sudan's future economic development, but according to The Sentry's investigations and other reporting, these sectors are not providing benefits to the population at present because the proceeds they generate have been hijacked by leaders, their families, and business proxies, and as a result, the sectors have become totally corrupted.<sup>9</sup>

The most far-reaching measures the European Union has imposed on a third country are those against Iran in place since 2012, which included an import embargo on crude oil and natural gas but also a prohibition to sell or supply key equipment used in the energy and mining sectors.<sup>10</sup> The European Union's more recent sectoral sanctions, in response to the crises in Syria and in Ukraine, likewise curtail access to goods, technologies, and services that can be used for oil production and exploration.<sup>11</sup> Thus far, sectoral sanctions have not yet been deployed in relation to South Sudan, but the European Union could develop this as a new direction that integrates its business and human rights agenda, such as through the use of responsible investment reporting requirements or limitations on financing for projects in South Sudan without sufficient due diligence.<sup>12</sup>

## Enhancing EU anti-money laundering (AML) measures

When a person diverts public funds into their private accounts, then places those funds in the formal banking system, and uses them to conduct transactions such as real estate purchases, that is money laundering, specifically through laundering of the proceeds of crime and/or corruption. The Sentry's research shows a number of South Sudanese leaders and/or their business associates doing this in South Sudan and through neighbouring countries, largely in U.S. dollars but also in euros and pounds sterling.<sup>13</sup>

To address AML threats by a broader set of actors than only those put under sanctions, the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN), issued an "Advisory" in September 2017 alerting U.S. financial institutions to their potential exposure to anti-money laundering risks caused by certain South Sudanese senior political figures attempting to use the U.S. financial system to move or hide proceeds of public corruption.<sup>14</sup> The Advisory describes South Sudanese corruption and reminds financial institutions of their due diligence and suspicious activity report (SAR)-filing obligations related to senior foreign political figures. To do so, the Advisory requires financial institutions to be aware of public reports of high-level corruption associated with certain

senior foreign political figures, family members, associates, or associated legal entities or arrangements.

An EU equivalent to such a country-specific Advisory is not provided for in the EU AML/CT directive 2015/849.<sup>15</sup> Under the directive, also known as the 4<sup>th</sup> Anti-Money Laundering Directive (AMLD IV), the European Commission identifies high-risk third countries in relation to which financial institutions need to be applying enhanced due diligence measures; this would be the role of national regulators. Thus far, the commission has largely followed the list of countries already named by the Financial Action Task Force (FATF) as having strategic deficiencies in their AML frameworks. This list is based, *inter alia*, on mutual evaluation reports carried out within regional FATF bodies. Unlike neighbouring Kenya and Uganda, South Sudan is not a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

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The European Parliament has, on two occasions, in December 2016<sup>16</sup> and in May 2017,<sup>17</sup> rejected a commission-delegated regulation updating the high risk country list on the grounds that the commission's process was not sufficiently autonomous and did not recognise the non-exhaustive nature of the list of criteria spelled out in the EU AML/CT directive,<sup>18</sup> thereby excluding predicate offences for money laundering, such as tax crimes.<sup>19</sup> Members of the European Parliament have argued that, following the "Panama Papers" revelations, the commission's blacklist should include tax havens.<sup>20</sup> A similar argument could be made for violent kleptocracies like South Sudan, where money is laundered through siphoning off the proceeds of corruption. Moreover, lacking an AML/CFT regime, South Sudan would be among the countries deserving a high-risk rating if there were autonomous processes under article 9(2) of the AML regulation.

Following the May 2017 parliament resolution calling on the commission to adopt a roadmap to come to an autonomous evaluation process, the European Commissioner for Justice, Consumers and Gender Equality wrote a letter to the Council Presidency, concerning the assessment of high-risk third countries, annexing this roadmap.<sup>21</sup> The roadmap proposes a staged approach, focusing initially on priority third countries. These priority countries will be chosen based on their "financial importance" for the European Union and their exposure to the risks of money laundering and terrorist financing.

By 2018's end, the assessment of priority countries should be concluded and a newly delegated regulation on high-risk countries adopted, with countries deemed as lower priority risk (i.e., "priority 2") assessed thereafter. While South Sudan may pose significant risk, it may not qualify as a priority country because of its limited financial importance for the European Union. The suggested criterion of financial importance to the European Union is more restrictive than countries with AML deficiencies that pose a significant risk to the European Union, as it is phrased in the AML Directive.

While EU officials work towards an autonomous high-risk evaluation process, the 4th AML Directive leaves it also up to member states to identify other cases of higher risk in addition to those identified by the commission and based upon a broader set of risk factors. These factors can include not just countries lacking effective AML/CFT systems, but also countries identified by credible sources as having significant levels of corruption or other criminal activity but also countries subject to sanctions, or embargos. In reality, individual member states' FIU advisory notices, such as those of the United

Kingdom, refer to (and do not go beyond) the EU and FATF lists. Some FIUs do issue separate public warnings, like the Belgian FIU, but these usually concern particular domestic issues rather than foreign/country-based concerns.

Unless the commission changes its inserted criterion of financial importance to the European Union when assessing high-risk countries, it would appear that the only way South Sudan may feature on its list would be through a high-risk rating in a mutual “peer country” evaluation or other FATF assessment, ahead of a membership application. An approach that would initiate membership of a country sure not to attain to standards would probably not get much buy-in, neither from the South Sudanese government nor other states in ESAAMLG potentially concerned in any mutual evaluation.

Therefore, the parliament should adopt a resolution calling for the commission to revise the current roadmap and change the criterion of economic importance, so that African violent kleptocracies may also be assessed.

### European Union increasing regional enforcement of AML pressure

South Sudan is not part of ESAAMLG, but neighbouring Uganda and Kenya are members. It is through these countries that sanctioned individuals and other South Sudanese PEPs are able to launder the proceeds of corruption. The European Union could raise the issue within ESAAMLG, and more particular, during mutual evaluation meetings, or other bilateral meetings with Uganda and Kenya. This may include inviting experts to present to members on the patterns of money laundering detected to date. The agenda setting of AML risks in this context, as appears from mutual evaluation reports has thus far been limited to one observation in Uganda’s 2016 evaluation, which raised concerns about “high net worth individuals” from South Sudan buying property with cash.<sup>22</sup>

The European Union is not itself a cooperating partner of ESAAMLG, whereas the United Kingdom and the United States are, as are the Egmont Group and FATF. Becoming a cooperating partner to this body should help the European Union to play a more prominent role on the matter and would be in line with an existing counterterrorism program in the Horn of Africa that already established more specific linkages with ESAAMLG and has promoted the establishment of stronger financial intelligence units. The European Union has not yet taken these specific linkages to a more general level, and this issue presents a good opportunity to do so.

Beyond such formalistic engagement with a specific legal authority or the general activities of a specific agency or body, EU authorities should pursue diplomatic demarches that remind Kenya and Uganda of the way in which they are risking their substantial investments in their banking and commercial sectors by allowing illicit South Sudanese activity to continue. With respect to Kenya, a recent ESAAMLG report demonstrated that Kenyan banks face significant levels of “de-risking” by global banks, in part because of their failures to implement strong due diligence and compliance systems.<sup>23</sup> Taking strong action against the proceeds of South Sudanese corruption being laundered in Kenya could help demonstrate a change in practice to global banks. Further, an increasing share of Kenya's growing debt is held in Europe, following the recent issuance of \$2 billion in Eurobonds, which provides additional potential leverage for such engagement.<sup>24</sup>

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For three years, Uganda was on FATF's list of high-risk countries because of technical deficiencies in its AML framework. FATF only removed Uganda in November 2017 because of technical corrections made to its system.<sup>25</sup> The European Union's message to Uganda should be that failing to take specific measures against such practice might lead again to a downgrade of its performance rating, particularly in future mutual evaluations that will focus on efficacy more than technical compliance.

Lastly, EU delegations can meet with representatives of global and regional banks, as well as global and regional actors, who are active in the construction and extractives industries sectors, to highlight the risks to these sectors in South Sudan. EU officials should underscore the risks and potential penalties such private sector actors may face for connections to illicit activity and money laundering, but also highlight the importance of identifying responsible channels for investment.

## European Union and aid conditionality

Between 2010 and 2011, the European Union allocated to South Sudan a package of €285 million from the European Development Fund.<sup>26</sup> As it was a recipient of EDF funding, the European Union encouraged South Sudan to accede to the Cotonou Agreement, in order to create a more predictable and long-term partnership.<sup>27</sup> EU officials are currently funnelling assistance to life-saving aid and they should maintain this assistance while previewing potential new development funding that would be made available if there is a demonstrable commitment to peace. However, the most recent crisis seems to have stalled this pursuit, because the moment the country would join Cotonou, there would be more than enough reason to invoke articles 96 and 97 of the agreement.<sup>28</sup> This means that the European Union will need to engage in a consultation about the agreement's essential elements (human rights, democratic principles, rule of law) and/or the fundamental element (corruption); and suspend financial support to the South Sudanese government if performance is deemed unsatisfactory. Nevertheless, the Cotonou-style consultation framework may still be drawn upon to engage in consultations with the government, conditional to releasing non-emergency aid and development funding running through South Sudanese government institutions.

In addition, the European Union and individual member countries should carefully assess multilateral loan arrangements they contribute to, ensuring these are not captured by government elites found to be corrupt and misusing government funds. For example, in September 2017 the African Development Bank (AfDB) and the South Sudanese government concluded an \$18 million loan for program to be used for membership subscription to the regional financial institutions and a \$15 million program for support for domestic revenue mobilization. Like the United States, EU countries such as France, Italy, and Sweden have voting power at the AfDB. They can and should scrutinize and, if necessary, adjust future loans.

## Conclusion: A coordinated escalation strategy

The European Union should start working closely with the key external actors, especially the African Union and United Nations, on a plan for how they can borrow and employ the leverage that the external actors can bring to bear through the pressures described above—and how their own institutions can generate additional leverage through increased pressures.

The European Union's response to the next phase of the peace process should include a timetable for following on the 2 February action and identifying when new pressures will be introduced, as part of a strategy of consistent escalation that reaches to the highest levels of the South Sudanese government and opposition. That escalation strategy must be lined up with a timetable for the peace

process, so that when certain benchmarks are missed, pressures escalate, and so that those under sanctions and other pressures know what they need to do to have those pressures reduced.

As part of any escalation strategy, a full range of measures must be applied. Sanctions are the most typical tool used, but the nature and scope of the sanctions used must be diversified and strengthened to be most effective. AML measures can and should be advanced regardless of the state of the peace process. Cotonou-style aid conditionality would be a political choice in the case of South Sudan, and therefore, can be used in an escalation strategy.

When the measures above and those like them are deployed in a thoughtful and coordinated strategy designed to support clear foreign policy objectives, the European Union and broader international community can finally demonstrate to violent kleptocrats and warlords in South Sudan bent on violence and corruption that leverage exists to stop them. And that the leverage will be used until it can successfully redirect incentive structures toward peace, human rights, and good governance.

*The authors are grateful for the contribution and consultation of Ruben de Koning and Roger Matthews.*

## Endnotes

<sup>1</sup> Radio Tamazuj, “IGAD dismayed at continuing ceasefire violations in South Sudan,” 20 March 2018, available at <https://radiotamazuj.org/en/news/article/igad-dismayed-at-continuing-ceasefire-violations-in-south-sudan>.

<sup>2</sup> European Commission, European Civil Protection and Humanitarian Aid Operations, “South Sudan” Factsheet,” available [http://ec.europa.eu/echo/where/africa/south-sudan\\_en](http://ec.europa.eu/echo/where/africa/south-sudan_en) (last accessed March 2018).

<sup>3</sup> U.S. Department of the Treasury, “Treasury Targets South Sudanese Government Officials and Related Companies for Continued Destabilization,” Press release, 6 September 2017, available at <https://www.treasury.gov/press-center/press-releases/Pages/sm0152.aspx>; and U.S. Code of Federal Regulations, “Addition of Certain Persons to the Entity List and Removal of Certain Persons From the Entity List; Correction of License Requirements, Final Rule, 15 C.F.R. Part 744 (2018), available at <https://www.gpo.gov/fdsys/pkg/FR-2018-03-22/pdf/2018-05789.pdf>.

<sup>4</sup> ACP Secretariat and European Centre for Development and Policy Management, *The Cotonou Agreement: A User’s Guide for Non-State Actors* (Brussels: 2003) available at <http://ecdpm.org/wp-content/uploads/cotonou-nsa-guide-chapter-2.pdf>.

<sup>5</sup> United Nations, “Security Council Sanctions Committee Concerning South Sudan Adds Six Individuals to Its Sanctions List,” Press release, 1 July 2015, available at <http://www.un.org/press/en/2015/sc11958.doc.htm>.

<sup>6</sup> European Union, “Statement by the Spokesperson on the EU’s support to the IGAD-led High Level Revitalisation Forum for South Sudan,” Press release, 7 November 2017, available at [https://eeas.europa.eu/headquarters/headquarters-homepage/35220/statement-spokesperson-eus-support-igad-led-high-level-revitalisation-forum-south-sudan\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/35220/statement-spokesperson-eus-support-igad-led-high-level-revitalisation-forum-south-sudan_en).

<sup>7</sup> For the United States’ action, see, U.S. Department of the Treasury, “Treasury Targets South Sudanese Government Officials and Related Companies for Continued Destabilization,” Press release, 6 September 2017, available at <https://www.treasury.gov/press-center/press-releases/Pages/sm0152.aspx>.

For Canada’s actions, see, Government of Canada, Justice for Victims of Corrupt Foreign Officials Regulations, Vol. 151, No. 23, 15 November 2017 available at <http://www.gazette.gc.ca/rp-pr/p2/2017/2017-11-15/html/sor-dors233-eng.html>.

<sup>8</sup> There are certainly differences of opinion as to the ultimate merits of the agreements or changes reached through diplomatic processes vis-à-vis these countries. Whether or not the changes have ultimately been positive or negative is separate from the question of the efficacy of sanctions in contributing to the achievement of a diplomatic solution to a particular crisis. Too often, sanctions are viewed as a tool that changes behaviour; rather, sanctions should be viewed as effective when they serve as a tool that enables a diplomatic process to achieve such a change.

<sup>9</sup> The Sentry, “Fueling Atrocities: Oil and War in South Sudan,” (March 2018), available at [https://cdn.thesentry.org/wp-content/uploads/2018/03/FuelingAtrocities\\_Sentry\\_March2018\\_final.pdf](https://cdn.thesentry.org/wp-content/uploads/2018/03/FuelingAtrocities_Sentry_March2018_final.pdf); and Global Witness, “Capture on the Nile: South Sudan’s state-owned oil company, Nilepet, has been captured by the country’s predatory elite and security services,” (March 2018), available at <https://www.globalwitness.org/en-gb/campaigns/south-sudan/capture-on-the-nile/>.

<sup>10</sup> Official Journal of the European Union, Council Regulation (EU) No. 36/2012 of 18 January 2012 Concerning restrictive measures in view of the situation in Syria and repealing Regulation (EU) No 442/2011, OJ L 16/1, [2012], available at <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:016:0001:0032:EN:PDF>.

<sup>11</sup> The European Council and Council of the European Union, “EU restrictive measures in response to the crisis in Ukraine,” [12 March 2018], available at <http://www.consilium.europa.eu/en/policies/sanctions/ukraine-crisis/>.

<sup>12</sup> Interviews with EU policy makers and analysts, Brussels.

<sup>13</sup> The Sentry, “War Crimes Shouldn’t Pay: Stopping the looting and destruction in South Sudan,” (September 2016), available at [https://cdn.thesentry.org/wp-content/uploads/2016/09/Sentry\\_WCSP\\_Finalx.pdf](https://cdn.thesentry.org/wp-content/uploads/2016/09/Sentry_WCSP_Finalx.pdf).

<sup>14</sup> U.S. Department of the Treasury Financial Crimes Enforcement Network, “Advisory on Political Corruption Risks in South Sudan,” September 6, 2017, available at <https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2017-a004>.

<sup>15</sup> Official Journal of the European Union, “Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and

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Commission Directive 2006/70/EC,” OJ L 141/73, available at <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32015L0849&from=EN>.

<sup>16</sup> European Parliament, Motion for a Resolution pursuant to Rule 105(3) of the Rules of Procedure on the Commission delegated regulation of 24 November 2016 amending Commission Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 by identifying high-risk third countries with strategic deficiencies (C(2016)07495 – 2016/3007(DEA)) Last updated 9 January 2017, available at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+B8-2017-0001+0+DOC+XML+V0//EN>.

<sup>17</sup> European Parliament, Objection to a delegated act: Identifying high-risk third countries with strategic deficiencies: European Parliament resolution of 17 May 2017 on the Commission delegated regulation of 24 March 2017 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards deleting Guyana from the table in point I of the Annex and adding Ethiopia to that table (C(2017)01951 – 2017/2634(DEA)), Last updated 19 December 2017, available at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2017-0213+0+DOC+XML+V0//EN>.

<sup>18</sup> See Article 9(2) of the Directive.

<sup>19</sup> European Parliament, Objection to a delegated act: Identifying high-risk third countries with strategic deficiencies, European Parliament resolution of 17 May 2017 on the Commission delegated regulation of 24 March 2017 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards deleting Guyana from the table in point I of the Annex and adding Ethiopia to that table (C(2017)01951 – 2017/2634(DEA)), Last updated <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+B8-2017-0001+0+DOC+XML+V0//EN>; <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2017-0213+0+DOC+XML+V0//EN>.

<sup>20</sup> EU Reporter, “Parliament set to reject Commission #TaxHaven blacklist,” 4 May 2017, <https://www.eureporter.co/economy/2017/05/04/parliament-set-to-reject-commission-taxhaven-blacklist/>.

<sup>21</sup> Council of the European Union, Letter from Věra Jourová, Member of the European Commission to Professor Edward Scicluna, Presidency of the Council of the EU, 11 July 2017, available at <http://data.consilium.europa.eu/doc/document/ST-11189-2017-INIT/en/pdf>.

<sup>22</sup> Eastern and Southern Africa Anti-Money Laundering Group, “Anti-Money Laundering and Counter-Terrorist Financing Measures in Uganda,” April 2016, p. 52, para. 210 available at <http://www.fatf-gafi.org/media/fatf/documents/reports/mer-fsrb/ESAAMLG-mutual-evaluation-Uganda-2016.pdf>.

<sup>23</sup> Eastern and Southern Africa Anti-Money Laundering Group, “Report of the Survey to Assess the Existence, Causes, and Impact of De-Risking Within the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG Region),” September 2017, available at [http://www.esaamlg.org/userfiles/ESAAMLG%20Report%20on%20De-risking%20-%20September%202017%20\(1\).pdf](http://www.esaamlg.org/userfiles/ESAAMLG%20Report%20on%20De-risking%20-%20September%202017%20(1).pdf).

<sup>24</sup> Charles Mwaniki, “Kenya raises \$2bn in fresh Eurobond issue,” 22 February 2018, available at <https://www.businessdailyafrica.com/markets/capital/Kenya-says-fresh--2bn-Eurobond-oversubscribed-seven-times/4259442-4315350-14pr01/index.html>.

<sup>25</sup> Financial Action Task Force, “Outcomes Joint FATF/GAFILAT Plenary, 1-3 November 2017,” available at <http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-november-2017.html#Uganda>.

<sup>26</sup> European Commission on International Cooperation and Development, “South Sudan,” available at [https://ec.europa.eu/europeaid/countries/south-sudan\\_en](https://ec.europa.eu/europeaid/countries/south-sudan_en) (last accessed March 2018).

<sup>27</sup> See, “The EU is actively encouraging South Sudan to accede to the Cotonou Agreement, in order to create a more predictable and long-term partnership with the EU and its Member States.” Found in European Commission on International Cooperation and Development, “South Sudan,” available at [https://ec.europa.eu/europeaid/countries/south-sudan\\_en](https://ec.europa.eu/europeaid/countries/south-sudan_en) (last accessed March 2018).

<sup>28</sup> 2000/483/EC: Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 - Protocols - Final Act - Declarations Oj [2000] L 317 15/12/2000 available at [http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22000A1215\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22000A1215(01)&from=EN).