



Briefing by Sasha Lezhnev, Deputy Director of Policy at the Enough Project, for the United Nations Security Council Meeting on the UN Regional Office for Central Africa on December 6, 2019

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Thank you for the opportunity to brief the Security Council today, Ambassador Chalet and Members of the Council. I would like to focus my remarks on what the Council and UNOCA can do concretely to help transform and prevent violent conflict in this oft-forgotten region.

Above all, I believe that the Council and UNOCA should strategically focus on the financial aspect of crises in the region. I would argue that this would be most effectively done through enhanced engagement with international partners on transparency reforms that can prevent conflict, as well as with the private sector and anti-money laundering bodies, and by refocusing sanctions to target networks of spoilers to peace processes. These steps would help give the region a much better chance to achieve peace. Within that framework, I would highlight two main challenges and four recommended solutions.

Challenges

1. Conflict resources and money laundering

Rebel groups, criminal units within armies, and their facilitators generate hundreds of millions of dollars each year from trading in conflict resources such as gold, diamonds, and other minerals. These are critical drivers of conflict in the region, as armed commanders and their backers want to continue making money and thus break peace agreements for the continuation of such interests.

Because the conflict commodities are traded regionally and internationally, the Council and UNOCA can have an impact on them. The Panels of Experts on CAR and the DRC report extensively on how gold, diamonds, and other minerals are critical sources of finance for armed groups, and then how they are smuggled across to Cameroon, Uganda, Rwanda, Chad, and on to the UAE.

The key to combating these interests is to follow and target the networks that control the trade across borders. Instead of investigating and sanctioning the lowest rungs in the supply chain, the armed commanders who rarely cross borders, it is far more impactful to target the middlemen, financial facilitators, and corrupt officials that enable the trade in conflict commodities. These networks are often involved in arms trafficking in exchange for diamonds and gold. My organization reported last year that conflict gold from the DRC might well be reaching western consumers through an international corporate network coordinated by a Belgian tycoon with refineries in Uganda, Dubai, and Belgium.



Together, these rogue actors make up criminal networks whose presence is growing in Central Africa. Facilitators such as Dan Gertler, Aziz Nassour, and others have made hundreds of millions of dollars from corrupt deals in the mining sector and continue to operate in the region, many with impunity. Unless there are consequences for such facilitators, they will continue to find armed groups and corrupt officials to work with, perpetuating instability for profit.

2. Preventing mass violence and improving transparency

Many presidents in the region have been in power longer than the average age of the population, some as long as 40 years. Meanwhile, the median age is 18 in Cameroon, 22 in Gabon, etc. Citizens in central Africa are growing impatient with non-democratic regimes. The youth populations are increasingly vocal about the need for change and reform, as we have seen in Cameroon, Sudan, Gabon, CAR, and elsewhere.

This dichotomy is creating serious stability risks. Most of the region is at the top of the fragile states index, and five countries in the region are rated by the U.S. Holocaust Museum to be in the highest risk category for mass killings.

Arguably, the biggest factor in preventing the reform processes is money. Every country in Central Africa ranks in the bottom third of the Transparency International Corruption Perceptions Index, and a majority of countries in the region are in the lowest 20%. Such corruption is starting to be exposed, from shell companies to siphoning of funds from sovereign wealth funds, etc. In order to protect their illicit interests, regimes entrench themselves and repress populations.

The best way to prevent these countries from falling into instability is to help get them to reform. Youth and others want to see real reforms. Youth and civil society from the DRC to Cameroon to Equatorial Guinea to Gabon are sick and tired of corruption and seeing their limited natural resources eaten away while they are not benefiting. They are demanding that the governments enact transparency and anti-corruption measures, from holding officials who have stolen funds accountable for their actions to requiring state-owned companies to undergo independent audits and publish their financial statements. The old models of off-budget accounts and secret state-owned companies that doled out patronage are not working for this generation. A new campaign is starting in the DRC called “La Corruption Tue” or “Corruption Kills,” anti-corruption measures were part of the national dialogue reforms in Cameroon, etc.

Solutions

The Security Council and UNOCA can have an impact here by focusing more on financial issues. I offer four main recommendations.

1. Engage the banking and gold sectors

Illicit spoilers of peace processes and their collaborators do not mainly hide their money under the mattress in cash. They have bank accounts and use financial transfers in order to pay business partners and spend the money abroad. Banks and other financial institutions thus play a critical role in enforcing sanctions and enacting anti-money laundering measures. Multinational correspondent banks are particularly important, because they act as clearing agents for wire transfers abroad and can take a range of actions to combat money laundering and conflict financing.

The Security Council and UNOCA would do well to proactively engage banks and other financial institutions on sanctions implementation and other anti-money laundering steps. The Wolfsberg Group, an association of 13 global banks which aims to develop frameworks and guidance for the management of financial crime risks, might be a good place to start. The Council could convene a session with the Group on sanctions implementation and AML/CFT issues, and then set up an ongoing working group to



follow up on these issues. UNOCA should also meet regularly with banks in the region to follow up on sanctions implementation issues, including those raised by the UN Panels of Experts.

Similarly, the Council should engage the global gold sector on the issue of conflict gold, since it is a major source of conflict financing in the region. The Council played a key role in addressing the blood diamonds trade, and could do so similarly on conflict gold. Specifically, the Council should work with the Financial Action Task Force (FATF) and convene key gold refiners and traders, industry associations such as the London Bullion Market Association (LBMA), and banks to highlight the need for better implementation of the red flags in the 2015 FATF typology report on gold, money laundering, and terrorist financing risks. FATF made helpful recommendations in the report that have not been properly implemented.

2. Engage anti-money laundering bodies and financial authorities

Relatedly, FATF and regional FATF bodies can play critical roles in combating conflict finance, and the Council and UNOCA should engage them as part of their conflict prevention efforts. Regional FATF bodies are potentially very important actors in countering conflict financing and related corruption because they conduct mutual evaluations of countries' anti-money laundering and countering the financing of terrorism (AML/CFT) regimes and their implementation. They also work to strengthen the national financial intelligence units (FIUs) on these issues. GABAC is the Central African FATF-style regional body, but it and the FIUs need significant support and engagement to be effective.

The Security Council can play a role here, building on [UNSCR 2462](#) from March 2019, which recognized the essential role of FATF in setting global standards to combat money laundering and terrorist financing.

The Council should make supporting regional AML efforts a part of UNOCA's mandate, in order to stem the flows of illicit and conflict financing. Specifically, the SRSG should coordinate with GABAC and key FIUs in the region and then raise GABAC-related issues in high-level dialogues with governments in the region. UNOCA should also work with GABAC, FATF, and the World Bank to ensure mutual evaluations and risk assessments are conducted in a timely, effective, and apolitical manner. Additionally, the Council could convene regional finance ministers on AML/conflict finance issues.

3. Sanction networks, not just individuals

Targeted sanctions are an important financial tool for the Council to use in pressuring spoilers of peace processes or good governance. Too often, however, sanctions are enacted only against the individuals who would be the least affected by sanctions because they do not travel or have bank accounts abroad, e.g. many rebel leaders.

To be effective, sanctions should target the *networks* that spoil peace processes. Rebel leaders breaking peace accords have companies, as well as traffickers, facilitators, and family members who collaborate with them, each profiting from the spoils of war. Importantly, those players are much more likely to have bank accounts abroad and conduct business there and thus would be more greatly impacted by sanctions. The Council and others used the network sanction approach effectively with regard to North Korea and Iran and should do so similarly in this region.

In this vein, the Council should empower Panels of Experts with the mandate to investigate the networks that facilitate illegal spoilers. They should also support them with an additional expert on regional facilitators.

4. Work with key partners to help governments enact transparency reforms

The UN cannot force governments to root out corruption, nor should it. However, key international partners such as the International Monetary Fund (IMF), the Extractive Industries Transparency Initiative



(EITI), and civil society coalitions are working with governments on transparency reforms, and the UN should coordinate closely with them. For example, the IMF is urging the governments of the DRC and Cameroon to publish beneficial ownership information of key companies and improve their AML/CFT regimes.

The SRSG should meet regularly with EITI multi-stakeholder groups, IMF teams, and civil society coalitions in the region to find out what transparency reforms are the priorities. Then the SRSG can reference these reform calls when meeting with governments in the region. For example, EITI should be restarted in CAR, implementation issues should be addressed in Cameroon, civil society protection issues should be addressed in certain countries in the region if EITI can move forward, and the DRC should hold generals named by the Group of Experts to be involved in human rights abuses and corruption accountable. The Security Council should include reporting on financial transparency and governance reforms in the mandate of the mission.

Similarly, the Council should engage the governments of destination countries for conflict resources. For example, the UAE is a destination for conflict gold, according to multiple Panel of Experts reports, and it can do more to ban cash transactions for gold and to implement other reforms that would have an impact.

These steps would reinforce the calls for transparency and bring them to the attention of the highest levels of government. This would be an important conflict prevention tool, informing the heads of state that these are some of the key reasonable steps that citizens and international partners are demanding. Then they can take action to prevent much wider crisis with disastrous human impacts.

Thank you again for the opportunity to brief the council, Ambassador Chalet, and for raising awareness about this region.

