



## Targeted Network Sanctions in Africa and the COVID-19 Pandemic

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Over the past month, there have been calls for the United Nations, the United States, and the European Union to ease sanctions around the world in the wake of the COVID-19 pandemic.<sup>1</sup> However, calls for blanket rollbacks miss crucial differences in the types of sanctions tools being implemented and their intended purposes. Comprehensive sanctions programs in countries like North Korea and Iran significantly differ from targeted network sanctions in countries like South Sudan and the Democratic Republic of Congo (DRC). Comprehensive sanctions are designed to constrain entire economies as a way to pressure regimes. Network sanctions, however, are laser-focused on corrupt government officials, their business networks, and their international collaborators.

In countries like the DRC and South Sudan, targeted network sanctions are not undermining efforts to fight COVID-19. In fact, maintaining and even enhancing some of these targeted measures could be a deterrent for anyone diverting critical resources from public health for personal gain. In East and Central Africa, systematic corruption is already a primary driver of conflicts and humanitarian crises. Foreign aid and government budgets allotted for public health and life-saving services are routinely siphoned off by ruling elites and their networks instead of benefiting the populations for which they are intended. For example, in March, a former government health minister in the DRC was sentenced for embezzling more than \$400,000 earmarked to fight the Ebola outbreak.<sup>2</sup> The official and his financial advisor forged receipts and used a fake company to siphon off emergency funds into their own accounts. The current pandemic makes it even more urgent to ensure that money meant for health services does not fall prey to corruption.

African countries need international emergency assistance in the form of medicine, personal protective equipment, testing kits, ventilators, food aid, and other vital resources, and that assistance should not be diverted or delayed by corrupt actors. Financial pressures aimed at corrupt networks siphoning off public money can act as a crucial deterrent to the systematic looting that, if unchecked, will inevitably undermine efforts to provide life-saving services and supplies to tackle the COVID-19 outbreak.

### The Pitfalls of Maximum Pressure

The calls for easing sanctions on Iran for humanitarian reasons are understandable: Human Rights Watch reported in October that sanctions are hurting the Iranian health sector.<sup>3</sup> US sanctions against the Iranian regime are expansive, aimed at bringing about maximum pressure on the country's leadership. They have been imposed against Iran for decades and



vastly increased over the last fifteen years, targeting the military, the nuclear industry, the energy sector, the banking sector, the Central Bank of Iran, the shipping industry, the insurance sector, and other areas of the Iranian economy.<sup>4</sup> United Nations sanctions are also comprehensive; they are focused on the nuclear program, the military, and the banking sector, and include travel bans and arms embargoes.<sup>5</sup> Most of the UN's sanctions were lifted in 2016, as part of the Joint Comprehensive Plan of Action, but their impacts remain.

Such comprehensive sanctions have taken a considerable toll on the Iranian economy, and the health sector, in particular, has struggled to obtain proper equipment and medicine.<sup>6</sup> While there are carveouts for humanitarian assistance and importing medicines and medical equipment, just because the carveouts or licensing opportunities exist does not mean that companies will choose to use them. The expansive nature of the Iran sanctions program has made it difficult for the health sector to function. Reports have shown that the health sector has struggled to import basic necessities,<sup>7</sup> simply because sanctions have crippled the supply chain and the supply of foreign currency, which is needed to purchase medical supplies from foreign countries. Still, the World Health Organization has been able to deliver several shipments of life-saving supplies to Iran over the past two weeks despite the sanctions.<sup>8</sup>

## Targeting Kleptocratic Networks is Crucial

The comprehensive sanctions model deployed in Iran, however, is distinct from the targeted network sanctions deployed against violent kleptocracies like those in South Sudan and the DRC. The term “network sanctions” refers to sanctions that freeze the assets of not just one individual, but also the individuals or entities who act on their behalf or provide support for the primary individual's activities. In South Sudan and the DRC, network sanctions are used to target corrupt leaders with strong ties to the international finance system. Targeted network sanctions can be highly effective when designed, implemented, and enforced thoughtfully, transparently, and—when possible—multilaterally.

In South Sudan, for example, the sanctions implemented against leaders are designed to impact those individuals' financial holdings and their decision-making processes, thereby providing leverage for broader diplomatic efforts. The sanctions are not aimed at or intended to affect the people of South Sudan, and they should not hamper any public health emergency responses in the country.

The differences between Iran-style sanctions and targeted sanctions against corrupt leaders are important. Network sanctions, particularly the recent ones against networks in South Sudan and the DRC, have been part of a larger push by the United States and the international community to help end systemic corruption, stop violence, and bring human rights abusers to justice. According to a recent study conducted by The Sentry on sanctions effectiveness in sub-Saharan Africa, network sanctions targeting those responsible for threats to peace and security are even more effective than comprehensive sanctions applied broadly against an entire country.<sup>9</sup>

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With the threat of a possible coronavirus epidemic within the country, South Sudan's leaders must be incentivized to utilize state funds for public health instead of for personal profit.

It would be counterproductive to consider lifting these types of targeted network sanctions at this time. There is a fragile peace in South Sudan,<sup>10</sup> thanks in large part to anti-money laundering measures combined with targeted network sanctions that have pressured key leaders to sign agreements and not go back to war. The formation of the national unity government is a momentous and positive step in the peace process. Rolling back sanctions and other financial



pressures now may threaten that peace, making a return to widescale violence and war more profitable and attractive. With the threat of a possible coronavirus epidemic within the country, South Sudan's leaders must be incentivized to utilize state funds for public health instead of for personal profit, something that they have not done to date.

Likewise, in the DRC, targeted sanctions on senior officials, military officers, and international commercial facilitators close to former President Joseph Kabila, together with Congolese civil society protests, helped pressure Kabila to not change the constitution and run for a third term. Although the elections were clearly fraudulent, mass post-election violence was averted, and the change in presidency marked a first step in the decades-long battle to counter kleptocracy and state capture in the DRC. Some initial governance reforms have begun, though there is a long, difficult road ahead in the DRC. The pandemic will only add to the existing challenges in the country.

While it is clear that more emergency COVID-19 aid is needed in South Sudan and the DRC to help avert major humanitarian disasters, funding allocated towards medical or health disasters in violent kleptocracies in sub-Saharan Africa can be completely gutted by systemic corruption. Anti-corruption activities, including sanctions actions, can help efforts to address public health emergencies.

## Ensuring Humanitarian Assistance is Not Disrupted

African countries need international emergency assistance in the form of personal protective equipment, testing kits, ventilators, and other vital resources. None of the targeted network sanctions implemented in Africa should prohibit this vital emergency assistance. There are also processes in place to ensure that this emergency aid is not stalled.

Financial institutions at the frontline of implementing these sanctions must be cognizant of the crucial role of health services during the current pandemic. They should ensure uninterrupted and expedited service to humanitarian and health organizations so they may continue their much-needed work. Regulators should consider issuing guidance to financial institutions around the world on humanitarian assistance, urging banks to prioritize facilitating payments for coronavirus-related medical efforts where applicable.

Targeted network sanctions should not have a negative, hampering impact on countries' abilities to respond to COVID-19. In fact, aggressive corruption investigations and targeted sanctions in response to corruption in the health sector could play a role in deterring large-scale corruption in the context of the COVID-19 response. While governments should be mindful about imposing new financial tools at this time to ensure the free flow of medical equipment, investigative work by governments and others into possible corruption activities should robustly continue. Where there is evidence of disruption or embezzlement of COVID-19-related assistance, sanctions and other pressure tools should be utilized. In the meantime, rolling back the existing sanctions and anti-money laundering efforts could derail progress already made, and may cause significant backsliding of anti-corruption efforts for years to come. That backsliding will cost lives, both during the pandemic and beyond.



## Endnotes

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- 3 Human Rights Watch, "Iran: Sanctions Threatening Health," October 29, 2019, available at: <https://www.hrw.org/news/2019/10/29/iran-sanctions-threatening-health>
- 4 For more information on the US sanctions program, see OFAC's Iran sanctions page: US Department of the Treasury, "Iran Sanctions," available at: <https://www.treasury.gov/resource-center/sanctions/programs/pages/iran.aspx> (last accessed April 2020).
- 5 For more information on the UN Security Council sanctions programs, see the UN sanctions page: United Nations Security Council, "Sanctions," available at: <https://www.un.org/securitycouncil/sanctions/information> (last accessed April 2020).
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- 8 World Health Organization, "WHO delivers new shipment of medical supplies for COVID-19 response in Islamic Republic of Iran," March 23, 2020, available at: <http://www.emro.who.int/irn/iran-news/who-delivers-new-shipment-of-medical-supplies-for-covid-19-response-in-islamic-republic-of-irann.html>
- 9 Hilary Mossberg, "Beyond Carrots, Better Sticks," *The Sentry*, October 2019, available at: <https://thesentry.org/reports/beyond-carrots-better-sticks/>
- 10 Colin Dwyer, "South Sudan Forges Unity Government, Renewing Fragile Hope For Peace," *NPR*, February 22, 2020, available at: <https://www.npr.org/2020/02/22/808471587/south-sudan-forges-unity-government-renewing-fragile-hope-for-peace>

