VIEWPOINT

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What Is the Link Between COVID-19 and Illicit Financial Flows?

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In this article, the authors consider how illicit financial flows affect countries' economic stability and limit their ability to respond to crises like the coronavirus pandemic. While they note that the pandemic may increase illicit financial flows, they also suggest that COVID-19 may provide the impetus for countries to take effective action against a range of financial crimes.

As policymakers address the COVID-19 pandemic and the related economic crises, one question that must be answered is why so many countries' healthcare systems are unable to adequately respond to the crisis. Research shows that corruption in the health sector alone accounts for over $500 billion annually — that's higher than the price tag for worldwide universal health coverage![1] Corruption, like all forms of illicit financial flows (IFF), affects the economic stability of countries by draining foreign exchange reserves, lowering tax receipts, and reducing government revenue. IFFs divert resources from public spending, encourage criminal activity, and undermine the rule of law and the political stability of countries.[2] Research also shows that a lack of fiscal transparency leads to the mismanagement of public finances, weakened governance, and increased corruption.[3] This article explores the actions that can be taken to more effectively counter all forms of IFFs against the backdrop of the COVID-19 crisis.

This article consists of six sections. Section I offers a brief history of pandemics and civilization's response thereto. Sections II, III, and IV highlight the impact of COVID-19 on government budgets, show the links between the battle against IFFs and the efforts to fight COVID-19, and illustrate how the crisis can create new opportunities to gain political support to counter IFFs. Section V demonstrates how the inability of governments to address transnational organized crime, specifically the illegal trade in wildlife, may have inadvertently created an environment conducive to the spread of the COVID-19 virus and how lockdown measures may inadvertently increase IFFs. Section VI shows how combating IFFs can alleviate some of the existing budgetary pressures and offers recommended actions with a particular focus on the needs of developing countries. Section VII offers concluding comments.

I. Introduction: Pandemics in History

Mankind has faced epidemics and pandemics throughout history. The earliest recorded example dates back some 5,000 years. In A.D. 165-180, the

[1] "The Ignored Pandemic: How Corruption in Healthcare Service Delivery Threatens Universal Health Coverage," Transparency International (Mar. 19, 2019).

[2] IMF, "The IMF and the Fight Against Illicit Financial Flows" (2020).

[3] IMF, Fiscal Transparency Handbook (2018), at 6.

Antonine Plague laid waste to the Roman army and may have killed over 5 million people. The Plague of Cyprian (A.D. 250-271) is estimated to have killed 5,000 people a day in Rome alone, while the Plague of Justinian (A.D. 541-542), also known as the bubonic plague, marked the start of the decline of the Byzantine empire with estimates suggesting that up to 10 percent of the world's population died. The Black Death (1346-1353) wiped out nearly half of Europe's population and killed millions more when it resurfaced centuries later in London, Marseille, and Moscow. In the 20th century, the Spanish Flu (1918-1920) killed an estimated 50 million people, and the Asian Flu (1957-1958) accounted for 1.1 million deaths.[4] The latest pandemic to hit civilization is COVID-19. At the time of this writing, it had already accounted for close to 200,000 deaths globally and projections suggest it may claim up to 1 million people.[5]

Scientific evidence regarding the exact cause of many of these diseases is lacking. Theories on the source of the novel coronavirus range from a laboratory leak to infected farm animals or the consumption of wildlife at wet markets in China.[6] Whatever the reasons for the outbreaks, since the Middle Ages, governments have taken action to fight pandemics from imposing quarantines, restricting movement, and banning the consumption of wildlife goods to introducing stimulus programs, including by means of tax systems.

Much like the severe economic hardship inflicted on populations by epidemics in the past, the COVID-19 pandemic has pushed the world into a recession with the economic impact expected to be far worse than the financial crisis of 2008.[7] Economic policies during this time are focused on ensuring liquidity and solvency, while tax policy initiatives include a whole range of measures from tax incentives to tax waivers.[8] The tax measures that have been suggested include adjusting advance payments on the basis of a revised expected tax liability; waiving or deferring employer and self-employed social security contributions, as well as payroll taxes; deferring payments of VAT, customs, and excise duties for imports; speeding up VAT refunds; introducing special tax exemptions for those working overtime in the health sector; and increasing the generosity of loss carryforward provisions. Although these policies are aimed at ensuring liquidity now, provision also needs to be made for fiscal consolidation post-crisis.

II. Battling IFF and the Link to COVID-19

There are various definitions of IFFs. Broadly, however, IFFs are flows generated by methods, practices, and crimes that aim to transfer financial capital out of a country in contravention of national or international laws.[9] IFFs have bled resources from developing countries for decades and, while the exact size of IFFs and their effect on revenues is contested, few would deny that IFFs are large, increasing, and that annual revenue losses for developing countries can range from $50 billion to $100 billion — money that could be used to transform the health systems in these countries and help them counter COVID-19 more effectively.[10]

The use of opaque corporate vehicles to conceal the true beneficial ownership of assets is very much at the center of this debate. These vehicles can take different forms including shell companies, trusts, limited liability partnerships, and foundations, which are widely used to launder the proceeds of crimes and evade taxes.

The Financial Action Task Force (FATF) defines beneficial ownership as "the natural

[4] Owen Jarus, "20 of the Worst Epidemics and Pandemics in History," LiveScience, Mar. 20, 2020; and Paul Slack, "Responses to Plague in Early Modern Europe: The Implications of Public Health," 55(3) *Social Research* 433-453 (1988), at 434.

[5] Worldometer, "Coronavirus."

[6] Robert Kuznia and Drew Griffen, "How Did Coronavirus Break Out? Theories Abound as Researchers Race to Solve Genetic Detective Story," CNN, Apr. 6, 2020.

[7] John Bluedorn, Gita Gopinath, and Damiano Sandri, "An Early View of the Economic Impact of the Pandemic in 5 Charts," IMF Blog, Apr. 6, 2020.

[8] OECD, Emergency Tax Policy Responses to the Covid-19 Pandemic" (accessed on Apr. 7, 2020).

[9] OECD, "Illicit Financial Flows From Developing Countries: Measuring OECD Responses" (2014). Bernd Schlenther, "Viewing Illicit Financial Flows Through the Lens of a Wicked Problem," ATI Working Paper WP19/02 (2019) (noting that "international organisations such as the IMF and OECD have taken a pragmatic approach in addressing IFFs by focusing on the 'how to' aspects rather than getting stuck on the definition").

[10] *See* Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" (Mar. 3, 2020) (estimates IFFs from trade misinvoicing alone between and among 135 developing countries and 36 advanced economies, at $8.7 trillion for 2008-2017).

person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement."[11] Access toCOVID-19 Fiscal Stimulus Measures in China's Belt and Road Countries accurate and up-to-date information on beneficial owners is key to countering all forms of IFF. While the FATF and the OECD Global Forum on Transparency have made progress, much remains to be done to improve the situation, especially in developing countries. The Luanda Leaks — the latest in a series of the financial scandals that the International Consortium of Investigative Journalists has uncovered — suggest that wealthy, politically exposed people continue to use this lack of transparency to hide their money offshore.[12] In a 2015 panel report, a joint committee from the African Union and the U.N. estimated suggested that Africa was losing $50 billion to IFFs every year.[13] Yet many African countries have been slow to heed the recommendations made in that report, largely because of a lack of political will at the national level. COVID-19 could change that.

At the domestic level, the potential sources of information on IFFs include company registries, land registries, tax data, stock exchanges, financial institutions, designated nonfinancial businesses and professions, and other service providers. Yet in most countries, these information sources are incomplete, out of date, and not fully exploited because legal and technical barriers impede efforts to combine the information into a single, easily usable, and publicly available source.

The FATF and the OECD global forum have been working to develop international transparency standards. But despite their efforts to educate and provide recommendations, few countries fully meet these standards. The 2019 FATF mutual evaluation of its 25 core members found that 11 were largely compliant; 12 were partially compliant; and two were noncompliant[14] — a pattern that is similar to that uncovered by the OECD global forum's peer reviews for its 120 members. Developing countries in particular appear to be struggling to implement the FATF recommendations. The amount of foreign assets under dispute is massive. A report on 240 international asset recovery cases initiated between the 1970s and 2010s found the mean case value was $450 million, and the median case valued was $22 million.[15] Although the FATF's recommendations provide a framework for asset tracing, recovery, confiscation, and repatriation, countries have recorded limited progress in establishing well-functioning asset recovery units. In the absence of such units, more often than not, the source (or victim) countries do not generate formal requests for legal assistance or accompanying evidence.

While most developing countries have a range of company ownership registries, they are often hosted by different agencies that fail to cooperate and are underresourced, which prevents in-depth verification and regular updates. Interagency cooperation tends to be weak. Penalties for noncompliance are puny and enforcement lacking. Also, many developing countries do not have the technical platforms that would allow them to use the data they do collect to track and identify sectors, groups of individuals, and offshore locations that are most prone to IFFs.

Clearly, this lack of a robust approach for identifying the ultimate owners of companies is a problem for government, especially tax and custom authorities and financial intelligence units, but it is also a problem for multinational enterprises that operate in developing and emerging countries. They need to know who owns and controls their subcontractors in any given country: Are they merely fronts for politically exposed persons, or are they genuine companies engaged in legitimate business

[11] FATF, "FATF Guidance: Transparency and Beneficial Ownership" (2014), at 8.

[12] International Consortium of Investigative Journalists, "Luanda Leaks" (2020).

[13] AU/ECA Conference of Ministers of Finance, Planning and Economic Development "Illicit Financial Flows: Report of the High Level Panel on Illicit Financial Flows From Africa" (2015).

[14] FATF, "Best Practices on Beneficial Ownership for Legal Persons," at para. 10 (Oct. 2019).

[15] Mathis Lohaus, "Asset Recovery and Illicit Financial Flows From a Developmental Perspective: Concepts, Scope, and Potential," 2019(12) *U4* (2019). The World Bank and U.N. Office on Drugs and Crime created the Stolen Assets Recovery Initiative in 2007. According to its data, OECD member states froze $2.6 billion between 2006 and 2012, but returned just $423.5 million to the respective countries of origin.

activities? This shared interest should make it easier to move forward, especially at a time when governments are putting in place massive procurement projects in the health sector and enacting billion-dollar stimulus packages to counter the effects of COVID-19. We need to prevent these funds from ending up in offshore accounts of questionable individuals, which is of particular concern to the development agencies that will provide the bulk of this funding.

Every crisis opens up new possibilities for reforms that were previously impeded by a lack of political will, cultural barriers, interagency competition, or lobbying efforts on behalf of those who gained most from weak enforcement of the rules. COVID-19 is no exception, and the scale of this crisis may be a powerful force that can help break down barriers to counter IFFs and enable governments, especially in developing countries, to implement the actions that have been languishing on the table for decades.

III. COVID-19 and Government Budgets

COVID-19, along with an increase in the value of the dollar and an oil price war between Saudi Arabia and Russia, has severely affected developing and emerging economies. Further, cumulative capital outflows from developing countries since January 2020 are twice that seen during the 2008 financial crisis (an estimated $83 billion outflow of funds from emerging markets in 2020).[16] Countries that are highly dependent on trade (both developed and developing economies) and commodity exporters are projected to be most negatively affected by the slowdown in economic activity associated with the novel coronavirus.

The budgetary impact of the pandemic is seen in the increased direct costs of responding to the public health emergency (for example, expanding hospital and laboratory capacity and purchasing medical supplies); increased indirect costs caused by changes in economies (such as job losses, diminished incomes, and collapse of industry sectors); and lower revenues.[17] The net effect is pushing developing countries' budget deficits into the double digits. Governments are severely challenged at a time when they hope to provide subsidies and liquidity to the private sector to compensate for the fall in demand.

Even before the outbreak of COVID-19, developing countries already faced immense resource demands to achieve IMF development goals by 2030.[18] For example, before the crisis, forecasts put economic growth in South Africa at 0.8 percent for 2020, following 0.7 percent growth in 2019.[19] Unemployment was effectively around 40 percent, and more than 50 percent of young South Africans were unemployed. Business confidence at the start of 2020 was at its lowest level in 20 years. Now, the GDP forecast has been revised down by 6.1 percent, with economic "growth" expected to fall to -2.9 percent or less. Efforts to boost revenues, improve spending quality, and better manage debt burdens in developing countries — especially in the least-developed countries — will be even be more critical to meeting development goals than before the crisis.

IV. COVID-19 Creates Opportunity for IFFs

The response to COVID-19 is likely to open up new opportunities for IFFs as governments and international agencies put in place large government funding programs, not just to boost health systems, but also to sustain the economy. The size of these programs — between $1 trillion and $2 trillion — and the speed of implementation may preclude robust oversight and inhibit transparency, factors that will be exploited by those who engage in bribery, kickbacks, and contract malfeasance. Also, the foreign aid associated with relieving the worst of the pandemic may be subject to misappropriation. A large share of the misallocated funds will be laundered and moved through the international financial system. Meanwhile, transnational criminal organizations will continue to engage in money laundering and other illicit financial

[16] James K. Jackson et al., "Global Economic Effects of COVID-19," Congressional Research Service (Apr. 24, 2020).

[17] Legislative Analyst's Office, "State Budget Effects of Recent Federal Actions to Address COVID-19" (2020).

[18] IMF, "Regional Economic Outlook Sub-Saharan Africa Recovery Amid Elevated Uncertainty," at 21 (Apr. 2019).

[19] Ray Hartley and Greg Mills, "Handing Over Authority to Securocrats Has Made Ramaphosa's 'Heavy Cross' Impossible to Bear," Daily Maverick, Apr. 12, 2020.

activity to maintain their criminal supply chains.[20] The FATF has already flagged an increase in financial fraud and exploitation scams targeting innocent victims and vulnerable individuals as well as the threat of COVID-19-related insider trading.[21] U.K. law enforcement agencies, including the National Crime Agency, have also recognized these dangers.[22]

In March 2020 Europol Executive Director Catherine De Bolle said:

> While many people are committed to fighting this crisis and helping victims, there are also criminals who have been quick to seize the opportunities to exploit the crisis. This is unacceptable: Such criminal activities during a public health crisis are particularly threatening and can carry real risks to human lives. That is why it is relevant more than ever to reinforce the fight against crime.[23]

More generally, a study conducted by Vitor Gaspar, Paolo Mauro, and Paulo Medas (all associated with, but not speaking on behalf of, the IMF)[24] shows that more corrupt countries collect less tax as people pay bribes to avoid them. This includes mechanisms such as specifically designed tax loopholes in exchange for kickbacks. Taxpayers' perception of corruption within their governments may lead to increased tax evasion as is reflected in available statistics that show that governments with less corruption are able to collect 4 percent of GDP more in taxes than countries at similar levels of economic development but with higher corruption levels. The analysis also indicates that corruption distorts how governments use public money. Less corrupt countries dedicate a higher share of resources to social spending (for example, in countries with high levels of corruption, budget allocation for healthcare and education is up to one-third less than in countries with less corruption). Further, countries with more corruption overpay for building roads and hospitals; their school-age students also have lower test scores. Importantly, however, the study shows that strong government action can lead to higher revenues and reduce corruption significantly.

Fighting corruption requires mustering political will. Ensuring lasting improvements also requires developing good institutions to promote integrity and accountability throughout the public sector.[25] Over and above institutional improvements, however, countries must promote transparency and accountability, encourage and protect whistleblowers, and build a vibrant civil society. These steps are critical because weak institutions dominated by patronage networks can fail to detect outflows that end up in offshore jurisdictions, whether through corruption, money laundering, tax evasion, or avoidance strategies.

Gbewopo Attila[26] describes three links between corruption and tax evasion:

> 1) corruption decreases the public revenues available for "productive public investments in such areas as roads, health and education";
>
> 2) corruption reduces growth because it worsens distortions in the tax system; and
>
> 3) potentially, corruption can also have a countervailing impact — "by allowing economic agents, in particular private companies to reduce their fiscal burden, corruption can have an indirect 'positive effect' on growth" — if those agents devote the unpaid tax revenue to productive investments.

In response to high levels of fraud, waste, and abuse in the healthcare sector that totaled ZAR 39 billion (approximately $2.15 billion) a year — or 17 percent of the national health budget, which is

[20] Jodi Vitorri, "Illicit Financial Flows Will Be Easier During the Coronavirus Pandemic," Carnegie Endowment for International Peace (Apr. 4, 2020).

[21] FATF, "Statement by the FATF President: COVID-19 and Measures to Combat Illicit Financing" (2020).

[22] Lisa Lee Lewis and Weronika Sowa, "FATF Statement on the Global Pandemic and Measures to Combat Illicit Financing," Norton Rose Fulbright Financial Services blog, Apr. 2, 2020.

[23] EUROPOL, "How Criminals Profit From the COVID-19 Pandemic" (Mar. 27, 2020).

[24] Gaspar, Mauro, and Medas, "The True Cost of Corruption Is Higher Than You Might Realise," World Economic Forum Blog (Apr. 11, 2020) (published in collaboration with the IMF Blog).

[25] Schlenther, "The Impact of Corruption on Tax Revenues, Tax Compliance and Economic Development," 15(2) *eJournal for Tax Research* 220 (2017).

[26] Attila, "Corruption, Taxation and Economic Growth: Theory and Evidence," Centre d'Etudes et de Recherches sur le Developpement International Working Paper 2008.29 (2008).

the third largest item of government expenditures — the South African government launched a Health Sector Anti-Corruption Forum in 2019 to address, among other things, the "risk arising in supply chain processes, including medical products, pharmaceuticals and medical equipment."[27] According to South African President Cyril Ramaphosa, because of the large transactions, the sector experiences "fraudulent orders, tender irregularities, and fiscal dumping by government departments through nongovernmental organizations, bribery, and over-pricing among other risks."[28]

South Africa is not alone in this regard. Worldwide, an estimated $450 billion to $500 billion of the $7.35 trillion spent on healthcare annually is lost to fraud and corruption.[29] Surveys suggest that some 45 percent of global citizens believe the health sector in their country is either corrupt or very corrupt. Globally, 1.6 percent of the annual deaths of children under age 5 — more than 140,000 deaths each year — are, in part, a result of corruption. It is widely accepted that chronic government underfunding, insufficient regulatory oversight, and lack of transparency in governance breed corruption and reduce the quality of healthcare. The quality of governance is therefore a key indicator of how public money is spent on healthcare.

Various strategies exist for reducing corruption and making the socioeconomic environment less conducive to malfeasance. These include adequate financing and oversight of the public healthcare system, ensuring social accountability, and strengthening the institutions that are tasked with prosecuting those responsible for IFFs.[30]

V. Illegal Wildlife Trade and COVID-19

Healthcare frauds aren't the only form of IFFs that may have a connection to COVID-19. Perhaps surprisingly, illegal wildlife trade may have played a role in the spread of COVID-19 and may illustrate the unintended effects of the multitude of stay-at-home orders across the globe.

The pangolin, sometimes referred to as the scaly anteater, holds the unfortunate honor of being the most trafficked mammal on earth.[31] More than 1 million have been taken from their habitats in the past decade resulting in an estimated 80 percent decline in the number existing in the wild today. Their skins are traded as exotic leather; their scales are used in traditional medicine; and their meat is considered a luxury food. Wildlife crimes, such as wildlife trafficking, are transnational crimes that entail violations of tax and customs laws as well as health regulations. Organized criminal groups are able to exploit global trade connectivity through sophisticated concealment methods in contravention of international conventions and domestic legislation. Illegal wildlife trade is highly lucrative, with organized criminal groups attracting annual profits estimated at between $7 billion and $23 billion. These proceeds typically evade taxation and end up being laundered through the international financial system.

The outbreak of COVID-19 has provided an impetus to address the illegal wildlife trade. On February 24 the 16th meeting of the Standing Committee of the Nationals People's Congress moved to ban the consumption of wildlife meat in China. The possibility that the pangolin served as an intermediary host for the novel coronavirus also provides an opportunity for customs administrations and other stakeholders to run effective awareness campaigns that are premised on the mandate of customs' departments to protect health and safety while facilitating trade. On January 21 the FATF emphasized the need for cooperation among (and within) countries by announcing it will make sure that "every Financial Intelligence Unit in the world is aware of this criminal activity and what they can do to stop it."[32]

The steps that the Chinese government has taken illustrate the importance of recognizing the potential health risk resulting from illicit trade of

[27] "Justice System Closes Health Sector Corruption," The Presidency of the Republic of South Africa (2019).

[28] *Id*.

[29] "The Ignored Pandemic," *supra* note 1.

[30] National Academies of Sciences, Engineering, and Medicine et al., *Crossing the Global Quality Chasm Improving Health Care Worldwide* (2018).

[31] United Nations Office on Drugs and Crime, "Enhancing the Detection, Investigation and Disruption of Illicit Financial Flows From Wildlife Crime" (2017), 11-12.

[32] FATF, United for Wildlife Taskforce Meeting, St James's Palace, 21 January 2019 (2020(b)).

wildlife commodities. Related concerns may lessen demand and reduce the opportunity for organized criminal networks to benefit from wildlife crimes. However, how countries go about implementing COVID-19 lockdown measures may have the opposite effect. If commodities like cigarettes and alcohol are classified as nonessential items and sales are prohibited, it plays into the hands of organized crime syndicates; trade in these communities is driven underground with the net effect of enriching the illicit gains and reducing tax revenue.

VI. New Opportunities to Fight IFF

Responding to the COVID-19 crisis will require a significant increase in public expenditures. At the same time, the crisis will lead to a fall in tax revenues, leading to growing public finance deficits. Even before this crisis, many developing countries faced excessive exposure to both public and private debt, requiring them to allocate a significant part of government revenue to interest payments. For example, in 2016 Angola spent nearly six times more servicing its debt than on its public healthcare, and Ghana spent almost 40 percent of its revenues on debt servicing.[33] That same year, throughout sub-Saharan Africa, more money was paid to creditors abroad than was spent on doctors and clinics at home. Effectively countering IFFs can help shore up public revenues. It may offer a quicker revenue boost than broadening the tax base, although that will be necessary in the medium to long term. It may also be an option that would gain greater popular support both at home and abroad.

What can developing countries and the international community do in the coming months to help developing countries gain better access to information on beneficial owners and use this to counter IFF more effectively? Transparency in corporate structures and government actions is essential, and therefore steps must be taken to promote public sector integrity, improve asset recovery, and ensure interagency and international cooperation.

[33]There are also seven sub-Saharan countries that are unable to service their debt; these countries are fragile states that have been severely affected by commodity price slumps and include Chad, Mozambique, and the Republic of Congo. *See* IMF, *supra* note 18, at 12.

The suggestions below represent a range of actions. Some will take more time than others; some will be more relevant for particular countries and less relevant, or even not relevant at all, for others; some require additional resources; but many are low-hanging fruit, and others require more of a cultural shift rather than economic funding. All the recommendations must be adapted to fit the specific economic, social, and political circumstances of each country. The key for making progress is political will, and the COVID-19 crisis could be the strong push that some politicians need to get on board.

With that noted and in the context of the foregoing discussion, the recommendations are:

- Establish and improve existing national beneficial ownership registries by devoting more resources to updating and verifying the existing information in these registries.
- Strengthen the connection between company registries, land registries, vehicle registries, and securities and stock exchange registries. Remove the legal and regulatory barriers to cooperation among these registries, and provide all law enforcement agencies with quick access to the combined information base. More generally, ensuring greater interagency cooperation between tax authorities, customs agencies, financial intelligence units, and auditor-general departments is critical.
- Use modern technology — including artificial intelligence, blockchain, and data analytics — to build digitalized and centralized ownership registries. These technologies are already being used to improve compliance in a wide range of arenas such as customs controls and tracking trade in illicit goods. Technology experts can easily adapt those tools to counter IFFs. Organizations like the World Bank and the African Tax Administration Forum could play a key role here: encouraging the technology providers to develop standardized platforms that can be adapted to the needs of each country.
- Place stronger obligations on service providers and legal professionals, such as requiring them to collect a wider range of information and conduct more in-depth, risk-based verification of information when

appropriate. Enforce these obligations with stronger sanctions for noncompliance including discontinuing a license to operate as a service provider in a given field (for example, revoking a license to practice law or to provide internet services) and the possibility of criminal charges.
- Put in place regulations that require those bidding for public procurement contracts to provide complete information regarding the ultimate beneficial owners of the company. Conduct real-time audits of companies that undertake public contracts.
- Enact legislation to put in place "unexplained wealth orders," which would require that challenged high-net-worth individuals to explain any discrepancies between their declared incomes and their assets. Likewise, enact provisions that require politically exposed persons to declare their wealth when they take and leave office.
- Limit the scope and use of attorney-client privilege to prevent it from being used to intentionally frustrate investigations by financial intelligence units and tax authorities aimed at countering money laundering and tax evasion. At the same time, introduce strong sanctions against legal professionals who are found to have abused attorney-client privilege by claiming blanket privilege over all their clients' documents and communications.
- Create a high-level IFF coordinating body that reports directly to the country's top executive and would provide an annual report to the legislature regarding the progress made in interagency cooperation and improvements in the operation of beneficial ownership registries.

More generally, the WU Tax and Good Governance Project has shown that ineffective interagency cooperation is a key weakness for several African law enforcement agencies. Tackling IFFs requires the participation of various agencies including tax administrations, customs officials, financial intelligence units, anti-corruption agencies, financial institutions, the judiciary, and law enforcement. In many sub-Saharan African countries, there is insufficient cooperation among these institutions with significant duplication of responsibilities and limited sharing of information. Governments must do more to remove the legal, practical, and cultural barriers to cooperation with helpful measures including enacting legislation to allow information sharing and implementing special training programs.

In parallel to efforts at the domestic level, the international community could consider the following:

- broadening the FATF's definition of what constitutes a tax crime;
- using the Platform for Collaboration on Tax to help speed up existing capacity-building programs focused on improving the technical skills of financial intelligence units and tax administrations;
- implementing target 16.4 of the U.N.'s sustainable development goals, which calls on countries to "significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime" by 2030;
- working closely with the private sector, the World Bank should put in place a program to develop a technical platform that developing countries could use to track ownership and identify trends in the misuse of corporate vehicles in real time; and
- regional groups such as the African Tax Administration Forum could explore linking digital national beneficial ownership registries to provide continent-wide coverage.

VII. Conclusion

The COVID-19 crisis offers a unique opportunity to counter all forms of IFFs more effectively. The goal is clear: Recover the lost millions so that governments in developing countries can commit these funds to strengthen health services. As part of the effort, governments could commit to spending 50 percent of whatever they recover on healthcare.

As many have said: Never waste a good crisis! ■