

**Testimony of Richard M. Nephew
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**Before the Senate Foreign Relations Committee
At a Hearing Titled IMPLEMENTATION OF THE U.S. ANTI-CORRUPTION STRATEGY
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Chairman Cardin, Ranking Member Risch, members of the Committee, thank you for holding this hearing. I am honored to testify about how the State Department is implementing the U.S. Strategy on Countering Corruption.

While the Strategy is a guiding document for the Executive Branch, we recognize the key role Congress plays in fighting corruption. The Department appreciates your partnership, showcased recently in our consultations concerning the Combating Global Corruption Act that was passed last year. I am confident that the final legislation will prove useful to the entire government in our common efforts to fight corruption, and I've already started engaging with our posts and international partners, who are tracking the legislation with interest.

Corruption saps economic growth, hinders development, destabilizes governments, undermines democracy, fuels transnational crime, contributes to irregular migration, and foments global instability and insecurity. Promoting integrity and accountability is foundational to advancing other foreign policy objectives, including supporting democratic renewal, advancing a foreign policy that benefits all Americans, leveling the playing field for American workers and businesses, and protecting U.S. national security. Fighting corruption internationally also protects the homeland from the corrosive effects of proceeds of corruption.

Tackling corruption benefits our international partners, too. Countering corruption creates pathways for fair and equitable access to resources and opportunities, impedes the endeavors of criminals and terrorists, and ensures our international partners' stability, sovereignty, and security.

While the United States has long been a leader in anti-corruption policy and practice, the Strategy demonstrates that we can find ways to improve our work. The Strategy gives us the tools to assess gaps in our activities and assistance, and to integrate the fight against corruption across the government.

The success of any strategy lies in its implementation and accountability for results. To that end, the State Department released our public implementation plan in September 2023 to outline ongoing and planned work under the Strategy's five pillars. I would like to briefly summarize those efforts.

First, we are better modernizing, coordinating, and resourcing our work. That includes making sure we have the teams and people needed to elevate this work; improving our analysis and understanding of how corruption manifests and effective strategies to address it, informed by the intelligence community and non-governmental experts; and ensuring that our embassies have access to the information they need to operate most effectively. We are building structures to enhance internal collaboration and to ensure that anti-corruption considerations are incorporated into senior decision-making. In fact, that is the purpose of my office, which has since its inception in 2022 deepened integration of anti-corruption efforts at the Department and engaged in frank conversations directly with civil society, the private sector, and foreign governments.

Second, we are working with partners across the interagency to curb illicit finance, including by strengthening international frameworks to prevent and detect money laundering as well as improving international capacity to implement the Financial Action Task Force recommendations. We also support international partner capacities on asset recovery and return.

Third, we promote accountability for corrupt actors. We are engaging with foreign governments to bolster their mechanisms for pursuing accountability. When corrupt actors operate with impunity, we leverage tools such as sanctions and visa restrictions to deny safe haven to them and the proceeds of their crimes, disrupting their activities and protecting the U.S. financial system from corrosive inflows of proceeds of corruption. We are also taking action to disrupt networks that enable corrupt actors. For example, in December 2023, President Biden

signed a presidential proclamation to expand the Secretary's visa restriction authorities to cover enablers of corruption and their family members, sending a strong message that the United States will not shy away from imposing consequences on those who engage in and facilitate corruption. The Department submitted a proposal to expand our authorities under Section 7031(c) of the State Appropriation to grant us the discretionary authority to publicly designate these enablers of corruption; I appreciate your consideration of this request and would be happy to discuss any questions. Likewise, we are committed to engaging and supporting non-governmental actors across civil society, media, and the private sector to expose corruption and pursue accountability.

Fourth, we are driving on these issues in multilateral fora. We promote implementation of treaty obligations and global standards to ensure that they are translated into action. When countries do not live up to their obligations, we raise it with them, and sometimes raise it publicly. We are committed to enhancing our engagement with multi-stakeholder initiatives like the Open Government Partnership, and we are continuing to elevate anti-corruption as a policy priority in other global and regional multilateral bodies. This past December, the United States became President of the UN Convention against Corruption Conference of the States Parties. Taking on this leadership role enables us to advance U.S. anti-corruption priorities, like championing the role of civil society, pushing for strong measures to promote accountability, and promoting law enforcement cooperation on asset recovery.

The fifth and final pillar of the Strategy addresses improving diplomatic engagement and delivering impactful foreign assistance resources to advance our policy goals. Consistent with prior fiscal years, the FY2025 Presidential Budget Request reflects the Administration's ongoing prioritization of anti-corruption investments to shore up institutional capacity gaps and legislative and policy points of vulnerability. We are raising corruption challenges with foreign governments and seeking out partnerships through our diplomatic engagement. My team convenes colleagues from across the interagency, both here in Washington and abroad, to discuss the corruption we're observing, identify concrete near-term objectives for mitigating it, and articulate plans to achieve these goals using the range of tools available to us.

The Department's foreign assistance in the anti-corruption space takes on a variety of forms. For example, our programs are training and supporting government actors on a range of anti-corruption functions, such as improving public financial management, bolstering anti-corruption institutions, and strengthening prosecutors and judiciaries to enhance oversight and accountability. We also provide support for investigative journalists and civil society to identify and expose corruption, advocate for increased accountability for corrupt actors, and advance transparency and anti-corruption reforms. We engage the private sector to identify where market-driven reforms align with our shared anti-corruption objectives.

Across our programming and policy engagement, it is clear that progress requires a bundle of reforms and persistent, collective efforts to achieve results, informed by an understanding of what works in particular contexts and an adaptive approach. The Department is committed to implementing the U.S. Strategy on Countering Corruption using every tool available. We are also committed to working with Congress to identify emerging challenges and ways to address them. I am deeply proud of the Department's efforts to do so holistically, particularly those to date in my tenure as Coordinator. I am also grateful for this Committee's bipartisan commitment to this issue. I look forward to answering your questions.