



Session Report

Please know you may design the structure of this report to better suit the session. It's important to capture the key outcomes and solutions proposed for the future.

Session Title: Deterring and Promoting Accountability for Corrupt Actors through Sanctions and Visa Restrictions

Date & Time: Wednesday, 07.12.2022, 8:30 am - 10:00 am GMT -5

Report prepared by: Andrew Sanders, Policy Advisor, U.S. Treasury Department

Moderated by: Richard Nephew, Coordinator on Global Anti-Corruption, U.S. Department of State

Panellists:

- Jonathan Bhalla – Sr. Governance Adviser, Illicit Finance and Anti-Corruption Dept; UK Foreign, Commonwealth & Development Office
- Christine Cline – Division Chief, U.S. Department of State/Bureau of International Narcotics and Law Enforcement
- Jonathan Dixon – Section Chief for Global Magnitsky, Office of Foreign Assets Control, U.S. Treasury Department
- Kush Amin – Legal Specialist/Legal Advisor, Transparency International Secretariat (TI-S)

Share the thematic focus of the session, its purpose and corruption risks?

This workshop featured a panel discussing the role, purpose and application of sanctions and visa restrictions as anticorruption tools. The panel covered the mechanics of these tools and how they fit into the broader context of U.S. and international anticorruption efforts. The purpose of the panel was to convey to civil society attendees the policy goals, benefits, and trade-offs of anticorruption deterrence and accountability tools, and illustrate the positive impacts these tools can have, as well as the challenges to their effective implementation.

Summary of panellists' contributions & discussion points (please be as detailed as possible)

The first question from moderator Richard Nephew was directed to Jonathan Dixon from OFAC. Nephew asked how OFAC identifies targets of Global Magnitsky (GloMag) sanctions, and what the U.S. Government is hoping to achieve by the use of sanctions. Dixon highlighted two different end goals for GloMag sanctions. First, they address the behavior of the individual, restricting their access to the international banking system and preventing them from moving or accessing their illicit gains. Second, GloMag designations have the aim of encouraging governments to pursue accountability through whatever means they have. Designations usually focus on countries where corruption is an endemic issue but there is appetite with systemic change.

Nephew directed his next question to Jonathan Bhalla from the UK FCDO, asking about the experience of setting up the UK's Global Anti-Corruption Sanctions (GACS), including the major challenges and how civil society played a role. Bhalla explained that, although the UK has a relatively mature sanctions apparatus, it had not previously been used to target corruption. Setting up the GACS involved first settling on a definition of "corruption." Next, the UK government had to define the scope of the program, including private sector vs. public corruption and foreign vs. domestic targets. Ultimately, the decision was made to focus only on foreign public officials, in line with the overall objective of targeting those who are undermining the ability of government to deliver for their people. Finally, they needed to design a regime that added value to law enforcement capabilities in other countries, avoiding a situation in which law enforcement could not recover assets because an individual was sanctioned. This issue was ultimately addressed through a general license.

Next, Nephew asked Christine Cline from the U.S. Department of State to discuss visa restrictions, including what they entail and when they are used, as well as what their effects have been and impediments to their use. Cline began by outlining the statutory authority for using visa restrictions as an anti-corruption tool, explaining that designations are mandatory if certain criteria are met. When a corrupt official is designated, not only they but also their family members are barred from entering

the United States, adding to the dissuasive power of the tool. Public designations have increased significantly in recent years, from only five in 2017 to 77 last year. Overall, designations have been well received by civil society and governments and have inspired positive reforms, including designees resigning from office, removal of individuals from public positions, and criminal investigations. The main impediment the State Department faces is the difficulty in obtaining the corroborated, credible evidence necessary for designations. “We need fire, not just smoke,” Cline said. This is why the work of civil society in uncovering corruption is so important, and the State Department will continue to support civil society in these efforts.

Kush Amin from Transparency International (TI) attested that the willingness of governments in recent years to work and speak with civil society organizations has been noticed and appreciated. This was in response to a question from Nephew asking Amin to describe his organization’s work in building roads between civil society and government on the use of deterrence tools, highlighting the impediments and risks of information sharing and what governments could do to improve information sharing. Amin explained that TI works with partners around the globe to investigate corruption, with the end goal of getting information into the hands of government decision-makers. When the U.S. government uses the tools of sanctions and visa restrictions to apply accountability in places where there otherwise is none, this can prompt a virtuous cycle wherein civil society is encouraged and motivated to do the work of uncovering corruption and bringing it to light. Amin highlighted just how important it is for civil society organizations to see the impact of their work and encouraged governments to provide information where possible. Finally, Amin appealed for governments to provide safe, secure channels for civil society to use in submitting information.

****The final question from moderator Nephew is covered in the section below on recommendations and follow-up actions****

The panel concluded with a round of questions from the audience, most of which concerned the criteria for applying and removing sanctions in various situations.

Key recommendations for the future and concrete follow-up actions

The moderated portion of the panel ended with a question aimed at all of the panelists regarding the role of sanctions and visa restrictions within the broader anti-corruption fight, and what other efforts are needed to complement these actions. Both Kush Amin and Jonathan Bhalla stressed that sanctions should be used alongside other tools and not in isolation. Bhalla held up the example of Ukraine as a model, where multilateral sanctions have been used in conjunction with diplomacy, military aid, and other tools. Amin also stressed the importance of multilateralism, which can preclude the possibility of designees skirting sanctions by simply moving money to other jurisdictions and currencies. Christine Cline spoke about how the State Department has focused on capacity building through foreign assistance, providing other countries with a range of criminal justice assistance and targeted work on anticorruption, including practical skills training and legal reform. Cline also mentioned that the United States is hosting the UN Convention against Corruption (UNCAC) Conference of the States Parties in 2023 and will aim to highlight the role that civil society plays in anti-corruption efforts. Finally, Jonathan Dixon spoke about Treasury's efforts to encourage countries to create their own Global Magnitsky-like programs and the importance of providing carrots to encourage behaviour change, and not only sticks.

Rapporteur's name and date submitted

Andrew Sanders, 09.12. 2022