



## 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: War and Corruption: Time to Take a Closer Look**

**Date:** 19 June 2024

**Time:** 5:30 PM - 7:00 PM (GMT +3)

### **Report prepared by:**

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### **Moderated by:**

Alyona Vandyшева

Coordinator of Anti-Corruption Education

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### **Panellists:**

- Vladislav Netyaev  
Head of Dirty Money stream  
Transparency International -- Russia (in exile)
- Eka Gigauri  
Executive director  
Transparency International -- Georgia
- Andrei Soshnikov  
Chief Editor  
Systema, RFE/RL's Russian Investigative Unit
- Oleksandr Baienkov  
Founder  
International and EU Sanctions Platform

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

**Thematic Focus:** The session highlighted the complex interplay between war and corruption, examining how corrupt practices can both drive and sustain conflicts. The discussion

highlighted the multifaceted ways corruption permeates governance, military operations, and societal structures during wartime.

**Purpose:** The primary aim was to explore the mechanisms through which corruption contributes to the onset and perpetuation of wars. The session sought to illuminate the systemic vulnerabilities that corruption creates within states, making them prone to conflicts and undermining their ability to manage and resolve these conflicts effectively.

**Corruption Risks:** The discussion underscored the heightened risks of corruption in the security and defense sectors during times of conflict. It was noted that the lack of transparency in public procurement and restricted access to critical government data exacerbate these risks. Such environments facilitate the abuse of power and create challenges for independent oversight and accountability .

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

*Vladislav Netyeav* presented an in-depth analysis of the nexus between corruption and warfare, with specific focus on the Russian context:

- **Corruption and Military Spending:** Highlighted the correlation between increased defense budgets and rising corruption within the military-industrial complex. He noted that the monopolization of this sector by a few state-controlled entities reduces competition and increases corruption risks.
- **Impact on Governance:** Emphasized how the concentration of resources in the hands of a few, without checks and balances, creates a breeding ground for corruption, which in turn fuels and sustains conflicts.

*Oleksandr Baienkov* discussed the effectiveness of sanctions and the broader implications of corruption:

- **Sanctions Dynamics:** While acknowledging the critical role of sanctions, he pointed out their limited impact on altering the behavior of entrenched elites. He argued for more targeted and synchronized international efforts to enhance the efficacy of these measures.
- **Historical Context of Corruption:** Traced the roots of corruption in Ukraine back to the 1990s, illustrating how these practices weakened state institutions and defense capabilities, making the country more vulnerable to external aggression.

*Andrei Soshnikov* focused on the financial benefits reaped by elites from ongoing conflicts:

- **Mechanisms of Enrichment:** Described how corruption within the Russian regime allows elites to profit from war through government contracts, looting, and the acquisition of assets from foreign companies exiting the Russian market.
- **Examples of Corruption:** Provided concrete examples of how assets from companies like Danone and Carlsberg were redistributed to individuals close to Putin, highlighting the direct financial gains made by these elites.

*Eka Gugauri* highlighted Russia's use of corruption as a strategic tool in its hybrid warfare tactics against Georgia:

- **Hybrid War and Corruption:** Discussed how corruption and disinformation are used to destabilize and exert influence over neighboring countries, undermining democratic processes and governance.
- **Civil Society Resistance:** Emphasized the ongoing struggle of civil society in Georgia to resist these corrupt influences and maintain democratic integrity despite significant challenges.
- **Government Corruption:** She emphasized the current problem of government corruption in Georgia, which Russia exploits to strengthen its influence. This corruption undermines the country's democratic development and reform efforts.
- **Current Challenges:** She discussed the recent adoption of the foreign agents' law in Georgia, which mirrors similar laws in Russia used to stifle civil society. This law has sparked protests and resistance from civil society, demonstrating the ongoing struggle for democracy in Georgia

### **Main outcomes of the session (include quotes/highlights and interesting questions from the floor)**

**Link Between Corruption and Conflict:** The session reaffirmed the critical role of corruption in enabling and sustaining conflicts. The concentration of resources and lack of oversight in corrupt regimes were identified as key factors that facilitate ongoing warfare .

**Effectiveness of Sanctions:** While sanctions are a vital tool, their current implementation has had limited success in changing the behavior of corrupt elites. The need for more robust, targeted, and coordinated sanctions was emphasized.

**Role of Civil Society:** The resilience and importance of civil society in combating corruption and supporting democratic governance were highlighted. Continued support for these organizations is crucial for maintaining transparency and accountability.

**Beneficiaries of War:** The session detailed how specific elites benefit financially from conflicts, through mechanisms such as government contracts and the appropriation of foreign assets. This underscores the need for ongoing efforts to identify and target these beneficiaries.

**Recognition of Corruption as a War Enabler:** The session underscored the role of corruption as a critical enabler of the war in Ukraine. The monopolization of resources, lack of checks and balances, and systemic corruption in Russia's governance and military were highlighted as significant factors that have exacerbated the conflict.

**Role of Corruption in Military Failures:** The discussion revealed that corruption within the Ukrainian military and government before 2014 played a crucial role in its initial vulnerabilities against Russian aggression. This historical perspective provided a deeper understanding of the ongoing challenges faced by Ukraine.

#### **Quotes and Highlights:**

**Andrei Soshnikov:** *"At least 81 of the names on the list of Russia's 200 richest people (according to the 2021 ranking by Forbes) are clearly involved in Russia's invasion of Ukraine. The companies of which they are beneficiaries supply components, equipment or fuel either to the Russian armed forces or to arms factories"*

**Vladislav Netyaev:** *"The highly corrupt kleptocratic system of governance that exists in Russia is in many ways the cause of this war." This statement encapsulates the central thesis of the session regarding the role of corruption in driving conflict".*

**Eka Gugauri:** *"In 2003, when we had the Rose Revolution, we actually showed to the whole world, but also to the post-Soviet countries, that it's possible. It's possible if there is political will. It's possible to eradicate corruption in, I don't know, three months' time, even, in the police".*

**Eka Gugauri:** *"When the Soviet Union collapsed, I think that this was kind of the general understanding in Georgian society that now we should become a really independent country. We should not follow this logic that at that time the Russian government had, that you can develop without having good relations with us or without being under our influence".*

**Oleksandr Baienkov:** *"Corruption in Ukraine before 2014 was among the reasons for the degradation and extremely low readiness of the Ukrainian army for war with Russia." This quote highlights the long-term impact of corruption on national security".*

### **Key recommendations for the future and concrete follow-up actions**

**Enhanced Sanctions:** Strengthen and synchronize international sanctions against both Russian and Belarusian entities involved in corruption and war profiteering. Implement more targeted sanctions against the new elite benefiting from the war. Explore new methods to enforce sanctions more effectively and prevent circumvention.

**Support Civil Society:** Increase international support and funding for civil society organizations in affected regions to bolster their efforts in monitoring, reporting, and fighting corruption. Civil society plays a critical role in maintaining transparency and accountability, especially in regions with high corruption risks.

**Transparency and Accountability:** Advocate for greater transparency in government operations, particularly in defense and security sectors, to mitigate corruption risks. Ensure that public procurement and other significant data are accessible for independent monitoring and oversight.

**Global Cooperation:** Foster stronger international cooperation to address the transnational nature of corruption. Develop new legal frameworks and mechanisms to track and confiscate assets held by corrupt officials and oligarchs in foreign jurisdictions. Enhance information sharing and joint investigations across borders.

**Public Awareness and Education:** Raise public awareness about the impact of corruption on conflict and governance. Promote anti-corruption education and campaigns to build a culture of transparency and accountability. Engaging the public can help build pressure on governments to implement and enforce anti-corruption measures.

### **What can be done to create opportunities for scaling up the solutions discussed in the session? And by whom?**

**International Bodies:** Organizations like the UN, EU, and NATO can lead in coordinating anti-corruption efforts and imposing stringent measures against corrupt regimes and individuals.

They can also provide technical and financial support to national governments and civil society organizations.

**National Governments:** Governments should implement and enforce robust anti-corruption laws, increase transparency, and strengthen institutions to resist corrupt influences. National anti-corruption agencies should be empowered and resourced to carry out their mandate effectively.

**Civil Society:** Continued support and funding for civil society groups are crucial to maintain their watchdog role and enhance their capacity to combat corruption at all levels. Civil society organizations can also engage in public education campaigns to raise awareness about the dangers of corruption and promote a culture of transparency.

**Private Sector:** Businesses should adopt and enforce strict anti-corruption policies and practices. They should also engage in collective action to promote a level playing field and support anti-corruption initiatives. Transparency in business operations and supply chains can reduce opportunities for corruption.

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**Rapporteur's name**

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**Date submitted**

19 June 2024

**Action!** This report needs to be emailed to [iacc-av@transparency.org](mailto:iacc-av@transparency.org) within 24 hours of the session. If you wish to update the report, please do so by 21 July. Thank you.