

Pro-Kremlin Parties Receiving Covert State Funding – Report

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Maxim Stulov / Vedomosti

Russian political parties and candidates are receiving covert state funding through government contracts and subsidies, a report by independent election monitor Golos revealed Thursday. Private companies are more likely win government contracts if they pledge part of their fee to Kremlin-friendly political parties, the report claims.

Out of the 241 companies named in the study who contributed at least 1 million rubles to various Kremlin-friendly parties, 90 received state contracts. Of those 90, 80 donated part of their windfall to United Russia, said the report's author, Stanislav Andreichuk.

On a regional level, the most lucrative government deals were on offer in the Bashkiria, Tatarstan, Voronezh, and Tyumen regions, and the Yamal-Nenets autonomous district. In these areas, the practice of ensuring money was returned back to political parties was well in place, the report said. In those regions, approximately one-third of all companies

contributing 1 million rubles or more to certain political parties were the recipients of major government contracts, said Andreichuk. “United Russia has an extensive system of donors that receive state contracts, whereas other parties do not,” he said. “At the same time, there are a limited number of state agencies issuing those contracts. This shows how various interest groups will take shape in the next Duma.”

Five Russian parties receive funding from the federal budget, based on the amount of votes these received at the last general election: United Russia, the Communist Party, A Just Russia, the Liberal Democrats, and Yabloko. Of these five, only the opposition Yabloko party is not represented in the State Duma. Four of them are almost entirely dependent on those funds and receive little in the way of contributions from other sources. The liberal Yabloko party is most dependent, receiving 99 percent of its funding from the government, while United Russia receives 68.6 percent.

State funding effectively integrates the parties into the state bureaucracy, reducing competition. “The story with state contracts and hidden government funding distorts the idea of competition even more,” Andreichuk said. “In addition to official sources, the government is also pouring money into some parties [via this channel].” The Kremlin has denied the claims on bias in the allocation of government tenders. “There is no connection between state contracts and contributions to United Russia,” said United Russia Central Executive Committee Head Maxim Rudnev.

Some businesses who refuted the claims. The manager of one defense contractor mentioned in the report said there was no evidence of companies contributing money to political parties in an organized scheme of shadowy backroom financing. Each company makes its own decisions about contributions based on its local political connections, he claimed.

Ultimately, businesses do not want to fund opposition parties without getting anything in return, said political analyst Konstantin Kalachev. “Of course, the government has built a system on which systemic parties are dependent. Businesses do not get involved in unpromising projects. They want to get people into the executive branch, and who could Yabloko put in power? It is understandable that the authorities would ensure that they have a say over what government money is put into politics,” Kalachev said. “That is why businesses prefer building relations with the authorities directly, he said, rather than through political parties.

“The idea that a business becomes part of the government system simply because it contributed money to United Russia is nonsense,” he said. “These are long-term relationships. The question is which came first – the chicken or the egg? There is a good reason why major businesses in the regions help United Russia, but they are successful not because of that. Political parties appeal to them because they are successful. But even so, how else should it function? Scratch my back and I’ll scratch yours – that’s how the whole world works,” he said.

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