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Conference room paper submitted by the Government of Armenia*

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Delegation of the Republic of Armenia


Sharm El-Sheikh, Egypt, 13-17 December 2021

Conference Room Paper

Regarding the illicit financial flows of the proceeds of corruption and their potential links to financial and logistical support to terrorism

In view of the attempts of the delegation of Azerbaijan to politicize the discussions during the 9th Session of the Conference of the States Parties to the United Nations Convention against Corruption, its attempts to spread lies and twisted narratives about the Armenian diaspora organizations, as well as its silence about the rampant corruption in Azerbaijan, the delegation of the Republic of Armenia would like to present the following information to the attention of the delegations to the Conference.

Azerbaijan has a well-known track record of corruption at home and continuous attempts to export corrupt practices to foreign countries and international organizations.

Internationally, Azerbaijan has for a very long time tried to buy itself a clean reputation with cash. The aim of such transnational bribery was to cover up the widespread human rights violations, electoral fraud and other crimes in Azerbaijan.¹

A large number of international journalistic investigations have revealed sophisticated schemes of channeling illicit financial flows from Azerbaijan to bribe foreign public officials and officials of international organizations, providing valuable information on the huge amount of funds used for such criminal purposes. The following are examples of such reports.

Caviar Diplomacy – How Azerbaijan silenced the Council of Europe

The report "Caviar Diplomacy – How Azerbaijan silenced the Council of Europe"², published in 2012, was the first report produced in the result of independent investigation of the corruption related allegations against Azerbaijan involving foreign politicians and employees of international organizations, such as the Parliamentary Assembly of the Council of Europe. It was the first corruption scandal of such magnitude in the history of the Council of Europe encompassing systematic bribery by Azerbaijani state officials of Members of the

¹ A recent comprehensive media report on Azerbaijan’s transnational bribery is available here. 

² ESI: Caviar Diplomacy: Why every European should care
Parliamentary Assembly of the Council of Europe to downplay Azerbaijan’s abysmal human rights record, and had led to investigations and convictions in several EU member states.

**Azerbaijani Laundromat**

The Azerbaijani Laundromat³ report published in 2014 by the Organized Crime and Corruption Reporting Project (OCCRP) revealed a complex money-laundering operation and slush fund that handled $2.9 billion over a two-year period through a series of shell companies to disguise their origin. According to the report, among other things, this vast amount of money bought silence during the period of a major crackdown upon the civil society in Azerbaijan.

In July 2018, the Committee on Rules and Regulations of the Parliamentary Assembly of the Council of Europe announced that 13 members of the organization had been expelled, some of them for lifetime, on corruption charges⁴. On April 15 of the same year, PACE published a Special Report⁵ on the corruption allegations.

**Azerbaijan affair**

An investigation⁶ revealed how a little-known TV station and illicit financial flows worth millions of dollars were part of a lobbying strategy to polish Azerbaijan’s image abroad, in particular in Europe.

**The Panama papers**

The Panama papers, published in 2016 as part of revelations of the International Consortium of Investigative Journalists (ICIJ), the OCCRP and a number of other journalistic groups, also contained separate articles were on Azerbaijan⁷, uncovering the large amount of proceeds of corruption and crime channeled from that country.

**The Pandora papers**

The recently published Pandora papers provide a view of the startling scale of Azerbaijan’s money laundering schemes through real estate investments abroad worth $120 million between 2006 and 2009⁸.

**Potential links of Azerbaijan’s money laundering with financing of terrorism**

In light of the mentioned revelations of money laundering and channeling of proceeds of corruption from Azerbaijan, the recent record of that country of recruiting and transferring of foreign terrorist fighters to Nagorno-Karabakh, raise concerns regarding the possible links between the mentioned money laundering schemes and financing of terrorism by Azerbaijan.

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³ OCCRP: [The Azerbaijani Laundromat](https:// OCCRP: Council of Europe Body Expels 13 in Azerbaijan Bribe Case]
⁴ CoE PACE: [REPORT of the Independent Investigation Body on the allegations of corruption within the Parliamentary Assembly](https://)
⁵ VICE: [How an Authoritarian Regime Infiltrated a Government in the Heart of Europe](https://)
⁶ The reports on Azerbaijan are available [here](https://)
On 11 November 2020, the UN Working Group on the Use of Mercenaries confirmed in its report that “the Government of Azerbaijan, with the assistance of its ally, relied on Syrian fighters to shore-up and sustain its military operations in the Nagorno-Karabakh conflict zone, including on the frontline.”

The deployment of foreign terrorist fighters by Azerbaijan was confirmed by plenty of evidence, including the intelligence sources of several states, at least three of them being Permanent Members of the UN Security Council. The mainstream international media has also extensively covered these crimes, by publishing a large number of own reports and journalistic investigations. Moreover, the testimonies of captured foreign terrorist fighters provided ample information and evidence on the criminal mechanisms employed for the recruitment and deployment of FTFs.

Against the background of the above mentioned reports and evidence, it is highly likely that some of the above mentioned schemes of money laundering and channeling of proceeds of corruption and crime would have been used for financing the entities engaged in the recruitment and transfer of foreign terrorist fighters from terrorist organizations such as DAESH and Jabhat Al Nusra into Artsakh (Nagorno-Karabakh).

The international community has endeavored through the UN Convention on the Suppression of Financing of Terrorism, the relevant UN General Assembly and Security Council resolutions and most recently the Kyoto Declaration to identify, analyze and counter any links between the financing of terrorism and money laundering to prevent and tackle financial and logistical support to terrorism in all its forms and manifestations.

To this end Armenia urges the relevant international organizations, national authorities, financial intelligence units and specialized bodies to carry out thorough investigations to reveal the potential links between the proceeds of corruption and money laundering channeled from Azerbaijan and the latter’s recent terrorist financing activities. Armenia also urges the international community, banks and financial systems to strictly scrutinize the financial flows originating from Azerbaijan in order to curb the latter’s ability to provide financial and logistical support to terrorism in the future.

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9 UN OHCHR: [Mercenaries in and around the Nagorno-Karabakh conflict zone must be withdrawn](https://www.un.org/ohchr/zh/programs/un groups/mercenaries/index.htm)

8 The Guardian: [Syrian rebel fighters prepare to deploy to Azerbaijan in sign of Turkey’s ambition](https://www.theguardian.com/world/2020/nov/11/syrian-rebel-fighters-prepare-to-deploy-to-azerbaijan)


DW: [Syrian mercenaries sustain Turkey’s foreign policy](https://www.dw.com/en/syrian-mercenaries-sustain-turkeys-foreign-policy/a-52928927)

Times: [Nagorno-Karabakh clashes: Turkey sends Syrian mercenaries into combat against Armenians](https://www.thetimes.co.uk/article/nagorno-karabakh-clashes-turkey-sends-syrian-mercenaries-into-combat-against-armenians-78986574)

North Press Agency: “Abu Amsha ate our salaries:” Turkish-backed Syrian militants angry over unpaid salaries