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**Ukraine, Moldova, Georgia
– the past, present, and future
of the oligarchs**

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Table of contents

Executive summary	7
1. The genesis and evolution of the oligarchic system	13
2. The influence of oligarchy on the political system	37
3. International dependencies	53
4. Oligarchy as a challenge to the process of European integration	67
About the authors	81



Executive summary

- In many of the states that emerged after the collapse of the Soviet Union, oligarchic systems were shaped as a result of political and economic turbulence. Oligarchs had, and in some cases still have, significant influence on the political and economic processes, blocking democratic reforms and pursuing their interests through corruption, informal connections, and political influence.
- In individual states, the oligarchic system, depending on local conditions, historical and cultural specificity, and the scope of external influences (primarily Russian), has taken on different faces, which is visible in the examples of Ukraine, Moldova, and Georgia.
- The influence of the oligarchy is decreasing, usually under the pressure of Western institutions, which is especially visible in the example of Ukraine. However, oligarchs are still significant players in the post-Soviet area, especially where state institutions are weak or torn by political disputes, the economic situation

is difficult, the democratic system is inefficient and immature, and the level of external influence is high – as is visible in the examples of Moldova and Georgia.

- The oligarchic system in Ukraine took shape in the 1990s, especially during the presidency of Leonid Kuchma (1994–2005) when oligarchs gained influence through the privatization of state-owned enterprises, taking control of the media as well as systemic corruption. For many years, they exerted a dominant influence on Ukrainian politics, controlling the media, politicians, political parties, courts, and, above all, key sectors of the economy (heavy industry, mining, energy).
- The first real attempts at de-oligarchising were made only during the presidency of Volodymyr Zelensky (after 2019), but fundamental changes and a clear decline in the importance of oligarchs really took place after the Russian invasion in 2022. The loss of significant parts of their assets, loss of control over the media, legislative changes, and an increase in civil awareness among society meant that the Ukrainian oligarchy lost its political influence and had to focus primarily on protecting its economic interests.
- Many significant changes have been forced by the European Union, which requires Ukraine, among other things, to limit the influence of the oligarchy on public life. The process of weakening the role and importance of the oligarchy is also accompanied by an increase in the importance of new political actors such as the army (veterans) and social organisations.

However, the future of the Ukrainian oligarchy remains unclear.

- In Moldova, after the collapse of the Soviet Union, various oligarchic systems developed, and their influence on the economy and state policy changed depending on the balance of power on the political scene. In general, however, the pattern of their actions was “traditional” – oligarchs influenced politics by taking over state assets and gaining control over key sectors of the economy.
- The specific features of the Moldovan oligarchic system include the concentration of power and influence in the hands of individual oligarchs, rapid changes in the balance of power accompanying political changes, and a significant level of Russian influence. For example, in the years 2015–2019, Vlad Plahotniuc dominated the political and economic system, but later he lost his influence and was forced to leave the country. In turn, Ilan Șor, despite a conviction and ban on his party’s activities as well as sanctions imposed by the US and the EU, remains politically active, conducting pro-Russian political activities and limiting support for integration with the EU.
- In Moldova, the oligarchic system, despite its relative weakening, especially after 2019 (Plahotniuc’s ousting), still exerts a significant influence on state policy, which is a serious problem in the context of membership negotiations with the EU.
- Transnistria poses a separate problem. The local oligarchic system is based on a clan associated with the Sheriff company, which controls a significant part of

the economy and the political system, eliminating all opposition. Moreover, Transnistria is politically dependent on Russia and power is divided between oligarchs and Russian military and security forces. At the same time, the “republic” is economically linked to Moldova, Ukraine, and the European Union. Transnistrian oligarchs are, therefore, trying to balance between maintaining Russian support and cooperation with the West.

- The oligarchic system in Georgia is extremely specific: oligarchs gained influence after the “Rose Revolution” (2003) and during the period of democratisation of the political system and the fight against corruption, returning to the country after gaining fortunes in Russia. However, as elsewhere, they used their position to influence policy and block reforms.
- In 2012, Bidzina Ivanishvili, the richest man in Georgia, took control of the political system, subordinating state institutions to himself and de facto deciding on both domestic and foreign policy. Under his rule, Georgia tried to normalise relations with Russia while continuing to integrate with the European Union. Despite several declarations of withdrawal from politics, Ivanishvili still has a decisive influence on the ruling Georgian Dream party and the country’s politics.
- This is causing internal tensions and political crises in Georgia, because the oligarch and his party, after Russia’s aggression against Ukraine, have chosen a pro-Russian course, contrary to the largely pro-Western sentiment of society. Moreover, it causes a growing conflict with the EU, for which Georgia is officially

(as of 2024) a candidate. The EU's accusations concern restrictions on media freedom, a low level of judicial independence, and the oligarchising of political life.



1. The genesis and evolution of the oligarchic system

Ukraine

The term “oligarchs” is commonly used to describe a group of people combining great wealth with significant influence on power. An oligarch in the Ukrainian context is someone who has a large, often monopolistic business, has influence over the parliament and other state bodies, and owns media outlets or has a strong impact on the media¹. The oligarchic system of governance in Ukraine was formed in the 1990s, originating under the presidency of Leonid Kravchuk (1991–1994), but its real architect is considered to be President Leonid Kuchma (1994–2005). During his term, “pseudo-market entrepreneurs” (future oligarchs) acquired the most important industrial assets, privatised former state TV channels, and extended their influence over state authorities. Each

¹ H. Bazhenova, *Ukrainian Authorities Declare War on the Oligarchs*, “IEŠ Commentaries” 2021, no. 156 (459), p. 1.

successive president and parliament, along with the governments they appointed, were the spawn of the oligarchic system. Consequently, this system has not undergone significant changes during the years of independence.

The main prerequisites for the establishment of the oligarchic system in Ukraine were an inconsistent economic transformation in the 1990s (the development of a competitive environment and transition to market relations), the reform of property relations through “de-statisation” and privatisation of state and municipal enterprises, and the merger of government and business circles. The concept of denationalisation and privatisation of enterprises, land, and housing was approved by a resolution of the Verkhovna Rada of Ukraine on 31 October 1991. It envisaged a rapid pace of property reform, the privatisation of small enterprises was to be completed in 1–1.5 years, and medium and large enterprises in 4–5 years. However, contrary to this concept, privatisation in the country began not with small but with large enterprises, according to an alternative plan, targeting the most attractive businesses that generated foreign exchange earnings².

Against the background of large-scale material stratification of society, the then “pseudo-market entrepreneurs” began to get rich through the non-transparent privatisation of state-owned enterprises, aided by the corrupt political elite of the time, the seizure of other people’s property, and the “purchase” of the courts. As a result, most of the assets that ended up in the hands of the Ukrainian oligarchs and

² В. Семенюк, *Десятирічний процес приватизації та його наслідки*, *Голос України*, 12 March 2003, <http://www.golos.com.ua/article/246027> [5.05.2024].

increased their wealth were created by others. Specifically, as of early 2021, among the 200 largest enterprises in Ukraine, 20% were founded in the Russian Empire (e.g., Ilyich Iron and Steel Works of Mariupol or Nizhnedniprovsky Tube-Rolling Plant), and 62% were created in Soviet times (e.g., Azovstal, Zaporizhstal, Azot, Ukratnafta, and Nikopol Ferroalloy Plant). Only 18% were built during the years of Ukraine's independence, including Dniprostal and Interpipe among others³.

State property was often sold off with a significant undervaluation of the privatisation objects. Between 1992 and 2003, the Ukrainian budget received only 6 billion UAH from privatisation (about 1.5 billion USD at the exchange rate of those years)⁴. During this period, Ukraine virtually lost control over the oil refining industry and the communications sector⁵. One of the most successful privatisations was the reprivatisation of the largest metallurgical plant, Kryvorizhstal, for which the British businessman of Indian origin, Lakshmi Mittal, paid the state a record 4.8 billion USD (24.2 billion UAH) in 2005. In total, by early 2021, the State Property Fund of Ukraine had received more than 72 billion UAH from the privatisation of state property⁶.

The first Ukrainian oligarch is often referred to as Pavlo Lazarenko, who was appointed First Deputy Prime Minister

³ М. І. Хавронюк, О. Б. Піскунова, М. М. Серебряков, *Біла книга антиолігархічної реформи*, ФОП Бура О.Д., Київ 2023, р. 12.

⁴ Д. Казанський, *Чому Україні потрібна ревізія 1990-х*, Український тиждень, 1 March 2017, <https://tyzhden.ua/chomu-ukraini-potribna-reviziiia-1990-kh/> [7.05.2024].

⁵ В. Семенюк, *op. cit.*

⁶ *Звіт про роботу Фонду державного майна України та хід приватизації державного майна у 2020 році*, Київ 2021, р. 5.

in 1995 and head of the Cabinet of Ministers in 1996. He was a representative of the Dnipropetrovsk financial and industrial group. Other influential oligarchic groups that emerged on a regional basis include those in Donetsk, Kyiv, and Kharkiv. Some oligarchs were “created” by President Kuchma himself. One of them was his son-in-law, Victor Pinchuk, whose fortune before the global crisis of 2008 was estimated by American business magazine *Forbes* at 5 billion USD. Pinchuk was in second place (after Rinat Akhmetov) among the seven Ukrainians included in the ranking. In general, President Kuchma pursued a policy of maintaining a balance of capital, interests, and influence among the oligarchs.

During the presidency of Viktor Yushchenko (2005–2010), privatisation in the country was almost completed. This led oligarchic clans – also referred to as financial and industrial groups – to begin redistributing property by taking over small and medium-sized enterprises through corporate raids and the use of corrupt judges and police officers. During the presidency of Viktor Yanukovich (2010–2014), who was a protégé and spokesman for the interests of the Donetsk clan, the oligarchising of Ukraine progressed. In the highest state office, Yanukovich quickly turned into a *de facto* oligarch, which was one of the reasons for the Euromaidan.

With the fall of the Yanukovich regime in 2014, another redistribution of property among oligarchic groups took place. The era of Petro Poroshenko (2014–2019), who was the first official millionaire as president, marked the peak of the oligarchic regime. Even though Poroshenko transferred his business to a blind trust, his huge personal fortune and

control over two TV channels, Priamyi and 5 Channel, greatly contributed to the consolidation of his power⁷.

As of early 2021, oligarchs owned 36 of the 100 largest enterprises in Ukraine and controlled 11% of all assets of Ukrainian businesses. This share was significantly higher in such industries as metallurgy, coal and oil extraction, electricity and natural gas distribution, chemicals, and oil and coke production. The share of oligarchs in coke production (Akhmetov) was 98%; iron ore mining (Akhmetov) 92%; coal mining (Akhmetov), pipe production (Pinchuk), and oil refining (Ihor Kolomoisky) 85% each; electricity distribution (Akhmetov) 80%; ferrous metallurgy (Akhmetov) 78%; fertiliser production (Dmytro Firtash) 70%; television broadcasting 53%; gas distribution (Firtash) 51%; confectionery production (Poroshenko) 51%; chicken production 41%; and oil production 35%⁸.

Discussions about the need to de-oligarchise the state have been going on since the 1990s, however, none of the attempts to abolish the oligarchic system of government have succeeded so far. The latest wave of de-oligarchising began under the presidency of Volodymyr Zelenskyy, who came to power in spring 2019. On 23 September 2021, the Verkhovna Rada of Ukraine adopted, at the second reading, the presidential draft of the Law “On the Prevention of Threats to National Security Related to the Excessive Influence of

⁷ See H. Bazhenova, *Liberal Democracy vs. Autocracy: the Case of Ukraine*, “Yearbook of the Institute of East-Central Europe” 2018, no. 5, vol. 16, pp. 15–38.

⁸ Д. Горюнов et al., *Олігархічний український капітал. Аналітична записка*, Центр економічної стратегії, 29 November 2022, pp. 12–13, <https://ces.org.ua/oligarchic-ukrainian-capital-research/> [8.05.2024]; М. І. Хавронюк, О. Б. Піскунова, М. М. Серебряков, *op. cit.*, p. 29.

Persons Having Significant Economic and Political Weight in Public Life (Oligarchs)”. It was to come into effect on 7 May 2022. The main purpose of this law was to give the National Security and Defence Council of Ukraine, headed by the President, the power to recognise individuals as oligarchs and to control contact by government officials with these individuals and their representatives. It is noteworthy that this law targeted individuals but not the oligarchic groups or political structures that allowed these individuals and groups to thrive.

Another anti-oligarchic legal act, the Law “On Amendments to the Tax Code of Ukraine and Certain Legislative Acts of Ukraine on Ensuring the Balance of Budget Revenues”, introduced significant changes to tax legislation. These amendments directly impacted tax administration and calculation procedures while increasing fiscal pressure on certain taxpayers, including both oligarchs and legitimate entrepreneurs. The law was approved by parliament and enacted by the president in December 2021. This legislation dealt a significant blow to the Akhmetov clan and other oligarchs by increasing taxes on iron ore mining. Additionally, certain oligarchic groups in the agricultural sector were affected by changes in taxation and new tariffs on railroad transportation.

Zelenskyy’s policy of de-oligarchising played a decisive role in fragmenting the oligarchy and introducing a split in the ranks of oligarchic groups. Analysing the relationships between the presidential team and the clans before the full-scale Russian aggression, political philosopher Mikhail Minakov defined three types of cooperation: animosity, loyalty, and neutrality. High levels of animosity

were evident from the Petro Poroshenko, Rinat Akhmetov, Arsen Avakov, and Viktor Medvedchuk clans as well as the agglomerate of smaller oligarchic groups associated with the mayor of Kyiv Vitaliy Klychko and the mayor of Dnipro Borys Filatov. Conversely, some oligarchs showed a degree of loyalty toward the president. These included the remainder of the so-called Privat Group⁹, the former Dmytro Firtash clan (mainly groups around Serhiy Liovochkin), the Victor Pinchuk clan (with certain reservations), the Yuriy Kosyuk clan, and several agricultural clans anticipating presidential patronage in the land privatisation process. A neutral position was taken by the Yuriy Boyko clan (and partly some representatives of the former Firtash clan), the Konstantin Grigorishin clan, the Energo Group clan, the remnants of the Industrial Union of Donbas, the Vadym Novinsky clan, and many old and new local clans that flourished after the 2015 decentralisation reform¹⁰.

After 24 February 2022, Ukrainian oligarchs have been operating in “survival mode”. Their activities are largely focused on supporting Ukraine’s fight against Russian aggression in various forms, including humanitarian aid to the population and support for the Armed Forces and territorial defence units. This position can be explained not only by the patriotic feelings of the oligarchs but also by their desire to save their assets, which have significantly dwindled since

⁹ The Privat Group is a group of companies that is particularly associated with oligarchs Ihor Kolomoisky and Hennadiy Boholyubov. Formally, such a group does not exist.

¹⁰ M. Minakov, *War, De-oligarchization, and the Possibility of Anti-Patronal Transformation in Ukraine*, [in:] B. Madlovics, B. Magyar (eds.), *Ukraine's Patronal Democracy and the Russian Invasion: The Russia-Ukraine War*, vol. 1, Central European University Press, Budapest–Vienna–New York 2023, pp. 150, 155.

the invasion. The experiences in Crimea and Donbas have demonstrated to them the vulnerability under Russian or pro-Russian rule, which led to the nationalisation, confiscation, forced purchase, and seizure of assets belonging to the Ukrainian state and private citizens of Ukraine in these territories. In contrast, supporting Ukraine offers oligarchs the hope of post-war compensation and reconstruction. Therefore, in the short term, their focus is on business survival and the immediate recovery of industrial and commercial activities. In the medium term, they are considering the prospects and opportunities for post-war recovery. In the long term, they are developing business strategies that align with current and future political and economic trends¹¹.

There is also a risk that the war will lead to the emergence of new oligarchs in sectors such as agriculture, construction, and the defence industry. After the end of hostilities, these new oligarchs, together with the old ones, could potentially deter Western investors from investing in the Ukrainian economy and slow the execution of reforms. Another possible scenario is the formation of a state oligarchy, where the country's leadership creates pocket oligarchs and businessmen and sells certain assets (e.g., those taken from Russian businesses or sanctioned persons) to "their" people. It is also possible that the new oligarchs have already appeared but have not yet manifested themselves. All this poses risks to Ukraine's post-war recovery and future economic growth.

¹¹ I. Burakovsky, S. Yukhymenko, *Ukrainian Oligarchs: The War as a Challenge*, [in:] B. Madlovics, B. Magyar (eds.), op. cit., pp. 177, 182–183.

Moldova

After the collapse of the Soviet Union in the Republic of Moldova and in the separatist republic of Transnistria, two distinct oligarchic systems developed, interacting differently in the political systems. In Moldova, the relationship between traditional political forces (based on popular support and state institutions) and oligarchs took different shapes. The oligarchic system was characterised by strong rivalries and frequent changes in the hierarchy. In the case of Transnistria, the very formation of the separatist republic was linked to the emergence of a local group of oligarchs, who were drawn from the managerial cadres of local industrial plants and power structures. This group was subsequently replaced by a clan linked to the Sheriff holding company, which dominated political and economic life in the unrecognised republic.

The development of the oligarchic system of the Republic of Moldova can be divided into five periods. The first lasted from 1991 to 2001 and its dynamics were determined by the processes of post-Soviet transition and the construction of Moldovan statehood. The second, lasting from 2001 to 2009, was associated with the dominance of the Party of Communists of the Republic of Moldova (PKRM). In the third period, lasting from 2009 to 2015, two oligarchic groups competed for influence in the state, remaining in a formal political alliance. In the fourth period, which should be dated from autumn 2015 to June 2019, one of the oligarchs – Vlad Plahotniuc – managed to build a hegemonic position in the oligarchic and political system. In contrast, his flight from the country in June 2019 was followed by a fifth period, lasting until today, in which the oligarchs' influence on politics is

considerably weaker and, moreover, most of them remain in forced exile.

Period I (1991–2001). The Moldovan oligarchic system was created by former members of the Communist Party of Moldova (KPM) and the Soviet state apparatus, which in the 1990s adopted control of the privatisation of agricultural enterprises. This part of the state elite remained relatively passive during the national awakening that took place in the late 1980s. At that time, the political dynamics in Moldova were determined by two other, extreme forces: the pro-Russian nationalist movement and the defenders of the links with the centre (and then Russia). The period of strong identity conflicts and the war for Transnistria (March – July 1992) created space for the more moderate political forces. They replaced identity disputes to an economic and pro-state discourse. The Agrarian-Democratic Party (PAD) became such a force, built by the majority of the management of the agricultural industry, i.e. kolkhozes and sovkhozes. In Moldovan public discourse, this group was referred to as the “green barons”.

Already in July 1992, i.e., immediately after the end of the war over Transnistria, representatives of this camp, not yet grouped in a party but rather in the parliamentary club “Rural Life”, removed the national movement from power, leading to the formation of a “government of national consensus”. The “agrarians” then won the 1994 parliamentary elections with 43.18% of the vote. The following years were marked by great political instability, which was the result of fractures among the “agrarians” stemming from competition for business influence rather than ideological motivations. Nevertheless, this group, focused on the privatisation

of state-owned enterprises, maintaining its dominant position in the economy and politics until at least 2001¹². In this way, the Agrarian Democratic Party became both a political force that brought stability after a period of social conflict and war and a vehicle through which the Soviet kolkhoz and sovkhoz nomenklatura were transformed into a new business elite. At the same time, those of the younger generation – born in the late 1960s and early 1970s – began rapid careers in the banking, financial, and export sectors.

Period II (2001–2009). The 2001 parliamentary elections gave an independent parliamentary majority to the Party of Communists of the Republic of Moldova, which promoted the idea of rapprochement with Russia and was based on sentiment towards the USSR. Its leader, Vladimir Voronin, served as Minister of the Interior of the Moldovan SSR between 1989 and 1990. The party elite consisted of both former high-level members of the Communist Party of Moldova and activists of the younger generation. In 2001, following a change in the method of electing the head of state, the parliament elected Vladimir Voronin to the post. During the PCRM's rule, those closely associated with the president's son, Oleg Voronin, played a key role at the intersection of the business and political spheres. The PCRM became the main power centre of the political and oligarchic system.

¹² C. King, *Moldovan Identity and the Politics of Pan-Romanianism*, "Slavic Review" 1994, no. 2, pp. 345–368; P. Oleksy, *Moldawski nacjonalizm vs naddniestrzańska państwowotwórczość. Przesłanki społecznej mobilizacji w konflikcie naddniestrzańskim*, "Sensus Historiae" 2013, no. 2, pp. 155–186; P. Shornikov, *Operacii po razminirovaniyu. K istorii moldavskogo parlamentarizma 1989–1998*, Tiraspol 2019; W. Baluk, *Zarys transformacji demokratycznej w Republice Moldova w latach 1988–2005*, "Wschodnioznawstwo" 2005, no. 1, pp. 40–48.

Period III (2009–2015). In 2009, the PCRM was ousted from power by four parties that formed a coalition called the “Alliance for European Integration”. The key figures in this coalition were Vlad Filat, leader of the Liberal Democratic Party (PLDM), and Vlad Plahotniuc – first a sponsor and grey eminence, and then leader of the Democratic Party (PDM). The coalition also included the pro-Romanian Liberal Party, and “Our Moldova”, which was soon incorporated into the PLDM. Between 2009 and 2015, Filat and Plahotniuc persisted in a political alliance whose main glue was the idea of European integration. At the same time, they pursued the procedure of state capture and conducted a brutal struggle for influence¹³. Both deserve to be called oligarchs, although their careers and modus operandi were different. These two cases perfectly illustrate the models of action in the Moldovan oligarchic system.

Vlad Filat was born in 1969 and studied law at the Jan Cuza University in Iași (Romania). In 1994, at the age of 25, he became the director of RoMoldTrading, a company registered in Romania that traded in paper and cigarettes. In 1997, he became one of the founders of the Democratic Party, a centre-right party that presented itself as a modern and substantive alternative to the Agrarian Democratic Party. From 1998 to 1999, he served as Director of the Department of Privatisation and State Property Management in the Ministry of Economy and Reform, and later as Minister of State in the same ministry. In 2005, he became a Member

¹³ K. Calus, *A captured state? Moldovas uncertain prospects for modernisation*, “OSW Commentary” 2015, <https://www.osw.waw.pl/en/publikacje/osw-commentary/2015-04-22/a-captured-state-moldovas-uncertain-prospects-modernisation> [15.05.2024].

of Parliament for the PDM. In 2007, he left this party and founded the Liberal Democratic Party. In the April 2009 elections, PLDM won second place (after the Communist Party) with 15 seats. In the next elections, held in July 2009, the party increased its holdings by a further three seats. Filat, as leader of the largest of the pro-European parties, became prime minister. Significantly, he was already one of Moldova's richest citizens – he was ranked sixth in the 2010 wealth ranking¹⁴. He served as prime minister until April 2013. Three months earlier, as a result of a conflict with Plahotniuc and the PDM, Filat broke up the coalition. After it was reconstituted, the former foreign minister Iurie Leance headed the government. Filat remained chairman of the party.

Vlad Plahotniuc was born in 1966. According to official biographies, in the 1990s he was involved in exporting Moldovan wine to Russia and setting up a Moldovan-American investment fund. However, it is widely reported that during this time he was involved in pimping and human trafficking. Moreover, Plahotniuc was alleged to have become a sex supplier to many representatives of the Romanian and Moldovan political and business elite, resulting in extensive contacts and possession of compromising material. In 2001, he became commercial director and then general manager of Petrom Moldova, a subsidiary of the Romanian oil giant. From 2005 to 2011, he was a member and chairman of the supervisory board of Victoriabank. During the PCRM government, he entered into a close relationship with

¹⁴ *Tridtsat' samykh bogatykh liudei Moldovy*, AVA.md, 22 July 2010, <https://ava.md/ru/statii/economic/tridcat-samyh-bogatyh-lyudey-moldovy/> [9.05.2024].

the President's son, Oleg Voronin. Using this relationship as well as criminal methods, he was able to take over other companies and destroy competitors. He also got rich from the process of privatising state assets.

When the Communists won a majority in parliament in April 2009, but were unable to elect a president, Plahotniuc made a volte-face and betrayed his existing partners; he financially supported the PDM, which was just below the electoral threshold. He became vice-president of the party and made popular PCRM politician Marian Lupu its leader. As a result, in the early elections held in July 2009, the PDM entered parliament with 13%, thus depriving the communists of their majority. At the time, Plahotniuc ranked fourth on the list of the richest citizens in Moldova¹⁵.

By concluding the "Alliance for European Integration" coalition, Filat and Plahotniuc created a secret protocol by which they divided their spheres of influence in the state. In addition to political positions, it also identified positions and sectors that are formally not subject to the decisions of party leaders. Thus, Filat gained considerable influence in the economic sector and Plahotniuc in the judiciary. This alliance quickly turned into a brutal rivalry, resulting in the fall of the coalition in 2015. Filat was sent to prison, accused of involvement in the so-called "billion-dollar theft", in which a total of 1 billion USD disappeared from three Moldovan banks in 2014.

Their life paths and *modus operandi* present two distinct models of oligarchic career development, characteristic of Moldova and the entire post-Soviet area. Vlad Filat was

¹⁵ Ibid.

a member of the political elite from the start, holding key positions in the accumulation and redistribution of capital at a young age. While multiplying his wealth, he simultaneously climbed the political career ladder. He used his political contacts and public support to grow rich and gain influence in successive state institutions and economic sectors. Vlad Plahotniuc, on the other hand, emerged in public life as an extremely wealthy man. He built up his wealth and influence using criminal methods, after which he was able to take control first of a significant political force and then of the entire state.

Period IV (2015–2019). Following the arrest of Vlad Filat and the partial disintegration of the PLDM, a majority subordinated to Vlad Plahotniuc, who has since become chairman of the PDM, was formed in parliament. Having gained full control over the political process, he moved on to eliminate the remaining competitors in the oligarchic system. In August 2016, Veaceslav Platon (born 1973) was arrested and convicted a few months later. This oligarch had been on the board of important Moldovan banks since the mid-1990s while maintaining links to the banking and financial systems in Russia and Ukraine. He was convicted as the main architect of the so-called laundromat, a practice of “money laundering” by Russian oligarchs through the use of the Moldovan banking system. Platon had been involved in political life in his earlier years, supporting the PCRM and other pro-Russian groups.

Ilan Șor (born 1987) suffered a different fate. In 2017, a court of first instance convicted him of involvement in the so-called billionaire theft, in which Șor was found to be the main architect and beneficiary. Nevertheless, he was still

elected mayor of the city of Orhei in 2015. After the verdict of the court of first instance, Şor was not arrested and the appeal was prolonged. In the meantime, while formally “under judicial control”, the oligarch developed his own political activities, creating the Şor Party, which entered parliament in the next elections with an 8% share of the votes. This indicates that this oligarch subordinated his activities to Vlad Plahotniuc. Similar fates – arrest, loss of assets, or subordination – befell many other prominent businessmen during this time.

Period V (after 2019). In June 2019, three months after the next parliamentary elections, Vlad Plahotniuc was deprived of political power as a result of cooperation between the pro-Western ACUM bloc (co-founded by the now-ruling Action and Solidarity Party) and the pro-Russian Socialist Party. This exotic alliance came about as a result of joint pressure from US, EU and Russian Federation diplomacy. As a result, Plahotniuc left Moldova in a hurry. He first went to the USA and is now in Cyprus. After several months, his former political base disintegrated (the PDM first disintegrated and then failed to enter parliament in 2021). Soon after, Platon and Şor also left Moldova.

Transnistria. The Sheriff company was established in 1993 by Victor Gushan and Iliya Kazmaly, who remain the owners of the holding to this time. Earlier, they both worked for the local police. The company’s development was made possible by good relations with the then political and business elite of the unrecognised republic, which consisted of recent executives of local industrial plants. The most important figure in this group – known as the “directoriate” or “red directors” – was Igor Smirnov, who held the office

of “president” of Transnistria from 1991 to 2011. The main source of income for this group continued to be local industrial plants. Gushan and Kazmaly, on the other hand, started their business activities in a sphere that was not in competition – cigarette and alcohol trade and re-export of other goods. Thanks to good relations with Smirnov, which were probably also backed up by financial ties, in 1997 the Sheriff holding company obtained a number of concessions on the import and export of goods and became the owner of a local bank – Agroprombank. It became the basis for building business power and obtaining a dominant position in the foreign trade. Over time, Sheriff has gained a monopolistic position in several industries in Transnistria, including fuel and food retail. In the following years, the holding company also began to acquire local industries. Between 2002 and 2006 Sheriff came into possession of a starch factory in Bendery, fuel depots in Tiraspol and Rybnitsa, an electrical insulator factory, two large bakery plants, a large textile manufacturer, Tirotext, a well-known liquor factory, KVINT, a local insurance company, and a number of smaller food production plants¹⁶.

In the late 1990s and early 2000s, the owners of the holding extended their activities into the social, cultural, and political spheres. They created a youth movement and subsidised social programmes, opened TSV television, founded the Sheriff Tiraspol football club, which quickly dominated the Moldovan league, and created the “Renewal” party. This milieu began to position itself as an alternative

¹⁶ K. Calus, *Sheriff: Between Economic Interests and Political Necessity*, [in:] *The Palgrave Handbook of Non-State Actors in East-West Relations*, Palgrave 2024, p. 3.

and then a competitor to the old political elite. The breakthrough came in the 2005 elections to the Supreme Council, in which the “Renewal” won a majority of seats. Since then, the oligarchs in charge of the Sheriff holding company and the party have continually tried to increase their influence over political decisions and “state” institutions, leading to conflicts with Smirnov and his entourage. In 2011, the “Renewal” candidate entered the second round of the presidential election, which was eventually won by his rival Yevgeny Shevchuk (at this point he was not affiliated with either Smirnov’s group or Sheriff). Over the next five years, the Sheriff-controlled Supreme Council engaged in an open political conflict with the president. The next presidential election, held in 2016, was already won by Sheriff and “Renewal” candidate Vadim Krasnoselsky (now serving his second term).

Georgia

In the post-Soviet era, oligarchs have become a permanent and significant element of the political and economic systems of most states. Often, they are an essential and informal group, exerting significant influence on the shaping of the economic system as well as on the institutional solutions of the political system. In the case of Georgia, for about 12 years they have indeed been one of the foundations of the political system of the state due to their dominant influence on the Georgian economy and participation in political life through close relationships with the most important people in the country. The clan-like nature of oligarchic empires, familial and social bonds, and their significance in politics mean that these structures have become informal institutions,

more important than the political institutions of the state or political parties.

A significant problem in studying the impact of oligarchs on the democratization process in Georgia is their informal character, functioning based on customary and clan-based regulations, which are not subject to control mechanisms and represent a reality parallel to the administrative and legal regulations. There is no possibility of codifying these customary “norms”. In the political system, and especially in the economy, there operates a second reality parallel to the official one, “actual reality”, which is not subject to the process of institutionalization and control by the relevant state institutions designated for this purpose.

The functioning of oligarchic structures in post-Soviet states, which are at the stage of shaping democratic state institutions and the process of systemic transformation, carries with it a series of negative consequences. Over time, oligarchs have begun to take over not only influences in the economy but also in politics. They own their political parties, are themselves in parliament or have their representatives there, and most importantly, they influence the shaping of the law and institutional solutions, which are increasingly consistent with their interests rather than the State's. They are not interested in introducing into the political system of their state solutions promoting respect for the law, transparency, institutionalization, and equality for all before the law. They decidedly oppose attempts to regulate the political and economic system according to the rules adopted in democratic states. Their functioning, development, and survival are inextricably linked with corruption, informal regulations, familial-clan ties, collaboration with criminal

environments, and influences within the political elite. They often have the ability to block democratic reforms and can do this quite legally and in the majesty of the law because having political representation in parliament gives them the ability to control the legislative process and make laws consistent with their interests.

A significant part of their activities exists under the informal control of those holding the highest positions in the state, enjoying a sort of “protection” from state institutions, which in return for bribes, treat them in a privileged manner. Thus, in such a state, any attempt to combat corruption, any kind of “repair and restructuring” programs for the economy and attempts to break down oligarchic structures are doomed to fail or require thorough and radical transformations, as the oligarchs will do everything to avoid making political and economic reforms that could threaten their status.

The genesis of the oligarchic system in Georgia is linked to the moment of the USSR’s collapse. Rapid changes of a political and economic nature led to the destruction of the previously existing monopoly on power. Especially in Georgia, these changes were quite radical and groundbreaking. However, unlike Ukraine and Moldova, where new oligarchic elites quickly emerged with economic potential influencing political processes, Georgia experienced a different specificity in the formation of oligarchic structures. The internal situation in Georgia, particularly in the first half of the 1990s, had a decisive influence on this.

The stance of the first president, Zviad Gamsakhurdia, caused numerous misunderstandings. He made decisions that exacerbated the internal situation. By invoking

historical arguments and sharp nationalist rhetoric, he contributed, in a sense, to separatist uprisings and conflicts in South Ossetia and Abkhazia. As a result, there was a military coup in December 1991, which removed Zviad Gamsakhurdia from office, and power fell into the hands of the Military Council. Only in March 1992, at the request of the coup leaders, did Eduard Shevardnadze return to Georgia to take over the leadership of the state¹⁷. The country then plunged into a civil war between supporters of the ousted president and the new authorities, and in the summer of 1992, the most tragic internal conflict began – the war with Abkhazia. This was also accompanied by a deep economic crisis. Thus, in the first half of 1994, Georgia found itself embroiled in armed conflicts and became known as a “failed state”.

Chronic political instability, armed conflicts, and a failed economy did not foster conditions conducive to the emergence of oligarchic structures. In the early 1990s, there were no individuals in Georgia with substantial capital who could form the nucleus of such structures. Even after the end of the civil war and the conflict in Abkhazia, most of the assets of the Georgian economy were taken over by the closest family members of Eduard Shevardnadze.

As a result of these “unfavourable circumstances,” typical oligarchic structures did not develop in Georgia, but rather mafia-criminal clans representing individual regions of the state (e.g., Aslan Abashidze in Adjara). Instead, a specific type of Georgian oligarch emerged in Russia, where

¹⁷ A. Furier, *Gruzińskie starania o zbliżenie z Zachodem po 1991 r.*, “Nowa Polityka Wschodnia” 2022, no. 4(35), pp. 12–15.

they amassed fortunes in the 1990s and were part of the Russian oligarchy at its peak (from the mid-1990s to 2003, when Mikhail Khodorkovsky was arrested, the Yukos company was taken over by the state, and the Russian oligarchy lost its political influence). This period saw what is known as the “first wave” of returns of Georgian oligarchs to their homeland, who, faced with unfavourable circumstances in Russia, decided to convert their wealth into political power in their country of origin¹⁸.

Interestingly, unlike in Ukraine or Moldova, the emergence of oligarchs in Georgia after 2003 was not strictly associated with corrupt or ineffective institutions. On the contrary, they appeared after the “Rose Revolution” led by Mikheil Saakashvili, when the process of democratizing the political system gained momentum and the fight against corruption became a flagship slogan. Over time, democratic transformations became increasingly effective. Georgia turned out to be a model example of the fight against corruption across the post-Soviet space¹⁹. Paradoxically, one of the first Georgian oligarchs, Kakha Bendukidze, fully engaged in implementing radical reforms that healed the Georgian economy upon his return to his homeland. Between 2004 and 2008, he served as the Minister of Economy and Coordination of Economic Reforms.

He became famous for eliminating most of the economic restrictions, introducing a flat tax, privatizing state holdings, and opening up the Georgian economy to global markets

¹⁸ W. Konończuk, D. Cenuşa, K. Kakachia, *Oligarchs in Ukraine, Moldova and Georgia as key obstacles to reforms*, pp. 3–4.

¹⁹ J. Brodowski, *Gruzja po rewolucji róż. Obraz przemian polityczno-społecznych w latach 2003–2018*, Kraków 2019, pp. 67–73.

and unlimited foreign investment²⁰. However, the overly radical marketisation of the economy and its complete privatisation, without considering the situation and economic possibilities of the average citizen, led to mass protests and a constitutional crisis in 2007²¹. Arkadi “Badri” Patarkatsishvili, another Georgian oligarch “returning” from Russia due to his close ties with the conflicted Russian oligarch Boris Berezovsky, dissatisfied with the reforms introduced after the Rose Revolution that impacted his interests, engaged in political activity to remove Mikheil Saakashvili²². He financed the organisation of anti-government protests in the fall of 2007 and criticised the ruling camp on his media outlets (mainly Imedi TV). Thanks to his vast wealth, personal influence, connections with Russian authorities and business, and his own media backing, Patarkatsishvili posed the greatest threat to Saakashvili’s camp since the Rose Revolution. In January 2008, he also ran against Saakashvili in the presidential elections, taking third place with 7% of the vote. In February 2008, he moved to London and unexpectedly died of a heart attack at the age of 52²³.

²⁰ S. Jones, *Kakha Bendukidze and Georgia’s failed experiment*, <https://www.opendemocracy.net/en/odr/kakha-bendukidze-and-georgias-failed-experiment/> [9.05.2024].

²¹ S. Smite, G. Tarkhan-Mouravi, *Miłość Gruzji do kwiatów: rewolucja „zwiędłych róż”?*, *“Wschodnioznawstwo”* 2008, no. 2, pp. 65–69.

²² T. Parfitt, *Badri Patarkatsishvili. Georgian billionaire and promoter of Putin latterly exiled to London*, *The Guardian*, <https://www.theguardian.com/world/2008/feb/15/georgia.russia> [9.05.2024].

²³ M. Matusiak, *Gruzińskie wybory. Między silnym państwem a demokracją*, *“Punkt Widzenia OSW”* 2012, no. 29, pp. 15–26.



2. The influence of oligarchy on the political system

Ukraine

As mentioned in Chapter 1, each successive Ukrainian president, parliament, and government were the spawn of the oligarchic system – and President Petro Poroshenko himself was at the same time both a politician and an oligarch. Unsurprisingly, this system could not undergo any real changes during decades. The specificity of this system also consisted in the coexistence of two phenomena: the existence of a strong oligarchy and the weakness of state institutions, which enjoyed very limited social trust and, at the same time, remained largely under the control of the oligarchs. This fundamentally influenced both Ukraine's economic development and its political system.

As a consequence, discussions on the need to de-oligarchize the state, ongoing since the 1990s, have not led to any tangible actions or results. Oligarchy has become an inherent feature of Ukraine's political and economic system.

The oligarchs controlled politicians and political parties, the justice system, and the largest media, thanks to which they had a huge influence on public opinion and were able to manipulate public sentiment.

At the end of Petro Poroshenko's presidency, oligarchs, thanks to the media groups they owned, controlled all the most popular television stations – over 75% of Ukrainians watched stations owned by Akhmetov, Kolomoisky, Firtash, Pinchuk, or Poroshenko. There were also many other, smaller oligarchs operating in the media market²⁴.

Real actions aimed at limiting the influence of the oligarchy were taken only after Zelensky took office as president²⁵. Despite the growing tensions between the state authorities and the oligarchs, the latter's political influence was still quite significant.

The president controlled the activities of the parliament thanks to the fact that the party and parliamentary faction, Servant of the People, subordinated to him, formally had a parliamentary majority and could make decisions independently. However, over time, internal divisions appeared, and the Servant of the People faction was often unable to adopt decisions and laws important for the president's team without the support of other factions and groups.

In this situation, a permanent informal majority was created. It consisted of representatives of the Servant of the

²⁴ V. Rybak, *Yes, Ukraine's Oligarchs Own the Airwaves but Their Days Are Numbered*, Atlantic Council, <https://www.atlanticcouncil.org/blogs/ukrainealert/yes-ukraine-s-oligarchs-own-the-airwaves-but-here-s-why-their-days-are-numbered/> [15.08.2024].

²⁵ It should be noted that during the 2019 election campaign, Zelensky's media base was the 1+1 station, with which he was associated for many years – owned by the oligarch Ihor Kolomoisky.

People party and two smaller groups: For the Future (focused on the interests of Ihor Kolomoisky and Ihor Palytsia) and Trust (focused on protecting the interests of large agricultural business, represented, among others, by the businessman Andriy Verevskiy). These oligarchic groups often, but not always, supported the presidential faction in votes.

Despite this, in the fall of 2021, the president managed to adopt the so-called De-oligarchization Act. The Act was to establish a register of oligarchs – people in this register would not be able to finance political parties, and public officials would have to report every contact with them. Ultimately, the register was not created as a result of the fundamental change in the situation in Ukraine after 24 February 2022. Nevertheless, the authorities took action against the oligarchs (which was also supposed to improve the ruling party's ratings, which were clearly falling during this period). The first targets of this offensive were Ukraine's richest businessman, Rinat Akhmetov, and former president Petro Poroshenko, who was accused of high treason. This was widely perceived in Ukraine as an element of political struggle – Poroshenko and his European Solidarity party are the main political opposition to Zelensky and his party.

The Russian invasion in 2022 forced a change in priorities. Moreover, the oligarchy has unprecedentedly lost its importance and influence on the political life of Ukraine, for several reasons. Firstly, the fortunes of many oligarchs were significantly reduced as a result of the war, or they were deprived of enterprises that were the pillars of business power and political influence. This forced them to focus on activities aimed at minimising losses. Secondly, the oligarchs lost their instrument of influence, which was the

media. The regulations requiring the media's ownership structure to be made public have made them more transparent. After the Russian invasion, the state authorities also standardised the transmission of information on the largest television channels, introducing martial law. Moreover, financial problems and the de-oligarchization law prompted many oligarchs to withdraw from the media business. Traditional media (television) are also losing importance to new media (the Internet). Besides, independent media are developing more and more rapidly, monitoring and informing public opinion about the activities of not only the authorities but also the political and financial elites in general. It was thanks to them that most corruption scandals were revealed and publicised.

Thirdly, it is also related to the changes taking place in Ukrainian society. The civic and state awareness of Ukrainians has recently significantly increased. Considering the socio-political passivity that characterises post-Soviet societies, this change in Ukraine can be described as revolutionary. In this context, a positive phenomenon is an increase in the level of social control over public affairs – as a result, there is much less social consent, for example, for corruption, which is currently considered to be the main internal problem of Ukraine, and at the same time associated with oligarchs and their methods of influencing political processes. It should be noted that the growing level of social involvement and the growing importance of civic organisations will probably be one of the key factors shaping the future political situation in Ukraine – and at the same time may significantly contribute to the oligarchy's loss of political influence.

Fourthly, martial law, which effectively froze the electoral calendar, resulted in no changes in the balance of political forces – it is currently difficult to predict when and to what extent it will be reconstructed (apart from changes that are a direct consequence of the war, i.e., the banning of pro-Russian groups). Extra-parliamentary political forces have no meaning in practice. However, groups that have not been previously associated with politics are becoming more and more popular in society. This applies primarily to the military (veterans) and social organisations (civil society). It is the representatives of these two communities who have a chance to become leaders of local communities after the war, and perhaps an important political force. In such a balance of political forces, oligarchs play practically no role.

This does not rule out the possibility that they will want to influence the state again in the future. Old corruption patterns and habits still exist, with the principle of “krysha” (protection) at the forefront. Especially at the regional level, the functioning of “clans” is noticeable, e.g., monopolising the distribution of public funds, including external aid. Some of the most important oligarchs probably do not intend to give up their influence and are trying to adapt to the current conditions, while laying the foundations for political and business activity in post-war Ukraine. To this end, they adopt a variety of strategies.

An example may be Rinat Akhmetov, the richest citizen of Ukraine who, until February 2022, was often identified with pro-Russian attitudes. For a long time, he was one of the main sponsors of the pro-Russian Party of Regions. The Russian invasion deprived him of a huge part of his business empire. First of all, the metallurgical plants in Mariupol,

which were the foundation of Akhmetov's business activities, were destroyed. Many other enterprises belonging to him, located in the eastern part of the country, were also destroyed: power plants, banks, mines, and agricultural plants. According to Forbes magazine, Akhmetov's fortune shrank from 6.7 billion USD (2021) to 4 billion USD (2024)²⁶. After the Russian aggression, the oligarch presents himself as one of the defenders of Ukrainian independence, actively supporting the state and army. His enterprises finance the Ukrainian armed forces, his DTEK enterprise is involved in the reconstruction of the electricity network, while the Rinat Akhmetov Foundation creates assistance centres for internally displaced persons and supports the authorities' information policy, for example, by financing cooperation with foreign media and academic centres etc. The oligarch is also trying to take care of his PR by emphasising that since 24 February 2022, he has not left the territory of Ukraine even for a moment. Moreover, he filed a lawsuit against Russia in the European Court of Human Rights.

Even before the Russian aggression, former president Petro Poroshenko faced accusations of treason related to the trade in coal, which he allegedly imported from Russian-occupied Donbas. Part of his property was seized by the state. Nevertheless, after 24 February 2022, Poroshenko declared his loyalty to President Zelensky and the state authorities. Poroshenko's enterprises supply weapons and equipment to the Ukrainian armed forces.

Victor Pinchuk, son-in-law of former president Leonid Kuchma (called the "father of the Ukrainian oligarchy"), is

²⁶ Rinat Akhmetov, <https://www.forbes.com/profile/rinat-akhmetov/> [15.08.2024].

a global manufacturer of steel products. After the Russian invasion, broadly speaking, he lost the least among the richest Ukrainians – his fortune shrank from 2.5 billion USD (2021) to 1 billion USD (2024)²⁷. For years, Pinchuk has been trying to present himself as supporting the state's pro-Western course. After the Russian aggression, he donated his private luxury estate near Kyiv for medical purposes as well as providing support for the army and civilians through his foundations. He is also engaged in activities in the international arena aimed at increasing foreign support for Ukraine and strengthening international solidarity.

Victor Medvedchuk, who openly supported Russian interests in Ukraine, was arrested before the invasion, however, he managed to escape but was recaptured. In November 2022, he was handed over to Russia in exchange for Ukrainian prisoners of war. In turn, Ihor Kolomoisky, until recently the most influential oligarch in Ukraine, considered the patron of Volodymyr Zelensky in the first period of his political career and at the beginning of his presidency, has been struggling with problems since 2016, when the state seized PrivatBank, which belonged to him. Great Britain and the United States accuse him of corruption, fraud, and money laundering. In 2022, the government of Ukraine took partial control over the Ukrnafta company, engaged in the extraction of natural gas and crude oil, one of the owners of which is Kolomoisky. In 2023, he was arrested on suspicion of financial embezzlement and in May 2024, he was additionally accused of ordering a murder.

²⁷ Victor Pinchuk, <https://www.forbes.com/profile/victor-pinchuk/> [15.08.2024].

The above examples show how the role and influence of Ukrainian oligarchs has changed. A decade ago, they were able to influence and even decide about state policy. Nowadays, some have completely lost not only their influence but also their property and status, and have even gained the position of criminals. Others try to retain or regain some influence and social trust, adapting to the new conditions – perhaps this will allow them to retain some influence. However, changes will probably be implemented according to different rules than before, i.e., according to mechanisms similar to the functioning of financial elites in Western countries.

Therefore, it is difficult to assume that in future, oligarchs in Ukraine will play a role similar to that of the last three decades. An important factor will be not only the state's determination in de-oligarchization activities but also pressure from the West, which will make its support for Ukraine and the post-war reconstruction conditional on progress in carrying out internal reforms, fighting corruption, and the de-oligarchization of the state.

However, it must also be emphasised that systemic changes are taking place slowly. The current Ukrainian power elites are increasingly accused of doing their own business (and they come largely, including the president, from business circles), and there are voices that they may create their own quasi-oligarchic system. However, much depends on how the war will end and what the political scene will be like, which is very dynamic in Ukraine and also currently “frozen” by the war (i.e., no elections).

In an extremely negative scenario, there may be a weakening of Ukrainian state institutions, a return to widespread

corruption practices in public life, strong oligarchic influence, and, as a consequence, economic failure. The development of such a scenario is possible in a situation where Ukraine loses the war or the war maintains a high level of intensity of operations for a long time without a clear solution, which would result in a decline in social mobilization in Ukraine and a weakening of faith in the political leadership.

In such conditions, a space for action is created for people who will be able to build socio-political and business structures parallel to state institutions, of a quasi-mafia nature – typical of oligarchy. However, it is doubtful that Western states and institutions would allow this, as it would mean not only a geopolitical failure for them but also a waste of their own efforts to support Ukraine. Moreover, the structure of the Ukrainian economy is clearly changing (the importance of the new technology sector is growing) as well as the awareness and attitude of society. It can, therefore, be assumed with a high degree of probability that the oligarchy in Ukraine will not regain its current political position.

Moldova

The events of 2015–2019 have radically weakened the influence of the oligarchs on Moldova's political system. First, Vlad Plahotniuc successfully eliminated his rivals, gaining a hegemonic position in the system. It became so strong that during these years in Moldova, one no longer spoke of oligarchs and the oligarchic system, but simply of an oligarch. His position vis-à-vis the state was characterised by the circulating term “the owner”. Nevertheless, Plahotniuc was eventually deprived of power – formally by his political competitors, realistically by external actors. Finding himself

first under US tutelage and then in Cyprus, he was deprived of the possibility to directly influence the political situation. There is no shortage of opinions that mirroring Plahotniuc's position was attempted in the following years by President Igor Dodon, but these efforts proved unsuccessful. Ahead of the early parliamentary elections in July 2021, Moldova thus found itself, for the first time in many years, in a situation in which the political game was based primarily on competition for popular support, with most of the key players unable to use significant institutional and financial tools.

The only exception was Ilan Șor, who, as of 2019, was in Israel (he is also a citizen of that state), but there was a group financed by him in Moldova. In the 2021 elections, the 'Party Șor' introduced six MPs into parliament. Also today, Șor and his circle are the most active, and at the same time the most pro-Russian opposition force in Moldova.

In April 2023, the Chișinău Court of Appeal reiterated the verdict of the court of first instance sentencing Ilan Șor to fifteen different prison terms. In June 2023, The Constitutional Court outlawed the Șor Party, stating that its activities were financed from illegal sources. Nevertheless, the political camp led by the oligarch remained alive, with its activists involved in the development of two new groupings: the Chance Party and the Revival Party. In addition, since the summer of 2021, this milieu organised regular anti-government protests in Chisinau and other cities. In June 2023, Evgheniya Guțul, a candidate supported by Șor, won the election of the Bashkhan of the Gagauz Autonomy. The oligarch soon came to an agreement with the majority of deputies of the National Assembly of Gagauzia, through

which he managed to subjugate the organs of power in the Autonomy.

In Moldova itself, speculation continues about Vlad Plahotniuc's possible activity in Moldovan politics, his cooperation with Şor and other political forces. Nevertheless, these do not go beyond the realm of rumour and conjecture. In April 2024, Veaceslav Platon, who is in the UK, announced his return to politics. Beyond this announcement, however, there are no other results in sight.

Transnistria. The political and economic system in Transnistria is currently controlled by the owners of Sheriff. All analyses and media reports indicate that the leader of this clan is Victor Gushan, who at the same time avoids media publicity. His most important accomplice is the aforementioned Iliya Kazmaly. "President" of Transnistria, Vadim Krasnoselsky owes his political career to the support of the oligarchs. In the 2006 presidential elections, he even manifested his links to the holding company. During his tenure as "president", he actually took control of "state" institutions, and there are also many indications that he gained actual respect in the eyes of the population. However, there is no indication that he has attempted to pursue his own interests or political goals, independent of the owners of the holding company. After 2016, the Sheriff clan effectively eliminated any opposition forces from political life; former president Evgenii Shevchuk left Transnistria and Communist Party leader Oleg Horzhan was imprisoned for several years. After his release, he was murdered in July 2023. According to the official version, the reason for the murder was a criminal hijacking. Many other activists were affected by repression and the local justice system was involved in the political struggle.

The full power of the oligarchs not only extends to the security sphere, where Russia still maintains a strong influence, therefore, in the case of Transnistria, there is often talk of two verticals of power – civilian and military. The latter includes Russian and local military units, and also the so-called Ministry of State Security, which is the local security service. It is fairly widely accepted that the exponent and ‘face’ of Russian influence in the separatist republic is its “foreign minister” Vitaliy Ignatiev. In doing so, it should be noted that any attempt to realistically analyse the influence of the two power verticals in particular spheres, and the dynamics of the relationship between them, is based primarily on conjecture.

Georgia

In 2011, a new figure appeared on the Georgian political scene, Bidzina Ivanishvili, who, over a longer period, led fundamental changes in the political system of Georgia. There was a clear takeover of state structures by institutions associated with the oligarch and changes to the existing foreign policy priorities of the state.

Bidzina Ivanishvili, the richest man in Georgia, with an estimated wealth of 4–5 billion USD, unexpectedly announced his entry into politics in October 2011 with the goal of removing Mikheil Saakashvili from power. Under his auspices, a broad social movement uniting opposition forces was formed, which then transformed into the party Georgian Dream – Democratic Georgia, which over time became the dominant group in the party and political system. After winning the parliamentary elections in 2012, there was a displacement of political forces associated with Mikheil

Saakashvili and a domination of the political scene by activists and politicians dependent on the oligarch.

Ivanishvili made his fortune in the opaque business environment of Russia in the first half of the 1990s, where he operated on a large scale, including in the banking and metallurgical industries. He was not just any oligarch but a member of a small group (known as the “group of seven bankers” which included Boris Berezovsky, Mikhail Khodorkovsky, and Vladimir Gusinsky) that financed Boris Yeltsin’s re-election as president of Russia in 1996. When he entered Georgian politics in 2011, he presented himself as a patriot who, having made his fortune, could now use his experience to serve his homeland. His consistent avoidance of the media and public appearances contributed to the aura of mystery surrounding him. The oligarch quickly gained recognition and popularity in Georgia due to his large-scale philanthropic activities and support for the Georgian Orthodox Church.

His long-term business activity in Russia and involvement in the opaque business-political dealings there meant that the oligarchic system he built in Georgia, in the form of the Georgian Dream, is characterised by a lack of transparency and unpredictability, both in programmatic and personnel matters, and the programmatic declarations of the billionaire himself, as well as his politicians, contain a high degree of generality and populism.

In only two areas are his views seen as consistent and decisive. In 2012, he announced the normalisation of relations with Russia as opposed to the policy conducted from 2004 to 2013 by Saakashvili. Having internal control over the ruling party, key state institutions (especially the judiciary and

security services), and the economic arena, Ivanishvili has consistently pursued a goal of preventing Georgia from joining the European Union and NATO since entering politics²⁸. His second consistently pursued goal is the destruction of the political opposition, especially the United National Movement, and the elimination of political opponents from public life. Leading opposition politicians have been imprisoned, including former president Mikheil Saakashvili, former mayor of Tbilisi Gigi Ugulava, and former prime minister and minister of internal affairs Vano Merabishvili.

The displacement of the political elites associated with Saakashvili in 2012, who after a very active and successful phase of political and economic reforms had transformed Georgia from a failing state into a rapidly developing liberal economy, marked a clear dividing line in the transformation process of the political system. Since then, state institutions and their functioning have been subordinated to the will of one person. Bidzina Ivanishvili, after his party's victory in the 2012 parliamentary elections, assumed the office of Prime Minister, but stepped down after a year and retreated into the shadows, remaining, however, the chairman of the ruling party "Georgian Dream". Despite stepping back, he still had an informal yet decisive influence on the functioning of Georgia's political system. He returned to active politics in 2018 prior to the presidential elections, which led to the victory of his then-supported candidate Salome Zurbishvili. He "again" announced his departure from politics

²⁸ R. Gente, *Broken Dream: The oligarch, Russia, and Georgia's drift from Europe*, "European Council on Foreign Relations", <https://ecfr.eu/publication/broken-dream-the-oligarch-russia-and-georgias-drift-from-europe/> [2.05.2024].

in 2021, intending to focus solely on philanthropic activities. However, no one believed Bidzina Ivanishvili's departure from Georgian politics, just as they did not believe assurances that he had no influence on governance in Georgia. He has a very significant influence. After his second "departure from politics", he left many of his people and family members in the government and administration to look after his interests and who are linked to various companies owned by the oligarch²⁹.

He returned to active politics for the third time in December 2023, after Georgia received candidate status to the European Union. He justified his decision by stating that the group of governing politicians had strengthened their positions enough that he deemed it appropriate to assist them. In the party, he took on the role of honorary chairman. As a result of Ivanishvili's third return, in January 2024, the Prime Minister of Georgia, Irakli Garibashvili, resigned and took over as the head of the "Georgian Dream" party. Personnel reshuffles in the Georgian political scene is primarily aimed at keeping Georgian Dream in power in the face of the upcoming parliamentary elections (October 2024) and preventing destabilization of the country due to growing social discontent. Ivanishvili's return to Georgian politics was likely influenced by several factors; internal conflicts within the ruling party, the billionaire's personal political ambitions, and an attempt to avoid threats to his personal wealth due to a loss of power. However, according

²⁹ M. Reszuta, *Jak Tbilisi wślizguje się w ręce Moskwy. O szarej eminencji gruzińskiej polityki*, <https://magazynkontra.pl/jak-tbilisi-wslizguje-sie-w-rece-moskwy-o-szarej-eminencji-gruzińskiej-polityki/> [6.05.2024].

to Giga Bokeria, the chairman of the opposition party European Georgia, Ivanishvili's "third return" changes nothing as he has been exercising complete control over the political life of Georgia since 2012. The nature of his oligarchic rule is such that it extends beyond any formal positions and constitutional frameworks. In his view, it can even be said that the oligarch and his elites have taken over the state³⁰.

³⁰ G. Menadbe, *Georgia Gears Up for Billionaire Bidzina Ivanishvili's 'Third Comeback*, The Jamestown Foundation, "Eurasia Daily Monitor" 2024, vol. 21, issue 7, <https://jamestown.org/program/georgia-gears-up-for-billionaire-bidzina-ivanishvilis-third-comeback/> [7.05.2024].



3. International dependencies

Ukraine

The rapid socio-political changes observed in Ukraine after the Revolution of Dignity led to the marginalisation of pro-Russian factions. This is evidenced by the dissolution of the Party of Regions on 21 February 2023, and the Opposition Platform – For Life on 19 March 2022, as well as the prohibition of the Communist Party of Ukraine from participating in parliamentary elections. Oligarchs, particularly those with enterprises in the highly industrialised eastern and southern regions, and with prior extensive economic ties to Russia, incurred significant financial losses due to the war.

The 2014 Russian aggression fundamentally altered Ukraine's political and economic landscape, redirecting its foreign trade primarily towards the European Union. This shift diminished the political sway and economic standing of pro-Russian oligarchs. Those who had sustained relationships with Russian politicians up to the war, continued

cooperation with Russian entities, or expanded their companies' operations within Russia, faced political repercussions. The annexation of Crimea and the destabilisation of Donbass compelled Ukrainian oligarchs to adopt a definitive stance regarding Russia and its aggression. The frequent political accusations of collusion with Russia, tantamount to treason, influenced their decisions. Consequently, only a minority maintained their economic ties with Russia, leading to a gradual decrease in Russian political influence over this social group.

The attitude of Ukrainian oligarchs in the first months of the war was ambivalent. This was mainly due to a lack of certainty about further developments and a desire to maintain lucrative economic cooperation with the Russian Federation. However, it soon became apparent that maintaining such a position was not possible. This attitude was symbolised by the richest Ukrainian oligarch, Rinat Akhmetov, who in the first months of the war attempted to continue his trade contacts with Russia and to reach an agreement with the self-proclaimed authorities of the so-called People's Republics. In the long run, however, these efforts were unsuccessful. The self-proclaimed authorities of the separatists gradually took over the businesses he controlled, and the football club Shakhtar Donetsk had to change its headquarters and relocate outside the occupied areas to Kyiv.

The onset of full-scale aggression brought additional losses and a radical change in the attitude of Ukraine's richest citizen. As a consequence of the siege and seizure of Mariupol, two key plants forming the core of the Metinvest metallurgical conglomerate were destroyed: the Mariupol Ilyich Metallurgical Combine and the Azovstal steelworks.

Akhmetov has since engaged in charitable activities and supported the Ukrainian army by donating more than 100 million USD in the form of bulletproof vests, helmets, materials for the construction of fortifications, means of transport, medicines, food, and other necessities. Since the beginning of Russia's full-scale attack on Ukraine, Akhmetov has remained on Ukrainian territory and has been actively involved in the defence of the state. Additionally, after Russia's invasion of Ukraine, he handed over all media licenses in his possession to the state, which was warmly welcomed by President Volodymyr Zelensky. However, it should be noted that relations between Akhmetov and the current ruling camp have not always been smooth. In 2021, in the context of discussions around the anti-oligarchy law, President Zelensky accused Rinat Akhmetov of planning a coup in Ukraine³¹. However, these allegations have not been officially confirmed. According to the Ukrainian edition of Forbes, as a result of the war, Akhmetov's assets have shrunk from \$14 billion to \$4 billion³². However, it should be noted that the ongoing hostilities are systematically causing new losses and depleting the oligarch's assets further.

Accusations of maintaining contacts with the Russian Federation and continuing to do business on the territory of the aggressor state formed an important part of former

³¹ «Сплошная ложь». Ахметов ответил Зеленскому на обвинения о госперевороте. Почему президент и богатейший украинец воюют, Forbes.ua, <https://forbes.ua/ru/news/sploshnaya-lozh-akhmetov-otvetil-zelenskому-na-obvneniya-o-gosperevorote-pochemu-prezident-i-bogateyshiy-ukrainets-voyuuyut-26112021-2852> [18.05.2024].

³² Плюс Тигипко и Гереги. Какие состояния были бы у украинских миллиардеров и кто бы еще попал в список, если бы не война, Forbes.ua, <https://forbes.ua/ru/money/plyus-tigipko-ta-geregi-yaki-statki-mali-b-ukrainski-milyarderiy-ta-khto-shche-potrapiv-bi-u-spisok-yakbi-ne-viyna-11042024-20384> [20.05.2024].

President Petro Poroshenko's political criticism. In December 2021, he was accused of lobbying for the purchase of coal from the occupied areas of the Donbass instead of from South Africa³³. The issue of the Lipetsk candy factory in Russia, which remained in the hands of the oligarch even after the victorious presidential election, was also a frequent topic in the media. In December 2016, the Basmany district court in Moscow imposed a possession order on 14 buildings of the Roshen company, accusing the company of tax fraud, and in January 2017, the Lipetsk factory stopped production. On 19 February 2024, the Lipetsk district court confiscated the assets of the Roshen factory, which passed to the state treasury, and decided to ban the former president and representatives of his immediate family from doing business in Russia³⁴.

Attempts to discredit the former president were linked to the issue of political rivalry between the opposition camp centred around Poroshenko and the Zelensky circle. The authorities failed to demonstrate the former president's activities to the detriment of the state and in the interest of Russia. Poroshenko himself became extremely involved in charitable activities and assistance to the Ukrainian army, especially after the full-scale Russian aggression.

Until the war broke out, the most influential and the richest pro-Russian oligarch was Viktor Medvedchuk. According

³³ Уголь из «ДНР». В чем обвиняют бывшего президента Украины Петра Порошенко?, Radio Svoboda, <https://www.svoboda.org/a/ugolj-iz-dnr-v-chem-obvinyayut-byvshego-prezidenta-ukrainy-petra-poroshenko/31658421.html> [29.05.2024].

³⁴ Фабрику Roshen в Липецке передали в российскую собственность, Forbes.ru, <https://www.forbes.ru/biznes/506508-fabrika-roshen-v-lipecke-peredali-v-rossijskuu-sobstvennost> [29.05.2024].

to unconfirmed rumours, Vladimir Putin was the godfather of his daughter. During the first phase of the war, Medvedchuk's contacts in the Kremlin were often used in the course of holding talks with representatives of the self-proclaimed People's Republics in the Donbass and on the exchange of prisoners of war. However, the oligarch's activities at many points went far beyond business. He was one of the founders of the pro-Russian party Opposition Platform – For Life in November 2018, through which he repeatedly supported the Russian point of view on the settlement of the situation in Donbass. In February 2019, the General Prosecutor's Office of Ukraine opened an investigation into Medvedchuk, accusing him of high treason due to his meetings with Russian Federation authorities. Analogous investigations were also opened on 17 June 2020, following a visit to Moscow by representatives of the Opposition Platform – For Life party, and on 11 May 2021, when he was accused of helping Russia extract hydrocarbon resources from the Black Sea shelf near Crimea, for which he was placed under house arrest. On 11 November 2021, house arrest was converted to police surveillance. In October 2021, there were additional charges related to the trade of coal sold by the Kremlin-subordinated self-proclaimed People's Republics³⁵. Additionally, on 2 February 2021, Ukraine's National Security and Defence Council blocked the pro-Russian TV channels 112 Ukraine, ZIK, and NewsOne, which were formally owned by Taras Kozak but unofficially owned by Viktor Medvedchuk³⁶.

³⁵ *Медведчуку продовжили домашній арешт*, Pravda.com.ua, 10 January 2022, <https://www.pravda.com.ua/news/2022/01/10/7319880/> [1.06.2024].

³⁶ M. Drabczuk, *Ukraina blokuje prorosyjskie kanały telewizyjne*, "Komentarze IeŚ" 2021, no. 331, <https://ies.lublin.pl/komentarze/ukraina-blokuje-prorosyjskie-kanały-telewizyjne/>

Following Russia's full-scale aggression against Ukraine, Medvedchuk attempted to illegally cross the Ukrainian border. President Volodymyr Zelensky reported that the SBU managed to detain him on 12 April 2022, and his property was taken into custody on 14 April. On 21 October 2022, Medvedchuk, together with 55 Russian prisoners of war, was exchanged for 215 Ukrainians, including defenders of Azovstal, highlighting his importance to the Russian Federation³⁷.

Moldova

Ilan Şor now resides in Russia and profiles his political activities as overtly pro-Russian. There are many indications that he is also funded by sources there. As a citizen of Israel, he visited the country between 2019 and 2024. In October 2022, Şor was sanctioned by the US Treasury Department. In May 2023, a similar decision was made by the European Union.

In the first years of the Party Şor's existence, its narrative was social, targeting the poorest people in the country and shying away from identity and geopolitical issues. However, as early as autumn 2022, protests organised by the party began to use a distinctly anti-Western and, in time, even pro-Russian message. In March and April 2024, the Bashkan of Gagazuia, Evgheniya Guţul, visited Russia three times, where she met with Vladimir Putin and leading politicians and established cooperation with the state-owned

[28.05.2024].

³⁷ *Україна повернула з російського полону 215 людей, зокрема й захисників «Азовсталі», Президент України*, <https://www.president.gov.ua/news/ukrayina-povernula-z-rosijskogo-polonu-215-lyudej-zokrema-j-77909> [1.06.2024].

and Western-sanctioned Promviazbank³⁸. On 21 April 2024, Şor, Guţul, and other politicians from parties funded by the oligarch organised an event in Moscow to announce the formation of the political bloc “Pobieda” (Victory). The event was intended to show that Şor and his associates are partners of the Russian Federation authorities in Moldova.

Transnistria. The oligarchs ruling Transnistria find themselves in a complicated international position. In the security sphere, they depend primarily on Russia. The majority of the population of the unrecognised republic is also sympathetic to the state. Nevertheless, business-wise and economically, Transnistria is dependent on relations with the mother state and the European Union. The situation in the energy sector is even more intricate – the supply of natural gas, which is the backbone of the economy there, depends on the will of both Russia and Moldova as well as Ukraine.

Russian soldiers numbering around 1,500 are stationed in Transnistria. Formally, this group is divided into two separate units – a peacekeeping force and an Operational Group of Russian troops tasked with guarding the ammunition depots in the village of Coabasna. It is estimated that 70–80% of the total number of soldiers are people born and raised in Transnistria who hold Russian citizenship. One can speculate whether these soldiers are more loyal to the Russian command or to the Transnistrian authorities. Nevertheless, there is no denying that these units have a dual role in the unrecognised republic. On the one hand, they enable it to function and guarantee its independence from

³⁸ P. Oleksy, *Gagauzia – Russian destabilisation tool*, “IEŚ Commentaries” 2024, no. 1107, <https://ies.lublin.pl/en/comments/gagauzia-a-russian-destabilisation-tool/> [8.05.2024].

Moldova. On the other hand, they are a disciplinary factor towards the Transnistrian authorities. In this context, it is also often referred to as the deep infiltration of the local Ministry of State Security by the Russian security services. The Transnistrian authorities are also keen to use Russian diplomatic and political support when it allows them to limit the pressure of Moldova and the West.

The seizure of full power in Transnistria by the oligarchs heading the Sheriff holding company coincided with the inclusion of the unrecognised republic in the “Deep and Comprehensive Free Trade Area Agreement” (DCFTA) between the Republic of Moldova and the European Union. This resulted in the business and economic reorientation of Transnistria. In January 2022, i.e., on the eve of the Russian invasion of Ukraine, 37% of exports from the para-state were directed to the European Union and about 28% to the Republic of Moldova. In third place as a trade partner, was Ukraine (20%). By contrast, only 7% went to Russia and the Eurasian Economic Union, which it controls³⁹. The later closure of transport roads minimised the importance of this export. The further functioning of Transnistria and the business development of the oligarchs therein, therefore, is dependent on constructive relations with the Moldovan, Ukrainian, and EU authorities.

The most vivid example of the complexity of international relations in which the Transnistrian oligarchs operate is in the energy sector. In 2022, the Moldovan authorities

³⁹ P. Oleksy, *Naddniestrze wobec rosyjskiego ataku na Ukrainę*, “Komentarze IEŚ” 2022, no. 529, <https://ies.lublin.pl/komentarze/naddniestrze-wobec-rosyjskiego-ataku-na-ukrajne/> [28.05.2024].

became largely independent of natural gas supplies from Russia. Currently, the entire demand of the right-bank part of the country is covered by supplies from Romania and the Trans-Balkan Pipeline, which is fed by LNG terminals located in Greece. Natural gas purchased from Gazprom is used only for Transnistria. The authorities of the separatist republic do not pay for it, allowing local companies to offer very competitive prices. Theoretically, the Moldovan authorities could, therefore, deprive the separatist republic of these supplies, as they are the ones who contract and handle the supplies from the Russian company. Moreover, the future of these supplies also depends on the position of the Ukrainian authorities, through whose territory the gas pipeline runs. Nevertheless, it is worth remembering that this natural gas is used to generate electricity at the Moldovska GRES power plant in Transnistria, with the main consumer of this electricity being the Republic of Moldova, which benefits from its low price. Moreover, the cessation of production at Moldova GRES would lower the voltage on the grid throughout Moldova, making it inefficient.

Since the Russian invasion of Ukraine, the oligarchs ruling Transnistria have been trying to play a multi-format political game to maintain both Russian support for Transnistria's separateness and constructive relations with Moldova, Ukraine, and the European Union for as long as possible. Tiraspol has not officially supported Russian aggression, also showing support for refugees from Ukraine. At the same time, in moments of increasing pressure from Chisinau, the Transnistrian authorities have resorted to Russian political and media support. An example of this was the organisation of the All-Russian Congress of Deputies and its issuing of

a proclamation of support after the Moldovan authorities ordered Transnistrian companies to pay customs duties⁴⁰.

Many commentators also point to Ukraine's growing influence in the separatist republic. These are said to stem from the Sheriff owners' previous business relationships and the active, though unpublicised, activities of Ukrainian diplomacy in this direction.

Georgia

After the "Georgian Dream" party came to power in 2012, there were evolutionary changes in Georgia's foreign policy. As Prime Minister from 2012–2013, Ivanishvili, as he had previously announced, attempted dialogue with Russia through the so-called Karasin-Abashidze format, which involved discussions between two diplomats on issues related to transport, economy, humanitarian affairs, and culture, while avoiding sensitive political problems. Georgia also made a gesture towards Russia by sending its athletes to the Winter Olympics in Sochi in February 2014. Ivanishvili himself proposed restoring the railway connection with the separatist, de facto Russian-controlled Abkhazia. This was welcomed by the Russian side, but due to the anti-Russian stance of public opinion, opposition politicians' objections, and the presence of distinctly pro-Western, Euro-Atlantic integration-supporting parties such as the Republican Party in the GM coalition, some plans remained at the proposal stage⁴¹. Alongside attempts to normalise relations with Russia, the

⁴⁰ P. Oleksy, *Naddniestrze prosi o pomoc. Znaczenie komunikatów Tyraspola*, "Komentarze IES" 2024, no. 1072, <https://ies.lublin.pl/komentarze/kies-1072/> [16.05.2024].

⁴¹ A. Kavadze, *Foreign Policy of Contemporary Georgia. Formulation, Decision-Making – Implementation*, vol. 1, Tbilisi 2020, pp. 88–89.

Georgian Dream government continued efforts towards integration with the European Union that had been initiated during Saakashvili's tenure. In 2014, Georgia signed an association agreement with the EU, which allowed Georgian citizens to travel without visas to the EU from 2017. However, this event was considered the peak achievement in Georgian foreign policy during the reign of the Georgian Dream.

At the turn of 2016/2017, more pronounced signs of a pro-Russian shift in the ruling party's policy began to appear. This was increasingly at odds with the pro-European and anti-Russian views of the majority of the Georgian population, who expressed this by demonstrating in the streets. An example of particular public dissatisfaction with the increasingly pro-Russian stance of the authorities was the events referred to as the "Gavrilov Night"; on 20 June 2019, massive protests took place in Tbilisi after Sergei Gavrilov, a representative of the Russian State Duma, spoke in the Georgian parliament during an inter-parliamentary assembly of Orthodox deputies. His speech was perceived as a provocation because he delivered it in Russian from the chair of the speaker of the Georgian parliament. The wave of criticism of the pro-Russian policy of the authorities was accompanied by spontaneous and massive demonstrations in front of the parliament, which were dispersed by the police. This led to an internal political crisis and a significant deterioration of the image of the Georgian Dream government, especially after the arrest of Saakashvili in 2021, which the international community perceived as an act of political revenge⁴².

⁴² K. Zasztowt, *Wyzwania dla polityki wewnętrznej i zagranicznej Gruzji w czasie rosyjskiej inwazji na Ukrainę*, Raport Ośrodka Studiów Przestrzeni Postsowieckiej, Centrum Badań

The war in Ukraine has posed a significant challenge for the Georgian authorities, creating an even greater divide between the government and the majority of the population. After the onset of Russia's invasion of Ukraine, Georgian society sided with the Ukrainians and condemned the Russian aggression. The vast majority also favoured the continuation of a pro-Western foreign policy and distanced themselves from cooperation with Russia. Meanwhile, the Georgian authorities refrained from openly criticising the Kremlin and opted to maintain proper relations with Moscow at the expense of deteriorating relations with the EU and the USA. There was also a diplomatic conflict with Ukraine when Georgian authorities began to hinder flights from Tbilisi for Georgians wanting to participate in the defence of Ukraine, arguing that it would mean direct involvement of Georgia in the war. The Prime Minister of Georgia publicly stated that there was a plan for the "Ukrainization" of Georgia, allegedly backed by Ukrainian state officials in alliance with the Georgian opposition.

The arrest of Mikheil Saakashvili, who holds Ukrainian citizenship, and requests from President Zelensky (which were rejected) for his release were also contentious issues. The matter of armaments also became a point of dispute; according to Kyiv, Georgia had received these from Ukraine as a gesture of solidarity during the Russo-Georgian War in August 2008. The Ukrainian side asked the authorities in Tbilisi to return the missile systems and was met with refusal⁴³. Furthermore, the day after Russia's invasion of

nad Bezpieczeństwem, Akademia Sztuki Wojennej, Warszawa 2023, pp. 14–19.

⁴³ Ibid., pp. 21–24.

Ukraine, on 25 February 2022, Prime Minister Garibashvili announced that Georgia would not join Western sanctions against Russia. This declaration was criticized by Kyiv and deepened the developing crisis in Georgian-Ukrainian relations. However, after some time, the government in Tbilisi fully agreed to comply with international sanctions but did not introduce its own sanctions against Russia. Despite this, due to its geographical location, Georgia became one of the key countries on the routes for importing Western goods into Russia.



4. Oligarchy as a challenge to the process of European integration

Ukraine

The Ukrainian oligarchic system did not worry Western countries and institutions as long as there was no question of Ukraine's aspirations to join these institutions. It was treated, like corruption, as a kind of anecdotal curiosity from "backward post-Soviet Eastern Europe". It is worth noting in this context that it was Ukraine's desire to sign an association agreement with the European Union that triggered a sequence of events that changed not only Ukraine but also Europe: Euromaidan, the overthrow of Yanukovich, the annexation of Crimea, the war in Donbas, Ukraine's clear choice of the Western vector, and finally, the Russian invasion.

When Ukraine declared its will to join the West, many problems arose – oligarchy and its role in Ukraine became one of them. This type of system cannot function in any democratic, law-abiding, and free-market country. Ukrainian

oligarchs, apart from corruption, became one of the key reasons why the West could not imagine Ukraine's presence in the European Union. This scepticism, present among both Western political elites and societies, has also grown into many myths and prejudices that are still alive today.

Although the Association Agreement entered into force in 2017, it did not fundamentally change Ukraine's relationship with the EU, nor did it bring any real prospects for Ukraine's membership in the EU. Significant changes were brought only by Russian aggression in 2022. Just four days after Russia's invasion of Ukrainian territory, President Zelensky submitted an application for Ukraine's membership in the European Union. On 23 June 2022, the European Council granted Ukraine the status of candidate for membership in the European Union. On 25 June 2024, an inter-governmental conference between Ukraine and the EU was held in Luxembourg, at which the start of accession negotiations was officially announced. The head of the Ukrainian delegation, Deputy Prime Minister Olha Stefanishyna, declared that Ukraine planned to fully prepare for accession to the EU by 2030. This corresponds to the public mood in Ukraine – 60% of Ukrainians believe that accession may take place within 5 years.

The EU's decision was long-awaited by both the Ukrainian authorities and society. One of the most important consequences of Russia's war against Ukraine is the clear return of Ukraine and Ukrainians to the West. In the cultural and civilizational sense, Ukraine definitely identifies itself with Western civilization and its circle of values, which most likely ultimately means the failure of the Russian concept of the

“brotherly unity” of Russians, Ukrainians, and Belarusians (under the authority of Moscow).

The war also significantly increased the popularity of Western institutions in Ukrainian society and the level of support for Ukraine’s accession to them. In February 2024, according to the Ukrainian research group Rating, 77% of Ukrainians were in favour of Ukraine’s accession to the European Union; however, a year earlier it was 85% – which shows that there is growing disappointment in Ukrainian society regarding the pace of integration with the EU.

Significantly, the same percentage supports accession to NATO – despite eagerly expressed aspirations regarding the EU, Ukrainians approached NATO with reserve – opponents of joining NATO prevailed in Ukraine until the annexation of Crimea when the proportions slowly began to change⁴⁴.

Nevertheless, accession to the EU requires meeting specific criteria. The European Commission demanded that Ukraine meet seven requirements relating to judicial reform, an effective fight against corruption, media regulations, rights of national minorities, and the introduction of anti-oligarchic laws that would limit the excessive influence of oligarchs on economic, political, and public life⁴⁵. Regardless of this, each country aspiring to EU membership must meet the so-called Copenhagen criteria, one of which concerns the existence of a market economy, ready to cope

⁴⁴ *Всеукраїнське опитування Міжнародного республіканського інституту (IRI): лютий 2024*, <http://ratinggroup.ua/research/ukraine/absolyutna-bilshist-ukrayinciv-virit-u-peremogu-nad-rosiyeyu-pidtrimuyut-chlenstvo-v-yes-ta-nato.html> [6.06.2024].

⁴⁵ P. Oleksy, H. Bazhenova, J. Olchowski, *Relacje UE – Ukraina. Między oczekiwaniami, interesami i możliwościami*, “Komentarze IES” 2023, no. 788, <https://ies.lublin.pl/komentarze/relacje-ue-ukraina-miedzy-oczekiwaniami-interesami-i-mozliwosciami/> [15.08.2024].

with competition and the free market (the oligarchic system is the opposite of such an economic model). Ukraine, if it wants to become a member of the EU, must comply with these requirements.

Without a doubt, both the EU and Western countries will put strong pressure on Ukraine, also because after February 2022 Ukraine has been receiving huge financial resources from the West, and the post-war reconstruction of the country will require even greater expenditure, spread over many years, and which will be closely monitored. In addition, there will be increasing pressure on the implementation of political reforms, e.g., in the field of independent judiciary, compliance with the standards of the rule of law, transparency of political processes and economic life, civil liberties and, above all, the fight against corruption – this has been clearly signalled not only by the European Union but also by the United States and the G7 group.

These pressures are probably so strong now that they constituted one of the two main impulses (along with social pressure) that prompted the Ukrainian authorities to launch a broad and publicised anti-corruption campaign. These activities are to be consistently continued, which proves that the Ukrainian authorities are aware that Western aid, necessary for the functioning of the state, will increasingly depend on the effectiveness of internal reforms, including corruption patterns established over decades – this also applies to the influence of the oligarchy. Importantly, Ukrainian society is also aware of this. The de-monopolisation of the economy, the rule of law, freedom of speech, free elections, as well as the elimination of corruption, are already quite widely perceived as beneficial from the point of view

not only of Ukraine's pro-Western aspirations but also from the point of view of citizens' interests.

Taking this into account, it can be assumed that the role and importance of the oligarchy in Ukraine will probably consistently decline. An additional argument is that Ukraine, like the EU, intends to develop based on the high technology and "green energy" sectors – which means the decline of Ukrainian oligarchs, anchored mainly in "traditional" branches of the economy such as heavy industry and mining. The problem of oligarchy is no longer perceived as the most crucial in Ukraine – this may be evidenced by the fact that it has practically disappeared from the statements of Ukrainian officials, who mention issues related to corruption, rule of law, trade, agriculture, and civil service reform as barriers to Ukraine's integration with the EU – but not oligarchy.

Moldova

Ilan Șor, who is the most politically active oligarch, has tied his interests to Russia and has made it his aim to obstruct or even prevent Moldova's entry into the EU. Other oligarchs, whose activities are less visible at the moment, also signal or express outright opposition to the pro-EU course. Their influence on Moldovan society is currently visible yet limited. Șor's overtly pro-Russian narrative reaches only a certain section of society. According to a survey by the International Republican Institute carried out in the first quarter of 2024, Șor himself enjoyed the trust of around 21% of the

public⁴⁶. In doing so, many researchers point out that this level of trust is an upper barrier for him. The same survey also showed that about 10% of those surveyed were prepared to vote for political parties associated with him⁴⁷.

However, the aim of Şor's political activity at present is not to seize power itself, but to reduce support for the ruling party and European integration as much as possible. The main method is a kind of political diversion, i.e., actions focused on multiplying socio-political crises by organising protests, provoking scandals, and escalating tensions between the government and the authorities of the Gagauz Autonomy. Such activity achieves several goals at once: it strengthens the pro-Russian electorate in its convictions, broadens the negative electorate of the power camp, and engages the ruling camp in dealing with successive, artificially created crises, which hinders and delays overcoming genuine social and systemic problems (related to the social sphere, the economy, reforms, and the fight against corruption).

This strategy is primarily calculated to create a serious crisis of support for President Maia Sandu and the PAS and, as a result, the seizure of power by forces less attached to the idea of European integration. The decline in support for the ruling camp and the idea of European integration itself, which was evident in Moldova in early 2024, was primarily the result of public disillusionment with the lack of tangible

⁴⁶ *National Survey of Moldova. Jan. – Feb. 2024*, International Republican Institute, <https://www.iri.org/resources/national-survey-of-moldova-jan-feb-2024/> [28.05.2024], p. 20.

⁴⁷ *Ibid.*; it is worth underlining that The Chance and The Revival parties were not well recognised on the national level in the period of the survey and the block Pobieda was not launched yet.

and perceptible results after more than two years of PAS rule⁴⁸. This means that Şor and his partners are capable of creating major obstacles on Moldova's path to the EU, but the effectiveness of their actions depends primarily on the ability of the pro-European forces to implement their own agenda and maintain the strong support of the majority of the population for EU membership.

Transnistria. The existence of a separatist republic under the strong influence of Russia is the biggest challenge to Moldova's EU integration process. The admission of Moldova to the EU with Russian soldiers in Transnistria seems impossible. For this reason, there are suggestions in statements by politicians and diplomats that Moldova could be accepted into the EU without Transnistria, just as Cyprus was accepted without the Turkish Republic of Northern Cyprus. However, this scenario would create additional problems for the regional security architecture – there would be EU and NATO uncontrolled territory with strong Russian influence between Moldova and Ukraine. Therefore, this scenario seems unlikely at present⁴⁹.

The admission of Moldova to the Union together with Transnistria would also mean the incorporation of the local oligarchic system. However, it should be noted that currently, Transnistrian oligarchs have a paradoxical role in the whole process. On the one hand, the history and practice of their activities indicate that they will pose a problem for the

⁴⁸ P. Oleksy, *Ryzykowne referendum. Mołdawska gra polityczna wokół eurointegracji*, "Komentarze IEŚ" 2024, no. 1037, <https://ies.lublin.pl/komentarze/kies-1037/> [28.05.2024].

⁴⁹ P. Oleksy, *Moldova is on the path to the EU. What about Transnistria?*, "IEŚ Commentaries" 2024, no. 1047, <https://ies.lublin.pl/en/comments/moldova-is-on-the-road-to-the-eu-what-about-transnistria/> [28.05.2024].

construction of democratic structures in line with EU values and norms. On the other hand, however, their business orientation and the scale of their relations with Moldova and the EU make them a limiting factor for Russia's influence in Transnistria.

President Maia Sandu argues that the reintegration of Transnistria requires its de-oligarchisation and it is difficult to argue with this opinion. The difficulty of the situation is that the oligarchs there are at the same time a pragmatic force that cares about constructive relations with the EU, which creates a unique space for negotiations⁵⁰. In this situation, the Moldovan authorities and the EU face a dilemma – how to take advantage of the situation while not creating additional problems for the future.

Georgia

Russia's attack on Ukraine became a factor that accelerated the debate within the EU about its expansion eastward. In response to Ukraine and Moldova submitting their applications for EU membership at the turn of February/March 2022, Georgian authorities also decided to submit an application for EU membership on 3 March 2022, although they had previously announced plans to apply only in 2024. However, due to Georgia's ambiguous stance on Russian aggression in Ukraine, negative trends in the political system, issues with the judiciary, and restrictions on media

⁵⁰ P. Oleksy, *Chisiniua's Transnistrian Dilemma*, "IEŚ Commentaries" 2022, no. 705, <https://ies.lublin.pl/en/comments/chisinaus-transnistrian-dilemma/> [28. 05.2024].

freedom⁵¹, Georgia was considered by the EU as a less credible candidate than Ukraine and Moldova.

In June 2022, the European Parliament adopted a resolution calling for the immediate granting of candidate status to Ukraine and Moldova, which the European Council subsequently awarded. In Georgia's case, only the status of a candidate for European Union membership was granted⁵². The decision to grant Georgia the status of a candidate country was postponed depending on whether the Georgian government would implement a package of political system reforms. The changes required by the EU institutions concerned fundamental values that are part of a democratic state. The authorities in Tbilisi were obligated to:

- Take steps towards depolarisation and ensure cooperation between political parties,
- Strengthen the independence of the judiciary and all state institutions; increase democratic oversight, and reform the electoral system,
- Strengthen the independence of the Anti-Corruption Bureau to address high-level corruption cases,

⁵¹ For several years, Georgia has been experiencing an increasingly deteriorating situation regarding the freedom and independence of the media. In the years 2019-2021, Georgia ranked 60th out of 180 countries in the World Press Freedom Index by Reporters Without Borders (RSF). Three years later, in 2024, Georgia fell to 103rd place out of 180 in the global index. No other country in the region has dropped in the rankings as much as Georgia over just a few years. For comparison, in 2024, Azerbaijan ranked 164th and Armenia 43rd. See *Georgia falls 26 places on World Press Freedom Index to 103rd in world*, <https://oc-media.org/georgia-falls-26-places-on-world-press-freedom-index-to-103rd-in-world/> [9.05.2024]; *2024 World Press Freedom Index – journalism under political pressure*, https://rsf.org/en/2024-world-press-freedom-index-journalism-under-political-pressure?data_type=general&year=2024 [9.05.2024].

⁵² S. Samadashvili, *EU membership or oligarchic rule: The choice facing Georgia*, "European View" 2022, no. 21(2), pp. 207–209.

- Conduct a radical de-oligarchisation of political life by eliminating oligarchic influence in political and public life,
- Strengthen the fight against organised crime, particularly by ensuring rigorous investigations, prosecutions, and credible achievements in the prosecution and sentencing as well as ensuring supervision over law enforcement agencies,
- Make efforts to ensure a pluralistic and independent media environment,
- Work towards enhancing the protection of human rights,
- Consolidate efforts to increase gender equality and combat violence against women,
- Ensure civic society's involvement in decision-making processes at all levels,
- Adopt regulations that will enable Georgian courts to proactively consider judgments from the European Court of Human Rights in their deliberations,
- Ensure priority is given to an independent person in the process of appointing a new human rights ombudsman and conduct this process transparently⁵³.

Brussels' decision caused significant dissatisfaction among the Georgian public, manifesting in numerous anti-government demonstrations. The ruling camp expressed strong opposition to this decision. Instead of expressing

⁵³ *Communication from the Commission to the European Parliament, the European Council and the Council, European Commission. Commission Opinion on Georgia's application for membership of the European Union*, Brussels, 8 November 2023, https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-11/COM_2023_690%20Communication%20on%20EU%20Enlargement%20Policy_and_Annex.pdf [9.05.2024].

a willingness to undertake reforms, the Georgian government launched an anti-Western propaganda campaign. State-controlled media blamed the opposition and NGOs, accusing them of lobbying against EU membership⁵⁴. Moreover, the authorities began a campaign against European Parliament members, and EU and US ambassadors in Georgia, accusing them of undermining Georgia's chances for EU membership. The conditions set by the European Commission were harshly criticised by the ruling camp, especially the de-oligarchisation issue, seen as a direct attack on Bidzina Ivanishvili. Prime Minister Garibashvili stated that the de-oligarchisation demand was aimed at "discrediting the governance system in Georgia"⁵⁵.

Despite these overtly anti-European actions and statements by the ruling politicians, on 8 November 2023, the European Commission recommended granting Georgia EU candidate status. It critically assessed Tbilisi's efforts to implement reforms, noting progress in only three of several areas requiring reform. Finally, on 14 December 2023, the European Council granted Georgia EU candidate status, while also deciding to start accession talks with Ukraine and Moldova⁵⁶.

Despite Brussels' seemingly lenient treatment, authorities in Tbilisi continue actions that are in stark contrast with

⁵⁴ N. Gabritchidze, *Georgian ruling party intensifies attacks against U.S., EU ambassadors*, <https://eurasianet.org/georgian-ruling-party-intensifies-attacks-against-us-eu-ambassadors> [9.05.2024].

⁵⁵ *Deoligarchization Campaign Aimed at 'Discrediting' Governance System, Says PM*, <https://civil.ge/archives/500216> [9.05.2024].

⁵⁶ K. Zasztowt, *Wyzwania dla polityki wewnętrznej i zagranicznej Gruzji w czasie rosyjskiej inwazji na Ukrainę*, Raport Ośrodka Studiów Przestrzeni Postsowieckiej, Centrum Badań nad Bezpieczeństwem, Akademia Sztuki Wojennej, Warszawa 2023, p. 31.

pro-European rhetoric and social expectations. A prime example is the adoption by the Georgian parliament in May 2024 of the “Law on Transparency of Foreign Influences”, informally known as the “foreign agents law”. Modelled on Russian legislation, the law requires that all NGOs and media receiving over 20% of their total annual income from “foreign donors” must register through the Ministry of Justice with the National Public Registry as organisations acting in the interests of foreign states. This law also obliges them to file annual financial declarations. Non-compliance or failure to submit a financial statement could result in severe financial penalties. Additionally, the law allows the Ministry of Justice to conduct ongoing monitoring of NGOs and media to “identify organisations acting in the interests of foreign states”⁵⁷.

It is worth noting that the first attempt to pass the law occurred in February 2023, leading to massive public protests and its withdrawal due to overwhelmingly negative international reaction, particularly from the EU. Nonetheless, the Georgian Dream, ruling Georgia for a third term, returned to work on the controversial law and enacted it in May 2024. Although the law was immediately vetoed by President Salome Zurbishvili, her opposition could be overridden at any time by the Georgian Dream-dominated parliament. The adopted document caused significant unrest and concern among media representatives and civil society in Georgia. Since its enactment, massive demonstrations

⁵⁷ K. Fedorowicz, *Protesty w Tbilisi. Gruziński parlament zatwierdził ustawę o „zagranicznych agentach”*, “Komentarze Brief IEŚ” 2024, no. 1106, <https://ies.lublin.pl/komentarze/kies-1106/> [23.05.2024].

have been ongoing in Tbilisi against this change, met with substantial resistance from the police and security forces.

Georgia's President Salome Zurbishvili stated that the law represents a "direct provocation" intended to hinder the country's integration with the European Union. Charles Michel, President of the European Council, declared that the bill is decidedly in conflict with Georgia's Euro-Atlantic aspirations and pushes Tbilisi even further away from the European Union. The "foreign agents" law was condemned by NATO Secretary General Jens Stoltenberg, Human Rights Watch, the United Nations High Commissioner for Human Rights, and the U.S. State Department. Many leading European diplomats directly informed Georgian authorities that rejecting this law is a necessary condition for Georgia's further integration with the EU. The German Ambassador to Tbilisi, Peter Fischer, said that if the "foreign agents" law is adopted in its current form, Germany will not support the initiation of negotiations on Georgia's accession to the EU. He believes that Georgia has already deviated from the "European path" and added that the "foreign agents" law sets the country below the minimum standards required in the EU⁵⁸. Several EU member states (Estonia, the Netherlands, the Czech Republic, and Sweden) have announced that they will call for a discussion on imposing sanctions on Georgia, including restrictive measures against representatives of "Georgian Dream" who support the law. Proposals include lifting visa-free travel to the EU for Georgian citizens and targeted sanctions against Georgian officials as well as

⁵⁸ Ambassador Fischer: "If Agents' Law Passes, Germany Will Not Vote to Open EU Accession Negotiations with Georgia", <https://civil.ge/archives/608712> [3.05.2024].

freezing EU funding for Georgia⁵⁹. Another strong voice of criticism has come from the USA, which is also considering imposing sanctions on Georgia. The White House and the U.S. State Department have warned the government in Tbilisi that pushing through the unpopular law could lead to Washington imposing restrictions on Georgia and would force the United States to “fundamentally reorient” its relations with the country⁶⁰.

On the Georgian political scene, the dominance of oligarch Bidzina Ivanishvili and his party Georgian Dream deepens. The permanent oligarchisation of political life is increasingly met with opposition from Georgian society, which has a strong desire to anchor Georgia in Euro-Atlantic structures. The parliamentary elections planned for the fall of 2024 could be a turning point in Georgia’s recent political history. The current policy of friendly “neutrality” towards Russia and its actions in Ukraine will be confronted with the completely different aspirations of the majority of Georgian society, weary of the current lack of alternatives in the Georgian political system. It is likely that the residents of Georgia will once again face a major civilizational choice regarding their future.

⁵⁹ *Несколько стран-членов ЕС требуют ограничительных мер для Грузии из-за закона об “иноагентах”*, <https://civil.ge/ru/archives/608803> [23.05.2024].

⁶⁰ *US could sanction Georgia politicians to “defend democracy”*, <https://www.politico.eu/article/us-sanction-georgian-dream-party-politicians-foreign-agent-law-asset-freezes-travel-bans-democracy/> [23.05.2024].



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In many of the states that emerged after the collapse of the Soviet Union, oligarchic systems were shaped as a result of political and economic turbulence. Oligarchs had, and in some cases still have, significant influence on the political and economic processes, blocking democratic reforms and pursuing their interests through corruption, informal connections, and political influence. This process has taken different form in particular states, as exemplified by Georgia, Moldova, and Ukraine.

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