The Moscow Times
30 YEARS
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How Did Putin Conjure Up $1Bln for NGOs?

By Nikolai Petrov

April 14, 2013




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During President Vladimir Putin's visit to Germany last week, he gave a television interview in which he stated that 654 nongovernmental organizations in Russia had received a total of $1 billion in foreign aid in the four months since the State Duma had passed a new law on NGOs.

This is a gross overstatement, but it was made by the president — and before television

cameras.

Rumor has it that the Kremlin tried and failed to persuade the Germans not to include that part of the interview in the broadcast. The Prosecutor General's Office had to rush to Putin's aid by issuing a statement confirming that, according to its information, the figure was correct. But that statement also mentioned that in 2011, all Russian NGOs received a total of at least 19 billion rubles ($620 million). That total is close to half of the $1 billion that Putin mentioned.

This gives rise to a couple of questions.

First: if the Prosecutor General's Office only had data for 2011, where did Putin get information for the period to which he referred, Nov. 21, 2012 to March 26, 2013? Human rights activist Yury Dzhibladze suggests that it was provided by Federal Financial Monitoring Service. Since last year, all Russian banks have been ordered to report all funding received by NGOs to this agency. In any case, it is clear that Putin was quoting information gathered by the Federal Security Service.

Second: Through which juggling act did the authorities arrive at a figure of $1 billion? After all, according to Forbes magazine, the two dozen biggest NGOs in Russia — with large staffs and regional offices — each have operating budgets totaling only about $1 million annually. Meanwhile, the overwhelming majority of NGOs of have annual budgets of only $1 million to $2 million. What's more, all NGOs submit financial reports to the Justice Ministry and post that information on their websites.

Perhaps Putin came up with the figure of $1 billion from a broad interpretation of NGOs that includes everything from the World Bank to major research institutions registered as NGOs that participate in international projects on nuclear fusion and the study of space. It might also include businesses masquerading as NGOs that receive large sums of money from offshore investments and accounts. Another theory is that the figure was inflated when the Yeltsin Foundation acquired high-priced property in the Moskva-City business district early this year.

The world might soon learn what stands behind the enormous sum — a figure the president clearly used to shock and frighten impressionable citizens. The reason: directors of numerous prominent NGOs sent Putin a collective letter expressing confusion over the figure of $1 billion and demanding that he divulge a list of all organizations receiving foreign funding in Russia. The directors of 58 organizations signed the appeal. But even more impressive is the geographic spread among them: fully 18 regions are represented. The largest number of signatories are in Moscow (16 NGOs) and St. Petersburg (15). In descending order are Nizhny Novgorod (four), Voronezh (three) and Kurgan (three). The Perm, Sverdlovsk, Kostroma, Kirov and Kaliningrad regions were each represented by two NGOs each, and another 10 regions had one each, including Adygeya, the only national republic on the list.

The Kremlin seems to have gotten itself into a catch-22 situation. It is required by law to respond to the request. However, disclosing the information could not only lessen the "shock factor," but also reveal that the $1 billion figure was incorrect. Either way, Kremlin spin doctors are headed for a very awkward reckoning.

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