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Letter from the Chair of the Board

I am pleased to present in this report the varied and important work of Shadow World Investigations (formerly Corruption Watch UK). In the year since its launch, Shadow World Investigations (SWI) has worked tirelessly to investigate and expose cases of grand corruption and corporate malfeasance in the global arms trade and beyond. SWI has worked in the media, alongside civil society, and behind the scenes, to bring awareness of and facilitate cases against corruption, human rights abuses and other malfeasance in the global arms trade.

In 2019/20 Shadow World Investigations has published extensively on its in-depth research and investigative work, including peer-reviewed journal articles, published reports and articles and videos across a variety of media. The Shadow World film has been seen by hundreds of people despite the global health crisis, and investigative training workshops have been hugely successful online. A video series created with Executive Director Andrew Feinstein and Double Down News has garnered almost 400,000 views across various social media platforms.

SWI also works behind the scenes across the globe with prosecutors and law enforcement agencies to facilitate legal cases against corruption, human rights abuses and other malfeasance in the global arms trade, most prominently in South Africa. Four submissions have been made this year to the Zondo Commission of Inquiry on State Capture in South Africa, as well as a complaint submitted to the Chief Justice
regarding the failure to conduct a meaningful investigation into the notorious Arms Deal. Submissions have also been made to the UK Foreign Affairs Committee on the impact of the arms trade on relations between Britain and Iran, endangering British citizens, and to the Norwegian Council on Ethics, encouraging divestment from Leonardo.

It has been a pleasure to work with such an excellent Board of Directors whose own distinction reflect the high standard of work carried out by this small but influential organisation. Thanks to the Board, the Shadow World Investigations team, our various partners across civil society and especially to our funders, who make all the work we do possible.

Rosa Curling
Chair of the Board

“IN THE YEAR SINCE ITS LAUNCH, SHADOW WORLD INVESTIGATIONS HAS WORKED TIRELESSLY TO INVESTIGATE AND EXPOSE CASES OF GRAND CORRUPTION AND CORPORATE MALFEASANCE IN THE GLOBAL ARMS TRADE AND BEYOND.”
About Shadow World Investigations

Shadow World Investigations undertakes path-breaking investigations into cases of grand corruption, corporate malfeasance and excessive militarism, predominantly but not exclusively in the global arms trade. These case-studies are used to highlight the blurred lines between business and state, and to indicate the legal and political reforms that are needed to halt the corrosive impact of criminal and institutional corruption.

We focus on the global arms trade, and the militarism that underpins it, because it encapsulates and typifies the way in which criminal and institutional corruption undermines good governance and causes untold damage across the globe.

We distribute these case studies, and their implications, across multiple mediums, including research reports, journalistic articles, critically acclaimed and best-selling books, film, social media, podcasts and an extensive, continuous public speaking and engagement program.

Where appropriate, we work with law enforcement agencies and prosecutors to bring legal action. We also engage the government, media and civil society to advocate for reforms to the legal architecture that allows and enables grand corruption and other corporate malfeasance, and for progressive change in our political discourse.

Our aim is to drive progressive democratic change by fostering good governance and holding the powerful to account.

MISSION AND PHILOSOPHY

The mission of Shadow World Investigations is to detail and expose the illicit and/or unethical corruption of government by corporate actors and their enablers. We do so by highlighting the impact of the blurred line between business and politics on democracy, human rights, the rule of law, the environment and just and equitable development. This exposure serves to hold the powerful to account, and to create momentum for progressive change.
We adopt a systemic approach to corruption and militarism, in which we analyse these phenomena and their consequences in their political and economic context. We believe that corruption and militarism are the result of political choices, philosophies and ideologies, whether stated or unstated. We believe it is essential to understand these underpinnings, in addition to the obvious and crucial economic drivers that inform the arms trade and other malfeasant activities, in order to develop meaningful and workable solutions and strategies to alter or end this destructive behaviour.

OUR APPROACH

Investigate & Expose
The vast majority of bribery, corporate malfeasance and institutional corruption remains undiscovered. It is first essential to expose these cases and to make the details known as widely as possible.

Policy & Advocacy
Drawing on our investigative case-studies, we advocate in a variety of creative ways for changes to laws, regulations and practices in order to tackle corruption and corporate malfeasance.

Activism
Our policy and advocacy work is combined with active engagement with government, civil society and the media. In this, we place particular emphasis on the need to form or join broad coalitions of civil society actors to amplify our message. These collaborations allow us to push for the progressive political change that is ultimately needed to address the joint ills of corruption and militarism.
OUR TEAM

Executive Director
Andrew Feinstein

Director of Investigations
Paul Holden

Operations Manager
Rhona Michie

OUR BOARD

Chair
Rosa Curling

Treasurer
Alastair Constance

Professor Alex de Waal

Professor Anna Stavrianakis

Pratap Chatterjee

Tutu Alicante
Arms Trade and Militarism Project

OVERVIEW

BACKGROUND
The global arms trade accounts for around 40% of all corruption in world trade and is responsible for over half a million deaths a year. Shrouded in national-security-imposed secrecy the trade is conducted by a tiny elite of politicians, corporate executives, military and intelligence leaders, intermediaries and enablers, all of whom operate with virtual impunity. At the fulcrum of business and politics, the trade undermines democracy, the rule of law and good governance, while making the world less safe.

THE GOAL
Our arms trade and militarism project aims to reveal the functioning of this secretive trade, and the militarist mindset that underpins it, in order to hold those involved to account and to advocate for a highly regulated, accountable, broad-based approach to human and national security.

THE PROJECT
We undertake path-breaking, indicative investigations into corruption, malfeasance and human rights abuses in the global trade in weapons. We work with media partners to publish these investigations as widely as possible, with prosecutors where appropriate to encourage legal action, with MPs and governments to improve and enforce the regulatory environment and with civil society to develop campaigns against the perpetrators and their enablers.

PUBLICATIONS AND INVESTIGATIONS

Paul Holden published an article in the Economics of Peace and Security Journal on the offset program attached to the South African ‘Arms Deal’ of 1999, demonstrating that there are pressures that would apply in all defence offset deals that ensures that they deliver considerably less economic benefit than defence companies ever admit.

Together with Professor Imti Choonara, Andrew Feinstein published in the BMJ Paediatrics on the adverse relationship between the arms trade and child health, and the responsibility that health professionals and organisations have to children to try and curb the ever-expanding arms industry.
In the light of British nationals being held hostage in Iran over unpaid arms deal debt, SWI made a submission to the Foreign Affairs Committee in Parliament. It focused on the impact the arms trade has had on relations between Iran and Britain, arguing that the nature and functioning of the trade endangers British citizens.

With Open Secrets we submitted a joint complaint to the Chief Justice in South Africa regarding Judges Seriti and Musi. In 2019, a High Court judgement set aside the Seriti Commission’s report as they failed to conduct a meaningful investigation into the Arms Deal. This could lead to Judges Seriti and Musi being the first senior judges impeached in post-apartheid South Africa.

In his personal capacity, with assistance from the SWI team, Andrew is producing a report for the UN Office on Drugs and Crime identifying the use of offsets and intermediaries as the main conduits for corruption in the global arms trade. It will be used to engage with the World Trade Organisation to remove the defence exemption on the ban on offsets in major public procurements, and with state signatories to the UN Convention Against Corruption to more strictly regulate intermediaries used in arms transactions.

We continue our investigation into Leonardo’s corruption in Indonesia as part of our efforts to persuade the Norwegian Council on Ethics to divest from Leonardo due to the weight of corruption allegations against the company. Our last submission to the Council was in May 2020.
R142 Billion

If the Arms Deal were to take place today, the total all-in costs to cover the purchases and the loans taken out to finance them, would be R142bn.


What could we do with this money?

Pay IMF loan $4.3bn (or R70bn)

R142bn could pay back twice over the highly symbolic loan the SA government has just taken from the International Monetary Fund (IMF) of R70bn (or $4.3bn).

3 times the R50bn Transnet spent on criminally linked railway orders to China

R142bn is three times the value of the R50bn plundered by Transnet with various Chinese state rail manufacturers, for which the Gupta criminal enterprise earned a juicy 20% kickback.

SA budget: R33.3bn on student aid & R65bn for child support grant

R142bn is more than 4 times the amount the government/state has budgeted for National Student Financial Aid Scheme for the year 2020/2021.

R142bn is more than double the amount the government/state has budgeted to spend on child-support grants for the year 2020/2021.

R142bn per year is the exact amount it would cost to run a basic income grant scheme that lifted every South African between 18 and 59 above the real poverty line of R1,277 per month.

Provide an above the poverty line basic income grant to every person between 18 & 59 yrs for one year

Graphic created by Open Secrets
OUTREACH, ACTIVISM AND ADVOCACY

We began the year screening Shadow World and Blue Orchids (an art edition based on unused Shadow World footage), undertaking 7 screenings in the UK, Norway, the Netherlands and South Africa), the majority with in-person or online Q&As, and related outreach events. Since COVID-19 we have moved our screening programme online, allowing us to reach far more people. A screening co-hosted with Stop the War attracted over 600 people, while we have been successful in running screenings with students and partners in the UK, Canada, the USA and Germany. We have conducted three major investigative methods training workshops in person and have run 5 more online over the course of the year.

Paul Holden ran a workshop at Arab Reporters for International Journalism conference in Amman in December 2019 on arms sales and corruption in the Middle East, and Andrew Feinstein led a workshop at this year’s conference on Investigating the Global Arms Trade. Andrew has spoken at numerous online events, including the UN Forum on Business and Human Rights in a session entitled “Accountability and remedy when business-related corruption leads to human rights abuses”, the International Studies Association on “The Shadow World of the Global Arms Trade and the Quest for Global Peace and Security”, and at the International Peace Bureau on “The failure of Arms Export Controls: Saudi Arabia, the UAE and Yemen”.

We have appeared on a number of media globally on arms trade issues, including three interviews on Double Down News which have combined attracted almost 400,000 views across various platforms. We have begun to produce short videos for distribution utilising unshown footage from the Shadow World film.

We have helped develop the Corruption Tracker, a website that documents allegations of corruption in arms sales, in collaboration with the World Peace Foundation and the Global Net Stop the Arms Trade. We are excited to announce the launch of this new tool on the 8th December 2020.
We continue to work with the Southern African Litigation Centre to end the sanctuary afforded by South Africa to the Dutch arms dealer, Guus Kouwenhoven, who has been sentenced to nineteen years in prison for complicity in Charles Taylor’s war crimes. As a result of this work his South African visa has been revoked. We have also engaged with the Extractive Industries Transparency Initiative to remove a Kouwenhoven-linked businessperson from their Multi-Stakeholder Group in the Republic of Congo. Andrew has co-authored two articles on the situation.

COMING SOON

We have established a coalition with Mwatana for Human Rights and filmmaker Sonia Kennebeck (National Bird) to produce a major book and a feature documentary to feed into a global accountability campaign to seek justice against the countries, companies and individuals that facilitate and enable the ongoing destruction in Yemen.

Andrew and Paul have authored a forthcoming article for the Brown Journal of World Affairs, entitled The Failure of Regulation of the Global Arms Trade as a Consequence of High-Level Conflicts of Interest.

Together with the Public Interest Litigation Project and PAX in the Netherlands, and the ECCHR in Germany, we are hosting a conference in 2021 that will bring together lawyers and civil society groups from across the globe working on the arms trade to share information about strategic litigation cases and strategies.

A Korean edition of The Shadow World: Inside the Global Arms Trade will be published imminently. This will be the 10th edition of the book to date.

We are in discussion with climate activists in the UK, US, Germany and Norway to merge activism on climate and conflict, which we will be taking further in 2021.
The State Capture Project

OVERVIEW

BACKGROUND
During the decade-long presidency of Jacob Zuma, South Africa’s fragile democracy was undermined and corrupted by a plethora of criminal actors. Foremost amongst them were the Gupta family, which used its influence and financial resources to capture major state companies and institutions, and to direct scarce public resources into their and other pockets. The State Capture Project aims to expose and elucidate evidence of this capture of the state through a program of detailed investigative research and to facilitate both public awareness of the detail and mechanisms of this dark chapter in South Africa’s democratic history, as well as the prosecution of those involved. We focus our attention on two of the most egregious cases of capture: the Estina Dairy Project and the capture of the state rail manufacturer, Transnet.

THE GOAL
Our goal is to publish and disseminate the results of our research widely - our full submissions can be found on our website - and to assist law enforcement initiatives in South Africa and around the world in bringing meaningful criminal charges against the perpetrators, facilitators and enablers of this exercise in grand corruption.

THE PROJECT
To this end, Shadow World Investigations has made four detailed submissions to the Zondo Commission on State Capture. On the basis of these submissions, Paul Holden, our Director of Investigations, has been called to provide testimony before the Commission in December. A wide variety of materials and media can be found on our website, along with the full reports.

In addition, together with Open Secrets, we have conducted training for 20 activists and journalists in South Africa to enable them to better investigate and report on state capture and related malfeasance. Together, we undertook a briefing for key members of the media, a public briefing with over 80 representatives of civil society, addressed a public rally demanding accountability for the politicians involved and spoke at the Cape Town Press Club. This work will not only help achieve the objectives set for the project but will also place us in a unique position in the future to assist in the analysis and overcoming of other instances of State Capture, such as in Angola, Zambia, Hungary, the US, etc. To this end we assisted on and appeared in the BBC’s exposé of the corruption of Isabel Dos Santos, corrupt daughter of Angola’s kleptocratic former President, and have been working with a civil society group in Zambia which is keen to undertake a major project on State Capture.
PUBLICATIONS

The Estina Dairy Project Submission (Part I)
In this submission to the Zondo Commission of Inquiry on State Capture, we highlight the involvement of the Gupta family, their associates and other companies (the “Gupta enterprise”) in the conceptualisation, initiation and conduct of the Estina/Vrede Dairy Project, and place such involvement in the broader context of the capture of the Free State government.

The Estina Dairy Project Submission (Part II)
Our second submission focuses on tracing the disposition of monies paid to Estina by the Free State Department of Agriculture, and unravelling the complicated money laundering networks used to facilitate the diversion of government funds to the ultimate benefit of the Gupta enterprise. It is not yet publicly available but Paul Holden will be giving evidence on it in December.

The Gupta Enterprise and the Capture of Transnet:
Our most recent submission to the Zondo Commission on State Capture regards the capture of the state-owned rail company, Transnet. The submission focused on unravelling the three complex money laundering systems used by the Gupta family to launder hundreds of millions of dollars in kickbacks and bribes.
The Enablers Report

SWI released *The Enablers* in collaboration with the South African civil society organisation *Open Secrets*, which was made as a joint submission to the Zondo Commission.

The report exposes the role of the corporate enablers of State Capture: the banks, law firms, management consultants and auditors who facilitated, and in instances helped design, the corrupt processes and the laundering of the proceeds of corruption. The Enablers reveals the structural problems that allows these professionals to enable grand corruption with impunity, and also provides evidence to the Commission of specific instances of complicity of various private actors in the Gupta racketeering enterprise.

Corruption is a major problem which has a devastating human cost. In poor countries it kills people and traps millions more in poverty.... The largely hidden truth is that banks play an integral role in enabling this. Corrupt officials need somewhere to hide stolen money. Yet while laws and regulations apply in most countries, which require banks to do a range of checks to detect the proceeds of the corruption, many banks fail to uphold them. As a result they are leaving the door wide open for corrupt people to launder their funds.

Graphics created by *Open Secrets*
## Shadow World Investigations in the Media

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Our Funders

Many thanks to our institutional funders for their generous support, without which Shadow World Investigations could not carry out its work. If you would like to make a one-off donation or support us through our Patreon you can do so here:

https://shadowworldinvestigations.org/support-our-work/
THANK YOU

A special thanks to all our funders, partners and supporters for all you do to promote and sustain our work. As a small organisation we are able to carry out our investigations, outreach and advocacy due to the network of organisations and activists in various fields working together to further our common aims.

SUPPORT OUR WORK

As a small not-for-profit Shadow World Investigations relies on project funding, and support from the public can go a long way. You can help us with a one off donation or regular support through Patreon: click here

CONTACT

To arrange a screening or training, discuss an investigation or otherwise contact someone at SWI, get in touch at: admin@shadowworldinvestigations.org
https://shadowworldinvestigations.org/contact/

For secure correspondence, get in touch using the methods above and we can supply you with a Protonmail or Signal address.

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