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Wagner's Business Model in Syria and Africa Profit and Patronage

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Executive Summary

This paper examines whether the Wagner Group (Wagner) was profitable under its founder Yevgeny Prigozhin, what its business model has meant for Russia and Russia's geopolitical rivals in the recent past, and what the model could mean in the future.

The paper's main focus is on three case studies: Syria, the Central African Republic (CAR) and Mali, but Wagner as a whole is also considered. To assess the group's profitability, the paper aggregates various sources of financial information to understand Wagner's financial model, its revenue sources and its costs.

Some of Wagner's deployments were loss making, others barely profitable and some very profitable (for example, the CAR and Syria). It appears to have been part of its venture-capitalist business model that failures should happen and were even deemed acceptable, if other operations produced sufficient revenue. Moreover, Prigozhin engaged in his Wagner business because the favours that his Russian businesses received from President Vladimir Putin were likely conditional on Prigozhin returning them, including by serving the geopolitical interests of Russia abroad.

Wagner did not make huge profits overall, especially when the risks involved are considered. Prigozhin made his money through his Russian businesses, and it is clear that his ventures in Africa and the Middle East did not contribute significantly to Russia's coffers, whether in terms of taxes paid or any other way. Indeed, that does not even appear to have been their purpose: rather, they were intended to sustain Russia's foreign policy initiatives. At least in the short term, this objective was achieved.

Prigozhin's death raised serious questions about the sustainability of the Wagner business model. The Russian government did try to encourage other tycoons linked to the Kremlin, such as Gennady Timchenko and Arkady Rotenberg, to adopt the model, but neither showed much enthusiasm nor managed to replicate Prigozhin's mix of shadowy but entrepreneurial business operations. This resulted in Wagner's activities in Africa being curtailed, but not dismantled.

Wagner's colonial-style business model only really took hold in the CAR and Syria. In Syria, the model became unacceptable even to Bashar Al-Assad's regime, despite its heavy dependence at the time on Russian support. The prospects for the model being replicated elsewhere now look remote, not only because of the rarity of Prigozhin's 'talent', but also because it clashes with increasingly

nationalist African and Middle Eastern environments. Wagner may be described as a product of a phase of oligarchic politics in Russia, when Putin saw wealthy cronies as a more viable option than Russia's rusty state apparatus, even in foreign policymaking.

The paper stresses that any revenue accruing to Wagner from its extractive operations needs to be offset against costs. Large deployments of fighters and equipment are financially burdensome, and big revenue-generating businesses would be required to justify them. With Prigozhin gone and given the lack of appetite for his neo-colonial approach among governments who might make use of Wagner's style of operations, a more feasible approach for Wagner to achieve substantial profits in the future would be to focus on smuggling. And the group has already engaged in such activities, for example with the Captagon amphetamine trade in Syria. It is far from clear, however, that Russia will allow Wagner this focus, which would be difficult to control from Moscow. Moreover, such operations could well undermine Russia's diplomatic aims.

Introduction

From the very origins of the Wagner Group (Wagner), there has been a close connection between its ‘warriors for hire’ business and the exploitation of natural resources. This began with Wagner’s predecessor, the Slavonic Corps, mercenaries commanded by one of Wagner’s founders, Dmitry Utkin, who were contracted by Bashar Al-Assad’s regime in Syria to protect oil facilities in exposed locations such as Deir ez-Zor. Although the Slavonic Corps experiment was a failure, it provided a model for Wagner.¹

It has been speculated that following Russia’s invasion of Ukraine in February 2022, mining operations in Africa contributed to the relief of sanctions on Russia and even to funding the military effort in Ukraine. This argument is based on estimates of what logging (\$1 billion) and mining contracts (\$2.7 billion) in the Central African Republic (CAR) might be worth over their lifetime.² If this speculation were correct, the implications would be major. However, as this paper shows, translated into yearly revenue, these figures could be irrelevant in terms of Russia’s war in Ukraine.

A somewhat different take can be found in the description by the late Russian journalist Kirill Romanovsky of Wagner as a ‘new version of the East India Company’, referring to the British trading company that ended up taking control of much of the Indian subcontinent and Hong Kong in the 18th and 19th centuries.³ In this view, the stress is on Wagner being a ‘state in the guise of a merchant’,⁴ that is, something much more self-serving than believers in a grand scheme of the Russian state might assume.

This paper argues that this interpretive model suits Wagner only to a limited extent. Others have raised doubts about the profitability of the entire Wagner enterprise.⁵ This paper shows that Wagner paid for the costs of its operations

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1. Sergey Sukhankin, ‘Russian PMCs in the Syrian Civil War: From Slavonic Corps to Wagner Group and Beyond’, Jamestown Foundation, 18 December 2019, <<https://jamestown.org/program/russian-pmcs-in-the-syrian-civil-war-from-slavonic-corps-to-wagner-group-and-beyond/>>, accessed 6 January 2025.
 2. Debora Patta and Sarah Carter, ‘How Russia’s Wagner Group Funds its Role in Putin’s Ukraine War by Plundering Africa’s Resources’, *CBS News*, 16 May 2023, <<https://www.cbsnews.com/news/russia-wagner-group-ukraine-war-putin-prigozhin-africa-plundering-resources/>>, accessed 6 January 2025.
 3. Cited in Luke Harding, *Shadow State* (New York, NY: Harper Collins, 2021), p. 173. For a short profile of the East India Company, see *Encyclopedia Britannica*, ‘East India Company’, <<https://www.britannica.com/topic/East-India-Company>>, accessed 7 January 2025.
 4. See Harding, *Shadow State*, p. 253.
 5. Ellen Ioanes, ‘Wagner’s Real Money Never Came from Diamonds and Gold’, *Vox*, 3 July 2023, <<https://www.vox.com/world-politics/2023/7/2/23781794/wagner-group-africa-russia-uae-putin>>, accessed 7 January 2025.

on the whole, and that while it was profitable, its margins were not particularly impressive given the high-risk character of its business.

This paper examines the questions of whether Wagner was profitable at its peak, and the implications of its business model for Russia and Russia's geopolitical rivals – both in the recent past and in the future. The questions are posed in relation both to specific deployments in the paper's case study countries – Syria, the CAR and Mali – and to Wagner as a whole. Libya is omitted from this paper in part because Wagner operated there on a contract allegedly paid for by the UAE and did not directly intervene in Libya's oil industry.⁶

To address these research questions, this paper aggregates various sources of financial information in order to understand Wagner's financial model – its revenue sources and costs – with the aim of assessing both the group's profitability and the potential policy levers that could be used to disrupt its operations. In recent years, many investigative and analytical reports have highlighted Wagner's business operations and sources of income,⁷ which range from government security and military contracts to the exploitation of natural resources. These reports rely on a combination of interviews, leaked documents and financial statements filed publicly by Wagner's many companies.

Methodology

The research for this paper relies on both primary and secondary sources of information. A total of 38 interviews were carried out by the project's research team in Syria, the CAR, Mali and Mozambique, as well as in other countries. The interviews were with current and former Wagner staff (13); Russian and non-Russian diplomats and military officers (three); government officials, military officers, representatives from business and local community elders from Syria, the CAR and Mali (18); and four experts and analysts working on Wagner in various European and North American countries. All interviews were carried out between 2023 and 2024, as part of the project 'Wagner Group and Russia's Presence in Africa and the Middle East', whose output includes three further research papers that deal with other aspects of Wagner's operations.⁸ A few

6. *Ibid.*

7. See, among others, Lou Osborn and Dimitri Zufferey, *Wagner: Enquête au Cœur du Système Prigojine* [*Wagner: An Investigation into the Heart of the Prigozhin System*] (Paris: Éditions du Faubourg, 2023); Julia Stanyard, Thierry Vircoulon and Julian Rademeyer, 'The Grey Zone: Russia's Military, Mercenary and Criminal Engagement in Africa', Global Initiative Against Transnational Organized Crime, February 2023, <<https://globalinitiative.net/analysis/russia-in-africa/>>, accessed 26 January 2025.

8. Antonio Giustozzi and David Lewis, 'After Prigozhin: Does Wagner Group Have a Future?', Russia Program, George Washington University, 11 September 2024, <https://therussiaprogram.org/wagners_future>, accessed 28 November 2024; Antonio Giustozzi and David Lewis, 'Did Wagner Group Prove an Effective Tool of Foreign Policy for Russia?', Russia Program, George Washington University, 11 September 2024,

interviewees spoke in their official capacity or as external observers, but the large majority spoke on condition of anonymity. It was then decided to anonymise all interviews regardless in order to avoid interviewees being traced.

Given the topic of this study, it inevitably relies largely on verbal sources (both formal interviews and informal conversations between researchers and witnesses). The authors are aware of the limitations that this implies and have made every effort to gather what was available from news reports and reports produced by other researchers. While there is of course no direct access to primary written sources, such as the records of Wagner itself or the Russian government, the authors benefited from some material leaked to the media. The authors sought to corroborate and supplement the information obtained from interviews with a review of other publicly available data, such as trade data and statistics, publicly available corporate information and other sources.

The limitations discussed above derive primarily from having to conduct primary research in conflict-affected countries. However, in the aftermath of Wagner's mutiny in 2023, when many staff members left Wagner or developed grudges against the Russian state, finding individuals willing to be interviewed became easier than expected. Still, the body of data collected is inevitably incomplete, and follow-up on specific themes was often not possible, which is reflected in the analysis in the paper. The three research teams were led by individuals with extensive experience and contacts in the field, so although obtaining access was not a major problem, the authors are aware that interviewees could be affected by social desirability bias, resulting in prejudiced information about rival organisations and/or overstatement of achievements, capabilities and resources. Such risks were addressed by ensuring a balanced mix of interviewees to reflect differing points of view and incorporating test questions in the questionnaires to assess the reliability of the sources. The research team also focused the discussion on issues that were the least controversial for the interviewee in order to incentivise cooperation and information sharing. Given Wagner's controversial character, it was difficult to identify neutral sources and opinions were highly polarised.

The authors analysed the data – cleansing it of what stood out from the bulk – with the aim of highlighting not only Wagner's sources of income (drawing on prior reporting, in particular) but also the potential costs of generating this

<<https://therussiaprogram.org/page59514185.html>>, accessed 28 November 2024; Antonio Giustozzi, Joana de Deus Pereira and David Lewis, 'Did Wagner Succeed in the Eyes of its African and Middle Eastern Clients?', *Whitehall Report*, 4-24 (January 2025), <<https://www.rusi.org/explore-our-research/publications/whitehall-reports/did-wagner-succeed-eyes-its-african-and-middle-eastern-clients>>, accessed 30 January 2025. For further information on the project, see RUSI, 'Wagner Group and Russia's Presence in Africa and the Middle East', <<https://rusi.org/explore-our-research/projects/wagner-group-and-russias-presence-africa-and-middle-east>>, accessed 3 February 2025.

income. In most cases, transporting mined or extracted goods requires a number of logistical steps. Potential policy levers are therefore implied in relation not only to reducing revenue to Wagner, but also to increasing its costs, interrupting its logistics and disrupting its access to international markets.

Wagner's position in Syria, Mali and the CAR became more tenuous after the 2023 Wagner mutiny in Russia and the death of the group's leader, Yevgeny Prigozhin. Since then, other Russian private military groups, such as Redut and Africa Corps, have moved into (or are negotiating their way into) many of Wagner's operations in Africa, causing instability that was reflected in the interviews for this paper, which were carried out after the deaths of Prigozhin, Utkin and Valery Chekalov, Wagner's financial manager. Despite, or perhaps because of this instability, the authors believe there remains an opportunity to understand the business drivers for Wagner and its successors.

Limitations and Challenges

Given the transnational nature of Wagner and the recent changes to its operations, there are several important limitations and caveats in relation to the research for this paper. These correspond to key questions, many of which have been the subject of extensive academic and policy debates, including:

- **Which companies comprise(d) Wagner?** This remains unclear and difficult to determine with precision. Prigozhin's career famously spanned business activities from catering to gold, so establishing which business activities are part of Wagner's private military and security company (PMSC) business model is both important and nebulous. For this paper, the authors focus on the PMSCs active in the three country case studies, but also briefly consider the Russian origins of some of Wagner's funding, which they assess to be similar to the start-up capital that Prigozhin used to expand first into Syria, and potentially beyond.
- **What is Wagner's current status?** The evidence the authors have gathered suggests that certain individuals connected with the Wagner model, particularly in the CAR, remain active (see below). However, in July 2024, when the research was completed, the situation remained fluid. Russia's use of PMSCs has adapted to new circumstances, with a proliferation of smaller businesses and direct Ministry of Defence (MoD) contracts. Wagner is and always has been primarily a group based on Prigozhin's charisma, and it is now tentatively gathering around his 25-year-old son Pavel, who previously controlled a number of businesses, but was not involved in running Wagner.⁹ Attempts to take over

9. For details, see Giustozzi and Lewis, 'After Prigozhin', pp. 31–32.

Wagner's business activities have succeeded in Syria, but in other deployments – and in the CAR and Mali in particular – personnel and operational control are not dramatically different from when Prigozhin was alive.¹⁰

- **How reliable is the data on Wagner?** Whether provided by Russian official sources, Wagner's client governments, local sources, or sources opposed to Russia, data is of dubious reliability. Exact timeframes are rarely available. While there is at least relative consensus on the salaries paid to Wagner staff, there is uncertainty about Wagner's costs, and the investments it made in mining operations, for example. This affects efforts to estimate the profitability of Wagner's operations. The authors have, therefore, often had to make a judgement call.

It should be noted that this paper does not aim to offer an audit of Wagner's finances, but is an attempt to assess the viability of the group's business model in the case study countries. For this, estimates can suffice.

The paper has two chapters. Chapter I provides a detailed overview of Wagner's sources of income, its costs and profitability in the three case study countries. The chapter includes background on Prigozhin's other business activities in Russia, with the primary aim of identifying any links between them and Wagner. Chapter II discusses the vulnerabilities of the Wagner business model, which could have an impact on the group's long-term sustainability and even viability. The Conclusion draws the analysis together and assesses how Wagner's business model has served both Prigozhin's business operations and Russian foreign policy.

10. For details, see Giustozzi and Lewis, 'After Prigozhin', pp. 17–19.

I. Wagner's Revenue, Costs and Profitability

This chapter explores Wagner's different revenue sources and offers rough estimates of the group's operating costs and an analysis of how profitable Wagner's business model has been.

Prigozhin's Russian Capital

This paper does not analyse Wagner's (or Prigozhin's) Russian operations in depth. However, it would be remiss to ignore the contracts of Wagner companies with Russian state organisations. In a June 2023 speech, Russian President Vladimir Putin claimed that Wagner was funded heavily by the Russian state, more than RUB86 billion (about €818 million) for a single year.¹¹ This figure is likely to be due mainly to Wagner's involvement in Russia's war in Ukraine, but it also highlights the fact that Wagner conducted many business activities with the Russian state in addition to its African and Middle Eastern operations.

In fact, the relationship between Prigozhin and Russia long pre-dates Wagner. Numerous journalists have sought to compile the full scale of its finances using publicly available information, including Russian government procurement data.¹² Between 2014 and 2021, holding companies that were part of Prigozhin's Concord Group recorded a turnover of €5.6 billion, the majority of which was reported to come from Russian state agencies.¹³ Many of the contracts were with the Russian MoD, which granted them for a wide range of services, including cleaning, catering, maintenance, repairs and fuel.¹⁴

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11. *Важные истории*, «Надеюсь, что никто ничего не украл или украл поменьше». Путин признал, что ЧВК «Вагнер» финансировало государство» [“I Hope that No One Stole Anything or Didn't Steal too Much”. Putin Admitted that “Wagner” PMC was Financed by the State’], 27 June 2023, <<https://istories.media/news/2023/06/27/putin-priznal-chto-chvk-vagner-finansirovalo-gosudarstvo/>>, accessed 30 September 2024.
 12. See, for example, *Важные истории*, ««Верстка»: за время войны компании Евгения Пригожина заработали рекордную сумму по госконтрактам» [“Verstka”: During the War, Yevgeny Prigozhin's Companies Earned a Record Amount Under Government Contracts’], 8 February 2023, <<https://istories.media/news/2023/02/08/verstka-za-vremya-voini-kompanii-yevgeniya-prigozhina-zarabotali-rekordnuyu-summu-po-goskontraktam/>>, accessed 30 September 2024.
 13. Osborn and Zufferey, *Wagner*, p. 264.
 14. Anastasiya Yakoreva and Svetlana Reiter, ««Ресторатор Путина» перестал быть любимым подрядчиком Минобороны» [“Putin's Restaurateur” has Ceased to be the Favourite Contractor of the Ministry of Defence’], *The Bell*, 2 March 2018, <<https://thebell.io/restorator-putina-perestal-byt-lyubimym->

Scholars have noted that these funds were part of a relationship in which Wagner was deliberately kept well funded, allowing it to accumulate capital which then enabled its venture capitalist-style expansion into new markets such as Syria, the CAR and Mali. After that, however, according to Anna Arutunyan and Mark Galeotti, ‘the heavy lifting – primarily ensuring security and logistics – fell to Wagner and Prigozhin’.¹⁵ These authors argue that Wagner became an ‘expensive luxury’ that nevertheless allowed Prigozhin to remain useful to the Kremlin for ‘future deniable operations’.¹⁶ It is not clear, however, whether Putin saw Wagner as a luxury. In a pattern not exclusive to Prigozhin, or to Russia, the civilian contracts arbitrarily channelled to Prigozhin appear to have been ordinary state expenditure. The prices charged by Prigozhin might have been inflated (there is no evidence for this), but what was specific in the Putin–Prigozhin relationship was that rather than focusing on supporting Putin politically at home, Prigozhin enabled or supported a revival of Russia’s superpower pretensions abroad. This business model proved to work in Syria first, where oil revenue eventually generated returns, encouraging Prigozhin to replicate the model elsewhere.

Table 1: Selected Examples of Wagner’s Revenue, Costs and Profits in Syria, the CAR and Mali (\$ Million unless otherwise indicated)

SYRIA									
	2015–16	2017	2018	2019	2020	2021	2022	2023	2024
Costs									
Cost of Wagner forces on the ground (excluding heavy equipment)	154.5								
Investment in oil and gas companies (average based on 2017–23 total)		85.7	85.7	85.7	85.7	85.7	85.7	85.7	
Revenue									
Revenue from oil and gas operations							444		
Profit of Evro Polis LLC*					90				

podryadchikom-minoborony>, accessed 2 September 2024; Ilya Rozhdestvensky, Anton Bayev and Polina Rusaeva, «Призраки войны: как в Сирии появилась российская частная армия» [‘Ghosts of War: How a Russian Private Army Appeared in Syria’], *RBC Magazine*, 25 August 2016, <<https://www.rbc.ru/magazine/2016/09/57bac4309a79476d978e850d>>, accessed 2 September 2024.

15. Anna Arutunyan and Mark Galeotti, *Downfall: Prigozhin, Putin and the New Fight for the Future of Russia* (London: Ebury Press, 2024), p. 155.

16. *Ibid.*, pp. 137 and 150.

CENTRAL AFRICAN REPUBLIC									
	2015-16	2017	2018	2019	2020	2021	2022	2023	2024
Costs									
Salaries of Wagner fighters on the ground			18			72			21.6
Brewery construction costs								20-30	
Revenue									
Total revenue									200
Payments from the CAR government (average)			€91.2	€91.2	€91.2	€91.2	€91.2	€91.2	
Gross revenue from timber trade							20		
Gross revenue from diamond trade							Tens		
Gross revenue from gold mining							100-290		
MALI									
	2015-16	2017	2018	2019	2020	2021	2022	2023	2024
Costs									
Wagner staff salaries							48		
Revenue									
Payments from Malian government							€109.2		

* Evro Polis is a company connected to Prigozhin's Concord Group.

Sources: Lou Osborn and Dimitri Zufferey, *Wagner: Enquête au Cœur du Système Prigojine* [Wagner: An Investigation into the Heart of the Prigozhin System] (Paris: Éditions du Faubourg, 2023), p. 183; Miles Johnson, 'Wagner Leader Generated \$250mn from Sanctioned Empire', *Financial Times*, 21 February 2023; interview with Wagner finance staff, February 2024; Denis Korotkov, «Вagner. Первая нефть» ['Wagner. First Oil'], *Новая газета*, 19 January 2020, <<https://novayagazeta.ru/articles/2020/01/19/83514-vagner-pervaya-neft>>, accessed 30 September 2024; interview with Wagner member working in the CAR, May 2024; Jessica Berlin et al., 'The Blood Gold Report', 21 Democracy, December 2023, p. 23; Gabe Joselow, 'Russian Mercenaries Exploit a War-Torn African Nation as They Lead Putin's Fight in Ukraine', *NBC News*, 1 June 2023, <<https://www.nbcnews.com/news/africa/wagner-ukraine-russia-central-african-republic-gold-mine-putin-rcna86392>>, accessed 30 September 2024; Elian Peltier, Ivan Nechepurenko and Raja Abdulrahim, 'Future of Wagner Leader's Business Empire is Cloudy After Rebellion', *New York Times*, 10 July 2023; Dimitri Zufferey, «Des diamants vendus sur Facebook mènent au groupe russe Wagner» ['Diamonds Sold on Facebook Lead to Russia's Wagner Group'], *RTS*, 2 December 2022, <<https://www.rts.ch/info/monde/13591950-des-diamants-vendus-sur-facebook-mement-au-groupe-russe-wagner.html>>, accessed 7 January 2025.

Syria

Wagner's involvement in Syria began in 2015, in the context of Russia's operational and combat support for the Assad regime.¹⁷ The group was involved in frontline operations – training militias, advising government forces and securing energy and infrastructure facilities. Data is opaque, as is usual with Wagner, but some rough estimates can be made. One is that during the period from approximately 2015 to 2016, the cost of providing Wagner fighters to Assad's regime was estimated at €30–€95 million (around €2.3–€7.9 million per month), which covered their salaries.¹⁸ Since the number of fighters is estimated to have peaked at 2,500, the higher-end estimate can be taken to place the cost per Wagner fighter per month at €3,160 at peak strength.¹⁹ Leaked Russian MoD data suggests that the approximate cost of the year-long campaign carried out by Wagner can be estimated at between \$76.5 and \$154.5 million per year, including equipment, food, accommodation and compensation for relatives in the event of a Wagner fighter's death, during the dates when that peak figure of around 2,500 troops was reached (there would have been some fluctuations in the numbers month to month).²⁰ The latter, leaked, figures would appear to be too low if all was included, considering the previous figures and the high cost of military equipment. The more likely scenario, which reconciles the two sets of figures, is that it cost a maximum of \$5,150 (\$154.5 million per year for 2,500 men) per Wagner fighter per month, which could make sense if all but personal equipment and logistics were excluded.²¹ In 2015–16, a former Wagner member estimated the salaries at \$3,180–\$5,300, depending on the period (as they reduced over time).²² This seems roughly consistent with the leaked MoD figures.

After 2016, the costs of the operation diminished (with fewer than 500 fighters remaining by 2021),²³ and Wagner signed its first profit-making opportunity in Syria since the five-year contract that had been signed in late 2016. This contract allowed Evro Polis LLC, a company connected to Prigozhin's Concord Group, to recapture rebel-held oil and gas fields, in return for which the company would

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17. Wagner recruitment for Syria was ongoing in October 2015, but it is not clear when actual deployment started. The contract appears to have been signed only in 2016. See Denis Korotkov, «Славянский корпус» возвращается в Сирию» [“Slavonic Corps” Returns to Syria], Fontanka.ru, 16 October 2015, <<https://www.fontanka.ru/2015/10/16/118/>>, accessed 6 January 2025.
 18. Osborn and Zufferey, *Wagner*, p. 183.
 19. Extrapolated from Osborn and Zufferey, *Wagner*.
 20. Francisco José Matías Bueno, ‘Russian Mercenaries: Putin’s Pocket Army’, *Ejercitos* (Issue 8, March/April 2019), <<https://www.revistaejercitos.com/en/Articles/Russian-mercenaries-Putin%27s-pocket-army/>>, accessed 6 January 2025.
 21. Extrapolated from *ibid.*
 22. *ONPress*, ‘Большое интервью членов ЧВК Вагнера’ [A Major Interview with Members of Wagner PMC], 24 December 2017, <<https://onpress.info/bolshoe-yntervyu-chlenov-chvk-vagnera-112488>>, accessed 6 January 2025.
 23. Osborn and Zufferey, *Wagner*, p. 190.

receive 25% of the profits, as well as repayment of its costs.²⁴ One Syrian interviewee stated that the idea of paying for the recapture of oil fields with a share of their profits came from Wagner itself, not from Damascus or Moscow.²⁵

To capture the oil fields, Wagner formed the Al-Sayyad Company for Guarding and Protection Services Ltd, a group known colloquially as 'ISIS Hunters', led by Lieutenant General Ali Mahmoud Abbas. In contrast to the purpose implied by the ISIS Hunters' moniker, the group's 'core task was to take care of the oil field'.²⁶ Its fighters were reported to have been trained and experienced, taken from existing army and militia units, although seemingly demoralised from the beginning.²⁷ By the time ISIS Hunters was emerging, Wagner's original Russian MoD contract was being phased out and its principal concern was not with the battlefield, but with the security of and revenue generated from the captured oil fields.²⁸

Oil and Gas Revenue

Once they controlled the fields, Wagner subsequently operated the oil and gas assets through four primary entities: Evro Polis LLC, Velada LLC, Mercury LLC and Kapital LLC. Specifically, the Syrian regime also awarded two primary exploration and production contracts in 2019, and a further contract in 2021. In 2019, Velada LLC was awarded Block 23, a 2,159-square kilometre gas field north of Damascus and Mercury LLC was awarded Blocks 7 and 19, two oil and gas fields on the left bank of the Euphrates.²⁹ Kapital LLC, which opened in 2017, received a further contract in 2021 for exclusive oil exploration in Shelf 1 in Syria's economic zone in the Mediterranean, off the coast of Tartus province. The combined value of these contracts has been estimated at \$1 billion.³⁰

Reporting based on publicly filed financial statements for these companies shows that they posted significant profits. Despite being sanctioned by the US in 2018, Evro Polis LLC posted sales of \$134 million in 2020, resulting in a net

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24. Arutunyan and Galeotti, *Downfall*, pp. 124–25; Denis Korotkov, «Немного бизнеса в сирийской войне» ['A Little Business in the Syrian War'], *Fontanka.ru*, 26 June 2017, <<https://www.fontanka.ru/2017/06/26/084/>>, accessed 2 September 2024; interview with Syrian official, presidential office, November 2023.
 25. Interview with Syrian official, presidential office, November 2023.
 26. Interview with ISIS Hunters commander, April 2024.
 27. *Ibid.*
 28. For details, see Giustozzi, de Deus Pereira and Lewis, 'Did Wagner Succeed in the Eyes of its African and Middle Eastern Clients?', pp. 8–9; interview with an ISIS Hunters commander, April 2024; Marat Gabidullin, *Ma vérité: L'ex homme de main de Prigojine raconte* [My Truth: An Account of Prigozhin's Former Henchman] (Paris: Lafon, 2022), pp. 67–70. Author translation.
 29. Denis Korotkov, «Вагнер. Первая нефть» ['Wagner. First Oil'], *Новая газета*, 19 January 2020, <<https://novayagazeta.ru/articles/2020/01/19/83514-vagner-pervaya-neft>>, accessed 30 September 2024.
 30. Andrey Mirnyy, «ЧВК «Вагнер»: Бизнес На Крови» [“Wagner” PMC: Blood Business'], *Совершенно Секретно*, 21 March 2023, <<https://www.sovsekretno.ru/articles/bezopasnost/chvk-vagner-biznes-na-krovi/>>, accessed 30 September 2024.

profit of \$90 million.³¹ Mercury LLC was sanctioned by the EU in 2021, by which point it had already generated revenue of \$67 million (2018–21).³²

Research interviews for this paper support the view that the oil fields were profitable. However, one interviewee, a source in Wagner's finance team, gave higher figures than the public financial statements, saying that, for example, overall, Wagner had earned \$37 million per month through its oil operations in Syria.³³ Other sources suggest different figures. For example, a Russian opposition journalist has written that around \$20 million was earned through oil and gas sales in 2018.³⁴ In any event, it is likely that the level of revenue would have fluctuated over time. Multiple sources close to Wagner's operations in Syria have stated that Wagner had an agreement not to pay taxes in the country, and that it excelled at coercing Syrian officials and partners to operate under conditions and at rates imposed by the group itself.³⁵

How these revenue figures translated into profit is less clear, as there is less operational reporting about the business costs. The interviews show that Wagner-affiliated geologists and managers took over key controlling and management functions in the oil and gas businesses, but they relied on the existing local workforce and its sales functions.³⁶ They also had Syrian partner businesses in a variety of roles, including in some cases helping with smuggling operations. Among these were Udeh, General Petroleum, Syrian Petroleum, Al-Furat, Yasir oil companies and others.³⁷ These companies appear to have been willing to work with Prigozhin, due to the extraordinary profits made by avoiding taxes and customs, which were shared with Syrian business partners, who today describe that time as a bonanza.³⁸ Through Syrian Petroleum and General Petroleum, even the Assad family benefited from Wagner's involvement.³⁹ In the words of a Syrian official:

[These Syrian businessmen who were working with Wagner] were undoubtedly wealthy throughout their time with Wagner; there were no controls and no taxes at all. [They] are therefore unhappy because, I believe, they lost a powerful partner.⁴⁰

31. Miles Johnson, 'Wagner Leader Generated \$250mn from Sanctioned Empire', *Financial Times*, 21 February 2023.

32. *Ibid.*

33. Interview with Wagner finance staff, February 2024.

34. Korotkov, «Вagner» ['Wagner'].

35. Interview with official, Syrian Ministry of Foreign Affairs (MoFA), December 2023.

36. Interview with staff member of Mercury LLC in Syria, March 2024; interview with a Syrian business partner of Wagner, March 2024.

37. Interview with official, Syrian MoFA, December 2023.

38. Interview with a Syrian business partner of Wagner, March 2024; interview with manager at Syrian Petroleum, March 2024.

39. Interview with official, Syrian MoFA, December 2023.

40. *Ibid.*

Another Syrian official essentially agreed that payments were made to local partners, including, he claimed, members of the Assad family.⁴¹ Sources also said the Russian government received between 10% and 30% of Wagner's contracts.⁴² All this substantially reduced the amount of cash left for Wagner to pay its costs and make a profit. Other reported costs have been minor, such as the donation of protective goods and other equipment to support Syria during the Covid-19 pandemic.⁴³

Overall, the profits from the oil and gas operations were clearly significant and almost certainly exceeded €100 million per year, given that, as shown above, Evro Polis's profits alone were close to that figure. The value of Wagner's Syrian operations is perhaps best demonstrated by the extended negotiations between Russia and Syria following the mutiny and Prigozhin's death. In the aftermath of the mutiny, multiple sources in Syria corroborated that the Russian government, specifically the MoD, took steps to seize these enterprises.⁴⁴ A source within Wagner's finance team claimed that Wagner received no compensation for the seizure of these businesses.⁴⁵

The Drug Trade

Another important revenue source for Wagner was trade in the amphetamine Captagon. One interviewee, a Russian diplomat, referred to this trade as being on a par with Wagner's oil and gas operations, saying that Wagner's economic efforts were 'busy with drug trafficking and fuel trafficking'.⁴⁶ This opinion was corroborated by a Syrian businessman who worked with Wagner.⁴⁷ The rise in Captagon production coincided with Russian (and Iranian) support for Assad's forces regaining control of the Daraa region, a hub of production of Captagon in Syria previously held by the Free Syrian Army.⁴⁸ The Captagon industry's turnover has been estimated at more than \$5.7 billion, with the bulk coming

41. Interview with official, Syrian presidential office, November 2023.

42. Interview with Wagner member, March 2024; interview with Syrian businessman working with Wagner, March 2024; interview with official, Syrian MoFA, February 2024; interview with manager at Syrian Petroleum, March 2024.

43. Osborn and Zufferey, *Wagner*, p. 190.

44. Interview with Russian diplomat, Syria, January 2024; interview with Syrian businessman working with Wagner, March 2024; interview with manager at Syrian Petroleum, March 2024; interview with staff member of Mercury LLC in Syria, March 2024; interview with official, Syrian presidential office, December 2023; interview with senior official in Syrian MoFA, February 2024.

45. Interview with member of Wagner's finance department, February 2024.

46. Interview with Russian diplomat, Syria, January 2024.

47. Interview with Syrian businessman working with Wagner, March 2024.

48. Elijah Glantz and George Hancock, 'Syria, Captagon and Geopolitics: From Magic Bullet to Placebo', *RUSI Commentary*, 14 June 2024, <<https://www.rusi.org/explore-our-research/publications/commentary/syria-captagon-and-geopolitics-magic-bullet-placebo>>, accessed 30 September 2024.

from Syria.⁴⁹ In fact, the trade is 'several times larger than all of Syria's annual exports combined'.⁵⁰

Although the Captagon industry in Syria is heavily fragmented, and so Wagner's profits would have been at best only a relatively small fraction of the total turnover, it could easily have accounted for a major share of the group's business in Syria. There is no indication, however, that the Russian state was interested in this business. The diplomat interviewed volunteered a negative comment on the drug trade ('they were busy with drug trafficking') without prompting.⁵¹

Overall Profitability

The absence of data on revenue generated for Wagner from its involvement in the Captagon trade makes it difficult to estimate the total contribution of the Syrian operation. Overall, however, it is clear that, until Wagner was expelled from the country in September 2023, Syria was a significant source of net revenue for Wagner, at more than €100 million per year.

The Central African Republic

Wagner's operations in the CAR began in December 2017, when the UN granted Russia an exemption from the existing embargo to provide arms to the government led by President Faustin-Archange Touadéra.⁵² By 2018, Touadéra appeared in public with a personal protection detail that reportedly included Wagner personnel.⁵³ Since then, Wagner has steadily expanded its financial interests in the country to include gold and diamond mining, as well as timber mining. Before Prigozhin's death, the group had also set up alcohol and coffee production (although the profitability of these ventures is unclear, as discussed below).

Wagner's key security companies operating in the CAR are Sewa Security Services, a subsidiary of Lobaye Invest SARLU, which have both been sanctioned, as have

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49. Caroline Rose and Alexander Söderholm, 'The Captagon Threat: A Profile of Illicit Trade, Consumption, and Regional Realities', New Lines Institute, 5 April 2022, <<https://newlinesinstitute.org/state-resilience-fragility/illicit-economies/the-captagon-threat-a-profile-of-illicit-trade-consumption-and-regional-realities/>>, accessed 7 January 2025; Mustafa Abu Sneineh, 'Why Does the UK Think Syria has a \$57bn Captagon Industry?', *Middle East Eye*, 31 March 2023, <<https://www.middleeasteye.net/news/uk-syria-captagon-industry-57bn-why>>, accessed 7 January 2025.
50. Glantz and Hancock, 'Syria, Captagon and Geopolitics'.
51. Interview with Russian diplomat, Syria, January 2024.
52. Neil Edwards, 'Coup-Proofing: Russia's Military Blueprint to Securing Resources in Africa', Council on Foreign Relations, 10 March 2021, <<https://www.cfr.org/blog/coup-proofing-russias-military-blueprint-securing-resources-africa>>, accessed 2 September 2024.
53. *Ibid.* For more details on Wagner in the Central African Republic, see Giustozzi, de Deus Pereira and Lewis, 'Did Wagner Succeed in the Eyes of its African and Middle Eastern Clients?', pp. 22–24.

key personnel operating on behalf of Wagner in the country.⁵⁴ According to research interviewees, Wagner has not set up Russian-registered businesses in the CAR.⁵⁵ Instead, the group relies on CAR companies run by figureheads but controlled by Wagner operatives.⁵⁶

Wagner's CAR operations remain the most intact since the death of Prigozhin, although it is unclear whether this will continue.⁵⁷ A Wagner source in the CAR claimed that prior to Prigozhin's death, the group was making billions of dollars annually through its revenue streams, including gold, diamond and timber mining.⁵⁸ This estimate appears high, and indeed other interviewees disputed the claim.⁵⁹ The same source remarked that after Prigozhin's death, Wagner was only making \$200 million per year in the CAR, presumably referring to revenue.⁶⁰ Considering that the Ndassima gold mine, by far the most profitable operation in the CAR, was still operating at the time of the research interviews, it seems unlikely that the reduction in revenue would have been as large as suggested by the source. The 'billions' should, therefore, be taken as hyperbole.

Former Wagner members have said that the CAR was the model, or 'an advertising poster' for Prigozhin – an example of a symbiotic relationship between the group and its host country that was seen as beneficial to both parties.⁶¹ This is evident in the wide range of income streams, ranging from natural resources to tax and customs capabilities. It is in the CAR that Wagner managed to follow the 'East India Company' model most closely, with Wagner and the Touadéra regime rapidly developing a collaborative relationship.⁶²

In the CAR, Wagner is a network of individuals that has subsumed state and corporate functions – diplomacy, military, business – and has grafted itself on to local power networks in the pursuit of mutually beneficial and profitable projects. Over time, these networks have become interdependent. John Lechner and Marat Gabidullin note that:

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54. HM Treasury, Office of Financial Sanctions Implementation, 'Financial Sanctions Notice: Central African Republic', 20 July 2023, <https://assets.publishing.service.gov.uk/media/64b8f2ae06f78d0014742584/Notice_Central_African_Republic_200723.pdf>, accessed 7 January 2025; Mathieu Olivier, 'Russia/Africa: Wagner, an Investigation into Putin's Mercenaries', *Africa Report*, 28 July 2021, <<https://archive.is/Yc7fY>>, accessed 30 September 2024.
 55. Interview with senior official with background in economic affairs, Bangui, February 2024.
 56. Osborn and Zufferey, *Wagner*, p. 221.
 57. For details, see Giustozzi and Lewis, 'After Prigozhin', pp. 24–26.
 58. Interview with Wagner member working in the CAR, May 2024.
 59. Interview with international expert on Wagner and conflict in the CAR, February 2024; interviews with four current and former Wagner staff, June 2024.
 60. Interview with Wagner member working in the CAR, May 2024.
 61. Arutunyan and Galeotti, *Downfall*, p. 143.
 62. *The Sentry*, 'Architects of Terror: The Wagner Group's Blueprint for State Capture in the Central African Republic', June 2023, pp. 20–22, <<https://thesentry.org/wp-content/uploads/2023/06/ArchitectsTerror-TheSentry-June2023.pdf>>, accessed 7 January 2025.

Although the presence of Wagner has tipped the power balance in the government's favour, historical modes of governance – the relationship between armed groups and the state and between the centre and periphery – have changed little in the CAR.⁶³

A source close to the CAR's Ministry of Finance has been reported as estimating Wagner's earnings from the CAR government at a total of about €7.6 million per month – or an overall total of about €391 million since 2018.⁶⁴ These figures include security services and other support provided by Wagner, although the other contracts have not been specified.

The following sections focus on Wagner's key income streams and the costs associated with them, to the degree that is possible.

Security and Support Services

In the CAR, Wagner provided between 500 soldiers in 2018⁶⁵ and up to 2,000 in 2021.⁶⁶ While one 2024 report estimated that Wagner had around 1,600 soldiers in the CAR,⁶⁷ a Wagner source suggested that by April 2024, only 600 remained.⁶⁸ These soldiers were reportedly paid around \$3,000 per month each, payments made in roubles to the fighters' accounts in Russia.⁶⁹ Thus, the salary costs for a year for 600–1,600 soldiers would be \$21.6 million to \$57.6 million. One interviewee claimed that the Russian MoD took 30% of Wagner's revenue under this contract, to cover additional costs borne by the MoD, which provided equipment and air transport.⁷⁰

From the available data, it is not possible to say whether the Russian MoD managed to make a profit out of this percentage, or whether it instead in practice subsidised Wagner's operations. If the MoD gained financially, this would highlight another feature of Wagner's model, which is that, although the group does not pay taxes (see below), it may pay some percentages as formal or informal

63. John A Lechner and Marat Gabidullin, 'Why the Wagner Group Won't Leave Africa', *Foreign Policy*, 8 August 2023, <<https://foreignpolicy.com/2023/08/08/wagner-group-ukraine-africa-syria-prigozhin/>>, accessed 7 January 2025.

64. Osborn and Zufferey, *Wagner*, p. 272. It is not clear when the source was contacted or, therefore, the period over which this amount was accumulated. On p. 223, the authors mention a much higher monthly figure (5.13 billion CFA francs, which they state equals €78.2 million. This appears to be a conversion error, with the correct equivalent in euros being €7.82 million). On p. 273, they cite 'close to half a billion' as the total amount, which appears to be not as accurate as the €391 million figure.

65. Osborn and Zufferey, *Wagner*, p. 219.

66. Osborn and Zufferey, *Wagner*, p. 220.

67. Filip Bryka and Jędrzej Czerep, *Africa Corps – A New Iteration of Russia's Old Military Presence in Africa* (Polish Institute of International Affairs, May 2024), p. 12.

68. Interview with Wagner commander in the CAR, April 2024.

69. Researcher notes on Wagner and the CAR, shared on 31 May 2024.

70. Interview with Wagner commander in the CAR, April 2024.

charges in exchange for a contract. The MoD charge in this case seems to be formal, but there are reports of Wagner paying bribes to government officials in countries where it is operating, such as Mozambique, Syria and Cameroon.⁷¹

Customs and Tax Collection

It has been reported that Wagner established control over parts of the CAR's customs agency, and collected taxes from agricultural production. In May 2021, the CAR government signed an agreement with Russia on customs cooperation,⁷² with Wagner operatives involved in the scheme. Reports on the scheme cited concerns among traders over 'surcharges' enforced by Russian agents.⁷³ Before October 2021, this was formulated as 'technical assistance' to certain customs offices, but it was reportedly later changed to a contract covering tax and customs services.⁷⁴ In 2022, Nigerian media reported allegations that Wagner operatives were collecting taxes on agriculture exports across the Bria, Ouadda and Ndele regions.⁷⁵

Involvement in customs is likely part of Wagner's contract in the CAR, but whether funds were raised through the 'surcharges', and in what quantities, is unclear. Aside from being a potential source of income, Wagner's role in tax collection likely serves another function – as a way of avoiding customs charges on its own trading activity. This would contribute to the profitability of the Wagner business model, demonstrating the group's capture of key revenue-earning state functions.

Gold Mining at Ndassima, the CAR

In July 2018, Lobaye Invest was granted a contract to 'identify possible gold and diamond deposits'.⁷⁶ In the same year, the Prigozhin-affiliated front company Midas Resources was granted a 25-year mining concession for the Ndassima

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71. Interview with Wagner staff involved in Mozambique, August 2024; interview with Wagner staff operating in Africa, May 2024; interview with official, Syrian MoFA, December 2023.
 72. *RFI*, «Centrafrique: Les autorités ne reconduisent pas la coopération douanière Russe» ['Central African Republic: Authorities Do Not Renew Russian Customs Cooperation'], 9 October 2021, <<https://www.rfi.fr/fr/afrique/20211009-centrafrique-les-autorit%C3%A9s-ne-reconduisent-pas-la-coop%C3%A9ration-douani%C3%A8re-russe>>, accessed 30 September 2024.
 73. *Ibid.*
 74. Gisèle Moloma, «RCA: Retour en force de la société des mercenaires Russes Wagner sur la douane centrafricaine» ['RCA: Russian Mercenary Company Wagner Makes Strong Comeback in Central African Customs'], *Corbeau News Centrafrique*, 28 October 2021, <<https://corbeaunews-centrafrique.org/rca-retour-en-force-de-wagner-sur-la-douane-centrafricaine-un-nouvel-accord-vient-detre-signé/>>, accessed 30 September 2024.
 75. Chief Bisong Etahoben, 'Russian Mercenaries to Start Collecting Coffee Tax in Central African Republic', *HumAngle*, 10 February 2022, <<https://humanglemedia.com/russian-mercenaries-to-start-collecting-coffee-tax-in-central-african-republic/>>, accessed 30 September 2024.
 76. Osborn and Zufferey, *Wagner*, p. 272.

gold mine, Wagner's most valuable asset in the CAR.⁷⁷ The mine had been previously operated by Aurafrique, part of Canada's AXMIN group, before it was taken over by anti-government rebels in 2013.⁷⁸

In a 2020 statement, the CAR's Ministry of Mines estimated that the gross value of gold deposits at the site was \$2.8 billion.⁷⁹ Some experts have estimated annual revenue generated from the mine at between \$100 million and \$290 million, which if true would make it one of Wagner's central financial assets.⁸⁰

However, earlier reporting from Ndassima's previous owners raises questions about these figures, and implies that they come at a cost.⁸¹ When the mine was first taken over by rebels in 2013 (after which the CAR revoked AXMIN's licence to the site), the mine was not at a production stage. Further, AXMIN documentation indicates that the project had recently been at an early phase only, requiring significant investment to begin achieving financial results.⁸² A 2006 pre-feasibility study by AXMIN for the entire project in the CAR showed potential reserves of 1.54 million ounces of gold, of which a newly discovered deposit at Ndassima was one part.⁸³ At current prices (at the time of writing), this would have a total value of more than \$4 billion. However, AXMIN also expected to incur \$110 million in exploration and development costs for the site – a figure that rose to \$280–\$310 million in its 2013 Annual Report, following clashes between government forces and rebels at the site.⁸⁴ A US report from early 2023 indicated that Wagner has also invested in hugely expanding the mine to encompass eight production areas, although it is unclear how much the development cost.⁸⁵

AXMIN anticipated possible production of 200,000 ounces per year, following the full development of the site – which could allow revenues of up to \$500 million

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77. Patta and Carter, 'How Russia's Wagner Group Exploits Africa to Fund the Ukraine War'.
 78. Andrew Katz, 'Back and Forth in Central African Republic's Unholy War', *Time*, 15 January 2015, <<https://time.com/3640525/central-african-republic-conflict-anti-balaka-seleka/>>, accessed 30 September 2024.
 79. Jessica Berlin et al., 'The Blood Gold Report: How the Kremlin is Using Wagner to Launder Billions in African Gold', 21 Democracy, December 2023, p. 23, <<https://bloodgoldreport.com/wp-content/uploads/2023/12/The-Blood-Gold-Report-2023-December.pdf>>, accessed 7 January 2025.
 80. *Ibid.*; Gabe Joselow, 'Russian Mercenaries Exploit African Country as They Fight in Ukraine', *NBC News*, 1 June 2023, <<https://www.nbcnews.com/news/africa/wagner-ukraine-russia-central-african-republic-gold-mine-putin-rcna86392>>, accessed 30 September 2024; Elian Peltier, Ivan Nechepurenko and Raja Abdulrahim, 'Future of Wagner Leader's Business Empire is Cloudy After Rebellion', *New York Times*, 10 July 2023.
 81. AXMIN, 'News Releases', 10 May 2006, <<http://www.axmininc.com/May102006.php>>, accessed 7 January 2025.
 82. *Ibid.*
 83. *Ibid.*; AXMIN, 'News Releases', 10 April 2006, <<http://www.axmininc.com/Apr1006.php>>, accessed 30 January 2025.
 84. AXMIN, 'News Releases', 10 May 2006; AXMIN, 'Annual Report 2013', 29 April 2014, p. 16, <http://axmininc.com/images/AXM_Annual_Report_2013.pdf>, accessed 7 January 2025.
 85. Erin Banco, 'U.S. Cable: Russian Paramilitary Group Set to Get Cash Infusion from Expanded African Mine', *Politico*, 19 January 2023, <<https://www.politico.com/news/2023/01/19/u-s-cable-russian-paramilitary-group-set-to-get-cash-infusion-from-expanded-african-mine-00078551>>, accessed 7 January 2025.

at current prices (at the time of writing).⁸⁶ The volume of production at the site is still unclear, but even with Russian-backed expansion, the form of mining continues to be primarily artisanal, and it is not clear whether the industrial facilities present are a result of investments made by Wagner.⁸⁷

Wagner's artisanal mining may have its own costs. Interviewees highlighted that Wagner's business model was to lease out the concessions and permits that its companies were granted.⁸⁸ This means that Wagner likely made only a certain percentage on the total revenue. Indeed, one interviewee noted that the group was likely to make more money 'taxing' or leasing out to artisanal miners and others, rather than operating the mines itself.⁸⁹ This is consistent with Wagner's lack of expertise in mining, and with a report that maps out the value chain in the CAR's artisanal mining sector, which highlighted several layers in a hierarchy of local personnel managing artisanal mining sites, including workers, mine managers, landowners (often local tribal leaders), traders and trade facilitators, and buyers and exporters.⁹⁰ At each stage, producers incur certain costs and make a profit when selling on to the next stage. It is unclear which elements Wagner controls, how, and at what price.

Wagner also received permits to explore other gold mining sites in the country. Documents dated 2018 showed that Lobaye Invest had won exploration rights for diamonds and gold at seven sites, including an area near Yawa, in the southwest of the CAR.⁹¹

There are reports that Wagner actively sought to reshape the mining sector in the CAR to its advantage, for example attempting to 'influence the revision of mining legislation so that the legal framework would serve its own economic interests, particularly its control over production', or recommending that the government bring the artisanal mining sector under state control.⁹²

86. AXMIN, 'News Releases', 10 May 2006; AXMIN, 'News Releases', 10 April 2006.

87. *The Sentry*, 'Architects of Terror', p. 27.

88. Interview with international expert on Wagner and conflict in the CAR, February 2024; interviews with four current and former Wagner staff, June 2024.

89. *Ibid.*

90. Angela Jorns et al., 'Value Chains Assessment in the Central African Republic', Levin Sources, September 2020, pp. 16–25, <<https://www.delvedatabase.org/uploads/resources/CAR-Value-Chains-Assessment-2020.pdf>>, accessed 7 January 2025.

91. Tim Lister, Sebastian Shukla and Clarissa Ward, 'Putin's Private Army is Trying to Increase Russia's Influence in Africa', *CNN*, August 2019, <<https://edition.cnn.com/interactive/2019/08/africa/putins-private-army-car-intl/>>, accessed 30 September 2024.

92. *The Sentry*, 'Architects of Terror', p. 27.

Diamond Mining at Ndassima

Wagner conducts its diamond operations through Lobaye Invest and Russian-owned Diamville SAU, a company established in March 2019.⁹³ Lobaye Invest's contracts include the July 2018 contract to identify diamond deposits, as well as a three-year contract allowing it to mine diamonds and gold in five areas, four of which are defined as 'red zones' by the Kimberley Process (a global initiative to end conflict diamond mining⁹⁴): Bangassou, Ouaddah, Bria and Sam-Ouandja.⁹⁵

It was not possible to obtain financial information about proceeds from Wagner's diamond operations, largely because of the secrecy of diamond transportation and sale. Research by the European Investigative Collaboration, the All Eyes on Wagner collective and the Dossier Center has placed the value of legal diamond exports by Diamville to the UAE and Antwerp between October 2019 and January 2021 (16 months) at \$12 million. This suggests an annual turnover of \$9 million.⁹⁶ Some estimates have placed the total value of diamond sales (including smuggling) in the tens of millions.⁹⁷ The CAR Kimberley Process Permanent Secretariat listed Diamville as one of the top diamond exporters from the CAR in 2021 and 2022.⁹⁸

Wagner likely employs the same labour and market practices in diamond mining as for gold: relying on artisanal miners and taking a percentage of the profits. The same labour abuses apply (as they do to artisanal mining in the CAR in general): public reporting and interviewees noted that the employees of these mines are paid poorly,⁹⁹ and that some may be considered 'even slaves'. Wages,

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93. Africa Defense Forum, 'Wagner Group Uses Mafia-Style Tactics to Dominate CAR's Diamond Sector', 1 August 2023, <<https://adf-magazine.com/2023/08/wagner-group-uses-mafia-style-tactics-to-dominate-cars-diamond-sector/>>, accessed 30 September 2024, cites diamond markets experts.
 94. Kimberley Process, 'What is the Kimberley Process?', <<https://www.kimberleyprocess.com/about/what-is-kp>>, accessed 3 January 2025.
 95. Osborn and Zufferey, *Wagner*, p. 272.
 96. Josef Skrdlik, 'Report: Wagner Mercenaries Profit from Central Africa's Blood Diamonds', OCCRP, 7 December 2022, <<https://www.occrp.org/en/news/report-wagner-mercenaries-profit-from-central-africas-blood-diamonds>>, accessed 7 January 2025; Dimitri Zufferey, «Des diamants vendus sur Facebook mènent au groupe russe Wagner» ['Diamonds Sold on Facebook Lead to Russia's Wagner Group'], RTS, 2 December 2022, <<https://www.rts.ch/info/monde/13591950-des-diamants-vendus-sur-facebook-menent-au-groupe-russe-wagner.html>>, accessed 7 January 2025.
 97. Africa Defense Forum, 'Wagner Group Uses Mafia-Style Tactics to Dominate CAR's Diamond Sector'.
 98. Osborn and Zufferey, *Wagner*, p. 274; Maxie Muwonge, 'Artisanal Mining and Property Rights under the Strengthening Tenure and Resource Rights II (STARR II) IDIQ: Quarterly Progress Report April 1 – June 30 2022', Tetra Tech, July 2022, p. 5, <https://www.land-links.org/wp-content/uploads/2022/08/USAID-AMPR-Y4-Q3-FY2022-Report_FINAL-1.pdf>, accessed 7 January 2025.
 99. Interview with security analyst based in Bangui, January 2024; International Crisis Group, 'Dangerous Little Stones: Diamonds in the Central African Republic', Africa Report No. 167, 16 December 2010, <<https://reliefweb.int/report/central-african-republic/dangerous-little-stones-diamonds-central-african-republic>>, accessed 26 January 2025; Bagassi Koura and Mike Eckel, 'In Central African Republic, Diamonds Fuel A Cycle of Violence and Poverty', *Voice of America*, <<https://projects.voanews.com/central-african-republic-diamonds/>>, accessed 26 January 2025.

according to one interviewee, 'are low, paid irregularly, and not always in full'.¹⁰⁰ Resistance is met with torture or death, according to many reports.¹⁰¹ These practices in all likelihood pre-date Wagner's arrival, differing only perhaps in the greater coercion involved.

Timber Logging

Another source of revenue for Wagner in the CAR is timber. In February 2021, Bois Rouge (formerly Wood International Group SARLU and later operating as Ripperwood SARL) received a logging permit for an area measuring 186,600 hectares in the southwest of the country.¹⁰² This permit had reportedly previously been held by a company called Batalimo Forest Industries, whose permit was revoked in 2019.¹⁰³

The overall value of these logging permits is unclear, but some estimates place the concession's value at \$890 million, using international pricing.¹⁰⁴ Investigators have tracked some of Bois Rouge's exports using shipping records, which show that timber worth at least €3.4 million alone entered the EU in 2022.¹⁰⁵ They highlighted seven shipments of wood that arrived in Denmark and France, including two shipments after European media reports had linked Bois Rouge to Wagner. A Wagner source put the value of timber exports at \$20 million per year before Prigozhin's death.¹⁰⁶

The costs for these goods include labour (likely to be minimal, given the company's labour practices) and equipment. Journalists have highlighted at least 260 records showing Bois Rouge imports of Russian equipment in late 2021.¹⁰⁷ These goods included asbestos sheets, a tractor and building materials. The importer for these goods was Logistique Économique Étrangère.¹⁰⁸

The CAR government has reduced or revoked taxes for Wagner-linked companies. In April 2021, a letter from the CAR's minister of finance outlined that Wagner

100. Interview with security analyst based in Bangui, January 2024.

101. Africa Defense Forum, 'Wagner Group Uses Mafia-Style Tactics to Dominate CAR's Diamond Sector'.

102. Oliver Imhof, Nicola Naber and Rafael Buschmann, 'Wie Das Land Seinen Wald an Russland Verscherbelte' ['How the Country Sold off its Forests to Russia'], *Der Spiegel*, 26 July 2022, <<https://www.spiegel.de/ausland/tropenholz-fuer-soeldner-wie-die-zentralafrikanische-republik-ihren-wald-an-russland-verscherbelte-a-ebb24a05-d9fd-43bf-8740-c5c84825dc84>>, accessed 30 September 2024.

103. All Eyes on Wagner, 'Come Follow the Redwood Trees – Tracking Wagner's Forestry Business in CAR', 26 July 2022, <<https://alleyesonwagner.org/2022/07/26/come-follow-the-redwood-trees-tracking-wagners-forestry-business-in-car/>>, accessed 30 September 2024.

104. *Ibid.*

105. Earthsight, 'Russian Mercenaries Cash In on Europe's Scramble for African Timber', 16 May 2023, <<https://www.earthsight.org.uk/news/russian-mercenaries-cash-in-on-african-timber>>, accessed 30 September 2024.

106. Interview with Wagner member working in the CAR, May 2024.

107. Osborn and Zufferey, *Wagner*, pp. 277–78.

108. *Ibid.*

would only have to pay customs duties of 5% on its imports for five years.¹⁰⁹ The letter also stated that Bois Rouge would receive exemptions from corporate taxes and have VAT payments reduced.

The current status of this business is unclear, with one interviewee stating that the business is currently not operational,¹¹⁰ and another stating that production decreased rapidly after Prigozhin's death.¹¹¹

Other Minerals

There are limited reports that another Prigozhin-affiliated company, M-Finance, has been involved in mining other stones, such as quartz and mica (a silicate mineral).¹¹² Meanwhile, in 2019, Midas Resources took over a greenstone mine in the CAR previously operated by Aurafrique, which had held the mining permit since 2006.¹¹³ The revenue generated by this is unclear.

Alcohol Production

Wagner expanded into the alcohol business in the months before Prigozhin's death. In 2023, the group was reported to have established a brewery in Bangui, and equipped it with Russian technology. The construction of the brewery was estimated to have cost between \$25 million and \$30 million.¹¹⁴ Local bars were often forced to sell its brands Africa Ti L'Or and Bière Russe.¹¹⁵ According to expert analysis of satellite images obtained by Bloomberg and All Eyes on Wagner, the plant was built with the capacity to produce 500,000 hectolitres (one hectolitre is equal to 100 litres) of beer annually.¹¹⁶

The market entry strategy of the Wagner-backed brewery reflects its approach to targeting competition. Prior to the opening of the Bangui brewery, a series of

109. Imhof, Naber and Buschmann, 'Wie Das Land Seinen Wald an Russland Verscherbelte' ['How the Country Sold off its Forests to Russia'].

110. Interview with security analyst based in Bangui, January 2024.

111. Interview with Wagner staff working in the CAR, May 2024.

112. Osborn and Zufferey, *Wagner*, p. 271.

113. Osborn and Zufferey, *Wagner*, p. 271; Elvire Ahonon, 'Centrafrique: Des permis miniers de 2 entreprises canadiennes au profit d'une société russe proche de Wagner' ['Central African Republic: Mining Permits for 2 Canadian Companies to Profit a Russian Company Close to Wagner'], *Afrik Soir*, 5 November 2022, <<https://afriksoir.net/centrafrique-permis-miniers-2-entreprises-canadiennes-profit-societe-russe-proche-wagner/>>, accessed 30 September 2024.

114. Ina Verstl, 'Wagner's Sprawling Business Empire in Africa: Gold, Diamonds and Beer', *Brauwelt International*, 14 July 2023, <<https://brauwelt.com/en/international-report/europe-russia/645852-wagners-sprawling-business-empire-in-africa-gold-diamonds-and-beer>>, accessed 30 September 2024.

115. *Ibid.*

116. Simon Marks and Stephanie Baker, 'What Wagner's Mutiny Means for its Sprawling Business Empire', Bloomberg, 27 June 2023, <<https://www.bloomberg.com/graphics/2023-wagner-presence-in-central-african-republic/>>, accessed 7 January 2025.

attacks and propaganda campaigns were launched against the Mocaf brewery, a CAR subsidiary of the French company Castel, in Bangui. French-language flyers were distributed accusing Mocaf of 'financing terrorism'.¹¹⁷ It has been alleged that Wagner was behind an arson attack on Mocaf, as a result of which 50,000 bottles of beer were destroyed, with damage amounting to \$200,000.¹¹⁸ (This campaign will have incurred some costs, although probably not significant ones.)

In addition, it was reported that two local vodkas, Bamara and Wa Ne We, emerged in November 2021, announced by billboards, launch parties and other events.¹¹⁹ The seller was reported to be First Industrial Company, registered in the name of one of Wagner's top leaders in the CAR, Dmitry Sytyi. The company reportedly employed two Russian engineers and about 20 CAR employees.¹²⁰

Most reports highlight the unprofitability or low profitability of these businesses, despite them 'pay[ing] nothing to the state and therefore enjoying an advantage over competitors'.¹²¹ The perception is that they have reduced operations since Prigozhin's death.¹²² Given the considerable cost of the imported Russian equipment, compared with the price of beer in Bangui (under \$2 at a pub),¹²³ making the brewing venture profitable is likely to have been a challenge from the start. It is not clear whether Prigozhin's death affected the business, which may have been prevented from maturing.

Other Costs

In addition to the specific costs outlined by each revenue stream, further reporting provides insights into other potential costs that Wagner incurs in the course of its business in the CAR.

For example, French journalists have highlighted Wagner's large communications and surveillance centre in Cameroon, 'through which some of Wagner's transmissions' pass from the CAR.¹²⁴ However, there is limited reporting on the technology at the centre, its costs or any funding that might have been provided by the Russian authorities.

117. Verstl, 'Wagner's Sprawling Business Empire in Africa'.

118. *Ibid.*; Africa Defense Forum, 'Wagner Group Uses Mafia-Style Tactics to Dominate CAR's Diamond Sector'.

119. Osborn and Zufferey, *Wagner*, p. 280.

120. *Ibid.*, p. 281.

121. Interview with senior official with strong background in economic affairs, CAR, February 2024.

122. Interviews with four current and former Wagner staff, June 2024; interview with senior member in CAR government, February 2024.

123. LivingCost.org, 'Cost of Living in Bangui', updated 10 October 2024, <<https://livingcost.org/cost/central-african-republic/bangui>>, accessed 7 January 2025.

124. Osborn and Zufferey, *Wagner*, p. 234.

There are also reports that Wagner and Sewa Security Services have remodelled runways at airports in the CAR, and conducted other repairs at airfields from which it operates extractive and military activities.¹²⁵ In addition, it has been reported that Wagner imported geological exploration and drilling equipment to support its two new companies intended to conduct oil exploration: Capex and Petrolex.¹²⁶ There is no estimate of these costs, although the equipment could require a relatively high initial investment.

There are also reports of smaller, social costs paid by Lobaye Invest, including the funding of a local radio station,¹²⁷ as well as humanitarian expenditures, such as building a hospital.¹²⁸ Lobaye Invest has also sponsored a beauty pageant and a soccer tournament.¹²⁹ Interviewees indicated that these are relatively low-cost finance operations, although the radio station Lengo Songo, which is popular in the CAR, requires ongoing financial support of an unspecified amount.¹³⁰ After Prigozhin's death, funding to the radio station was significantly reduced.¹³¹

Overall Profitability

Overall, assuming a revenue range of €91 million (the minimum it is known Bangui was transferring to Wagner) to €200 million per year (the claimed amount inclusive of mining revenue after Prigozhin's death) and costs of the Wagner contingent of \$25–\$100 million¹³² (salaries plus 30% for the loaned equipment) (see Table 1), this puts the yearly profit range for Wagner's top management at €0–€100+ million.

Mali

Of the three case study countries, Mali's economy is the least advanced. Wagner's revenue primarily originates in its contract with the Malian government, for which it reportedly earned about \$10 million per month in 2021 for the initial deployment of 1,000 Wagner members.¹³³ It is not clear whether this is paid to

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125. Mathieu Olivier, 'Russia's Murky Business Dealings in the Central African Republic', *Africa Report*, 23 August 2019, <<https://www.theafricareport.com/16511/russias-murky-business-dealings-in-the-central-african-republic/>>, accessed 2 September 2024.
126. Osborn and Zufferey, *Wagner*, p. 282.
127. Dionne Searcey, 'Gems, Warlords and Mercenaries: Russia's Playbook in Central African Republic', *New York Times*, 30 September 2019.
128. *Ibid.*
129. *Ibid.*; Olivier, 'Russia's Murky Business Dealings in the Central African Republic'.
130. Researcher notes on Wagner and the CAR, shared on 31 May 2024.
131. Interview with member of Wagner's information operations team, July 2024.
132. During the 2018–24 period, \$1 was worth between €0.81 and €1.03.
133. Osborn and Zufferey, *Wagner*, p. 236; see also Stanyard, Vircoulon and Rademeyer, 'The Grey Zone', p. 62.

the Russian MoD (which holds the contract) or to Wagner itself.¹³⁴ Some reports state that Mali lacks the cash to pay Wagner, and therefore that the group has been paid in gold levied from the mining operators by the government.¹³⁵

Wagner paid recruits \$2,500 per month,¹³⁶ so an average for fighters should be close to \$3,000 per month, with senior staff earning more. If these figures are correct, the wages – totalling around \$4 million per month – would eat up a large chunk of Wagner's Mali contract. In Syria, discussed above, actual costs, excluding equipment and logistics, were significantly higher than basic salaries. Moreover, it seems safe to assume that Russian MoD charges for equipment (including jet strike aircraft, helicopters and drones) and long-range transport were up to 30% of the contract value, as discussed above for Syria and the CAR. Overall, this does not leave much in the way of profit.

Gold Mining

There appear to have been discussions between Bamako and Wagner over a scheme similar to the one used in Syria. This featured Wagner recapturing artisanal gold mines from the control of hostile groups and developing them.¹³⁷ The company M-Invest, which was also active in the CAR, has been said to be seeking gold and mineral mining in central and southern parts of Mali.¹³⁸ Another company, Alpha Development, has been named as the Russian successor to these mining prospects.¹³⁹ Previous exploiters reportedly saw their mining permissions taken away and granted to Prigozhin's companies.¹⁴⁰ According to media sources, Wagner deployed geologists in the gold mining areas in the south to assess the potential around October 2021.¹⁴¹ Wagner was reported to be inspecting mines such as Tin-Aykaren, in an area under Jama'a Nusrat ul-Islam wa al-Muslimin influence, Igouzar near Kidal, Tassik near Takalot, possibly the

134. Interview with Russian adviser based in Mali, December 2023; Clea Caulcutt and Laura Kayali, 'Wagner and Russia are Here to stay in Africa, says Kremlin's Top Diplomat', *Politico*, 26 June 2023, <<https://www.politico.eu/article/wagner-africa-mali-operations-will-continue-russia-sergey-lavrov-vows/>>, accessed 7 January 2025.

135. Osborn and Zufferey, *Wagner*, p. 244.

136. Bryka and Czerep, *Africa Corps – A New Iteration of Russia's Old Military Presence in Africa*, p. 12.

137. Interview with official in Malian MoFA, June 2024.

138. Osborn and Zufferey, *Wagner*, p. 268.

139. *Ibid.*

140. Interview with influential Songhai notable, previously connected to the highest levels of government, January 2024.

141. Élise Vincent, «Exactions et prédateurs minières: le mode opératoire de la milice russe Wagner en Afrique» ['Mining Abuses and Plundering: The Modus Operandi of the Russian Wagner Militia in Africa'], *Le Monde*, 14 December 2021, <https://www.lemonde.fr/afrique/article/2021/12/14/exactions-et-predateurs-la-methode-de-la-milice-wagner-en-afrique_6105992_3212.html>, accessed 7 January 2025; Benoît Fauco and Joe Parkinson, 'Russian Mercenaries Project the Kremlin's Power Far from its Troubles in Ukraine', *Wall Street Journal*, 21 August 2022.

Alkit site on the Kidal–Gao road¹⁴² and, especially, the N'Tahaka mine.¹⁴³ However, it is difficult to confirm this information, and other sources have denied any visits took place.¹⁴⁴ It has been reported that, according to diplomatic sources, Wagner had difficulty gaining access to the country's gold mines.¹⁴⁵

While the Malian government has seemed to hesitate to disrupt existing contracts for the exploitation of the largest mines,¹⁴⁶ the additional cost of fighters and/or equipment that may be required could further incentivise the junta to consider granting mining concessions to Wagner. Recently, a mine operated by Canadian-listed Barrick Gold has come under increasing pressure, including the arrest of two employees in late September 2024.¹⁴⁷ It has been speculated that this mine was the primary target of a potential Russian takeover, although, at the time of writing, Barrick Gold and Mali claim to be seeking an agreement to resolve their dispute.¹⁴⁸ Reportedly, the struggling Malian government carried out an audit of its mining sector in 2023, hoping to identify licences that were not being used, or mines that were underexploited.¹⁴⁹

Thus far, despite these indications of Russian interest in replicating the model it had used in the CAR, there have been no confirmed reports that Wagner or associated companies have been granted any new gold mine concessions in Mali. Similarly, some reports have said that there was a possibility of Wagner involvement in the Russian mining company Marco Mining SARL, which has held a gold mining permit since 2009 – but, again, no further details were identified.¹⁵⁰

Instead, as noted above, government bodies have reportedly pursued other options for raising revenue from existing gold mine operators, including through raising taxes, increasing government stakes in mining companies, and conducting

142. Interview with Tamasheq civil servant, based in Gao, December 2023.

143. Interview with Tuareg working for civil society organisation, December 2023; Osborn and Zufferey, *Wagner*, p. 268.

144. Interview with militia member, Ansongo, December 2023; interview with civil society organisation worker from Tamasheq ethnic group, based in Gao, December 2023; interview with Tamasheq Malian soldier based in Gao, December 2023.

145. Jason Burke, “‘It is Like a Virus That Spreads’: Business as Usual for Wagner Group’s Extensive African Network”, *The Guardian*, 6 July 2023.

146. Interview with former Western government diplomat, recently returned from Mali, September 2024.

147. David Lewis and Jessica Donati, ‘Mali Junta Arrests Four Barrick Gold Employees’, *Reuters*, 28 September 2024.

148. Benjamin Roger, «Mali: comment Wagner compte faire main basse sur des mines d’or» [‘Mali: How Wagner Plans to Take Over the Goldmines’], *Jeune Afrique*, 7 September 2022, <<https://www.jeuneafrique.com/1374898/politique/russie-comment-wagner-compte-faire-main-basse-sur-des-mines-dor-au-mali/>>, accessed 7 January 2025; *Reuters*, ‘Barrick Gold and Mali Government to Find Resolution for Loulo and Gounkoto Gold Mines’, 30 September 2024.

149. Osborn and Zufferey, *Wagner*, p. 243.

150. Stanyard, Vircoulon and Rademeyer, ‘The Grey Zone’, p. 62.

audits to increase the country's ability to pay for security services.¹⁵¹ This has led to various reports that international companies are indirectly funding Wagner in Mali through tax payments.¹⁵²

In late 2023, there were reports that Mali had signed a non-binding memorandum of understanding with Russia to build a gold refinery in Mali.¹⁵³ However, some analysts have expressed scepticism about the economic utility of this, given the difficulty of competing with the 'makeshift smelters' used by smugglers.¹⁵⁴ Further, Mali already has two refineries, and the business purpose of creating another is unclear.¹⁵⁵

Other Sources of Income

A few other income opportunities available to Wagner were highlighted by interviewees. Wagner forces were confirmed to have visited the artisanal manganese quarry site at Tassiga in the Bourra municipality, Ansongo District, which was closed following the coup in Niger and the Economic Community of West African States sanctions that were placed on Mali.¹⁵⁶ Other than that, rather than commenting on other significant sources of income, interviewees primarily highlighted the widespread looting and pillage that Wagner-led forces undertook.¹⁵⁷ This included taking cows and goats from the local population before selling them on to other local groups for resale. There were similar reports of the theft of jewellery, mobile phones and motorcycles.

Overall Profitability

It is clear that operations in Mali were not profitable for Wagner. Delays in payments from the Malian government and the failure to take control of any mining operation may even have resulted in Wagner losing money, although the data is not accurate enough to make this a definitive statement.

151. Bryka and Czerep, *Africa Corps – A New Iteration of Russia's Old Military Presence in Africa*, pp. 27–28; Lewis and Donati, 'Mali Junta Arrests Four Barrick Gold Employees'.

152. Berlin et al., 'The Blood Gold Report'.

153. Tiemoko Diallo, 'Mali Signs Agreement with Russia to Build Gold Refinery', *Reuters*, 22 November 2023. For more on the context of Russia's plans for gold refining in Mali, see also Giustozzi and Lewis, 'After Prigozhin'.

154. Bryka and Czerep, *Africa Corps – A New Iteration of Russia's Old Military Presence in Africa*, p. 28.

155. *Ibid.*

156. Interview with member of civil society organisation, Ansongo, December 2023; project researcher's own observation, as reported to the authors in December 2023.

157. Interview with local Fulani notable based in Douentza, January 2024; interview with local Fulani notable involved in district government, Douentza, December 2023; interview with public sector worker with regular access to local Donzo militias and eyewitness to Wagner operations, Segou region, December 2023; interview with local Fulani notable in Douentza, January 2024; interview with Tamasheq (Kel Essouk tribe) civil servant, based in Gao, December 2023; interview with local official based in Timbuktu, January 2024.

This contrasts with the picture that emerges from Syria and the CAR, where Wagner's operations produced profits of several millions of dollars (Table 1). Nonetheless, overall, even if the yearly profits accrued to the Russian state and not to Prigozhin (which seems very unlikely), in all likelihood they would not be enough to pay the costs of only one day of Russia's fighting in Ukraine.¹⁵⁸ This would appear to settle the question raised earlier, of whether Wagner Group's operations in Africa and Middle East were intended to fund the Russian military effort in Ukraine.

158. For US estimates of the costs to Russia of the war in Ukraine, see Noah Robertson, 'Ukraine War has Cost Russia up to \$211 Billion, Pentagon Says', *Defense News*, 16 February 2024, <<https://www.defensenews.com/pentagon/2024/02/16/ukraine-war-has-cost-russia-up-to-211-billion-pentagon-says/>>, accessed 7 January 2025.

II. Key Vulnerabilities of Wagner's Business Model

The key strengths of Wagner's business model appear to have been its flexible, entrepreneurial nature – and its charismatic leadership. Wagner's deals involved Prigozhin and a small group of people, who operated with some support and latitude from Russia. This worked well, especially when Wagner's clients were also personalist regimes – the group was not in the business of national (state) security, but that of preserving ruling elites.

Following Prigozhin's death, this strength became a weakness. Clients such as the governments of Mali and the CAR reportedly view Wagner's pretender successors, such as Redut and Africa Corps, as overly bureaucratic and much more subject to Putin's close oversight.¹⁵⁹ Wagner's business model has changed the least where Wagner's top leadership has remained in place (regardless of any nominal change in allegiance), as in the CAR, with Dmitry Sytyi.¹⁶⁰ Nonetheless, Western governments have struggled to capitalise on any potential weakness in these personalist relationships, in part because they may themselves lack their own personal links with these regimes (and may not wish to develop them).

There remain other vulnerabilities in the Wagner business model. Given how controversial Wagner's operations have been, it is conceivable that it and any successors would be targeted by efforts to either restrict its revenue or increase its costs of trading, such as additional sanctions. While rebranding operations could help Wagner evade sanctions,¹⁶¹ there are still costs and risks associated with its business model. Wagner's sales of natural resources (timber, gold, minerals, diamonds) via international markets to countries supporting sanctions could be disrupted through a more thorough implementation of those sanctions. The possible emergence of coalitions opposing human rights, environmental and other infractions, even among groups and countries not otherwise oppositional to Russia, should not be discounted. Wagner would suffer if the financial and trading channels it uses were closed down. The role of the UAE in funding Wagner's operations in Libya, for example, has been highlighted in the media, but the UAE

159. Giustozzi and Lewis, 'After Prigozhin', pp. 22–26.

160. *Ibid.*

161. See Kimberly Donovan, Maia Nikoladze and Ryan Murphy, 'Global Sanctions Dashboard: Sanctions Alone Won't Stop the Wagner Group', Atlantic Council, 19 July 2023, <<https://www.atlanticcouncil.org/blogs/econographics/global-sanctions-dashboard-sanctions-alone-wont-stop-the-wagner-group/>>, accessed 25 January 2025.

also played an important role in Wagner's gold smuggling and financial transactions, and one UAE firm has already been sanctioned by the US.¹⁶²

Another vulnerability is that Wagner's tendency to behave erratically raises hostility. In Syria, the growing rancour it aroused within the Assad regime contributed to its expulsion from the country in 2023.¹⁶³ Friction with the Syrian security forces over smuggling operations allegedly even led to Wagner assassinating Syrian officials.¹⁶⁴

In the CAR, rivalries with Chinese mining companies emerged, for example at the Ndassima mine. Chinese nationals were even murdered at a mining site between 2022 and 2023 and there were allegations that Wagner was responsible.¹⁶⁵ Beijing sent a fact-finding mission to Bangui as a result.

Wagner's business and smuggling activities also risk alienating clients who have contracted it to fight or provide security for them. A Syrian official noted that Wagner 'abandoned its primary duties of battling and securing everything when they started smuggling'.¹⁶⁶

There is also a risk of clients becoming insolvent. In Mali, the junta sometimes seemed to be struggling to pay Wagner and this created friction, with Wagner sometimes refusing to take part in operations.¹⁶⁷ In Syria, after 2017, when the Assad regime became responsible for paying Wagner's bills, delays in payment also caused friction.¹⁶⁸

In the CAR, the only client where, by 2022, Wagner's operations really resembled the East India Company model, complaints about its exploitative attitude soon began rising.¹⁶⁹ Tactical defeats, such as the Tinjaouaten battle in Mali in July 2024,¹⁷⁰ the likes of which Wagner experienced on a number of occasions, could

162. Osborn and Zufferey, *Wagner*, pp. 195–96; *Middle East Eye*, 'US Targets Wagner Group Over Gold Smuggling in Africa, UAE Firm Sanctioned', 27 June 2023, <<https://www.middleeasteye.net/news/us-targets-wagner-group-over-gold-smuggling-africa-uae-firm-sanctioned>>, accessed 7 January 2025.

163. Giustozzi, Pereira and Lewis, 'Did Wagner Succeed in the Eyes of its African and Middle Eastern Clients?', pp. 16–17; Giustozzi and Lewis, 'After Prigozhin', pp. 20–22.

164. Interview with Syrian MoFA official, December 2023.

165. Interview with civil society leader based in Bangui, February 2024; *Al Jazeera*, 'Two Chinese Among 4 Killed in Attack on DRC Gold Convoy', 2 September 2023, <<https://www.aljazeera.com/news/2023/9/2/two-chinese-among-4-killed-in-attack-on-drc-gold-convoy>>, accessed 26 January 2025; *Agence France Presse*, 'DR Congo Military Prosecutor Seeks Death Penalty for Murder Of 2 Chinese Workers', 26 September 2022, <<https://www.barrons.com/news/dr-congo-military-prosecutor-seeks-death-penalty-for-murder-of-2-chinese-workers-01664214308>>, accessed 26 January 2025.

166. Interview with Syrian MoFA official, December 2023.

167. Osborn and Zufferey, *Wagner*, p. 243.

168. *Ibid.*, p. 185.

169. *Ibid.*, pp. 221–23.

170. Chris Ewokor and Lucy Fleming, 'Mali Army Admits "Significant" Losses in Wagner Battle', *BBC News*, 30 July 2024.

also compromise operations and impose unexpected costs.¹⁷¹ Wider failures – especially likely where the Russian MoD was not willing to rush to the rescue – could completely undermine Wagner's business model by discrediting the group as a competent organisation.

There are other, non-financial, risks for Wagner. One of the biggest dangers for the group is the possibility that the Russian state apparatus, never too friendly with Prigozhin's beast, might seize the opportunity to push through a more conventional model of foreign policymaking. Putin's Africa Alliance plan seems to embody such a conventional approach. This plan, which has not yet been officially announced, promises more traditional development aid.¹⁷² According to an interview with a former Wagner member:

They would manage the same projects that Wagner was managing, but they would also have to take care of the local population and pay more to each country's government, which Wagner was not doing. In addition, they would have to manage public infrastructure in addition to these projects.¹⁷³

It remains to be seen whether such plans are implementable – at the time of writing, few resources had been committed to the Africa Alliance department and it had a staff of fewer than 20.¹⁷⁴ Opposition within Russia's intelligence agencies has been reported by a Wagner source.¹⁷⁵ The Africa Alliance budget has hovered around a few million US dollars, funded by the Russian government, wealthy businessmen and other unspecified organisations outside Russia, although there have been 'plans' to raise large amounts for projects mainly in infrastructure and mining.¹⁷⁶

In retrospect, Prigozhin appears to have been right to keep a low profile in the early days of Wagner's operations. International visibility peaked at the time of Wagner's involvement in Ukraine in 2023, making Wagner a major target for sanctions by hostile states. It was the rise of Prigozhin's media profile in Russia itself that ended up causing the most damage. Wagner's competitive position has significantly worsened in relation to those of a myriad of smaller actors who smuggle across Africa and the Middle East, making the group's business model much less practicable than in the past.

171. For a discussion of these tactical defeats, see Giustozzi, de Deus Pereira and Lewis, 'Did Wagner Succeed in the Eyes of its African and Middle Eastern Clients?', pp. 14–15 and 18.

172. On the plan's origins, see Giustozzi and Lewis, 'After Prigozhin'.

173. Interview with former Wagner member about Africa Alliance and media operations, July 2024.

174. *Ibid.*

175. *Ibid.*

176. Interview with former Wagner member about Africa Alliance and other media operations, July 2024.

Conclusion

This paper has set out to assess how financially sustainable the Wagner business model has been in Africa and the Middle East. In this regard, the death of Wagner's founder, Yevgeny Prigozhin, raised serious questions. Clearly, the Russian government tried to get the Wagner model adopted by others, such as Redut, but it appears that Russia has not found a viable alternative to Wagner's handling of shadowy but entrepreneurial business operations. This explains why Wagner's activities in Africa and the Middle East have been curtailed, but not completely dismantled.

It is increasingly clear that Wagner's operations should be seen as a whole: its venture capitalist business model meant that failures were expected and were deemed to be acceptable, so long as other operations produced sufficient revenue. For Prigozhin, the 'whole' included his Russian businesses, where the favours he received from Putin were likely conditional on Prigozhin returning them, including by serving the geopolitical interests of Russia abroad.

The profitability of Wagner's operations in Syria, Mali and the CAR was modest overall, but the picture changes when Prigozhin's Russian businesses are included. On this basis, it appears that Prigozhin's ventures in Africa and the Middle East did not contribute significantly to Russia's coffers, and certainly did not lighten the burden of the cost of war in Ukraine. Although calculations in this paper are estimates, they would have needed to be at least one order of magnitude higher to achieve an appreciable impact in Ukraine. In fact, it is likely that they were never intended to. What they were meant to do was to sustain Russia's foreign policy initiatives in Africa and the Middle East, with any profit likely taken by Prigozhin himself. On the whole, this objective appears to have been achieved, even if an exact calculation is not possible. It is not clear, for example, what financial losses Wagner might have incurred in Syria when it was forced out and its oil and gas companies were seized.

From the perspective of venture capitalists such as Prigozhin, however, the appeal of Wagner's colonial-style business model would appear to be limited. As a result, the likelihood of it being replicated and expanded appears low, not only because of Prigozhin's rare 'talent', but also because Wagner tends to be its own worst enemy, especially in the increasingly nationalist African and Middle Eastern environment. Its only real success, in terms of asserting an East India Company-style model, has been in the CAR, where it managed to entrench itself in a way not replicated anywhere else. Indeed, Syria apart, Prigozhin sank significant resources only into the beer plant in Bangui and the Ndassima mine

in the CAR. The beer plant seems to have been a failure. In Mali, Wagner has yet to enter the mining sector. In a sense, Wagner might go down in history as a product of a phase of oligarchic politics in Russia, where relying on wealthy cronies seemed a more viable solution than trusting Russia's rusty state apparatus, even in foreign policymaking. Without Putin's favours to Prigozhin's pre-Wagner businesses, the creation of Wagner itself might not have made much sense.

The CAR was the exception rather than the rule, and replicating it seems a remote possibility. Burkina Faso, for example, stayed well clear of importing Wagner's business model, helped by the fact that the regime was not in such a desperate state as the CAR's.¹⁷⁷ Even in the CAR, moreover, profits were in the range of some tens of millions of dollars per year – no gamechanger for Russia, and not even a strong profit margin for such high-risk business. The question that arises is why, short of a direct request by the Russian government (within the framework of returning Putin's favours), would Prigozhin and his son, Pavel – who seems to be continuing his father's legacy – want to engage in other similarly risky adventures for such relatively small margins? This question appears even more germane for any potential imitators of the Wagner model. Claims made by a former Wagner source that Gennady Timchenko, Redut's master in Syria, and then Arkady Rotenberg, were offered Wagner's Syrian businesses and struggled to make them work would seem to confirm this.¹⁷⁸

Perhaps Prigozhin intended to reinvest his profits in new mercenary campaigns elsewhere – there are reports that Pavel Prigozhin intends to use accumulated capital to launch operations independent of the Russian MoD.¹⁷⁹ However, so far none of these has materialised, possibly due to limited viability without Russian MoD support, given the need for heavy equipment, logistics and back-up resources. The slow rapprochement between Wagner and the Russian MoD during 2024 could also be undermining these independent plans. Perhaps such ventures simply make little economic sense.

An example of the type of business that could deliver high profit margins is the Captagon amphetamine trade in which Wagner engaged in Syria, as this would need little additional investment. Wagner's smuggling operations on behalf of Sudan's Rapid Support Forces¹⁸⁰ are another example of a profitable business: again, little additional investment and few human resources are needed. All

177. For the case of Burkina Faso, see Giustozzi and Lewis, 'After Prigozhin', p. 26.

178. Interview with former Wagner staff member, now in Redut, April 2024; Anton Mardasov, 'What's Next for Wagner in Syria, Africa after Putin Mutiny?', *Al-Monitor*, 30 June 2023, <<https://www.al-monitor.com/originals/2023/06/whats-next-wagner-syria-africa-after-putin-mutiny>>, accessed 7 January 2025; Lisa Klaassen, 'Wagner's Next Act in Africa', *New Statesman*, 27 March 2024, <<https://www.newstatesman.com/world/europe/ukraine/2024/03/wagner-group-next-act-africa>>, accessed 7 January 2025.

179. See Giustozzi and Lewis, 'After Prigozhin', pp. 31–32.

180. See *ibid.*, p. 27.

that would be required for a similar operation would be a network of force deployments around a given region for logistical support and greater security. Large deployments of fighters and equipment are rarely profitable on their own, although a possible exception is when large deployments are carried out for wealthy patrons such as the UAE (as, allegedly, in Libya).

At least for a time, Prigozhin showed that Wagner could bring Russian big business and state apparatus together. It turned out to be a chimera. The Wagner business model might still develop profitable operations, due to the experience gained through the group's smuggling operations. It remains to be seen whether Russia will allow Wagner to focus on smuggling activities, which might be profitable in themselves, but are hard to control from Moscow. With the friction caused by Wagner in Syria (and also Mozambique and Libya) still fresh in his mind, Putin might not want to risk such operations undermining Russia's diplomatic aims.

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