



# General Assembly

Distr.: General  
9 August 2024

Original: English

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## Seventy-ninth session

Item 69 and 70 of the provisional agenda\*

### Elimination of racism, racial discrimination, xenophobia and related intolerance

#### Right of peoples to self-determination

## Use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination

### Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report of the Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination, submitted in accordance with General Assembly resolution [78/191](#) and Human Rights Council resolution [51/13](#).

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\* [A/79/150](#).



# **Report of the Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination**

## **Trends and challenges in the financing of mercenaries and related actors**

### *Summary*

In the present report, the Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination examines the trends and increasing challenges presented by the financing of mercenaries and mercenary-related actors. While financial elements are included in the various international and regional legal definitions of mercenarism and the criminalization of the financing of mercenarism, the actual financing of mercenaries and related actors is largely underexamined. In the present report, and for the first time, the Working Group scrutinizes the methods and routes used by multiple primary and secondary actors to fund mercenarism around the world, at both the macro and micro levels, including traditional and alternative banking systems. It further explores the links between mercenarism and the exploitation of natural resources, and the connections to transnational organized crime and other illicit activities. In shining a spotlight on the financing of mercenarism, the Working Group presents an overview of the financial environment in which mercenarism thrives, and highlights the important connections between the involvement of mercenaries and related actors in armed conflicts, the resulting prolongation of armed conflicts and the consequent violations of human rights and international humanitarian law. The Working Group concludes that better regulation of the routes used to finance mercenarism is crucial.

During the preparation of the present report, the Working Group was composed of Carlos Salazar Couto (Chair), Ravindran Daniel, Sorcha MacLeod, Jovana Jezdimirovic Ranito and Michelle Small. Chris Kwaja was a member until April 2024. Sorcha MacLeod was a member until July 2024. Joana de Deus Pereira joined on 1 August 2024. The Working Group thanks those individuals and organizations who contributed to and assisted with the writing of the present report, which was drafted primarily by Sorcha MacLeod and Jovana Jezdimirovic Ranito.

## I. Introduction

1. The present report is submitted to the General Assembly by the Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination, in accordance with Assembly resolution 78/191 and Human Rights Council resolution 51/13. In pursuance of its mandate, the Working Group monitors mercenaries and mercenary-related activities in all their forms and manifestations, as well as private military and security companies in different parts of the world. In addition, the Working Group studies their activities and the impact they may have on human rights, in particular the right to self-determination.

2. The present report was prepared on the basis of extensive desk research, contributions collected during a virtual multi-stakeholder expert consultation held in December 2023, additional bilateral consultations, and responses to the call by the Working Group for written submissions.<sup>1</sup> Thanks are extended to those who shared their expertise.

3. Mercenarism has become a systemic issue that significantly affects multiple States and armed conflicts around the world. In recent years, the substantial increase in the use of mercenaries and related actors in numerous armed conflicts and the human rights violations committed by them has drawn the attention of the international community. Similarly, the profitable links to and commercial exploitation of the natural resource sector by some mercenary-type actors has commanded international interest. Nevertheless, despite the inclusion of financial elements in the various international and regional legal definitions of mercenarism<sup>2</sup> and the criminalization of the financing of mercenarism,<sup>3</sup> the actual financing of mercenaries and related actors is largely underexamined. Indeed, the Working Group itself has only rarely addressed the question of the financing of mercenarism in a few communications and thematic reports.<sup>4</sup> Given this gap, the Working Group has decided to explore the trends and challenges stemming from the financing of mercenaries and related actors.

4. The financing of mercenarism occurs in two distinct ways. The first way is at a “macro” level, whereby mercenary operations are funded primarily by States and/or their proxies. States may pay or be paid for the services of mercenaries and related actors. Funds are used for the purchase of weapons and materiel, and for the provision of financial compensation for individual mercenaries, but a substantial profit motive is also present. Logistical and in-kind support may also be supplied. The second way mercenarism occurs is at a “micro” level, whereby individual mercenaries are paid for their services and may receive pecuniary and/or non-pecuniary remuneration.<sup>5</sup> Both types of financing take place within traditional and alternative financial

<sup>1</sup> See [www.ohchr.org/en/calls-for-input/2024/call-inputs-thematic-report-financing-and-mercenarism](http://www.ohchr.org/en/calls-for-input/2024/call-inputs-thematic-report-financing-and-mercenarism).

<sup>2</sup> Protocol Additional to the Geneva Conventions of 1949, relating to the Protection of Victims of International Armed Conflicts (Protocol I), article 47 (2) (c); Organization of African Unity Convention for the elimination of mercenarism in Africa, art. 1 (c); International Convention against the Recruitment, Use, Financing and Training of Mercenaries, art. 1 (1) (b) and (2) (b), art. 2 and art. 5 (1) and (2).

<sup>3</sup> Organization of African Unity Convention for the elimination of mercenarism in Africa, art. 2; International Convention against the Recruitment, Use, Financing and Training of Mercenaries, art. 2.

<sup>4</sup> See, for example, [A/HRC/54/29](http://www.ohchr.org/en/hrc/54/29) and communications CAF 2/2021, TUR 21/2020, AZE 2/2020, RUS 17/2022 and OTH 8/2023.

<sup>5</sup> See [A/HRC/54/29](http://www.ohchr.org/en/hrc/54/29) and communications TUR 7/2020, RUS 1/2020, OTH 42/2020, LBY 1/2020, TUR 21/2020, AZE 2/2020, RUS 17/2022 and OTH 8/2023.

ecosystems supported by multitudes of so-called enablers, such as bankers, lawyers, fixers, insurance companies and other commercial entities.

5. In the present report, and for the first time, the Working Group maps out some of the different forms of mercenary financing, shedding light on the broader financial ecosystems in which mercenary financing operates and drawing parallels to other forms of illicit financing. In doing so, the Working Group highlights and analyses the trends relating to the contemporary financing of mercenaries and the links to violations of human rights and international humanitarian law. The analysis also addresses the specific ways in which such financing activities may impede progress towards the Sustainable Development Goals.

## II. International and regional regulatory framework

6. In its 2023 report to the General Assembly, entitled “Regulatory environment for mercenaries, mercenary-related actors, and private military and security companies: a call to action”, the Working Group explored and explained some of the challenges related to the international and regional definitions of a mercenary (see [A/78/535](#)). The key definition is contained in article 47 (2) of the Protocol Additional to the Geneva Conventions of 12 August 1949, and related to the Protection of Victims of International Armed Conflicts (Protocol I). This definition is cumulative in nature and very narrow, but the essence of the definition is that a mercenary directly participates in hostilities for substantial private gain.<sup>6</sup> In relation to the financing element, article 47 (2) (c) of Additional Protocol I provides that to meet the definition of a mercenary, the individual must be motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that party.

7. The Working Group has previously explained that the subjective nature of the financial element of the definition of a mercenary in article 47 is problematic ([A/78/535](#), para. 12), noting that “This requirement relies heavily on an individual’s motive to define their classification. The intent was to highlight one of mercenarism’s main objectionable aspects: that it is in principle an endeavour driven by greed, where armed conflicts are exploited for profit. By adopting article 47, the international community has determined it to be morally reprehensible to fight for money rather than cause or country. This then requires, however, proving that a person’s motives for partaking in a conflict are purely financial, which is entirely subjective and very difficult to prove” ([A/78/535](#), para. 16).

8. In addition, the Working Group has highlighted in numerous recent reports and communications an increasing trend towards both non-pecuniary motivations of individuals engaged in mercenarism and non-pecuniary incentives being offered by States and intermediaries for the services of individuals for the purposes of mercenarism, such as offers of citizenship or reduction of prison terms.<sup>7</sup> At the same time, the Working Group also noted in its 2023 report to the General Assembly that while article 47 tries to account for the unworkable nature of proving this motivation for money and indifference to others by suggesting that paying a person substantially more than a regular soldier serves as adequate evidence of mercenarism, ultimately it does not address non-pecuniary motivations ([A/78/535](#), para. 16). The Working Group observes that this is likely to be an escalating problem as the number of

<sup>6</sup> Article 47 (2) (b) and (c).

<sup>7</sup> See [A/78/535](#), para. 16; [A/HRC/54/29](#), paras. 29 and 32; communications TUR 7/2020, RUS 1/2020, OTH 42/2020, LBY 1/2020, TUR 21/2020, AZE 2/2020, RUS 17/2022 and OTH 8/2023.

individuals recruited for the purposes of mercenarism surges (A/HRC/54/29, paras. 10 and 21).

9. The Organization of African Unity Convention for the elimination of mercenarism in Africa goes further than article 47 (2) of Additional Protocol I and criminalizes mercenarism, and specifically the financing of mercenarism. Similar to article 47 of Additional Protocol I, article 1 (1) (c) of the Convention for the elimination of mercenarism in Africa is subjective in nature and provides that a mercenary must be “motivated to take part in the hostilities essentially by the desire for private gain and in fact is promised by or on behalf of a party to the conflict material compensation”. Article 1 (2) of the Convention sets out that the crime of mercenarism may be committed by a variety of actors, including individuals, groups and States, and that these actors may commit a crime if they finance groups of mercenaries, among other activities. Furthermore, article 1 (2) (c) provides that a crime is committed if a State allows the financing of mercenarism to be carried out in any territory under its jurisdiction or in any place under its control, or affords facilities for transit, transport or other operations of the above-mentioned forces. The Working Group notes that the Convention is currently under revision and is soon to be presented to the Peace and Security Council of the African Union.<sup>8</sup>

10. While the definition of a mercenary in the International Convention against the Recruitment, Use, Financing and Training of Mercenaries is marginally different from that of Additional Protocol I and the Convention for the elimination of mercenarism in Africa,<sup>9</sup> article 1 (1) (b) of the International Convention contains a similarly subjective financial motivation element whereby a mercenary is any person who is recruited to fight in an armed conflict and “is motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar rank and functions in the armed forces of that party”.

11. Article 1 (2) of the International Convention extends the definition of mercenary to situations outside of an armed conflict where an individual is recruited for the purpose of “overthrowing a Government” or “undermining the territorial integrity of a State”. In both cases the individual must be “motivated to take part therein essentially by the desire for significant private gain and is prompted by the promise or payment of material compensation”. Similar to the Convention for the elimination of mercenarism in Africa, the International Convention criminalizes a variety of mercenary-related activities, including the financing of mercenaries, stating in article 2: “Any person who recruits, uses, finances or trains mercenaries, as defined in article 1 of the present Convention, commits an offence for the purposes of the Convention.”

12. Article 5 (1) further prohibits State parties to the Convention from financing mercenaries and their activities, and imposes an obligation to implement such a prohibition at the national level. Furthermore, article 5 (2) provides that States parties:

shall not recruit, use, finance or train mercenaries for the purpose of opposing the legitimate exercise of the inalienable right of peoples to self-determination, as recognized by international law, and shall take, in conformity with international law, the appropriate measures to prevent the recruitment, use, financing or training of mercenaries for that purpose.

13. It is clear, therefore, that in drafting the Convention for the elimination of mercenarism in Africa and the International Convention against the Recruitment, Use, Financing and Training of Mercenaries, States explicitly intended: (a) to differentiate

<sup>8</sup> See <https://pap.au.int/en/news/press-releases/2024-06-27/pan-african-parliament-committees-delve-revised-oau-convention>.

<sup>9</sup> Geneva Convention API Note 2.

mercenaries from individuals serving in the regular armed forces by reference to their financial motivation; and (b) to create a variety of offences regarding finance-related elements of mercenarism at both the macro and micro levels.

### III. Context and challenges

14. The financing of mercenarism is as old as the activity itself and is at the heart of the anti-mercenary norm. This norm is based on the perception that fighting for substantial financial compensation or funding the activities of mercenaries is illegitimate and morally repugnant, in direct contrast to those who fight for their country. With international initiatives and national regulations limiting and defining legal limitations on the use of private actors in situations of armed conflict, States are increasingly supplying or hiring entities that fall within the scope of mercenarism, moving away from the boundaries of public scrutiny and accountability. In recent years, the Working Group has noted frequently that there has been a trend towards the use of mercenaries and related actors as proxies in armed conflicts, and as a response to terrorism and violent extremism under the banner of “military cooperation” and “bilateral agreements”.<sup>10</sup> This has resulted in an escalation in the levels of violence against civilian populations and the commission of atrocities, including war crimes and crimes against humanity.<sup>11</sup> At the same time, the use of mercenaries and related actors supports geopolitical goals and economic aims, which prolongs armed conflicts in the absence of motivation to move towards peace, which further undermines human rights, particularly for the most marginalized. The Working Group notes that such geopolitical and commerce-related warfare is prevalent in countries rich in natural resources such as viable deposits of rare earth elements, precious metals and critical minerals. Little attention has been focused, however, on how contemporary mercenarism and related activities are being funded and how individual mercenaries are remunerated.

15. One reason for this lack of focus on the financial ecosystem relating to mercenaries is that the investigation of mercenary financing is fraught with difficulty, with evidence being especially difficult to obtain owing to the clandestine nature of mercenarism and the involvement of multiple actors.<sup>12</sup> The challenges presented by this opacity and the complex web of involved actors is something that the Working Group has noted frequently in previous reports, and this conclusion is supported by reports received by the Working Group of threats made against investigators, journalists and other human rights defenders engaged in investigating the financing of mercenaries and related actors.<sup>13</sup> The Working Group intends to address this gap in the present report.

16. According to submissions received by the Working Group, States are involved in the funding of mercenaries and related actors, including supporting recruitment costs, travel, provisioning, salary disbursements and sustainment.<sup>14</sup> At the same time, mercenaries and related actors are engaged in a variety of “self-funding” activities, many of which are illicit. When reflecting on the substantial private gain element of article 47 of Additional Protocol I, it has been observed that in one example

<sup>10</sup> See [A/75/259](#) and communications AZE 2/2020, TUR 21/2020, CAF 1/2021, CAF 2/2021, MLI 3/2022, TUR 7/2020, OTH 8/2023, RUS 17/2022, LBY 1/2020 and RUS 1/2020.

<sup>11</sup> See, for example, communications CAF 1/2021, CAF 2/2021, MLI 3/2022, TUR 7/2020, OTH 8/2023, RUS 17/2022, LBY 1/2020 and RUS 1/2020.

<sup>12</sup> Submission by Irrera and Rinaldi.

<sup>13</sup> Expert consultation; communication CAF 2/2021.

<sup>14</sup> Submission by the Global Initiative against Transnational Organized Crime; submission by the Global Coalition to Fight Financial Crime; submission by the Association of Reintegration of Crimea; submission by Irrera and Rinaldi.

mercenary recruits were offered three times the average salary for broadly equivalent State positions.

17. In submissions made to the Working Group, it has been highlighted that the same financial methods, mechanisms and enablers are used by all kinds of illicit actors, including traffickers of people, drugs and arms.<sup>15</sup> Traditional banking wire transfers, alternative banking methods such as cryptocurrencies, and mobile banking are utilized with the objective of moving funds for all kinds of criminal activities. Financial routes and networks used by mercenaries and related actors appear to be reproduced and duplicated, given the links between other illicit activities and similar enablers such as banks.

18. It is important to emphasize the relationship between criminality and self-financing among current and former mercenaries at the individual level, given its implications for disarmament, demobilization and reintegration efforts.<sup>16</sup> Mercenaries are increasingly reported to be involved in criminality, including smuggling, banditry and predation, particularly when ceasefires are implemented.<sup>17</sup> Often this is driven by necessity, as contracts and financial disbursements end, but also by opportunity, with mercenaries able to exploit or join vibrant regional criminal ecosystems.<sup>18</sup> The ability to shift into criminality and predatory activities is also enabled by social connections, and in some cases pre-existing working relationships, between other criminal actors and mercenaries. This is often a recurring cycle, and individual involvement in criminality ebbs and flows as mercenaries take advantage of opportunities that emerge during the course of armed conflicts. In some instances, mercenary involvement in criminality is minor and minimally threatening to local stability, such as smuggling fuel and vehicles, or involvement in artisanal gold mining.<sup>19</sup> However, in several recent cases, mercenaries have engaged in more violent forms of criminality and predatory activities, which do pose local and regional stabilization challenges. In one case shared with the Working Group, former mercenaries were reported to have engaged in “high-intensity banditry”, using vehicles and weapons obtained during mercenary service to target convoys carrying drugs or gold.<sup>20</sup> Often, these operations bring together ad hoc groups, which then disperse after an attack. They have proven capable of successfully raiding convoys protected by armed forces, underscoring both their tactical competency and armaments.<sup>21</sup>

#### **A. Illicit sources of financing of mercenaries and related actors**

19. Mercenaries and related actors are financed by and profit from a variety of different sources at the macro and micro levels and across the globe. These include the exploitation of natural resources, illicit drugs, arms trafficking, online frauds and scams, in-kind support services and intelligence gathering, and involve multiple States, corporate entities and individuals, among others. Funds generated and payments made are funnelled through the traditional international banking system and cash payments, as well as through alternative banking systems by way of cryptocurrencies and crowd-funding initiatives. There are also overlaps with and parallels to other illicit financial flows associated with the funding of terrorism, transnational organized crime, human trafficking, drug trafficking, arms trafficking

<sup>15</sup> Expert consultation.

<sup>16</sup> Submission by the Global Initiative against Transnational Organized Crime.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

and the payment of modern piracy ransoms, among others.<sup>22</sup> As more States have become isolated from global financial markets, mercenaries and related actors provide the glue for smuggling and money-laundering.<sup>23</sup>

### Natural resources

20. Access to and exploitation of natural resources in conflict-affected countries is one of the most lucrative sources of financing for mercenaries and related actors, as well as the States that deploy them, and may be in violation of sanctions regimes.<sup>24</sup> Furthermore, it is important to acknowledge that during colonial times, natural resources were exploited through direct control of territories. In the post-colonial period, State-supported mercenaries and related actors are used as a means to exploit natural resources, thereby undermining the sovereignty of States. Such proxy interventions also fuel intra-State and, in some instances, inter-State conflicts. Financing mercenaries is an integral part of attempts by States to exploit the natural resources of other States.

21. Access to natural resources may be granted to mercenaries and related actors as payment for mercenary-related services, but control over natural resources may also be a primary economic objective. Gold and diamonds are particularly sought after owing to their perceived lack of traceability within the international financial system, but other commodities are also targeted.<sup>25</sup> The routes of such exchanges are often interregional and often follow a North-South exploitation trend.

22. The export of gold, diamonds, timber, uranium, gas and petroleum, among others, is often funnelled through multiple States for the express purpose of circumventing international sanctions.<sup>26</sup> Mercenaries and related actors are reported to be involved in these export practices in diverse forms, including by being hired to provide security and logistical support to State entities in return for exclusive rights to mining concessions through third-party companies in their own and neighbouring countries.<sup>27</sup> Natural resources obtained through the mining concessions are either transferred elsewhere to be processed, sold intact or channelled through illicit schemes involving laundering, multiple States and complex webs of shell corporations. Gold and petroleum, in particular, have been subjected to laundering and concealment practices whereby States and other actors withhold essential information as to their exact origin to avoid tracing and, in several instances, circumventing sanctions.<sup>28</sup>

23. Reports were received by the Working Group that natural resources such as gold and petroleum obtained by mercenaries and related actors are transported (both transregionally and transcontinentally) and commingled with gold and petroleum from elsewhere to obscure their origins.<sup>29</sup> So-called gold-washing can involve mixing legitimately sourced gold with illegitimately sourced gold to dilute it and render it untraceable. In some cases, gold was flown from conflict-affected countries through multiple third-party countries and processed to hide its true origins.<sup>30</sup> Such gold is

<sup>22</sup> Expert consultation.

<sup>23</sup> Ibid.

<sup>24</sup> See, for example, S/2021/569; expert consultation.

<sup>25</sup> Submission by the Global Initiative against Transnational Organized Crime; North Atlantic Treaty Organization (NATO) Advanced Research Workshop entitled “Addressing systemic legal and policy challenges of mercenaries and related actors in contemporary armed conflicts: beyond the Wagner Group”, held in Copenhagen on 7 and 8 March 2024.

<sup>26</sup> Expert consultation.

<sup>27</sup> Ibid.

<sup>28</sup> Expert consultation; NATO Advanced Research Workshop.

<sup>29</sup> Expert consultation; NATO Advanced Research Workshop.

<sup>30</sup> Expert consultation.



estimated to be worth up to \$10 billion.<sup>31</sup> Petroleum transported using tankers may be commingled with petroleum of different origins in ship-to-ship transfers in international waters.<sup>32</sup> Timber can also be used to generate funds, but it is more difficult to convert to cash. As a result, mercenaries, and entities connected to them, are known to take control of the timber market in particular countries and are said to hoard, dominate and set the price of timber.<sup>33</sup> In each of these examples, enablers play a crucial role in facilitating untraceability and laundering. Such practices blur the lines between mercenaries and organized crime actors, and sustain transborder criminal ecosystems.<sup>34</sup>

24. When considering the effects that the financial activities of mercenaries and related actors have on human rights, it is evident that the illicit exploitation, export and laundering of natural resources does not benefit local communities, as they are denied access to resources to further their own development. The right to development is an inalienable human right in which “every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized” (see General Assembly resolution 41/128), and is being impeded by the activities of mercenaries and related actors. Furthermore, some communities suffer the negative effects of environmental degradation on their rights to health, cultural practices, access to clean water and access to food, among others, due to the use of substandard technologies and practices. Such an approach to extracting natural resources is indefensible and does not promote the sustainable management of sensitive ecosystems and forests.<sup>35</sup> Moreover, the financial relationships linked to natural resource exploitation also highlight inequalities between States from different geographic areas, with some States benefiting from the exploitation of resources from poorer countries.

### **Illicit drugs and industrial chemicals**

25. Mercenaries and related actors are involved in the manufacture and sale of illicit drugs, for example methamphetamine. In one disturbing report, the Working Group heard that poisoned methamphetamine was manufactured and sold to front-line troops from the other party to a conflict, leading to deaths. The proceeds of the sale of methamphetamine were used to purchase arms.<sup>36</sup>

26. In some countries, mercenaries and related actors maintain control of the wholesale market in industrial chemicals used in mining to facilitate the extraction of minerals.<sup>37</sup> A chemical such as sodium cyanide is essential for extracting gold from ore, therefore control over its supply ensures limited access to gold mining. In addition, the Working Group heard alarming reports of sodium cyanide being deliberately used to contaminate community water supplies in mining areas controlled by mercenaries and related actors, which resulted in serious physical harm to the population, environmental damage and the displacement of people and livestock.<sup>38</sup>

### **Arms trafficking and transfer**

27. The practice of arms trafficking and transfer is used by mercenaries and related actors as a form of self-funding. For example, there are reports that mercenary-related

<sup>31</sup> Confidential submission received by the Working Group.

<sup>32</sup> NATO Advanced Research Workshop.

<sup>33</sup> Expert consultation; NATO Advanced Research Workshop.

<sup>34</sup> Submission by the Global Initiative against Transnational Organized Crime.

<sup>35</sup> Expert consultation; NATO Advanced Research Workshop.

<sup>36</sup> NATO Advanced Research Workshop; United Nations Office on Drugs and Crime.

<sup>37</sup> NATO Advanced Research Workshop.

<sup>38</sup> Ibid.

actors sell weapons on various darknet marketplaces, and the Working Group received reports that highlighted the connections between firearms trafficking operations and other illicit operations.<sup>39</sup> The increasing and unregulated use of additive technology by mercenaries and related actors to make 3D printed weapons raises new concerns about their enhanced ability to raise illicit funds.<sup>40</sup> The Working Group has further explored the role of mercenaries and related actors in the proliferation of and trafficking in arms in its 2024 report to the Human Rights Council ([A/HRC/57/45](#)).

### **Online frauds and scams**

28. One method reportedly used to self-fund mercenaries and mercenary-related entities and activities is the use of fundraising schemes shared using social networks and communication platforms.<sup>41</sup> In one instance, malware was used to target an online fundraiser which resulted in donors being fraudulently induced to send funds to a mercenary group.<sup>42</sup> Messaging platforms are being used to perpetrate scams whereby mercenary-related actors pretend to represent international support organizations related to certain conflicts. The scam process entails the mutual reposting of each other's posts within these channels, often soliciting donations ostensibly to support the military, to aid the families of "fallen comrades" or to fund the activities of propaganda channels, but which end up funding mercenarism. Donations are made through traditional and alternative banking systems. Notably, donations in cryptocurrency originate from a blend of private or self-custodial wallets, while a significant portion is directly sourced from publicly licensed cryptocurrency exchanges.<sup>43</sup>

29. Malware, specifically ransomware, is reportedly being used by mercenary-related actors to generate funds in other contexts. Ransomware attacks have targeted private users and infrastructure providers, demanding payment in "virtual assets" in return for regaining access to computers, databases and private information such as medical records. There are clear links to alternative banking systems, in particular, as ransom demands generally require payment in various cryptocurrencies including Bitcoin, as well as Monero, USDT (Tether) and Ethereum.<sup>44</sup>

### **Provision of in-kind remuneration**

30. Mercenaries and related actors also receive remuneration in kind for their services.<sup>45</sup> Examples include receiving aircraft in return for providing satellite communications and receiving mining concessions in exchange for assisting local armed groups in registering domestically as private military and security companies in order to facilitate logistics, vehicle registrations, the provision of equipment and security support.<sup>46</sup> In-kind remuneration is valued because formal checks and controls can often be circumvented.<sup>47</sup>

### **Intelligence gathering**

31. Intelligence gathering and analysis may be used to generate funds for mercenary-related actors and activities. Many States forbid the hiring of foreign

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<sup>39</sup> Submission by the Global Coalition to Fight Financial Crime.

<sup>40</sup> Confidential submission received by the Working Group.

<sup>41</sup> Submission by the Global Coalition to Fight Financial Crime.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> Expert consultation. The Working Group definition of private military and security companies can be found in [A/HRC/15/25](#), annex, part I, art. 2.

<sup>47</sup> Expert consultation.

private military and security companies, and require clients to hire local security companies. In some cases, sensitive commercial or political information may be gathered by these local contractors and sold to mercenaries and related actors.<sup>48</sup>

## **B. Remuneration of individual mercenaries and related actors**

32. At the micro level, individual mercenaries and mercenary-related actors may be remunerated using traditional and/or alternative banking systems. Payments may be made using bank-to-bank transfers, remittances or cash payments. Furthermore, with the increasing availability of financial technology (fintech) solutions, including payment service providers and alternative banking systems that facilitate payment with the help of cryptocurrencies, there exist data that reveal that all of these methods are being misused for mercenary financing.

### **Traditional banking systems**

33. States involved in the use or provision of mercenaries and related actors may use bank-to-bank transfers from shell corporation bank accounts to make salary payments to the personal accounts of individual mercenaries. Such corporations participate in and contribute to the ecosystem of so-called enablers (discussed below). Some mercenaries are paid directly on the ground in local currencies. At least one payment service provider has reportedly assisted in the financing of the activities of mercenaries and related actors.<sup>49</sup>

34. In the traditional banking context, concerns about mercenaries operating outside the frameworks of the national risk assessments of Member States abound, as they are likely to expand unchecked in the absence of proper control mechanisms and accountability for misconduct.<sup>50</sup> Money-laundering practices by mercenaries and related actors may take advantage of small companies with weak compliance processes, and such practices reportedly mirror those of terrorist organizations.<sup>51</sup>

35. Where international sanctions are in place, sanctioned banks are reportedly overcoming international scrutiny by making transfers directly to the national bank of the State with which they are collaborating.<sup>52</sup>

### **Alternative banking systems**

36. Cryptocurrencies are commonly used by mercenaries and related actors to send and receive individual payments, as well as for fundraising purposes, and a variety of digital currencies are being used. Such cryptocurrencies are perceived as advantageous for several reasons. They are generally censorship-resistant, decentralized and cannot easily be shut down.<sup>53</sup> Moreover, cryptocurrency wallets can be downloaded and immediately begin receiving donations without the need for the authorization that a traditional bank account would require.<sup>54</sup>

37. As highlighted above, mercenaries utilize social networks and communication platforms to canvass for cryptocurrency donations. To understand the magnitude of funds obtained in this way, in just one crowd-funding initiative a mercenary group

<sup>48</sup> NATO Advanced Research Workshop.

<sup>49</sup> Submission by the Global Coalition to Fight Financial Crime.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

<sup>52</sup> Expert consultation.

<sup>53</sup> Submission by the Global Coalition to Fight Financial Crime; Armin Krishnan, "Blockchain empowers social resistance and terrorism through decentralized autonomous organizations", *Journal of Strategic Security*, vol. 13, No. 1 (2020). Available at [www.jstor.org/stable/26907412](http://www.jstor.org/stable/26907412).

<sup>54</sup> Submission by the Global Coalition to Fight Financial Crime.

received over \$144,000 in cryptocurrency as a result of a coordinated drive for donations. This type of donation pattern has also been seen in terrorist funding. While cryptocurrencies do enjoy certain advantages, they offer only pseudo-anonymity, as most have a public ledger that records every single transaction and which can be publicly accessed on Blockchain.<sup>55</sup> So, for example, in the crowd-funding initiative cited above, digital investigators were able to identify the addresses of cryptowallets associated with mercenary donations and could track transactions and the onward movement of funds.<sup>56</sup> In addition, they found that many bank cards used to make donations belonged to accounts in a sanctioned bank. Furthermore, the investigators observed a particular pattern of behaviour regarding the wallet addresses associated with the mercenary-related transactions. With the aim of avoiding detection, they were only active for a few months until all the funds had been transferred out of the wallet. Transfers took place using both reputedly licensed and less reputable, unlicensed cryptoexchanges, raising further concerns about the lack of verification and due diligence.<sup>57</sup> The unchecked growth in cryptocurrencies and cryptoexchanges in many regions is cause for disquiet, as it will further facilitate illicit financing activities.

### **Other forms of “private gain” and inducement to participate in mercenarism**

38. Various forms of private gain for services provided by mercenary and related actors can be identified, and it is well known that contemporary mercenary recruits may receive non-pecuniary benefits in addition to financial remuneration when they are hired ([A/HRC/54/29](#), paras. 28 and 29). Recruitment calls by both anonymous and corporate recruiters include basic skills criteria and a motivation requirement, but often they also detail “benefits” that come with the position. Besides a salary, individual mercenaries obtain other forms of remuneration, including skimming profits from local businesses where they operate and stealing items such as cell phones and motorcycles from civilian populations for personal use or to sell.<sup>58</sup>

39. The Working Group noted the concerning rise of predatory recruitment practices in its 2023 report to the Human Rights Council, and that non-pecuniary inducements were increasingly being offered to potential recruits, including citizenship ([A/HRC/54/29](#), paras. 28, 29 and 32). Predatory recruitment is “a form of recruitment of individuals for mercenarism that takes advantage of their socioeconomic status or other vulnerabilities and that, in some instances, may involve coercion or fraud” ([A/HRC/54/29](#), para. 25). Inducements are usually disclosed during the recruitment process, where in exchange for military services, men, often young, from low socioeconomic and conflict-affected backgrounds, are offered citizenship in another State, or prisoners are offered reduced prison sentences ([A/HRC/54/29](#), paras. 28, 29 and 32).<sup>59</sup> In some cases, information about remuneration is opaque, and may be controlled or managed by private military and security companies acting as intermediaries or even by battalion commanders ([A/HRC/54/29](#), para. 25).<sup>60</sup> As a result of their vulnerabilities, many recruits will accept conditions such as short-term contracts and poor labour conditions. Other contracts offer job security and the opportunity to gain citizenship after a year of service.

<sup>55</sup> Ibid.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> Communication CAF 1/2021; expert consultation.

<sup>59</sup> See also communications AZE 2/2020, TUR 21/2020, TUR 7/2020, OTH 8/2023, RUS 17/2022, LBY 1/2020 and RUS 1/2020.

<sup>60</sup> Ibid.

40. Individual mercenaries may also be remunerated by being provided access to mining rights and other forms of natural resources.<sup>61</sup> In one complex cryptorelated example, mercenaries and mercenary-related actors made cryptopayments to a State in return for citizenship, residency, land and access to natural resources.<sup>62</sup> This created a digital identity in the State and was linked to voting rights, thus giving such actors influence over the political realm and undermining State sovereignty. In addition, the natural resource assets obtained, such as mining rights, can be transferred offshore, further undermining State sovereignty.<sup>63</sup>

41. Recruitment practices reveal a direct correlation between recruitment and financial crimes. In some instances, when a specific mercenary group or brigade needs new members, the recruiters are the same as those that publish the addresses of cryptowallets for the fraudulent solicitation of donations. These accounts may be run by private individuals or mercenary-related entities, including corporate actors. In the same way that social media and communication channels are used to solicit donations, recruitment announcements are shared by those same media and channels. Recruiters may also be engaged in propaganda or claim to be a charity or non-governmental organization supporting the military or individuals active in armed conflicts. Announcements are usually posted anonymously using pseudonyms. Other non-pecuniary inducements for mercenarism include individuals being called on to perform their so-called patriotic duty and to protect the interests of their State of nationality.<sup>64</sup>

## C. Other relevant actors in the financial domain

### States and proxy actors

42. The Working Group has been warning of the dangers of third-party State proxies participating in multiple international and non-international armed conflicts for a number of years, and the dangers extend to the financial domain.<sup>65</sup> In some cases the financing of mercenary activities is being facilitated by State-funded proxy actors.<sup>66</sup> One method used is direct financing by the State, but other forms of financing can be observed in relation to such entities.<sup>67</sup> These financing strategies have been developed specifically to circumvent regular, controlled channels and in some cases sanctions regimes. Mercenaries and mercenary-related actors may receive payments by way of access to natural resources (such as gold or diamonds) and digital currencies, among others, for a variety of services, including transportation, smuggling, money-laundering and more classic security, military and combat services. The nature of the remuneration is often determined by its desirability, such as the value of particular commodities in the international market. Mercenaries and related actors pursue strategies to accumulate certain types of commodities and seek to dominate global prices and control the market.

43. In terms of other types of State support, proxy actors have access to military planes to transport their fighters and materiel to and from various regions, and make use of State military infrastructure, both physical and administrative. This support extends to recruitment costs, provisioning, salary disbursements and sustenance. The specific nature of the engagement of proxy actors, including financial elements,

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<sup>61</sup> Expert consultation.

<sup>62</sup> Ibid.

<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> See, for example, [A/75/259](#), paras. 32–38.

<sup>66</sup> Submission by the Global Initiative against Transnational Organized Crime.

<sup>67</sup> Expert consultation.

differs depending on the State to which they are deployed, the mercenary group involved and the perceived contextual needs of the armed conflict. In some cases, States contract mercenaries and mercenary-related entities from across the globe to provide military and security services, particularly for the natural resource sector, but also for more traditional combat functions in hostilities.

44. These entities receive political backing and diplomatic support in the countries in which they operate and often from where they originate, and their activities may be an extension of State foreign policy. In an oft-repeated pattern, mercenaries and related actors arrive in-country shortly after military cooperation agreements or other State-to-State bilateral agreements. The diplomatic efforts pave the way for the proxies in the form of mercenaries and related actors who then participate in the armed conflict and commit violations of human rights and international humanitarian law, including war crimes, such as the indiscriminate targeting of civilians.<sup>68</sup>

45. The financing of proxy actors in armed conflicts is multifaceted and global in nature. In addition to traditional banking systems, such as wire transfers, alternative banking systems such as cryptocurrencies are also used. For example, blockchain-based mechanisms for facilitating payments in virtual assets exist as an alternative financial ecosystem and can be used irrespective of the geographical location of the armed conflict where the services are being delivered. In both cases, mercenaries and related actors often fall through the regulatory cracks as a result of explicit circumvention, a lack of detection or the failure of the systems to problematize, or recognize the criminality of, the activities.

46. In some instances, States use virtual assets or cash to finance the activities of organizations that collaborate with their proxies, including separatist groups and terrorist organizations. There are examples of cash transactions and cryptocurrency exchanges being used in such operations, or used to coordinate their execution. Mercenary-related actors are known to run “call centres” which host botnets and conduct misinformation and disinformation operations, including those targeting other States. These operations are financed by, and largely run on, virtual assets.

#### **Enablers, brokers and middlemen**

47. An additional layer of actors that are not directly involved in armed conflicts as mercenaries or related actors (in the sense that they do not offer military or security services), operate as facilitators of those activities within the financial ecosystem. They include multiple types of corporate actors such as banks and shell corporations, owners of digital currencies, lawyers, accountants, insurance companies, sanctioned entities of all types, various markets and darknet markets, among others. These enablers, brokers and middlemen are crucial to the financial environment in which mercenaries and related actors subsist, as they link such actors to the traditional and alternative banking systems. Their importance, and the regulatory and implementation gaps relating to them, were frequently emphasized to the Working Group.

48. Traditional banking operations can enable mercenarism when due diligence procedures are improperly conducted or not conducted at all, for example when there is a failure to trace the origin of transfers and when the individuals or entities are cashing out their transfers. Jurisdictional issues can also result in the weak application of due diligence by banks when the end destination of funds is different from that of the notifying party.<sup>69</sup> Moreover, cryptocurrencies are connected to traditional banking

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<sup>68</sup> See communications CAF 1/2021 and MLI 3/2022; submission by the Global Initiative against Transnational Organized Crime.

<sup>69</sup> Expert consultation.

at certain cashing-out points; therefore, banks also serve as enablers when they do not invest in due diligence to determine the origin(s) of the funds transferred. Where virtual assets are facilitated by licensed or registered financial institutions, often these institutions have received investment from State-backed banks, allowing them to cash out funds generated by illicit or fraudulent crowd funding that supports mercenarism. States assume a leading role in the financing of mercenarism and remain the primary financial benefactors.

49. Complex corporate arrangements, including international networks of shell companies, are used to facilitate and enable the transfer of proceeds from the exploitation of natural resources by mercenaries and related actors.<sup>70</sup> The use of multiple jurisdictions and secrecy enables effective money-laundering. Other, simpler, enabling methods are used to launder the proceeds of mercenarism. For example, one category of enablers can be identified by following the activities of particular salespeople. Illicitly obtained and commingled gold may be smelted and transformed into wedding jewellery, and other forms of jewellery, and sold in pawnshops.<sup>71</sup> Such activities are spread across several regions and continents and involve multiple States.

50. Social networks and communication platforms play an important role in facilitating the solicitation of donations to mercenary and related actors, and thus may fall within the category of enabler. For example, hundreds of cryptocurrency wallet addresses were identified on just one platform over a three-month period, and collected \$4 million for mercenaries and related actors.<sup>72</sup>

51. There is ongoing work by civil society organizations and others advocating for further exploration of the links between money-laundering and atrocity financing, and for the listing of violations of human rights and international humanitarian law, specifically war crimes, as predicate offences to money-laundering. While some States have shown interest in considering this, challenges persist with regard to taking national legal action against international crimes. However, such efforts could significantly contribute to adapting the existing Financial Action Task Force system, particularly in connection with the usage of virtual assets within the alternative financial ecosystem and the redirection of existing resources from both the public and private sectors, including those held by players in the virtual assets and blockchain space, towards addressing atrocities committed by mercenaries and mercenary-related actors.

## D. Sustainable Development Goals

52. Significantly, in addition to human rights and international humanitarian law impacts, the financing of mercenaries and related actors impedes progress towards the Sustainable Development Goals. The Working Group has previously advocated for a comprehensive human rights-based approach to tackle the scourge of mercenarism and the harmful practices that have flourished around it, in this case financing.<sup>73</sup> Armed conflicts embody wide-ranging and multifaceted impacts on the most marginalized and subject them to increased human rights abuses and violations of international humanitarian law, including those perpetrated by mercenaries and mercenary-related actors. The 2030 Agenda for Sustainable Development represents an opportunity for States to advance the realization of economic and social rights and, therefore, to tackle the multiple harmful practices of mercenarism in a way that is

<sup>70</sup> NATO Advanced Research Workshop.

<sup>71</sup> Expert consultation.

<sup>72</sup> Submission by the Global Coalition to Fight Financial Crime.

<sup>73</sup> See, for example, [A/HRC/54/29](#), para. 39.

guided by human rights standards. Given that mercenarism prolongs armed conflicts, the financing of mercenarism therefore has a direct negative impact on the achievement of the Goals, including:

(a) Goal 6, on ensuring the availability and sustainable management of water and sanitation for all. As observed in the section addressing natural resources, mercenary-related actors are allegedly involved in poisoning water wells, which directly affects the ability of States to achieve this goal;

(b) Goal 8, on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Mercenaries and mercenary-related actors have been allowed to exploit natural resources, which States ought to use to foster sustainable economic growth and further the right to development, as well as economic and social rights and cultural rights. The accomplishment of this goal is also strongly hindered by the extra payments that local populations have been making to these actors in order to maintain their economic activities;

(c) Goal 10, on reducing inequality within and among countries. More powerful States have been taking advantage of other States' weaknesses and unstable security conditions to obtain their natural resources and to support illicit and illegal activities, including the trafficking of natural resources, the exploitation of vulnerable populations for the purpose of recruiting mercenaries and the obscuring of the origins of natural resources to circumvent sanction regimes. States that are lacking in strong internal political and security infrastructures are not participating in these transactions on an equal footing;

(d) Goal 15, on protecting, restoring and promoting the sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification and halting and reversing land degradation and halting biodiversity loss. Along with petroleum, gold and diamonds, among other natural resources, timber has been utilized as a means of funding mercenary and mercenary-related entities. Such exploitation is usually not performed in a sustainable way, and civilian populations and natural habitats are negatively affected by the use of chemicals and unregulated relations with local communities;

(e) Goal 16, on promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels. Throughout the present report, the Working Group has highlighted a number of instances in which violations of human rights have occurred that are connected to the financing of mercenaries and related actors. These include disinformation campaigns, in which members of the public were induced, often fraudulently, to financially support mercenarism, activities related to resource exploitation and the production of weapons that can prolong hostilities.

## **IV. Conclusion**

**53. Mercenarism has become a systemic issue that has a negative impact on multiple States and armed conflicts and causes significant harm to civilian populations around the world. The presence of mercenaries and related actors poses a fundamental risk to human rights and international humanitarian law, in addition to constituting a destabilizing factor in volatile contexts and undermining peace efforts. While the financing of contemporary mercenaries and related actors at the macro and micro levels is recognized as problematic through its inclusion in the international legislative framework regarding**



mercenaryism, and in some cases its criminalization, it is an issue that has until now been underexamined.

54. Understanding the complex ways in which States, enablers and individual mercenaries utilize traditional and alternative banking systems, as well as the linkages to broader criminal ecosystems and illicit activities such as terrorism, and the trafficking of humans, arms and drugs, is crucial to tackling the scourge of mercenaryism. All of these activities operate in ecosystems characterized by opacity. Therefore, the Working Group has set out to shine a light on the key means by which States finance mercenaryism, both directly and indirectly, and with cash and in-kind support, including arms and logistics. The Working Group further explains how individual mercenaries are compensated in cash through traditional and alternative banking mechanisms, through assets of value, such as rights to natural resources, and through non-pecuniary remuneration, such as citizenship or reduction of prison terms. In doing so, the Working Group reduces the murkiness surrounding mercenaries and mercenary-related actors and their activities, as well as the role of States.

55. It is also important to recognize that the financing of mercenaryism does not exist in a vacuum and is linked to concerning issues previously addressed by the Working Group in its thematic reports, such as its report on recruitment to the Human Rights Council in 2023 ([A/HRC/54/29](#)). In that report, the Working Group highlighted the role of enablers and middlemen in predatory recruitment practices and the rise of non-pecuniary remuneration and inducements. Furthermore, in its 2024 report to the Council on the proliferation of arms trafficking and transfers ([A/HRC/57/45](#)), the Working Group addressed the issue of the acquisition of weaponry by mercenaries and related actors, particularly in situations where arms embargoes have been implemented, and often entail a degree of engagement with criminal actors.

56. Likewise, it is crucial to understand the scale of the role of enablers, such as banks, cryptoexchanges, shell corporations, lawyers, accountants and others, in the financing of mercenaryism and related activities. Without their support, the financial ecosystem in which mercenaries and related actors operate would cease to function. States must pay clear attention to this additional layer of mercenary-related actors and include them more broadly in their regulatory approaches to the financial ecosystem, including with regard to banking, cryptocurrencies and the use of shell corporations, as well as in relation to the financing of transnational organized crime, trafficking and terrorism.

57. The ever-evolving and -emerging forms of mercenaryism and mercenary-related activities require immediate action from States and all involved stakeholders. Insights to facilitate action by States regarding more efficient approaches to combat the illicit financing of mercenary activities are offered in the present report and its recommendations. Specific regulatory action is necessary by States, including adherence to the international and regional criminal provisions on financing of the mercenary conventions, to: (a) stop States from directly and indirectly funding mercenaryism; (b) address the gaps in the traditional and alternative financial ecosystems that allow the financing of mercenaryism to flourish; and (c) prevent individual mercenaries from obtaining pecuniary and non-pecuniary remuneration and remove incentives to mercenaryism, including by addressing the root causes of individual recruitment for mercenary purposes. In addition, there should be more general strengthening of the right to self-determination for peoples, safeguarding of civilian populations during armed conflicts and upholding of the principles of sovereignty, non-intervention and territorial integrity, all of which are

undermined severely when States and other actors finance and facilitate the financing of mercenarism.

## V. Recommendations

58. The Working Group recommends that:

(a) In order to prevent and mitigate the negative human rights impacts caused by mercenary activities, States refrain from recruiting, using, financing and training mercenaries and should prohibit such conduct in domestic law, in line with the offences contained in the International Convention against the Recruitment, Use, Financing and Training of Mercenaries;

(b) States recall that, when they outsource their functions and/or host non-State actors operating in their territory, including private military and security companies, they are responsible for their conduct and ensure that they respect relevant legal rules, including international human rights and humanitarian standards;

(c) States effectively regulate private military and security companies to ensure that they respect relevant legal rules;

(d) States investigate, prosecute and sanction violations committed by mercenaries, mercenary-related actors and private military and security companies, including in relation to crimes committed at home or abroad, and ensure effective access to justice, accountability and remedy for victims;

(e) States ensure the creation of a comprehensive system to provide remedies for violations perpetrated by such actors, in which administrative, legislative and other non-judicial mechanisms complement and support judicial mechanisms;

(f) States commit to and operationalize transparency with regard to investigating and tracking the financial aspects of mercenary-related activities in order to understand the sources, causes and trends of mercenarism and mercenary-related activities domestically, regionally and around the world;

(g) States and regional and international mechanisms establish and enhance the authority of competent national mechanisms or regulators to monitor and implement regulatory oversight over the financing of mercenaries and mercenary-related actors, including through developing industry-specific codes, licence and certification processes in line with international human rights law and international humanitarian law;

(h) States and regional and international mechanisms adopt an international legally binding instrument on financial crimes and activities that addresses human rights violations and the abuses of mercenaries and mercenary-related actors, such as financing mercenarism, to ensure consistent regulation at the global, regional and national levels, that includes standards on the adequate prevention of human rights violations, the protection of victims, accountability and effective remedies;

(i) States reinvigorate discussions in the Security Council on the new and evolving forms of mercenary and mercenary-related activities, the risks they pose to international human rights and humanitarian laws, and ways to address and counter them more effectively, bearing in mind that States are responsible for discounting the renewal and extension of the respective mandates of the

panels of experts assisting the sanctions committees, whose efforts have been undermined in recent years;

(j) When interpreting the definition of mercenary within Additional Protocol I, the relevant provisions of the Organization of African Unity Convention for the elimination of mercenarism in Africa and the International Convention against the Recruitment, Use, Financing and Training of Mercenaries, States and regional and international mechanisms consider other forms of motivation aside from “material compensation substantially in excess of that promised or paid to combatants of similar ranks and functions in the armed forces of that Party”, including multiple origins of motivation (i.e. citizenship) and non-pecuniary forms of remuneration;

(k) Member States, United Nation agencies and regional mechanisms review their financial support to countries in which mercenaries, mercenary-related actors and private military and security companies are operating that have documented cases of alleged violations of human rights and international humanitarian law where there have been no investigations or attempts at accountability;

(l) Further to the Working Group’s own definition of private military and security companies, States consider a globally accepted definition of private and military security companies that goes beyond contractual bonds, incorporating bilateral agreements and memorandums of understanding, as well as differentiating between mercenaries and foreign fighters, in line with the developing new instrument of the open-ended intergovernmental working group on private military and security companies;

(m) Regional economic mechanisms focus on the establishment and application of human rights due diligence to ensure the containment of illicit and criminal activity by shell companies and enablers networks.

59. The Working Group recommends that:

(a) The financial and business sector, including but not limited to institutional investors, public and private banks, insurers, shell companies, the mining sector, communication services and the logistics and procurement industries, conduct and prioritize mandatory and regular human rights due diligence requirements, in line with the Guiding Principles on Business and Human Rights, to prevent the circumvention of sanctions and the illicit financing of mercenary-related groups, in particular country- and sector-specific human rights impact assessments, wherever the rights of specific groups and communities are potentially affected. Due diligence should include the participation of potentially affected communities. Heightened human rights due diligence is essential in conflict-affected countries;

(b) International organizations and the financial and business sector provide toolkits to States to conduct national risk assessments that include a specific section on mercenaries and private military and security companies. This should include an evaluation of the risk level associated with mercenaries and private military and security companies operating in contravention of international human rights and humanitarian laws, and the adaptation of the methodologies to perform such evaluations;

(c) International organizations and the financial and business sector, including but not limited to institutional investors, public and private banks, insurers, shell companies, the mining sector, communication services and the logistics and procurement industries, further human rights policies that monitor and target subsidiary entities, including insurance companies and banks, with

**stronger oversight and human rights due diligence directives to promote and protect the human rights of civilian populations;**

**(d) The financial and business sector employ enforcement actions that also target financial transactions, including through virtual exchanges and cryptocurrency-related operations, that raise, transfer or move illegally acquired funds and launder them through individuals (including money mules) and entities in order to evade sanctions, and withstand the financial adversities of mercenary-related activities;**

**(e) States, international organizations and the financial and business sector include war crimes and human right violations that generate financial benefit as a predicate offence for anti-money-laundering, as many of the other activities that mercenaries and mercenary-related actors are already engaged in are on the list of predicate offences;**

**(f) The Financial Action Task Force includes a provision to expand Interpretive Note to Recommendation 1 to mercenaries, mercenary-related actors and private military and security companies.**

**60. The Working Group recommends that all States and stakeholders, including academia and civil society, ensure disaggregated data-gathering as a critical first step towards the adoption of tailored legal and policy responses, including human rights standards, in existing and emerging policies.**

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