



HEINRICH  
BÖLL  
FOUNDATION

# **THE SOUTH CAUCASUS – A CHALLENGE FOR EUROPE?**

**CONFLICTS, INTERESTS, IDENTITIES, WESTERN INTERPRETATION –  
AND BASIC APPROACHES**

**DOCUMENTATION OF A CONFERENCE  
AT THE HEINRICH-BÖLL-FOUNDATION**

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## Introduction

The countries of the South Caucasus - Armenia, Azerbaijan, and Georgia, mostly taken as "South Caucasus" or "Caspian Region" - are considered to be among the most conflict-ridden regions in the European periphery for already fairly long time. Wars and civil wars of the late eighties and nineties that are linked to the process of acquiring independence, led to significant international engagement in the region: political mediations, supervisory missions, Peace Corps, humanitarian programmes and a broad variety of consulting and assistance programmes for the implementation of rule of law and democratisation of both states and breakaway entities. However, none of the above could bring final political solutions to bellicose conflicts in the region. With regard to political development in the region, observers talk about a "failed or stuck transformation".

The European Union (and Germany in particular), after the USA, is the most important investor in consultancy and assistance programmes in the region. Recently the German government started a supplementary programme called "Caucasian Initiative" in support of democratisation processes in the three countries. Germany and the EU are among the international participants of the UNOMIG-supervisory mission of the armistice in Abkhazia, and of the OSCE Field presences facilitating a peaceful settlement of the Georgian-Ossetian conflict and monitoring the Georgian-Russian border (OSCE Mission to Georgia) as well as facilitating negotiations on resolution of the Karabakh conflict (Minsk Group and the Office of the Personal Representative of the OSCE Chairman-in-Office on the Karabakh conflict).

Despite all extensive engagement, deliberations on conceptual and strategic orientation on the South Caucasus do not play a big role in foreign affairs debates in Germany or in the European Union. In connection with the opening of its new South Caucasian Regional Office in Tbilisi/Georgia, the Heinrich-Böll-Foundation intended to promote such discussion by organising this conference in Berlin.

The main target was to bring together experts on Caucasian issues with invited guests from German ministries, European institutions, members of parliaments, staff members from development agencies and journalists in order to facilitate a discussion among them about prospects and priorities of German and EU-policies towards the South Caucasus on governmental as well as on non-governmental levels.

Western experts and guests from the region were invited to analyse developments in the South Caucasus, assess the approaches of different external actors and discuss the modalities for the formulation of a German policy approach towards the South Caucasus on governmental and non-governmental level. Furthermore, concepts occasionally brought up for a South Caucasian stability pact or different regional security systems were presented and discussed.

## Documentation

Following the collapse of the Soviet Union, Armenia, Azerbaijan and Georgia emerged as independent states, whose development over the last ten years has been characterized by high expectations of independence. Clearly these expectations have not been met since the decline of the Soviet Union, and a combination of weak states, weak economies, frozen conflicts, and geopolitical rivalries now make the Caucasus Europe's most problematic periphery. Emigration and transnational crime, involving narcotics, trafficking, small arms and even weapons of mass destruction, are issues that penetrate Western Europe from this periphery. As *Ralf Fuecks* (board member, Heinrich-Böll-Foundation) stated in his opening remarks, from an international perspective, there is no safety from violence without law, and regional cooperation to enforce the law. But from within the South Caucasus an orientation towards great powers as well as ongoing moves towards separatism are prevalent in all three countries. In the light of these divergent perspectives, the challenge for international organisations is to attempt to stabilize the region, and the extent to which we have met this challenge should be re-evaluated in this conference. A restricted number of participants from international as well as national organisations, local NGOs in developmental affairs, conflict reconciliation and research should guarantee an open discussion of the unresolved problems of that region. So the conference should reassess the causes of the stagnation in peace negotiations as well as in state building and open up new approaches for practical cooperation within the region. The participant list included practitioners as well as researchers. It was within this context that Walter Kaufmann, as one of the organisers of the conference and head of the newly established HBS South Caucasus Office in Tbilisi, presented the objectives and aims of future practical work of the Heinrich-Böll-Stiftung in the South Caucasus.

The first two panels of the conference were confined to the interests of the stakeholders and the role of identities, with a particular focus on minority populations in the region. The third panel and the evening discussion turned toward the international dimension, asking for Western engagement as a stimulus for regional cooperation to resolve the conflicting interests of regional players: Russia, the US, Turkey and finally Germany. The second day attempted to come to terms with problems of political decision-making in all three republics and to outline the consequences for

foreign organisations dealing with technical cooperation, democratisation and conflict management. For a better understanding of the conference it was decided not to follow the chronological order of presentations and discussions, but to concentrate on the arguments raised in connection with the above-mentioned aspects. We will not therefore give names of the contributors to these discussions.

### **Background to the conflicts and Interests in the South Caucasus**

One of the main internal constraints in the political development over the last decade as presented by *Jonathan Cohen* (Conciliation Resources) was the LEGACY OF SOVIET RULE. Ethnicity has been territorialized in administrative entities as a substitute for political sovereignty in a hierarchical asymmetric Soviet federation. In the late 1980s ethnicity turned into open nationalism, replacing communism as the legitimising ideology. Even after independence the needs of nation building often interfered with the logic of state building; this has been particularly the case in Azerbaijan and Georgia where ethnic diversity has been a major cause of the current fractured statehood.

But it is too simplistic to reduce the emerging conflicts to their "ethnic" dimension alone. There was also a lack of capacity in state-building, still heavily conditioned by features of Soviet political culture: namely dependence on the centre, inexperience with autonomous decision-making, low legitimacy of political structures, the alienation of people from the state and highly formulaic political participation with no scope for genuine civic engagement. As former Soviet border regions, the countries have witnessed a wide-spread proliferation of small arms inherited from the Soviet army with the decline of central control. Existing conflicts have escalated into violence. Personalities not policies are dominant within authoritarian structures. It is left to small intellectual circles to attempt to establish some kind of civil society, but the rules of the (political) game have yet to reflect any formalization or transparency, in institutions or in procedures. Even if violent conflicts have become less violent, the main problems are still unresolved. The mass returns of the displaced - impeded by the absence of political agreements, security concerns and economic factors - is inextricably linked to conflict resolution. The reconstruction and rehabilitation of war-affected areas can not be achieved without political normalization, which is hampered by physical and emotional displacement. International humanitarian assistance has been essential in providing a safety net

for the displaced. In the main, it has been the civic actors rather than the politicians who have been building bridges across conflict divides, widening the discussions about matters of conflict resolution and visions for the future within their own societies, and creating a social readiness for settlement. This is especially important given the lack of trust in politicians and politics throughout the region. This kind of SECURITY DILEMMA leads us to a re-assessment of the conflicts for confidence building measures. The international community's commitment to territorial integrity presents the prospect that parties that effectively won the wars will lose the peace. If progress towards peace is to be achieved, ideas of multi-ethnicity and cultural diversity must be reinvigorated to overcome the deep fear of federal-type solutions to the conflicts.

For politicians and people to engage profoundly with the challenges outlined above will require time. False expectation that problems can be resolved quickly is a factor that has undermined progress since the establishment of cease-fires. Furthermore, it is arguable on whose side time lies in each conflict - economic and social problems, emigration and democratic short-comings afflict all societies in the region to the extent that none can afford to be complacent about perpetual instability. The scale of the challenges, the lack of material resources and responses that have frequently lacked strategic coherence have at times threatened the existence of the states themselves. Nevertheless, while the multitude of problems persists, the region has muddled through without a return to war in the past nine years. Crisis has become part of the political fabric. This fragile stability, however, is no insurance against deterioration, and no compensation for the millions of people enduring hardship.

To perceive the conflicts and its stakeholders in Abkhazia and Nagorno-Karabakh as stagnating may be misleading, thinks *Jan Koehler* (Free University Berlin). The dynamics of violent conflict and the actor-structure point up the dilemma for conflict solutions. The avoidance of a return to uncontrolled violence is not followed by a re-institutionalisation of peace. Any readiness of the elites for compromise in the conflict solution process can cost them their power positions. Moreover, lacking legitimacy they have also to face a commitment problem among their people in carrying through a policy of conflict resolution. The situation of "No war - no peace - no state" ensures tangible benefits for influential interest groups, who are trying to hold on to the status quo, characterised by

informational islands, radicalisation, rule breaking or wasting away in resignation for the common people. In terms of social psychology, compromise endangers territorial integrity if taken as a zero-sum game.

INCENTIVES by donor organisations or nation states in a regional setting differ. State officials are following game rules which are in contradiction with those assumed by the West. While in the provinces a de-monetarized subsistence economy is prevailing, economic incentives are important for common people, e.g. in Southern Ossetia - a non-recognized territory separated from Georgia - with its market for smuggled goods from Russia's North Caucasus. But there is a reverse side to smuggling: if states do not get revenues, they have no capacity to cope with their main social tasks, because they are lacking the necessary resources. If a state's core functions are for sale (most of all the monopoly of violence), a local perspective offers a clue to understanding the actors' real incentives. First of all, the real issues and contents of the conflict have to be checked, before international donors - working to their own principles and objectives - may ask for appropriate tools to interfere. The alternative for international donors is sanctions, or committing billions of funds for no, or unintended, results, e.g. as an alternative to levying tax revenues.

### **Minorities and Identities in the South Caucasus**

ETHNIC AND CIVIC IDENTITIES seem to be mutually exclusive nowadays. Minorities are perceived as a menace to titular nations and state integrity within the new republics. Due to the fact that in the Soviet Union there existed no conception of minorities, but only of ethnic homelands, with independence minority - majority relations have been turned into a political tool to relieve pressures within society by fuelling 'images of the enemy'. The ongoing trends towards mono-ethnicity and emigration of minorities in all three republics are irreversible in the short term. Autonomy rights which are interpreted by minorities as security from state interference are unwelcome to the status quo for the majority. Identity in the South Caucasus is mainly based on negativity and experience of aggression and victimisation by the other ethnic group, which has led to a NEGATIVE FRAMING and stagnation in conflict resolution. Tolerance towards minorities and diversity in general has become a scarce commodity.

The crucial question put forward by *Anna Matveeva* (Safer World) is: how to address identity issues in a security agenda. Minority issues

in connection with weak presidential states are a key for external interference. No single external force can take control of the whole South Caucasus. Even if after September 11<sup>th</sup> the US are strongly engaged in Georgia, a more self-assertive Russia may provide some security for minorities that is better than no security at all. Minorities prepare for the worst: they get armed and organised, build alliances, appeal to Russia for help - what else can they do in the absence of viable alternatives?

How self-selected and ascribed identities of conflicting groups interact, if they are not provided with immediate contact and impartial information, was presented by *Magdalena Frichova* (International Alert). In the Gali region, where a predominantly Georgian-Mingrelian ethnic population is living within a de facto Abkhazia, their ethnic loyalty is separated from its political affiliation by the cease-fire line, which complicates the relationship towards Sukhum(i). Because Abkhaz authorities are not able to exert effective power and security in this 'no-man's-land', the people reacted with an atomised, localized feeling of identity restricted to a very small group of trustworthy people. This undercut any contacts between Georgians and Abkhaz especially after the May 1998 violence followed by a second displacement of Mingrelians from the Lower Gali region. While Russian and Abkhaz are taught in the rest of Abkhazia, in Gali Georgian is the main language of tuition. Abkhaz attempts to juxtapose a Mingrelian, rather than a Georgian, identity, does not match the aspirations of most of the population in Gali, who perceive themselves as 'Galskie'. A non-recognized identity within a non-recognized entity is arguably preferable to no identity at all, or to being lost in a bigger context. No wonder then that it is still difficult to frame Georgian ethnic identity within the unrecognised setting of Abkhazia. The lack of security for the 'Galskie' reflects the inadequate security guarantees the Abkhaz feel vis-à-vis Georgia.

This clash of paradigms, how both sides approach the problem differently, seems to leave no space for any kind of civic identity at all.

Issues in the Abkhaz conflict not addressed by Georgia were taken up by Russia on its own terms; a blatant example of which is the PASSPORT issue. Here the West also missed out on a great opportunity, with Abkhazia wanting to be neither a part of Russia, nor of Georgia. It isolated and drove them into Russia's arms. Even if the UN will issue provisional travel documents for Abkhazia to lift its inter-

national isolation, this represents a bigger problem for Georgians than for the Abkhaz. Holding on to state integrity, Georgia will not agree to any land-for-sovereignty approach in the Gali district controlled by the UN and granting political power to the Abkhaz.

### **European Engagement in the South Caucasus - a stimulus for regional cooperation?**

Before 1994 Western policies in the region sought to enhance political stability through state building and democratisation and the promotion of market reforms, and to support the sovereignty of the states vis-à-vis Russia, while at the same time drawing Russia into an international framework of cooperation. These aims did not justify a significant political, let alone military, involvement (*Michael Emerson* (Center for European Policy Studies, Brussels). European states individually and collectively have been less proactive than the US. Western engagement has generally lacked a developed political, let alone conflict resolution, agenda for the region apart from the attempted exporting of certain economic and political models. It is questionable to what extent Russia and Iran want this and how far this is feasible within the states for at least a generation. A more dynamic European involvement also contributed to increased discussion of proposals for a regional stability pact. The idea of a stability pact for the Caucasus, launched three years ago, has not been realised, since neither the region's leaders nor the international community are willing or able to do anything of substance. Conventional diplomacy under UN or OSCE auspices has failed to deliver solutions for these so-called frozen conflicts in Abkhazia and Nagorno Karabakh. New developments external to the region are a widening Europeanization: a process based on the values of human rights or democracy on the one hand, and the neo-conservative 'democratic imperialism' or Pax Americana coming out of Washington since September 11. Only Armenia is adhering to some kind of Russification. EU structures represent an antithesis to hegemony. Its policy might be called cosmopolitan. The EU has to grasp the realities of the new context and develop a coherent strategy for the South Caucasus, which is still lacking. Southern Caucasus is closer to Europe than Central Asia.

EU policies of the last ten years have turned out to be a costly failure, and evidence of this failure is on the increase. Developing an agreed strategy for the South Caucasus as an agenda for a proposed EU Special Representative to the region may become quite difficult. South Caucasus does not constitute a self-sufficient



region, not only in terms of security, but also because it encompasses parts of Russia, Turkey, and Iran and is also shaped by non-regional powers: EU, US and international organisations. This necessitates a common EU position on issues, the territorial implications of which go far beyond the boundaries of the South Caucasus states and where it is able to play only a minor, supportive role next to Russia and the US.

On the other hand the South Caucasus is marginal to EU interests in terms of economic value (negligible consumer market, no substantial energy resources) and security interests (frozen conflicts being no threat for Europe in contrast to the Balkans). From an EU perspective drug trafficking along the Silk Road from Afghanistan to Turkey is most problematic. The EU provides an attractive ideological model for the political elites from the South Caucasus, with its community of values and standards as well as with its process of integration of peripheries into the core, based on multilateral organisations. But the South Caucasus has been explicitly excluded from the concept of a Wider Europe of states neighbouring the EU, so that there may be doubts about the importance of the South Caucasus. The fact that European governments are not able to address the question of Europeanization of the Caucasus may also signify that this will only take place at a later stage, once Russia and other countries at the geographical boundaries of the EU have been more deeply europeanized, stated *Bruno Coppieters* (VUB Brussels). The most likely scenario is that the South Caucasus might undergo a 'Europeanized Russification'.

In his comment Ghia Nodia (Caucasian Institute for Peace, Democracy and Development) does not share the optimism of a coherent EU program for the South Caucasus, while admitting that its activities over the last decade are not totally wasted. In resolution of conflicts it is power politics that matter, but Europe sets values and norms. The period of the early nineties was conducive to the emergence of armed conflict, while the current period is conducive to the preservation of the so-called "frozen conflicts". A "final settlement" of conflicts in Karabakh, Abkhazia and South Ossetia is not in sight; however new, expensive wars are unlikely in the foreseeable future. On the other hand, the idea of postponing this issue, concentrating on other problems, and thereby improving their own negotiating position, seems to be highly attractive to them. Contradicting principles of human rights and minority protection, as well as the inviolability of existing borders by Western states, have contributed to the freezing of conflicts. Exit options may be

to impose a veto on the use of force within elite circles and common people alike, or to take away the responsibility from local actors - as in Iraq or Kosovo - and entrusting it to an external hegemon (US or NATO).

In internal politics the Georgian government does little for state and institution building. With Shevardnadze's power vanishing this might affect the negotiating process with successors and lead to inconsistencies in the Georgian position.

Regional cooperation in the Caucasus is an old idea raised before 1917, but since then even with EU support it has brought no results. Conflicts have not been regulated; mistrust and insincerity in regional projects are growing. Regional cooperation with Armenia is strongly objected to in Azerbaijan nowadays and appears possible only after a transition from KGB rule to democracy, according to *Arif Yunusov* (Institute of Peace and Democracy, Baku). The Council of Europe and its Parliamentary Assembly, where all member states have to acknowledge and adhere to democratic principles and human rights, may also be helpful in introducing principles of cooperation instead of confrontation.

From a US perspective the EU, financed by the German taxpayers and defended by US occupation forces, does not represent an attractive model for the Caucasus. The lack of clear leadership might be the reason why a straightforward discussion of military issues of war and violence is missing and instead of a clear policy there are only uncoordinated measures by different European organisations. On the other hand there is also some kind of European hegemony present in disproportionate benefits from pipelines. Only a minimum stays within the region, while most of it goes to the West.

### **The South Caucasus as a point of intersection of external interests**

In the regional context the South Caucasus does not represent a natural unit. There are three countries depending to a greater or lesser degree on regional or international powers who have conflicting interests in the region: Russia, Turkey, US and Germany. RUSSIA is the most INFLUENTIAL REGIONAL PLAYER with mainly security interests in the Caucasus and, notwithstanding frequent conspiracy theories, probably the only party with an ability to sabotage peace processes if not to resolve conflicts. *Sergej Zevelev* (German Marshall Center, Garmisch Partenkirchen) argued that, even if the South Caucasus became a periphery to Russia's foreign policy issues in comparison to relations with US, EU or China, it still forms a SPHERE OF INTEREST. Primakov's "selective engagement" policy in 1996-

1999 reflected the growing understanding within the Russian elite that the post-Soviet space was becoming too diverse to be a subject of a one-size-fits-all approach. Putin's foreign policy makers further developed this policy into a doctrine with four main components: 1. establishment of a highly integrated core of key states surrounded by a loose grouping of other CIS members (Belarus, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, and Armenia), 2. new emphasis on bilateral relations and strategic partnerships with individual countries, 3. priority of security concerns and 4. Integration in the post-Soviet area not as an absolute value, but "economic pragmatism". While there is general consensus within the Russian policy-making community on the grand strategy in the post-Soviet space, strategic and tactical differences remain; these are determined by the 'special interests' of president Putin, the Russian military, foreign affairs officers or the oligarchs. The SOUTH and the NORTH CAUCASUS are often viewed in Russia as SOURCES OF INSTABILITY and security concerns (e.g. Pankisi Gorge), where cooperation, but also competition with the US for supremacy is going on and will in all probability continue and intensify in the region. On the other hand Russia is a growing centre of gravitation for a migrant work force from the South Caucasus.

In BILATERAL RELATIONS with Russia, Armenia belongs to the core group in the post-Soviet space and is viewed as a strategic ally especially in security and military matters, as illustrated by the new far-reaching military-technical cooperation agreement in early 2003. Azerbaijani-Russian relations are dominated by oil interests and have markedly improved since Putin's visit to Baku in 2000. In fall 2002, both countries reached an agreement on the division of the adjacent Caspian seabed territories that unblocked the use of the Caspian energy resources in this sector, as well as the Russian use of an air and rocket defence early-warning station in Azerbaijan. Bilateral differences are mainly over the Karabakh question and Russian military assistance to Armenia. Russia is also nervous about the succession of power after Aliev. Russian relations with Georgia are the most difficult in the post-Soviet space. Russia is perceived as a neo-imperialist force and supporter of Abkhaz separatists by the Georgians, while Russia mistrusts Georgia's strategic intentions: it's cooperating too closely with the US and it's reluctance to solve the Pankisi gorge problem effectively. But the last summit in March 2003 was more successful. Russia reiterated its respect for Georgia's territorial sovereignty, tried to help to negotiate with the Abkhaz leader Gagulia, and promised assistance in the restoration of the Inguri power station.

Nevertheless, many within Russia's security and foreign policy elite believe that so long as Shevardnadze remains president, the relationship will be rather tense.

For *Ayça Ergun* (Middle East Technical University, Ankara) Turkey represents another main regional player in the South Caucasus, whose expansionist agendas of the early 1990ies in Azerbaijan and Central Asia did not match reality. Turkey is not able to support projects of pan-Turkic unity. Most of all there is a huge lack of information concerning the region and its Soviet past, even if Azerbaijan was the first post-Soviet state recognized by Turkey in support for Elcibey and the Karabakh conflict. The pipeline as a channel for stability represents sound strategy. Good contacts have been established with Georgia, which signed the Black Sea Economic Cooperation Treaty. Even if there exist diplomatic relations with Armenia, a dialogue has not developed: the involvement of the Armenian diaspora in mutual relations and the Nagorny Karabakh conflict have been the main obstacles to normalization. Turkey has to keep a balance between its leanings towards Russia and Iran. With the latter, it has established no closer relationship because of the Southern Azerbaijani population in Iran and its religious fundamentalism. After July 2001 they became even more hostile. Geographical proximity, as well as its wish to become a full-fledged member of the EU, made the NATO member Turkey strive for stability and security in the region.

The US are exerting considerably more influence over the South Caucasus than European powers. *Jonathan Wheatley* (Free University, Berlin) highlighted two main interests in the region: oil and war against terrorism. Both factors have prompted the US administration to assert greater influence in the region by strengthening the sovereignty of the South Caucasian states, promoting a pro-western orientation and establishing a regional co-operation framework together with Turkey, which is set to become the only consumer of natural gas from offshore Baku. On the other hand Iran has to be excluded from any regional development program and from transit for oil and gas along its pipelines. While attempts to advance US corporate interests in the region have often been pursued at the expense of Russia, at the same time they have been kept sufficiently low-key to avoid antagonising Russia too severely.

Following 9/11 the US is exerting its influence particularly in Georgia. In February 2002 an agreement between the US and Georgia allowed - despite Russian protests - around 30 US military instructors to train the Georgian armed forces in anti-terrorist

operations. The increasing lack of stability in Georgia may also threaten the construction of the Baku-Ceyhan pipeline, and make it vulnerable to attacks by criminal gangs. First and foremost then the US would like to promote a stable and effective, even if undemocratic, state in Georgia that can best protect its interests there. In Azerbaijan, and following 9/11, the US lifted the embargo on expanding the US airbase in Baku as a transit point for US forces en route to Central Asia.

International factors are also likely to alter US policy in the region. A change in the regime in Iran would drastically reduce the strategic importance of the Caucasus. The issue of the Baku-Ceyhan pipeline may well dwindle significantly, even be swept away, by the crucial importance of the Middle East to US policy-makers.

GERMANY has been one of the most active European players in supporting the South Caucasian states ever since their independence in 1991. *Ulrich Brandenburg* (German Foreign Office) presented Germany's active engagement in multilateral organisations like the OSCE Missions or the establishment of the Minsk group. These initiatives led to the freezing of violent conflicts. In developmental cooperation from 1992 to 2002 Germany spent a total of 540 Mio. € in the South Caucasus (Armenia 180,63 Mio. €, Azerbaijan 134 Mio. € and Georgia 226 Mio. €). There were no overt interests put forward by Germany other than fostering regional cooperation and conflict resolution mechanisms such as the EU. However it also holds aspirations to further integration of the South Caucasus into western alliances like NATO and EU as an unrealistic perspective. It makes no sense that members of the elites are fleeing their geographical and geopolitical location. Opportunities for German influence are mostly confined to international organisations and a realistic, unbiased analysis of interests and appropriate measures as the most important task. So Germany initiated the idea of a Special Representative to the Caucasus whose brief is to raise the profile of the EU in the region (Brandenburg).

#### **What decisions are being taken by the South Caucasian states and their western supporters?**

In discussing obstacles for political and economic reform, it was stated that the South Caucasus is very small, but dominated by great states. Unresolved conflicts, secessionist movements and war efforts, with their toll of human and material losses, are still taking precedence over reform in all three states and may affect government behaviour as well as various reform programs. An

additional important factor for economic viability seems to be access to Russian markets. And it is not only for external donor organisations (EU, US, LAN lottery allies) that endemic corruption represents a big problem. It is also limiting the already weak state capacity for administrative and regulative activities as well as policy planning and implementation. It is impossible for outsiders to change the Soviet institutional heritage without a consensus within governments and populations to support reforms. One possible solution for international organisations might be to increase state capacity-building and to encourage a focus on strategic reforms planned at grass-roots level with observable results, clear outcomes and explicit signposts for measuring success. If these criteria are not met and there is no provision for penalties, international donors should leave. (*Robin Bhatta*, former World Bank Advisor, Toronto)

Concerning governance in the Southern Caucasus *Barbara Christophe* (Viadrina University Frankfurt/Oder) questioned the commonly accepted Weak State Concept as being inadequate for Georgia. Here power structures are not the result of constant state failure, but a rational construct, that serves well-calculated interests. The strategy of elite groups in state positions is to manipulate conflicts as a means of enhancing their potential for arbitrary action by exploiting the fuzziness intentionally built into the official institutional structure. They are creating insecurity as a means of converting administrative positions into profitable pseudo-posts by selling dispensation from the obligation to follow absurd rules and by maintaining control over the shape of networks of patronage. They are co-opting potential adversaries as a means of securing a kind of stability. They are exercising negative power by means of destroying the faith in any claim to legitimate validity. Finally they are privatising risks. This hermetic power structure, which has already been extended into government, and has spawned NGOs in order to win grants from international donor organisations in the third sector, is disposing of relatively stable reproduction capabilities and leaving little space for the articulation of a self-asserting interest in change. The potential for collective action is efficiently undermined by an all-pervading atmosphere of distrust stirred up for strategic reasons by the ruling elite.

There is every indication that the Georgian state, instead of investing in the reconstruction of material infrastructure and thus supporting state systems, is retreating from its responsibility. Development projects should concentrate on the regeneration of

undermined trust in procedures and institutions (support for legal charges against administrative arbitrariness and lobbying for better laws, projects as islands of institutional trust, breaking up people's passivity by recruiting predominantly locals for developmental projects, locating actors with a genuine interest in change inside the power structures and at the middle levels of the administration and offering them secure job prospects). International organisations should identify partners on the ground and back them. If it is worth spending a billion dollars in the region, then look seriously at how it should be spent and who is going to run the programs. Corruption is a skill, and a specialized tool of in the hands of politicians, which is much more organised and centralised in Azerbaijan and Armenia than in Georgia.

### **Elections and possible change of power in Georgia, Armenia and Azerbaijan**

Elections represent core procedures of official statehood for defining legitimate governments. In Georgia parliamentary elections are scheduled for November 2, 2003 and are perceived as a preparatory step to presidential elections in 2005. *Ghia Nodia* (Caucasian Institute for Peace, Democracy and Development) pointed out that in the 1990s Shevardnadze managed to become the sole arbiter among competing different political groups or patronage networks, and thereby achieved relative stability without the need for reform. Since 2000-2001 the fight for succession has led to a split of the ruling Citizen's Union of Georgia, with its reform group founding new opposition parties. While in the parliamentary elections of 1999 the major force in challenging the incumbent government was the retrograde and pro-Russian Revival coalition, now the most vocal and conspicuous opposition forces are criticising the government from a pro-Western point of view for their lack of democratic and market reforms. Thus Russian influence in internal politics is diminishing and the US has not yet decided whom to back: Shevardnadze or one of the opposition leaders. A victory for the government is unlikely and will be possible only in the case of large-scale fraud. A decisive victory by the opposition may be quite possible, if they manage somehow to unite in parliament. The outcome is in the hands of the opposition according to Nodia.

In Armenia elections are still ongoing. Presidential elections in March were classified by observers as "spectacularly bad" and unfair, remarked *Mark Grigoryan* (Caucasian Media Institute, Yerevan). President Kocharian had to face two strong competitors of

whom A. Sarkisyan. The arrest of opposition activists created an atmosphere of fear and instability within the semi-presidential system. His position weakened, but he is hoping for more success in parliamentary elections with 1 ½ parties - one pro-government supported by state officials, the army, law enforcement agencies, TV stations (all state controlled) and half for the opposition groups staffed by the impoverished urban intelligentsia organised in "clubs" and the "formers", who were state officials no longer at post. With its 115 parties, Republican, Dashnaktsutyun members in government Armenia is imitating a model of state. 100 of the 131 seats in parliament are expected to go to Kocharian's supporters. So Mark Grigoryan (Institute for War and Peace Reporting) sees little prospect of change.

In Azerbaijan the political system results from Aliev's rule and Soviet legacy, i.e. old wine in new bottles with new labels, as *Arif Yunusov* (Center for Peace and Democracy, Baku) put it. Aliev's health has become one of the main political factors, because of the extreme personalisation of power and the undecided succession by his son. Party leaders are using parties as their private enterprise, depending on personality (Mussavat, Peoples Front, and National Independence Party - young and energetic leaders). The opposition united against Aliev when they were under heavy pressure by state authorities. Under the revision of the election law some amendments were made, but the constitution of election commissions could not be changed in favour of opposition parties. After Aliev's heart attack on April 21 the political situation became chaotic and the state nearly stopped functioning. The US switched to supporting the opposition. Aliev might recover and continue his rule, he may also recover and resign, and he might die. In all states there are no domestic election observers. Georgia seems to be the most unstable, the most unruly, and the most 'democratic.' The most popular slogan in Georgia now is anti-corruption, not law and order. No wonders that violence is still an option in politics. At a low level of intensity, it has never stopped in Georgia, while in Azerbaijan and Armenia a war is possible in the potential context of chaos which may follow the demise of Aliev.

### **Closing discussion: Rethinking? Where to?**

In her concluding remarks *Julia Jacoby* (Delegation of the European Commission, Tbilisi) looked for some realistic possibilities of development also in international organisations. The capacity for innovation seems to be restricted under crises and stagnation.



Prevalent increasing poverty has not been mentioned yet. "Ekho", a humanitarian aid organisation, has returned to the Caucasus and in Abkhazia 15-20% of the population are dependent on their food distribution. As has already been mentioned systemic corruption hampers development. The region is at a crossroads: all donor organisations have changed their strategies. Frustrated with the ineffectiveness of their programs, the EU commission discarded their "Country strategies for 2002-2006". Until the South Caucasian republics develop an identity of their own, they will be unprepared for regional cooperation. Meanwhile a realistic assessment of external involvement and a consistent strategy with long-term plans is desperately needed; even the EU is able to learn from past mistakes (renewed treaty on partnership and cooperation established), prioritising reform in administration, the system of law, and anti-poverty measures. The lesser importance of South Caucasus for the common foreign and security policy of the EU (GASP) offers a chance, because special interests are not directing regional policy as they are in the US. To improve project work on the ground the situation of international donor organisations has to be seriously assessed (stakeholder analysis), balanced by cooperation with several local partners and transparency of the process. In addition, in long-term program planning, creative and effective monitoring has to be introduced, taking into account realistic conditionality. Maximum cooperation with other donor organisations may help to improve spin-off effects towards sustainable development. It is through improvement of working practices within international organisations that we can reduce a lot of redundancy and open up space for communication and discussion on why projects failed, or for defining target groups.

The absence of clear motives in the EU leaves them with only a few means of intervention. The main question is how to define the success of projects. Moreover, Western expectations of development in the Southern Caucasus have to be carefully re-thought. A legacy of three generations under Soviet rule cannot be overthrown in ten years. Working with grassroots communities, and not only with the intelligentsia, in the South Caucasus shows a lot of initiative and, courage and involves activity that allows the practitioner to hope for more civic solidarity in local, and international, NGOs. New things are emerging slowly, though against an uncertain background.

The central issue is setting up a critical mass of human capital, based on a small group of conscious, decisive people, which can achieve something. Outsiders should focus on building new ca-

pacities, social competences, and human capital for the longer term; they should show how to do things differently. Foundations have the wrong logical frameworks, if they take as their starting point the obvious problems, instead of support for promising grass-root-groups. Approaches for developmental cooperation are lacking; we don't agree on which measures do matter and which do not. Taking risks, exploring by trial and error new instruments and approaches - this is the ever-uncertain position of the practitioner, while scholars are in a comfortable insulated position of analysing the outcomes, providing recommendations for action in South Caucasian developmental cooperation.

Institution building developed out of precarious balances of power, not on values. Resources were primarily generated externally, where the control of passage points becomes important. Close cooperation among the political foundations and organisations for developmental action is necessary. What is crucial is not democratisation, not access to political power, but the empowerment of economic actors. International organisations are changing an established order of things which has developed over several centuries; this represents a monumental task using restricted resources. Most of all reliable information about the region has to be generated. International donors also do not think in terms of 20-30 years of funding, they need to produce fast "winners".

Author: Oliver Reisner, Berlin / Tbilisi

## Conference programme

### **Welcome speech**

*Ralf Fücks, Member of Board,  
Heinrich-Böll-Foundation, Berlin*

### **Introduction: Interests in the South Caucasus**

*Chair: Walter Kaufmann  
Heinrich-Böll-Foundation, Tbilisi*

The South Caucasus: Overview of the South Caucasian states, developments since 1991 and current decisions

*Jonathan Cohen  
Conciliation Resources, London*

Conflict and its stakeholders: The examples of Karabakh and Abkhazia

*Jan Köhler, Christoph Zürcher  
Free University Berlin*

### **Minorities and Identities in the South Caucasus**

*Chair: Jan Köhler*

New security trends and position of minorities

*Anna Matveeva  
Saferworld, London*

Identity contents of the Caucasian conflicts

*Magdalena Frichova  
International Alert, London*

### **Western Engagement in the South Caucasus - a stimulus for regional cooperation?**

*Chair: Christoph Zürcher*

European Stability Pact for the South Caucasus?

*Michael Emerson, Center for European Policy Studies, Brussels*

Federalism, regional integration and security guarantees in the Caucasus

*Bruno Coppieters  
Free University, Brussels*

Comments: Who wants a regional cooperation in the Caucasus? Is there a South Caucasian common ground?

*Gia Nodia, Caucasian Institute for Peace, Development and Democracy, Tbilisi  
Mark Grigorian, Caucasian Media Institute, Yerevan  
Arif Yunusov, Institute of Peace and Democracy, Baku*

### **Evening Discussion**

The South Caucasus as a point of intersection of interests

*Chair: Christoph Zürcher  
Igor Zevelev, George Marshall Center, Moscow/ Garmisch Partenkirchen  
Ayca Ergun, Middle East Technical University, Ankara  
Jonathan Wheatley, Free University Berlin  
Ulrich Brandenburg, German Foreign Office, Berlin*

**What decisions are the South  
Caucasian states and their  
western supporters up to?**

*Chair: Jan Köhler*

Observations on the political  
economy of Georgia, Azerbaijan  
and Armenia

*Robin Bhatta  
Former World Bank Advisor, Toronto*

Problems of governance in the  
South Caucasus

*Barbara Christophe, Viadrina  
European University, Frankfurt/Oder*

Elections and possible change of  
power in Georgia, Armenia and  
Azerbaijan

*Gia Nodia, Tbilisi  
Mark Grigorian, Yerevan  
Arif Yunusov, Baku*

**Closing Discussion: Rethinking?  
Where to?**

*Chair: Walter Kaufmann*

Introduction

*Julia Jacoby , Delegation of the  
European Commission to Georgia and  
Armenia, Tbilisi*

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