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## THE POLITICAL SYSTEM IN AZERBAIJAN

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## The Formal Political System in Azerbaijan

By Andreas Heinrich, Bremen

### Abstract

The article provides a brief overview of the formal political system in Azerbaijan and its practical application. After analyzing Azerbaijan's constitutional development, it examines in detail the main formal political institutions, such as the presidency, the executive branch (consisting of the government and administration), the parliament, the political party system, the electoral system, civil society and the mass media. In presenting information about the entire formal political system of Azerbaijan in a systematic manner, the study seeks to show how the individual institutions are intertwined. It first and foremost describes how the institutions and rules are formally laid out; it also analyses how these formal institutions are manipulated in practice to protect the ruling elite from any democratic accountability or change of power theoretically provided for by the constitution.

### Introduction

Azerbaijan's constitution lists all of the fundamental human rights and freedoms and clearly defines almost all democratic institutions. Hence, the document is generally consistent with the formal (Western) criteria for a democratic constitution. However, the practical implementation and interpretation of these fundamental rights depends overwhelmingly on the will and discretion of the executive branch. Thus, Western analysts often refer to Azerbaijan as a "facade democracy".

This analysis looks at the "facade", as it tells us something about the country's political system. First, the intention to keep the facade in place can put restrictions on the political leadership. Second, how the political elites deal with the facade is very telling about their understanding of democracy. And third, elements of the facade sometimes perform functions which are different from the ideas laid out in the democratic constitution. A common example is the use of parliamentary membership in order to gain immunity from legal prosecution.

However, this study does not claim to analyze the informal rules and networks, which seem to determine politics in Azerbaijan. That is the aim of the following contribution by Hannes Meissner.

### Constitutional Development

Azerbaijan declared its independence in October 1991 under a pro-Moscow communist leadership that passed the Constitutional Act of Independence of the Republic of Azerbaijan to supplement the 1978 Constitution of the Soviet Socialist Republic of Azerbaijan. In the spring of 1992, the newly-formed Azerbaijan Popular Front (APF) forcibly took power. Subsequently, the Popular Front won the first post-Soviet elections and its leader, Abulfaz Elchibey, was elected president on 7 June 1992.

Despite a war with Armenia, Azerbaijan under the Elchibey government is widely credited with developing in a democratic direction. Yet due to the Popular

Front government's disastrous performance in the war over Nagorno-Karabakh and its general ineptitude, this democratic process came to an abrupt halt in June 1993, when a coup d'état led by a rebellious army commander brought about the return of former Politburo member and KGB general Heydar Aliyev. Aliyev became speaker of parliament in a dubious vote, winning a position that put him next in line to the presidency. When President Elchibey fled to Azerbaijan's autonomous republic Nakhichevan as renegade troops closed in on Baku, Aliyev became acting president in accordance with the 1978 constitution. In this capacity, Aliyev held a vote of no confidence in President Elchibey and unseated him. In the following (uncontested) presidential election of October 1993, Aliyev was elected to the presidency.

After 1993, the Aliyev government used elements of democratic change to camouflage its efforts to consolidate power and weaken its opponents. The legislative changes included some amendments to the 1978 constitution and laws on political parties and public organizations.

In 1995, President Aliyev institutionalized his rule by drafting a new constitution with provisions for a strong executive branch. The 1995 constitution proclaimed the Republic of Azerbaijan a democratic and secular state committed to the rule of law. Articles 1 to 3 stipulated that the people of Azerbaijan are the sole source of state power; as such, they are able to exercise their power through free elections and referenda, which are the only method of approving amendments to the constitution. At the same time, the constitution provides for a strong executive with extensive powers. With that, the practical implementation and interpretation of the constitution depends overwhelmingly on the will and discretion of the executive branch.

The constitutional amendments of 2002 appear to be designed to enable Heydar Aliyev's son Ilham (prime minister at the time) to succeed him as president of Azerbaijan. Whereas the constitution of 1995 speci-

fied that if the president stepped down or died in office, presidential powers were to be passed to the speaker of parliament until a new election were held within three months, under the new amendment this responsibility fell to the prime minister. Additionally, to win a presidential election in the first round, a candidate needs to win only a simple majority, rather than the two-thirds majority required under the 1995 constitution. Heydar Aliyev died in 2003 and Ilham swiftly replaced him.

Constitutional amendments in March 2009 further strengthened the president's grip on power by allowing the same person to occupy the presidency of Azerbaijan for more than two terms.

### The President

The president of the Azerbaijani Republic is elected in general elections for a term of five years and there currently are no term limits. The president is ultimately responsible for both domestic and foreign affairs. In detail, the powers of the president include the right to:

- call for new elections of parliament,
- appoint and dismiss both the prime minister (with the consent of parliament) and the members of the cabinet (after consulting the parliament),
- initiate legislation and sign laws into force,
- issue decrees,
- establish and control executive bodies on all administrative levels,
- submit the budget for parliamentary approval,
- approve economic and social programmes to be implemented by the government,
- propose candidates for the Constitutional, Supreme, Arbitrage and other courts, the prosecutor general and the Board of the Central Bank,
- appoint and dismiss senior commanders of the armed forces,
- impose a state of emergency or martial law.

The president can only be removed from office if he is physically incapacitated or has committed a "serious crime". Removal requires the approval of 95 of the 125 members of parliament and of the Supreme Court.

The 1995 constitution contained formal provisions stipulating the separation of power. However, the executive authorities, and especially the president, have great powers and little accountability. One of the executive's tools is the presidential decree, which is exempted from any oversight and has been a frequently used governance mechanism in Azerbaijan. The presidential administration has also monopolized legislative initiative.

### Executive Branch

The Constitution stipulates that the president heads the executive branch of government. The cabinet of minis-

ters is supposed to organize and execute the powers of the president; it is responsible and accountable only to the president. The prime minister is nominated by the president and has to be approved by the parliament. If the parliament rejects the president's candidate(s) three times, the president can nominate the prime minister without the parliament's approval. The powers of the cabinet of ministers include:

- drafting the state budget which is then submitted to the president for approval;
- guaranteeing the execution of the state budget;
- guaranteeing the execution of the state economic and social programmes;
- leading the ministries and other central administrative bodies and annulling their decisions;
- deciding other issues at the president's discretion.

However, the key players are typically the president and his team of advisers; the cabinet usually remains in the background. Until 2002, the post of the prime minister was largely ceremonial, since most of the power is concentrated in the presidency. Today the prime minister still has little authority but is first in line to succeed the president.

### Parliament

The 1995 constitution provided for the independence of the legislative branch from the executive authorities. The unicameral parliament (Milli Majlis) then consisted of 125 members elected through a mixed majority-proportional electoral system; 100 members were elected in local contests (single-seat constituencies) while the remaining 25 were chosen through national party lists. Parliamentary elections were held every five years.

The constitutional amendments in 2002 eliminated the use of proportional representation in the parliament; now all 125 seats are elected using the majoritarian system. As a result, the already fragmented and weak opposition parties are further under-represented.

Formally, the parliament is independent from the executive authorities: it has the right to approve nominations of public officials and even to impeach the president. It can initiate laws and resolutions within its own competence and, among other things, is entitled to appoint judges nominated by the president. One of its key powers is the right to approve the state budget; by doing this, the Milli Majlis can theoretically influence and control the executive authorities.

However, since 1995 the Milli Majlis has gradually lost its vigor and independence; members of the opposition have been a minority and thus have not been able to influence the executive authorities in any significant way. The parliament has been dominated by the president's party and other "independent" supporters; most of the time, it simply passes the bills proposed by the

executive after a perfunctory debate. Since the presidential administration has monopolized legislative initiative, in most cases, the Presidential Commission on Legal Reform drafts a law and then hands it over to the respective parliamentary commission. Accordingly, there is no lobbying of laws in the parliament.

### Political Parties

Azerbaijan's ruling elite is based on several networks that are largely organized along regional and patronage relationships. These networks compete for control of a pyramidal distribution structure that allows substantial funds to be skimmed from the oil business. For that reason, party formation in Azerbaijan is also to a large extent based on regional networks and loyalties.

The government bloc consists of the ruling New Azerbaijan Party (NAP) and a number of smaller political formations tied to the regime. NAP represents the political and economic interests of the ruling Nakhichevan and Yerei regional networks, which have dominated Azerbaijani political life for decades. A significant number of NAP cadres are well-entrenched and experienced functionaries who served under Heydar Aliyev during his tenure as Communist Party chief in the 1970s. In addition to this "old guard", the NAP also has a reformist wing, often foreign-trained and grouped around the current president, Ilham Aliyev. In 1999, the reformist wing emerged triumphant at the NAP's Party Congress and has consolidated its hold on the party.

A diversity of opposition parties has gradually developed in Azerbaijan. However, few of them have any real influence on political life because most of them are small, underfunded, and not well known to the public. Most of the major opposition parties have their roots in the Popular Front that was active during the early years of independence; the differences among them centre more on the personalities of their leaders than on political ideology. They all are centre-right and/or nationalistic, secular, and broadly share the Aliyev regime's pro-Western foreign policy.

Azerbaijani politics remains characterized by personalities rather than by its weak and divided political parties. The populace is largely unfamiliar with the parties and therefore offers only minimal support. Adding to the voters' bewilderment is the government's practice of establishing alternative party organizations of the same name under their control in order to neutralize the "real" opposition parties.

### Electoral System

The constitution stipulates that members of parliament as well as the president should be elected in *general, direct, free, equal* and *secret* elections. For parliamentary and

presidential elections, a voter turnout threshold of 50 percent was previously required to validate the election, but this threshold was abolished in 2002.

Presidential candidates have to present a list of 40,000 signatures of registered voters from at least 60 of Azerbaijan's 125 constituencies in order to register with the Central Election Commission (CEC). The CEC checks the accuracy of the signatures and approves the registration of candidates (or parties in the case of parliamentary elections). The opposition leaders have continually criticized the government's refusal to allow the opposition to have equal representation on electoral commissions.

In previous presidential elections, a candidate needed to win two-thirds of the popular vote to avoid a runoff with the second place candidate. The constitutional amendments in 2002 changed this provision, however: a simple majority is now sufficient to win a presidential election in the first round.

So far, according to the OSCE and international election observers, both parliamentary and presidential elections have been neither free nor fair; they were characterized by a wide variety of serious irregularities and intimidation during the election campaign as well as on election day. The president and the ruling NAP party also benefited from biased coverage in the country's media in the run-up to the election. Authorities have repeatedly interfered with the opposition's attempt to collect the necessary signatures for standing in the elections. Thus, many of the candidates and political parties were barred—on highly questionable grounds—from participating in the elections by the CEC. During the elections, incidents of multiple voting (ballot stuffing) and of violence against oppositional candidates were reported; additionally, voter registration lists were probably forged and voter participation figures inflated in order to satisfy the requirement for voter turnout. Since members of the ruling party made up the majority of the central and local electoral commissions, they were able to organize the nationwide falsification of election results.

In August 2008, several opposition parties decided to boycott the 2008 presidential election. The opposition's criticism focused on three major points leading to the boycott: (1) the composition of the CEC and the 125 constituency election commissions; (2) the reduction of the official campaign period from 60 to 28 days; and (3) the restriction of the freedom of assembly.

During the campaign, media coverage was dominated by extensive reporting on the president and the ruling party. The lack of prominent opposition candidates certainly made it easier for the regime to create the impression that there was no real evidence of electoral fraud during the 2008 presidential election.

At the recent parliamentary election in November 2010, the ruling NAP won a landslide victory, while the opposition failed to win a single seat. This outcome again was largely achieved through the use of administrative resources and biased media coverage.

### Mass Media

Azerbaijan's constitution guarantees freedom of expression and the media and prohibits state censorship. Furthermore, amendments to the "Law on Mass Media" in December 2001 abolished the system of media registration, simplified the establishment of mass media outlets, and removed prohibitions on advertising and financing, which grants media agencies better opportunities to secure operating expenses. However, these reforms are weakly implemented and alone are not sufficient to secure media freedom.

While there are very few formal limitations on the dissemination of information in Azerbaijan, the government maintains a tight hold on the media. It employs numerous methods to limit press freedom and the independence of the media in practice. The most widely used method is economic pressure.

The majority of newspapers in Azerbaijan rely heavily on income from commercial advertisements, but the government discourages private companies from advertising in opposition newspapers. State businesses do not advertise in opposition newspapers. The distribution of opposition publications outside of the capital city of Baku is often obstructed. In general, independent and opposition newspapers struggle financially because of low circulation, limited advertising revenues and heavy fines or imprisonment of their staff for libel.

The majority of the population relies on television news as their main source of information. The broadcast media, however, is either government-owned or linked to the government. Of the 16 television stations, only four broadcast to a national audience and all four of them have clear or likely links to the regime.

### Civil Society

The division into insiders and outsiders is a defining feature of the interest representation in Azerbaijan. Special

interest groups do not aim to change the political system through lobbying but instead attempt to become part of the system themselves. In other words, the representation of special interest groups is achieved through co-optation in the executive branch of government and its administrative bodies.

While civil society organizations and NGOs are officially allowed to operate, their development in Azerbaijan has been impeded by systemic problems: a lack of shared values among group members, limited resources and poor infrastructure (lack of money, organizational and personnel problems, etc.), general social apathy and the gradual elimination of political opportunity structures through government repression. NGO registration, which is an arbitrary and politicized process, was de facto suspended in 2005.

As a result, civil society organizations are not able to hold the government to account or to influence policymaking. The increasingly narrow political space only allows them to pursue so-called "soft issues", such as the status of women's and children's rights.

The only noteworthy exceptions are NGOs working on oil revenues. With Azerbaijan becoming the first country to fulfil the *Extractive Industries Transparency Initiative (EITI)* requirements in February 2009, the government has committed to work with civil society and companies on EITI implementation. According to the EITI validation criteria, civil society groups involved in the EITI are free to express opinions on the initiative without undue restraint or coercion.

### Conclusion

The ruling elites use the formal political system systematically to hamper the opposition and entrench themselves in power. Accordingly, a legal change of power in Azerbaijan is unlikely. At the same time, this "facade" of democratic institutions provides a reputational fig leaf for foreign governments, investors and donors who deal with Azerbaijan. However, the attention the leadership pays to this fig leaf has clearly been decreasing in recent years.

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#### *Further Reading:*

This article is a substantially shortened version of an extensive analysis published as: Andreas Heinrich (2010): Background Study: The Formal Political System in Azerbaijan and Kazakhstan. Bremen: Research Centre for East European Studies (Arbeitspapiere und Materialien – Forschungsstelle Osteuropa, No. 107), available online at <http://www.forschungsstelle.uni-bremen.de/images/stories/pdf/ap/fsoap107.pdf>

## Informal Politics in Azerbaijan: Corruption and Rent-Seeking Patterns

By Hannes Meissner, Hamburg

### Abstract

In Azerbaijan, post-Soviet clientelist networks, united under the rule of the president's family, largely determine the patterns of corruption and rent-seeking. This article sheds light on how these networks operate.

### Introduction

International indexes list Azerbaijan as one of the most corrupt countries in the world. The 2010 Transparency International Corruption Perceptions Index ranks the country 134 out of the 178 states that it tracks. The fact that Azerbaijan shares this ranking with countries like Nigeria, Sierra Leone, Zimbabwe and Togo demonstrates the extremely high level of corruption even more clearly. However, the index is based on perceptions and therefore does not say anything about the underlying corruption and rent-seeking patterns.

This article sheds light on the corruption structures and practises officials frequently employ. Section one surveys the informal structure of the political system. The pyramid of the various clientelist networks, united under the president's family, defines the patterns of corruption and rent-seeking. Considering this, the subsequent sections draw a distinction between corruption in general terms and corruption related specifically to the country's oil abundance. In this regard, section two analyses to what extent the ruling regime benefits from the sale of public posts and money illegally demanded from the population in exchange for public services. Section three sheds light on how members of the ruling elite systematically misuse their public positions to siphon off oil and gas revenues. This particular form of corruption (related to resource incomes) is generally characterized as "rent-seeking". Since oil revenues are more or less transparent, this corruption takes place indirectly by embezzling public investments carried out through the state budget, the state oil fund ("SOFAR") and the state oil company ("SOCAR").

### Post-Soviet Clientelism and Corruption

It is distinctive for peripheral Soviet successor states that clientelist networks, tracing back to Soviet and pre-Soviet rule, exert a controlling power over the formal political order. These clientelist networks are the basis for the distribution of political and economic power. At the same time they determine the patterns of corruption and rent-seeking.

Clientelism is a mutual relationship between a person or group of persons higher ranked in the societal or political order and an entourage seeking protection and particular advantages. In the Soviet Union, high-ranked mem-

bers of the Nomenklatura privatized official positions and material goods in order to hand them down to their clientele in exchange for loyalty. As a result, politics—the distribution of power in practical terms—no longer involved society as a whole but focused on promoting the specific interests of a personal network. These informal networks had a pyramid structure because subordinates set up their own clientelistic networks at lower levels.

This system is characteristic of Azerbaijan. When Moscow appointed Heydar Aliyev as Secretary General of the Communist Party of Azerbaijan in 1969, his mission was to break the influence of clientelist networks in politics and administration. In fact, Aliyev immediately began to purge the party and administrative apparatus, removing 80 percent of the staff. Nevertheless, he similarly recruited new people according to local and personal criteria. Apart from his KGB colleagues, he mainly drew on relatives and friends from his home region Nakhchivan and Armenia, where his parents resided. By doing so, Aliyev became the unchallenged head of a patronage network that pervaded the entire republic. As he incorporated elements of the traditional networks from both regions, the so-called Nakhchivan-clan and the Yeraz-clan ("Yeraz" stands for "Yerevan Azerbaijanis") also gained political influence. It is disputed to what extent these groupings can be described as clans in the proper meaning of the word, since they do not share traditional common roots. They are rather patronage networks that are not deeply tied by cultural traditions.

Aliyev had come to office as a reformer. However, in the national press that enjoyed more liberties than before, Aliyev soon became a synonym for corruption and the abuse of power. The rule of clientelist networks in combination with the republic's oil abundance gave Azerbaijan one of the highest corruption rankings in the Soviet Union.

When Aliyev regained political power in 1993 as president, the old networks, among them the Nakhchivan-clan and the Yeraz-clan, expanded their monopoly power over the entire economy, including the oil sector and the financial system. In some cases, the extent of this power was apparent, as when Heydar Aliyev appointed his son Ilham as vice president of SOCAR. Since SOCAR is the key player in the Azerbaijani oil sector and the position of vice president is the most influential one within the

company, through this appointment, the Aliyev family secured its control over state oil policy. The family gained additional influence from the privatization process in general and the granting of licences in the course of building up the national oil sector and the associated transport system in particular. The low rates of economic diversification inherited from Soviet times and the state control over the economy proved advantageous to the clientelist exertion of influence.

In the following years the Aliyev family succeeded in preserving its dominance, thanks to Heydar Aliyev's assertiveness. Since his death in 2003, competition between the clientelist networks has increased, although the Aliyev family still controls the informal system. While the new president Ilham Aliyev weakened the position of the Yeraz-clan, the Aliyev family is now competing with the Baku-rooted Pashayev family of the president's wife. However, these competitions are never strong enough to lead to open struggles. The ruling clientelist networks are rather united by their common interest to preserve access to oil rents by authoritarian means of rule.

Figuring out how members of the ruling elite control the economy is complicated by the fact that companies are not listed publicly, making it nearly impossible to prove ownership. Moreover, the companies are often officially owned by people other than the elites themselves, but working in the elite's interests. Overall, the division of the national economy reflects the informal political power structure to a high degree. In this way, economic and political cooperation and rivalries are mutually dependent. Political Scientist Samuel Lusac points out that the political weakening of the Yeraz-clan had first and foremost an economic component. When Rafiq Aliyev, a key figure of the Yeraz-clan, owned AzPetrol Holding, he had a dominant position within the Azerbaijani oil transportation network. In October 2005, Rafiq and his brother Farhad, who was then Minister of Economic Development, were arrested for allegedly preparing a coup attempt against Ilham Aliyev. In December 2005, the Azerbaijani Economic Court transferred the property of AzPetrol Holding to Ibrahim Mammadov, who is a leading figure of the Kurdish-clan. Another leading figure of the Yeraz-Klan, Rasul Guliyev, controlled refineries in Baku and oversaw the refining and transport of Turkmen oil flows. He was forced into exile in 1996, allegedly for having ambitions to seize power.

Regarding the other clientelist networks, the Pashayev family possesses a huge economic empire. Pashayev-Holding is engaged in a wide range of business activities; first of all in the construction sector (Pashayev-Inshaat) and the banking sector (Pasha Bank), but also in the insurance industry and the tourism sector. As for the Aliyev family, Heydar Aliyev's brother Jalal is a key player.

He not only has an influential position within the ruling YAP, but manages an extensive business grouping. For example, he possesses a majority share of the mobile telephone network Azercell. Consequently, he is regarded as one of the most powerful persons in the country. Another key role is regularly attributed to Kamalladdin Haydarov, Minister of Emergency Situations. He is a close friend of Ilham Aliyev and one of the richest oligarchs in the country, not least due to his control over the cash flows of the tax authorities and the customs service.

### General Corruption (Outside the Oil Sector)

To ensure a steady source of income, the ruling regime draws on corrupt networks pervading the state and society since Soviet times. As a result, the population is regularly confronted with systemic corruption. Therefore it is not surprising that corruption is generally perceived as something extremely centralized, although notions about who exactly is leading the corruption system vary. It is also unclear, whether all the money accrues to one or a few individuals and whether a share of the money is redistributed (for example, to Nakhchivan). Despite disagreement over the ultimate beneficiaries, there is general agreement about the nature of the system itself. As a member of a Western embassy in Baku told the author, it is most likely that sources of income open up at the lowest levels of the pyramid even though these are not directly controlled by someone at the top. The money then flows upward.

It is generally acknowledged that a significant share of the money originates from the illegal sale of official posts in the administration, the army, the education system, and numerous other bureaucracies. This specific corruption pattern had already been practised in Soviet times. The going rate is determined by an informal price list and varies depending on the rank within the pyramid, going up to several hundred thousand dollars. As Lala Shevket, leader of the Liberal Party of Azerbaijan pointed out, it is only possible to purchase posts at lower stages. The balance of power at the top is not put at risk by what happens at the lower levels.

The purchaser acquires the opportunity to recoup his or her investment and more by demanding illegal sums of money from the population in exchange for public goods. Such bribes have one of two purposes. Either people pay money in order to get their matters arranged more quickly and more effectively, or to gain material advantages at the expense of others. Among the population, a vast number of experiential reports circulate on how officials ask for money, leading to public cynicism. For example, it is widely believed that a portion of the money regularly collected from parents by teachers is passed to the respective school director. From there,

portions of the money are said to flow further upwards, finally accruing to the minister of education and from there to the president and his family. However, there is little evidence to trace the exact money flows. According to an Azerbaijani journalist, it might be possible that this notion just refers back to the arguments of officials, who use it to legitimize their material demands. However, an Azerbaijani businessman working in the construction sector confirmed that each entrepreneur needs a protector within the pyramid of power who receives a share of the profits. Other examples point to taxmen and customs officers collecting money, shares of which are then passed further upwards.

### Rent-Seeking in the Oil Sector

In Azerbaijan, rent-seeking is embedded in the broader context, since members of the ruling elite accumulate oil money in different ways. Very often, there is only a blurry line between legal and illegal actions. On the one hand, the country's oil executives are profit-seeking capitalist entrepreneurs. On the other hand, they benefit from different forms of corruption. A illustrative example is an illegal business transaction that took place in the late nineties. According to Lussac, the key players were three top managers of SOCAR, the Georgian Oil Company and the "Azersun Holding," a company owned by a close friend of Heydar Aliyev. Under this scheme, out of 100,000 barrels of oil, which were processed in a Baku refinery, only 60,000 barrels were declared. The remaining 40,000 barrels were shipped and sold illegally in Armenia and Georgia.

However, such enrichment strategies only take place on an occasional basis. What is more important is that members of the ruling elite systematically misuse their public positions to siphon off oil and gas revenues. The way this takes place in Azerbaijan is an open secret among government representatives, local financial experts, Western diplomats and businessmen. Two features are characteristic for the country context. First, since oil revenues are more or less transparent, rent-seeking takes place indirectly, by embezzling public investments carried out through the state budget, the state oil fund and SOCAR. Second, the construction sector plays an important role.

The fact that oil revenues are more or less transparent is due to the regime's interest in promoting the country as a reliable supplier on the world market in order to attract more investment and maximise profits. At the international level, Ilham Aliyev claims that he is firmly committed to a transparent and accountable utilization of Azerbaijan's oil wealth to the benefit of the entire population. Accordingly, Azerbaijan plays a prominent role in the Extractive Industries Transparency Initiative (EITI). The country is not only one of the EITI pioneers, but

also the pilot country since it was the first to meet all of EITI's formal criteria. However, as independent experts and civil society representatives united in the Baku-based EITI-coalition complained to the author, the government is misusing the EITI in order to improve its image to strengthen their power and to maximise their profits, while pursuing their rent-seeking interests unrestrictedly on the expenditure side through public investments.

To siphon off public finances, members of the ruling elite regularly accept tenders from construction companies that are more or less directly associated with them. Such companies are often founded just for that reason during the tender process. The companies then embezzle a huge portion of the public finances assigned to them. In this regard, rent-seeking practices follow a simple pattern that varies only in small details. First, significant sums of money are transferred to the company. Second, the respective companies save money by producing poor quality-work. As Himayat Rizvangizi, chair of the Baku based NGO "Himayadar" noted, the booty is then divided up between the participating actors, drawing on cash payments and dubious bank transfer mechanisms in the process. Since expenditures are hardly transparent, little is publically known about the exact corruption rates, which in general depend on the situation and the actors engaged. Regarding the rent-seeking structure, Zhorab Ismayil, chair of the Baku-based "Free Economic Center" and member of the EITI-Coalition, identifies three crucial sites, in particular the state budget, the projects implemented by the SOFAR, and the company expenditures of SOCAR.

With regard to the state budget, rent-seeking is not limited to public construction projects, but it is definitely centred there. There are several reasons for this. On the one hand, it is an easy and lucrative form of siphoning money. According to Azerbaijani financial experts, 40 percent of the over 13 billion U.S. dollar state budget of 2009 was spent on public investment projects. On the other hand, various ministries benefit from the high allocations, since they all run their own construction projects. As an Azerbaijani journalist noted, in this regard, the ministers run their ministry like absolute autonomous landlords. For example, Hamish Macdonald revealed in a report broadcast on Al Jazeera in 2008 that the construction of the 80 million dollar five-storey complex of the Baku international bus station was carried out by "Baku 21<sup>st</sup> Century", a company that apparently belongs to the Transport Minister. The same is true for AzVirt, a company that was contracted to build a 14-kilometer road from the city of Baku to the airport. Aside from the question of necessity—a new motorway to the airport had just been finished—the construction cost 23 million U.S. dollars for every kilometer, well above comparable



international prices. The government justifies these high costs with compensation payments to residents, who had to be relocated. However, the budgets do not reflect this. In contrast to this, the construction of a 22 kilometer stretch of motorway south of Baku that was funded by the Worldbank cost 1.5 million U.S. dollars per kilometer.

SOFAR was awarded the United Nations Public Service Award in the “Improving Transparency, Accountability and Responsiveness” Public Service Category in June 2007 in Vienna. However, while the revenues and expenditures of SOFAR are indeed subject to a maximum of transparency, the same does not hold true for the management of SOFAR financed projects carried out by contractors. In a report on the use of SOFAR funds to improve the living conditions of refugees, the Azerbaijani journalist Hijran Hamidova revealed precise details on how and to what extent contracted construction companies saved money through poor quality work and how they exceeded costs. In addition, the author published fixed corruption rates which varied according to the contractor and subcontractor, as well as to the project stage. She further stated that the legal and fiscal authorities were also engaged in the embezzlement of assigned funds, since they asked for bribes to remain quiet about irregularities uncovered during inspections. Summing up, the journalist determined that almost half of the allocations from SOFAR were used for corrupt purposes.

Rent-seeking practises at SOCAR have not yet been investigated to the same extent. Notwithstanding, several local NGOs have gained information based on informants within the company. Zhorab Ismayil claimed that the numerous social construction projects carried out by SOCAR itself provide an opportunity for rent-seeking. This is affirmed by Mirvari Gahramanli. “In some cases, the construction costs are too high, while other projects exist only on paper”. Both experts further stated

that there is evidence that rent-seeking also takes place in acquisitions. In this regard, overpriced materials and products are regularly purchased from persons and companies that are close to the management. In other cases, quantities were ordered that far exceeded the need. This took place both with large scale purchases (pipeline facilities) and small (soap). According to Zhorab Ismayil, the money is accumulated by persons in key positions within SOCAR and redirected upwards. In contrast, the ties between SOCAR and multinational companies have been kept free from corruption, most likely in order not to damage the company’s international reputation. According to Lussac, in the nineties, Heydar Aliyev even fired a high-ranked manager (Marat Manafov) who had asked foreign companies for a bribe of between 50 and 360 million dollars for his team and him.

### Conclusion

As in other peripheral Soviet successor states, clientelist networks dating back to Soviet and pre-Soviet rule control the formal political order of Azerbaijan and its entire economy. These networks also determine the patterns of corruption and rent-seeking. Such practises are, however, embedded in a broader context, since members of the ruling elite accumulate money in different ways. Frequently, there is little distinction between legal and illegal actions. Much of the public sector is corrupt, as demonstrated by the sale of public posts and the illegal demands for money from the population in exchange for public services. Members of the ruling elite are rent-seeking, since they systematically misuse their public positions to siphon off oil and gas revenues. Since oil revenues are more or less transparent, such corruption takes place indirectly when officials embezzle public investments carried out through the state budget, the state oil fund (SOFAR) and the state oil company (SOCAR).

#### *About the Author*

Hannes Meissner is a PhD candidate at the University of Hamburg and the German Institute of Global and Area Studies (GIGA). The subject of his thesis is the resource curse and the future of initiatives to enhance accountability and transparency over oil and gas revenues (EITI etc.). His case studies are Azerbaijan and Turkmenistan. This analysis was conducted in the framework of an international research project on “The Energy Sector and the Political Stability of Regimes in the Caspian Area: A Comparison of Kazakhstan and Azerbaijan”, funded by the Volkswagen Foundation.

#### *Related Internet Links*

- Public Finance Monitoring Center: <http://www.pfmc.az/>.
- Oil Workers’ Rights Protection Organization: [http://www.nhmt-az.org/ts\\_general/eng/index.php](http://www.nhmt-az.org/ts_general/eng/index.php).
- Samuel Lussac (2010): The State as a (Oil) Company? The Political Economy of Azerbaijan, in: [garnet-eu.org](http://www.garnet-eu.org), [http://www.garnet-eu.org/fileadmin/documents/working\\_papers/7410.pdf](http://www.garnet-eu.org/fileadmin/documents/working_papers/7410.pdf).

## Azerbaijan's Political System As Assessed By Country Rankings

Compiled by Stefan Forstmeier, Christina Hinz, Kateryna Malyhina, Jana Matischok, Ksenia Pacheco and Heiko Pleines

### *Freedom House: Freedom in the World*

Prepared by: Freedom House (Washington, USA)

Established: 1972

Frequency: Annual

The data refer to the respective previous year.

Covered countries: at present 193

URL: <http://freedomhouse.org>

Brief description:

*Freedom in the World* is an annual comparative assessment of political rights and civil liberties. Each country and territory is assigned a numerical rating on a scale of 1 to 7 for political rights and an analogous rating for civil liberties; a rating of 1 indicates the highest degree of freedom and 7 the least amount of freedom. These ratings determine whether a country is classified as Free, Partly Free, or Not Free. Seven subcategories, drawn from the Universal Declaration of Human Rights, represent the fundamental components of freedom.

Figure 1: Freedom in the World: Political Rights 2010

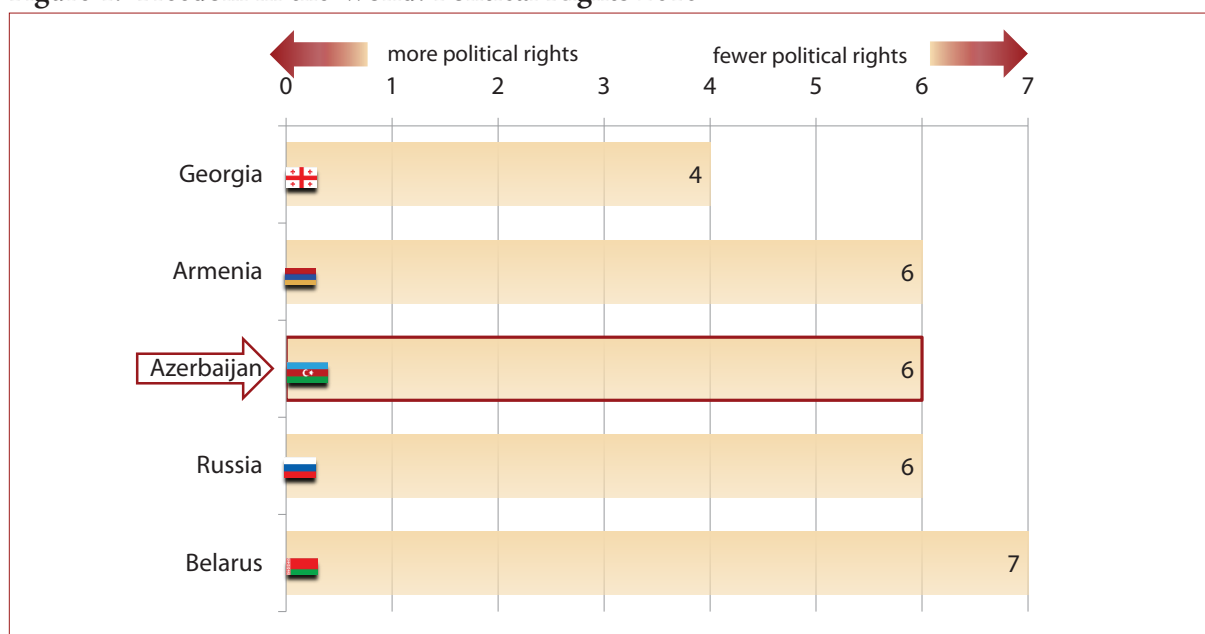


Table 1: Freedom in the World: Political Rights 2002–2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Georgia	4	4	4	3	3	3	4	4	4
Armenia	4	4	4	5	5	5	5	6	6
Azerbaijan	6	6	6	6	6	6	6	6	6
Russia	5	5	5	6	6	6	6	6	6
Belarus	6	6	6	7	7	7	7	7	7

Figure 2: Freedom in the World: Civil Liberties 2010

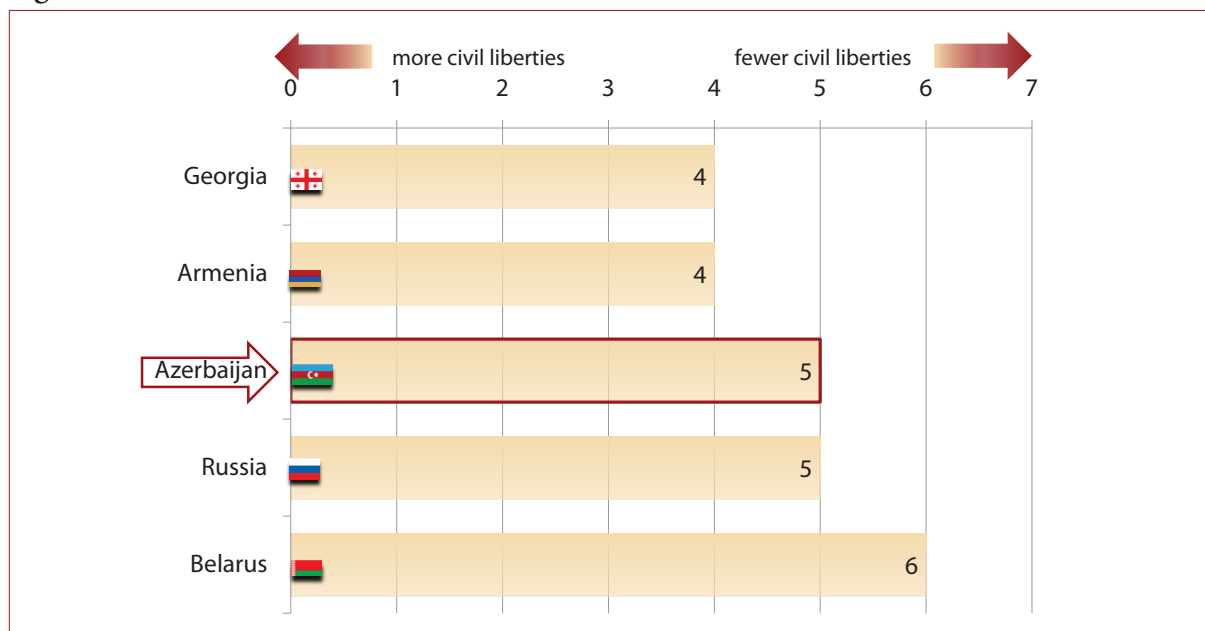


Table 2: Freedom in the World: Civil Liberties 2002-2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Georgia	4	4	4	4	3	3	4	4	4
Armenia	4	4	4	4	4	4	4	4	4
Azerbaijan	5	5	5	5	5	5	5	5	5
Russia	5	5	5	5	5	5	5	5	5
Belarus	6	6	6	6	6	6	6	6	6

### *Freedom House: Nations in Transit*

Prepared by: Freedom House (Washington, USA)

Established: 1997

Frequency: Annual

The data refer to the respective previous year.

Covered countries: at present 29

URL: <http://freedomhouse.org>

Brief description:

*Nations in Transit* measures progress and setbacks in democratization in countries and territories from Central Europe to the Eurasian region of the Former Soviet Union. The rating covers seven categories: electoral process; civil society; independent media; national democratic governance; local democratic governance; judicial framework and independence; and corruption. The ratings are based on a scale of 1 to 7, with 1 representing the highest and 7 the lowest level of democratic progress.

Figure 3: Nations in Transit: Elections 2010

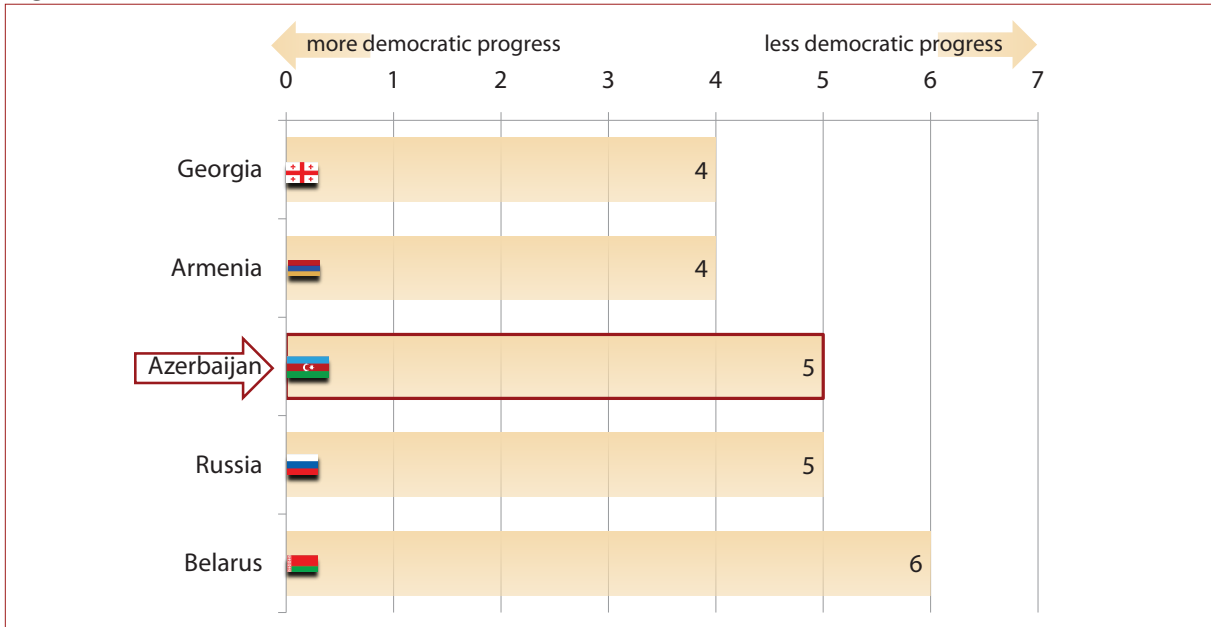
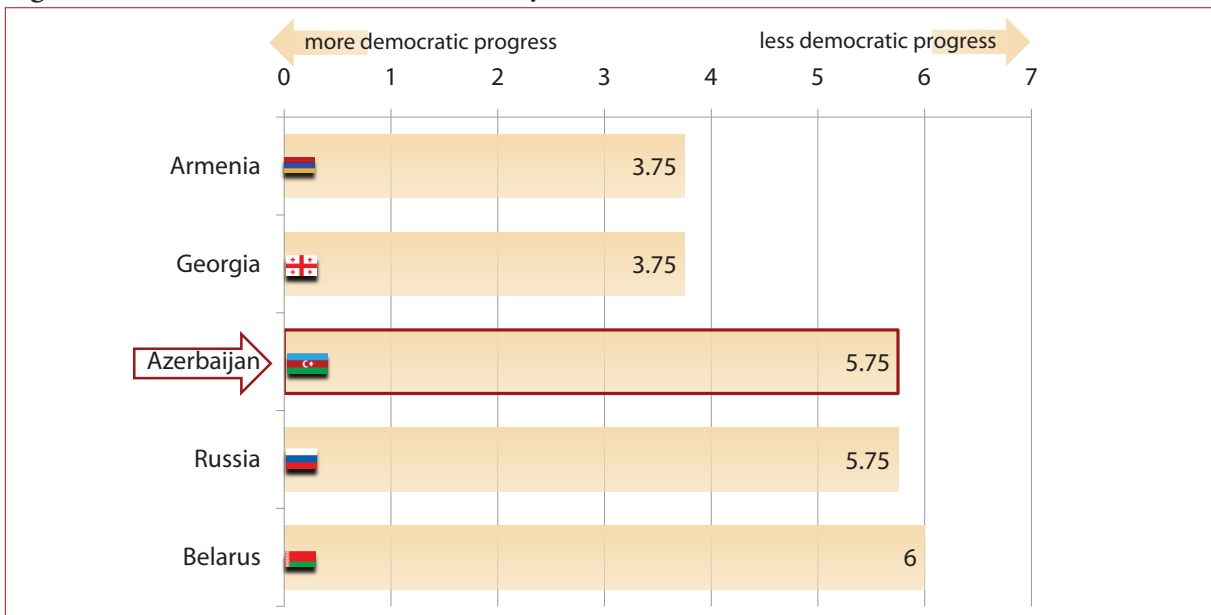


Table 3: Nations in Transit: Elections 1999–2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	5.25	-	5.50	5.50	5.50	5.75	5.75	5.75	5.75	5.50	5.75	5.75
Azerbaijan	5.50	-	5.75	5.75	5.75	6.00	6.25	6.50	6.50	6.50	6.75	6.75
Belarus	6.75	-	6.75	6.75	6.75	6.75	7.00	7.00	7.00	7.00	6.75	6.75
Georgia	4.00	-	4.50	5.00	5.25	5.25	4.75	4.75	4.50	4.75	5.25	5.25
Russia	4.00	-	4.25	4.50	4.75	5.50	6.00	6.25	6.50	6.75	6.75	6.75

NB: For 2000 no values were established.

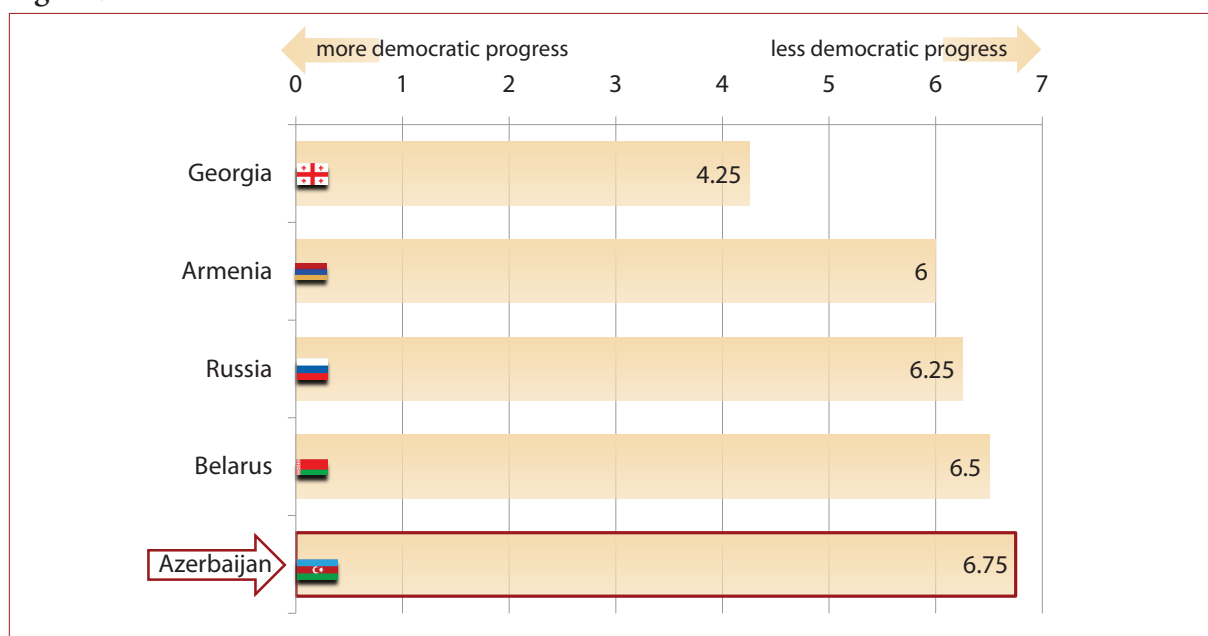
Figure 4: Nations in Transit: Civil Society 2010



**Table 4: Nations in Transit: Civil Society 1999–2010**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	3.50	-	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75
Azerbaijan	4.75	-	4.50	4.50	4.25	4.50	4.75	5.00	5.25	5.25	5.50	5.75
Belarus	6.00	-	6.50	6.25	6.50	6.75	6.75	6.75	6.50	6.50	6.25	6.00
Georgia	3.75	-	4.00	4.00	4.00	3.50	3.50	3.50	3.50	3.50	3.75	3.75
Russia	3.75	-	4.00	4.00	4.25	4.50	4.75	5.00	5.25	5.50	5.75	5.75

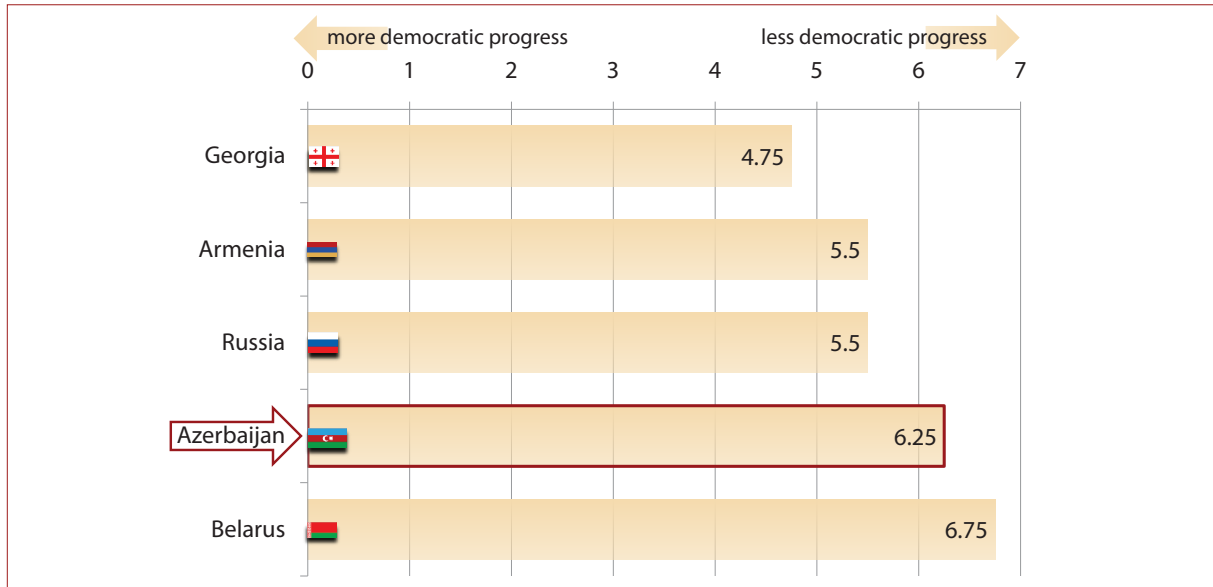
*NB: For 2000 no values were established.*

**Figure 5: Nations in Transit: Media 2010****Table 5: Nations in Transit: Media 1999–2010**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	4.75	-	4.75	4.75	5.00	5.25	5.50	5.50	5.75	5.75	6.00	6.00
Azerbaijan	5.50	-	5.75	5.50	5.50	5.75	6.00	6.00	6.25	6.25	6.75	6.75
Belarus	6.75	-	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.50
Georgia	3.75	-	3.50	3.75	4.00	4.00	4.25	4.25	4.00	4.25	4.25	4.25
Russia	4.75	-	5.25	5.50	5.50	5.75	6.00	6.00	6.25	6.25	6.25	6.25

*NB: For 2000 no values were established.*

**Figure 6: Nations in Transit: Constitutional State 2010**

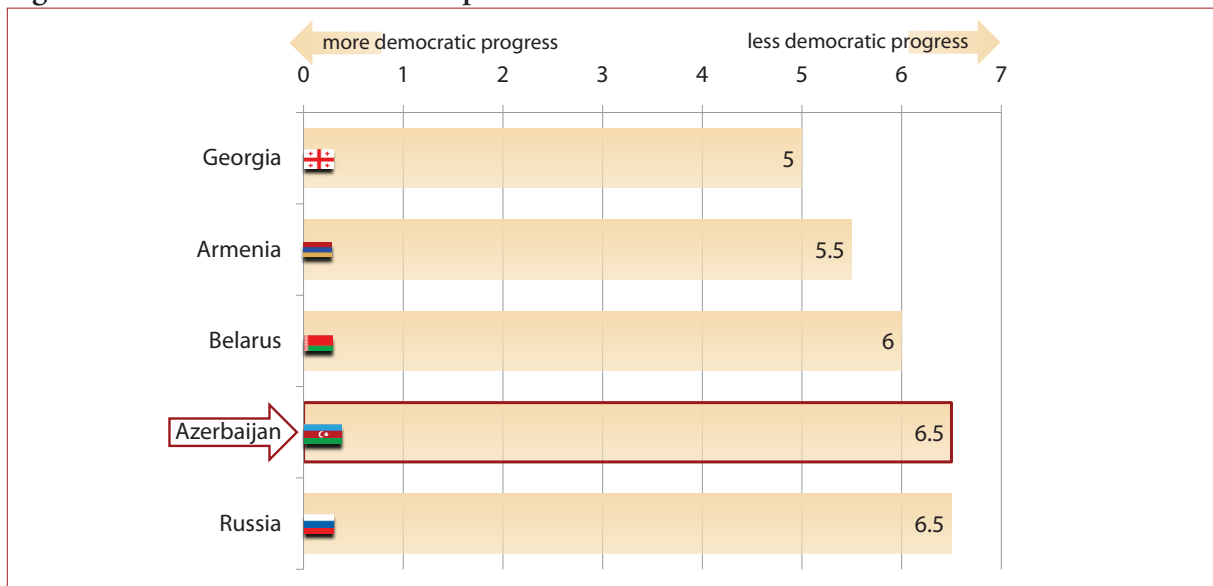


**Table 6: Nations in Transit: Constitutional State 1999–2010**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	5.00	-	5.00	5.00	5.00	5.00	5.25	5.00	5.00	5.25	5.50	5.50
Azerbaijan	5.50	-	5.25	5.25	5.25	5.50	5.75	5.75	5.75	5.75	5.75	6.25
Belarus	6.50	-	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Georgia	4.00	-	4.00	4.25	4.50	4.50	5.00	5.75	4.75	4.75	4.75	4.75
Russia	4.25	-	4.50	4.75	4.50	4.75	5.25	5.25	5.25	5.25	5.50	5.50

NB: For 2000 no values were established.

**Figure 7: Nations in Transit: Corruption 1999–2010**



**Table 7: Nations in Transit: Corruption 1999–2010**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Armenia	5.75	-	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50
Azerbaijan	6.00	-	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.50	6.50
Belarus	5.25	-	5.25	5.25	5.50	5.75	6.00	6.25	6.25	6.25	6.00	6.00
Georgia	5.00	-	5.25	5.50	5.75	6.00	5.75	4.75	5.00	5.00	5.00	5.00
Russia	6.25	-	6.25	6.00	5.75	5.75	5.75	6.00	6.00	6.00	6.25	6.50

NB: For 2000 no values were established.

### *Bertelsmann Transformation Index (BTI)*

Prepared by: Bertelsmann Foundation (Gütersloh, Germany)

Since: 2003

Frequency: Every two years

Covered countries: 125

URL: <http://www.bertelsmann-transformation-index.de>

#### Brief description:

The Bertelsmann Transformation Index (BTI) is a global ranking that analyzes and evaluates development and transformation processes in transition and developing countries with more than 2 million inhabitants. The BTI analyzes the status of democratization and market liberalization as it evaluates actor's performance in managing these changes. The quantitative data is outlined in two parallel indices: the Status Index and the Management Index.

The Status Index shows the development achieved by states on their way toward democracy and a market economy. States with functioning democratic and market-based structures receive the highest score. The Status Index's overall result represents the mean value of the scores for the dimensions "Political Transformation" and "Economic Transformation". The mean value is calculated using the exact, unrounded values for both these dimensions, which, in turn, derive from the ratings for the five political criteria (Stateness; Political Participation, Rule of Law, Stability of Democratic Institutions, Political and Social Integration) and the seven economic criteria (Level of Socioeconomic Development, Organization of the Market and Competition, Currency and Price Stability, Private Property, Welfare Regime, Economic Performance, Sustainability).

The Management Index evaluates management by political decision-makers while taking into consideration the level of difficulty. The Management Index's overall result is calculated by multiplying the intermediate result with a factor derived from the level of difficulty evaluation. The intermediate result is obtained by calculating the mean value of the ratings for the following criteria: Steering Capability, Resource Efficiency, Consensus-Building and International Cooperation. The level of difficulty evaluation takes into account the structural constraints on political management. It is obtained by calculating six indicators that evaluate a country's structural conditions, traditions of civil society, intensity of conflicts, level of education, economic performance and institutional capacity.

Figure 8: BTI Status Index 2010. Index Values And Rank

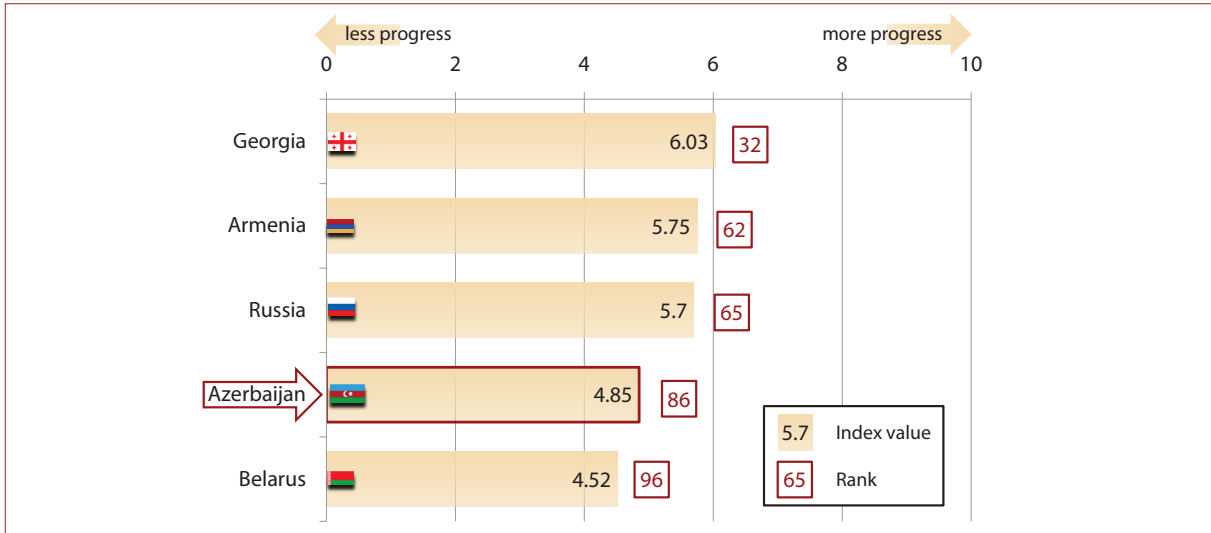


Figure 8: BTI Status Index 2003–2010. Index Values And Rank

	2003 Index values (rank)	2006 Index values (rank)	2008 Index values (rank)	2010 Index values (rank)
Georgia	4.1 (79)	5.73 (61)	6.60 (38)	6.03 (32)
Armenia	5.7 (46)	6.26 (44)	6.41 (41)	5.75 (62)
Russia	6.0 (41)	6.14 (47)	5.94 (59)	5.70 (65)
Azerbaijan	4.4 (72)	4.51 (82)	4.51 (87)	4.85 (86)
Belarus	3.9 (85)	4.47 (83)	4.47 (89)	4.52 (96)

Figure 9: BTI Management Index 2010. Index Values And Rank

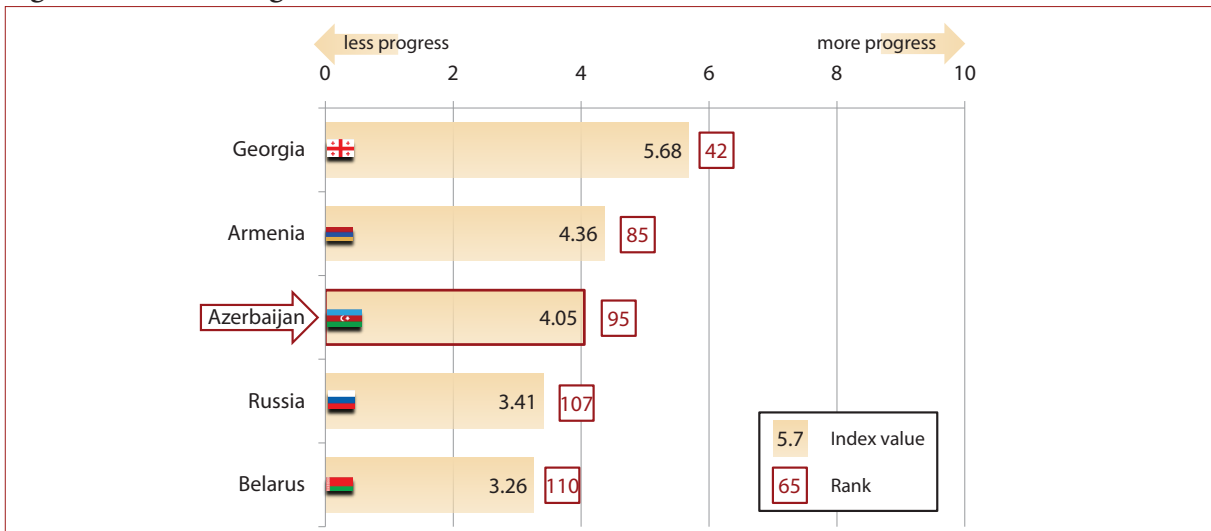




Figure 9: BTI Management Index 2003–2010. Index Values And Rank

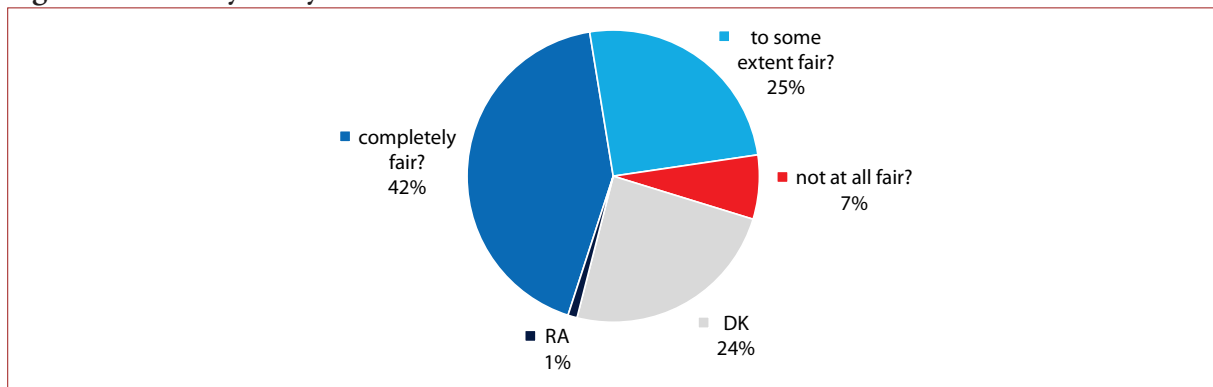
	2003 Index values (rank)	2006 Index values (rank)	2008 Index values (rank)	2010 Index values (rank)
Georgia	2.3 (95)	5.91 (35)	6.36 (23)	5.68 (42)
Armenia	5.1 (39)	5.08 (56)	5.14 (56)	4.36 (85)
Russia	5.5 (31)	3.84 (87)	3.84 (98)	3.41 (107)
Azerbaijan	3.2 (79)	3.50 (95)	3.83 (99)	4.05 (95)
Belarus	2.2 (98)	2.74 (107)	2.89 (110)	3.26 (110)

## OPINION POLL

## Public Opinion in Azerbaijan on the Political System

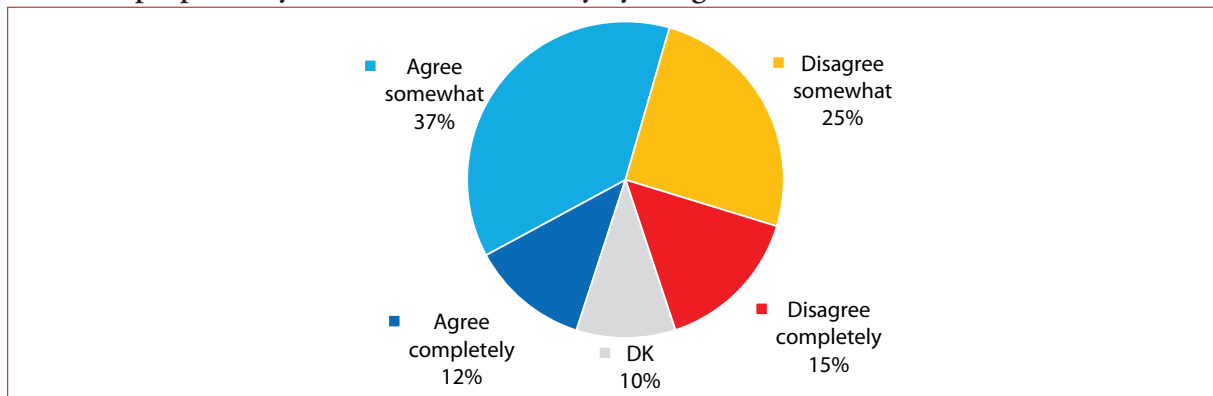
All data are from the 2009 Caucasus Barometer survey. For more information about the Caucasus Barometer, visit the Caucasus Research Resource Centers' website: <http://www.crrccenters.org/caucasusbarometer/overview/>.

Figure 1: Would you say that the most recent election was conducted ...



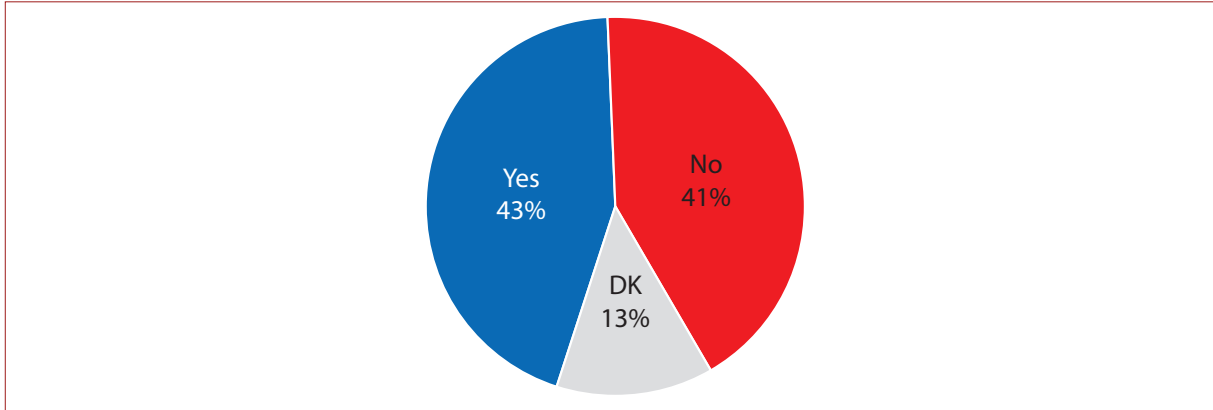
Source: <http://www.crrccenters.org/caucasusbarometer/overview/>

Figure 2: Under the present system of government in Azerbaijan, do you agree or disagree that people like yourself are treated fairly by the government?



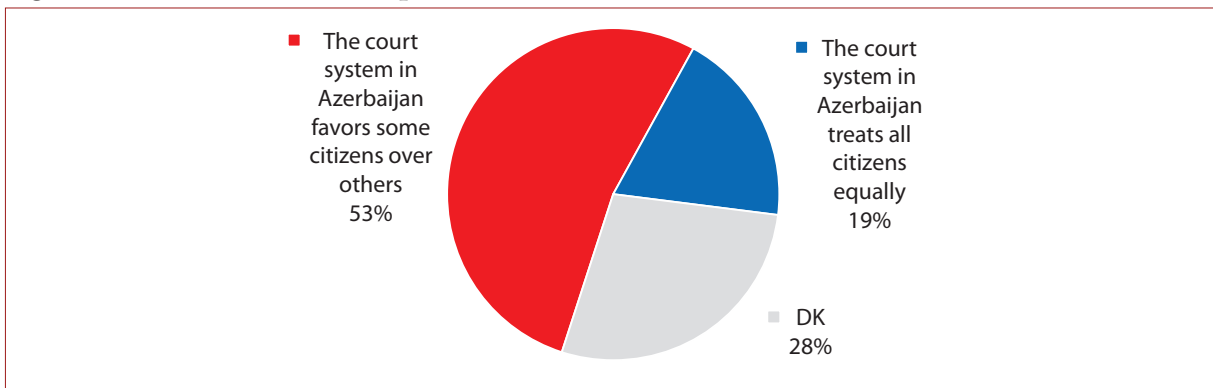
Source: <http://www.crrccenters.org/caucasusbarometer/overview/>

**Figure 3: In Azerbaijan, do people like yourself have the right to openly say what they think?**



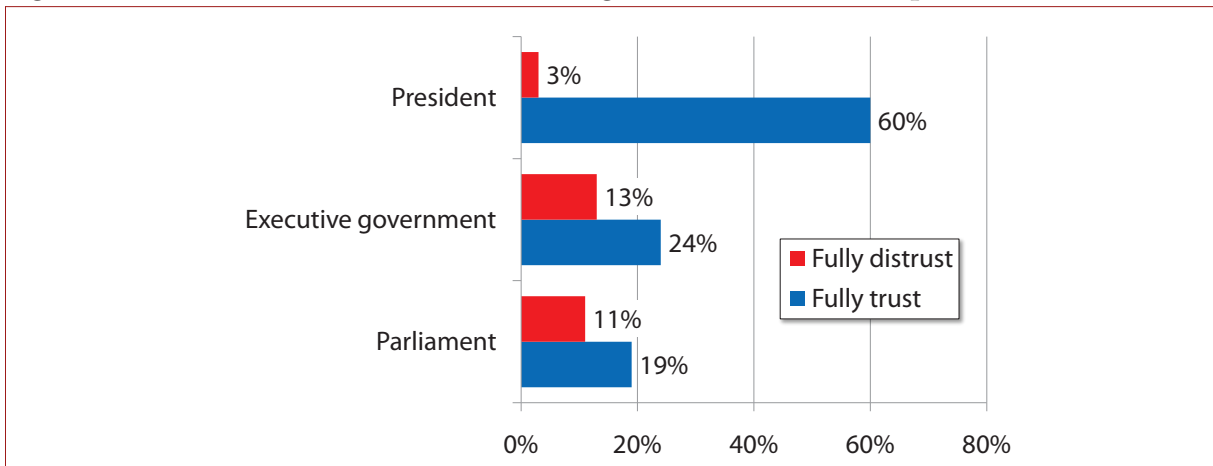
Source: <http://www.crrcenters.org/caucasusbarometer/overview/>

**Figure 4: Assessment of the impartiality of the court system**



Source: <http://www.crrcenters.org/caucasusbarometer/overview/>

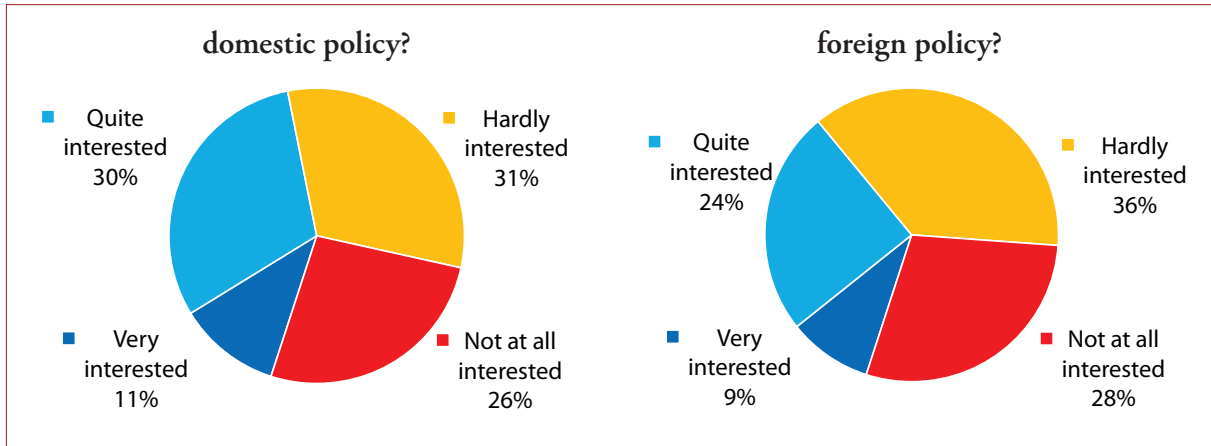
**Figure 5: How much do you trust the following social institutions and political unions?**



Note: missing answers are for an intermediate position between full trust and full distrust.

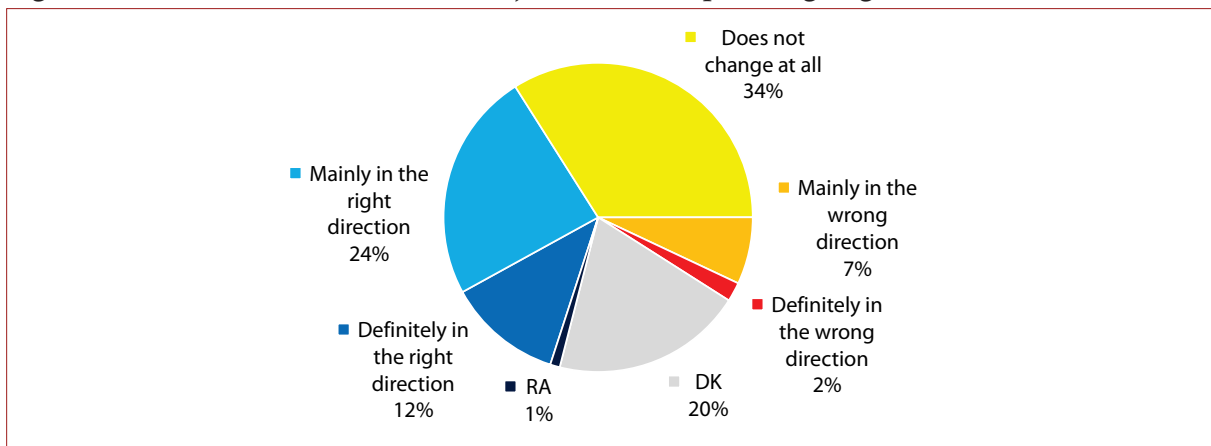
Source: <http://www.crrcenters.org/caucasusbarometer/overview/>

Figure 6: How interested would you say you are in Azerbaijan's...



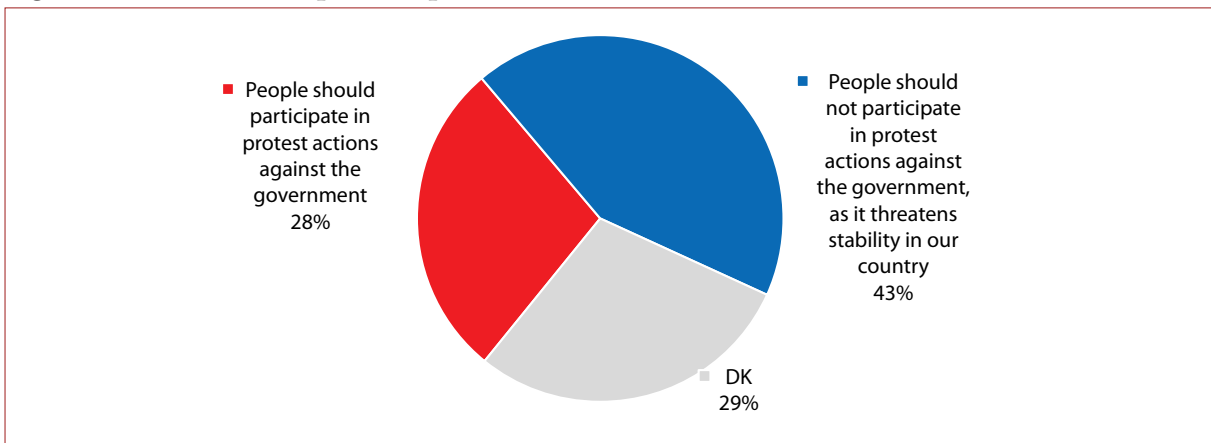
Source: <http://www.crrcenters.org/caucasusbarometer/overview/>

Figure 7: In which direction are Azerbaijan's domestic politics going?

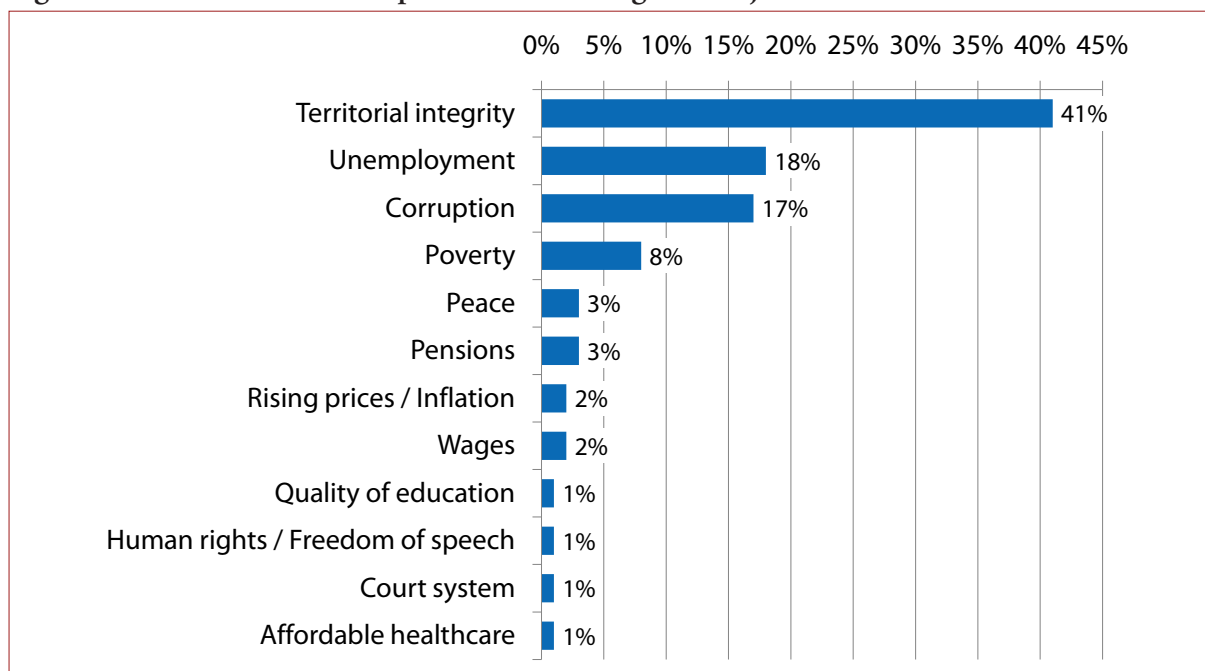


Source: <http://www.crrcenters.org/caucasusbarometer/overview/>

Figure 8: Assessment of political protests



Source: <http://www.crrcenters.org/caucasusbarometer/overview/>

**Figure 9: What is the most important issue facing Azerbaijan at the moment?**

Source: <http://www.crrccenters.org/caucasusbarometer/overview/>

## CHRONICLE

### From 27 December 2010 to 8 February 2011

27 December 2010	More than a hundred civil servants protest in Yerevan against layoffs amid plans to disband the State Social Security Service
28 December 2010	Azerbaijani opposition leaders agree on creating a new Civic Movement for Democracy—Public Chamber
29 December 2010	Matthew Bryza is appointed US ambassador to Azerbaijan by US President Barack Obama
3 January 2011	The Georgian police breaks up a hunger strike by over a dozen war veterans in the center of Tbilisi
7 January 2011	The European Investment Bank (EIB) announces a loan of 20 million Euros to Georgia to rehabilitate the Enguri hydro power plant and the Vardnili hydro power cascade
12 January 2011	Representatives from Azerbaijan's State Oil Company (SOCAR) and Iran's National Gas Export Company (NIGEC) sign a five-year agreement on the supply of natural gas from Azerbaijan to Iran
13 January 2011	Azerbaijani President Ilham Aliyev and European Commission President José Manuel Barroso sign a joint declaration on the establishment of a Southern Gas Corridor
13 January 2011	The European Commission proposes to allocate Georgia 46 million Euros in financial assistance as part of the 500 million Euro aid package pledged by the EU after the 2008 Russian–Georgian war.
13 January 2011	The International Monetary Fund (IMF) allocates 153 million US dollars to Georgia after completing the seventh and eighth review of Georgia's economic performance

(continued overleaf)

(continued from previous page)

14 January 2011	Georgian President Mikheil Saakashvili meets with US President Barack Obama in Washington during a memorial service for veteran US diplomat Richard Holbrooke
18 January 2011	Georgian Foreign Minister Grigol Vashadze meets with Azerbaijani President Ilham Aliyev in Baku to discuss economic cooperation and regional security
18 January 2011	Georgian Prime Minister Nika Gilauri meets with Prime Minister of the United Arab Emirate (UEA) Sheikh Mohammed bin Rashid Al Maktoum to discuss strengthening bilateral relations, including investments from UEA in Georgia, direct flights and a potential simplification of visa rules for Georgian citizens
20 January 2011	The head of the unregistered Islamic Party of Azerbaijan (AIP) Movsum Samadov is sentenced to three months in pretrial detention in Azerbaijan for illegal possession of arms, inciting terror and seeking to change the constitutional system
22 January 2011	Georgian President Mikheil Saakashvili visits Armenia
24 January 2011	The Georgian Foreign Ministry condemns the reported deployment by Russia of Tochka-U short-range ballistic missiles in the breakaway region of South Ossetia
25 January 2011	The Georgian Public Broadcaster's Russian language satellite news channel is relaunched
26 January 2011	The Georgian Foreign Ministry protests the deployment of a team of specialists from Russia's state-owned railway to repair track in the breakaway region of Abkhazia
26 January 2011	Georgia establishes diplomatic and consular relations with Somalia
28 January 2011	Adviser of Georgian Prime Minister Nika Gilauri Giorgi Pertaia is appointed the new tax ombudsman
2 February 2011	Coal miners strike in Tkibuli in Georgia's region of Imereti to demand an improvement in their working conditions after three explosions left nine miners dead and ten injured over the past year
3 February 2011	Four US senators ask US Secretary of Defense Robert Gates to consider Georgia as an alternative site, instead of Turkey, to deploy NATO missile defense system radar aimed at Iran
3 February 2011	The UN's refugee agency (UNHCR) says that there have not been major violations of international law or standards despite some shortcomings in the series of evictions of Internally Displaced Persons (IDP) from temporary shelters in Georgia's capital of Tbilisi
4 February 2011	A delegation of businessmen from Austria, the Czech Republic and Slovakia meet with the leadership of the disputed region of Nagorno-Karabakh to discuss investment opportunities
4 February 2011	Georgian Prime Minister Nika Gilauri says on a visit to the United States that between 150 and 250 million US dollars is expected in aid from the new program under the Millennium Challenge Corporation (MCC)
5 February 2011	Georgian President Mikheil Saakashvili meets with German Chancellor Angela Merkel on the sideline of the 47th Munich Security Conference
5 February 2011	Head of Armenia's earthquake-monitoring agency Alvaro Antonian resigns ahead of his trial on corruption charges
6 February 2011	Georgian President Mikheil Saakashvili declares at the Munich Security Conference that Georgia is ready to send more troops to Afghanistan
7 February 2011	The pro-opposition daily newspaper "Haykakan Zhamanak" is found guilty of libel by a court in Armenia and ordered to pay a fine and retract allegations that three Armenian businessmen have engaged in criminal activity in Russia.
8 February 2011	The Georgian Parliament ratifies an air services agreement with the European Union which will remove restrictions on prices and weekly flights between Georgia and the EU
8 February 2011	The heads of the railway departments of Azerbaijan, Iran and Russia sign an agreement on establishing a joint venture for the creation of a North-South railway corridor

**ABOUT THE CAUCASUS ANALYTICAL DIGEST**

Editors: Iris Kempe, Matthias Neumann, Robert Orttung, Jeronim Perović, Lili Di Pippo

The Caucasus Analytical Digest (CAD) is a monthly internet publication jointly produced by the Heinrich Böll Foundation in Tbilisi ([www.boell.ge](http://www.boell.ge)), the Research Centre for East European Studies at the University of Bremen ([www.forschungsstelle.uni-bremen.de](http://www.forschungsstelle.uni-bremen.de)), the Resource Security Institute in Washington, DC ([resourcesecurityinstitute.org/](http://resourcesecurityinstitute.org/)) and the Center for Security Studies (CSS) at ETH Zurich ([www.css.ethz.ch](http://www.css.ethz.ch)) with support from the German Association for East European Studies (DGO). The Caucasus Analytical Digest analyzes the political, economic, and social situation in the three South Caucasus states of Armenia, Azerbaijan and Georgia within the context of international and security dimensions of this region's development. CAD is supported by a grant from the Heinrich Boell Foundation.

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**Heinrich Böll Foundation**

The Heinrich Böll Foundation, affiliated with the Green Party of Germany, is a legally independent political foundation. The regional office for the South Caucasus was opened in 2003. Its main objective is to contribute to the forming of free, fair and tolerant societies in the region. The Foundation supports and facilitates cooperation of individuals and organizations throughout the region who, based on the principle values of human rights, search for the change of undemocratic and intolerant attitudes in societies and politics, for the transformation of ethno-political and territorial conflicts into the direction of fair and non-violent solutions and for the sustainable development of people and communities. The Foundation encourages critical public debate to make processes of decision-making democratic and transparent.

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The Center for Security Studies (CSS) at the Swiss Federal Institute of Technology (ETH Zurich) is a Swiss academic center of competence that specializes in research, teaching, and information services in the fields of international and Swiss security studies. The CSS also acts as a consultant to various political bodies and the general public.

**Research Centre for East European Studies at the University of Bremen**

Founded in 1982, the Research Centre for East European Studies (Forschungsstelle Osteuropa) at the University of Bremen is dedicated to socialist and post-socialist cultural and societal developments in the countries of Central and Eastern Europe. One of the core missions of the institute is the dissemination of academic knowledge to the interested public. This includes regular e-mail service with nearly 20,000 subscribers in politics, economics and the media.

**The Institute for European, Russian and Eurasian Studies, The Elliott School of International Affairs, The George Washington University**

The Institute for European, Russian and Eurasian Studies is home to a Master's program in European and Eurasian Studies, faculty members from political science, history, economics, sociology, anthropology, language and literature, and other fields, visiting scholars from around the world, research associates, graduate student fellows, and a rich assortment of brown bag lunches, seminars, public lectures, and conferences.

**Resource Security Institute**

The Resource Security Institute (RSI) is a non-profit organization devoted to improving understanding about global energy security, particularly as it relates to Eurasia. We do this through collaborating on the publication of electronic newsletters, articles, books and public presentations.

Any opinions expressed in the Caucasus Analytical Digest are exclusively those of the authors.

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Editors: Lili Di Pippo, Iris Kempe, Matthias Neumann, Robert Orttung, Jeronim Perović

Layout: Cengiz Kibaroglu, Matthias Neumann, and Michael Clemens

ISSN 1867 9323 © 2010 by Heinrich Böll Stiftung, Forschungsstelle Osteuropa, Bremen and Center for Security Studies, Zürich

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