CONFLICT RESOLUTION IN THE SOUTH CAUCASUS:
THE EU’S ROLE

Europe Report №173 20 March 2006

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

Instability in the South Caucasus is a threat to European Union (EU) security. Geographic proximity, energy resources, pipelines and the challenges of international crime and trafficking make stability in the region a clear EU interest. Yet, the unresolved Nagorno-Karabakh, Abkhazian and South Ossetian conflicts have the potential to ignite into full-fledged wars in Europe’s neighbourhood. To guarantee its own security, the EU should become more engaged in efforts to resolve the three disputes. It can do so by strengthening the conflict resolution dimension of the instruments it applies. As the EU is unlikely to offer membership to Georgia, Armenia and Azerbaijan even in the medium term, it must identify innovative means to impose conditionality on its aid and demonstrate influence. This is a challenge that Brussels has only begun to address.

Since 2003 the EU has become more of a security actor in the South Caucasus, particularly in Georgia. It has appointed a Special Representative for the South Caucasus, launched a European Security and Defence Policy (ESDP) mission, and employed the Commission’s Rapid Reaction Mechanism to support post “Rose Revolution” democratisation processes. It has included Armenia, Azerbaijan and Georgia in the European Neighbourhood Policy (ENP) and started Action Plan negotiations due to end mid-2006. The Commission has allocated some €32 million for economic development confidence building programs in Georgia, and it has cooperated closely with the UN and the Organization for Security and Cooperation in Europe (OSCE).

Nevertheless, the EU can do more to help resolve conflict in the region, in particular through the Action Plans currently being negotiated with each country. For the EU, these are a chance to enhance and reposition itself in the South Caucasus if they can be tied to conflict resolution and include specific democratisation, governance and human rights benchmarks. For the region they may be an opportunity to map out the reform process concretely. But there is a long way to go. The EU’s relations are not strong with either Azerbaijan or, to a lesser extent, Armenia. It does not participate directly in negotiations on Nagorno-Karabakh, Abkhazia or South Ossetia. In and around Nagorno-Karabakh, it has done little for conflict resolution. It has rarely raised the South Caucasus conflicts in its high-level discussions with partners and has employed few sanctions or incentives to advance peace.

To become more effective, the EU must increase its political visibility. Compared with Russia, the U.S., the UN and the OSCE, its financial and political engagement in the region has been minimal. However, as it gives more aid through new and old instruments, its ability to provide incentives and apply conditionality should grow. Compared with other actors, the EU can offer added value, with its image as an “honest broker” free from traditional US/Russia rivalries; access to a range of soft and hard-power tools; and the lure of greater integration into Europe.

The arrival of a new Special Representative (EUSR) is an opportune moment for the EU to strengthen its political presence. The EUSR should try to become an observer in the three conflict negotiation forums. In South Ossetia and Abkhazia, where the Commission has already allocated significant funding, efficient and well-targeted assistance can give weight and credibility to the EU’s diplomatic and political efforts.

In Nagorno-Karabakh, rather then wait for an agreement on the principles of resolution mediated by the OSCE Minsk Group, the EU should begin contingency planning to assist peace implementation now. Sending military and civilian assessment missions to the region could give new impetus to a negotiation process which seems to be dangerously running out of steam. Whether or not a peace agreement is eventually signed, the EU should be prepared to implement confidence building programs or – in a worst case – to consider a range of options in case of an outbreak of fighting. Otherwise, having remained out of Nagorno-Karabakh and the adjacent occupied districts for over a decade, either war or peace will find it struggling to catch up in its own neighbourhood.
RECOMMENDATIONS

To the European Union and its Member States:

To increase the EU’s visibility and effectiveness as a political actor

2. Strengthen the EUSR’s regional presence by at a minimum appointing a EUSR political analyst in each of the three South Caucasus capitals.
3. Start a public awareness campaign in the region about the EU, its values, institutions, programs and conflict resolution capabilities.

To take full advantage of the negotiating process for European Neighbourhood Policy Action Plans

4. Define the peaceful resolution of the Nagorno-Karabakh conflict as an Action Plan priority for Armenia and Azerbaijan, with the Plan aimed specifically at ensuring that:
   (a) Azerbaijan and Armenia should commit to resolving the conflict through peaceful negotiations without delay, defining the principles of an agreement as renunciation of the use of force to settle disputes, incremental withdrawal of occupied districts, return of displaced persons; opening of transport and trade routes; and determination of the final status of Nagorno-Karabakh through a referendum;
   (b) Armenia should pledge to encourage the de facto Nagorno-Karabakh authorities to agree to a peace settlement according to the principles defined above; and
   (c) both states should commit to foster reconciliation, confidence building and mutual understanding through governmental and non-governmental channels.
5. Action Plan elements should include clear benchmarking to measure progress in the development of genuine democracy, good governance, respect for human rights, the rule of law and free and fair elections; and the establishment of a comprehensive monitoring mechanism, whose reports are made public.
6. Increase public ownership and awareness by engaging civil society in Action Plan preparation and monitoring (particularly in Azerbaijan), organising conferences, seminars, and media events, and strengthening the involvement of parliaments and local authorities.
7. Coordinate with other bilateral and multilateral players to ensure consistency between the Action Plans and the commitments made to the Council of Europe (CoE), the OSCE, NATO and the UN.

To increase the impact of crisis management and conflict prevention actions

8. Strengthen the capacity of Commission staff in the region to carry out post-conflict rehabilitation by offering training in security sector reform, mediation and reconciliation, confidence building, and demobilisation, disarmament and reintegration (DDR).
9. Develop more initiatives focused on confidence building across ceasefire lines and the soft side of conflict-resolution, such as working with civil society, media, women, youth and former combatants, and apply community participation to project planning, implementation, monitoring and follow-up.
10. Increase engagement with non-recognized entities (Abkhazia, South Ossetia and Nagorno-Karabakh) and promote democratization, civil society development and the rule of law, not as recognition of status but as a means to break their isolation, build confidence and avoid exclusion from broad EU integration processes.
11. Promote European Initiative for Democracy and Human Rights (EIDHR) funding opportunities, especially in Azerbaijan, and develop an interim mechanism to distribute funds to local civil society groups, possibly through a member state embassy or the Europa House, before an EU delegation opens in Baku.
12. Support new regional programs in particular for students, teachers, professors and other professional groups including police, judges, lawyers and journalists.

To prepare for an eventual Nagorno-Karabakh peace settlement and encourage the parties to compromise

13. Seek agreement for the EUSR to participate in the OSCE Minsk Group as an observer.
14. In the case of the Commission, carry out a needs assessment study of Nagorno-Karabakh and the adjacent occupied territories (including places where IDPs have settled) even before a framework
agreement on the principles of a settlement is agreed between Azerbaijan and Armenia.

15. In the case of the Council, request the Secretariat to develop ESDP options in support of peace implementation, send assessment missions in close cooperation with the OSCE and begin contingency planning so as to prepare for:

  (a) deployment of peacekeepers around Nagorno-Karabakh; and
  (b) deployment of a civilian crisis management advisory team to engage in DDR, security sector reform, mediation, political affairs, human rights and media issues in and around Nagorno-Karabakh.

To support the peaceful resolution of the Georgian-South Ossetian and Georgian-Abkhazian conflicts

16. Expand the Commission’s role in addressing the Georgian-South Ossetian conflict and finance another tranche of aid to support projects identified in the OSCE needs assessment.

17. Once Georgia passes the appropriate law and designates a budget line for its implementation, make funding available to its new property commission and property restitution fund.

18. Agree a Joint Action to provide financial support for the Joint Control Commission (JCC) mechanism in April 2006.

19. Request the JCC and the parties to the Geneva process to invite the EUSR to observe their meetings and activities.

20. Raise the Georgian-South Ossetian and Georgian-Abkhazia conflicts at EU-Russia summits and other high-level dialogue forums.

21. Continue the border management assistance mission and facilitate communication and cooperation between Georgian and Russian border guards.

22. Agree a Joint Action to support a Georgian-South Ossetian Special Coordination Centre and joint policing.

Tbilisi/Brussels, 20 March 2006
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I. INTRODUCTION

Most European Union (EU) member states do not consider the South Caucasus to be of significant strategic importance. Compared with Moldova, Ukraine and Belarus – to say nothing of the Balkan countries – Armenia, Azerbaijan and Georgia usually have to take a back seat. Russia, the U.S., Turkey and Iran as bilateral actors, and the UN, the Organization for Security and Cooperation in Europe (OSCE), NATO and the Council of Europe (CoE) as multilateral actors have become increasingly active. However, few EU member states have any history of bilateral interests in the region. It is only in the last several years that the EU has begun to define South Caucasus-specific policies and instruments, and it is now engaged in the difficult process of determining where it can provide added value.

The 2004 enlargement brought the EU closer to the South Caucasus. It focused for the first time on the Nagorno-Karabakh, Abkhazia and South Ossetia conflicts, and their resolution, or at least containment, became a priority, as any renewed outbreak of war could spill over and undermine Union security. To avoid instability on its borders, the EU seeks a ring of well-governed countries around it. It is further interested in the South Caucasus to ensure access to Caspian oil and gas, develop transport and communication corridors between Europe and Asia, and contain such threats as smuggling, trafficking and environmental degradation. Russia and the U.S. have their own interests in the region, which at times coincide with and at times rival the EU’s.

Throughout the 1990s the EU applied the same approach to the South Caucasus as to other former Soviet countries. It signed Partnership and Cooperation Agreements (PCA) with all three countries in 1996, brought them into force in 1999 and implemented Technical Assistance to the Commonwealth of Independent States (TACIS) programs to support them. The Commission drafted Country Strategy Papers (CSP) for the period 2002-2006, which were adopted in 2001, and called on Armenia, Azerbaijan and Georgia to engage in greater regional cooperation. Yet, the unresolved conflicts continued to block regional progress as well as implementation of the PCAs.

By 2001 it became evident that the conflicts would have to be addressed as part of the PCA process. In February the EU declared its intention to play a more active political role in the South Caucasus and to look for ways to support conflict prevention and resolution. The foreign ministers of all three South Caucasus countries welcomed increased involvement in a joint communiqué. In July 2003 the Council appointed an EU Special Representative (EUSR) for the South Caucasus: Finnish Ambassador Heikki Talvitie.

3 Through the new Baku-Tbilisi-Ceyhan and the Baku-Tbilisi-Erzurum oil and gas pipelines.
5 For example, the 79-page PCA is mostly economic and technical. Its objectives include: political dialogue, trade, business and investment issues, economic cooperation and intellectual property questions. It created three institutions: a Cooperation Council (meets once a year at a ministerial level), a Cooperation Committee (meets more regularly at a level of officials), and a Parliamentary Cooperation Committee with the European Parliament (meets annually).
6 A revised Georgia CSP 2003-2006 was adopted in 2003, more comprehensive and ambitious than the Armenia and Azerbaijan CSPs. The revision was done outside the regular cycle of program reviews because of the difficult security situation. Priority areas for cooperation were defined as rule of law and good governance; human rights and poverty reduction; and conflict prevention, resolution and post-conflict rehabilitation. European Commission, “Country Strategy Paper 2003-2006”, and TACIS, “National Indicative Program 2004-2006, Georgia”, adopted 23 September 2003, pp.21-23.
9 The first EU Special Representative for the South Caucasus, Finnish diplomat Heikki Talvitie, was appointed on 7 July 2003.
Even as these steps were being taken, the regional countries were excluded from the European Neighbourhood Policy (ENP) the EU announced in early 2003. It was not until after the European Security Strategy had been adopted in December 2003 that the Commission changed its mind and recommended that Armenia, Azerbaijan and Georgia take part. They were offered inclusion in the ENP in June 2004, and in September 2004 the then-President of the European Commission, Romano Prodi, paid a ground-breaking visit. The Commission published country reports for Armenia, Azerbaijan and Georgia in March 2005, and individual Action Plans should be completed during the first half of 2006.

The evolution of EU thinking occurred as Brussels was engaged in a broader process of reflection on foreign and security policies and conflict-mediation capabilities. With the launching of European Security and Defence Policy (ESDP) missions, it has also become a security actor. One of the early ESDP efforts – the first in the former Soviet Union – was the rule of law mission to Georgia in 2004, a clear example of the EU’s soft power approach with its focus on the justice process, including policing, and civilian administration.

The collapse of the European Constitutional Treaty project in 2005 has damaged the EU’s image in the South Caucasus. Regional elites know that EU membership is at very best a distant prospect. Without the reforms envisaged in the Constitution draft, the Common Foreign and Security Policy (CFSP) is not regarded as strong enough to be a serious political force on the ground. The real or perceived lack of political solidarity and convergence of EU member states’ interests clearly dampens the EU’s effectiveness. This report discusses the conflict resolution role of individual member states but of the EU as a supranational body. In a less than perfect Europe, what capabilities does the EU have, and how might they be strengthened to impact conflict resolution in Nagorno-Karabakh, Abkhazia and South Ossetia?

The EU is trying to define its role in a new neighbourhood which is neither at war nor at peace. So far the UN and the OSCE have taken the lead in promoting conflict settlement, yet more than a decade of negotiations led by the UN in Abkhazia, and the OSCE in Nagorno-Karabakh and South Ossetia, have failed to produce negotiated settlements. Ceasfires have been signed but gunfire is still exchanged, especially on the Nagorno-Karabakh ceasefire line, where there are dozens of fatalities each year. The EU, generally more comfortable with a post-conflict rehabilitation and peace building role, has been wary of becoming directly involved in conflict resolution. Yet, it can offer added value to the efforts of the UN and OSCE. It has at its disposal political and economic instruments to provide incentives and apply conditionality on conflicting parties if it chooses to become more directly involved in ongoing negotiations. Though it is also working with Armenia, Azerbaijan and Georgia to address security threats not directly related to the unresolved conflicts, this report focuses on the EU activities relating to the conflict zones, where the potential for a resumption of war is real.

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11 It stated: “It is not in our interest that enlargement should create new dividing lines in Europe. We need to extend the benefits of economic and political cooperation to our neighbours in the East while tackling political problems there. We should now take a stronger and more active interest in the problems of the South Caucasus which will in due course also be a neighbouring region”. European Council, “A Secure Europe in a Better World: European Security Strategy”, Brussels, 12 December 2003, p.8.
14 The Agreement on Ceasefire and Separation of Forces was signed by Georgian and Abkhaz officials in Moscow in May 1994; the Sochi Agreement was signed by Presidents Shevardnadze and Yeltsin in June 1992, establishing a ceasefire in South Ossetia; a ceasefire was signed by Armenia, Azerbaijan and Nagorno-Karabakh parties in May 1994.
15 Including the fight against trafficking and illegal migration, terrorism, environmental degradation, etc.
II. INTO THE NEW NEIGHBOURHOOD

The ENP into which Armenia, Azerbaijan and Georgia were invited is an expression of the EU’s intention to become a fuller policy actor with a better-developed foreign policy toolbox. It is the EU’s response to countries that have membership aspirations but are unlikely to begin accession talks soon, a means for it “to offer more than partnership and less than membership without precluding the latter”.17 By offering neighbouring countries “privileged relations” founded on “common interests and common values”, the EU seeks to enable its neighbours to “be active stakeholders in the EU’s policies”.18 With the ENP, it is testing its ability to apply aid conditionality effectively with partner countries not offered the carrot of membership.

The ENP may come as a disappointment to a growing number of South Caucasus citizens who aspire to EU citizenship. A recent survey in Georgia found that over 80 per cent of the population want their country to join the Union.19 Aspiration to EU and NATO membership is the flip side of Georgia’s desire to end its dependency on Russia.20 Polls in Armenia show similar percentages supporting EU membership, and citing “high living standards, political freedom, reduced corruption” as benefits.21 Azerbaijanis, too, are keen on membership.22

Membership remains attractive despite the fact that the EU suffers from a credibility gap and lacks high visibility.23 Even in Georgia – arguably the most pro-EU country in the region – only 18 per cent feel they have sufficient information about the Union to make an informed decision about whether their country should join.24 European integration is an elite-driven process in which civil society barely participates. There has been little public debate in the South Caucasus on the pros and cons, and public sense of responsibility to move rapprochement forward is weak.25 People often confuse the EU with the Council of Europe.26 Much work is needed to increase public awareness of EU institutions, instruments and values.27 As one local expert explained, EU integration is considered yet another policy designed outside the region and largely imposed from above.28 To counter this perception, Brussels and local governments urgently need to engage with society.

Decision-makers in Baku and Tbilisi are increasingly sceptical about their chances for membership, and their interest in strengthening ties to Brussels is beginning to cool. Aspirations to EU membership remain highest in Georgia, where the government wants to begin Association Agreement (AA) negotiations after a three-year ENP Action Plan (Brussels is insisting on a five-year plan).29 However, Georgia also considers NATO

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17 Romano Prodi, “A Wider Europe: A proximity policy as the key to stability”, speech to the Sixth ECSA-World Conference, Brussels, 5-6 December, 2002. p.3.
20 The polls show that 41 per cent of respondents expect security guarantees from EU membership. Other expectations include restoration of territorial integrity (39 per cent), financial support (37 per cent), social welfare (33 per cent) and stronger democracy (21 per cent). “Georgian National Voter Study”, op. cit.
21 A poll conducted by the Armenian Sociological Association in 2005 shows that 81% of the Armenian population is in favour of European Union accession, while only 6.4% is against, Davit Melikyan, The Path Leading to the European Union: the Society’s Expectations Two Years Later, Armenian Trends 2005, Quarter 2, AEPLAC, p.41. See also Polls Show Pro-Western Shift in Armenian Public Opinion http://www.eurasianet.org/departments/insight/articles/eav011105.shtml.
22 Based on Crisis Group interviews and anecdotal evidence; no systematic public opinion survey has been done.
23 In his 2004 trip to Baku President of the Commission Romano Prodi supported this view stating, “the Union has not always achieved the right level of what we call “visibility” – that is, impact on public perception.” At: http://europa.eu.int/comm/external_relations/news/prodi/sp04_406.htm.
24 “Georgian National Voter Study”, op. cit.
25 Crisis Group was repeatedly told by those interviewed that the EU will decide whether or not it wants their country to integrate, not vice-versa. Thus, they feel little sense of responsibility or need to participate in the process.
membership a short-term target. An NGO activist explained: “Membership in NATO is the priority; membership in the EU is only considered to be a remote possibility”. Armenia aspires for EU membership, though a senior foreign ministry official said, “we understand that political conditions should be ripe, and we don’t artificially push that agenda ahead”. In Azerbaijan, elites express public commitment to EU integration and argue that their country is firmly part of “political Europe” but a senior member of the presidential administration noted that faith in the EU had decreased in the past decade.

A. FROM PCAS TO ACTION PLANS

Due to funding constraints and the political challenges of working on Armenia from Azerbaijan and vice versa, the EU in 1998 chose Tbilisi as the most practical location for its first Delegation of the European Commission in the region. A Delegation Branch Office opened in Yerevan in November 1999. Azerbaijani authorities did not want a similar facility in Baku, so a Europa House was set up in 2002. A Brussels-based Commission envoy was appointed in 1998. The Commission plans to open a full-fledged Delegation in Baku in 2007.

The EU is a significant trading partner, particularly for Armenia and Azerbaijan. Over half of Azerbaijan’s trade is with the EU: in 2004, 33 per cent of its exports and 66 per cent of its imports were with member states, and it is the Union’s largest trading associate in the Caucasus.

The EU also became Armenia’s most important trade partner in the European Communities was set up in 1994, the Azerbaijani mission in 1995 and the Georgian mission in 1993.


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partner in 2005.\textsuperscript{45} In contrast, Georgia continues to trade mainly with CIS countries. In 2005 only 19.6 per cent of its exports went to the EU, while imports amounted to 27 per cent.\textsuperscript{46}

1. The EU as a financial actor

Since the start of its involvement with the South Caucasus, the EU has primarily been an aid provider rather than a political actor. Initially Brussels entered the region by responding to humanitarian crises in Armenia, Azerbaijan and Georgia largely caused by the Abkhazian, South Ossetian and Nagorno-Karabakh conflicts. Between 1992 and 2004, humanitarian assistance provided by ECHO (European Commission Humanitarian Office) and food aid through the Food Security Program (FSP) totalled €168 million in Georgia,\textsuperscript{47} €160 million in Azerbaijan\textsuperscript{48} and €171 million in Armenia.\textsuperscript{49} Unlike its two neighbours, Georgia continues to receive ECHO help.\textsuperscript{50}

The EU also has provided non-humanitarian financial and technical assistance to the three countries, primarily through the TACIS program. Since 1999 EU funds have mainly gone to support PCA implementation. The TACIS National Indicative Programs (NIP) 2004-2005 prioritised support for institutional, legal and administrative reform and addressing the social consequences of transition and economic development.\textsuperscript{51} Between 1992 and 2004 TACIS national allocations were €111 million in Georgia,\textsuperscript{52} €123 million in Azerbaijan\textsuperscript{53} and €99 million in Armenia.\textsuperscript{54} Funds from the European Agriculture Guarantee and Guidance Fund (EAGGF) in 1992-2004 totalled €62 million in Georgia,\textsuperscript{55} €65 million in Azerbaijan\textsuperscript{46} and €50 million in Armenia.\textsuperscript{57} The three countries will continue to benefit from TACIS financial and technical assistance until 2007. Though EU member states have also assisted the South Caucasus countries on a bilateral basis, the totals are dwarfed by U.S. disbursements.\textsuperscript{58}

After the 2003 Rose Revolution, EU’s financial allocations to Georgia increased dramatically. Previously, aid was provided fairly equally to the three countries. Impressed by the reformist rhetoric of President Saakashvili’s new administration, the EU agreed to early support.\textsuperscript{59} The Council made three statements within three months in 2003-2004 expressing firm political support for stability and reform in Georgia.\textsuperscript{60} The Commission took the lead in organising a June 2004 donors conference during which pledges of nearly $1 billion\textsuperscript{61} were made.\textsuperscript{62} On 2 July 2004 the Commission made available €4.65 million under its Rapid Reaction Mechanism (RRM) for measures to

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\textsuperscript{45} In 2005, 46 per cent of Armenian exports and 33.9 per cent of Armenian imports were with the EU. Artashes Shabayoyan, “The Macroeconomic Situation in Armenia: January-March 2005”, Armenian Trends 2005, Quarter 2, Armenian-European Policy and Legal Advice Centre, p. 16.


\textsuperscript{47} Commission Staff Working Paper, op. cit., p.8.

\textsuperscript{48} Information provided by the Europa House Information Point, Baku, February 2006.


\textsuperscript{50} The Commission ended its support to IDPs in Azerbaijan in 2000. In 2007, it may launch another humanitarian program for refugees and asylum seekers, including those from Chechnya. Information provided by the Europa House Information Point, Baku January 2006.


\textsuperscript{52} Commission Staff Working Paper, op. cit., p. 8.

\textsuperscript{53} Information provided by the Europa House Information Point, Baku, February 2006.


\textsuperscript{55} Commission Staff Working Paper, op. cit., p.8.

\textsuperscript{56} Information provided by the Europa House Information Point, Baku, February 2006.

\textsuperscript{57} EU’s Relations with Armenia, “Country Profile: Armenia”, at: http://europa.eu.int/comm/external_relations/armenia/intro/.


\textsuperscript{61} Figures denoted in dollars ($) in this report refer to U.S. dollars.

reinforce the rule of law and democratic processes. and at the request of Georgian authorities the Council launched the ESDP rule of law mission to help address urgent challenges in the criminal justice system. The new EU projects were partly conflict prevention measures – efforts to solidify the revolution’s foundations and combat risks of destabilisation. They also complemented existing TACIS programs supporting institutional, legal and administrative reforms.

2. The EU aspirations of the South Caucasus states

The EU has not played the same proactive role in Armenia and Azerbaijan as in Georgia through funding, programs, and political statements. The TACIS National Indicative Programs (NIPs) for the two countries, 2004-2006, prioritise support for institutional, legal and administrative reform and addressing the social consequences of transition and economic development. For some reason, projects in the politically sensitive fields of judiciary and law enforcement reform, civil society development and human rights were not defined as areas of cooperation. The Nagorno-Karabakh conflict was at least mentioned: the Azerbaijani NIP stated that the “EU accords very high priority to measures which can both a) underpin a peace settlement b) and prepare Azerbaijan to derive maximum benefit from the ending of the conflict”. The Armenian NIP provided that “the EU/EC shall…continue to follow closely…developments on the peace process…including with a view to support efforts to resolve the conflict as well as in post-conflict rehabilitation. Support to key infrastructure sectors, especially in the energy and transport sectors…. De-mining actions will also form an element of reconstruction programs in order to ensure restoration of normal living and working conditions”. However, no programs to meet these goals have yet been implemented.

Even though the EU has been much more directly engaged in Georgia, Tbilisi remains a demandeur with high expectations that it can provide more substantial, immediate and politically orientated support. Often these expectations exceed what Brussels is willing to do, and President Saakashvili has publicly and privately shown dissatisfaction. He reportedly expressed this bluntly to the visiting EU Troika in Tbilisi in October 2005. Georgian officials complain that the EU’s

63 http://europa.eu.int/comm/external_relations/georgia/intro/ip_04_846.htm. Funds were allocated to projects in four areas: penitentiary and probation service reform, organisational reform of the ministry of justice and other public institutions, parliamentary and electoral reform, and confidence building among population groups affected by conflict.


65 The EU supported has democratisation and human rights in Georgia since the early 1990s. This has not been so in Armenia and Azerbaijan. NGOs from all three countries can, nevertheless, apply for European Initiative for Democracy and Human Rights (EIDHR) funds.


70 The EU did however fund five rehabilitation programs in 1996-2000 to improve living conditions for IDPs returning to parts of Fizuli and Agdam. Phase V was only completed in September 2004. For more, see http://www.europahouse-az.org/.

71 For more on Georgian-EU cooperation especially in the security field, see Damien Helly and Giorgi Gogia, “Georgian Security and the Role of the West”, in Coppieters and Legovold, op. cit., pp.271-305.


73 Crisis Group interview, Georgian government official, Tbilisi, December 2005. The “Troika” represents the EU in external relations. At its highest level, it is led by the head of government of the country holding the Presidency of the Council with the Council’s High Representative for CFSP and the Commissioner for External Relations. On occasion, representatives of the next Presidency will join the Troika as well as the President of the Commission. An EU Troika can also be at a ministerial level.
approach is outdated, as it continues to provide technical experts, sending highly paid European consultants who provide no added value in addressing hard or soft security problems. Brussels officials meanwhile express frustration that Georgian authorities, particularly at the mid-level and below, lack the capacity and commitment to engage in systematic, technical and coordinated work on reforms.74

Azerbaijani decision-makers generally seek to be valued as not only consumers but also contributors to European security – especially its energy security. Brussels is similarly keen on energy cooperation.75 Azerbaijan sees European integration as part of its broader regional agenda based on oil and gas resource extraction and distribution. This is likely to become more evident as Turkey approaches EU membership.76 A growing self-confidence based on high expectations of oil wealth encourages some elites to wonder, “if we have oil, do we still need Europe?”77 Yet some working within government and non-governmental structures expressed concern to Crisis Group that their country may be losing an historic opportunity to move closer to Europe along with its South Caucasus neighbours and risks drifting towards a Central Asian-type relationship with Brussels instead.78 Civil society activists suggested that the government’s less than eager approach to the EU may be linked to its reluctance to take on more human rights and democratisation commitments.79

Armenia is keen but pragmatic about EU integration. It is mainly interested in the EU to help it transform and modernise its institutions and enhance economic cooperation and trade both with Europe and its own region. It also sees the EU as a way to break out of its regional isolation. Armenia is less ambitious than Georgia about cooperating on security and conflict-related issues but believes that through implementing institutional approximation it will move faster on integration.80 In January 2006 it drafted a National Program, containing a reform package that aims to complete approximation of Armenian legislation with European standards and bring it into compliance with the EU’s acquis communautaire.81 EU officials compliment Armenian authorities and experts for their professionalism and diligence and consider them less politically motivated than their Georgian counterparts.82

B. ACTION PLANS AND REGIONAL COOPERATION

By including the countries of the South Caucasus in the ENP, Brussels expressed a willingness to reinforce its ties with them.83 The objective of the ENP is to:

share the benefits of the EU’s 2004 enlargement with neighbouring countries in strengthening stability, security and well being for all concerned. It is designed to prevent the emergence of new dividing lines between the enlarged EU and its neighbours and to offer them the chance to participate in various EU activities, through greater political, security, economic and cultural cooperation.84

Action Plans are the primary tools to accomplish this.85 They are supposedly based on the principle of

74 Crisis Group interviews, staff, EC Delegation to Georgia and Armenia, Tbilisi, December 2005 and January 2006.
75 In Baku on 16 February 2006, Commissioner Ferrero-Waldner stressed in a speech that the “EU attaches great importance to the energy cooperation with Azerbaijan and is interested in the rapid construction of gas and oil pipelines from Azerbaijan”. “EU Commissioner: EU interested in energy co-op with Azerbaijan”, TURAN Agency, 16 February 2006.
76 Rza Ibadov, Azerbaijan and the European Union Neighbourhood Policy: Building a Privileged Relationship (London, 2005), p. 27. Several Azerbaijani researchers argued Azerbaijan would be easier to integrate into Europe because it had a more Euro-american political culture and smaller population than Turkey. Crisis Group interviews, Baku, January 2006.
77 Crisis Group interviews, local and international informants, Baku, February 2006.
78 Crisis Group interviews, Azerbaijan government official and NGOs, Baku, February 2006.
79 Crisis Group interview, director of the Institute of Peace and Democracy, Baku, February 2006.
80 Institutional approximation means harmonization of local institutions with EU standards.
81 The National Plan is being finalised. Crisis Group interview, government official, January 2006.
85 Action Plans, however, are not legal agreements: the PCAs remain the key frameworks defining bilateral relations.
“differentiation” – tailored to take account of an individual country’s needs and capacities, as well as its existing relations with and interest in the EU. In 2005-2006 Armenia, Azerbaijan, and Georgia entered dialogues with the EU to prepare country-specific, cross-pillar Action Plans, which are aimed at building mutual commitment to common values and provide a point of reference for future programming, especially under the new European Neighbourhood and Partnership Instrument (ENPI). The EU has pledged that successful fulfilment of the Action Plan can lead to further development of bilateral relations, including new contractual links in the form of European Neighbourhood Agreements.

For the EU, the Action Plans are a chance to enhance and reposition itself in the South Caucasus. For the countries of the South Caucasus, according to one EU member state ambassador, they are an opportunity to define a “comprehensive roadmap for reform”. But each of the three South Caucasus governments has a different understanding. Tbilisi is the most ambitious in its Action Plan aspirations, Baku the least interested. In reality, the plans risk becoming long-winded technical documents which do little to strengthen genuine political ties. To avoid this, they should be kept succinct and concrete, with limited and realistic priorities. Allocation of ENP benefits should be linked to the fulfilment of commitments with clear benchmarks.

The potential of Action Plans to promote conflict resolution has not been fully exploited. According to the original strategy, the ENP was to “reinforce stability and security and contribute to efforts at conflict resolution” and to strengthen “the EU’s contribution to promoting the settlement of regional conflicts”. However, a brief review of the existing seven shows that conflict resolution has largely fallen by the wayside, just one of many priorities under “political dialogue and reform”. The focus is on trade relations and economic and political change. An exception is the Moldova plan in which a viable solution to the Transdniestria conflict is defined as a key priority and seven steps are elaborated.

In the Armenia, Azerbaijan and Georgia ENP Country Reports, there are only vague references to conflict, mere mentions that dialogue with the EU “builds upon the shared commitment to promote international peace and security as well as the peaceful settlement of disputes”. In its 2005 recommendations for Armenia, Azerbaijan and Georgia, the Commission restricted its commitment to conflict resolution, stating Action Plans should offer “further support for economic rehabilitation of the conflict zones in the context of conflict settlement”.

Action Plan drafting and negotiation started in 2005 and is expected to terminate in mid-2006. Georgia and Armenia first presented “framework proposals” for their plans to Brussels in June 2005. After a delay due to an unrelated

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87 By end 2005, ENP Action Plans had been formally adopted with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine. Negotiations were ongoing with Egypt and Lebanon as well as Armenia, Azerbaijan and Georgia. The seven existing Action Plans mostly focus on political dialogue and reform; economic and social development; regulatory and trade-related issues; justice and home affairs; sectorial issues; and people-to-people contacts. The Maastricht Treaty 1992 established three pillars, forming the basic structure of the EU: the Community dimension, covering economic, social and environmental policies (first pillar); the common foreign and security policy (second pillar); and police and judicial cooperation in criminal matters (third pillar). The Treaty of Amsterdam transferred policies related to the free movement of persons from the third to the first pillar.


89 Content and scope still has to be defined. European Commission, “European Neighbourhood Policy”, op. cit., pp.3-4.

90 Crisis Group interview, EU member state diplomat, Tbilisi, January 2006.


95 European Commission, “European Neighbourhood Policy: Recommendations for Armenia, Azerbaijan, Georgia and for Egypt and Lebanon”, Communication to the Council, COM (2005), 72 final, Brussels, 2 March 2005. This restricted contribution to conflict resolution is at least partially to be explained by the fact that the Commission generally focuses on economic rehabilitation projects while more “hard-power” and political crisis management is the prerogative of the Council.

96 Azerbaijan did not submit a “framework proposal”. It received a draft Action Plan prepared by the Commission in August 2005 and commented in October and November. Crisis Group interview, Commission official, Brussels, March 2006.
dispute between Azerbaijan and Cyprus, the EU held consultations with all three. The Commission prepared draft Action Plans which were considered in a first round of consultations on 28 November in Yerevan, 29-30 November in Tbilisi, 16 December in Baku. Political dialogue meetings in Brussels on 13 December were also held. Thereafter the three countries sent new comments to the Commission, which were responded to and discussed by the Directorate General for External Relations (DG Relex), in negotiations on 6-8 March 2006. An EC spokesperson noted that the talks were successful and they hoped to conclude consultations in the next round of negotiations in second half of May. While the Armenian delegation claims that it agreed on virtually the entire document with the Commission, Georgian sources expressed frustration that the EU was unwilling to incorporate more conflict resolution commitments in the text. Baku’s main obstacle to finalizing the talks remains the spat with Cyprus. Ultimately, after approval by the member states, the respective Partnership and Cooperation Councils are expected to endorse the Action Plans during the Finnish Presidency in the second half of 2006.

1. Conflict resolution and the Action Plans

Tbilisi wants the “peaceful resolution of internal conflicts” to be the first priority in its Action Plan. Detailed measures to increase “cooperation for the settlement of Georgia’s internal conflicts” are elaborated upon in the draft “Elements for Inclusion”, proposed to Brussels in December 2005, since Tbilisi considers integration into Europe a key factor for resolving its conflicts. Georgia is lobbying for a pledge that cooperation with the EU will be based on respect of the “sovereignty and territorial integrity of Georgia within its internationally recognised borders”. It seeks EU support for implementing the Georgian “peace plan for settlement of the conflict in South Ossetia”, including assistance in demilitarisation, confidence building, and economic development, and would like the Action Plan to include more instruments from the ESDP toolbox to promote regional stability and crisis management. Georgia is appreciative of the economic rehabilitation assistance the EU provides in the South Ossetia and Abkhazia conflict zones, but clearly feels that this kind of help should be supplemented by greater political and military security-related engagement.

Georgia would like the Action Plan to be a “friendship treaty”, in which the EU commits to political and security commitments – especially vis-à-vis Russia. It seeks direct EU political participation in the settlement of the South Ossetian and Abkhaz conflicts, which it considers to be unresolved primarily because of Russian meddling, and believes the EU “can have a positive influence on Russia

97 The private Azerbaijani Imair airlines flew a commercial flight between Baku and northern Cyprus on 27 July 2005. Cyprus considered this an infringement of its national sovereignty and reacted harshly towards Azerbaijan. At Cypriot urging, the EU suspended Azerbaijan’s Cooperation Committee meeting in fall 2005. Consequently the Armenian and Georgian Cooperation Committee meetings were also delayed, as Brussels maintained a regional approach to Action Plan preparation. Azerbaijan now considers the “Cyprus issue” closed. However, it has not been fully resolved according to Cyprus, and several EU member state diplomats expressed concern to Crisis Group that it might reappear when the Azerbaijan Action Plan has to be approved by member states. Cyprus has asked that Baku put in writing a pledge to have no more flights (Crisis Group interview, Cypriot diplomat, Brussels, March 2006). For more, see “Azeris give support to Turkish Cyprus,” Associated Press, 1 July 2005 and Rufat Abbasov, “Azerbaijan Embraces Northern Cyprus”, Institute for War and Peace Reporting (IWPR), 27 July 2005.


99 Crisis Group interview, high level official, ministry of foreign affairs, Yerevan, March 2006.

100 Crisis Group interview, official, ministry of foreign affairs, Tbilisi, March 2006.


102 From 1 July to 31 December 2006. Crisis Group interview, EU member state diplomat, Brussels, February 2006.

103 “Elements for Inclusion in an EU/Georgia ENP Action Plan”, amended draft 20 December 2005, p.3. In earlier versions, peaceful resolution of the conflicts was not identified as a primary priority, though it was included. Crisis Group interview, former official, Georgian ministry of foreign affairs, Tbilisi, December 2005.

104 Addressing the European Parliament’s Foreign Affairs Committee in Brussels, Foreign Minister Gela Bezhuashvili explained, “the most serious impediment for the consolidation of democracy and economic development in Georgia has been internal so-called ‘frozen conflicts’ in Abkhazia and South Ossetia. [The] existence of conflicts poses a major threat to the security and development of not only Georgia, but is detrimental to democracy, security, and stability in the South Caucasus region as a whole.” Ahto Lobjakas, “Georgia lobbies for EU backing in standoffs with Russia”, RFE/RL Caucasus Report, 27 January 2006.

105 As proposed in the “Elements for Inclusion in an EU/Georgia ENP Action Plan”, amended draft, 20 December 2005. For more, see Section IV below.

106 See Section III below.

107 Crisis Group interview, official, Office of the State Minister of Georgia on European and Euro-Atlantic Integration, Tbilisi, December 2005.
to make its role more constructive”. It calls on the Union to intensify its participation in existing negotiation forums and assist in creating new mechanisms, since it believes such an enhanced EU presence would serve as a counterweight to Moscow. Tbilisi insists that the EU include the restoration of Georgia’s territorial integrity and the resolution of its internal conflicts on the EU-Russia cooperation agenda.

By demanding that the EU intervene on its side in disputes with Russia, Georgia is trying to get EU member states to formulate a common foreign policy vis-à-vis Moscow. Some European diplomats in Tbilisi doubt, however, that the EU is in a position to influence Russia on the South Caucasus and note that Russia is a more important strategic partner for most member states than Georgia.

Others consider that the generally pro-Tbilisi “Statement on Georgia” signed by all participants at the OSCE Ministerial Council in Ljubljana in December 2005 is an example of a successful lobbying effort coordinated by


110 Crisis Group interview, official, Office of the State Minister of Georgia on European and Euro-Atlantic Integration, Tbilisi, December 2005. The EU is not a formal participant in any of the regions’ conflict resolution mechanisms. Abkhazia negotiations are within the framework of the “Geneva Peace Process” chaired by the UN, with Russia facilitation. The OSCE and the Group of Friends of the UN Secretary General, including Germany, France, the UK, U.S., and Russia, have observer status. Negotiations for settlement of the Georgian-South Ossetian conflict are facilitated by the OSCE in the Joint Control Commission, including Georgian, South and North Ossetian, and Russian representatives. The EU Commission is an informal observer. The OSCE Minsk Group co-chairs (Russia, U.S., France) lead negotiations on Nagorno-Karabakh without EU participation.


112 Thus they are unlikely to push Moscow hard. Crisis Group interviews, member state diplomats, Tbilisi, December-January 2005.

113 The EU and Russia are working on developing a Common Space of Cooperation in the Field of External Security, in which they have agreed to “strengthen EU-Russia dialogue on matters of practical cooperation on crisis management in order to prepare the ground for joint initiatives...in the settlement of regional conflicts”. This provides a basis for the EU at least to engage with Russia on conflict issues in the South Caucasus.

Georgia may be aiming too high. Its focus on conflict resolution is considered overly ambitious by some member states. As one diplomat from a Tbilisi-based EU member state embassy told Crisis Group, “conflict resolution in the Action Plan is more a Georgian-wanted issue than an EU one. We had other priorities...” An analyst pointed out: “The nature of EU efforts depends on the willingness of the conflicting parties to discuss the issue with the EU, and willingness to understand the reasons driving the EU desire for greater engagement in conflict settlement”. Though Tbilisi is keen on greater EU engagement, it may not have understood how reluctant Brussels is to take on a greater role with regard to conflict resolution – especially with regard to Russia – until it is convinced that its involvement will promote stability.

While the Action Plans should clearly address conflict challenges, the EU would prefer them to be general documents defining the direction for successful political and economic reform. Member states argue that Georgia should take advantage of the EU’s assistance to draw up and implement a roadmap for genuine reform. In this the EU could provide added value based on its experience in


115 The EU and Russia meet in a wide variety of forums. Once a month the Russian ambassador to the EU attends a PSC meeting; once a quarter there are meetings of foreign ministers, two or three times a year meetings at political director level, every six months summits and a wide range of regional and thematic working groups. According to a EU member state diplomat who regularly attends these meetings, the South Caucasus are often on the agenda but also frequently are not discussed because of other more pressing issues. Crisis Group interviews, Brussels, February 2006.

116 Crisis Group interviews, EU member state diplomats, Tbilisi and Brussels, January-February 2006.

Central and Eastern Europe. In its Action Plan drafts, Brussels has proposed a softer approach to conflict resolution, pledging to assist in “enhanced efforts at confidence building” and to provide further economic assistance if there is progress on the disputes. It is mainly interested in supporting current UN and OSCE negotiation efforts and formats and believes its main contribution to conflict resolution should be assisting Georgia create a state based on European values and standards, which ultimately could be more attractive to South Ossetia and Abkhazia than independence or closer integration with Russia.

Neither Armenia nor Azerbaijan seeks the same kind of EU foreign and security policy assistance with regard to their dealings with Russia. Armenia sees the EU as an increasingly important partner that can play a role in its foreign policy based on “complementarity” but it aims to maintain separate and similar relations also with Russia, the U.S. and Iran. Similarly, Azerbaijan sees little to be gained from playing Brussels and Moscow off each other. Azerbaijani analysts understand their country’s foreign policy as one that is balanced between the EU, Russia and the U.S., since relations with both Washington and Moscow are vital to regional as well as national political and economic development.

To some degree like Georgia, Armenia initially used its June 2005 “Framework proposal for its Action Plan” to ask that the EU help address some of the consequences of the Nagorno-Karabakh conflict. It called for assistance in “maintaining and strengthening the regime of ceasefire” in the zone of the conflict and “to work towards exclusively peaceful conflict settlement taking into account the right of people of Nagorno-Karabakh to self-determination”. It also suggested that the EU encourage regional cooperation and “put an end to the transport blockade” of the country. In subsequent phases of the negotiations Armenia dropped these recommendations, as the EU seemed unwilling to incorporate them. Armenia has requested the EU to refrain from funding any regional projects that increase its isolation and has generally found a sympathetic ear when promoting the virtues of regional cooperation. It also seeks political support to help resolve its conflicts with Turkey, looking to Brussels to encourage Ankara to open the borders with Armenia, normalise relations and play a constructive role on Nagorno-Karabakh.

Azerbaijan has not been as aggressive in trying to shape the Action Plan to its conflict resolution needs. It did not insist that Nagorno-Karabakh resolution be a top priority or call on the EU to assist in finding a solution that respects its sovereignty and territorial integrity within its internationally recognised borders, though it may be urging Brussels to keep withdrawal of Nagorno-Karabakh forces backed by Yerevan high on the EU-Armenia agenda. For more than a decade, however, it has been disappointed by EU unwillingness to declare clearly that Armenia occupies Azerbaijani territory.

The early 2006 versions of the Action Plan drafts would not strengthen the EU’s role in supporting resolution of the Nagorno-Karabakh conflict or commit the parties to reach a negotiated settlement. In drafting them, the

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119 Crisis Group interview, EU member state diplomat, Tbilisi, January 2006.
121 Georgian authorities pay lip service to this. “Every assistance rendered in the consolidation of democracy in Georgia is by definition an investment in the peaceful resolution of the conflicts”, Prime Minister Nogaideli, letter to Solana, 18 January 2006.
122 Armenia describes “complementarity” as one of the basic principles of its foreign policy, see for instance http://www.armeniaforeignministry.com/speeches/000928vo_raffl_center.html.
123 Crisis Group interview, head of Department of International Relations, Qafqaz University, Baku, January 2006.
125 Ibid.
127 Framework Proposal for ENP Armenia Action Plan, op. cit., requested “EU assistance in reopening Kars-Gyumri railway”.
129 Crisis Group interview, EU member state diplomat, Baku, February, 2006.
131 Azərbaycanlar silver problem in the conflict because such a statement would not promote successful negotiations and could impede the settlement process. “Heikki Talvitie: EU to prepare report on South Caucasus countries”, AzerNews, 11 November 2004.
132 When the two countries joined the Council of Europe, they committed to peaceful means to settle the conflict, and to refrain from any threat of force. At the same time Armenia
Commission wanted to get Baku and Yerevan to agree to the same text, so the result is the lowest common denominator. Only four specific actions are intended to “contribute to the peaceful solution of the conflict”: increased diplomatic efforts; continued support for a peaceful solution; and increased support for the OSCE Minsk Group negotiation process; and likewise for people-to-people contacts. Other sections of the drafts refer to promoting sustained efforts for peace, de-mining, aid for internally displaced persons (IDPs) and refugees, and promoting the active involvement of civil society, but the language is even weaker than in the draft offered to Georgia.

Unlike Georgia, Armenia largely accepted Brussels’ suggestions for the conflict resolution section of the Action Plan in the first round of negotiations. A senior foreign ministry official said it agreed to the approach that “democratic reforms, strengthening institutional capacities, reconstruction of economies and building strong civil societies are conducive to conflict resolution”, while strongly rejecting the idea that implementation of the Action Plan could be made conditional on progress in conflict resolution. Armenian officials argue that the EU would more likely alienate the parties rather than encourage partnership if it talked about conditionality, indeed that imposing conditionality would in effect make Brussels an arbitrator between the parties to the Nagorno-Karabakh conflict when it is not even part of the official OSCE Minsk group negotiation process. Instead, Armenia is keen to see EU assistance enhance regional cooperation initiatives in a variety of fields, including the development of transport corridors.

committed itself to using its considerable influence over Nagorno-Karabakh to foster a solution. The WEU has also called on the EU publicly to discourage the countries of the region from an arms race. Assembly of the Western European Union, Report, “Stability and Security in the South Caucasus”, 30 November 2004, p.5. 133 Draft Elements for Inclusion in an EU/Armenia ENP Action Plan”, 28 December 2005, and “Draft Elements for Inclusion in an EU/Azerbaijan ENP Action Plan”, 23 February 2006. In the Azerbaijani draft these actions are highlighted, meaning they remain under discussion. The Armenian Action Plan points have been agreed.

On the Commission’s insistence, the three country Action Plan drafts set strengthening of democracy, human rights protection, and rule of law, including constitutional reform to provide for genuine separation of powers, as key priorities.136 The Commission emphasises judicial and law enforcement reforms as well as capacity building and gives prominence also to continued electoral reform on the basis of recommendations by the Council of Europe’s Venice Commission and OSCE.137 Azerbaijan and Georgia are asked to ratify and implement the Optional Protocol of the UN Convention against Torture and Armenia to further reform its prison system. There is some differentiation in the drafts, however. Armenia is urged to secure independence of the media, freedom of assembly and the right to property, while Georgia is encouraged to implement democratic local elections, finalise and implement a local government reform strategy and complete transformation of the state television into a public service broadcaster. Azerbaijan is requested to implement better its Law on Freedom of Information, develop an independent public broadcasting service, and streamline cumbersome NGO registration procedures.

The three draft Action Plans also prioritise “enhancement in the field of Justice, Freedom and Security”, including border management.139 Georgia in particular wants cooperation on justice, freedom and security – by which it means strengthening border and migration management.140 While it sought a specific reference to reached its ultimate goal of building a transport corridor linking the South Caucasus and Central Asian countries.

2. Human rights and democratisation as a means to promote conflict resolution

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organised crime and terrorism from the “black holes” (i.e., South Ossetia and Abkhazia), Brussels suggested instead that it ratify and implement the UN convention and protocols against smuggling and trafficking.

Considering the history of elections in the region, particularly in Azerbaijan and Armenia, the Commission is trying to use the Action Plans to advance a democratisation and human rights agenda that local ruling elites might be expected to resist. In a speech in Azerbaijan in September 2004, then Commission President Romano Prodi asserted: “By promoting democracy, the rule of law, human rights, the market economy and conflict settlement, the European Neighbourhood Policy will help improve life for Azerbaijanis”. Somewhat surprisingly, an observer of the negotiations noted, the December 2005 negotiations “went better than we expected. We were afraid that the Azeris would transfer the plan into a purely technical document but they did not”. In fact, Baku, Tbilisi, and Yerevan have all generally accepted the Brussels language on democratisation and rule of law. Some local observers were less surprised, however, suggesting that the governments will pay lip service to EU political dialogue and reform priorities, without intending to take concrete actions.

The real test will be how Action Plan pledges are implemented. Brussels plans to include benchmarks and offer new benefits only if there is real progress, which could give it a unique opportunity to strengthen incentives for change and increased respect for human rights. Human Rights Watch has suggested that “long and short term benchmarks should have a clear timetable for implementation and should be followed up with a rigorous monitoring system”. There are concerns, however, that the Actions Plan drafts do not as yet include a clear implementation timetable. Civil society activists claim that the EU benchmarks are much less stringent than commitments the three countries have made to the Council of Europe. The Action Plans are for five years but contain few intermediary deadlines. While individual priorities are generally precise, the instruments and methods to guarantee and monitor follow-up are not. The Commission should report publicly at regular intervals on progress and areas needing further effort. To increase public ownership, it should also organise conferences, seminars, training sessions and meetings on Action Plan implementation with civil society, local authorities and media, and parliamentarians. This would require substantial time, creativity and funding from all involved.

3. The democratic deficit in Action Plan preparation

In the South Caucasus, participation in Action Plan preparations has largely been limited to a small number of governmental officials. Civil society has had little or no chance to contribute despite the Commission’s urging. Throughout the region, NGO activists claim that were consulted to a much greater degree during the Council of Europe accession process. This is most strongly felt in Azerbaijan, where even the parliament has been left in the dark. The Chairman of the Committee on Foreign and Inter-parliamentary Relations told Crisis Group:

The European Neighbourhood Policy is not very well known for the people of Azerbaijan. We lack

December 2005. See also Giorgi Baramidze, talking points, op. cit.

142 The EU has at times criticised Azerbaijan’s human rights record; see, for example, Commissioner Ferrero-Waldner, to the European Parliament, Strasbourg, 26 October 2005 in Ahto Lobjakas, “Azerbaijan: EU Doubtful of Baku’s Commitment to Democracy”, RFE/RL, 27 October 2005.
143 President Prodi clearly marked out the course of cooperation, stating that “the ENP is based on common values and interests. And each relationship will take account of the extent to which these values are effectively shared. Differentiation and joint ownership are key concepts”, speech, Baku State University, 17 September 2004.
144 Crisis Group interview, international expert, Baku, February, 2006.
145 Crisis Group interview, local and international experts, Baku and Yerevan, January-February 2006.

147 Though both Georgia and Armenia are seeking three-year timeframes.
148 A European Parliament resolution on the European Neighbourhood Policy “called on the Commission to avoid bureaucratising the whole ENP process and to involve local and regional authorities and public organisations in neighbouring countries in the development of the ENP”, Strasbourg, 19 January 2006.
150 Crisis Group interviews, NGO activists, Baku and Tbilisi, February 2006.
information on what the EU would like us to do. How can we create public support for European integration in that case? We have only vaguely heard about the Action Plan but, for example, what does it mean for my constituents?151

A Georgian civil society coalition submitted an “alternative” Action Plan to the Commission delegation in Tbilisi and in Brussels.152 The initial idea was not to propose an “alternative” but the coalition adopted the tactic when it felt excluded from the official process.153 Five civil society representatives were invited to sit on the special commission set up by presidential decree to draft the Action Plan.154 But the commission met only four times in 2005 and served purely as a consultative body. NGOs were included in information-sharing meetings with the State Minister for European and Euro-Atlantic Integration. Civil society groups tend to agree with government’s main priorities – especially as regards conflict resolution – but would have liked stronger human rights and democratisation commitments.155 Some of the most vocal NGO representatives blamed Brussels for not formalising their involvement in the process. Commission officials did consult with civil society representatives informally, however, when activists travelled to Brussels in April 2005, and Commission experts later visited Tbilisi.156

Similarly, a coalition of Armenian NGOs began in early 2005 to look for ways to provide input to Action Plan elaboration.157 After officials informed them it was purely a governmental exercise, it developed recommendations in July 2005, focusing on constitutional and judicial reform, local government, human rights and regional cooperation.158 Unlike in Georgia, the NGOs were not allowed to see their government’s drafts or to participate in any official commissions.159 The foreign minister invited nine NGO representatives only in February 2006 to think about concrete activities which could be included in the plan and receive ENPI funding.160

Though the European Parliament recommended that Azerbaijan draw civil society groups in to assist with Action Plan preparation,161 the local head of the Open Society Institute told Crisis Group, “the government is not enthusiastic about including NGOs in Action Plan development”, and they have been neither consulted nor informed.162 Another NGO leader explained that she had been repeatedly denied access to any information about the drafts.163 In all senses local NGOs were shut out of

151 Crisis Group interview, chairman of the Committee on Foreign and Inter-parliamentary Relations and head of the national delegation to the PACE, Baku, February, 2006. The situation is not much better in Armenia where another parliamentarian told Crisis Group “the Government is doing everything with regards to the Action Plan, so, no, there is no public discussion”. Crisis Group interview, deputy chairman of the National Assembly and head of the national delegation to the PACE, Yerevan, February 2006.

152 Some 70 Georgian NGOs, divided into five working groups and funded by the Open Society-Georgia Foundation, Eurasia Foundation and Heinrich Böll Foundation, worked on this document, “Recommendations on Georgia’s Action Plan for the European Neighbourhood Policy”. It can be viewed at: http://osgf.ge/miscdocs/eu/ENG-ENP-Action-Plan-NGO-Recomm.doc.


154 Civil society was particularly critical of early Action Plan drafts prepared by the government which included no mention of human rights, conflict, or minority issues. They disapprove of the drafting process, which they feel lacked transparency. Some NGO representatives complained drafts were shared with them only after they had been discussed with Brussels. Crisis Group interview, member of the government commission, February 2006.


156 Crisis Group interview, Tinatin Khidasheli, former chair of the Open Society-Georgia Foundation board, February 2006.

157 The Partnership for Open Society, uniting some 40 NGOs, declared “the ENP as an exceptional opportunity for implementation of democratic, political, economical, and social reforms that would enable Armenia to have a closer relationship with the EU”. See www.partnership.am.


159 Crisis Group interview, Director, Open Society Fund Armenia, February 2006. However, Armenian officials deny this. Crisis Group interview, official, ministry of foreign affairs, Yerevan, February 2006.


161 The European Parliament: “Takes the view that the Action Plan for Azerbaijan should be focused on the development of genuine democracy and respect for human rights and the rule of law; urges the Commission, in this regard, to coordinate its action with the Council of Europe and to make every effort to support and develop the fragile Azerbaijani civil society”, resolution on Azerbaijan, 21 June 2005, point 10.


the process. Even Commission officials did not regularly meet with civil society representatives during their visits to Baku, as they did in Tbilisi. The lack of participation and consultation in the process bodes badly for public understanding and engagement in EU integration.

Beyond the capitals few people in the South Caucasus have any understanding of the Action Plans – especially in the unrecognised entities of Abkhazia, South Ossetia and Nagorno-Karabakh. Action Plan discussions could serve as a means to build confidence with de facto authorities rather than alienate them further from the countries of which the international community considers them a part. The EU might have approached the de facto authorities to get their input – in recognition not of their status but rather of their territories’ place in the region’s future. Even though it is too late to include the societies of the non-recognised entities in Action Plan drafting, they should not be excluded from future ENP programs and ENPI funding opportunities. Supporting democratisation, human rights, and civil society development in the secessionist entities might be appropriately included in the Action Plans. But these are not options considered seriously by Georgian or Azerbaijani central authorities.

4. Regional cooperation and conflict resolution

Brussels believes that Action Plans will encourage the South Caucasus governments to establish neighbourly relations and regional development cooperation as a basis for the peaceful resolution of conflict. However, this is an approach which is of little interest to any of the three. Armenia wants regional cooperation as a means to break out of its isolation but does not consider the Nagorno-Karabakh conflict a proper subject for the Action Plan. A foreign ministry official explained: “The Action Plan is a bilateral document; the resolution of the NK conflict involves other parties who are not part of its implementation”. Yet, Azerbaijan officials are adamant that they cannot take part in “enhanced regional cooperation” until there is a lasting solution to this problem. An EC delegation representative suggested to Crisis Group that “continuous efforts to convince Azerbaijan to start regional cooperation even before the resolution of the conflict” might encourage confidence building. Baku, however, would rather forgo the whole EU integration project rather then take up this proposition.

The Action Plans should be tailored to the different and specific needs of each state but in practice this conflicts at times with the EU’s aim to promote enhanced regional cooperation. This became evident in late 2005 when disagreements between Azerbaijan and Cyprus resulted in the suspension of Action Plan talks for all three South Caucasus states. Armenia and Georgia discovered that progress on their documents was hostage to the spat between Baku and Nicosia. Armenian President Kocharian stated: “No country should pay the price for the problems of others”, and Georgian authorities responded similarly. Yet, Azerbaijani political experts interviewed by Crisis Group in Baku unanimously asserted that their country’s ties to northern Cyprus should continue to be strengthened, regardless of the consequences for relations with the EU. The incident also demonstrated that the offended interests of just one EU member state could have more impact on the pace of ENP progress for Azerbaijan and Armenia than their recent failures to hold free and fair elections.

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164 The UK Embassy, during the EU Presidency, occasionally brought NGOs together. At least one NGO submitted recommendations for the Action Plan to the embassy, including proposals on conflict resolution and regional issues. Institute of Peace and Democracy, “Proposals and Recommendations to the EU Action Plan on Azerbaijan”, prepared August 2005, hand delivered to Crisis Group, Baku, February 2006.

165 On 10 February 2006, at the initiative of Open Society Institute Azerbaijan, Azeri civil society representatives held a press conference announcing creation of a “Public National Committee on Integration to Europe” to establish cooperation between civil society institutions, state agencies and the Commission for monitoring the preparation and implementation process of the ENP Action Plan. Crisis Group interviews, head of the Centre for Political and Economic Studies and chief editor of Gun Sahar newspaper, Baku, February 2006.


172 Though a European Parliament resolution had stressed that “the overall assessment of the democratic credentials of the elections will influence the decision to start working on a new Action Plan for Azerbaijan”, “Situation in Azerbaijan before the elections”, Strasbourg, 27 October 2005, point 9. See Crisis
There has been little information exchange and coordination between Tbilisi, Baku and Yerevan in preparing drafts. Rather, a sense of competition has begun to develop to see which will get its Action Plan approved quickest. Baku—which may have initially slipped behind now does not want to be passed. Tbilisi generally feels that it leads because of the progress it considers it has made in democratisation, promotion of human rights and other reforms. Yerevan believes it was better prepared for negotiations because it was not overly ambitious in its demands and may have accurately judged that the EU really wanted to sign a rather conservative document.

Georgia has begun to promote the novel approach that regional cooperation should be developed in the Action Plan in the context not of the South Caucasus but of the Black Sea region. It began urging a shift in regional focus after the Cyprus incident. It is also in the Black Sea region that it has found advocates. It counts on the support of a “new friends of Georgia” group, including the Baltic States, Bulgaria, Romania and to a lesser degree Poland, all of which have become lobbyists for it in EU structures. Georgia has made a strategic choice to look outside the South Caucasus to build up a group of allies in its wider neighbourhood.


173 Tbilisi and Yerevan begin to exchange experiences only late in the process. Crisis Group interviews, senior officials, Armenian Ministry of Foreign Affairs, February 2006. The countries have generally preferred to cooperate with Ukraine and Moldova, which have approved Action Plans.

174 One official went so far as to state “it is very frustrating to be put in the same boat as Azerbaijan and Armenia. We feel that our vision is different”, Crisis Group interviews, government officials, Tbilisi, December 2005. Georgia joined the Council of Europe two years ahead of Armenia and Azerbaijan.

175 Crisis Group interview, official, Office of the State Minister of Georgia on European and Euro-Atlantic Integration, Tbilisi, December 2005.

176 Estonia, Latvia, Lithuania, Poland, Romania and Bulgaria founded the “New Group of Georgia’s Friends” in February 2004. Georgia signed a memorandum of understanding with Ukraine and Moldova, which have approved Action Plans.

177 For example, “Declaration by the Presidency on Behalf on the European Union on Recent Developments in Georgia- South Ossetia”, 21 February 2006; EU statement in response to the co-chairmen of the Minsk Group and to the Personal Representative of the Chairman-in-Office for the Nagorno-Karabakh conflict, 10 November 2005; EU statement in response to the address by UN SRSG in Georgia, Ambassador Tagliavini, and to the report by the Head of the OSCE Mission to Georgia, Ambassador Reeve, 13 October 2005; EU statement in response to the Prime Minister of Georgia, Zurab Nogaideli, 27 October 2005, in which the EU “urged all sides to continue active cooperation in the interest of a political settlement of the [South Ossetia] conflict, exclusively by peaceful means, based on a respect for the territorial integrity and sovereignty of Georgia”.

178 Except for those benefiting Azerbaijani IDPs in Azerbaijan.

179 Two important agreements are being negotiated on non-remuneration of hostilities and secure and dignified return of IDPs. It is hoped they will be finalised and then signed by Georgian and Abkhaz leaders in the first half of 2006.
in 2003-2004 the UN and the Commission conducted fact-finding missions in Abkhazia and Zugdidi (the Georgian district bordering the ceasefire line), which concluded that the security situation had improved sufficiently to resume work.181

The EU aspires to be the largest donor in Abkhazia by mid 2006, implementing projects worth some €25 million.182 The bulk of this – €10 million – is earmarked for rehabilitating the Enguri Hydro Power Plant.183 In 2005 €4 million was allocated to ECHO humanitarian projects to provide the most vulnerable with food for work.184 €2 million was made available for similar programs in 2006.185 The newest and most ambitious EU program in 2006, however, is the Commission’s €4 million, three-year program to support rehabilitation and reconstruction in the Georgian-Abkhaz conflict zone and adjoining areas and so create conditions for the repatriation and reintegration of IDPs and refugees.186

Three significant but smaller projects – one within the European Initiative for Democracy and Human Rights (EIDHR),187 another under the Rapid Reaction Mechanism (RRM),188 and a third entitled “Decentralised Cooperation”189 – will be implemented to boast reconciliation and confidence through international and local NGOs.

This Economic Rehabilitation Program for Georgia/Abkhazia represents a new generation of Commission-funded projects to “enhance stability and security through confidence-building measures aiming at the prevention and settlement of internal conflicts and actions in favour of affected populations”190. The strategy is to “re-establish a working economy and the institutional capacities...to restore social and political stability in the conflict zone and to meet the needs of the people affected as a whole”.191 The program is at the nexus between humanitarian aid and development. UNDP and the UN Observer Mission in Georgia (UNOMIG), which has carried out small-scale rehabilitation projects in the past, are to implement it.192

180 From 1998 to 2004 The EU significantly scaled down its activities in Abkhazia due to security concerns. In May 1998 Abkhazian militias launched a large sweep operation in the Gali district, allegedly to rid the region of Georgian militias. This led to the exodus of some 30,000 to 40,000 ethnic Georgian residents who had only recently returned. Much of the international rehabilitation and reconstruction assistance that had been provided in support of the returnees was lost.


182 In addition several EU member states fund bilateral initiatives to increase Georgian-Abkhaz confidence, including the UK, the Dutch and Italians. The Norwegians and Swiss also support projects in the region.

183 Funds are being used for two projects concerning the dam on the Georgian side and a power station generator on the Abkhazian side. The projects are considered confidence building measures. For more see http://www.eu-integration.gov.ge/eng/engurihydro.php.


185 EC Humanitarian Aid Decision 230201, op. cit.

186 It will be divided into two phases worth 1.98 million EUR each. The first started at the end of 2005; the second will start in the first half of 2006. European Commission’s Delegation to Georgia, “Abkhazia: Planned Projects”, at:


187 Grant of €200,000 for two Abkhaz NGOs to promote human rights protection. In 2006 there will be a new call for proposals, and it is expected that Abkhaz NGOs will be invited to participate.

188 Two confidence building projects implemented by Conciliation Resources and International Alert were funded under this mechanism for €600,000.


191 Ibid.

192 UNOMIG will focus more on infrastructure rehabilitation and UNDP on area-based development and capacity building. Whether the two UN agencies have sufficient capacity to implement the program is a concern. UNDP had only three full-time expatriate staff and some seven local staff (including two drivers), working on it in early 2006. It is also implementing in Abkhazia a complementary $800,000 Norwegian grant in 2006-2007. UNOMIG has some 400 personnel with 120 military observers. For more see www.unomig.org.
The program seeks to apply a depoliticised approach. In particular the EU and the UN want to avoid the possibility that project-related decision-making will become hostage to broader Georgian-Abkhaz conflicts. To avoid this, high-level steering group meetings will be organised only once or twice a year. Decisions on project implementation will be taken predominantly with district officials. While this may appear logical and straightforward, there are no guarantees that political obstacles will not surface. For example, training in the first phase of electrical engineers, public health professionals and farmers should be held jointly for Georgians and Abkhaz to be cost-effective and build confidence between the ethnic groups. Nothing in the program description, however, states that activities will be held across the ceasefire line along the Inguri River, and the EU and UN have not secured a firm commitment from senior Georgian or de facto Abkhaz authorities to allow them. While one aim is to help people living in Abkhazia break out of their isolation, the program is being implemented before the larger challenge of lifting CIS economic sanctions has been addressed. Most probably Georgian and Abkhaz communities will benefit, equally but separately.

The broader question remains: if political problems occur, will the EU have sufficient leverage to press for resolution? No one involved in the project Crisis Group interviewed seemed confident that Ambassador Talvitie would have been the one to exert pressure. Without a presence in the Geneva Process, he had no high-level platform from which to voice grievances or make demands. Unless he becomes more directly involved, the incoming EUSR is likely to find himself in the same position, lacking much influence with the parties, even while the Commission provides substantial monetary incentives for cooperation.

The EU risks working around rather than directly on conflict. Its projects in the conflict zone focus mainly on local infrastructure, agriculture and social services. They allocate much less to more traditional conflict resolution fields such as demobilisation, disarmament and reintegration (DDR), rule of law, human rights promotion and media development. No substantial work has been done on security sector reform in Abkhazia, arms proliferation and re-integration of combatants, or improving rule of law through policing projects on either side of the Inguri. In Abkhazia, few

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193 One specialist on Abkhazia told Crisis Group, “you cannot involve the political in the implementation of the program. Past experience has shown that when a political agenda influences the direct implementation of a project (i.e. when a steering committee involving both sides of the conflict is responsible for overseeing the day to day implementation of the project instead of just providing general guidance and oversight), more challenges arise together with a slowing down of project implementation”. Crisis Group interview, Tbilisi, January, 2006.

194 The first Steering Group meeting was on 6-7 December 2005 in Sukhumi, with participation of the UN Secretary General’s Special Representative (UNSRSG), ambassadors from the Group of Friends, the Georgian minister for conflict resolution and the de facto minister of foreign affairs of Abkhazia.

195 Project’s hopes to ensure that at least ethnic Georgians living in Gali can be trained with residents from other parts of Abkhazia (Ochamchira, Tkvarcheli) but training with Zugdidi residents is likely to be more problematic. Recently an international NGO was told by Abkhaz officials that Abkhaz residents could travel to Georgia to participate in activities but for no more than one day at a time. Crisis Group interviews, Tbilisi, December 2005-January 2006.


198 “Decision of the CIS Heads of State Council on Measures for Settlement of the Conflict in Abkhazia, Georgia”, 19 January 1996, signed in Moscow. Article 6 reads: “Confirming that Abkhazia is an integral part of Georgia, the member-
projects support development of an independent judiciary, free media, critical civil society, female leaders or active youth. Abkhaz-Georgian dialogue is promoted by a handful of international NGOs with some EU funding. A small group of people have taken part in Track Two or Three diplomacy but it is rare for contacts to develop into more sustainable multi-ethnic projects. The EU should consider strengthening existing civil society projects, breaking local isolation and increasing access to European values – for example, by creating an NGO-led Europe Information Point and academic exchange programs with EU institutions.

It is too early to assess whether EU programs will have a positive impact on conflict dynamics. It is evident the EU has decided against conditioning aid on an agreement for cross-ethnic cooperation, freedom of movement for project beneficiaries or other conflict resolution benchmarks. Project design has largely been top down and donor driven, with limited local stakeholder consultation or recourse to participatory appraisals and planning. The lack of development professionals in the Commission staff and familiarity with conflict assessment and participatory best practice should be addressed to ensure effective and sustainable program implementation.

The EU should also start considering what harm it might do. Will it create opportunities to feed greed and fuel grievances by reinforcing ethnic, regional, economic or gender disparities? Will projects favour political elites, who may have interest in maintaining conflict between Abkhaz and Georgians, rather than assist the truly marginalised? Are projects doing enough to support local peace constituencies? How will community participation be fed into planning, decisions, implementation, monitoring and follow-up and sustainability be assured?

B. SOUTH OSETIA: CONFIDENCE BUILDING IN SUPPORT OF POLITICAL NEGOTIATION

The EU has been more directly engaged in resolving conflict in South Ossetia than in Abkhazia. Since 1998 the Commission has allocated TACIS funding for a community-level Economic Rehabilitation Program in the zone of conflict. Completion of its third phase is expected in July 2006, while the OSCE has finished a needs assessment of possible projects for future funding. The Council has adopted three Joint Actions under the common foreign and security policy totalling €500,000 in grants to the OSCE Mission to Georgia to finance the Joint Control Commission (JCC), in particular its secretariats and travel. In 2002 it gave vehicles and communication equipment to a Special Coordination Centre created by the JCC to coordinate Georgian and South Ossetian law enforcement efforts.

Unlike in Abkhazia, these projects are tied to the political dialogue process within the JCC, with implementation dependent on agreement of its four parties. Thus, the third tranche of EU economic rehabilitation aid began...
after a January 2004 protocol was signed in the JCC.²¹² Infrastructure to be rehabilitated was decided at the June 2003 JCC.²¹³ Yet, the EU and OSCE did not make aid dependent on cooperation in the JCC during implementation. Political disagreements delayed the start of the two largest projects in 2005-2006. A Steering Committee, including political representatives of the Georgian government and South Ossetian de facto authorities, was set up under the JCC to address technical aspects of implementation.²¹⁴ Financial transfers, banking, tendering and custom payments for project implementation remain contentious. An international official involved in the process nevertheless remained convinced the JCC and Steering Group were effective, stating that once the sides signed off on project implementation, the likelihood of political obstacles would be reduced.²¹⁵

In exchange for agreeing to negotiate with the sides on how its money will be used, the Commission has secured a place at the negotiation table, first at the Economic Working Group and since 2001, at the JCC. It participated in an experts group with the parties to the conflict in Portugal in October 2002. In 2006 JCC members have agreed that bilateral donors supporting the OSCE needs assessment – the U.S., Belgium, France and the Netherlands – can also sit on the Economic Working Group.²¹⁶ When there is an economic incentive, JCC members – especially South Ossetia and Russia – have found they can waive their principle of rejecting any internationalisation of the negotiating format.

Whether a seat at the JCC will allow the EU to impose conditionality is more questionable. As an international observer asked, “what is the European Union’s few million when Russia is promising the Ossetians a future?”²¹⁷ The Georgian government, meanwhile, would like the EU to become a full JCC participant. The prime minister has argued: “Since all sides represented today at the JCC have high respect for the EU reputation, its participation in the negotiation framework for the Georgian-South Ossetian conflict resolution would substantially increase its efficiency”.²¹⁸ To date the Commission and the EUSR have cooperated closely in addressing the South Ossetian conflict. Yet now that a new EUSR has been appointed, he should represent the EU in political negotiations at JCC level while continuing to work closely with the Commission, which disburses funding and oversees significant project implementation in the conflict zone.

As in Abkhazia, EU projects in the conflict zone have focused mainly on infrastructure rehabilitation rather than traditional confidence building.²¹⁹ The EU has not funded projects with civil society, youth, media, women and former combatants.²²⁰ Civil society organisations in South Ossetia exist though they tend to be weak. The Commission could provide skills and capacity building, funding and inclusion into broader civil society networks to support the development of South Ossetia’s fledgling NGOs. Rather, the EU has sought to build confidence and trust between Georgian and Ossetian villages through community-level infrastructure projects. It seeks to knit new dependencies between communities that encourage the parties to devise common solutions to common problems but little of this has yet happened.²²² The Georgian and South Ossetian sides are discussing the modalities of reviving the Special Coordination Centre (SCC), a cooperation mechanism for law enforcement.²²³ An EU

²¹² “Protocol on the implementation of the third EC funded rehabilitation program in the zone of Georgian-Ossetian conflict”. The program is divided into three parts: part 1, €800,000 for basic shelter assistance and repatriation kits for refugees (UNHCR); part 2, €1,300,000 for rehabilitation of basic infrastructure in support of permanent residents (UNDP); part 3, €400,000 for rehabilitation of basic infrastructure in places of refuge repatriation (UNDP).

²¹³ No needs assessment or participatory appraisal was carried out. This unorthodox way of choosing projects makes the process especially vulnerable to corruption and nepotism. For example €510,000 was allocated to completion of the Edisi 2 hydropower plant expected to provide electricity to no more than 2,000 to 2,500 people and a small mineral water bottling plant, see http://www.un.kiev.ua/bc/jobs/419/.

²¹⁴ It was created in April 2004 but due to the worsening security situation, its first meeting was on 25 October 2004. It met regularly in 2005. Crisis Group interview, Commission delegation to Georgia and Armenia, Tbilisi, September 2004.

²¹⁵ Crisis Group interview, staff, OSCE Mission to Georgia, Tbilisi, December 2005.

²¹⁶ Crisis Group interview, staff, OSCE Mission to Georgia, Tbilisi, December 2005.

²¹⁷ Crisis Group interview, Tbilisi, January 2006.

²¹⁸ Crisis Group interview, deputy foreign minister, Tbilisi, February 2006. See also Prime Minister Nogaideli, letter to Solana, op. cit. Georgia would also like to invite the U.S. into the JCC.

²¹⁹ According to OSCE Head of Mission, Roy Reeve, “Economic rehabilitation can strengthen confidence between the sides and create more favourable conditions for a constructive political dialogue towards the settlement of the Georgian-Ossetian conflict”, at: http://www.osce.org/georgia/item_1_17529.html.

²²⁰ The needs assessment focuses on six priority areas: road engineering, civil engineering, finances, banking, agriculture and energy, not social, political or security projects. No human rights, political, media, or security experts took part.


²²³ Crisis Group interview, deputy state minister for conflict resolution, Tbilisi, March 2006.
project supporting this kind of initiative with financial, technical and expert assistance would fit within a more traditional conflict resolution approach.

A senior OSCE official said the close Commission-OSCE coordination in responding to the Georgian-South Ossetian conflict was due to the personalities involved, definitely not institutional arrangements or higher-level policy defined in Brussels or Vienna.\textsuperscript{224} They lack even a framework agreement to facilitate funding and reporting.\textsuperscript{225} As in Abkhazia, the EU is seen as supporting the OSCE rather than taking on its own political role. On the ground, the OSCE head of mission, not the EUSR, is considered the political “weather vane”.\textsuperscript{226} Yet the EU’s increasing financial contribution to conflict resolution in Abkhazia and South Ossetia should allow it to play a bigger political role through its ability to provide incentives and impose conditionality.

C. NAGORNO-KARABAKH: WAITING FOR A POLITICAL SETTLEMENT

While the EU has funded and overseen conflict resolution projects in Abkhazia and South Ossetia, it has done virtually nothing in or around Nagorno-Karabakh since the 1994 ceasefire. This is partly because Baku has strongly discouraged it from funding similar projects.\textsuperscript{227} In June 2005, the foreign ministry suggested it might be willing to modify its approach, stating support for direct contacts between Karabakh Armenians and Azeris to overcome hostility and achieve stability.\textsuperscript{228} This came a few months after a Council of Europe resolution called on Armenia and Azerbaijan to “foster reconciliation, confidence building, and mutual understanding among their people”.\textsuperscript{229}

The apparent change offers opportunities for the EU to fund grassroots confidence building projects and people-to-people contacts\textsuperscript{230} it has yet to take advantage of. A Commission delegation has only been to Nagorno-Karabakh or the surrounding districts once, when the EUSR last visited in the summer of 2004. Considering that it took the EU, with a functioning delegation in Tbilisi, two years to move from assessment to inception of a confidence building program in Abkhazia, there is an urgent need to move ahead on confidence building programming in and around Nagorno-Karabakh. The Commission should send an assessment mission, including to the area where Azerbaijani IDPs reside, to consider opportunities for projects between Azerbaijanis and Armenians in the vicinity of the conflict zone, democratisation and civil society promotion in Nagorno-Karabakh and among Azerbaijani IDPs, and broader programs to facilitate debate on conflict resolution. Economic rehabilitation and infrastructure development, as in Abkhazia and South Ossetia, might be impossible before a peace settlement, but these projects are feasible now.

The EU should also contribute funding to assist NGOs, media sources and others promote public debate on resolutions to the conflict within Armenian, Azerbaijani and Nagorno-Karabakh society. This could help develop alternatives to the belligerent positions of the political elites, who frequently use state media control to manipulate opinion. The EU could support media that benefits neutrally the South Caucasus as a whole, for example by an EU-sponsored independent regional media initiative (serving television, radio and print media).\textsuperscript{231}

EU bodies regularly speak in support of the OSCE Minsk Group negotiation process. At the end of 2005, the Council called on “Azerbaijan and Armenia to intensify the negotiations towards a peaceful resolution...to prepare public opinion for the negotiation of a balanced agreement...and to refrain in particular from any

\textsuperscript{224} Crisis Group interview, senior OSCE official, OSCE Mission to Georgia, Tbilisi, December 2005.

\textsuperscript{225} The OSCE Mission to Georgia is the only OSCE mission to receive funding directly from the Commission. Crisis Group interview, senior OSCE official, OSCE Mission to Georgia, Tbilisi, December 2005.

\textsuperscript{226} Crisis Group interview, international expert, Tbilisi, December 2005.

\textsuperscript{227} A senior Commission official also explained the lack of involvement as due to lesser needs in the region, based on a perception the Armenian diaspora was giving large aid. Crisis Group interview, senior official, EU delegation, Tbilisi, December 2005.

\textsuperscript{228} Statement of the ministry of foreign affairs, 15 June 2005. This new willingness to accept people-to-people contacts was repeated by Foreign Minister Mammadyarov in February 2006: “I think journalists or NGOs should visit Garabagh more frequently to gather more information about it...NGOs are not representing the government, and their visits are not seen as such”. AzerNews, 23 February 2006.

\textsuperscript{229} Council of Europe Parliamentary Assembly (PACE), Resolution 1416 (2005).

\textsuperscript{230} Undoubtedly the EU will also find it necessary to negotiate with Azerbaijan to persuade it to put its oral pledges into practice and agree on broadening the range of cross-border and rehabilitation projects it allows.

\textsuperscript{231} Also suggested in Catherine Barnes, with Jonathan Cohen and Dov Lynch, “European Union and the South Caucasus: Opportunities for Intensified Engagement”, European Centre for Conflict Prevention, recommendations from policy dialogue seminar, 24-26 May 2004 in The Hague, p. 25.
provocation”\(^{232}\). The European Parliament sent an analogous message in early 2006.\(^{233}\) Javier Solana responded, “if we are asked to get involved we will; we will meet our obligations as friends to help”, when queried about EU assistance to resolve the conflict.\(^{234}\) The French Minsk co-chair is supposed to report regularly to EU embassies in Yerevan and Baku. Only about once a year does he make presentations to Brussels institutions.\(^{235}\)

When asked how the EU could increase support for resolving the conflict, most senior diplomats respond, “it is the OSCE Minsk Group’s role”.\(^{236}\) Without addressing here the usefulness of that format, the EU could give more support through programs which help create a better environment for the negotiations but do not duplicate them.

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**IV. PROSPECTS: EMPLOYING EU CRISIS CAPABILITIES FOR CONFLICT RESOLUTION**

The Commission has been the most involved in implementing conflict resolution programs in the South Caucasus but the Council is catching up. ESDP instruments may be particularly well suited to complement the Commission’s activities.\(^{237}\) The European Security Strategy mentions the South Caucasus as an area where the EU should “now take a stronger and more active interest” immediately after the Balkans.\(^{238}\) One of the fourteen ESDP missions launched in 2003-2005 has been in Georgia, and the South Caucasus has one of only five EU Special Representatives operating outside the Balkans.\(^{239}\) At the end of 2005, following talks with the foreign ministers of the three countries, Javier Solana underlined readiness to help solve the region’s conflicts.\(^{240}\)

### A. EUSR MEDIATION AND GOOD OFFICES

The Council appointed the EU Special Representative, Finnish Ambassador Heikki Talvitie, in July 2003. He was replaced by Swedish Ambassador Peter Semneby on 1 March 2006. The EUSR’s broad mandate includes support to political and economic reforms, conflict prevention and resolution.\(^{241}\) In conflict resolution his original task was to “assist in conflict resolution, in particular to enable the EU to better support the United

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\(^{233}\) Calling on both sides to work for a settlement “on the basis of respect for minority rights and on the basis of the principles of international law”, European Parliament, “European Neighbourhood Policy”, adopted 19 January 2006, Strasbourg. Point 66.


\(^{235}\) Crisis Group interviews, EU member state diplomat, Brussels, February 2006.

\(^{236}\) Crisis Group interviews, EU member state diplomats, Baku, Yerevan and Brussels, January-February 2006.


\(^{239}\) The others are in Afghanistan, Moldova, the Middle East and the African Great Lakes region.

\(^{240}\) Summary of remarks by Javier Solana at press briefing with foreign ministers, op. cit.

\(^{241}\) Articles 2 and 3 of Joint Action 2003/496/CFSP [OJ L 169 of 08.07.2003, p.74-75]. For example, under Article 2, 1(B), the EUSR’s policy objective is defined as “in accordance with existing mechanisms to prevent conflicts in the region, to assist in the resolution of conflicts, and to prepare the return to peace, including through promoting the return of refugees and internally displaced persons (IDPs)”. The mandate was extended in Joint Actions 2003/872/CFSP, 2004/532/CFSP, and 2005/100/CFSP.
Nations [and]...the OSCE” [emphasis added].\textsuperscript{242} He did not, therefore, have the authority to play a leading role.

This mandate was strengthened in the new Joint Action at the time of the Semneby appointment so he can “contribute to the settlement of conflicts and...facilitate the implementation of such settlement in close coordination with the United Nations [and]...the [OSCE]”. [emphasis added].\textsuperscript{243} The verb change suggests more active involvement than mere support of existing mechanisms.\textsuperscript{244}

Though the first EUSR travelled widely throughout the South Caucasus, he focused on Georgia, establishing a support team office in Tbilisi in 2005. He mediated between Tbilisi and Ajara in May 2004 and held talks with de facto authorities in South Ossetia but did not regularly participate in OSCE or UN-facilitated negotiations on the unresolved conflicts.

The EUSR’s main added value has been in transmitting messages and promoting low-level dialogue. He has upgraded the EU political profile in the region without becoming a public figure. As former EUSR Talvitie was based in Helsinki, his visibility was limited. Semneby will be in Brussels, though a regional base would be more appropriate for him to ensure a “high degree of availability, creating a considerable momentum of EU impact”.\textsuperscript{246} However, that is an option neither the Commission nor member states seem to favour. They argue that by travelling to the capitals, the EUSR is better identified as bringing the “Brussels message” and will have higher level visits.\textsuperscript{247} Yet for now, he is largely dependant on the good offices of the EU Presidency embassy to prepare his agenda. The appointment of three political analysts, in Baku, Tbilisi and Yerevan, would help ensure he has up-to-date information and analysis and maintains some visibility at all times and perhaps help satisfy complaints of some member state representatives in Tbilisi that the EUSR does not sufficiently share information with them.\textsuperscript{248}

Local officials in the South Caucasus countries complain the EUSR is unwilling to play a leading political role.\textsuperscript{249} Georgian authorities argue that in comparison with the EUSR for Moldova, his mandate is weak, focused more on conflict prevention rather than then resolution, with no mention of contributing to the definition of peaceful settlements “respecting the sovereignty and territorial integrity within [the] internationally recognised borders [of Georgia]”.\textsuperscript{250}

There is clearly need for more coordinated activities between the EUSR and the Commission when dealing with the conflict regions. When asked where they turn when facing political problems, management staff for Commission projects referred to the OSCE or the UN, depending on whether they were in South Ossetia or Abkhazia. They did not feel that the EUSR had the contacts, instruments or influence to address political obstacles.

The EUSR’s room for manoeuvre is constrained by the absence of any political settlement to the three conflicts in the South Caucasus. With his new mandate, however, he could try to participate directly in conflict resolution negotiations.\textsuperscript{251} This is most likely in the context of the South Ossetian conflict, as Georgia has already invited the EUSR,\textsuperscript{252} unlike Armenia and Azerbaijan. For Tbilisi, inclusion of the EUSR would mark significant progress towards changing existing negotiation formats, which it considers biased and outdated after a decade of fruitless talks. The EUSR could join the JCC either as an observer or a full participant or take the lead in creating a new format based on direct talks with Georgia, South Ossetia and perhaps Russia. The refusals of Russia and South

\textsuperscript{242} Article 3(d) of Council Joint Action 2003/496/CFSP [OJ L 169 of 08.07.2003, p.74].

\textsuperscript{243} Article 3 (d) of Council Joint Action 2006/121/CFSP [OJ L 49 of 21.2.2006, p.15].

\textsuperscript{244} Another new clause in the Joint Action explains that the EUSR operates “in the context of a situation which may deteriorate”, and which may harm the EU’s CFSP, ibid, preamble (4), p.14.

\textsuperscript{245} Crisis Group interview, Brussels, February 2006.

\textsuperscript{246} EU Council Secretariat fact sheet, “EU Special Representatives (EUSR)”, June 2005.

\textsuperscript{247} Commission officials also say having the EUSR based outside the region avoids the political dilemma of placing him in Baku, Yerevan or Tbilisi and increases his accessibility to Brussels and other European capitals. Crisis Group interview, Brussels, October 2005. One EU member state diplomat pointed out that if the EUSR were based in the region he might be perceived erroneously by some as an EU Ambassador. Crisis Group interview, Tbilisi, January 2006. This seems not to be a problem, however, for resident EUSR’s in Afghanistan, Macedonia or Bosnia.

\textsuperscript{248} Crisis Group interviews, EU member state diplomats, Tbilisi, December 2005-January 2006.

\textsuperscript{249} In Tbilisi EU member state diplomats and Georgian authorities alike called for a sharper EUSR mandate. Crisis Group interviews, Tbilisi, December 2005-January 2006.

\textsuperscript{250} Ministry of foreign affairs, “Comparative Analysis of the EUSR mandates for Moldova and Georgia”, working document, Tbilisi, December 2005. That Azerbaijan does not seem to have insisted that its “territorial integrity” be included in the EUSR mandate demonstrates Baku’s lack of interest and trust in the EUSR.

\textsuperscript{251} As a rapidly growing donor, the U.S. might also become interested in being involved in the negotiation format as an observer.

\textsuperscript{252} Prime Minister Nogaideli, letter to Solana, op. cit.
Ossetia to consider a change, however, have so far blocked any such plans.\footnote{253}{“Russian negotiator outlines position of Moscow and Tskhinvali”, Civil Georgia, 24 October 2005, at: http://www.civil.ge/eng/article.php?id=11036. An EU member state diplomat explained that for a change of format, one should look to the Moldova-Transdniestria experience, where the EU became a formal participant in the negotiations as of November 2005 after all four parties asked it to join. Crisis Group interview, EU member state diplomat, Brussels, February 2006.}

B. BORDER MANAGEMENT ASSISTANCE

Georgia has expressed interest in an EU presence on its borders with Russia. When the OSCE Border Monitoring Operation (BMO) was terminated in early 2005,\footnote{254}{From 15 December 1999, the OSCE implemented the BMO, observing and reporting on movement across parts of the Georgia-Russia border to prevent a spill-over of the Chechnya conflict and to enhance contacts between border guards. The BMO mandate expired on 31 December 2004, and Russia vetoed its extension. On 14 April 2005 the OSCE Permanent Council agreed to allocate funds for an OSCE border guard training mission, partially as a BMO follow-up. For more on Georgian reaction to the BMO’s closure, see Pavel Baev, “Russia punishes the OSCE – and puts pressure on Georgia”, Central Asia-Caucasus Analyst, 9 February 2005; Giorgi Sepashvili, “Russia, Georgia, spar at OSCE over border guard training”, Civil Georgia, 12 March 2005; Vladimir Socor, “Needed: A few good men for a border watch”, The Wall Street Journal Europe, 21 January 2005.}

After months of haggling, member states were unable to agree on a follow-on operational mission. Instead they sent a three-person assessment mission in April 2004 to study Georgia’s needs and capacities.\footnote{255}{“Rebuked at OSCE, Georgia Hopes for EU Help”, Civil Georgia, 22 March 2005, at: http://www.civil.ge/eng/article.php?id=9400.} The lack of political consensus was in large part caused by the hesitancy of some member states – particularly France, Greece and Italy – to take steps which Russia might consider antagonistic. Georgian officials described this as a “big blow to expectations”.\footnote{256}{Crisis Group interview, former Georgian foreign ministry official, Tbilisi, December 2005.} Some new member states – the Baltic countries in particular – were ready to launch a substantial mission, even if it meant setting up a “coalition of the willing” outside the ESDP framework.\footnote{257}{Crisis Group interviews, EU and Georgian government officials, Tbilisi, December 2005.}

In late July 2005 the EU extended the EUSR mandate to include reporting on the border situation, facilitating confidence building between Georgia and Russia and assisting the Georgian government prepare a comprehensive reform strategy for its border guards.\footnote{258}{Article 2 of Council Joint Action 2005/582/CFSP of 28 July 2005. The same mandate was maintained in the new EUSR Joint Action. Article 3(g) of Council Joint Action 2006/121/CFSP [OJ L 49 of 21.2.2006, p.15]. It does not include the Abkhazian and Ossetian parts of Georgia’s border with Russia.} A twenty-member EUSR support team,\footnote{259}{Rebuked at OSCE, Georgia Hopes for EU Help”, Civil Georgia, 22 March 2005, at: http://www.civil.ge/eng/article.php?id=9400.} deployed in Tbilisi in September 2005, began working closely with Regional Border Guard Centres throughout the country, excluding the conflict areas. By deploying this “border mentoring setup”, the EU aimed to respond to Georgia’s security concerns and play a role in improving Georgian-Russian relations without being seen as defending Georgia against Russia.\footnote{260}{Thirteen EU staff and seven Georgians.} The team assisted the government set up a special commission to draft a comprehensive border guard reform strategy and create a border faculty at the Tbilisi police academy. The EU believes the operation has had “an important symbolic value” and contributed to strengthening Georgians’ own border monitoring capabilities.\footnote{261}{Crisis Group interview, EUSR support team, Tbilisi, December 2005.}

Tbilisi, however, is making another effort, through its Action Plan, to enhance EU interest in supporting border management and so replicate the Moldova experience.\footnote{262}{Ibid.} Claiming that the “security of Georgia’s borders is linked to the security of the European Union”, it seeks “concrete EU assistance…for border management issues”\footnote{263}{In January 2006 Prime Minister Nogaideli reaffirmed this, requesting EU “assistance in finding solution[s] for such issues as Georgia-Russia border delimitation, promotion of cooperation between Georgia-Russia border guards in order to ensure proper management of Georgia’s entire border with Russia and significantly improve the conditions of conflict resolution”. Prime Minister Nogaideli letter to Solana, op. cit. For more on the Moldova experience, see Popescu, “The EU in Moldova: Settling conflicts in the neighbourhood”, Occasional Paper n°60, European Union Institute for Security Studies, Paris, October 2005.} and to continue cooperation with the EUSR Support Team, especially to develop a border management strategy and...
related reforms. Ultimately it wants an EU border assistance mission that monitors controls, including customs, along the whole Georgian-Russian border, particularly the Russian/South Ossetian frontier at the Roki tunnel.

In support of the government’s peace plan for South Ossetia, in January 2006 Prime Minister Nogaideli requested the EU to deploy a brief mission to assess demilitarisation in the conflict zone. However, the 2005 failure to establish a full-fledged ESDP mission on the Georgian-Russian border suggests it will be difficult to obtain member state-agreement on military or police-related activities that could be construed negatively by Russia. Further down the line, Tbilisi may ask Brussels to contribute to an international peacekeeping force in South Ossetia but Russian and Ossetian opposition, as well as disinterest amongst several member states, makes this prospect unlikely any time soon.

C. CIVILIAN-MILITARY OPERATION FOR NAGORNO-KARABAKH

Until an agreement on the principles of a settlement is signed, the EU remains stubbornly disinterested in much of a role in Nagorno-Karabakh. This may be due to Azerbaijan’s past refusal to allow any projects in the area until military forces withdraw. Commission staff say, “no one has allowed us to do anything in Nagorno-Karabakh... we would do something there if we were asked by the sides.” Member state diplomats also claim the OSCE Minsk Group French co-chair and the EUSR told them in early 2006 it is too early for the EU to begin preparing for increased involvement. The Minsk Group parties also appear to prefer keeping a monopoly on the peace process. This is a fundamentally short-sighted approach, which risks leaving the EU unready if there is either a settlement or resumed war. A peace settlement risks being orphaned unless EU member states are ready to lobby for major ESDP involvement.

If international peacekeepers are called on to provide security guarantees and support implementation of a peace agreement, many recognize that the EU would be expected to provide them. The composition of a peacekeeping mission is politically sensitive, and the sides to the conflict may accept EU forces as the most politically neutral. Peacekeeping functions would include separation of the opposing military forces within a zone stretching along the line of contact and demilitarisation.

265 The EUSR support team has been generally satisfied with the cooperation of Georgian authorities. In particular they note that Georgia has demonstrated real committed to reform by increasing the budget of the border service by 80 per cent in 2006 and ending the use of conscripts as border guards. Crisis Group interview, EUSR support team, Tbilisi, March 2006.

266 Which Tbilisi considers the point of entry for smuggling, including arms trafficking, and illegal migration. “If the Roki Tunnel was controlled there would be no more South Ossetian conflict”, the deputy foreign minister said in a Crisis Group interview, Tbilisi, February 2006.

267 Ibid. See also Prime Minister Nogaideli letter to Solana, op. cit.


269 It has expressed an interest in supporting a peace process once the parties sign an agreement. Solana made a statement to this effect in December 2005. In general the EU is committed to assisting countries emerging from conflicts. European Council, “A Secure Europe in a Better World: European Security Strategy”, Brussels, 12 December 2003, p.11.


271 Crisis Group interviews, EU member state diplomats, Brussels, February 2006.

272 An OSCE co-chair country diplomat said that enlarging the Minsk Group format to include the EUSR would risk the confidentiality of the talks. Crisis Group interview, January 2006.

273 According to an EU member state diplomat, the Personal Representative of the OSCE Chairman in Office, Ambassador Kasprzyk, requested EU support for implementing a peace agreement at an October 2005 meeting of the PSC, Crisis Group interview, Brussels, November 2005. Since 1994 the OSCE High Level Planning Group (HLPG) has been tasked to develop plans for a multinational OSCE peacekeeping force in Nagorno-Karabakh. In early 2006 the OSCE Chairman in Office reaffirmed the organisation’s commitment to send observers or even peacekeepers if Armenia and Azerbaijan come to an agreement. Ahto Lobjakas, “OSCE: Russia key to new presidency’s attempt to resolve frozen conflicts”, RFE/RL, 11 January 2005. Yet, in view of the OSCE’s capacities and past failures in peacekeeping operations, it is likely to turn to the EU for help. For more on the HLPG, see Crisis Group Europe Report N°167, Nagorno-Karabakh: A Plan for Peace, 11 October 2005, pp.19-20.

274 While Armenian officials are categorically against deployment of Turkish troops, most Azerbaijani interlocutors refuse Russian military involvement. If Russia does not participate, there is little chance that U.S. or NATO forces would be deployed. Similarly Iran is against NATO and U.S. forces. An unsigned agreement previously existed between the negotiating parties barring neighbouring countries and Minsk Group co-chair countries from sending troops. However, in early 2006 the Russians expressed new interest to take part, to which Azerbaijani Foreign Minister Mamadyarov responded that Turkish forces could also be invited. Crisis Group interviews, Russian and French diplomats, Yerevan, February 2006.

275 The so-called “buffer zone” in past Minsk Group proposals, to be created as “in the first stage, forces along the current line of contact to the east and south of Nagorno-Karabakh shall withdraw to lines delineated in Annex 1, and in
of the territories vacated by the Armenian-backed troops. Other tasks might involve cantonment of heavy equipment, demining, assuring freedom of movement, supervising an Azerbaijani-Nagorno-Karabakh military commission, and providing security for returning IDPs. The size of the peacekeeping forces is another problem. In the mid-1990s, when optimism about such missions was higher, a U.S. official noted, “the size of the peacekeeping force envisioned was 3,000 to 5,000. That said, they never talked about where exactly the 3,000 would come from, much less where 5,000 would”. Today, according to sources close to the OSCE, a mission of 1,500 to 2,000 would be more likely. Armenia, however, is calling for 10,000. Whether 2,000 or 10,000 peacekeepers are requested, the EU would face significant challenges finding them. The deployment of any large ESDP mission in Nagorno-Karabakh would be dependent on EU capabilities and funding availability, in addition to member-state political will. The only deployed ESDP military mission is the 7,000-strong Operation Althea in Bosnia. The EU has also sent military advisers to support the African Union in Darfur and to the Congo (DRC), and there is talk it might deploy new missions to Kosovo and Transdniestria in 2006. Even with plenty of warning, it took six months to prepare for Bosnia in 2004. Reaching consensus among member states may also be problematic. Thus, it is essential that, in close cooperation with the OSCE High Level Planning Group (HLPG), the EU begin developing contingency plans. A first step would be an assessment mission to Nagorno-Karabakh and the adjacent areas to gather information on needs and resources. The EU will not only be called upon to assist with peacekeepers but also with civilian advisers and funding for rehabilitation and reconstruction. Most likely if a peace agreement is signed, the EU will use its RRM to fund quick impact, highly-visible initiatives. It will need to deploy civilians in a variety of fields including humanitarian aid provision, DDR, demining, security sector reform, mediation, political affairs, media and human rights protection. These could form civilian crisis management adviser teams to cooperate with local authorities in and around Nagorno-Karabakh. They would have to draw on a full range of EU crisis management capabilities based on the specific needs defined in the field and be deployed at short notice in parallel with peacekeeping forces. No assessments have been made of the number of persons needed for such a mission.

If the EU is honest about its pledges to support peace implementation once there is an agreement on principles for resolution of the conflict, the Council should begin contingency planning. For that it must collect maximum information on the needs and opportunities of a peace mission. This information is available in the field and around the negotiation table. If the negotiations fail, and all external actors need to strengthen conflict prevention efforts, the EU should be prepared to act. Today, with presence neither at the talks nor in the field, the EU risks being caught woefully unprepared. Requesting observer status at the Minsk Group talks would be prudent.

276 The zone of “separation,” where the peacekeepers would monitor security and prevent the opposing military forces from entering or crossing.
278 Crisis Group interview, OSCE official, August 2005.
280 On the tortuous political preparations for this mission, see Crisis Group Europe Briefing N°31, EUFOR: Changing Bosnia’s Security Arrangements, 29 June 2004. Things may not have improved: in late 2005, it took three months from the first assessment to full deployment to field a small (65-person) ESDP border monitoring mission in Moldova.

281 It has noted that in many post-conflict situations, “military efficiency has been followed by civilian chaos” ; to avoid this civilian resources must be made available to complement military forces. European Council, “A Secure Europe in a Better World: European Security Strategy”, Brussels, 12 December 2003, p. 12.
V. CONCLUSION

The EU has shown little willingness to take on direct conflict resolution responsibilities, preferring to support others’ initiatives. In the Abkhaz and South Ossetian conflicts, it works in partnership with the UN and OSCE, providing them acutely needed funds to do confidence building in support of negotiations. In the Nagorno-Karabakh conflict it offers little more than verbal support to the OSCE Minsk Group process.

The EU will continue to emphasise that efficient democracies would be the best conflict resolution mechanism in the South Caucasus, that achieving good governance and social and political reform, eradicating corruption and abuse of power, establishing the rule of law and protecting human rights would strengthen stability and security the most. However, while this may be a successful long-term strategy for addressing conflict, in the short to mid-term more specific conflict management instruments are needed.

The South Caucasus is one of the few regions where the EU has the crisis management capabilities to address existing conflicts. It should do more with the instruments at its disposal, rather than try to apply new ones. Now that a new EUSR has been appointed, with a new mandate, he should sit at the negotiation tables for the Abkhazian, South Ossetian and Nagorno-Karabakh conflicts. As ENP Action Plans are finalised with all three South Caucasus countries, the peaceful resolution of conflict should be defined as clear commitments. The EU should take advantage of opportunities to implement its strategic vision for a peaceful and secure neighbourhood. If it fails to do so, its credibility in the region, and generally vis-à-vis Russia and the U.S., will suffer. More troubling, if the Georgian-South Ossetian and Nagorno-Karabakh conflicts continue to deteriorate, the EU may find itself unprepared for responding to wars among its neighbours.

Tbilisi/Brussels, 20 March 2006

APPENDIX A

MAP OF SOUTH CAUCASUS
## APPENDIX B

### GLOSSARY OF ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AA</td>
<td>Association Agreement</td>
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<tr>
<td>AP</td>
<td>Action Plan</td>
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<tr>
<td>BMO</td>
<td>OSCE Border Monitoring Operation</td>
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<tr>
<td>CFSP</td>
<td>Common Foreign and Security Policy</td>
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<tr>
<td>CoE</td>
<td>Council of Europe</td>
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<tr>
<td>CSP</td>
<td>Country Strategy Papers</td>
</tr>
<tr>
<td>DDR</td>
<td>Demobilisation, disarmament and reintegration</td>
</tr>
<tr>
<td>DG Relex</td>
<td>Directorate General for External Relations</td>
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<tr>
<td>EAGGF</td>
<td>European Agriculture Guarantee and Guidance Fund</td>
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<tr>
<td>ECHO</td>
<td>European Commission Humanitarian Office</td>
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<tr>
<td>EIDHR</td>
<td>European Initiative for Democracy and Human Rights</td>
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<tr>
<td>ENP</td>
<td>European Neighbourhood Policy</td>
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<tr>
<td>ENPI</td>
<td>European Neighbourhood and Partnership Instrument</td>
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<tr>
<td>ESDP</td>
<td>European Security and Defence Policy</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>EUSR</td>
<td>EU Special Representative</td>
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<td>FSP</td>
<td>Food Security Program</td>
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<tr>
<td>HLPG</td>
<td>OSCE High Level Planning Group</td>
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<tr>
<td>IDP</td>
<td>Internally displaced persons</td>
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<tr>
<td>JCC</td>
<td>Joint Control Commission</td>
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<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organisation</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<tr>
<td>NIP</td>
<td>National Indicative Programs (TACIS)</td>
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<tr>
<td>OSCE</td>
<td>Organisation for Security and Cooperation in Europe</td>
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<tr>
<td>PCA</td>
<td>Partnership and Cooperation Agreement</td>
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<tr>
<td>RRM</td>
<td>Rapid Reaction Mechanism</td>
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<tr>
<td>SCC</td>
<td>Special Coordination Centre</td>
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<tr>
<td>TACIS</td>
<td>Technical Assistance to the Commonwealth of Independent States</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNOMIG</td>
<td>UN Observer Mission in Georgia</td>
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<tr>
<td>WEU</td>
<td>Western European Union</td>
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APPENDIX C

ABOUT THE INTERNATIONAL CRISIS GROUP

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March 2006

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Thessaloniki and After II: The EU and Bosnia, Europe Briefing Nº28, 20 June 2003
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Two to Tango: An Agenda for the New Kosovo SRSG, Europe Report Nº148, 3 September 2003 (also available in Serbian)
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CAUCASUS

Georgia: What Now?, Europe Report Nº151, 3 December 2003 (also available in Russian)
Azerbaijan: Turning Over A New Leaf?, Europe Report Nº156, 13 May 2004 (also available in Russian)
Saufakhsivili’s Ajara Success: Repeatable Elsewhere in Georgia?, Europe Briefing Nº34, 18 August 2004 (also available in Russian)
Armenia: Internal Instability Ahead, Europe Report Nº158, 18 October 2004 (also available in Russian)
Georgia: Avoiding War in South Ossetia, Europe Report Nº159, 26 November 2004 (also available in Russian)
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Nagorno-Karabakh: A Plan for Peace, Europe Report Nº167, 10 October 2005 (also available in Armenian, Azeri and Russian)
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MOLDOVA

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