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SECURITY CHALLENGES IN THE CAUCASUS

FINAL REPORT

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EXECUTIVE SUMMARY:

Current means and approaches employed by the international community to ameliorate instability in the South Caucasus are in serious need of reassessment. Political and economic resources devoted to conflict resolution in Nagorno Karabakh, South Ossetia, and Abkhazia have to be considerably augmented and supplemented with a concerted effort to engender states and institutions accountable to the people, stem corruption and organized crime, boost economic development to address chronic poverty and income inequality, as well as, to promote peaceful co-existence among different ethnic groups in the region.

While Caspian energy and other industry-related developments represent an important lifebuoy for the South Caucasus states, the contribution to regional peace and security is limited. This conclusion is based on a more realistic assessment of the region's oil production potential; its inability to effectively compete with other oil producing regions, and its vulnerability to external economic forces. Moreover, developing energy resources in the disputed Caspian Sea in a way that benefits all littoral states, but without impinging on the security of non-littoral states, such as Armenia, remains a critical, though unresolved, issue.

Although Russia is an important actor in the security calculus of Armenia, Azerbaijan and Georgia, its role in resolving regional conflicts is constrained. Moscow's apparent preference for a unilateralist approach to regional states is more likely to stymie than bolster regional security, notwithstanding President Putin's more enlightened policy towards the South Caucasus. This is particularly true as Russia grapples with its own economic problems and a lengthy military campaign in Chechnya.

In contrast to the CIS, the OSCE plays a central role in the South Caucasus. While actual accomplishments have been modest (mainly attributable to local actors), the OSCE has been successful in encouraging political contacts and co-operation at all levels in South Ossetia, and has

contributed to regional stability through its Border-Monitoring Mission between Georgia and the Russian Republic of Chechnya. With its broad regional membership, field missions, political institutions, comprehensive approach to security, and its wide network of partners in all fields, the OSCE is well suited to be the co-ordination framework for collective efforts in the South Caucasus.

The principal extra-regional actors (US, EU and the UN), who, on their own, may not have a significant influence on security in the South Caucasus, should seek closer collaboration and synchronized actions between themselves as well as with the OSCE to leverage their collective impact upon the security situation in the region.



INTRODUCTION:

Ten years after independence, stagnation and instability persist in the Southern Caucasian states of Armenia, Azerbaijan and Georgia. Yet, notwithstanding the region's unresolved conflicts, alleged mass killing, widening domestic income disparity, growing illiteracy, and refugee problems, the Caucasus – in contrast to the Balkans and Middle East – attracts comparatively scant international attention and resources.

With this in mind, the Federal Government of Austria, having made the Caucasus a focal point of activities during its chairmanship of the Organization for Security and Co-operation in Europe (OSCE) in 2000, and the International Peace Academy (IPA) co-convened a high-level international conference Promoting Institutional Responses to the Challenges in the Caucasus, on 5-7 July, 2001 in Vienna, to refocus international attention on the fragile Caucasus security landscape.¹

Security challenges in the South Caucasus, conference deliberations clarified, are complex, multi-faceted and often fraught with regional dimensions. Therefore, to bolster regional peace and security, conflict resolution in Nagorno Karabakh,² Abkhazia and South Ossetia³ require a concurrent and comprehensive effort to develop and reinforce democratic forms of government, promote economic development, address severe

¹ The presentations and the discussions of this seminar focused on the South Caucasus states of Armenia, Azerbaijan and Georgia.

² In early 1988, a dispute broke out between Armenia and Azerbaijan over the status of the mostly Armenian enclave of Nagorno Karabakh in Azerbaijan (transferred to Azerbaijan in 1921), when its leaders voted to reunite with Armenia, sparking an ethnic conflict between Armenia and Azerbaijan that in 1993 led to outright war. A fragile cease-fire has held since 1994.

³ In 1992, the local authorities in the Abkhazia and South Ossetia attempted to separate from the Republic of Georgia. On 14 May 1994, after several faltered cease-fires, the Georgian and Abkhaz sides signed the Agreement on a Ceasefire and Separation of Forces. The parties agreed to the deployment of a peacekeeping force of the Commonwealth of Independent States (CIS) to monitor compliance with the Agreement, with the UN monitoring implementation of the agreement and observing the operation of the CIS force. In South Ossetia, an established OSCE mission is working towards the creation of a broader political framework, in which a lasting political settlement between South Ossetia and Georgia may be achieved. In response to the fluid situation along the 81-kilometre stretch of the Georgia-Chechen border, the OSCE established a border-monitoring mission in 15 December 1999 to ameliorate tensions from the Chechen conflict.

poverty and income inequality, secure civic rights, and promote peaceful co-existence among different ethnic groups.

This report, a summary of the main arguments raised at the conference, identifies the principal security challenges in the region as unresolved conflicts, weak institutions and corruption, poor economic prospects and unrealistic assumptions of Caspian energy potential. Reviewing the relative capacity of each regional (Russia, the CIS and the OSCE) and extra-regional (US, European Union and the United Nations) actor to address these issues in the South Caucasus, the report argues that enduring national and regional security lies in the collaborative efforts of local, regional, and key extra-regional stakeholders, especially since the capacity of local actors to overcome these manifold challenges by themselves is severely constrained, although their active involvement is indispensable.

I. SECURITY CHALLENGES IN THE SOUTH CAUCASUS:

Conflict (Without) Resolution

While the negotiated cease-fires between the conflict parties in Nagorno Karabakh, South Ossetia and Abkhazia appear to be holding, it is feared that a culture of conflict rather than a culture of good-neighborliness has been entrenched in the South Caucasus. Several reasons were advanced for this:

For one, it appears that resolving these conflicts is not top priority for the concerned states. In contrast to international attention, which is almost exclusively focused on conflict resolution, regional states seem preoccupied with other domestic issues such as governance, corruption, and combating organized crime.

In addition, hardened ethnic and national animosities further impede successful conflict resolution. Hard-line nationalists, for example, were able to obstruct progress in the US-sponsored talks between Armenia and Azerbaijan

held in Key West, in April 2001; while, in Georgia, external attempts at confidence-building were spurned by the conflict parties. One suggestion for ameliorating hardened ethnic and political stances was to promote regional economic co-operation, which could promote cross-cultural and transnational interaction. In Nagorno Karabakh, where Azerbaijan has ruled out all economic co-operation with the Armenians without the release of the seized territory, participants stressed that the possibility of economic co-operation between the two nations in third countries could and should be explored.

While the linkages between the existing regional conflicts were acknowledged, most participants were skeptical that the resolution of one would necessarily lead to the resolution of the others. The Nagorno Karabakh conflict, for example, is often cited as having a particularly substantial impact on the regional political discourse and economic development of all three Caucasus states. It was argued, instead, that any possible salutary effect from resolving the Nagorno Karabakh conflict is likely to be negated by the current unraveling of a common national identity in Georgia and Azerbaijan.

The chasm between the population and political elites further reinforces this culture of conflict. Participants argued that, in some cases, while the people appeared ready for compromise and peace, political elites -- who may benefit politically and economically from the current stalemate -- are not. In Georgia, the Abkhazia leadership blocked an OSCE proposal for a joint OSCE/UN human rights office and UN/OSCE fact-finding mission in Gali, which would have laid the basis for the return of the internally displaced refugees. Likewise, the 1992, OSCE Minsk Conference -- a forum dedicated to peaceful negotiations of the Nagorno Karabakh conflict -- never convened due to lack of support from leaders of the warring parties.

Weak Institutions and Corruption

In the South Caucasus, weak states and their institutions represent another array of security challenges. Independence, some participants argued, had meant merely a transformation in the juridical status of these

states rather than any meaningful institutional development. Participants noted several serious ramifications of this phenomenon.

First, Soviet-era political leaders and state apparatus have remained largely in place. Not surprisingly, these political elites -- nervous about the the new political environment -- hamper the process of building democracy, respect for human rights, the rule of law, and the protection of minority rights. Furthermore, as they are too weak to discipline themselves to the rigors of the new market economy and unwilling to surrender the many privileges of their political office, these “old guards” perpetuate existing regional conflicts to avoid dealing with heightened domestic expectations common in post-conflict, democratic societies.

Second, communist-era corruption continues to thrive. Bribery of state officials, including those in law enforcement and the judiciary, continues unfettered while personal and family interests dominate the economy. Sadly, the pursuit of the common interest and development of the economy is considered antithetical to personal profit. On a regional level, narcotics trafficking and related criminal activities are other detrimental expressions of this insidious corruption.

Third, the absence of a transparent and stable political transition process in the region is also a key concern, particularly with the advanced age of existing political leaders. Nevertheless, participants stressed that external actors ought to focus on encouraging peaceful political competition and a smooth transition of power, rather than pressuring (and expecting) the South Caucasus states to achieve liberal democracy in the western sense. In fact, the aspirations of all three states for membership in European institutions present the international community with a lever to insist on peaceful political transitions, as well as, to hold political leaders in these states accountable to higher standards of governance.

Fourth, in the absence of functioning and responsive governments in the South Caucasus, participants noted a continuing reliance upon primordial

clan-based coping strategies. Unfortunately, this has further insulated the rulers from the mass of the ruled, reinforcing the longevity of weak institutions. Consequently, in most of the region, the number of genuine economic and political stakeholders is being steadily reduced, while those in the ruling circles amass economic and political spoils.

Obstacles to Economic Rehabilitation

Participants argued that the South Caucasus, although not technically part of the developing world, is in critical need of economic renewal. Without economic rehabilitation, particularly in conflict zones, political development and conflict resolution will remain difficult. The conference examined the principal obstacles to economic development and surmised the extent to which the oil and gas industry can contribute to economic growth and political stability.

Poor economic performance and an uncertain business environment were singled out as principal challenges to regional economic renewal. The stalled transition from socialism to capitalism has engendered high inflation, excessive public spending, low productivity, unemployment and underemployment. In addition, the limited amount of foreign direct investment, largely concentrated in the energy industry, is insufficient to bring about the needed diversification and transformation of the South Caucasus economies.

Chronic poverty persists in all three states, while external debt cripples the economies of Georgia and Armenia. Between 1991-1999, purchasing power in all three states sharply declined. In 1991, the number of people classified as poor and critically poor was negligible; today, more than half of the households in the region are classified as poor, with 1 in 5 households deemed critically poor. Armenia and Georgia have accumulated external debt exceeding one-third of their annual GDP, a situation further aggravated by a deficit in their foreign trade. Without the assistance and conditionalities of the international financial institutions, these countries would have lost capacity to

negotiate the rescheduling of their debt. Moreover, participants noted that an inability to allocate sufficient resources to social services, such as education and health, might soon result in increased vulnerability and social discontent among the population and result in greater instability.

Environmental problems such as wide-scale illegal logging, obsolete waste treatment facilities and inappropriate land use which exposes large territories to severe erosion and degrades important agricultural land also undermine economic development and present serious health hazards. However, the unresolved conflicts are likely to impede meaningful regional cooperation in harmonizing standards and common regulatory systems to control and reduce environmental degradation in the South Caucasus.

Caspian Pipedreams?

Participants emphasized the need to be realistic about the economic potential and political implications of Caspian energy for four reasons.

First, although Caspian energy will remain an important economic lifeline for the Caucasus states, its overall economic and political impact is expected to be small. Despite initial US projections of 200 billion barrels yet-to-find (YTF), levels comparable to the Gulf States, Caspian oil potential has been significantly revised downwards to a more realistic 50-70 billion barrels YTF. Gas in the South Caspian area, on the other hand, features healthy reserves but a dearth of regional markets. Therefore, the energy industry is unlikely alone to provide the South Caucasus states with either the economic or political leverage to put their houses in order.

Second, Caspian oil is not competitive. Oil exploration and development costs are considerably higher than other oil producing regions; its support infrastructure, such as offshore drilling rigs, heavy lifting equipment, marine equipment and pipe lay barges, remain deficient. Although additional pipeline systems may, in part, reduce production cost, pipeline construction has been heavily politicized. For example, while major

oil companies prefer a shorter, and thus cheaper, pipeline running from Baku to Iran's Gulf outlets. Kazakhstan, Turkey, Georgia, Azerbaijan and the US have agreed to construct the Baku-Tbilisi-Ceyhan (BTC) pipeline bypassing Russia and Iran -- though not without significant political fallout for attempts to resolve the region's conflicts.

Third, Caspian oil remains particularly vulnerable to the fluctuations of global oil prices, Organization of Petroleum Exporting Countries(OPEC) decisions to reduce or increase supply on the world market, as well as Russia's oil production and consumption patterns. To illustrate, the 1998 collapse of global oil prices severely undermined the competitiveness of Caspian oil projects and had devastating consequences for the fragile and nascent economic growth in the region.

Fourth, competing claims over resources in the Caspian Sea also act as barriers to trade and investment. One case in point is the 28 July, 2001 confrontation between Azerbaijan and Iran, in the Caspian, which led British Petroleum to suspend its operations in the Caspian indefinitely. Hence, unless all the littoral states of the Caspian can benefit from energy development, regional stability is likely to remain elusive.

II. REGIONAL PRESCRIPTIONS TO CHALLENGES IN THE SOUTH CAUCASUS:

Role of Russia

There is a commonly held perception that Russia, the major regional power, can significantly contribute to the management of security challenges in the South Caucasus. Most participants argued, instead, that Moscow's ability to tackle security challenges and boost economic development in the South Caucasus is limited. While Russia continues to factor into the policy calculations of regional states, its political and economic clout should not be overestimated. There are three principal reasons for this:

First, in the last decade, the vertical dependence of the new independent states on Moscow has been eroding in the South Caucasus. Economically, Russia has irreversibly lost its position as the dominant trade and financial partner of the South Caucasian states; while, politically, the diversification of relations of the latter, primarily with the US, Turkey and NATO, has further reduced Russia's influence in the region.⁴

Second, Moscow's long-term regional agenda appears to be dominated by the war in Chechnya. Russian policy towards the South Caucasus, some argued, is narrowly confined to curbing activities emanating from Azerbaijan, Georgia, or Armenia which may complicate its mission in Chechnya.

Third, its long-term military campaign in Chechnya and Russia's own economic problems will seriously limit the amount of resources -- political, economic and military -- which Moscow can bring to bear on the South Caucasus region. Analysts examining Russia's 2002 draft budget submitted to the Duma argued that the Russian economy, relying on optimistic projections of the Ural blend fetching a net average of \$22 per barrel, up from the \$18 per barrel this year, will probably sputter in the months ahead, due to high inflation.

Nevertheless, some participants pointed to a recent positive evolution in Russian policy towards the South Caucasus. Moscow, they argued, appears to be eschewing unrealistic self-assertive rhetoric in favor of a more pragmatic approach: promoting politically stable, economically wealthy, and Russia-friendly neighbor states in the region. However, other participants were skeptical of this new policy. They argued instead that:

Even with such a policy reorientation, brought about largely by President Vladimir V. Putin, tangible benefits will take time to materialize, as

⁴ Probably, the most significant sign of this new reality is the policy of the Armenian leadership, which does not anymore rely on the explicit military alliance with Russia and seeks to improve relations with other regional powers, most notably with Turkey.

security policy actors within the Russian bureaucracy tend to be conservative and take time to adjust their thinking;

This policy shift may not, despite arguments to the contrary, engender a greater Russian willingness to act in concert with regional and international actors in tackling security challenges in the South Caucasus, a process many observed as necessary. On the contrary, Russia, in seeking to preserve its “special (or exclusive) role” in the region, projects a tendency towards a unilateralist rather than multilateral approach to conflict resolution. Participants pointed to the adoption of the Caucasus Four Forum (Armenia, Azerbaijan, Georgia and Russia) in 2000, as one example that underscores Moscow’s preference for a unilateral approach to regional security.

Ingrained suspicions of Moscow’s intentions is unlikely to fade away just because there is a promulgation of a new Caucasus policy on the part of the Putin administration. Some in Azeri policy circles maintain the view that Armenia remains a staunch Russian ally and is still being employed as a military base to foment conflict in the region. Similarly in Georgia, continued Russian complicity in the Abkhazia conflict is widely believed, a situation aggravated by the slow pace of withdraw of Russian military bases in Abkhazia.

Regional Organizations: Commonwealth of Independent States

Participants weighed the relative efficacy of regional organizations in managing security challenges in the South Caucasus, with most agreeing that the Commonwealth of Independent States (CIS) is not able to positively influence regional political and security developments. However, given that the CIS is expected to serve as one possible forum in the region, participants discussed areas where the CIS may be strengthened.

The CIS is in need of effective leadership, especially from the dominant regional power, as Russian inattentiveness and policy incoherence towards the CIS in its early days limited the effectiveness of the regional organization.

In this regard, some saw the Ukraine-initiated working group convened to analyze the effectiveness of the CIS on 30 November 2001 (10th anniversary of the formation of the CIS) in Moscow, as a step in the right direction, although other limitations persist.

Participants stressed that CIS member states also need to invest in functioning and effective institutions. Currently, the organization is crippled by serious institutional underdevelopment, resulting in few agreements being reached (by consensus), while those collectively taken are frequently not implemented.

However, institution building is understandably difficult given the relatively weaker economies of the CIS member states. Hence, it was suggested that intra-CIS co-operation should begin on a smaller scale and along functional lines, such as transportation or public health, and that the CIS should seek co-operation with other regional and international organizations, wherever possible.

Regional Organizations: The Organization for Security Co-operation in Europe

In contrast to the CIS, the OSCE was recognized as the lead actor in South Caucasus. Three elements of the OSCE's activities in the region underscore this observation.

First, the OSCE's field missions,⁵ its region-specific work emanating from institutions such as the Office for Democratic Institutions and Human Rights (ODIHR), the Office of the High Commissioner for National Minorities (HCNM), the Office of the High Commissioner for Media Representation (HCMR), the Co-ordinator of Economic and Environmental Activities, and attention afforded to the region by the OSCE Parliamentary Assembly are all

⁵ The OSCE has four missions operating in the region- in Tbilisi, Yerevan, Baku and the border-monitoring mission between Georgia and Russian Republic of Chechnya.

reflections of the organization's significant presence and commitment to South Caucasus.

Second, the OSCE's comprehensive approach to security – encompassing human, political, economic, environmental and regional dimensions -- could potentially address the various challenges in the South Caucasus, though much would still depend upon the willingness of local actors to maximize this flexibility.

Third, the OSCE also has expressed its readiness to monitor the withdrawal of Russian troops from Georgia. To this end, the OSCE Secretary-General established a voluntary fund aimed at facilitating such a withdrawal in accordance with the Conventional Forces in Europe (CFE) Treaty and the joint statement of Georgia and the Russian Federation of November 1999. Similarly, the OSCE High-Level Planning Group (HLPG) has been planning for the deployment of the organization's first peacekeeping operation in the context of the Nagorno Karabakh conflict, although its eventual deployment is yet to be decided.

While the organization has not resolved existing conflicts, it was argued that the negotiated ceasefires are holding and that the peace processes, though stalled, have not been abandoned. Participants pointed to other encouraging signs in the region such as nascent democratic and economic development, while emphasizing that the status of Armenia, Azerbaijan and Georgia as independent states is far more certain today than it has ever been; especially when compared to the 1920s, when these states were independent for a year before being absorbed into the Soviet Union.

Participants noted that incremental successes have been accomplished by the OSCE in the South Caucasus. In South Ossetia, Georgia, for example, political contacts between the conflict parties have

taken place at the highest political level.⁶ Co-operation between Georgian and Ossetian law enforcement bodies has been initiated, while a rapprochement between the people at the grassroots level has been observed. The successful OSCE border-monitoring mission between the border of Georgia and the Chechen Republic of the Russian Federation, many at the conference noted, is an example of OSCE preventive action.

Nevertheless, participants focused on two key areas that could be better addressed by OSCE.

With a membership encompassing all but one of the main players (Iran) in the South Caucasus region, the OSCE is capable of developing a more coherent regional strategy. The nomination of the Personal Representative of the Chairman-in-Office for the Caucasus region, and the Head of OSCE Missions meeting in the Caucasus, which took place in Yerevan on 25-26 September 2000, are seen as important first steps in the right direction.

Closer co-ordination and co-operation with other regional and international actors⁷ is important, particularly to ensure that sometimes-divergent organizational agendas and priorities are not played one against the other. To this end, the OSCE -- with its network of partner organizations in all fields and an institutionalized approach to co-operation through its Platform for Cooperative Security -- is well suited to serve as the co-ordination framework for joint efforts.

III. EXTRA-REGIONAL ACTORS:

United States

⁶ Examples of this high-level contact are the 6th meeting of experts held in Vienna-Baden in 2000 with the support of the Austrian Chairmanship of the OSCE and the 7th meeting of experts held in Bucharest in July, 2001.

⁷ The main partners of the OSCE in the Caucasus are: the United Nations and its specialized agencies, the World Bank, the International Monetary Fund, the European Commission, the Council of Europe and the International Committee of the Red Cross.

Although the official policy of the Bush administration towards the region is yet to be clarified, most conference participants believed that its role in the South Caucasus is likely to be modest. While the administration is unlikely to declare the region an “area of secondary importance” (particularly in the aftermath of the recent energy crisis in the US), as advised by certain Washington-based think tanks⁸, the current focus on Afghanistan is likely to place the states of Central Asia higher on Washington’s policy agenda than the South Caucasus. Nevertheless, oil strategists and lobbyists will try to lift sanctions against countries in the region, such as repealing Section 907 of the Support of Freedom Act (which forbids US aid to Azerbaijan because of its civil and political rights record) as well as urge the reassessment economic sanctions against Iran. The success of their efforts, however, is from certain as the new US Energy Secretary Spencer Abraham, portrayed as a close patron of Armenian-American lobby groups, was in the forefront of the campaign to stop the Clinton administration’s attempts to annul Section 907.

European Union

Participants noted the diplomatic energy devoted to the region by the EU. This includes attempts to establish political dialogue with all three South Caucasus states through high-level visits, though follow up has been difficult; co-operation with the key regional actors (Russia, the US, Turkey and Iran); collaboration with the OSCE, the UN and the Council of Europe in the area of donor funding; financing of institution and democracy building; support of the Georgian border guards; active participation in addressing the South Ossetia conflict, particularly in arms collection; as well as, proposing the establishment of a Caucasus Stability Pact, a broad framework for settlement of the region’s conflict. Notwithstanding these important contributions, the current effectiveness of the EU is constrained by two key factors.

The EU, as an institution, appears somewhat constrained when one or more of its influential member states have a lead role in conflict resolution

⁸ See Caucasus Report, 19 January 2001, Volume 4, Number 3. <http://www.Rferl.com>

processes. For example, the EU remains extremely cautious about its role in the Nagorno Karabakh conflict, where France is a co-chair of the Minsk group, and treads gingerly on the Abkhazia issue, where the United Kingdom has a key role. However, some participants expressed optimism that the difficulties of arriving at a “Union” approach in the security realm (a new area of activity for the EU) will abate with time.

While the South Caucasus is of strategic interest to the EU, the latter’s existing preoccupation with the Balkans will possibly limit its desire and ability to dig deeper into its pockets to help the region. The EU will hardly have the resources or the political energy to implement a large scale Stability Pact for the Caucasus alongside its other projects, linked to the Balkans, the Northern Dimension (Baltic Sea region) and the Mediterranean.

To overcome these hurdles, some participants argued, the EU should seek closer co-operation with other organizations playing a role in the region. Co-operation in country needs-assessments is one opportunity to recalibrate respective organizational policies to greater effect. In fact, the EU initiative for Democracy and Human Rights, which was funded by the EU but implemented by the OSCE and the Council of Europe, is one such example of successful collaboration in the South Caucasus.

United Nations

While the UN has acquired significant experience in peacekeeping and now has several applicable mission models that could be useful to the region, the UN has a comparatively small peacekeeping role in the South Caucasus. The absence of an active and vocal Caucasus constituency within the UN system, and the possible consideration accorded to Russian sensitivities by other Council members, some argued, limited the UN’s involvement in the South Caucasus to the Georgian-Abkhaz conflict. The United Nations Observer Mission in Georgia (UNOMIG)⁹, established to monitor and verify

⁹ UNOMIG established on 24 August 1993 by Security Council resolution [858 \(1993\)](#), and expanded by the Security Council, by its resolution [937 \(1994\)](#) of 27 July 1994 has an authorized strength of

the implementation of the Agreement on a Ceasefire and Separation of Forces, is supplemented by the United Nations office for the protection and promotion of human rights in Abkhazia, Georgia.¹⁰ Thus far, modest progress has been achieved by UNOMIG, as even the Group of Friends of the Secretary-General for Georgia could not reach full agreement on the draft paper concerning the distribution of competencies between Tbilisi and Sukhumi, a required basis for further negotiations on the future political status of Abkhazia.

Notwithstanding this setback, it is important to note that the UN serves other important functions in the region and its role there should be sustained. For one, the United Nations International Drug Control Programme's (UNDCP) role in the improvement of border control measures and law enforcement capacities to interdict the shipment of illicit drugs, emanating mainly from Afghanistan, has the effect of addressing some of the adverse political, economic and social consequence of criminality in the region.¹¹ Nevertheless, even more support is required for this UN function in the region as some of the UNDCP's programs, such as the Regional Programme on Technical Co-operation for the entire Caucasus region, though approved for implementation, still lack funds and donor interest.

Next, the presence of UN military observers provides the Russian-led CIS force with a measure of credibility. This is especially so since past Russian involvement in stimulating some of the major cleavages in the region is likely to render Moscow, at best, a controversial regional actor, now and in the foreseeable future.

136 military observers. Most recently, the mandate of UNOMIG was extended until 31 January 2002 by Security Council resolution [1364 \(2001\)](#) of 31 July 2001.

¹⁰ Established on 10 December 1996 in accordance with Security Council resolution 1077 (1996) of 22 October 1996. It is jointly staffed by the Office of the High Commissioner for Human Rights (OHCHR) and the OSCE. The Human Rights Office forms part of UNOMIG and reports to the High Commissioner for Human Rights through the Head of Mission of UNOMIG.

¹¹ To this end, the UNDCP facilitated the preparation of a Memorandum of Understanding on Co-operation in Drug Control and Activities against Money Laundering between the Republics of Azerbaijan, Georgia, the Islamic Republic of Iran and UNDCP.

Given the limited attention and resources dedicated to this region by UN member states, participants believed that effective UN activities in the region lie in closer collaboration and synchronized actions, particularly between the UN and the OSCE. Many at the conference cited the Joint Assessment Mission to the Gali District, carried out under the aegis of the UN and within the framework of the UN-led Geneva process in November 2000, as one example of productive co-operation.

CONCLUSION:

The management of security challenges in the Caucasus is likely to be affected by developments following the 11 September 2001 terrorist attacks on America, particularly the current US-led reprisals on terrorist networks within Afghanistan. The already limited resources dedicated to the South Caucasus may diminish further, in light of current focus on Central Asia. For example, a long-term program of US-aided economic development towards Central Asia is being initiated. The fund for reconstruction and recovery in Central Asia will see the US making an immediate contribution of US\$ 1 billion contribution to the region, with a promise of US\$ 320 million in aid to Afghan refugees.

Hence, it is in such an environment that the central message of the conference remains salient. Security challenges in the South Caucasus must be tackled in a sustained and comprehensive fashion, leveraging the combined efforts of local, regional and international actors and organizations to better effect. In this regard, the decision on the part of Russia to move politically closer to the West, in recent weeks, may have a future positive impact on their respective roles and contributions in tackling security challenges in the South Caucasus.

- The experience in the Balkans has demonstrated that while an organization – regional or global – could benefit from additional resources

to conduct peace operations, resources alone cannot compensate for lack of planning, vision or will.¹²

- Organizations reflect similar traits in peace operations, including a tendency to focus on tactical issues rather than strategic ones; a reluctance both to conduct forward planning and also to undertake preventive action; and a propensity to ascribe their inaction to the "lack of political will" on the part of their constituent members.
- Member states are equally responsible for their inability to task the organizations to conduct formal contingency planning or to work towards the desired "end state". This was often, and perhaps conveniently, attributed to the lack of domestic political support or national interest.
- An effective peace operation was contingent on the "alignment" of key countries in the region. This group of key countries would differ from region to region. In the Balkans an alignment between the United States, Russia and key European Union (EU) members was imperative for the "stability pact" to emerge. A Russia isolated in the process was not productive.
- Although peace operations should encourage states to become economically, socially and politically viable, they tend to be more successful at "mechanistic reconstruction" than "social reconstruction and nation building". The peace mission must also guard against the state's leaders becoming dependent on external actors for their survival.
- If peace operations have worked at all in the Balkans, it was to the credit of the leadership of the international missions. The role of key personalities was critical in providing not only normative and operational leadership but

¹² Although the focus of the seminar was on 'peacemaking' (which primarily involves "negotiated, facilitated or mediated conflict resolution"), the discussion covered activities, such as electoral assistance, civilian policing, humanitarian assistance and human rights monitoring, etc, which come under the broad ambit of 'peace operations'. Hence the more inclusive term of 'peace operations' has been used in this report.

also in generating strategies of co-operation when the effort involved more than one organization.

- One incentive for states in Europe to alter their behavior may be the promise of joining an organization like the Council of Europe, NATO and/or the EU. Although tools for peace operations often tend to be region- and time-specific, this incentive, of offering membership of regional bodies, could be applied in other regions as well.
- While the legitimacy of non-UN endorsed military action remained moot, the consensus was that if intervention was inevitable then it was "optimal for the UN to be the authoriser of force". In the absence of a single chain of command, improved co-ordination between the different organizations was vital.