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Forum on Early  
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Peace Mission Of  
General Lebed

# STRATEGIC RECONSTRUCTION AND DEVELOPMENT ASSESSMENT

## NORTH CAUCASUS



A Study Commissioned  
by the Global Conflict  
Prevention Pool  
(GCPP), UK



Kardos & Nyheim Consulting

Forum on Early Warning and Early Response - Eurasia

Peace Mission of General Lebed

# **Strategic Reconstruction And Development Assessment (SRDA) North Caucasus**

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**Expert report**

Moscow 2005

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the Global Conflict Prevention Pool (GCPP), UK

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**Strategic Conflict Reconstruction and Development  
Assessment (SRDA) in the North Caucasus 2005.  
Expert report.**

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The views and opinions expressed in this report are the authors' own as are any errors of fact. The report is the work of independent consultants and does not reflect any government policy or political position.

# 1. EXECUTIVE SUMMARY

## RATIONALE AND METHODOLOGY

The study presented here has been commissioned by the UK government's Global Conflict Prevention Pool (GCPP) to obtain a better understanding of the situation in the North Caucasus for all actors with an interest in socio-economic recovery and stabilisation in the region.

The study takes the form of a Strategic Reconstruction and Development Assessment (SRDA), core of which is an analysis of security, development and governance (and the relationships between them) in the North Caucasus at regional and local levels.

SRDA also reviews the policy directions of Russian institutions and current Russian and international responses to the situation in North Caucasus and concludes with a set of strategic recommendations

## 1.1

### RUSSIAN POLICY DIRECTIONS

The Russian Federation has three main objectives in the North Caucasus: to maintain sovereignty over the region; to strengthen political and economic governance; and to combat the growth of terrorism.

Moscow sees its interests in the North Caucasus as threatened by a number of external factors including: US policy in the Caucasus; western "soft power" support to pro-democracy movements; and the proliferation of Islamist ideology. The Russian government is also concerned that the situation in the North Caucasus could undermine its international standing.

In spite of agreement on the broad policy objectives, Russian policy making and implementation is not fully coherent, with different actors and institutions within and outside of the bureaucracy pursuing different agendas.

Formulation and implementation of a coherent strategy for the region are hampered by lobbying by different interest groups and corruption. In particular policy coherence and implementation are undermined by the narrow economic and political interests and activities of the regional elites to whom Moscow has largely devolved political administration and economic management of the region.

On the ground, the Russian government places too much focus on military solutions to problems of conflict and security. Disproportionate use of force, accompanied by human rights abuses, proved counter-productive in the past and led to an increase in radicalism and extremism. Not enough resources have been put into developing non-violent conflict management mechanisms including the promotion of greater political participation and democracy.

In economic development there is too much emphasis on infrastructural projects and not enough on investment in the social sector and job creation (particularly at community and district levels) which could help to address some of the underlying grievances that fuel conflict and extremism.



## 1.2

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### REGIONAL DYNAMICS

Although it is essential to analyse the specific problems of the six North Caucasian republics in detail (see below), it is nonetheless helpful first to identify cross cutting issues (both positive and negative) that are common to the whole region. It is also important to identify the regional inter-connections between the crises which to a greater or lesser extent exist in each of the republics.

### NEGATIVE REGIONAL TRENDS

The conflict in Chechnya impacts on the whole region, creating and maintaining a number of obstacles to peace and development throughout the North Caucasus. These include:

- A growing culture of violence (particularly among the youth);
- The corruption in the law enforcement sector;
- A proliferation of religious extremism;
- Xenophobia and distrust between ethnic and social groups;
- Criminal networks (including weapons trade/trafficking and smuggling); and
- Uncontrolled zones of instability, especially on the porous border with the South Caucasus, that make effective border control difficult.

These security issues are closely related to two key challenges that are common to the region as a whole:

1. Systemic corruption – the opportunities for conflict settlement may be wasted and developmental recovery undermined unless systemic corruption and the grip on power by dominant clan groups are tackled by the Russian government in a determined manner; and
2. Armed conflict in Chechnya – the security situation will remain unstable until the conflict is fully settled through a broadly inclusive political process, while at the same time addressing the issue of terrorism.

The security and governance trends outlined above are related to negative socio-economic trends in the region that also feed into the regional crisis. These include high levels of unemployment and a failure to invest in health and education.

### POSITIVE REGIONAL TRENDS

In spite of the importance and visibility of the negative trends outlined above, there is nonetheless a number of positive trends observable in the region. These include:

- A more strategic Russian approach to reforms under the current Presidential representative in the South Federal District, Dmitry Kozak;
- A decline in the number of active inter-ethnic conflicts over the last five years (though tensions are still manifested in ways that can promote instability);
- Somewhat stabilised socioeconomic conditions and moderate growth, especially in the Northern part of the region;
- Extensive conflict fatigue and a strong desire for the normalisation of life through negotiated settlement of conflicts, economic recovery and development;

- Increasing realisation among influential groups in the Russian political elite that greater use should be made of alternative non-violent instruments, including political dialogue, in order to prevent further proliferation of conflict and terrorism;
- Opportunities for international engagement in the region (common Russian and European interests in combating terrorism and promoting stability in the wider region are entry points); and
- Opportunities and expectations for recovery and reconstruction (with the reduced potential for political manipulation of conflicts in the Northern Caucasus).

## REGIONAL CONFLICT SYSTEMS

Because of the close and complex linkages between the republics (and with the South Caucasus) there are a number of cross republic/regional conflict systems in which trigger events in one republic can reignite dormant rivalries and inter-ethnic disputes in another. These include:

- Chechnya-Ingushetia. Geographical proximity and ethnic affinities mean that conflict and peace dynamics in Chechnya can adversely affect the situation in Ingushetia and vice versa;
- Daghestan-Chechnya. Islamist movements common to both republics and cross border ethnic affiliations could lead to the spread of Chechnya conflict to Daghestan;
- South Ossetia-North Ossetia-Ingushetia-Chechnya. The unresolved border dispute between North Ossetia and Ingushetia could reignite and draw in Chechens on the side of Ingushetia and South Ossetians on the side of North Ossetians;
- Georgia-Abkhaz-Adyg. If the Abkhaz conflict in Georgia resumes this would likely draw in North Caucasus Adyg fighters; and
- There are several other potential triggers of regional conflict connected to unsettled territorial disputes across the region that could be aggravated by the current discussion of plans to enlarge Russia's administrative regions.

## 1.3

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### REPUBLIC-LEVEL DYNAMICS

#### CHECHEN REPUBLIC

Chechen Republic remains acutely unstable and is the main flash-point of the crisis in North Caucasus with repercussions for the rest of the region, for Russia as a whole and for the South Caucasus. Continuing lawlessness, insecurity and violence remain the major obstacles to peace. They fuel an atmosphere of hatred and distrust, hamper movement into and within the republic and prevent any serious effort at reconstruction and development. The separatists' strategy appears to be to intensify the violence and to widen the theatre of the war to other parts of the region. The Federal Authorities have used a divide and rule strategy to settle the conflict which threatens to bring about further fragmentation and disintegration of Chechen society and fails to address a high level of corruption. The space for genuine political dialogue and participation is very narrow. And the war is contributing to the continuing radicalisation of Chechen youth and the proliferation of extremist ideologies.

On the positive side, overwhelming conflict fatigue on the part of the majority of Chechens indicates “ripeness” for peace and provides potential traction for efforts to open a dialogue on security, development, and humanitarian issues. The Treaty on Division of Jurisdictions between Russian Federation and Chechnya, though it has obvious shortcomings given the high levels of corruption in the republic, may provide Chechnya with exceptional autonomous status and could create greater space for political dialogue and economic reconstruction. Already there are signs of a greater willingness on the part of the authorities to engage with independent civil society organisations. The strong Chechen tradition of local self governance is a potential asset if significant progress towards peace can be made.

## **INGUSH REPUBLIC**

Instability in Ingushetia is integrally connected to the Chechen conflict. Large numbers of Ingush youths have joined the Chechen armed groups and have carried out violent attacks both in Chechnya and Ingushetia. Repressive measures by the Russian Federal and Ingush authorities have increased resentment and alienation.

Islamist political ideology is spreading as a platform for unity between different extremist forces. Large influxes of Chechen refugees have added to Ingushetia’s troubles. Although influential elements within the Ingush economic and political elite have vested interests in peace and stability, there is now little prospect of stabilising Ingushetia until there is a significant improvement in the situation in Chechnya.

Ingushetia also faces problems unrelated to Chechnya, notably residual tension with North Ossetia and the presence of large numbers of ethnic Ingush refugees expelled from North Ossetia during the Ingush-Ossetian conflict in 1992. The Beslan school hostage crisis in North Ossetia has contributed to the revival of Ingush-Ossetian mistrust and tensions.

## **REPUBLIC OF DAGHESTAN**

Daghestan has avoided getting drawn into the Chechen conflict to the same extent as Ingushetia. However, the republic’s internal political dynamics are a source of instability that increasingly manifests itself in the form of political violence. The local authorities in Daghestan have shown skills of political balancing. Nonetheless, there is a number of dangerous trends.

Moscow’s new policy of direct nomination of heads of republics threatens to further undermine political stability in Daghestan by replacing a bottom up system of governance with a top down one. The previous system of election provided an element of stability because it forced the republic’s government to respond to local concerns and to balance the interests of competing local groups. The new system is likely to respond only to the directions from Moscow and lead to the contraction and isolation of the elite, exacerbating complex ethnic tensions within this most ethnically diverse of republics.

Other sources of instability in Daghestan include the growing tensions between various religious actors (the traditional Islamic authorities and disparate groups of radical Islamists), and an increasing number of disputes over land.

**REPUBLIC OF  
NORTH OSSETIA - ALANIA**

In spite of a relatively well developed economic infrastructure and high investment flows from the Russian Federation, North Ossetia faces socio-economic decline, a crisis of public confidence in the republic's leadership and fallout from the simmering political conflict in South Ossetia.

The Beslan hostage crisis has exacerbated the internal situation, increasing popular discontent at high levels of government incompetence, and lack of avenues for political participation. Moscow's new policy of direct nomination of heads of republic is likely to make matters worse by reinforcing the links between the political elite and Moscow and increasing divisions between the elite and a population represented by a poorly organised and weak civil society.

The crisis in South Ossetia is perpetuated by a combination of regional and international political rivalry and vested political and economic interests in the status quo. There is little sign of resolution in the near to medium future. North Ossetia can bring little influence to bear on the situation. But as long as the crisis in South Ossetia continues, it is likely to hamper efforts to improve economic and political governance in North Ossetia.

**KARACHAY-CHERKESS  
REPUBLIC**

A combination of systemic corruption, socio-economic decline, political manipulation by the ruling elite, increasingly vocal political dissent and a history of ethnic tensions between the two dominant groups have led to increased political instability in Karachay-Cherkess over the past year.

The crisis in the republic has been prevented through a partially successful political intervention by Moscow (led by presidential envoy Kozak), but there is no apparent strategy to tackle the roots of the problems. The sharp ethnic divisions, exacerbated by an influx of Chechen IDPs and migrants, undermine the potential for local crisis management. The crisis has regional ramifications with opposing groups looking for support from their allies in other North Caucasus republics and in the South Caucasus.

**KABARDIN-BALKAR  
REPUBLIC**

Kabardin-Balkar does not suffer from destabilising ethnic cleavages. However, the republic is in the process of sensitive leadership succession while suffering from the same governance problems as the rest of the region. The republic is also vulnerable to the destabilising impact of the conflict in Chechnya including the spread of Islamist ideology. Repressive actions by the authorities against Islamist groups help to maintain the support of Moscow for the local elite, but may fuel extremist political tendencies and more general popular unrest.

**1.4**

**CURRENT RESPONSES**

***Governmental***

The main area of governmental developmental action in the North Caucasus is the reconstruction of strategic infrastructure and economic facilities. Efforts are under way, championed by Dmitry Kozak and the South federal district office, to reform regional development structures and processes so as to reduce vulnerability to mismanagement and

corruption by local elites, while simultaneously maintaining an adequate flow of developmental resources to the republics of the North Caucasus.

### ***International***

International efforts are currently focused on moving from a humanitarian relief phase to recovery and rehabilitation of damaged social and health infrastructure. Particular attention is being paid to the most vulnerable groups in Chechnya and Ingushetia but population groups in other republics of the region are also covered by the new Transitional Workplan based on the CAP process. This is presently framed within a strategy of providing recovery assistance, rebuilding of livelihoods and supporting income generation at the local level, such as micro-grants to SMEs. The process is coordinated by the UN's Office for the Coordination of Humanitarian Affairs (OCHA).

### ***Co-ordination of responses***

Coordination processes within the Russian government are highly insufficient. The situation is close to chaotic in some areas with different agencies doing what they want without regard to the activities of other agencies. This enables influential elements at a republic level to affect the implementation of policy by manipulating existing bureaucratic processes.

In theory responses are coordinated within the relevant inter-agency commissions and committees that are formed by the Ministries, services and agencies participating in the implementation of the federal assistance and reconstruction programmes. The Office of the Presidential representative in the South federal district and the Commission on coordinating the actions of the federal bodies of executive power is another key coordinating hub within the Russian Government.

There are no functioning permanent mechanisms presently for coordinating responses between domestic and international actors outside of bilateral diplomatic channels and the UN (OCHA framework). Major donors such as the EC, WB, and bilateral development agencies also lack an effective coordination interface at the regional level and in Moscow outside of the UN framework. The coordinating mechanism set up by OCHA appears to be the only effectively working system.

## **1.5**

### **FUTURE POLICY DIRECTIONS**

(i) A coherent Federal strategy for the North Caucasus based on an objective analysis of the situation in the region should be developed as a priority. This should include measures to:

- Tackle poor governance, reduce corruption and promote political pluralism;
- Step up social and economic development of the region with a focus on addressing the social deficits that foster extremism and conflict;
- Promote security sector reform, human security and the protection of rights;

- Settle regional conflicts and flashpoints, especially Chechnya, and build regional conflict management capacities.

(ii) EU and Russia should continue dialogue on a strategy for reconstruction, development and stability in the North Caucasus. (The recent EU assistance programme in North Caucasus is first step to increased dialogue).

(iii) The International Community should provide assistance in a co-ordinated way to support reconstruction and stability in the region in line with agreed Federal strategy and building on the existing UN mechanisms for humanitarian coordination.

(iv) It would be desirable to identify in consultation with the Russian authorities areas for effective EU strategic engagement in the North Caucasus pursuing directions complementary to the Russian federal reconstruction plan for the region.

(v) It is also important to agree on a strategy for transition from humanitarian relief to reconstruction and development based on a gradual shift of emphasis to community and district-level recovery and development operations with visible job-creation and income-generating impacts.

(vi) In parallel with above, contingency plans should be drawn up for humanitarian assistance and conflict management in case of renewed regional destabilisation.

## 2. INTRODUCTION

### 2.1

#### RATIONALE

Strategic Reconstruction and Development Assessment (SRDA) aims to provide a comprehensive analysis, strategic directions and practical recommendations for more effective and conflict sensitive poverty reducing policies and programmes in the North Caucasus. It envisages that SRDA will help policy actors and donors to develop a balanced and realistic regional economic development strategy that integrates the need to address: (a) urgent requirements on the ground; (b) the divide in public consciousness between the North Caucasus and the rest of Russia; and (c) improved governance.

### 2.2

#### THE CASE FOR REGIONAL ECONOMIC DEVELOPMENT

The overall focus of the SRDA is on regional economic development which is seen as an entry-point for enhancing the impact of international aid to the region. Particular attention is paid to the security-governance-development nexus in the assessment.

The authors make the assumption that the situation in the North Caucasus presents developmental opportunities that should not be missed, as well as a number of manifest and latent threats to stability of the entire Caucasus, Russian Federation and neighbouring countries.

Positive trends that present important opportunities include: (a) the ongoing reconstruction of the strategic economic infrastructure in Chechnya; (b) crisis management efforts by the Russian federal government; and (c) availability of financial resources in Moscow.

Another opportunity is the growing understanding among international actors involved in the region of the needs and expectations of peoples in the North Caucasus, particularly the most pressing needs for human security, normalisation of life in economic terms, and aspirations for peaceful and participatory political processes. Donor governments, the UN and other IGOs, as well as civil society organisations and NGOs cooperating with international donors, are increasingly underlining the need for economic recovery and development in the region.

However, a number of political choices will need to be made and risks managed if these opportunities are to be seized:

- It is impossible to initiate any efforts in this sphere without constructive engagement and coordination of efforts with the Russian authorities. It is also important to improve awareness of existing objective limitations, mandate constraints, and competing priorities for both the Russian government and the international donors vis-à-vis each other.

- Development and good governance will only occur if firm action is taken on corruption, weak law enforcement and judicial systems. While these factors can only be addressed through long-term strategic policy of reforms, it is crucial to start work promptly.
- In addition to security measures against actors that destabilise the region and profit from conflict, Russian authorities should offer *bona fide* dialogue to those who are prepared to compromise for lasting peace and regional development. Security measures alone will not settle enmities in the region – and if these are not settled, peace and development is unlikely.

An effective regional development strategy requires (on the part of Russian and international actors) a detailed understanding of the highly complex knot of issues in the North Caucasus. This study aims to provide part of that analytical basis – particularly by assessing the many obstacles and issues that have to be dealt with on the path to North Caucasian stability and prosperity.

## 2.3

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### STUDY

### IMPLEMENTATION

### PROCESS

The SRDA implementation process was divided into three phases: (a) pre-fieldwork; (b) fieldwork; and (c) post-fieldwork.

(a) The purpose of the pre-fieldwork phase was to assess HQ institutional efforts, review the literature on the region, and prepare for fieldwork. The phase included two core activities:

- An overview of Russian and international (governmental, inter-governmental and non-governmental) institutions involved in the North Caucasus, their programmes, policies, and budgets, as well as their strengths, weaknesses, and achievements to date;
- A review of the (Russian and English) literature on the North Caucasus particularly that which is focused on understanding the context and stakeholder relations. It also covered issues of political economy, conflict and governance as they relate development.

(b) The fieldwork phase investigated gaps identified during the pre-fieldwork and assessed field realities. It started with the commissioning of four short studies by local experts: (1) an inventory of the most important local NGOs/CBOs; (2) a review of (social, economic, governance, and security) stakeholders and relationships; (3) an assessment of governmental (federal) programmes in the region; and (4) risks to and limitations of current responses to conflict.

Particular attention in the fieldwork phase was placed on: (1) understanding key indicators/stakeholder relations; (2) identifying needs and gaps in responses; (3) assessing the work of local governmental/non-governmental agencies; and (4) investigating field-realities that would contribute to the success or failure of responses (e.g. poor governance, inaccessibility, and human insecurity).

Towards the end of the fieldwork phase, the Peace Mission of General Lebed was commissioned to organise a low-profile meeting of regional experts over two days in Pyatigorsk. The meeting focused on



drawing scenarios and exploring different response options. The field-work phase concluded with an internal one-day team meeting in Moscow to review and discuss findings.

(c) The write-up phase focused on delivering the SRDA report, with special attention given to the political feasibility of different response options. A brief “political feasibility” assessment of proposed responses was implemented in Moscow.

The draft SRDA and political feasibility assessment were sent to participants of a small peer-review meeting held in London over half a day. Based on peer-reviewer input, the SRDA was finalised in early April 2005. The report was updated and revised for publication in September–November 2005 by FEWER Eurasia in Moscow.

## 2.4

### ABOUT THIS REPORT

The development of a regional economic development strategy for the North Caucasus requires an analytical basis that covers the following elements:

- A context analysis that summarises historical milestones and current regional issues;
- An overview of Russian policy directions, coherence and contradictions, as well as challenges for engagement in the region;
- An assessment of regional dynamics, particularly the interplay between key indicators and actors, as well as regional conflict systems and triggers;
- For each of the republics covered<sup>1</sup>, a brief analysis of obstacles to peace and development, key actors, and peace and stability indicators;
- A projection of future planning scenarios for the region over the next two years;
- An appraisal of current responses by key actors and in different sectors; and
- An assessment of risk and feasibility for engagement in different types of responses in the region.

Such an analysis is undertaken here and followed by strategic recommendations. It is important to stress, though, that the analysis is subject to several weaknesses:

- The SRDA necessarily focuses on breadth rather than depth. It cannot and does not fully capture local nuances and micro-level dynamics;
- As a one-off assessment of such a complex and rapidly changing region it only provides a snapshot image of the situation – and will have a limited shelf-life;
- Its value is in the analysis provided, an analysis based on judgement, which at times may be wrong, controversial or disagreeable; and
- It relies heavily on primary source data, i.e. interviews and observations, and seeks to capture perceptions in the region that may or may not be based on facts.

<sup>1</sup> SRDA does not include an in-depth analysis of the situation in the Republic of Adygeya, Krasnodar and Stavropol krai's and Rostov oblast due to the largely stable socio-economic and political conditions in these subjects of the Russian Federation.

## 3. CONTEXT ANALYSIS

### 3.1

#### OVERVIEW

The North Caucasus region is the part of Russia that stretches between the Black Sea to the west and the Caspian Sea to the east, adjoining the north slope of the Caucasus Mountains. It marks the southwestern boundary of the Russian Federation and comprises ten political subdivisions, including seven republics (Chechnya, Daghestan, Ingushetia, Adygeya, Kabardino-Balkaria, Karachay-Cherkess, North Ossetia-Alania), Stavropol and Krasnodar Territories, and Rostov Oblast. This federation subjects all are part of a larger administrative unit – South Federal District of the Russian Federation.



**Figure 3.1** Federal subjects of the Russian Federation in the North Caucasus

The Caucasus (including North Caucasus) is often considered a border region between Europe and Asia. It is also a region where two of the major world religions - Christianity and Islam - come into direct contact. Its location and natural resources, particularly oil, have increased its geopolitical significance over the past two centuries.

Scarcity of arable land and water in the North Caucasus has resulted in historic ethnic tensions and grievances. The traditional occupations of the mountain dwellers were cattle-raising, crafts and the production of steel weapons. Due to the barrenness of their lands some clans used to earn a living by raiding the settlements of their valley neighbours, seizing women, cattle, and food.

Frequent wars and invasions resulted in extensive migration of various ethnic groups in the region and a high degree of diversity among local communities. Consequently, it is very difficult to define what territory belongs to one group or another. Even the borders between republics in the Northern Caucasus are somewhat arbitrary, which often leads to territorial disputes based on ethnicity.

## 3.2

### REGIONAL HISTORY

***Russia's expansion*** Three historical themes have contributed to the current claims and grievances of the North Caucasian peoples: the military-political struggle between the Ottoman Empire, Tsarist Russia, and Safavid Persia for regional domination in the 16-19<sup>th</sup> centuries; Russian colonisation policies in the 19<sup>th</sup> century; and Soviet deportation practices.

A centuries-long process of gradual Russia's expansion into the Caucasus culminated in a series of wars from 1817 until 1865 (known as the Caucasian War). During this time, the North Caucasus split into two distinct halves comprising the Daghestanis and Chechens in the east and the Circassians in the west.

Islam began advancing into the Caucasus Mountains in the 8th and 9th centuries. However it did not become the predominant religion until the first half of the 18th century. Sufism arrived in the eastern Caucasus at the time Russian forces were pressing into the territory during the Caucasian War. Islam became a unifying cause around which the Chechens and others united in resistance under Imam Shamil's leadership. Shamil sought to create a coalition of all the people of the region, but the Ossetians refused to support him and the Russians were able to block his attempts to establish contact with Circassia. At length Shamil surrendered and Chechnya, Ingushetia and Daghestan were annexed to the Russian Empire.

The Russians adopted a carrot and stick approach to the region. They used force to suppress the resisting highland groups, and lured the local elites over to their side with bribes and jobs. Eventually many local people grew tired of endless wars and sided with Russia voluntarily, hoping to obtain stability, order and economic prosperity from cooperation with a stronger partner.

The Russian Tsars were convinced that they were bringing "civilisation" to the Caucasus and were prepared to enforce it militarily. The war resulted in the integration of the North Caucasus into the Russian Empire and this led to mass (and in many respects forced) emigration of people from the Northern Caucasus to the Ottoman Empire and other

parts of the Middle East. Meanwhile there was inward migration of Slavs into the region. These dynamics changed the ethno-demographic make-up of the region in favour of ethnic Russians (including Cossacks).

**The Soviet era** After the Revolution of 1917 the Caucasian mountain peoples proclaimed their own state, but this was crushed by Anton Denikin's White forces and the Bolsheviks. In 1921–1922 the Gorskaia Autonomous Soviet Republic was formed within the Russian Federation, but it was divided eventually into a number of autonomous republics and *oblasts*.

Soviet nationality policy based on the idea of ethno-federalism eased some ethnic tensions by providing national autonomy for the main ethnic groups. However, the frequent changes of national and administrative boundaries and changes to the status of ethnic groups tended to intensify old tensions and to create new ones.

Soviet policy in the region involved large-scale industrial, economic and political resettlements. Political resettlement led to the deportation of Karachais, Balkars, Ingush and Chechens who were accused of collaborating with the Nazis during World War II and deported from the Caucasus to Central Asia in 1943-1944. The policy also involved forced resettlement of other Caucasian peoples into the territories of the deported peoples.

The accelerated industrialisation of the Caucasian region from the 1930s through to the 1960s demanded qualified cadres and led to the inward migration of European ethnic groups. This policy further changed the ethnic ratio and boundaries of ethnic territories in the Caucasus.

During the 20th century many highlanders were moved from the high mountains to the plains, farm work was collectivised, and handicraft replaced by industry. The region became dependent economically on the rest of USSR. Large hydropower plants came to replace self-sufficient local energy arrangements. The output of oil fields, mines and industry in the region was exported to other parts of the Soviet Union, while the region itself was reimbursed by imports and subsidies.

Under the Soviet Union, state policy aimed at creating a common Soviet identity through the dissemination of a standardised educational system, the promotion of heavy industry, the free movement of labour, and the strictly enforced abolition of religious ties. Soviet society offered equal opportunities to women and men and it was not unusual to encounter women in the higher political strata and in academic positions. However, traditional gender relations and family patterns were maintained, and men and male values remained dominant in public life.

**Post Soviet developments** Gorbachev's *perestroika* led to the emergence of ethno-national movements seeking the restoration or creation of national autonomies in "historical territories" of particular ethnic groups. This, in turn, fuelled inter-ethnic conflicts in the Caucasus where competing ethnic groups consider the same territory to be their "ethnic motherland".

Thus multiple tensions and resentments which had been suppressed during the 70 years of Soviet rule in the North Caucasus re-emerged, giving rise to a number of disturbances and armed rebellions as the USSR collapsed in 1991. Since then the North Caucasus region has been the scene of two major wars and an array of violent conflicts. The region has also become embroiled in conflicts beyond its borders in the South Caucasus.

After the demise of the Soviet state in 1991, Russia converted former Autonomous Republics in the region into Federal Republics within the Russian Federation. With the new Russian constitution of December 1993 these Republics lost much of their special status and were transformed into administrative units on a par with other Russian regions. They are known formally as “Subjects of the Russian Federation”.

### 3.3

#### CURRENT ISSUES

The main regional issues are security, socio-economic development, and governance (especially corruption). They are all interrelated.

**Security** The conflict in Chechnya has an impact not only on the neighbouring republics of Ingushetia and Daghestan, but on the region as a whole. The conflict dynamics are currently determined by the following factors:

- Federal law enforcement bodies and the dominant clan group in Chechnya headed by Ramzan Kadyrov (who controls an approximately 5,000-7,000-strong force, over half of it made up of ex-separatists) step up efforts to root out religious extremist networks and the remainder of separatists by all conceivable means;
- High probability of serious terrorist attacks by Shamil Basaev’s group; and
- Very slow job-creation and social sphere reconstruction leaving most young people without legitimate economic opportunities and pushing them towards engagement in the war economy.

Other problems in the security sphere are related to the proliferation of religious extremism, criminal networks (including oil trade, weapons trade/trafficking and smuggling, etc.), and the existence of “grey zones” on the porous border with the South Caucasus, that make effective border control impossible.

**Socio-economic issues** Against the backdrop of the slowly improving economic system a number of stability factors are becoming visible:

- An overwhelming conflict fatigue on the part of the majority of the population and strong support for the normalization of life by any legitimate means;
- The “ripeness” of conflicts for settlement through the creation and widening of the peace and stability zones tied to recovery and developmental projects. There are strong popular expectations of developmental activities focused on job creation, SME support, and reconstruction of the social sphere;
- The envisaged Treaty on Division of Jurisdictions between the Russian Federation and the Chechen Republic is expected to provide a solid financial base for economic and social reconstruction of Chechnya.

**Governance** It remains to be seen what regional effects will be produced by the new Kremlin policy of directly nominating the heads of the subjects of the Russian Federation. One of the architects of the administrative reform, Dmitry Kozak, occupies a key political position as presidential representative in the South federal district. He is focusing on crisis management and more strategic reform issues, including a transformation of a governance system. The latest proposal by Kozak on “ex-

ternal governance” (i.e. direct rule from Moscow) in the sub-regions that are fully dependent on federal subsidies indicates a general trend towards further centralisation of the governance system in Russia.

There are two main governance obstacles to stability. First, unless systemic corruption in the North Caucasus is tackled in a determined way, the opportunities for conflict settlement may be wasted and developmental recovery undermined. Second, unless the armed conflict in Chechnya is settled through a more inclusive political process, while at the same time addressing the issue of terrorism, the security situation will remain unstable.

## 4. RUSSIAN POLICY DIRECTIONS

### 4.1

#### OVERVIEW

The policies of Russian institutions towards the North Caucasus are characterised by a diversity of agendas. Internal divisions between interest groups within the institutions of the Government of Russia and the business community lead to quite different, and sometimes incompatible, visions of conflict resolution and economic development for the region.

However, there are areas of unanimous agreement including: (a) the absolute need to maintain the political status of the North Caucasus as part of the Russian Federation; (b) the need to strengthen systems of regional governance and economy; and (c) the need to prevent further growth of terrorism and jihadism.

The overarching policy objective in the North Caucasus remains to maintain territorial integrity and security in the south of Russia. These are seen as threatened largely by external factors: international terrorism, US policy, the proliferation of radical Islamist movements (generally referred to in the region as “Wahhabist” and seen as sponsored by state and non-state actors in the Arab world); and the export of “pro-democracy” revolutions (like those of Ukraine, Georgia and Kyrgyzstan) into the North Caucasus and Russia as a whole.

Another concern of the Government of Russia is the impact of the North Caucasus on its relations and image in the US and EU. This concern leads Moscow to seek ways of limiting criticism voiced by human rights monitors and the most outspoken opposition activists through a combination of carrot and stick measures.

Current efforts to ensure policy coherence through the centralisation of executive power appear to be counter-productive. The centralisation of power in the presidential administration overburdens its management capacity, while at the same time giving disproportionate control over information flows to adjacent parts of the government, especially economic and security sector institutions. The use of external expertise and evaluation is very limited and is generally not part of the bureaucratic culture. Consequently, micro-level developments and cultural specificities are overlooked while federal policy and concrete decisions are not properly implemented in the North Caucasus.

The Russian private sector companies active in the region are not re-investing profits in the North Caucasus and tend to operate in an extractive manner. The only exception is Rosneft that is controlled by the government and operates in Chechnya through a majority stake in Grozneftegaz. The business climate in the region, especially in Dagestan, Kabardino-Balkaria, Karachay-Cherkess, and of course Chechnya is such that it is not possible for any company to operate normally without having patrons in the republic’s administration. The re-division of property and clashes over assets are the main conflict-generating factors outside the purely political battlefield. Such conflicts often escalate

into violence or acquire an ethnic dimension.

Russian NGOs play a marginal role in contributing ideas to the policy on the North Caucasus. This is largely due to the lack of funds from unquestionably independent sources. There are few NGO platforms and efforts are mostly being focused on “niche markets” fragmenting the overall impact. The most experienced human rights monitoring organisations such as “Memorial” and HCA/Russia are respected by the public, but their mandate is seen locally as coming from the concerns of the international community more than the Russian citizens whose interests they protect.

## 4.2

### COHERENCE AND CONTRADICTIONS

The unquestionable point of coherence and consistency in the Russian federal policy towards the North Caucasus (particularly to Chechnya) is the focus on rooting out armed separatism and preserving the territorial integrity of Russia.

In the sphere of economic policy and governance, however, active inter-agency networking within the government has been undermined by lobbying and corruption. In these conditions, current administrative reform is reduced to a re-shuffling of posts and portfolios that does not seriously affect the composition of the informal interest groups pushing for exclusive advantages and often benefits the interests of influential private sector companies.

In addition, discrepancies in policy objectives of these influential groups undermine the realisation of overarching Russian federal policy towards the North Caucasus. This explains to a certain extent the differences between the stated policy and action on the ground. What it does not explain, however, is the impact of opposing interests within the federal establishment on economic development and security challenges in the North Caucasus. These effects are further analysed below.

Policy coherence is further undermined by influential elites at the level of republics, who exercise significant control over socio-political and economic dynamics in the region and feed in directly into power struggles in Moscow. The republican elites are often united and effective in pursuing their own objectives. Their primary interests (defined to a great extent by the existing centralised governance structure) are to increase federal financial subsidies, expand their influence over local economies, and minimise the reach of official control from Moscow. Although they are financially dependent on Moscow, they have an effective leverage in weak republic budgets. Any disruptions in financing from the federal centre are bound to create further social tensions in an already troubled region.

## 4.3

### POLICY CHALLENGES

The most serious policy threats on the Russian government side in the region are in the security and human rights spheres. However, gaps in recovery and development planning can also be regarded as serious long-term challenges:

- The unbalanced use of military and security instruments to address armed separatism and insurgency in Chechnya, the weakness of non-violent conflict prevention and settlement mechanisms, and human rights abuses contribute to the growth of regional radicalism. These weaknesses are coupled



with a lack of genuinely participatory political processes and democratic procedures, which might have been conducive to the consolidation of Chechen society around the idea of a popularly acceptable level of autonomy within the Russian Federation.

- Lack of coherence in federal economic policy towards the region and insufficient attention to social investment, job creation, and, most importantly, physical and economic security as well as protection of human rights may undermine the social impact of developmental efforts and lead to increasing direct and violent actions by the population in the region's hotspots.

The policy of strengthening capacities to address crises by limiting self-governance at the level of republics, *krais* and *oblasts*, and superimposing the federal legislative framework on the traditional systems of checks and balances, appears to be mal-formulated and unsuitable in a strategic perspective, particularly for republics like Daghestan. Indeed it may prove counter-productive and disrupt the complex political and security balance in this republic.

The latest debate on the acceptability of the Treaty on Division of Jurisdictions between the Russian Federation and Chechen Republic is evidence on one hand of the flexibility of the approach adopted by the federal authorities, and on the other hand of the dangers of such a deviation from what is standard for all other republics in the region.

One promising sign is the ongoing administrative and economic development reforms that are being championed by the presidential representative in the South federal district, Dmitry Kozak. There are concerns, however, that due to a number of structural limitations, these reforms will fail to address the systemic deficiencies affecting the regional bureaucracies.

Resource allocation from the federal centre may be regarded as inadequate, with Tatarstan and some other regions receiving a substantially greater federal developmental assistance than the North Caucasus. At the same time, in the military and security sphere over-allocation of resources threatens to constrain the development of other sectors. The policy towards the North Caucasus would benefit, therefore, from a review and re-structuring of the resource allocation across sectors and from the geographical point of view.

It is essential for the Russian Government and donors to focus on development in the social sector at the community and district levels, especially in Chechnya and Ingushetia with a view to gradually spread these efforts to Daghestan, North Ossetia, Karachay-Cherkess and Kabardin-Balkar republics.

# 5. ASSESSMENT OF REGIONAL DYNAMICS

## 5.1

### CROSS-CUTTING INDICATORS

Table 5.1 Cross-cutting Regional Indicators

Obstacles to Peace and Development	Peace and Stability Indicators
<ul style="list-style-type: none"> <li>■ “Clan corruption”</li> <li>■ Corruption in law enforcement</li> <li>■ Economic corruption</li> <li>■ Limited public participation in policy making</li> <li>■ Weak Russian regional policy</li> <li>■ Limited human security</li> <li>■ Separatism and religious extremism</li> <li>■ High levels of unemployment</li> <li>■ Xenophobia and distrust</li> <li>■ Global anti-terrorist campaign and international terrorist activities</li> </ul>	<ul style="list-style-type: none"> <li>■ Overall decrease in inter-ethnic tensions</li> <li>■ Stabilised socioeconomic conditions</li> <li>■ Extensive conflict fatigue</li> <li>■ Increasing governmental willingness to use non-violent means for conflict resolution</li> <li>■ Opportunities for international engagement in the region</li> <li>■ Investment in socioeconomic infrastructure</li> <li>■ Opportunities for recovery and development</li> </ul>

### OBSTACLES TO PEACE AND DEVELOPMENT

**“Clan corruption”** The phenomenon of “clan corruption” (i.e. the monopolisation of all political and economic influence by the narrow circle of the ruling elite organised by family and clan, and involving the use of corrupt practices) has become common to all the republics in the Northern Caucasus. It is one of the main constraints on reconstruction and development, as political power is abused by the elites to oust competitors and to concentrate investment so as to maximise their own short-term revenues.

Clan corruption is also extremely hard for the federal authorities and the South federal district administration to dismantle. The merger of “clan corruption” networks with bureaucratic elements in Moscow creates incentives to bypass the “vertical power hierarchy” that top authorities in Moscow are attempting to strengthen in the wake of the Beslan tragedy.

**Corruption in law enforcement** Law enforcement agencies are co-

opted into serving elite interests through tribalism and cronyism in recruitment processes. Security forces are effectively used for the protection of these narrow economic and political interests. “Justice” and “security” are more effectively delivered by corruption networks that have penetrated the state institutions and are abusing power than by the same state institutions through the procedures formally prescribed by law.

Corruption in the law enforcement system is emerging as an exclusive and secretive instrument of protection of the ruling elites’ interests. Overall security problems are consequently neglected, with the exception of efforts to tackle proliferation of Islamist ideology and terrorist networks.

**Economic corruption** Economic corruption in the region has become endemic because of the lack of equal opportunities, as well as absence of transparency in regulatory frameworks and in state support for SMEs and individual entrepreneurs.

According to official statistics financial subsidies from the federal budget of the Russian Federation to the south federal district, in absolute figures and per capita, is presently 3.5 higher than to the other regions of Russia. However, the annual income per capita in the South federal district remains 1.5 times lower than the Russian national average. Gross regional product (GRP) per capita is also considerably lower than in other Russia’s regions (with the exception of Rostov *oblast*)<sup>1</sup>.

While the region was adversely affected by the disintegration of economic ties and the financial crisis of 1998, it still remains one of the best endowed areas for agricultural production, tourism, food processing, and oil extraction. Most economic experts agree that if financial assistance to the region was invested properly the region’s economy would have grown significantly in recent years. Most explain the poor economic performance as a consequence of corruption which has seen budgetary funds being siphoned off into the shadow economy.

**Limited public participation in policy making** Participatory mechanisms in public policy formulation are still regarded as a novelty. The traditional “councils of elders” and advisory bodies based on the personal/societal prestige of members still serve as the main vehicle for public influence on policy formulation. This reduces the ability of civil society actors to counter the influence on decision making of powerful economic and bureaucratic lobbies.

Because of “clan corruption”, earlier progress towards greater power sharing has been undermined, formerly influential groups have lost political representation, and political competitors are disposed of by a mixture of violence and intimidation. This has led to deep cynicism and apathy among the general public who often regard the local and federal governments as incapable of delivering justice and security.

**Weak Russian regional policy** Unresolved ethnic disputes, territorial claims, disputed land and property ownership, and rivalries between clans, are not taken into account in the design and implementation of Russian federal policies towards the region. There is a lack of strategic vision for economic development in the region as a way to strengthen its ethnic balances, political stability and human security. Crisis management and preventive measures by the federal authorities are presently inadequate given the nature and level of threats originating from the re-

<sup>1</sup>“Ways to Peace in the North Caucasus” IEA RAS, Moscow 1999, and 2005 (unpublished draft). Economic indicators data - Regions of Russia, 1998-2003, State Committee for Statistics, Moscow

gion.

**Limited human security** Protracted violent conflict, especially the war in Chechnya, has led to the formation of an entrenched culture of violence. Youths in particular have undergone a period of socialisation under the corrupting influence of violence. The propensity to bribe, use armed violence, and resort to extra-judicial means to settle disputes is very high. This factor is complicated by the psychosocial trauma experienced by the majority of the population of Chechnya and by segments of the population in other republics across the region. It will take time for legitimate economic opportunities to replace the economic incentives of the war economy.

The existence of this newly formed culture is linked by many to the warlike mentality of the Chechens, some Daghestani, and other highland groups. Such cultural stereotyping is doubtful at best. Widespread ownership of firearms and re-emergence of blood feuds should be seen as the product of current violent conflicts and the lack of rule of law and human security rather than vice-versa.

The lack of human security in Chechnya is most visible in poor physical security of civilians who suffer from abductions, arbitrary arrest, and torture. In addition, civilians get caught in crossfire's, bomb attacks, and other types of assault including suicidal terrorism.

Hostage-taking has decreased in Chechnya and across the region, but a new form of it has recently emerged. Relatives and family members of Chechen militants are detained by the Chechen Administration security forces and the military to put pressure on the separatists to surrender.

Attacks by Chechen militants directed against the local law-enforcement personnel, self-governance officials, and other persons cooperating with the federal authorities have recently been stepped up. This also contributes to negative dynamics in physical security in Chechnya, Ingushetia and, periodically, other republics of the North Caucasus.

Economic security is hampered by the lack of legal opportunities for small business, jobs, and unequal access to existing opportunities because of cronyism and corruption. Access to higher education is limited and teaching in secondary schools is at best of variable quality across the region, with Chechnya being most adversely affected by the destruction of educational infrastructure, lack of teachers and text-books, etc.

Other aspects of human security, such as environmental degradation resulting from warfare and illegal extraction and refining of oil (oil-spills and flares), are especially acute in Chechnya, where they have started to affect public health.

**Separatism and religious extremism** Armed separatism and religious extremism have to a considerable extent lost their social and popular appeal. However, they remain part of a deeply-rooted ideology of dissent and resistance. This ideology is influential among those groups in Chechnya and elsewhere that regard European (including Russian) culture as colonial, as well as among individuals seeking revenge for their suffering, those who have been traumatised by violence, and those involved in criminal profiteering from conflict.

Chechen separatism, for example, originated as a form of nationalist self-determination during the break-up of the Soviet Union, and was

steered towards an armed conflict by the logic of relations between the radical nationalist elite in Chechnya around Dzhokhar Dudaev, and the Yeltsin government in 1994. The radicalisation of the separatist movement was in part the product of the efforts of small nationalist elite to mobilise the Chechen population around the idea of repairing historical injustices. These nationalists portrayed Chechen-Russian relations as a history of never-ending colonial war. Such portrayal however ignored structural issues such as the lack of experience of statehood, the traditional emphasis on collective self-governance (as opposed to the rule of individual leaders), and the history of rather balanced inter-ethnic relations and relative economic prosperity achieved during the 1970s-1980s in Grozny and the northern parts of Chechnya.

Today, most of those who share views of the armed separatists or other extremists do so as a result of their political and economic experiences in the past 10 years, during which time they have seen a serious drop in living standards, and have been on the sharp end of a repressive Russian federal policy determined to wipe out all dissent by force. The war on armed separatism has created considerably more separatist sentiment than there really was in Chechnya in 1991.

**High levels of unemployment** High unemployment is prevalent and very high across the region (except for Krasnodar and Stavropol *krais* and Rostov *oblast*). The wage level is also one of the lowest in Russia. High hidden unemployment is an active phenomenon and needs to be addressed. Extensive joblessness especially among the youth makes a large part of the population prone to the influence of war economy, criminal networks, and Islamic extremism.

Young males are unable to create or support a family by pursuing legitimate economic opportunities. This creates enormous additional stress in a culture where an ability to provide for a family is a matter of honour. Many young men therefore either resort to criminal profit-making activities or join to the extremist groups (which can also be profitable) as a means of maintaining their moral integrity and social status.

The data released by the Russian Federal Statistics Service (as of June 2004) shows the average official unemployment rate of 13.1% in the South Federal District, which is higher than the national average 8.3%. The lowest official unemployment rate 11.7% was registered in North Ossetia, the highest level of 77% was registered in Chechnya. In Ingushetia it reached 46.3 %, in Dagestan – 27.2%, in Kabardino-Balkaria – 25.7%, and in Karachay-Cherkess republic – 16.9% (Federal Committee for Statistics, 2004).

However, it is widely recognized that official unemployment rate fails to capture the true extent of unemployment that exceeds official figures by far. Both local and international experts, regional and federal authorities agree that actual unemployment level in Chechnya and Ingushetia is still higher and remains at 80-85%.

In Kabardino-Balkaria unemployment is growing at an alarming pace (from March 2003 to March 2004 it rose by 38%) especially in rural areas, and poses a serious threat to republic's stability. In Dagestan 60% of population have an income below minimal subsistence level. Half of the population in the North Caucasus republics lives below the poverty line, and under-employment or unemployment affects 90% of the population.

***Xenophobia and distrust*** Negative media profiling of Caucasians in the federal media reinforces negative stereotypes. Media messages designed to stress that Russia is a common home to its entire people, including North Caucasians, are not sufficiently visible or effective.

Economic migration of Caucasians since 1991 to Russia's inner regions (especially Moscow) has led to the formation of strong ethnic Diasporas. These have aggressively asserted themselves against the backdrop of the socio-economic crisis that accompanied the collapse of the USSR. Negative feelings towards Caucasian market-traders and businessmen have been reinforced by numerous terrorist attacks that the authorities were quick to blame on "Chechen terrorists". Attempts by some Russian politicians and state officials to encourage a more balanced and cautious media portrayal of Chechens and Caucasians have generally failed. It is reassuring however that the latest attempt was made by president Putin during his interview with the citizens of Russia in September 2005. It remains to be seen whether it will be translated into action.

***Global anti-terror campaign and international terrorist activities***

The US-led global anti-terrorist campaign has brought about a situation in which many insurgency movements and irregular formations of militants are internationally branded as "terrorists". Russian participation in the global anti-terrorist coalition has been followed by the adoption of this labelling in Chechnya and is used both as a political/diplomatic tool and instrument of propaganda. The leaders of the armed separatist movements are labelled as "terrorists" and both credible and questionable evidence is produced to support this perception.

At the same time there are indications of links between international terrorist networks and the Caucasus. Foreign militants have been identified as operating in Chechnya and there appears to be evidence that foreign financial and informational support is channelled to the religious extremist networks in the Northern Caucasus. And Chechen and other Caucasians have been recruited to fight on *Jihad* fronts outside of the Caucasus. Some Arab militants (Amir Khattab, Abu Walid and others) have been regarded as influential leaders of the Chechen armed groups.

So while some separatist leaders denounced terror, their alliance with Shamil Basaev (who openly threatened and took responsibility for a number of terrorist attacks including the Beslan tragedy) could be regarded as a form of an approval of terrorist tactics and partially validate Russian terror-link claims.

**PEACE AND STABILITY  
INDICATORS**

***Overall decrease in inter-ethnic tensions*** Inter-ethnic relations remain volatile in some republics, but the threat of major inter-ethnic conflicts has lessened over the last five years thanks to indigenous and government sponsored dispute resolution.

In Karachay-Cherkess republic, for example, a repetition of the events of 1999, when the army was deployed to prevent an outbreak of violence between the Karachays and Cherkess during an election campaign, is unlikely. Similar processes of ethnic de-mobilisation have been underway in Kabardino-Balkaria and even in Dagestan, where significant inter-ethnic tensions were observed throughout 1990s.

However, inter-ethnic tensions between Ossetians and Ingush, some ethnic groups in Daghestan, as well as between Caucasian economic migrants and the Russian population in the north of the region cannot be disregarded.

**Stabilised socioeconomic conditions** Although the region is still affected by stagnation, the economic crisis of the early 1990s has been replaced with moderate growth, especially in the Western and Northern parts of the North Caucasus. This moderate growth has resulted from a rapid increase in investment by the Russian government and private sector.

The influx of capital has been mostly concentrated in Rostov *oblast*, Krasnodar and Stavropolsky *krai*. These are the most stable and secure parts of the region. Most of the investment comes from Moscow-based businesses with regional links that are expanding their operations on the back of high oil prices.

**Extensive conflict fatigue** The desire of the majority of the population in the region is for the normalisation of life through negotiated settlement of conflicts, economic recovery and development. Importantly, there appears to be an acceptance in economic, security, and political circles of the need for a gradual and strategic approach to normalisation of economic, social and political relations. The presence of conflict fatigue at a psychological level is hard to measure but it is supported by a number of opinion surveys conducted by local experts monitoring the situation in the region, as well as from anecdotal evidence from NGO workers' impressions.

**Increasing governmental willingness to use non-violent means for conflict resolution** As mentioned in the policy section above, Russian authorities see instability in the North Caucasus as a threat to domestic security, territorial integrity, international prestige, as well as to the effective realisation of national economic and political interests in the Caucasus as a whole. The historical experience of applying predominantly forceful methods of conflict resolution and peace-keeping in the region have led some influential groups in the Russian political elite to consider the use of alternative non-violent instruments, including political dialogue, in order to prevent further proliferation of terrorism. While the crack down on terrorism remains at the heart of this policy, the scope for dialogue is simultaneously being widened.

This is visible in the cautious agreement on the part of the Federal authorities to step up cooperation with the Council of Europe and European Union on a broad range of projects in Chechnya including: (a) support for the rule of law democratic processes; (b) development of self-governance; (c) dialogue on the protection of human rights; (d) alleviation of the psychosocial trauma; and (e) education.

Federal and Chechen authorities have also widened the scope for consultations and dialogue with the NGOs and civil society organisations concerned with the situation in the region. This process includes those groups that were previously considered unsuitable for such engagement due to their independent stance and in some cases harsh critique of the federal policy in Chechnya.

**Opportunities for international engagement in the region** The threat of international terrorism and aggravation of tensions between *de facto* independent South Ossetia and Abkhazia on the one hand and Georgia on the other may be regarded as a point of departure for the activation of EU-Russia and the US-Russian co-operation for common security. This may involve the search for mutually acceptable strategic solutions on economic cooperation between the South and North Caucasus.

Despite a common history and cultural affinities between the peoples of the South and North Caucasus cooperation across state borders is still very limited. In South Ossetia and Abkhazia, as well as the adjacent regions of Russia and Georgia, the majority of people are interested in developing economic cooperation and cross-border trade, legalising and regulating the existing trade routes and increasing common security through a gradual political process of stabilisation in the entire border zone. At the same time, it is essential to step up cooperation between Russia and Georgia to prevent the proliferation of weapons, address extremist and criminal networks operating in so called “grey areas”, and tackle the terrorist elements that still make use of the territories of both countries.

**Investment in socioeconomic infrastructure** Federal development programmes are focused on developing key infrastructural facilities, such as roads, pipelines and transportation routes, industrial plants and facilities, as well as the communications networks, television and radio broadcasting. Housing as well as the health and education infrastructure is also being developed but at a slower pace across the region<sup>1</sup>.

<sup>1</sup> Refer to the Section 8.1 for information on the amount of funding allocated by the federal authorities in the context of federal targeted development programmes

**Opportunities for recovery and development** A key threat to recovery and development efforts is the political manipulation of conflicts in the region by elites at the federal level that are engaged in power struggles. With elections scheduled for 2008, there is a small window of opportunity for development efforts to be undertaken before the region is caught up again in such fierce political struggle. Effective development efforts in this period may in turn limit the ability of such groups to effectively manipulate regional conflicts.

The challenge for recovery and development, however, remains the lack of security for development projects at the micro-level in key republics. Increasingly, though, there are constituencies that are willing and able to create a sufficiently secure environment in cooperation with the state around recovery and reconstruction projects in conflict areas, especially those that involve job creation at the local level.

Serious efforts to address the complex regional situation by the federal authorities will be welcomed by the population and non-corrupt elites. Presidential representative Dmitry Kozak’s first months in office show that the region is responsive to federal crisis management. Popular expectations for recovery and reconstruction to be initiated in 2005-2006 are high. They are shared by local self-governance bodies and informal leaders – actors that are traditionally strong in Chechnya and Ingushetia, but also influential in other North Caucasian republics. What such regional actors want to see from Moscow is greater continuity and a well-informed, sustainable and strategic approach that is tailored to the region’s needs.



## 5.2

### MAIN ACTORS

Actors in the region are numerous. It is useful to distinguish between extra-regional actors, and regional (republic-level) actors with a regional reach. An overview of the main actors is provided with a detailed tabular summary below.

**Table 5.2 List of Main Actors**

Governance	Security	Social	Economic
Federal authorities and Presidential representative in the South Federal District	Federal military and security forces  Religious extremists–“Wahhabi” networks and cells)	General public (most active interest groups)  Traditional religious institutions  Local and international NGOs and humanitarian organisations	Criminal and shadow economy networks

***Federal authorities and Presidential representative in the South federal district*** The primary policy goal is to ensure territorial integrity and security understood in traditional terms, i.e. the acceptable balance of military power and economic influence combined with a sufficient degree of loyalty on the part of the local population. This policy objective also covers the security of borders.

Another important objective is to improve the effectiveness of governance in general and remove entrenched political pressure groups that obstruct federal policy or make non-negotiable demands. This policy objective covers the need to address organised crime, religious extremist networks, and separatism.

The federal authorities also seek to normalise the political, security and socio-economic situation in the Chechen Republic, by strengthening the position of the Chechen authorities and minimising the exposure of the Russian federal army, MVD and FSB to attacks by Chechen militants. This objective presupposes that the Alkhanov administration and Ramzan Kadyrov’s forces (presently called Antiterrorist Centre) can arrest or liquidate irreconcilable separatists and re-integrate those who are willing to lay down arms and who had not committed grave crimes or engaged in terrorism.

***Federal military and security forces*** These actors follow the federal policy focusing on achieving military victory in the war on terrorism, armed separatism, organised crime, and religious extremism. The lack of well-trained personnel, low salaries, limited intelligence, unhealthy rivalries, and poor co-ordination make results difficult to deliver without transgressing the constitutional rights of people. Many servicemen have developed personal vengeance feelings against real and perceived enemies, as well as, in many cases ethnic Chechens generally.

***Religious extremists–“Wahhabi” networks and cells*** The term “Wahhabi” and “religious extremists” requires some nuancing as it is often indiscriminately equated with violent separatism and terrorism.

See the text box below for an explanation of political Islam in the North Caucasus. This group is interested in effecting the creation of an Islamic state in the region, based on Islamic law. The majority of the followers are driven by an extremist interpretation of Islam and call for a religious war against “infidels”. However, these groups also include individuals who are motivated by more mundane concerns such as personal gain, improvement of socio-economic conditions, social justice understood in religious terms and so on. Information on this group’s recruiting strategies and policy is limited, but it is noted by most observers that new recruits quickly receive access to financial resources either in the form of salaries or “operational funds”.

**General public (most active interest groups)** This group includes a diverse range of social actors, e.g. self-organising groups of market traders, mini-van drivers in public transport, lorry drivers, informal agricultural cooperatives, etc. Generally speaking there is a strong interest among the population at large in socio-economic reconstruction, job-creation, the emergence of legitimate economic opportunities for SMEs and individual entrepreneurs, agricultural development, access to markets in other regions of Russia and in the Caucasus as a whole, the lifting of travel restrictions across borders, and last but not least, improved security situation in the entire region.

**Traditional religious institutions** Traditional religious institutions in the region include the regional Eparchy of the Russian Orthodox Church, Spiritual Offices of Muslims of different republics, groups around Muftis of the republics (so called Muftiats), and authoritative religious figures such as Imams and Sheikhs who in some republics (e.g. Dagestan) exercise a considerable degree of social influence on large groups of believers. The primary interest of these actors is to protect and nurture the religious-cultural traditions and further strengthen the authority of Russian Orthodox Church and traditional Islamic *tariqas* (Sufi brotherhoods). They are also determined to improve their public image and prove false the accusations that they have become too close to political authorities and cliques leading to dependency, corruption and loss of spiritual rigour.

**Local and international NGOs and humanitarian organisations** Although these types of organisations can still be treated as cultural new-comers in the North Caucasus and that the majority of local NGOs are structurally weak, these actors are increasingly influential in channelling the social energies of the most active part of the population into constructive frameworks for non-violent engagement. Most NGOs have a purely humanitarian or developmental motivation. Their growth could help to strengthen the social fabric and independent self-organisation of society, provide jobs for the young activists and deliver different kinds of assistance to vulnerable population groups.

**Box 5.1 Political Islam in the North Caucasus**

The era of *perestroika* and the collapse of the Soviet Union saw a major Islamic revival in the North Caucasus (as well as in other Muslim regions of the former Soviet Union).<sup>1</sup> There was a large increase in the number of mosques, religious schools and clergy. The number of pilgrims making the pilgrimage to Mecca multiplied. There was an influx of Islamic literature and teachers from the Sunni Muslim heartlands of the Middle East and their Diasporas in Europe. Muslim students from the region entered Muslim colleges and universities in the Middle East. For the first time in decades Muslim thinking in the region was reunited with intellectual and ideological trends in the rest of the Muslim world.

Two trends in Sunni Islamism<sup>2</sup> have been particularly influential in the North Caucasus. First there is a missionary trend (*al-Da'wa*) which seeks to consolidate Muslim identity and faith in an increasingly secular world. This trend does not have any specific political aims. Secondly there is the militant *jihadi* trend (*al-Jihad*) the aims of which include the liberation of Muslim lands ruled by non-Muslims and a global military confrontation with the West. Both trends saw in the post Soviet Caucasus an obligatory target for their efforts. And both found a fertile ground for their activities in the social and political chaos of the region in the 1990s, particularly in Chechnya. Along with Palestine and Kashmir, Chechnya has become a *cause célèbre* among Muslims worldwide.

These two trends have helped to give rise to two distinct (but overlapping and interrelated) currents of Islamism in the North Caucasus: an intellectual/missionary *Salafist* trend strongly influenced by Middle Eastern *Salafism*<sup>3</sup> and concerned with promoting the purity of Islam in the personal and social spheres; and a more radical and violent *jihadi* trend which aims to secure liberation from Russian domination and which has therefore become intertwined with the political and largely secular separatist struggle in Chechnya (which originally had few Islamist overtones). Both trends are hostile to the traditional and popular *Sufism* of the region, a mystical interpretation of Islam based on saintly cults and regarded by the Islamists as heretical.

Since the 1990s the Russian authorities have branded both Islamist currents, and all political Islamic groups in the region, as *Wahhabist*, a term which Islamists themselves have tended to avoid. *Wahhabism* derives its name from the leader of 18<sup>th</sup> century reformist movement in the Arabian Peninsula whose ideology was adopted by the Saudi Arabian dynasty. To the extent that a version of *Wahhabism* has been widely propagated by Saudi ideologues with the help of Saudi petrodollars, most Islamist movements today are marginally influenced by *Wahhabism*. The blanket use of the term by the Russian political elite to describe all currents of Islamist thought and action ignores the need for a distinction between those advocating violence and those seeking to act through legitimate means.

The situation within the Islamist movements in the North Caucasus today is hard to gauge because of the fluidity of the political dynamics and because of the lack of access to these groups after several years of fierce repression by the local and Russian authorities. There are indications on the one hand that the brutalisation of Chechen and partially Daghestani politics has rendered the *Jihadists* more radical, more irreconcilable, and more influenced by criminal elements. On the other hand the *Salafists* appear to be opting for a more moderate posture (particularly in Daghestan) in the hope of retaining some influence among a wider population disillusioned by the extremism of the *Jihadists*.

<sup>1</sup> See Shireen Hunter *Islam in Russia: the politics of identity and security* London, New York 2004: Sharpe and Galina Yemelianova *Russia and Islam: a historical survey* London 2002: Palgrave

<sup>2</sup> For a fuller discussion see International Crisis Group *Understanding Islamism* Cairo, Brussels 2005: ICG (report available online)

<sup>3</sup> *Salafism* – from *al-Salaf al-Salih*, “the good ancestors” – is an influential reformist movement in the Sunni Middle East which focuses on reforming society by imitation of the principles and behaviour of the Prophet and his Companions

***Criminal and shadow economy networks*** Criminal networks are strong in the region. They capitalise on easy access to strategic, scarce, or socially sensitive resources, such as oil, fish/roe/caviar, vodka production etc. and on the opportunities for illegal business opened up by conflict, corruption, weak governance of the security sector, easy access to weapons, and weak border management. These and other factors (including the rugged terrain of much of the region) create an enabling environment for the growth of the shadow economy. Individuals who control this shadow economy have an overwhelming interest in maintaining the unstable status quo (including a low level conflict) as long as it creates opportunities for profiteering.

Some important trends among regional actors can be observed. These include:

- Recent federal efforts to increase regional crisis manageability have involved transforming the relationship between federal and regional authorities. Whereas it previously involved a system of political dialogue and a policy of non-intervention in regional elite struggles (in exchange for loosely understood loyalty to Moscow), it is now one of direct subordination to the federal centre. However, the value of these relational changes for crisis management is limited by a high level of corruption at the regional authority level, as well as by a deepening rift between these authorities and the public.
- Political manipulation of intra-elite power struggles at the local level are aimed to ensure the continuity of leadership during the administrative reform process and in connection with the change of procedures for the election of the heads of republics.
- Growing social tensions as a result of unequal access to socio-economic opportunities have triggered the radicalisation of opposition groups across the region. Islamist extremists appear to be strengthening their positions in most North Caucasus regions using the grievances and ideological vacuum to expand their influence. Governance mistakes and the arbitrariness of authorities (especially in law enforcement) have made it easier for these groups to recruit new followers. Using force only to tackle terrorism and extremism without addressing the grievances of the potential recruitment base for the radical militants leads to violent retaliation against the authorities.
- A series of large scale terrorist attacks culminating in the Beslan catastrophe has actualised the problem of irreconcilable militants in the North Caucasus. All the main actors, except for the extremist wing of the Islamist movement and an estimated 3,000 pro-separatist militants of Chechen, Ingush and other nationalities, are interested in peace in the North Caucasus. But this common interest in peace is affected by different visions of the future and diverging development agendas ranging from the strengthening of “vertical power” and further increases in budgetary subsidies to bottom-up peacebuilding, recovery and development.

Table 5.3 Actor-specific Assessment

Interests	Relations	Capacities	Peace and Development Agendas	Incentives
<i>Federal authorities and Presidential Representative in the South Federal District</i>				
<p>Retaining and strengthening control over the region; managing the political processes to block the expansion of separatism and project influence in the Caucasus</p> <p>Assuring popular support during federal elections (in relation to the region's electorate)</p>	<p>Federal and regional military, security and law-enforcement structures</p> <p>Assuring the co-operation from and control over the regional authorities</p> <p>Cooperation with traditional religious institutes</p> <p>Opposition to separatists and religious fundamentalists</p> <p>Interaction with most influential civil society structures</p>	<p>Administrative resources of direct influence on the republics and key decision-makers, mediation in disputes and conflicts within local elites, economic and financial leverage</p> <p>All these capacities can be used to have both a positive and negative impact on situation in the region</p>	<p>This actor is interested in stability and predictability of political processes in the region. Current agenda: direct subordination of the republics to the federal centre; efficient regulation of economy and steady tax returns, elimination of terrorism, separatism and Islamic extremism</p>	<p><i>Positive:</i> Constructive international cooperation can help identify and fill in gaps in socio-economic recovery and development plans, leading to sustainable peace</p> <p><i>Negative:</i> Deterioration of the economic and social-political situation in Russia can revive incentives to use simmering conflicts in the North Caucasus to draw public attention away from structural problems</p>
<i>Federal military and security forces</i>				
<p>Supporting the Kremlin's power and stability in the region</p> <p>Protecting the Russia's southern borders, pacification of the armed opposition, elimination of terrorists</p> <p>Increased budgetary allocations to MoD, career advancement for generals and key officers</p>	<p>Cooperation with federal and regional authorities</p> <p>Opposition to separatist and terrorist groups</p> <p>Neutrality to other actors</p>	<p>Heavy military power</p> <p>Information-management capacity (security services)</p>	<p>This actor is interested in retaining and strengthening the control of federal authorities over the region, finishing the conflict in Chechnya and the elimination of terrorist and extremist groups</p>	<p><i>Positive:</i> increasing support from the state budget, decreasing of foreign policy risks</p> <p><i>Negative:</i> decreasing of budget financing and increasing foreign policy vulnerability; growth of tensions along Russia's state borders</p>
<i>Religious extremists (jihadists)</i>				
<p>Dissemination of shari'ah and "pure Islam"</p> <p>Overthrowing the authorities and creating an Islamic state (Caliphate)</p> <p>Expansion of the</p>	<p>Opposition to all official actors</p> <p>Underground operations and conspiracy</p> <p>Comprehensive ideological work with population</p>	<p>Efficient organisation and conspiracy counterbalance the small number of followers</p> <p>Radicalism and fanaticism</p> <p>Efficient recruit-</p>	<p>Peace and stability is envisioned in a form of shari'ah-based society</p>	<p><i>Positive:</i> Recovery and development aimed to improve socio-economic conditions for the population will help narrow the social base for recruitment;</p>

armed conflict and increasing internal tensions	and recruiting new members from among the discontented populations groups  Contacts with counterparts in the Arab world, Chechnya and other North Caucasus republics	ment network based on availability of financial resources  Use corruption in the law-enforcement system and spreading fear through terrorism		it is necessary to separate the extremist wing of 'Wahhabis' from the non-violent followers of "pure Islam"
<i>General Public (most active interest groups)</i>				
Improvement of security and socio-economic situation, access to jobs and opportunities for SME development  Strengthening the rule of law, justice and sustainable peace  Reducing corruption and arbitrariness	Support to the federal centre and growing opposition to republican authorities and, especially, corrupt law-enforcement structures  Opposition to radical religious fundamentalists and terrorists	Potential to engage in mass protests and direct contentious actions  High level of involvement in inter-ethnic processes including unresolved disputes  High level of economic initiative and significant self-organisation potential	This range of actors is most interested in peace and stability, economic development and reducing violence and crime in the region	<i>Positive:</i> increasing the efficiency of regional and local authorities', including work on stimulating SMEs and creating jobs  Fighting corruption and arbitrariness of police  <i>Negative:</i> continuing arbitrariness and corruption and security risks can exacerbate the grievances and trigger social unrest that can be channelled in the interethnic and religious conflicts
<i>Traditional religious institutions</i>				
Retaining influence on the believers  Blocking the proliferation of radical religious movements, especially "Wahhabism"	Cooperation with authorities and other key political actors  Opposition to radical fundamentalists and representatives of other non-traditional religious sects and movements	Strong ideological influence on public opinion and, to some extent, on the position of regional authorities	This actor is interested in strengthening stability and peace. However conflict situations can be used for the purposes of gaining more influence and power	<i>Positive:</i> expanded influence of religious institutions as a result of using religion as a peacebuilding tool
<i>Local and International NGOs and humanitarian organisations</i>				
Establishing peace and stability in the region  Human rights protection; humanitarian assistance and alleviation of suffer-	Cooperation with authorities (as a range of independent actors and on the platform basis)	Independent position and opportunities to impact the situation in those sectors where authorities and other actors are inefficient	These actors seek to build a democratic and open society, to build peace and stability, to prevent armed conflicts in the future, and to promote	<i>Positive:</i> Humanitarian motivation and constructive engagement / cooperation with authorities, effective coordination and division of efforts in recovery

<p>ing for aggrieved population groups, emergency relief, and transition to recovery and developmental activities</p> <p>Access to the target groups, territories</p> <p>Security of the personnel</p> <p>Mobilizing financial support from the donor community</p>	<p>Interaction with different groups of the population</p> <p>No close contacts with other actors</p>	<p>IGOs and INGOs have access to significant financial resources</p> <p>Opportunities to draw public attention to topical issues and provide platforms for dialogue</p>	<p>economic development and well-being throughout the region</p>	<p>and reconstruction initiatives</p> <p>Sufficient funding from the donor governments</p>
<i>Shadow economy networks and criminal structures</i>				
<p>Strengthening political influence and control over the region's economy and resources</p>	<p>Closely connected with regional political and ethnic elites, law enforcement structures, and other influential actors in the area of governance and economy</p> <p>In some regions build partnership and / or engage in competition with separatist and extremist groups</p>	<p>Control significant part of economy in the North Caucasus</p> <p>Capability to initiate armed conflicts in the fight for power and spheres of influence</p> <p>Possess significant financial resources and use corruption in the law-enforcement system to protect their interests, including criminal businesses</p>	<p>This actor is interested in weak rule of law and corrupt government and law enforcement structures</p>	<p><i>Negative:</i> This actor will profiteer mostly in the conditions of middle-intensity crisis</p>

### 5.3

#### REGIONAL SYSTEMS AND TRIGGERS

Many of the conflicts and political crises in the region, as well as the main actors in these conflicts and crises, have important interconnections and relationships. In effect there are a number of cross republic conflict systems in which trigger events in one republic can reignite dormant rivalries and inter-ethnic disputes in another. These include:

- A Chechen-Ingush conflict system where the geographical proximity and ethnic affinities/ties make it easy for the conflict dynamics in Chechnya to adversely affect the situation in Ingushetia. This system can also work in the opposite direction, where any efforts in economic recovery and development and stabilisation of the socio-political conditions in one republic will positively affect another. The most important interdependencies are observed in the sphere of security.
- A Daghestani-Chechen conflict system connected with the history of joint struggle against the Russian Empire during the uprising by Imam Shamil in the 19th century. This dynamics still exists at the level of Islamist movements common to both republics. The system involves the Chechen-Akkin people residing in the Khasavyurt district (rayon) of Daghestan who have a number of unresolved disputes with Daghestani peoples from the time of Stalinist deportations. It showed its strength during the incursions into Daghestan by Basaev-led militants from Chechnya following the proclamation of an Islamic state by Islamist leaders in Daghestan. The conflict system may be reactivated if an influential religious leader capable of uniting different factions of the armed opposition under an Islamist umbrella emerges in Daghestan and calls for unity with Chechen militants.
- A South Ossetia-North Ossetia-Ingushetia-Chechnya conflict system is rooted in the Ossetian-Ingush conflict of 1992 and presently dormant. However, the deepened distrust between Ossetians and Ingush following the Beslan hostage crisis makes it necessary to carefully monitor the situation. Significantly, over 30,000 refugees and migrants from South Ossetia have not been fully integrated, and re-ignition of the conflict in South Ossetia may draw in fighters from the North Ossetia, and, possibly, the Cossack settlements.
- A Georgia-Abkhaz-Adyg conflict system that affects the North Caucasus as a significant number of Adyg fighters participated in the Georgian-Abkhaz war. Strong networks of ex-combatants are still present in the North Caucasus. If the Georgian-Abkhaz conflict is remilitarised, it will most likely draw in the Adyg fighters again.
- Other emerging conflict systems are connected with unsettled territorial disputes across the region. Such disputes are aggravated by the current discussion of plans to enlarge Russia's administrative regions. Many groups, especially those that were deported in the Soviet era and found on their return that their land/property had been seized by other ethnic groups will seek to regain their "lost lands" if the current ethnic/power equilibrium is shifted. The demands for the creation of the "Cherkess Republic" voiced by the Cherkess ethno-cultural



movement “Adyge-Khase”, which envisages the transfer of parts of territories of Karachay-Cherkess and Kabardin-Balkar republics, as well as Krasnodar *krai*, may re-emerge on the regional political agenda. Similarly, in Daghestan there is a complex web of issues associated with the land use for pastures and unregulated disputes between ethnic communities rooted in the Soviet legacy and demographic processes such as the migration of the highland peoples to the plains. These conflict systems are latent at present. However, their importance is likely to grow should the enlargement of administrative regions in the North Caucasus materialise.

## 6. ASSESSMENT OF REPUBLIC DYNAMICS

Assessments of the North Caucasus republics covered by the SRDA are given below. These republic-specific analyses should be considered alongside the one of regional dynamics given above. The aim here is to provide a “bird’s eye” view of the issues rather than an exhaustive account. While there are a range of indicators and actors for each republic, emphasis is placed on the most salient ones and those stressed by interviewees during fieldwork.

Trend-charts<sup>1</sup> (drawn from swisspeace/FAST monitoring of the region) illustrate the dynamics of each republic’s stability and relative share of conflictive events, as well as the level of conflict and cooperation in each republic. They serve to provide a dynamic picture of trends over the last two years.

<sup>1</sup> Data and methodology provided by FAST International / swisspeace © 2005 / monitoring by FEWER Eurasia. Interpretation of trends and risk assessments are available at [http://www.swisspeace.org/fast/asia\\_northcaucasusregion.htm](http://www.swisspeace.org/fast/asia_northcaucasusregion.htm)

### 6.1

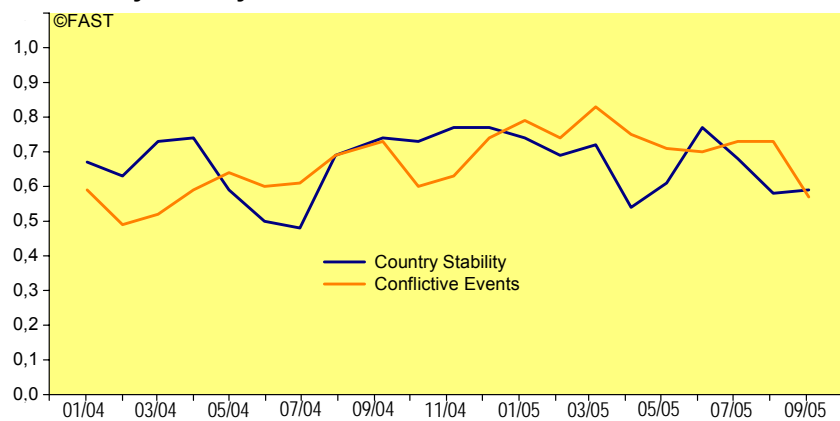
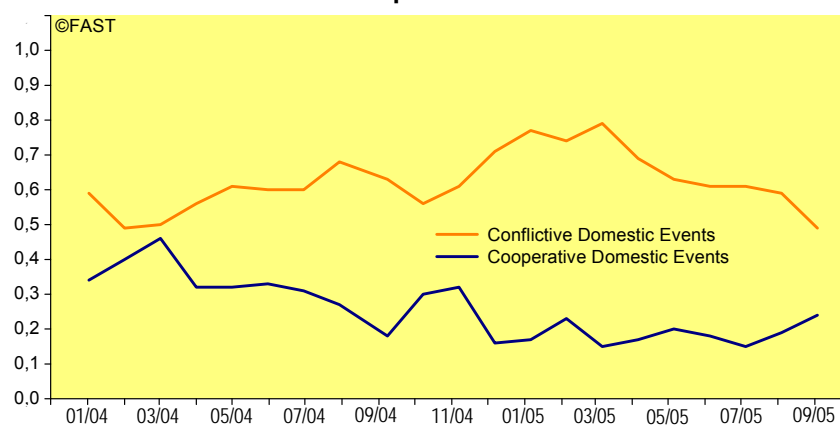
#### CHECHEN REPUBLIC



<sup>2</sup> This and further demographic information is based on October, 2002 All-Russian Population Census results

<b>Territory</b>	<p><b>Capital:</b> Grozny</p> <p><b>Size:</b> 19 300 sq km</p> <p><b>Geographic position:</b> The Chechen Republic is located in the centre of the northern slopes of the Greater Caucasus and on the adjacent Chechen Plain and Terek-Kuma Lowland. The republic has borders with Stavropol krai, the Republic of Ingushetia, the Republic of North Ossetia - Alania, the Republic of Daghestan, and Georgia (in the south)</p> <p><b>Climate:</b> Average temperatures: -5 C in January; +23 C in July</p> <p><b>Major Rivers:</b> Terek, Sunzha</p>
<b>Demography</b>	<p><b>Population size:</b> 1,100,300 as of October, 2002 census (figure is disputed by many Russian and international experts who claim the population of Chechnya in 2004 did not exceed 850,000). Urban population – 34.5%, rural population – 65.5%</p> <p><b>Ethnic composition:</b> Chechens – 93%, Russians – 4%, other – 3%<sup>2</sup></p>
<b>Resources and Industry</b>	<p><b>Resources:</b> Oil, gas, natural construction materials, forest resources, mineral waters, hot springs</p> <p><b>Productive Sectors:</b> Oil and gas production, oil processing, petrochemical industry, agriculture, machine-building, light industry, wood-processing. Currently, however, most industries are in a deplorable state</p>

Quantitative data on country stability and relative conflictive events, as well as domestic conflictive and co-operative events for the period from January 2004 to September 2005 is given below. Please refer to Annex 3 for information on models used and interpretation.

**Country Stability and Relative Conflictive Events****Relative Conflictive and Cooperative Domestic Events****SYNOPSIS**

Chechnya remains unstable and is the main flashpoint of the crisis in North Caucasus with repercussions for the rest of the region, for Russia as a whole and for the South Caucasus. Continuing lawlessness, insecurity and violence remain the major obstacles to peace. They fuel an atmosphere of hatred and distrust, hamper movement into and within the republic and prevent any serious effort at reconstruction and development. The separatists' strategy appears to intensify the violence and to widen the theatre of the war to other parts of the region. The Federal authorities have adopted a "divide and rule" tactics to manage the conflict which threatens to bring about further fragmentation and disintegration of Chechen society and encourages a high level of corruption. The space for genuine political dialogue and participation remains very narrow. And the war is contributing to the continuing radicalisation of Chechen youth and the prevalence of extremist ideologies.

On the positive side, overwhelming conflict fatigue on the part of the majority of Chechens indicates "ripeness" for peace and provides potential traction for efforts to open a dialogue on security, development, and humanitarian issues. The Treaty on Division of Jurisdictions between Russian Federation and Chechnya, though it has obvious shortcomings given the high levels of corruption in the republic, may provide Chechnya with exceptional autonomous status and could create greater space for political dialogue. Already there are signs of a greater willingness on the part of the authorities to engage with civil society organisations, even those re-

garded as unsympathetic to the authorities. The strong Chechen tradition of local self governance is a potential asset if significant progress towards peace can be made.

### **Box 6.1 Historical Milestones**

Development of active political, economic and cultural relations between Russian centralized state and Chechnya, similarly to other Caucasian nations, began in the middle 16<sup>th</sup> century and followed a pattern of natural historic process. Periods of confrontation were replaced by longer periods of peaceful good-neighbour relations based upon geopolitical and other interests of Russian and Chechen people. In the course of establishing military-political ties between the two sides Chechens in many cases served as Russia' allies. However, when tsarist Russia adopted a military-feudal approach to colonization of the North Caucasus in the 16<sup>th</sup> century and launched a series of military actions in Chechnya, Daghestan and NorthWestern Caucasus, mountainous peoples put up armed resistance that later developed into the long lasting national liberation war (the Caucasian War 1817-1864) headed in 1834-1859 by Imam Shamil, the resistance leader of Northern Daghestan and Chechnya. In 1859 Shamil swore allegiance to the tsar and moved to live in Central Russia, and Chechnya became part of Russia. Sporadic Chechen insurrections were recorded again in 1862-1863 (resulting in the forced emigration of 5000 Chechen families to the Ottoman Empire), and in the end of the century, however most of the Chechens worn out by the war and endless exactions of Shamil's accomplices demonstrated loyalty towards Russian governance.

After the Great October Revolution of 1917 and the Civil War the Chechen Autonomous Region was formed in 1922. It became the Chechen-Ingush Autonomous Region in 1934; the Chechen-Ingush Autonomous Soviet Socialist Republic (ASSR) in 1936. In 1942-1943, German forces occupied part of Chechnya-Ingushetia. The republic was disbanded by Stalin in 1944 and the population deported; it was restored in 1957.

After the collapse of the Soviet Union in 1991 Chechnya became the scene of the most violent conflict in the Russian Federation.

In September 1991, the government of the Chechen-Ingush Autonomous Republic resigned under pressure from the pro-independence Congress of the Chechen People, whose leader was former Soviet air force general Dzhokar Dudayev. Dudayev then issued a unilateral declaration of independence as the Chechen Republic of Itchkeria that contradicted the Constitution of the Russian Federation. This declaration has led to armed conflicts in which rival Chechen groups and the Russian Federal army was involved.

In November 1991, President Yeltsin dispatched troops to Grozny, but they were withdrawn when Dudayev's forces prevented them from leaving the airport. Three years later the Kremlin sent in the troops to restore its authority, sparking the First Chechen war (1994-1996), which saw the capital Grozny reduced to ruins.

Russia quickly entered a military quagmire similar to that of the Soviet Union in Afghanistan. Mobile units of Chechen militants inflicted heavy losses on federal troops. The military command then resorted to devastating air raids and use of artillery, causing enormous losses among the (Chechen and Russian) civilian population. Use of heavy artillery and air strikes continued throughout the entire campaign. In addition, both sides committed numerous war crimes against civilians, such as torture and extra-judicial executions.

The war was widely reported to the Russian public through television and newspaper accounts. It contributed to a loss of confidence in the government and a decline in president Yeltsin's popularity. The federal troops eventually gained control of Grozny in February 1995. Although a Russian rocket attack killed Dudayev in April 1996, his commanders continued to fight. Growing casualties and spill over of violence to the neighbouring regions (especially Ingushetia and Daghestan) made the war increasingly unpopular in Russia. After 21 months of conflict costing tens of thousands of lives, the federal army was ordered to withdraw. In August 1996 Yeltsin's Security Council secretary Alexander Lebed brokered a ceasefire agreement with Chechen leaders in Khasavyurt (Daghestan), and a peace treaty was formally signed by Yeltsin in May 1997 in Moscow. The Chechen leader Aslan Maskhadov was elected president and Russia recognised his government, but the issue of Chechnya's independence was not resolved. Under the peace deal negotiated with Moscow, a decision on Chechnya's final political status was to be delayed for five years.

Maskhadov was unable in peacetime to control the more radical Chechen field commanders. As a result, the breakaway republic descended into lawlessness and chaos becoming one of the hostage-taking capitals of the world. There were numerous incidents of violence and lawlessness along the administrative borders of Chechnya with neighbouring regions. Increasing internal disputes and the growing presence of radical Islam further destabilised Chechnya and surrounding territories. Chechen president Aslan Maskhadov, whose support within Chechnya started to erode, faced stronger opposition from renegade field commanders Shamil Basaev, Salman Raduev, and former Chechen foreign minister Movdali Udugov, among others. The war-torn republic also faced economic collapse.

The Second Chechen War began in September 1999. Chechen forces launched an attack on neighbouring Daghestan in an unsuccessful attempt to start an armed uprising. A series of terrorist attacks followed on residential buildings in Russian cities that caused nearly 300 deaths and were attributed to Chechen militants. On 1 October 1999, the Second Chechen Campaign started, this time termed an "anti-terrorist operation".

The improved military campaign had significant public support and initially achieved some notable successes. But despite claims by Moscow that the war was over and the situation in Chechnya was returning to normal, constant attacks by separatists led federal authorities to halt the pull-out of troops. A constitutional referendum in Chech-

nya was organised in March 2003 and a Constitution was adopted following a controversial vote. Former Mufti of Chechnya Akhmat Kadyrov became President in October 2003 and his clan shortly emerged as a dominant political force in the republic. President Kadyrov created a Chechen police and security structures that played an increasingly active role in fighting the separatist groups. In May 2004, Akhmat Kadyrov was killed by a bomb explosion. He was replaced by Alu Alkhanov in August 2004.

Chechen militants and the federal troops, as well as the mostly Chechen-staffed security personnel headed by Akhmat Kadyrov's son Ramzan Kadyrov have been and continue to be charged with substantiated claims of human rights abuses. The security situation deteriorated even further in 2004-2005. According to human rights organisations over 500 kidnappings occurred in Chechnya in that year.

In March 2002, the leader of the fundamentalist Islamic jihadists, Amir Khattab, was killed. On 8 March 2005, Aslan Maskhadov was killed.

Post-conflict reconstruction is underway in Chechnya, but small groups of the Chechen armed separatists, Islamist militants, and terrorists led by Shamil Basayev, supported financially and with experienced recruits by international terrorist groups, continue to stage attacks against federal troops and the pro-Moscow administration in Chechnya.

Attacks are also staged beyond Chechen borders: the hostage crisis in a Moscow theatre in October 2002, bomb explosion during a rock concert at the Tushino Stadium in Moscow in July 2003, followed by an explosion on a commuter train in Yessentuki and, more recently, an explosion in a subway car in the Moscow metro during rush hour in February 2004, a raid on Ingushetia in June 2004, the mid-air destruction of two Russian civilian airliners and the bombing attack near a busy Moscow metro station in August 2004, and finally the deadly siege at a school #1 in Beslan (North Ossetia) in September 2004.

## OBSTACLES TO PEACE AND DEVELOPMENT

**Lawlessness** The volatile security situation in Chechnya complicates and undermines recovery and socio-economic reconstruction. At the same time the population of Chechnya continues to suffer greatly from violations of human rights and crime (especially abductions, arbitrary detentions, and extortion) perpetrated by all parties.

Lawlessness is manifested in several ways:

- Multiple terrorist acts against local and federal officials, law-enforcement bodies, military personnel and the civilian Russian population within and outside Chechnya;
- Abductions and disappearances, arbitrary arrests, and other human right violations, often followed by protest meetings and retaliation strikes;
- Impunity of combatants for grave crimes committed against civilians Only a few perpetrators have been persecuted on both sides for extra-judicial executions and hostage-taking;
- The proliferation of weapons and a thriving illicit arms trade that involves not only small arms but also powerful military explosives, RPGs, and other heavy weapons; and
- Wide-scale unauthorized extraction of crude, refining, and illegal oil trade that until recently have constituted almost 1/3 of all oil production and trade in Chechnya, bringing hundreds of millions of dollars in illegal revenues<sup>1</sup>.

<sup>1</sup> According to the official data provided by Temporary Press-Centre of the Russian federal Ministry for Interior in the North Caucasus, press-release, September 2005

**Changing separatist tactics** Local observers note an increase in efforts by extremists to destabilise the North Caucasus region as a whole through intensified hostilities in Chechnya and spill-over of fighting to neighbouring republics. After the assassination of Akhmat Kadyrov in May 2004, separatists have regrouped their forces and reorganised the so-called Itchkeria government with a view to raise support among the local population and the international community. A greater focus has been placed on attacking representatives of law enforcement bodies and officials.

The killing of Aslan Maskhadov might have prompted a further reor-

ganisation that could have made the terrorist elements amongst the militants more prominent. This may involve a greater emphasis on suicidal terrorist attacks.

**Fallout of divide and rule tactics** Federal policy in Chechnya amounts to a divide and rule approach. One influential and loyal group within Chechen society is empowered to lead the struggle with the separatists, thus gradually reducing the use and exposure of the federal armed forces. However, the current political culture in Chechnya is such that other relatively loyal influential groups prefer to compete for power with the group chosen by Moscow rather than to find acceptable power-sharing solutions. The Kadyrov clan, however, is the only group with overwhelming military power.

The number of ex-militants under Ramzan Kadyrov's command is now even greater than those still opposing the federal army. This is seen by federal military and security officials as a serious potential threat because loyalty amongst the amnestied ex-combatants is questionable. The amnesty granted to those who laid down arms voluntarily is *de facto* only valid in the territory of Chechnya. The enmities and blood vengeance feuds between the militants and families of their victims are emerging as an additional source of conflict.

**Flawed and incoherent federal reconstruction programmes** The lack of transparency in socio-economic reconstruction programmes results in theft and mismanagement of funds, as well as in other deficiencies in planning, tracking and reporting. Failure to implement social and economic reconstruction is seen by the population as yet another sign of Russian federal unwillingness to restore justice to the Chechens. However, the main reason for the inefficiency of the programme is the fatally flawed planning process – a resource sharing exercise between 27 different federal ministries, services and agencies.

**Social disintegration** Conflicts within Chechen society occur between the population and local authorities, between returned IDPs and authorities over compensations, between Chechen elite groups, including Chechen communities in other Russia's regions, among generations on religious matters, and towards Russian federal authorities:

- Chechen society is divided by traditional (*teip*, clan, *virtd*) and newly-formed group differences that are especially dangerous in the context of sharp socio-economic polarization and corruption. As many as 85% (approximately 70-80% by other Russian and UN estimates) of Chechens are not in formal employment and those employed are almost exclusively engaged in the civil service, law enforcement, education and healthcare. The practice of paying a sizeable bribe for getting a job affects most public sector jobs. This leads to perpetuation of corruption, loss of confidence in the state, polarisation and tensions between clans at the micro-level.
- Chechen elites are split between the so-called "Diasporas"<sup>1</sup>, those who remained in Chechnya, and competing economic interest groups involved in a struggle for control over financial subsidies from Moscow, oil production and transportation in Chechnya. It is presently quite difficult, therefore, for any Chechen leader to amass support amongst the critical mass of the elite

<sup>1</sup> Communities of Chechen refugees, IDPs and economic migrants mostly residing in Moscow, inner regions of Russia, and in Western Europe

and come up with feasible options for power-sharing.

- Multiple events registered in 2003-2005 marked a constantly deepening rift between the generations over the attitudes towards Islamism and the most radical so called jihadist current. Extremist beliefs and ideologies are mostly supported by young people disappointed in pro-government stance of traditional religious leaders, and willing to adopt new values linking religious tradition with revolutionary action even if those justify violence and call for severe discipline.

**Participatory governance deficit** There is a lack of an intra-Chechen dialogue or any other process by which Chechens can participate in a process of conflict resolution or enter into dialogue with authorities. The adoption of a constitution in March 2003, the subsequent presidential elections in October 2003 and the latest extraordinary elections in August 2004 all lacked democratic legitimacy because they occurred in conditions of armed conflict. Top-down legitimisation of Chechen administration in Grozny as a self-governance body appears to have had little effect. On the contrary, it led to growing distrust towards authorities in Grozny and Moscow and proliferation of political apathy.

The parliamentary elections in November 2005 will be affected by the same negative factors. However, these elections may be regarded as a chance to initiate a more participatory power-sharing process and create an effective forum for debate and control over the executive power.

**Radicalisation of the Chechen youth** Perhaps the most vulnerable part of the Chechen population at the moment is the youth. Many youths have not received proper education (if any). They are traumatised by hostilities and loss of relatives or friends. They do not have any legitimate opportunities to earn their living. They are currently the main recruiting base for extremists. Their reintegration into peaceful life as well as psychosocial and economic rehabilitation is of paramount importance from both the humanitarian and security perspectives.

<b>Obstacles types</b>	<b>Obstacles to Peace and Development</b>
<b>Surface obstacles</b>	<ul style="list-style-type: none"> <li>Lawlessness</li> <li>Radicalisation of Chechen youth</li> <li>Participatory governance deficit</li> <li>Tensions between the federal army and Ramzan Kadyrov's security forces</li> </ul>
<b>Proximate obstacles</b>	<ul style="list-style-type: none"> <li>Changing separatist tactics</li> <li>Lacking non-violent means of conflict management</li> <li>Limited and flawed policy implementation</li> <li>Flawed election processes</li> <li>Lack of coherence in different federal reconstruction programmes</li> <li>Widespread poverty</li> <li>High levels of unemployment</li> <li>Absence of effective disarmament and reintegration mechanisms</li> <li>Unhealed trauma and unaddressed need for rehabilitation of the victims of war</li> <li>Xenophobia and distrust</li> <li>Religious extremism and the proliferation of the neo-Wahhabi ideology</li> </ul>
<b>Structural causes of instability and economic crisis</b>	<ul style="list-style-type: none"> <li>Exaggerated negative historical background of Russo-Chechen relations</li> <li>Systemic corruption (clan, law enforcement, and economic)</li> <li>Lack of conflict management and good governance experience</li> <li>Profiteering from the war, both political and economic</li> <li>Ruined Chechen economy and infrastructure</li> <li>Intensified internal struggle for the control over resources and property</li> <li>Ousting and economic out-migration of Russian population</li> <li>Under-developed judicial system and strong traditions of blood vengeance</li> <li>Under-developed civil society and reduced authority of traditional reconciliation mechanisms</li> <li>Aggravation of geopolitical rivalries in the Caucasus over oil resources</li> <li>International terrorist activities and global anti-terrorist campaign</li> </ul>



Analysis of main actors active in the republic follows in tables below.

**Table 6.1 List of Main Actors**

Governance	Security	Social	Economic
President Putin and Federal authorities	Federal military and security forces	Traditional community leaders	Major businessmen - Chechen Diaspora
Republic authorities and the President of the Chechen republic	Republican security forces (headed by R. Kadyrov)	Mufti of Chechnya	Donor governments and IGOs
Local officials (heads of district administrations)	Local Chechen militia (Chechen MVD)	Radical religious groups	Criminal and shadow economy networks
	Separatists and religious extremists ("Wahhabi" networks)	NGOs and international humanitarian organisations	Corporations (Rosneft and its Chechen branch Grozneftegaz)
		Donor governments and IGOs	Kadyrov's clan
		Chechen Diaspora	Russian businesses
		Civilian population	President Putin and Federal authorities

**Table 6.2 Actor-specific Assessment**

Interests	Relations	Capacities	Peace and Development Agendas	Incentives
<i>Republican authorities and the President of Chechnya</i>				
Raising the level of popular support by ensuring stability and security in the region, economic reconstruction and development	Close cooperation with federal military and security structures, strongly influenced by the Kadyrov clan	Capacities are not fully developed and instrumental because of the high level of corruption, inefficiency and limited influence in the republic	These actors are interested in stability and expansion of their power through the weakening of the separatists and withdrawal of federal forces. One of the key interests is control over the oil sector of the republic and programmes on reconstruction and development	<i>Positive:</i> Financial and political support from Moscow  Consistent and constructive pressure of human rights and humanitarian NGOs and international organizations
Gaining higher independence from the federal government and control over republican economy and resources	Armed conflict with separatists and religious extremists	Military power (the Antiterrorist Centre consisting of the so called "Kadyrovtsy" units). Lack of professionalism, low discipline and frequent law violations by personnel undermine their effectiveness		
Elimination of separatism and extremism				
<i>Kadyrov's forces</i>				
Preserving and increasing influence in the political and economic sectors of the republic; retaining the main resource – military power of the 'Kadyrovtsy' (Antiterrorist	Integration in the official power structures  Interaction/competition with federal military and security forces	Second strongest military power after the Russian MoD in the region. Have high influence over the republican authorities	This actor is interested in getting all levers of governance and control in Chechnya, suppression of the separatists and maximum independence from Moscow	Pressure from the federal centre can force this group to limit their ambitions or, on the contrary, - trigger the radicalisation of relations.

Centre)				
<p>Weakening the separatists and "Wahhabis"</p> <p>Control over the oil industry and other parts of the economy</p>	<p>Fight against extremist religious groups and terrorists</p> <p>Involvement in the shadow economy</p>	<p>Economic leverage, including through shadow economy</p>		
<i>Federal military and security forces</i>				
<p>Supporting the Kremlin's power and security in Chechnya</p> <p>Defending the Russian southern border</p> <p>Fight against separatism and extremism</p>	<p>Cooperation with federal and regional authorities</p> <p>Opposition to separatist and extremist groups and fight against terrorism</p> <p>Participation in the shadow economy (oil sector)</p> <p>Neutrality to other actors</p>	<p>Dominant military power and control over anti-terrorist operations</p> <p>Access to information and information-management capacity</p> <p>Partial control over the oil sector</p>	<p>This actor is interested in retaining and strengthening federal control over the republic, finishing the conflict in Chechnya and neutralizing terrorist and extremist groups</p>	<p><i>Positive:</i> increased accountability for human rights violations</p> <p>Withdrawal of excessive military forces from Chechnya</p> <p>Measures to reduce involvement in the shadow economy activities</p>
<i>Separatists and religious extremists</i>				
<p>Independence of Chechnya from Russia</p> <p>Withdrawal of all federal military and security forces</p> <p>Gaining control over the republic</p>	<p>Opposition to all official actors, close cooperation and integration with international religious extremists and terrorist cells</p> <p>Underground operations and conspiracy</p> <p>Comprehensive ideological work with population and recruiting new members from among the discontented populations groups</p>	<p>Military power</p> <p>Support from some population groups</p> <p>Developed network of financial support including foreign sponsors</p> <p>Use corruption in the law-enforcement system and spreading fear through terrorism</p>	<p>Leaders of separatists and religious extremists, declaring their willingness for dialogue, are unlikely to really compromise with authorities. Some combatants could lay down arms if provided amnesty and security guarantees along with alternatives to violence</p>	<p><i>Positive:</i> ending violence and human rights violations, promoting economic recovery and creating new jobs, reintegrating fighters in the peaceful life could undermine extremists and separatists' social base</p> <p>Forceful anti-terrorist actions should be paralleled with measures addressing the root causes of conflict</p>
<i>NGOs and international humanitarian organizations</i>				
<p>Delivering humanitarian assistance to the population</p> <p>Human rights protection</p> <p>Establishing peace and stability in the</p>	<p>Engagement with authorities of various levels while maintaining their own independent position</p> <p>Providing assistance to different</p>	<p>Independent position and opportunities to impact the situation in those sectors where authorities and other actors lack efficiency</p>	<p>This actor is interested in conflict resolution and a compromise between opposing sides; seeks expanding of peacebuilding efforts, recovery and de-</p>	<p><i>Positive:</i> increasing the donor's financial support for most efficient development programs and peacebuilding projects</p>

region	vulnerable groups of the population  Limited contacts with other actors	Opportunities to draw public attention to topical issues and provide platforms for dialogue	velopment activities	Growing support from the Russian authorities
<i>Criminal and shadow economy networks</i>				
Strengthening their influence and acquiring new economic and political resources	Closely connected with regional political elites and other influential actors in the area of governance and economy  Build partnerships / engage in competition with separatists and extremists	Control over the significant part of economy (oil sector, arms trade, drug traffic)	This actor is interested in the conservation of conflict and instability but in a "controlled form"	<i>Positive:</i> restoring the rule of law, development and diversification of economy can put an end to the growth of influence of this range of actors

**PEACE AND STABILITY  
INDICATORS**

**Conflict fatigue / entry points for dialogue on security and development** Despite the fact the security situation deteriorated further in 2004-2005, important new factors have emerged that are conducive to achieving a gradual settlement of the conflict. The most important of them is the overwhelming conflict fatigue on the part of the population. The vast majority of people in Chechnya want to normalise their lives by all means, first by increasing their physical security and second by increasing their economic wellbeing.

Popular demand for and expectations of a process of recovery and economic development are strong and wide-spread. These are virtually the only factors that can counterbalance the high propensity to corruption and entrenched shadow economy networks.

**Potential of the “Kadyrovtsi”** The number of ex-separatist militants serving under Ramzan Kadyrov is greater now than the number of those who remain in the separatist camp. In the absence of rehabilitation and reinsertion schemes, the Kadyrovtsi rely on their *de facto* special status granted by Moscow as “antiterrorist” forces. However they remain a part of the Chechen society, subject to clan and family influences and are generally regarded as a substantially lesser threat by the population than the federal army.

If Kadyrovtsi were properly trained and established as a Chechen police and security force abiding by the laws of the Russian Federation and local traditions, the human security situation in Chechnya would improve substantially. While any negotiations with separatists are resolutely rejected, a gradual widening of the Kadyrovtsi reintegration scheme accompanied by a reduction in the use of force and an increase in the space for political dialogue might bring positive security results.

**Treaty on Division of Jurisdictions between Russian Federation and Chechnya** The preparation of the treaty granting Chechnya a special status defined as the “region of intense economic development” followed a promise made by president Putin to Akhmat Kadyrov that Chechnya would enjoy a unique status in the Russian Federation as a republic with an extra-wide autonomy. While the draft treaty was severely criticised for creating new opportunities for the mismanagement of funds, any back-peddling on the promise was bound to cause even greater disappointment. In accordance with the draft treaty Chechnya is to receive exceptional benefits in 2005-2015 such as property rights over land and mineral resources, 100% of oil industry assets in the territory of Chechnya, the rights to licence the extraction of crude oil, refining, transportation and sales (including international sales). The treaty also covers a range of social measures designed (among other things) to dismantle the negative stereotypes of Chechens in the media, to provide for the medical and psychosocial rehabilitation of victims, and to stop violations of constitutional rights by the army and law enforcement agencies.

If signed, the treaty might theoretically create more room for recovery and development. The critical precursor for it to tangibly and positively improve the situation is to assure transparency in the management of resources. This can only be achieved through establishing mechanisms of power-sharing and mutual control between the different branches of power in Chechnya, equalising the influence of the main competing clans and power brokers. Elections to the parliament of Chechnya

scheduled in November 2005 may provide an opportunity to make progress in this direction. At the same time, the risks of empowering an inefficient and corrupt part of the Chechen elite thereby deepening the societal splits are real.

**Potential of local self-governance** Local self-governance at the level of settlements and towns has traditionally been strong and effective in Chechnya. There are systems of informal non-elected leadership centred on religious leaders and elders and other authoritative personalities who may be in a position to establish security for recovery and reconstruction projects, especially if these involve job-creation and provide incomes to local people. Traditional values attach great importance to self-organisation and self-protection. In fact, they form the core of the dominant system of values amongst the population. The same values, however, stand behind the readiness to use armed violence and the flourishing economy of war in which violence is oftentimes the only way to earn a living.

District administrations play an important role in finding a balance between diverging interests of the influential forces in the Chechen society. This is underlined by the fact that despite their vulnerability and a high level of corruption, district authorities (especially in highland regions) appear to be able to reach compromises with both pro-Moscow and pro-independence parts of the population and their respective leaders. In most of the districts, the *yurt-kadi*<sup>1</sup> appear to be well-placed to play the role of natural facilitators of dialogue as they are normally politically neutral and do not participate in corruption networks.

<sup>1</sup> Yurt-kadi – respected informal leaders elected by the rural communities who act as community representatives

**Dialogue between the authorities and civil society in Chechnya** There have been at least two initiatives of a probing nature in 2004-2005 on the part of the Administration of Chechnya to start a dialogue with the NGOs and CSOs in the republic. These indicate a readiness for a degree of inclusiveness in policy making. These initiatives have come from the Centre for Public Politics, a joint project of the NGO “SK-Strategia”, the State Council of Chechnya and the Ministry for nationalities, media and external relations of Chechnya. There is also general political approval for pilot activities to initiate a humanitarian dialogue for strengthening human security in the Republic.

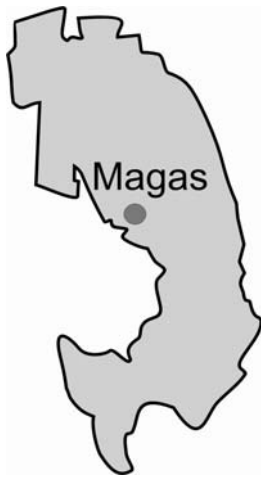
These initiatives have been rather limited in scope. However, they present a marked shift in policy away from earlier political attacks against CSOs involving activists with pro-independence sympathies towards attempts at finding a common ground and interacting with non-violent social opposition. This process, if supported, could result in the formation of parliamentary political opposition oriented at resolving disputes through debates and rejecting armed violence.

The Chechen government including Ramzan Kadyrov’s group has also stepped up investment in the construction of schools, sports centres, clubs and other youth facilities. It is very clear that they address youth as a priority category of the population due to the vulnerabilities of that group. Significant elements of civil society are in turn increasingly supportive of Alu Alkhanov’s administration. They see lending support to the republic’s authorities as a necessary condition for social consolidation and finding a way out of the current crisis.

<b>Indicator types</b>	<b>Peace and Stability Indicators</b>
<b>Surface indicators</b>	<p>Investment in socio-economic infrastructure</p> <p>Progress in normalizing the housing compensation payments</p> <p>More transparency in the appropriation of federal subsidies</p> <p>Availability of funding for reconstruction efforts from national and international donors</p> <p>Treaty on Division of Jurisdictions between the Russian Federation and Chechnya</p> <p>Potential of the Kadyrovtsy</p> <p>Downsizing the Russian troops presence in Chechnya</p>
<b>Proximate indicators</b>	<p>Reconstruction efforts of the Federal Government</p> <p>Significant resources allocated for humanitarian assistance and development programmes by the international donor community and aid organisations</p> <p>Outspoken readiness of major Chechen businessmen to make contributions (both funds and influence) to reconstruction process in Chechnya</p> <p>Dialogue between the authorities and civil society organisations in Chechnya</p>
<b>Structural roots of peace and stability</b>	<p>The on-going reform of the executive power system in Russia is expected to improve the effectiveness of crisis management capacity of the Russian federal authorities</p> <p>Increased readiness of federal authorities to engage in humanitarian dialogue and step up international cooperation for recovery and reconstruction</p> <p>Potential of local self-governance</p> <p>Principles of family and clan honour, respect for elders, authority of religious leaders, hospitality, and formal and dignified relations between families and clans, still guide Chechen social structure and ethnic identity</p> <p>Conflict fatigue</p>

6.2

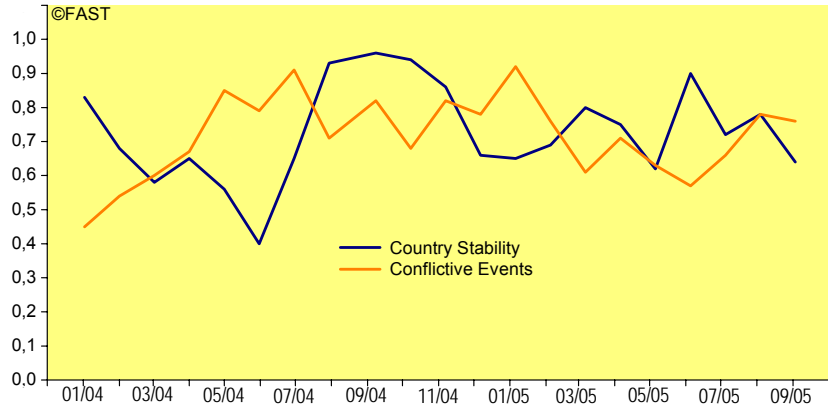
INGUSH REPUBLIC



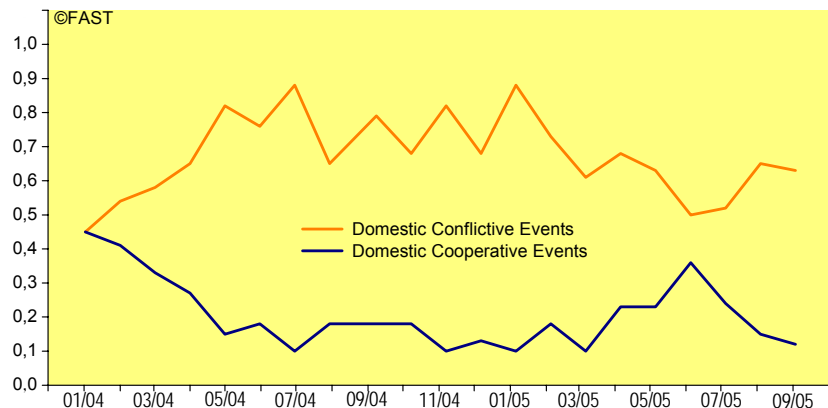
<b>Territory</b>	<p><b>Capital:</b> Magas</p> <p><b>Size:</b> 3, 600 sq km</p> <p><b>Geographic position:</b> The Republic of Ingushetia is located on the northern slopes of the Greater Caucasus foothills. It borders on the Chechen Republic, the Republic of North Ossetia, and Georgia along its southern border</p> <p><b>Climate:</b> average temperatures -5 C in January; +21 C in July</p> <p><b>Major Rivers:</b> Terek, Assa, Sunzha</p>
<b>Demography</b>	<p><b>Population size:</b> 466,300 Urban population – 41.5%, rural population – 58.5%</p> <p><b>Ethnic composition:</b> Ingushs – 78%, Chechens – 20%, Russians – 1% Other – 1%</p>
<b>Resources and Industry</b>	<p><b>Resources:</b> Oil, gas, marble and other natural construction materials, thermal therapeutic and mineral waters, timber</p> <p><b>Productive Sectors:</b> Agriculture, oil production, petrochemistry, construction materials, engineering, food processing</p>

Quantitative data on country stability and relative conflictive events, as well as domestic conflictive and co-operative events for the period from January 2004 to September 2005 is given below. Please refer to Annex 3 for information on models used and interpretation.

**Country Stability and Relative Conflictive Events**



**Relative Conflictive and Cooperative Domestic Events**



**SYNOPSIS**

Instability in Ingushetia is integrally connected to the Chechen conflict. Large numbers of Ingush youths have joined the Chechen militants and have carried out violent attacks both in Chechnya and Ingushetia. Repressive measures by the Russian Federal and Ingush authorities have increased resentment and alienation.

Islamist political ideology is spreading as a platform for resistance. Large influxes of Chechen refugees have added to Ingushetia's troubles. Although influential elements within the Ingush economic and political elite have vested interests in peace and stability, there is now little prospect of stabilising Ingushetia until there is a significant improvement in the situation in Chechnya.

Ingushetia also faces problems unrelated to Chechnya, notably residual tension with North Ossetia and the presence of large numbers of ethnic Ingush refugees expelled from North Ossetia during the Ingush-Ossetian war in the early 1990s. The Beslan school hostage crisis in North Ossetia, in which some Ingush militants were implicated, has revived Ingush-Ossetian mistrust and tension.

**Box 6.2 Historical Milestones**

The Ingush and Chechen peoples have close historical, cultural and linguistic ties, but the Ingush have demonstrated greater loyalty in their relations with Moscow throughout the history.

Ingushetia voluntarily joined Russia in 1810. From 1921 to 1924 it was part of the Soviet Mountain Republic established in the Caucasus after the Great October Revolution and the Civil War of 1918-1922. The Ingush Autonomous Oblast was established in 1924. From 1934 to 1992 it was joined to neighbouring Chechnya in the Chechen-Ingush Autonomous Soviet Socialist Republic (ASSR), except for a brief period following World War II.

In 1942-1943, German forces occupied part of the Ingush territory. Accusations of collaborating with the Germans were used by Stalin's government as grounds for deporting the Ingush to Central Asia, where a considerable part of the population died in exile. The Chechen-Ingush ASSR was liquidated and the territory divided among Russia, Georgia, Dagestan, and North Ossetia (Prigorodny District was transferred to adjacent North Ossetia). The republic was restored in 1957 and the Ingush were rehabilitated and allowed to return to their homes. However, Prigorodny District comprising nearly half of the territory of Lowland Ingushetia remained part of the North Ossetian ASSR. The returning Ingush faced considerable animosity from the Ossetian population that has since settled there.

In November 1990, the Supreme Soviet of the Chechen-Ingush ASSR passed a Declaration of the republic's national sovereignty; and in May 1991, the republic was renamed the Chechen-Ingush Republic. In December 1992, the 7th Congress of People's Deputies of the Russian Federation passed a resolution reorganising the Chechen-Ingush Republic into separate Ingush and Chechen republics within the Russian Federation. After Chechnya's declaration of independence, Ingushetia stayed within the Russian Federation.

In late 1992 violence erupted in Prigorodny District as a result of territorial dispute with the North Ossetians. The armed clash between Ingush and Ossetian population of the district continued 7 days and left six hundred people dead, according to the Public Prosecutor's Office of the Russian Federation. As a result of the conflict, according to various estimates, the number of refugees of Ingush nationality forced to leave Prigorodny district and Vladikavkaz was between 30 and 60 thousand people. Ingushetia faced its first post-Soviet refugee crisis as tens of thousands of Ingush were forced from their homes in the Prigorodny District. While some agreements have been reached with North Ossetia concerning the Ingush refugees, the issue is far from being resolved.

The refugee issue has since been a major problem for the beleaguered government of Ingushetia, already faced with soaring unemployment (over 50%), a worsening ecological crisis, and a high concentration of Russian troops stationed there because of the war in neighbouring Chechnya. In 1999 Ingushetia received hundreds of thousands of Chechen refugees, putting the republic under severe strain. The last refugee camp was closed in 2004. Russia rejected concerns voiced by human rights groups that many of the former residents had been forcibly repatriated in Moscow's zeal to show that conflict in the area was under control.

Ingushetia lives in the shadow of the violence and lawlessness of Chechnya. Poverty is widespread and there are sharp socio-economic disparities. From time to time the violence in Chechnya spills over the border. Russian forces are regularly targeted by attackers. The latest large-scale escalation came in June 2004 when several dozen people, including the Ingush acting interior minister, were killed in attacks reported to have involved several hundreds of heavily armed gunmen. Shamil Basayev and Aslan Maskhadov claimed responsibility for the attack.

The Beslan tragedy in North Ossetia, where some the attackers in the school siege were publicly reported to have



been ethnic Ingush, has negatively affected the relations between the neighbouring republics, reinforcing fears and suspicions. Some Ingush students studying in Vladikavkaz (North Ossetia) were asked to leave and security measures were strengthened along the border. No outbreaks of inter-ethnic violence have erupted, but some worst-case expectations are still circulating amongst the Ingush.

The influence of Islam is strongly felt, partly due to a confrontation with predominantly Christian Ossetians, partly as a repercussion of Islamic fundamentalism gaining momentum in Chechnya

## OBSTACLES TO PEACE AND DEVELOPMENT

**Internal security crisis** Ingushetia is to a great extent influenced by the developments in neighbouring Chechnya. However, the growth of violence in Chechnya does not appear to be the only reason for troubles in Ingushetia. There is a serious crisis situation, which expresses itself in a lack of human security, arbitrariness of local law enforcement bodies, and other factors.

In 2004 hundreds of Ingush youths joined the Chechen armed groups and a total of more than 500 people replenished the ranks of antigovernment fighters as a reaction to illegal arrests, disappearances and other forceful actions by the law enforcement bodies in Ingushetia. Deployment of additional military forces in Ingushetia both before the attack in June 2004 (i.e. infantry regiment #503 in Troitskaya settlement, Sunzha district) and after it (i.e. interior ministry regiment in Nazran) has caused further resentment amongst the population.

**Growth of Islamic extremism** Increasing activism and continuing growth of Islamic extremism in Ingushetia has reached a stage where tightened police measures alone will only make the situation worse. Lack of progress on tackling unemployment, corruption, and violent crime pushes Ingush youths towards extremist alternatives. The population has also experienced economic and social pressures connected to the influx and recent return of thousands of displaced Chechens. The problems of disappearances, proliferation of small arms and explosives, and separatist and anti-government sentiments remain. Under these circumstances, just like in Daghestan during the late 1990s, Islamist ideology may turn into a form of violent protest where easily manipulated followers are lured into pursuit of a separatist agenda.

The apparent inability of the Ingush authorities and the traditional Islamic elite to mitigate the crisis appears to be the price paid for “manageability” and stronger “vertical” power hierarchy established by the federal authorities.

**Counter-productive pacification policies** The most active non-state actors in the sub-region are the networks of armed Chechen separatists, as well as the criminal and purely terrorist elements operating underground. There is a large number of ethnic Ingush among them. Another important group is represented by Islamic extremists, who reject the current elites as infidels and proclaim the need to struggle for an Islamic state. In practice, most of these extremists support and incite separatists, as the main obstacle to both groups is the Russian federal power in the North Caucasus.

The state authorities in Ingushetia have done little or nothing so far to resolve the foremost problems creating tensions: (a) unrestrained and arbitrary use of force, including the operations by the unidentifiable armed units and disappearances (over 100 a year); (b) harsh treatment of Chechen IDPs in assuring their “voluntary return” to Chechnya by closing down the camps; and (c) suppression of “dissent” and closure of independent newspapers (e.g. “Vesti Malgobeka”) and other actions

against the media independence.

It is probable that the current situation will deteriorate further if authorities fail to change pacification policies by placing greater emphasis on non-violence and build up credibility vis-à-vis the civil sector. No improvement is conceivable without simultaneous efforts by the federal authorities to normalize the political process in Chechnya and avoid violent spillover from this republic.

The efforts of the authorities and the traditional Islamic leaders (e.g. Muftis) to re-establish the values of non-extremist Islam lack credibility among the population and serve to undermine the authority of the traditional Muslim leadership. Ingushetia's Mufti, Magomed Albogachiev, resigned recently in protest at high levels of state corruption which he said were provoking popular unrest.

<b>Obstacle types</b>	<b>Obstacles to Peace and Development</b>
<b>Surface obstacles</b>	<ul style="list-style-type: none"> <li>Deteriorating security situation</li> <li>Unresolved tensions with North Ossetia over Prigorodny District</li> <li>Proliferation of weapon and illicit arms trade</li> <li>Limited public participation in policy making</li> <li>Growth of Islamic extremism</li> </ul>
<b>Proximate obstacles</b>	<ul style="list-style-type: none"> <li>Separatist and terrorist tactics</li> <li>Weak conflict management capacities</li> <li>Weak Russian regional policy</li> <li>Flawed election processes (due to security constraints and federal policy)</li> <li>Presence of IDPs from North Ossetia and Chechnya in Ingushetia</li> </ul>
<b>Structural causes of instability and economic crisis</b>	<ul style="list-style-type: none"> <li>Systemic corruption (Clan, economic, and law enforcement)</li> <li>Intensification of internal struggle for the control over resources and re-division of property</li> <li>Ousting and economic out-migration of Russian population</li> <li>Under-developed judicial system</li> <li>Under-developed civil society and undermined authority of traditional reconciliation mechanisms</li> <li>Aggravation of geopolitical rivalries in the Caucasus over oil resources</li> <li>International terrorist activities and global anti-terrorist campaign</li> </ul>

Analysis of main actors active in the republic follows in tables below.

Table 6.3 List of Main Actors

Governance	Security	Social	Economic
Power elites Family clans	Federal military and security forces  Religious extremists–“Wahhabi” networks and cells  Chechen separatists	Family clans  Elders and traditional community leaders  IDPs from Chechnya and North Ossetia  NGOs and International humanitarian organisations	Family clans  Criminal and shadow economy networks

Table 6.4 Actor-specific Assessment

Interests	Relations	Capacities	Peace and Development Agendas	Incentives
<i>Power elites</i>				
Retaining power and strengthening positions of different family clans in the power system  Control over economy, federal subsidies and their distribution, other resources	Cooperation with the federal authorities and law enforcement structures  Limited public confidence local actors and communities  Opposition to religious extremists and Chechen separatists	Administrative resource; control over the distribution of subsidies and the economy, control over local media	This actor is interested in suppression of religious extremists and Chechen separatists; strengthening federal power and control over the situation in the republic as well as raising the level of hard security	<i>Positive:</i> efficient fight with corruption, economic development and job creation
<i>Family clans</i>				
Strengthening their positions in the republican government and law enforcement structures  Control over economy	Close relationships with power elites  Neutrality to NGOs and international organizations, federal forces, IDPs  Opposition to religious extremists and Chechen separatists	Distribution of spheres of influence in economy and system of power  Involvement of some actors in the Ossetian-Ingush and Chechen conflict  Representation in power elites	These groups are interested in retaining stability and peace, but they can potentially trigger Ossetian-Ingush conflict	<i>Negative:</i> Attempts to resolve Ossetian-Ingush conflict without multi-level popular dialogue could trigger further clashes; attempts to strengthen one of these clans limiting the influence of others could trigger a split in the Ingush society
<i>Religious extremists (jihadists)</i>				
Dissemination of shari'ah and “pure Islam”  Overthrowing the authorities and secession of Ingushetia and Chechnya from	Opposition to all official actors and non-believers  Underground operations and conspiracy  Comprehensive	Efficient organisation and conspiracy counterbalance the small number of followers  Radicalism and fanaticism	This actor is interested in exacerbation of conflicts to strengthen its positions and recruit new supporters  Peace and stabil-	<i>Positive:</i> Recovery and development aimed to improve socio-economic conditions for the population will help narrow the social base for recruitment;

Russia	ideological work with population and recruiting new members from among the discontented populations groups	Efficient recruitment network based on availability of financial resources	ity is envisioned in a form of shari'ah-based society	it is necessary to separate the extremist wing of "Wahhabis" from the non-violent followers of "pure Islam"
Expansion of the armed conflict and increasing internal tensions	Contacts with counterparts in Chechnya and other North Caucasus republics	Use corruption in the law-enforcement system and spreading fear through terrorism		
<i>IDPs from Chechnya and North Ossetia</i>				
Normalisation of livelihood and the political environment in places of their residence	Experience pressure from the side of local authorities, local population, federal forces and other actors	Capacities are limited; IDPs from Prigorodny district have moderate political influence and potential to mobilize public opinion	These actors are interested in normalisation of the situation in Chechnya, elimination of tensions over Prigorodny district	<i>Positive:</i> increased support from Ingush authorities and general public; integration of remaining IDPs in the social-economic life of the republic
Integration of IDPs in the social and economic life of Ingushetia	Receive support from NGOs and international organisations			
<i>NGOs and international humanitarian organisations</i>				
Delivering humanitarian assistance to IDPs from Ossetia and Ingushetia	Engagement with authorities of various levels while maintaining their own independent position	Independent position and opportunities to impact the situation in those sectors where authorities and other actors lack efficiency	This actor is interested in conflict resolution and a compromise between opposing sides; seeks expanding of peace-building efforts, recovery and development activities	<i>Positive:</i> increasing financial support for development programs and peace-building projects
Human rights protection	Providing assistance to different vulnerable groups of the population	Opportunities to draw public attention to topical issues		Growing support from the Russian authorities
Recovery of peace and stability in the region	Limited contacts with other actors			

## PEACE AND STABILITY INDICATORS

**Historical resistance to violence and recent experience of conflict** Ingush society has historically resisted being drawn into armed violence. The historical factors, geographical position, as well as the existence of the free economic zone under president Aushev have led to the formation of wealthy elite that has much to lose if drawn in into organised violence. The recent experience of inter-ethnic conflict (Prigorodny region), which is still unresolved, coupled with hostilities in neighbouring Chechnya also keeps the negative consequences of war in people's minds.

**Presence of influential clans interested in stability** During the presidency of Ruslan Aushev, the free economic zone in Ingushetia led to the emergence of a large number of wealthy households within influential families and clans. This part of the Ingush elite is interested in stability in the republic and want to protect their property. However,

economic disparities and poverty, which affect a considerable part of the Ingush population, undermine the positive influence of the above factor.

**Strong social cohesion** Principles of family and clan honour, respect for elders, authority of religious leaders, hospitality, and formal and dignified relations between families and clans, still guide Ingush social structure and ethnic identity. At the same time, Ingush clans are closely connected with the Russian elite, have extensive interests in Moscow and some Siberian regions.

<i>Indicator types</i>	<i>Peace and Stability Indicators</i>
<b>Surface indicators</b>	Investment in socio-economic infrastructure Availability of funding for reconstruction efforts from national and international donors Dialogue between authorities, influential families and elders, as well as civil society Presence of a large number of INGO and IGO offices in the republic Downsizing the Russian troops presence in Chechnya
<b>Proximate indicators</b>	Reduced effectiveness of Chechen separatists Potential for cross-border cooperation with Chechnya with the creation of a free economic zone in Chechnya The population of Ingushetia is generally well-educated
<b>Structural roots of peace and stability</b>	Presence of a large number of well-to-do and influential households / families that are interested in stability Historical resistance to violence and recent experience of conflict The on-going reform of the executive power system in Russia is expected to improve the effectiveness of crisis management capacity of the Russian federal authorities Increased readiness of federal authorities to engage in humanitarian dialogue and step up international cooperation for recovery and reconstruction Potential of local self-governance Strong social cohesion

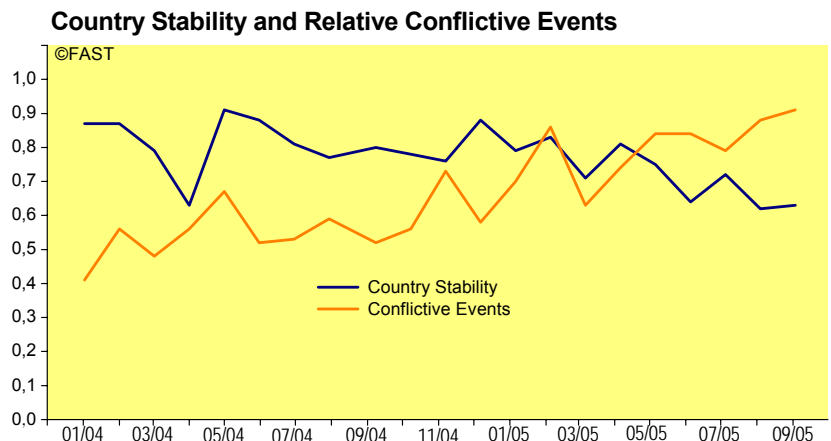
6.3

REPUBLIC OF  
DAGHESTAN

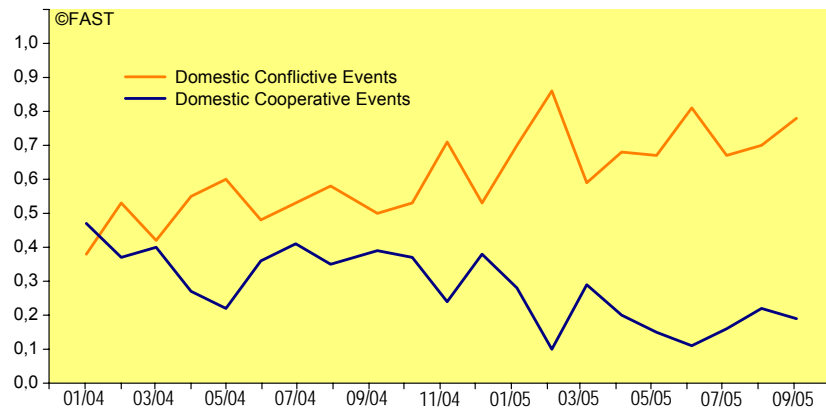


<p><b>Territory</b></p>	<p><b>Capital:</b> Makhachkala</p> <p><b>Size:</b> 50,300 sq km</p> <p><b>Geographic position:</b> The Republic of Daghestan is situated in the northeast of the Greater Caucasus foothills. As part of Russia it borders on two states, Azerbaijan and Georgia with a southern border running along the Watershed of the Great Caucasus mountain range, and it shares the Caspian with four others: Azerbaijan, Iran, Kazakhstan and Turkmenistan. Within Russia, its regional neighbours are the Stavropol krai, Astrakhan oblast, Kalmykia and Chechnya. Eastern Daghestan has nearly 530 km of coastline on the Caspian Sea</p> <p><b>Climate:</b> average temperatures: -5 C in January the north to +1 C in the Caspian Lowlands near the Samur River delta, +21 C in July</p> <p><b>Major Rivers:</b> Terek, Sulak, Samur</p>
<p><b>Demography</b></p>	<p><b>Population size:</b> 2,576,531 Urban population – 42.8%, rural population – 57.2%</p> <p><b>Ethnic composition:</b> Daghestani peoples – 80%, including: Avars – 28%; Dargins –16%; Kumyks –13%; Lezgins –11%; Laks – 5%. Tabasarans – 4%, Chechens – 3%, Russians – 9%, Azerbaijanis 4%, Nogais – 1.5%, other – 5.5%</p>
<p><b>Resources and Industry</b></p>	<p><b>Resources:</b> Oil, natural gas, brown coal, quartz glassmaking sand, iron and polymetallic ores, building material resources, underground fresh, mineral, thermal and industrial waters, hydroelectric power</p> <p><b>Productive Sectors:</b> Oil and gas extraction, power generation, machine building, chemicals, and instrument making, agriculture (livestock raising, cultivation of grain and grapevines) and food-processing. Wood carving and carpet weaving are the national crafts</p>

Quantitative data on country stability and relative conflictive events, as well as domestic conflictive and co-operative events for the period from January 2004 to September 2005 is given below. Please refer to Annex 3 for information on models used and interpretation.



### Relative Confictive and Cooperative Domestic Events



## SYNOPSIS

Daghestan has been heavily influenced and at the same time avoided getting drawn into the Chechen conflict to the same extent as Ingushetia. However, the republic's internal political dynamics are a source of instability that increasingly manifests itself in the form of violent conflict. Local authorities in Daghestan have shown political balancing skills and capacity for crisis management. Nonetheless there are a number of negative indicators and trends.

Moscow's new policy of direct nomination of heads of republics threatens to further undermine political stability in Daghestan by replacing a bottom up system of governance with a top down one. The previous system of election provided an element of stability because it forced the republic's government to respond to local concerns and to balance the interests of competing local groups. The new system is likely to respond only to the directions from Moscow and lead to the contraction and isolation of the elite, exacerbating complex ethnic tensions within this most ethnically diverse of republics.

Other sources of instability in Daghestan include the growing tensions between various religious actors (the traditional Islamic authorities and disparate groups of radical Islamists), and an increasing number of disputes over land privatisation.

### Box 6.3 Historical Milestones

Daghestan is the largest and most ethnically and linguistically diverse of all Russia's North Caucasian republics. It is also the main conduit for Russia's oil exports from the Caspian Sea.

Daghestan voluntarily joined Russia in 1813. It gained political status after the Revolution of 1917 and the Civil War when in 1920, an Extraordinary Congress of the people of Daghestan declared Daghestan's autonomy; and a Decree forming the Daghestan Autonomous Soviet Socialist Republic (ASSR) was passed in 1921.

Unlike other autonomous republics, Daghestan did not derive its existence from the presence of one particular ethnic group. Daghestan is home to several dozen Muslim peoples who settled among the high valleys over the centuries and who between them speak over 30 languages. The Avars form the largest ethnic group and account for about a fifth of the population. A further substantial proportion is made up of Dargins, Kumyks and Lezgins. About 10 per cent are ethnic Russians. There are also Laks, Tabasarans and Nogai, to name but a few of the other significant groups.

Since 1991, Daghestan has been a republic within the Russian Federation. A new Constitution of the Republic of Daghestan was passed in 1994. The constitution declares the protection of the interests of all of Daghestan's peoples to be a fundamental principle. In the 1990s a debate over whether the republic should be organised on a unitary or federative basis was a source of increased ethnic tensions. Since the fall of the Soviet Union, the republic's authorities have been regarded as loyal by the Kremlin and as very corrupt by many elsewhere.

Daghestan kept out of the first Chechen war, though it was used by the Chechens as a supply corridor. Chechen

warlords have openly led armed operations in Daghestan on several occasions. These attracted international attention for the first time in 1995 and 1996 when Shamil Basayev and Salman Raduyev crossed the border and seized hundreds of hostages in hospital of Kizlyar (in the name of the separatist cause).

The republic has seen numerous bombings targeted at the Russian military which has forces stationed at Kaspiysk, Buynaksk and Budennovsk. Many military and civilians were killed in 1996 and 1999 in Kaspiysk and Buynaksk when bombs went off near blocks of flats housing Russian officers. Dozens more died in 2002 when bombers targeted a Russian military parade in Kaspiysk.

The Muslims of Daghestan, for whom Sufism combined with local tradition is the main faith, have generally been anxious to avoid the conflict that has afflicted Chechnya. However, in the latter part of the 1990s there were reports that more radical and militant elements linked with radical Islamism were acquiring influence. Tensions started to grow rapidly when the settlements of Karamakhi and Chabanmakhi in the Kadar zone near the Chechen border introduced the Shari'ah law in 1998 and became *de facto* independent.

Violence flared in August 1999 when an Islamist group declared an independent state in parts of Daghestan and Chechnya and called on Muslims to take up arms against Russia in a holy war. It also called for the arrest of the republic's leader, Magomedali Magomedov. Chechen militants headed by Basaev crossed into Daghestan in support. There were fierce clashes with federal forces supported by Daghestani militias. Within 2 weeks the Chechen militants and Islamic extremists in the Kadar zone were defeated, however, Basaev with some fighters was allowed to withdraw back to Chechnya. This incident contributed heavily to the return of federal troops to Chechnya. Since then there have been sporadic incidents of violence, some directly involving Chechen militants with regular assassinations, shootings, explosions and kidnappings. Most of the attacks are targeted against representatives of republican law enforcement structures and republican authorities.

## OBSTACLES TO PEACE AND DEVELOPMENT

***Replacement of a bottom-up approach*** By replacing the direct elections of the heads of republics with – in essence – direct administrative appointment, federal authorities are seeking much greater control and management of the political economies of republics like Daghestan.

Direct management might help to address many complex problems in the republic. However, success can only be achieved by assuring the full loyalty of local actors towards the federal authorities and by increasing financial subsidies from the federal budget.

In the past the local political and economic elite based their legitimacy on the support of certain segments of Daghestani society. This meant that they had to listen to local voices. However, direct federal management means that these elites are now expected to follow federal orders even when addressing local socio-economic grievances.

The consequences of this administrative change are significant; Daghestani political actors will align themselves to a top-down power structure, thus removing the bottom-up support pillars. The unique internal system of balances that required close ties between elites and society and provided for a degree of stability will disappear.

Like other regional elites, Daghestani officials remain uncertain of their position within this new federal structure. The rapid contraction of elite circles has created considerable insecurity and tension among Daghestan's leaders, and this is reflected in heightened political tension and incidents of intra-elite violence.

Governance reform in Daghestan has also led to changes in the Constitution. The institute of a president has replaced the collegial State Council (so called "collective president") and is bound to bring about the simplification of Daghestan's political mosaic down to two opposing camps. One camp is comprised of the narrow but powerful circles of the ruling elite, and another by the rest of the influential political forces ousted to the political periphery by the dominant ethno-political clan.

***Increasing levels of political and social violence*** Under the relatively calm surface of the republic's political life a hidden war has been



waged since the mid-1990s. In the last two years the main clashes occurred between the law enforcement bodies and members of the criminal cartels and extremist groups.

Following the murder of Colonel Akhberdilav Akilov, the head of the MVD Department on Extremism and Criminal Terrorism, in autumn 2002, the interior ministry (MVD) launched a heavy crackdown on criminal and extremist elements. A number of MVD policemen were killed in the following year. And from 2004 until now there has been an aggravation of the situation with a series of attacks directed against the law enforcement officials and the republic's leaders, including those at the local level. More than 20 acts of terror have committed in Daghestan in the past 18 months with a death toll of at least 17 people (mostly from the federal security service, interior ministry, and officials from the different branches of power). Oil pipelines and several administrative buildings were blown up.

Politically motivated assassinations have become frequent too. In August 2003, Nadirshakh Khachilae, ex-State Duma MP and ethno-religious leader, was murdered in Makhachkala (on 11 August), and Daghestan's Nationalities, Information and External Relations Minister, Magomed-Salikh Gusaev, on 27 August. Several high-ranking policemen were killed in September and October 2003.

**Tensions between religious actors** The situation around the Spiritual Office of Daghestan's Muslims (SODM) reached a crisis in spring 2004, which sent waves across the communities of believers in the republic and was reported to produce a large number of potential recruits for religious extremists. Many religious leaders organised gatherings of believers to protest the SODM's monopoly on arranging the *Hajj* (annual Muslim pilgrimage). These gatherings demanded the transfer of *Hajj* travel arrangements to tour operators. In June 2004, Daghestani authorities decided to transfer responsibility for *Hajj* arrangements to tour operators.

At the same time, the SODM stepped up political attacks against the so called "Wahhabi" version of Islam and its followers, which are numerous in the republic<sup>1</sup>. Since 1999 "Wahhabism" has been banned in Daghestan by law. SODM published a list of banned religious texts. "Wahhabi" schools and organisations now operate secretly. There are three main "Wahhabi" factions in Daghestan, including an extremist one that is linked to other similar networks across the region. Most of the "Wahhabi" followers in the republic, however, are peaceful and do not appear to be supportive of any radical political change.

**Land use reform** One of the main sources of underlying tension is the reform of the use of land in the republic initiated by authorities in 2003. Rural land that belonged to collective farms and was first nationalised is now up for privatisation. However, the peasants who worked for the collective farms cannot afford to buy this land. A number of disputes between rural communities have emerged over the land that was given for temporary use as pastures by the collective farms in the mountains.

**Ethnic tensions** Ethnic rivalry is the crucial feature of the power system and political struggle in Daghestan. The two largest ethnic groups in the republic, the Avars and Darghins, are presently in a clash for key positions in the republic's system of power. The Darghin elite control many of the most important positions in the republic including

<sup>1</sup> The number of followers is difficult to estimate due to the fact that many followers of what they refer to as "pure Islam" do not identify themselves as "Wahhabis". Many rural communities, including those in the Kadar zone have even expelled their most radical members after the events of 1999-2000

the posts of head of the State Council, mayor of Makhachkala, and the head of the sea port of Makhachkala. They are the most influential and consolidated group and enjoy cooperative alliances with many of the smaller ethnic groups. The Avars are the largest ethnic group in Daghestan. But they are composed of a number of competing clans that appear to be unable to overcome the contradictions between each other's interests and take over leadership in Daghestan.

During the Soviet period many peoples were resettled from the mountains to the plains. In case of Daghestan, the Avars were resettled in the northern plains, traditionally the habitat of the Kumyk. Today Kumyks are a minority in their own districts, and feel their language and culture is threatened. Kumyk movements are attempting to transform Daghestan into a federation. The Nogai and Lezghin are backing the idea because half of their population lives outside Daghestan under conditions that are far less favourable than those in Daghestan, where they share in power and have their own newspapers. Increased autonomy for Nogai and Lezghin is perceived as helpful for the consolidation of their respective ethnic groups. The government and most of the other minorities reject the proposal because it would split up the republic into ethnically defined territories. They fear that new borders might create more problems than they solve.

Daghestan also has to solve a territorial issue concerning deported peoples. When the Chechen and other peoples were collectively removed to Central Asia part of their lands in Daghestan and Ossetia was occupied by neighbouring ethnic groups and was never returned. Unlike in Ossetia, where the issue led to an armed conflict, Daghestan is attempting to solve the issue peacefully. The returning Daghestani Chechens (registered as a specific ethnic group, the Chechens-Akkin) found their settlements inhabited by the Lak who had been moved to these places from the high mountains. The Daghestan government has promised to build new houses for Laks close to other Laks in the vicinity of Makhachkala, and let the Chechen-Akkin settle in their *auls*<sup>2</sup> of old. Such a solution needs considerable funding which the authorities cannot afford. Representatives from the government and parliament report that they are often accused of being conservative communist old-timers, but as inter-ethnic violence and bloodshed have been avoided so far, their cautiousness might be well considered.

<sup>2</sup> "Auls" - villages

<b>Obstacle types</b>	<b>Obstacles to Peace and Development</b>
<b>Surface obstacles</b>	Increasing levels of social and political violence Increase in civil unrest Land disputes between different actors in agriculture Tensions between religious actors Proliferation of weapons
<b>Proximate obstacles</b>	Bottom-up approach being replaced Weakening of the civil society influence Systemic corruption (clan, economic) Early start of 2006 presidential election campaign Growth of extremist Islamic groups Widespread poverty On-going process of re-division of property (in-

	volving forceful means)
<b>Structural causes of instability and economic crisis</b>	<p>Increasing alienation of the ruling elite from society</p> <p>Wide-spread corruption within regional authorities</p> <p>Intensification of internal struggle for the control over resources</p> <p>Land use reform</p> <p>Deteriorating economic situation</p> <p>Spillover of violence from the Chechen conflict</p> <p>Close ties between Chechen and Daghestani radical Islamic groups</p> <p>Ethnic tensions</p> <p>International terrorist activities and global anti-terrorist campaign</p>

Analysis of main actors active in the republic follows in tables below.

**Table 6.5 List of Main Actors**

<b>Governance</b>	<b>Security</b>	<b>Social</b>	<b>Economic</b>
<p>Federal authorities</p> <p>Power elites (Magomedali Magomedov's clan) and other ethnic elites</p> <p>Republican and local officials (mayors and heads of district administrations)</p> <p>Ramazan Abdulatipov, a member of the Council of Federations of Russia</p> <p>Gadji Makhachev, represents Daghestan in the State Duma</p>	<p>Russian federal military and security forces</p> <p>Republic's law enforcement agencies</p> <p>Local Daghestani militias</p> <p>Chechen militants</p> <p>Armed political opposition groups</p> <p>Criminal clans and networks</p>	<p>Community and ethnicity based pressure groups</p> <p>Spiritual Office of Daghestani Muslims (SODM)</p> <p>Religious extremists—"Wahhabi" networks and cells</p> <p>Sufi brotherhoods (Tariqas)</p> <p>Local NGOs</p> <p>International and national NGOs</p> <p>International Governments and IGOs</p>	<p>Federal authorities</p> <p>Corporations ("Rosneft" and its regional branch "Dagneft")</p> <p>State-owned businesses</p> <p>Criminal clans and networks</p> <p>Local private businesses</p> <p>Cooperatives in agricultural sector</p>

Table 6.6 Actor-specific Assessment

Interests	Relations	Capacities	Peace and Development Agendas	Incentives
<i>Ruling elite (M. Magomedov's clan) and other ethnic elites</i>				
Retaining power and strengthening positions of different family clans in the power system  Control over economy, federal subsidies and their distribution, other resources	Complex system of checks and balances among influential ethnic and religious groups based on access to resources  Fight against extremists	Administrative resource; economic and financial levers that allow to control the situation in the republic	These groups are interested in peace and stability, however while fighting for power they can ignite interethnic tensions and conflicts	<i>Positive:</i> solid and consistent position of federal authorities focused on restoring stability; Opportunities for investments in the region
<i>Religious extremists (jihadists)</i>				
Dissemination of shari'ah and "pure Islam"  Overthrowing the authorities and secession of Daghestan and Chechnya from Russia  Expansion of the armed conflict and increasing internal tensions in the republic	Opposition to all official actors and non-believers  Underground operations and conspiracy  Comprehensive ideological work with population and recruiting new members from among the discontented populations groups  Contacts with counterparts in Chechnya and other North Caucasus republics	Efficient organization and conspiracy counter-balance the small number of followers  Radicalism and fanaticism  Efficient recruitment network based on availability of financial resources  Use corruption in the law-enforcement system and spreading fear through terrorism	This actor is interested in exacerbation of conflicts to strengthen its positions and recruit new supporters  Peace and stability is envisioned in a form of shari'ah-based society	<i>Positive:</i> Recovery and development aimed to improve socio-economic conditions for the population will help narrow the social base for recruitment; it is necessary to separate the extremist wing of "Wahhabis" from the non-violent followers of "pure Islam"
<i>Sufi brotherhoods (Tariqats)</i>				
Expansion of each brotherhood's influence in religious sphere	Compete with each other for influence and authority  Cooperation or opposition to authorities (depending on position of a <i>tariqat</i> )  Opposition to "Wahhabis"  Neutrality to other actors	Clerical leaders of <i>tariqats</i> have thousands of obedient followers- <i>mjurids</i>  Control influential Spiritual Office of Daghestani Muslims (SODM)  Have relatively high influence on republican authorities	These actors are interested in expanding their influence in spiritual life and politics but avoid direct confrontation with the authorities  Internal conflicts between different <i>tariqas</i> are frequent	<i>Positive:</i> Strengthening the power of the federal centre in the region and developing flexible religious policy based on preserving the influence of traditional Sufi leaders in Daghestan
<i>Criminal clans and networks</i>				
Strengthening their influence and acquiring new economic and political	Connected closely with political and ethnic elites, some Sufi religious	Control significant part of economic in the republic	These actors seek to preserve high level of corruption and other weak-	<i>Positive:</i> Restoring the rule of law and economic develop-

resources	groups	Struggle for power and spheres of influence between these groups can cause interethnic conflicts	nesses of the regional and federal authorities	ment would help undermine the influence of this group
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## PEACE AND STABILITY INDICATORS

**Effective Daghestani law enforcement operations** During August-September 2004, Daghestani law enforcement agents managed to prevent a number of terrorist attacks, arrest high profile criminals, and crack down on organised crime. Some of the most notorious leaders of extremist Islamic movement, including Serajudin Ramazanov and Adallo Aliev have either surrendered or been arrested. Ramazanov had proclaimed himself “the head of transitional government of the Islamic republic of Daghestan” during the 1999 incursions, and Aliev was Shamil Basaev’s deputy in the “Congress of Daghestani and Chechen people”. The fact that both of them have received suspended sentences confirms that the authorities are able to combine decisiveness with restraint.

**Existing conflict management capacity** The authorities in Daghestan have demonstrated their capacity to address crisis processes in a promising manner. The open political attack against the head of Daghestan, Magomedali Magomedov, by the mayor of Khasavyurt, Saigid Umakhanov, turned out to be the most serious political crisis in 2004. It began on 31 June with a protest rally organised by the mayor of Khasavyurt during which accusations of “physical removal of political opponents” were publicly voiced against Magomedov and an ultimatum demanding his resignation was put forward. The crisis was successfully resolved through compromise, which showed that the authorities were able to manage acute internal disputes (swisspeace, 2004).

**Progress in addressing corruption in law enforcement** Important positive tendencies are visible against the backdrop of the war against organised crime in Daghestan. Organized crime groups tend to avoid direct clashes when they are covered and supported by corrupt police officials. The present open war waged by criminal groups against the police implies that important parts of this corruption “chain” have been dismantled. In fact, analysis of events data in 2003-2005 shows an increase in effectiveness of police operations and, generally – improved action by law enforcement bodies. Recently introduced buy-back schemes for illicit weapons acquired by the population appear to work well in tandem with search and confiscation of hidden arsenals<sup>1</sup>. A number of terrorist attacks have been prevented. Investigations of serious crimes have led to the convictions of perpetrators and organizers. There is also a noticeable positive change in the struggle with drug traffickers and the “fish mafia” (poachers), as well as in border control with the Chechen Republic and Azerbaijan.

<sup>1</sup> It should be noted that while this statement is largely true, serious delays were noted in payment for weapons handed over by the population

<b>Indicator types</b>	<b>Peace and Stability Indicators</b>
<b>Surface indicators</b>	<p>Effective operations of Daghestani law-enforcement agencies</p> <p>Local home guards and militias protect civilians and are loyal to the authorities</p>
<b>Proximate indicators</b>	<p>Existing conflict management capacity</p> <p>Increased subsidies from the federal budget</p>
<b>Structural root of peace and stability</b>	<p>Strengthening of the state power system in Daghestan</p> <p>The on-going reform of the executive power system in Russia is expected to improve the effectiveness of crisis management capacity of the Russian federal authorities</p> <p>Well-balanced representation in the People's Assembly</p> <p>Resistance to fundamentalist Islam because of a strong history of Sufism</p> <p>Even though the influence of SODM is decreasing, it is still capable to restrain activities of radical Islamic groups</p> <p>The majority of population, together with their other identities, considers their identity to be "Rossiyane"</p> <p>Daghestan has not agitated for independence from Russia like Chechnya and deeply resents hundreds of kidnappings of Daghestanis by Chechen separatists</p>

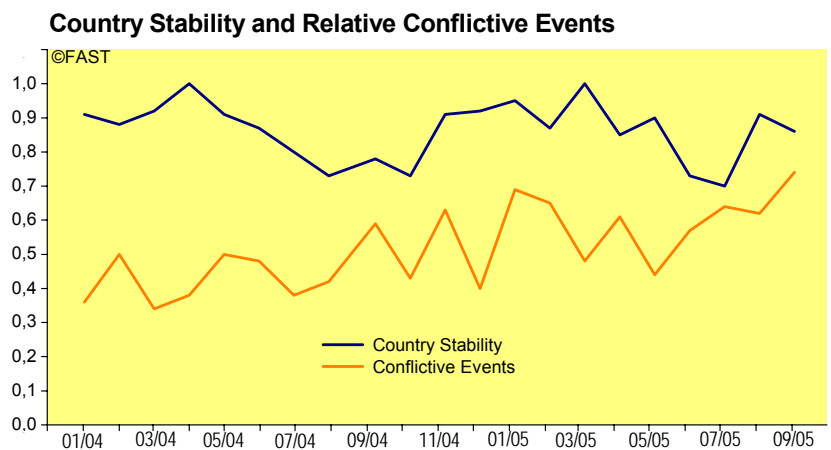
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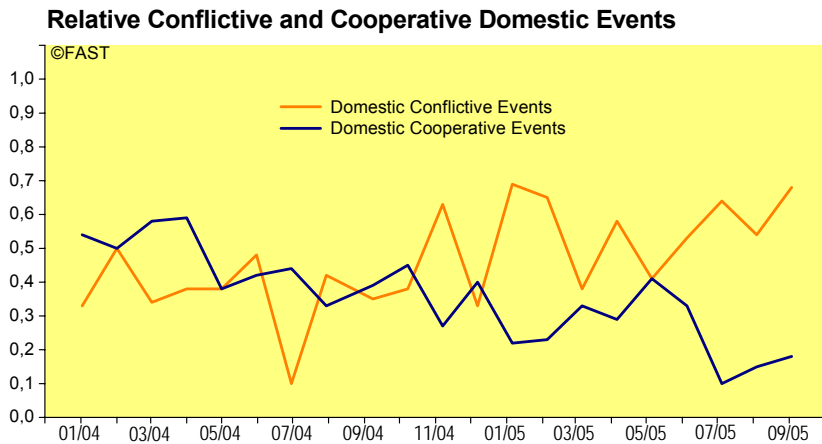
**REPUBLIC OF  
NORTH OSSETIA –  
ALANIA**



<p><b>Territory</b></p>	<p><b>Capital:</b> Vladikavkaz</p> <p><b>Size:</b> 8,000 sq km</p> <p><b>Geographic position:</b> The Republic of North Ossetia – Alania is located in the very centre of the Greater Caucasus. The northern part of the republic is situated in the Stavropol Plain. It borders on the Chechen Republic, the Republic of Ingushetia, Kabardino-Balkaria Republic, Stavropol krai, and Georgia along its southern border</p> <p><b>Climate:</b> average temperatures: -5 C in January, +24 C in July</p> <p><b>Major Rivers:</b> Terek, Gizeldon, Ardon</p>
<p><b>Demography</b></p>	<p><b>Population size:</b> 710,275 Urban population – 65.5%, rural population – 34.5%</p> <p><b>Ethnic composition:</b> Ossetians – 63%, Russians –23%, Ingushs – 3%, Armenians – 2%, Georgians – 2%, Kumyks – 2%, other – 8%</p>
<p><b>Resources and Industry</b></p>	<p><b>Resources:</b> Minerals (copper, silver, zinc), building material resources, timber, mineral waters, hydroelectric power, and untapped reserves of oil and gas</p> <p><b>Productive Sectors:</b> Mining, nonferrous metallurgy, electronics, chemicals, agriculture (livestock and grains cultivation), production of building materials (especially glass), light, food industries (spirits production), timber and woodwork, hydroelectric power generation</p>

Quantitative data on country stability and relative conflictive events, as well as domestic conflictive and co-operative events for the period from January 2004 to September 2005 is given below. Please refer to Annex 3 for information on models used and interpretation.





## SYNOPSIS

In spite of a relatively well developed economic infrastructure and high investment flows from the Russian Federation, North Ossetia faces socio-economic decline, a crisis of public confidence in the republic's leadership and fallout from the simmering political conflict in South Ossetia.

The Beslan hostage crisis has exacerbated the internal situation, increasing popular discontent at high levels of government corruption and incompetence and lack of avenues for political participation. Moscow's new policy of direct nomination of heads of republic is likely to make matters worse by reinforcing the links between the locally dominant political elite and Moscow and increasing divisions between the elite and a population represented by poorly organised and weak civil society.

The crisis in South Ossetia is perpetuated by a combination of regional and international political rivalries and vested political and economic interests in either shifting or keeping the status quo. There is little sign of resolution in the near to medium future. North Ossetia can bring little influence to bear on the situation. But as long as the crisis in South Ossetia continues, it is likely to hamper efforts to improve economic and political governance in North Ossetia.

### Box 6.4 Historical Milestones

The Ossetians, mostly Christian people, have traditionally been Moscow's most loyal allies in the North Caucasus. Ethnic Ossetians and Russians make up most of the population of North Ossetia.

North Ossetia was one of the first North Caucasus territories to join Russia in the end of 18<sup>th</sup> century. In 1921 the region now covered by the republic of North Ossetia became part of the Mountain (Gorskaya) Autonomous Soviet Socialist Republic (ASSR) as Osetinsky and Digorsky national districts. In 1922, the two national districts were united into Vladikavkazsky National District, which in turn was transformed into the North Ossetian Autonomous Region in 1924 and then into the North Ossetian ASSR of the RSFSR in 1936. In 1937, the VII Congress of Soviets of the North Ossetian ASSR adopted the Constitution of the Republic.

In 1990, the North Ossetian ASSR became the first autonomous republic of the RSFSR (Russian Soviet Federative Socialist Republic) to declare national sovereignty. In 1991 North Ossetian SSR (Soviet Socialist Republic) was renamed the Republic of North Ossetia-Alania.

The dissolution of the Soviet Union posed particular problems for the Ossetian people, who were divided between North Ossetia, which was part of the Russian SFSR, and South Ossetia, part of the Georgian SSR. Upon achieving independence in 1991, Georgia abolished the autonomous Ossetian enclave, and much of the population fled across the border to North Ossetia. Some 100,000 South Ossetian refugees were resettled in North Ossetia, sparking clashes with the predominantly Ingush population in the Prigorodny District. Modern North Ossetia maintains strong ethnic links with South Ossetia, where a considerable part of population are de facto Russian citizens.

North Ossetia also fought a bloody conflict with its western neighbour, the Russian republic of Ingushetia, shortly after the collapse of the Soviet Union. Historically, the part of the Prigorodny District on the right bank of the Terek



River had been part of Ingushetia, but it was granted to North Ossetia in 1944, following Stalin's deportation of the Ingush to Central Asia. Although they were eventually allowed to return to their homes, the territory itself was never returned to Ingushetia, causing considerable tension in the region. A local law passed in 1982 actually prohibited ethnic Ingush from obtaining residency permits in the republic. The massive influx of South Ossetian refugees in the early 1990s and the ensuing conflict between the two rival groups eventually caused many Ingush to flee to Ingushetia.

In 1992 Ingush forces crossed the border in pursuit of a historical claim to a district on the right bank of the Terek river. They were repelled by North Ossetian forces with the support of Moscow. Hundreds died in the fighting, and many ethnic Ingush civilians fled North Ossetia for Ingushetia. While efforts are underway to settle the refugee problem, the conflict between the two republics has yet to be resolved.

North Ossetia also has had to deal with refugees and the occasional spill over of fighting from the conflict in neighbouring Chechnya. A nail bomb attack on the central market in the capital Vladikavkaz in 1999 which killed 60 people was blamed on Islamist extremists. Russian military targets in North Ossetia have been attacked on several occasions in recent years with scores of personnel killed.

The bloodiest incident by far was the September 2004 Beslan hostage crisis, in which Chechen Islamist separatists seized control of a school. In the ensuing battle between the terrorists and Russian forces over 350 civilians, the majority of them children, died.

Russian President Vladimir Putin said the attackers were international terrorists with links to Chechen separatists and funding from al-Qaeda. He accused them of seeking to unleash violence across the North Caucasus in order to strike at Russia's south. The Russian authorities accused Chechen warlord Shamil Basayev of masterminding the group, which it also linked to a raid on neighbouring Ingushetia in June. Basaev confirmed that he was responsible.

The political situation in the once-quiet region of the North Caucasus radically changed for the worse, as the Ossetians lost trust in their government. The people in the republic, especially the residents of Beslan, blamed Dzasokhov for refusing to talk with the terrorists during the siege.

## OBSTACLES TO PEACE AND DEVELOPMENT

**Aftermaths of the Beslan tragedy** The seizure of North Ossetian school on 1 September 2004 has seriously affected public consciousness in the republic causing a lasting trauma. Understandable feelings of anger and frustration as well as desire to learn whether or not all the necessary measures have been taken to prevent a catastrophe are still strong one year after. However, as this report was going to print no investigation results have been made publicly available by the federal and republic-level parliamentary commissions. Beslan tragedy deepened popular distrust to the authorities, and bolstered political opposition in the republic with the relatives of Beslan victims. It soon became obvious that the diverse Ossetian opposition did not have enough force to seize power. The anti-Dzasokhov opposition quickly split into different factions, and there was no single leader strong enough to unite the various groups. Nevertheless, sporadic protests against Dzasokhov continued. The victims of the Beslan drama became the driving force behind the anti-Dzasokhov campaign. Alexander Dzasokhov was replaced by North Ossetian parliament speaker Taimuraz Mamsurov - the father of two Beslan hostages – in June 2005.

**Continued socio-economic decline** The proportion of federal subsidies in the North Ossetian budget is currently over 60% and growing. The shadow economy in North Ossetia accounts for an estimated 60-65% of economic activity, compared to a Russian average of 35%. According to the official statistics, vodka and other kinds of alcoholic beverages accounted for 88% of the total production output in North Ossetia in 2004. This constitutes an increase of 40% over the previous four years.

The number of SMEs was growing in 2004-2005 (mainly thanks to the booming vodka production sector), but the adverse effects of corruption and complicated bureaucratic procedures for SMEs are seen as

major constraints to small business development and individual entrepreneurs.

There has been no monetisation of social benefits in North Ossetia contrary to most other Russian regions. Local budgets cannot provide for monetisation and therefore it has not even been attempted. This helped to avoid any public protests over the social benefits.

***Lack of dialogue between authorities and the civil society*** There is hardly any dialogue between the clan elite in power and civil society in the republic. The only civil society political force that has been identified as having influence is the Styr Nykhas (Big Council). This is an all-Ossetian social movement uniting North and South Ossetians. Its activities are focused on lobbying for a framework agreement on normalising the situation in South Ossetia. Most local experts in North Ossetia assess this effort as unrealistic.

***Simmering crisis in South Ossetia*** The situation in South Ossetia threatens to worsen again in 2005-2006. The out-migration of South Ossetians to the north has led to the situation where the number of Georgians nearly equals the number of ethnic Ossetians in the sub-region.

Georgian president Saakashvili's statements and policies, including the latest offer of autonomy, are perceived by Ossetian public opinion leaders as designed to escalate the crisis following the Ajarian scenario. At the same time, Russia is not prepared to lose control over this strategically important region.

Unification of the Ossetias into one republic is mostly discussed in South Ossetia. There are no influential forces in North Ossetia that can support unification in the near future.

However, there are small armed groups in the region that may be mobilised by local criminal networks which have a certain degree of a "remote control" over the regional dynamics and an interest in derailing any negotiations that might shift the status quo. The existence of a volatile grey zone in the North/South Caucasus is profitable not only to the organised groups of smugglers and those whose families depend on illegal trade, but also to businesses in Georgia that are bound to lose out in a normalised regional export/import market.

Remilitarisation of the conflict is perceived locally as an instrument of geopolitical rivalry aimed at ousting Russia from the South Caucasus, replacing its influence with the US/NATO presence.

***Controversy over Russian citizenship in South Ossetia*** Over 80,000 Russian passports went missing during the time when South Ossetians were receiving Russian citizenship en masse. These passports were sold mostly to people whose small businesses and trade required frequent visa-free travel through South Ossetia. The price was reported to be around \$2,000 per passport. Many Georgians engaged in smuggling have also acquired Russian passports.

At the moment, approximately 90% of the South Ossetian population are *de facto* Russian citizens. Eduard Kokoity has been able to position himself as a promoter of Ossetian reunification under Russian protection. Fully realising that Russian federal authorities are unlikely to seriously consider the accession of South Ossetia to the Russian Federation, he was able nevertheless to instigate a vocal campaign promoting

the issue of reunification. In this campaign he effectively used the resources of Ossetian diasporas and their ties with Russian federal actors. As a result of the campaign most Ossetians associate their security with Russian protection.

<b>Obstacle types</b>	<b>Obstacles to Peace and Developmet</b>
<b>Surface obstacles</b>	Popular discontent with the Dzasokhov clan Psychosocial trauma after Beslan Simmering crisis in South Ossetia Deterioration of the security situation
<b>Proximate obstacles</b>	Operation of criminal networks (vodka production and smuggling) Intensification of internal struggle for the control over resources and re-division of property Unresolved Ossetian-Ingush conflict of 1992 Pressure of refugees and new economic migrants from South Ossetia on economy Influx of smuggled food products and goods via South Ossetia
<b>Structural causes of instability and economic crisis</b>	Monopolisation of the political power by the Dzasokhov clan Systemic corruption (clan, law enforcement, economic) Largest shadow economy in Russia Continued socio-economic decline No delineation of the administrative border with Ingushetia

Analysis of main actors active in the republic follows in tables below.

**Table 6.7 List of Main Actors**

<b>Governance</b>	<b>Security</b>	<b>Social</b>	<b>Economic</b>
Federal authorities  Ex-president Dzasokhov's clan and ruling elites	Federal military and security forces  Chechen fighter and religious extremists	"Beslan Mothers" committee and all victims of Beslan  Ethnic movement of Ossetians Styr Nykhas (Big Council)  Refugees and migrants from South Ossetia	Ex-president Dzasokhov's clan and the ruling elite  Business leaders (vodka production)  Groups of smugglers and parts of the population partaking in the illegal trade  Shadow and criminal structures

Table 6.8 Actor-specific Assessment

Interests	Relations	Capacities	Peace and Development Agendas	Incentives
<i>Ruling elites (around Dzasokhov's clan)</i>				
<p>Retaining political and economic power</p> <p>Strengthening positions of different family clans in the power system</p> <p>Control over economy, federal subsidies and their distribution, other resources</p> <p>Prevention of conflict escalation in Prigorodny district</p>	<p>Receive support from the federal centre and key economic actors of the republic</p> <p>Heavily criticized by "Beslan Mothers" committee</p> <p>Strained relations with migrants from South Ossetia</p>	<p>Administrative resource and economic and financial levers</p> <p>High control over republican media</p>	<p>Interested in continued political and financial support from the federal centre and retaining their power</p> <p>Short-term agenda includes mitigating consequences of Beslan crisis and reducing tensions in Prigorodny district</p>	<p>Pressure from Moscow can intensify efforts of this actor aimed to resolve problems of Beslan and Prigorodny district</p> <p>Growth of rivalries could trigger escalation of anti-Ingush and anti-Georgian rhetoric</p>
<i>Victims of Beslan</i>				
<p>Objective investigation of Beslan tragedy and bringing to justice all responsible for its tragic consequences</p> <p>Fair distribution of humanitarian assistance and compensations</p> <p>Put pressure to increase accountability of political leadership of the republic</p>	<p>Distrust towards authorities and law enforcement agencies</p> <p>High level of intolerance to ethnic Ingush (based on allegations of their involvement in hostage-taking)</p> <p>Seek wider popular support in the republic</p>	<p>Enjoy wide support of the population</p>	<p>Interested in enhanced security and prevention of new terrorist attacks</p>	<p><i>Positive:</i> Open and exhaustive investigation of Beslan crisis and bringing to justice perpetrators and officials responsible for its tragic outcomes</p> <p>Rehabilitation of the victims</p> <p><i>Negative:</i> Insufficient investigation and cover-up attempts may lead to public unrest</p>
<i>Refugees and migrants from South Ossetia</i>				
<p>Integration into social-economic and political life of North Ossetia</p> <p>Resist return of Ingush IDPs into Prigorodny district</p> <p>Increased support towards South Ossetia by the Russian Federation</p>	<p>Flexible position and balanced relations with official actors and local population</p>	<p>Widely settled in Prigorodny district</p> <p>Mobilize public support towards South Ossetia</p>	<p>This actor is interested in conservation of Ossetian-Ingush tensions and in promoting support of separatist trends in South Ossetia from North Ossetia and Moscow</p>	<p><i>Positive:</i> effective integration measures</p> <p>Well-balanced and coherent approach in addressing the Prigorodny district issue</p> <p><i>Negative:</i> escalation of tensions between Georgia and South Ossetia</p>

**PEACE AND STABILITY  
INDICATORS**

**Preparedness to negotiate a mutually acceptable way out of South Ossetia crisis** Influential Ossetian interest groups are prepared to accept a solution for the South Ossetian crisis that involves the creation of a special economic zone regulated by Georgia, South Ossetia, North Ossetia, and Russia for mutual profit. They believe that such negotiations could help resolve the regional crisis in a few years by optimising the export/import routes from and into Georgia through South Ossetia and North Ossetia within a jointly approved legal regime, and gradual limitation of smuggling activities. Steps in this direction should include four-partite negotiations informed by an economic and technical feasibility assessment.

**Relatively well-developed economic infrastructure** The economic infrastructure in North Ossetia is considerably stronger than in any other republic of the North Caucasus. In spite of the structural economic problems affecting the local economy it has high potential. Influential businesses in the republic have been able to attract external investment and credits from Moscow in the last decade.

<i>Indicators types</i>	<i>Peace and Stability indicators</i>
<b>Surface indicators</b>	<p>Relatively well-developed socio-economic infrastructure</p> <p>Availability of investment and credits for economic development</p>
<b>Proximate indicators</b>	<p>Potential for cross-border cooperation with neighbouring territories</p> <p>The population of Ossetia is well-educated including a high level of professional training in a range of vocational specialisations</p>
<b>Structural roots of peace and stability</b>	<p>The on-going reform of the executive power system in Russia is expected to improve the effectiveness of crisis management capacity of the Russian federal authorities</p> <p>Increased readiness of federal authorities to engage in humanitarian dialogue and step up international cooperation for recovery and reconstruction</p> <p>Local economy is adaptable and receptive to the developmental assistance</p> <p>The republic has a strategic geographical location for trade between the South and North Caucasus</p>

6.5

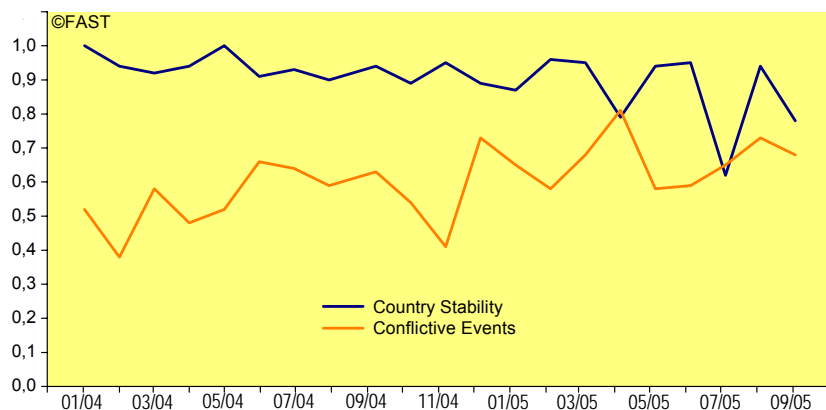
**KARACHAY-CHERKESS  
REPUBLIC**



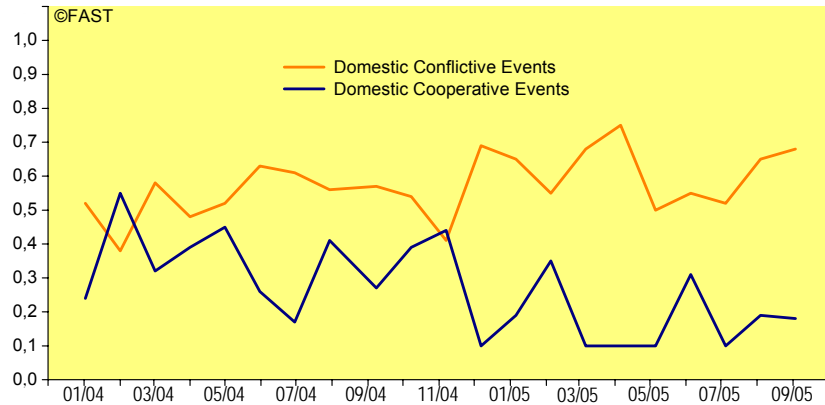
<b>Territory</b>	<p><b>Capital:</b> Cherkessk</p> <p><b>Size:</b> 14,100 sq km</p> <p><b>Geographic position:</b> The Karachay-Cherkess Republic is located on the northern slopes of the Caucasus, with lowland steppe in the north and forested foothills in the south. Within Russia it borders on Krasnodar Territory, Stavropol krai, and Kabardino-Balkaria Republic. In south it borders with Georgia along the Main Caucasus range</p> <p><b>Climate:</b> average temperatures: -3.2C in January, +20.6 C in July</p> <p><b>Major Rivers:</b> Kuban, Bolshoi and Maly Zelenchuk, Urup, and Laba</p>
<b>Demography</b>	<p><b>Population size:</b> 439, 470 Urban population – 44%, rural population – 56%</p> <p><b>Ethnic composition:</b> Karachai – 39%, Russians – 34%, Cherkess – 11%, Abazin – 7%, Nogais – 3%, Other – 6%</p>
<b>Resources and Industry</b>	<p><b>Resources:</b> Coal and mineral deposits (lead, zinc, and copper), natural construction materials, timber, mineral and fresh waters, hydroelectric power</p> <p><b>Productive Sectors:</b> Chemical industry, fuel and power generation complex, mining, machine building, light, food-processing industries, agriculture (grain and vegetable cultivation). Tourism is increasingly important in the republic</p>

Quantitative data on country stability and relative conflictive events, as well as domestic conflictive and co-operative events for the period from January 2004 to September 2005 is given below. Please refer to Annex 3 for information on models used and interpretation.

**Country Stability and Relative Conflictive Events**



### Relative Confictive and Cooperative Domestic Events



## SYNOPSIS

A combination of systemic corruption, socio-economic decline, political manipulation by the ruling elite (including political assassinations), increasingly vocal political dissent and a history of ethnic tensions between the two dominant groups has led to increased political instability in Karachay-Cherkess in the past year.

The crisis in the republic has been prevented through a partially successful political intervention by Moscow (led by presidential envoy Kozak), but there is no observable strategy to tackle the roots of the problems. The sharp ethnic divisions, exacerbated by an influx of Chechen refugees and militants, undermine the potential for local crisis management. The crisis has regional ramifications with opposing groups looking for support from their allies in other North Caucasus republics and in the South Caucasus.

### Box 6.5 Historical Milestones

The Autonomous Republic of Karachay-Cherkess (Karachaevo-Cherkessia) has a highly mixed population of Turkic-speaking Karachai and Nogais along with Russians, Cherkess and Abazins. Cherkess and Abazins are related to once dominant Adyg (Circassian) group of tribes that were dispersed in the early 19<sup>th</sup> century. The original Cherkess now from titular nations of three North Caucasus republics: Adygeya, Kabardin-Balkar Republic, and Karachay-Cherkess Republic.

Karachay-Cherkessya joined Russia in the first half of the 19<sup>th</sup> century. The Autonomous Oblast of Karachay-Cherkessia was created in 1922. It was split into Karachay Autonomous Oblast and Cherkess National District in 1926. Cherkess National District was elevated to an autonomous oblast status in 1928. In 1943, Karachay Autonomous Oblast was abolished and the Karachay population was deported to Siberia because of their alleged collaboration with the Germans. The Autonomous Oblast of Karachay-Cherkessia was re-established in 1957. It became the Soviet Socialist Republic of Karachay-Cherkessia (under the jurisdiction of the RSFSR) in 1991. It was renamed the Republic of Karachay-Cherkessia in 1992.

Ethnic tension is a considerable problem in the republic. In 1999 the veteran Brezhnev-era leader Vladimir Khubiev was finally forced to allow elections, and in May Karachay-Cherkessia conducted its first ever free regional presidential election. When Vladimir Semyonov, a Karachay, won the election over Stanislav Derev, a Cherkess, there were protests by supporters of Derev, with widespread allegations of fraud. A court ruling later upheld the election result, prompting thousands of Derev's supporters to march in protest, many advocating partition of the republic. A car-bomb that killed two people in March 2001 was blamed on Chechen separatists.

Industry is mostly concentrated in the capital of the republic, Cherkessk. Chemical and food industries are the most developed. Enterprises located in Cherkessk, the capital of the republic, produce more than 2/3 of all industrial goods. The engineering, chemical, cement, and food industries are well developed in Cherkessk. Tools and building materials are produced in Karachaevsk and cement in Ust-Dzheguta.

## OBSTACLES TO PEACE AND DEVELOPMENT

<sup>1</sup> According to the Russian senate's Temporary Commission on North Caucasus, in the past five years there have been more than 500 officially registered disappearances in Karachay-Cherkess republic (total population 430,000) and over 200 people were murdered

**Increasing political instability, political violence and crime**  
Aggressive re-distribution of property in favour of President Mustafa Batdyev's clan, political violence and repression of dissent led to instability in Karachay-Cherkess from June 2004 onwards.

In addition to high levels of violence in the republic<sup>1</sup>, several high profile crimes have recently accelerated the crisis in the republic. On 18 October 2004 in the city of Cherkessk, the deputy head of republic's government Ansar Tebuev was shot dead. Earlier, on the night of 10-11 October 2004, seven Cherkessk-based shareholders of the "Kavkazement" were killed during the visit to the summerhouse of Ali Kaitov, president Batdyev's son-in-law (FAST Update / swisspeace, 2004).

Public protests that followed that incident have led to the seizure of the president's office by protesters in Cherkessk, two crisis-management missions by Russian president's regional envoy Dmitry Kozak, and high profile resignations of the law enforcement ministers, but not Batdyev himself. Kaitov and 10 other people were arrested and the bodies of victims were retrieved.

The resignations have not significantly shaken the influence of the ethnic elites and the balance of power groups in Karachay-Cherkess. Even if Batdyev (an ethnic Karachay) steps down in the near future the ethno-political balance in Karachay-Cherkess will remain largely unchanged.

At the same time, discontent on the part of Karachay and Russian populations is not being expressed in conventional political struggle and may continue to realise itself through direct actions. The situation, therefore, will remain tense – and this creates fertile ground for ongoing proliferation of extremism. Given widespread corruption in law enforcement, the republic remains vulnerable to organised crime groups and terrorist cells.

If present instability becomes a protracted crisis, inter-ethnic rivalries in the republic may again lead to public mobilisation into ethnic and clan camps, especially if there emerge new Karachay leaders that are capable of harnessing the dissident political energy of this group. The republic's government (the principal target for popular discontent) seems so far unable to manage political instability.

**Systemic corruption** Tribalism and cronyism, corrupt practices in law enforcement agencies currently aggravate inter-ethnic tensions in the republic. Within government, the practice of rewarding supporters by giving them lucrative positions irrespective of professional qualifications undermines the ability of the local elite to govern.

**Presence of extremist groups, dissident networks and regional ethnic alliances** Islamist networks centred on the "Karachay jama'at" are becoming increasingly influential in the republic. At the same time there is a proliferation of non-religious political sentiment sympathetic to Chechen armed separatism, and growing public distrust towards authorities.

The peculiarity of the local ethno-political alliances makes any threat of armed conflict in the republic extremely serious. Neighbours can easily be drawn in, including forces from Northwest and South Caucasus (Abkhazia).

Most Karachays believe that those ethnic groups which suffered in the Stalinist deportations – Balkar, Chechen and Ingush – are their



natural allies. If an inter-ethnic dispute is re-ignited, the Cherkess also count on an outside help (the Adygei, Kabardin, Abkhaz), as well as Abazins and Cossacks.

**Ethnically split civil society organisations** An ethnically split civil society in the republic is lobbying government for exclusive advantages to their respective ethnic groups and clans. Any movements lobbying for the common good of all inhabitants of Karachay-Cherkess republic (regardless of ethnicity) are marginalised.

For example the organisations of the Russian community in Karachay-Cherkess that are presently trying to build an alliance with some Nogai community organisations for a more balanced representation of interests of all inhabitants of the republic are falling out of the mainstream in the republic's NGO community and finding it difficult to get access to funding and maintain dialogue with Karachay-Cherkess authorities.

<i>Obstacle types</i>	<i>Obstacles to Peace and Development</i>
<b>Surface obstacles</b>	Increasing political instability Growth of political violence and crime Poor governance
<b>Proximate obstacles</b>	Unwillingness of SMEs and business community to invest in longer-term projects Presence of extremist groups and dissident networks Large number of Chechen migrants leading to pressure on the inter-ethnic equilibrium Ethnically split civil society organisations
<b>Structural causes of instability and economic crisis</b>	Systemic corruption Out-migration and ousting of ethnic Russians from the republic's professional labour markets History of serious inter-ethnic disputes between the Karachay and Cherkess

Analysis of main actors active in the republic follows in tables below.

**Table 6.9 List of main Actors**

<b>Governance</b>	<b>Security</b>	<b>Social</b>	<b>Economic</b>
Power elites (ethnic and clan representation)	Republican law enforcement agencies  Religious extremists–“Wahhabi” networks and cells	Ethno-cultural movements  Religious extremists–“Wahhabi” networks and cells	Power elites (ethnic and clan representation)  Ethno-criminal groups

Table 6.10 Actor-specific Analysis

Interests	Relations	Capacities	Peace and Development Agendas	Incentives
<i>Power elites (ethnic and clan representation)</i>				
Strengthening positions of different family clans in the power system and economy	Complex network of internal alliances and rivalries between competing clans and ethnic groups  Close ties with ethno-criminal clans and key economic actors  Opposition to religious extremists and terrorists	Control over the different sectors of economy and distribution of the budgetary subsidies  Capable to mobilize population on the basis of ethnicity	These stakeholders are interested in increasing their influence at the federal level	<i>Positive:</i> flexible, coherent and effective regional policy of the federal centre to address tribalism, struggle with corruption and criminal groups  Increased investment leading to job creation and economic growth
<i>Ethnocultural movements</i>				
Co-opting their representatives into power and economic elites  Struggle for the right to represent their ethnoses and interests; revival of their culture	Rivalries between different movements  Cooperation / opposition to authorities (ethnic-based)  Opposition to religious extremists and terrorists	Capable to influence and shift public opinion  Promote interests of certain ethnic groups through their representatives within regional authorities  Capable to increase / reduce interethnic tensions in the republic	Seek to promote political, economic, cultural and other interests of their ethnic groups in peace and development context	<i>Positive:</i> support of their cultural activities should be provided along with the platform to carry out interethnic dialogue aimed at reducing interethnic tensions  Ethnic composition of power structures should be well-balanced
<i>Religious extremists (jihadists)</i>				
Dissemination of shari'ah and "pure Islam"  Overthrowing the authorities and secession of Daghestan and Chechnya from Russia  Expansion of the armed conflict and increasing internal tensions in the republic	Opposition to all official actors and non-believers  Underground operations and conspiracy  Comprehensive ideological work with population and recruiting new members from among the discontented populations groups  Contacts with counterparts in Chechnya and	Efficient organisation and conspiracy counterbalance the small number of followers  Radicalism and fanaticism  Efficient recruitment network based on availability of financial resources  Use corruption in the law-enforcement system and spreading fear through terrorism	This actor is interested in exacerbation of conflicts to strengthen its positions and recruit new supporters  Peace and stability is envisioned in a form of shari'ah-based society	<i>Positive:</i> Recovery and development aimed to improve socio-economic conditions for the population will help narrow the social base for recruitment; it is necessary to separate the extremist wing of "Wahhabis" from the non-violent followers of "pure Islam"

	other North Caucasus republics			
<i>Ethnocriminal calns</i>				
Strengthening their influence and gaining new economic and political resources	Close interconnections with political and ethnic elites, neutrality to radical fundamentalists	Control over a significant part of the republican economy  In the fight for power and spheres of influence may ignite interethnic conflicts	This actor is interested in high level of corruption and weak regional and federal authorities	Restoring the rule of law will undermine the influence of this group

## PEACE AND STABILITY INDICATORS

**Relatively limited ownership of small arms** The number of illicit firearms and particular combat weapons owned by the population is not as high when compared with Chechnya, Ingushetia and Daghestan. Local observers, however, report that many people in the rural areas are refitting legal hunting weapons as automatic assault rifles and are accumulating ammunition. Proximity to North Caucasus hotspots makes access to combat weapons relatively easy.

**Effective crisis management by presidential envoy** The interventions by the presidential envoy in the South federal district, Dmitry Kozak, during the recent mass protests turned out to be an effective anti-crisis measure. Its effects, nevertheless, may be limited in time and require a follow-up approach and a realistic strategy that addressed the root causes of the crisis.

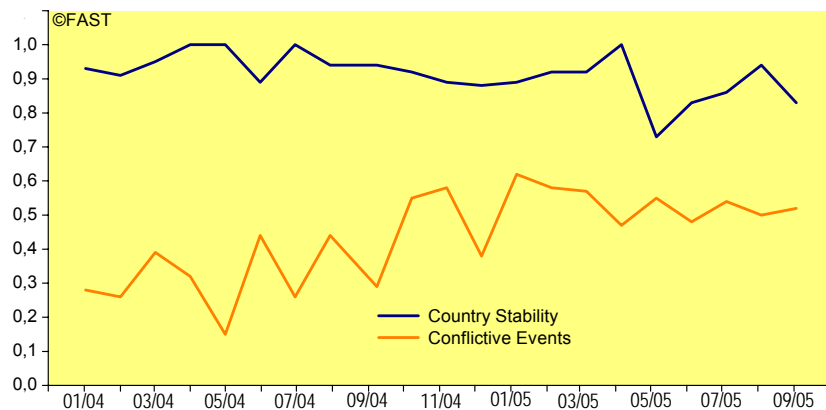
<i>Indicators types</i>	<i>Peace and Stability Indicators</i>
<b>Surface indicators</b>	Effective crisis management by presidential envoy
<b>Proximate indicators</b>	Relatively limited ownership of small arms Absence of leaders willing/able to mobilise Karachays and Cherkess for immediate direct actions and re-escalation of inter-ethnic tensions Population is resistant to mobilisation under the separatist slogans and largely loyal to the Russian Federation Extremist networks are strong but isolated
<b>Structural roots of peace and stability</b>	Existing basic infrastructure of ski resorts Favourable geographical position and climate for the development of tourist industry Large share of ethnic Russian population

## 6.6

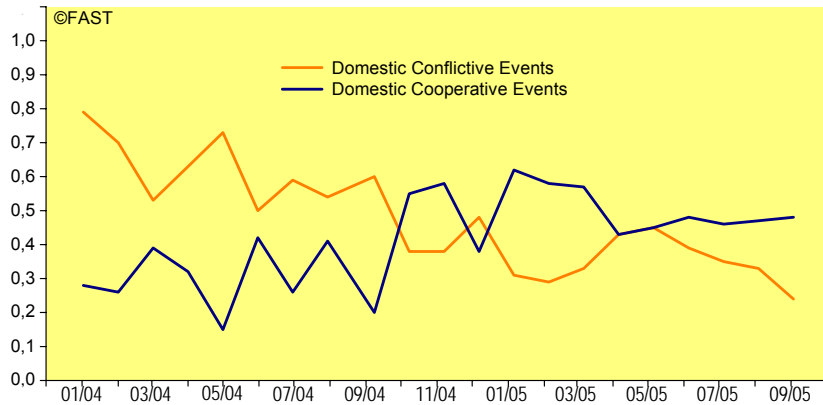
**KABARDIN-BALKAR  
REPUBLIC**


<b>Territory</b>	<b>Capital:</b> Nalchik  <b>Size:</b> 12,500 sq km  <b>Geographic position:</b> Kabardin-Balkar Republic (Kabardino-Balkaria) is located on the northern slopes of the Greater Caucasus, with its central part on the adjoining Kabarda Plain. Within Russia, its regional neighbours are Stavropol krai, North Ossetia, Karachay-Cherkessia. It borders with Georgia in the south  <b>Climate:</b> average temperatures: -4 C (plains) to -12 C (mountains) in January, +23 C (plains) to +4 C (mountains) in July  <b>Major Rivers:</b> Terek, Malka, Chegem, Cherek, and Baksan
<b>Demography</b>	<b>Population size:</b> 790,000 Urban population – 56.6%, rural population – 43.4%  <b>Ethnic composition:</b> Kabardians – 55%, Russians – 25%, Balkars – 12%, other – 8%
<b>Resources and Industry</b>	<b>Resources:</b> Mineral deposits include wolfram, molybdenum, lead, zinc, and coal; building materials, mineral and fresh waters springs  <b>Productive Sectors:</b> Mining, oil prospecting and drilling-equipment manufacture, metallurgical engineering, agriculture and food processing

Quantitative data on country stability and relative conflictive events, as well as domestic conflictive and co-operative events for the period from January 2004 to September 2005 is given below. Please refer to Annex 3 for information on models used and interpretation.

**Country Stability and Relative Conflictive Events**


### Relative Confictive and Cooperative Domestic Events



## SYNOPSIS

Kabardino-Balkaria does not suffer from destabilising ethnic cleavages. However the republic is currently in the process of a sensitive leadership succession due to the recent death of the former head of the republic V.Kokov. Furthermore, the republic suffers from the same governance problems as the rest of the region and is vulnerable to the destabilising impact of the conflict in Chechnya including the spread of Islamist ideology. Repressive actions by the authorities against Islamist groups help to maintain the support of Moscow for the local elite, but may fuel extremist political tendencies and more general popular unrest.

### Box 6.6 Historical Milestones

Two ethnic territories form Kabardin-Balkar Republic: one predominantly inhabited by Kabardins (who speak a Caucasian language) and the other inhabited by Balkars (who speak a Turkic language). There is also a significant Russian population in the republic who comprise 25% of entire population.

The Kabarda became part of the Russian empire in 1774. Balkaria was annexed in 1827. In 1921, with the emergence of the Soviet Union, the territories were organised into the Kabardin Autonomous Oblast. The region's name was changed to the Kabardino-Balkar Autonomous Oblast the following year, and in 1936 it was elevated to the status of an Autonomous Soviet Socialist Republic. In 1944, Stalin accused the Balkars of collaborating with Nazi Germany and deported the entire population. Their name was removed from the republic's title which was then renamed the Kabardin ASSR. The Balkar population was allowed to return in 1957 and its name was restored. In 1991, the region passed a Declaration of sovereignty proclaiming the former autonomous region a part of Russia.

Despite Russian immigration into the republic over history, the Muslim Kabardins and Balkars constituted nearly 60 percent of the republic's population in the 1990s, and this figure increased up to 70% due to the outflow of the Russian population from the republic in the last decade. The out-migration of ethnic Russians, who were mostly engaged in education, healthcare and other areas requiring high level of professional training, had a negative effect on the socio-economic situation in the republic. It has also led to the aggravation of inter-ethnic disputes between Kabardins and Balkars.

In 1992 both Kabardins and Balkars opted to establish separate republics within the Russian Federation, using an ethnic boundary established in 1863, but the incumbent parliament of the republic declared the separation unlawful. Since that time, the issue of the republic's configuration has awaited a referendum. In 1994 Kabardino-Balkaria signed a bilateral treaty with Russia defining respective areas of jurisdiction within the federation.

The main rivalry in the republic is between the lowland Kabardins and the highland Balkars. While there has been relative calm in the republic in recent times, friction between the two communities is rarely far from the surface.

There have been unconfirmed reports that Shamil Basayev stayed in the republic for two months in 2003. The number of Chechen migrants in the republic may have exceeded the number of Balkars in 2003-2004<sup>1</sup>, according to the estimates by the local experts.

<sup>1</sup> The figures reflecting the number of ethnic Chechen population in 2005 in KBR have not been available, but according to local experts the number of Chechens in the republic continued to grow

**OBSTACLES TO PEACE  
AND DEVELOPMENT**

The structural and dynamic parameters of the situation in the Kabardino-Balkaria republic are similar to those in Karachay-Cherkess. Some important unique factors are described below:

**Leadership succession** The former head of republic – Valery Kokov – who created one of the most powerful clan structures in the North Caucasus, resigned due to a serious illness. In accordance with the new policy adopted by Moscow, the successor will be nominated by the Kremlin and elected by the Republic's parliament. The Kokov's clan will vehemently resist any candidacy that has not been put forward from within its ranks. If the federal authorities choose to promote a rival candidate, serious upsurge of conflictive actions should be expected in Kabardino-Balkaria.

**Economic stagnation and unemployment** Economic stagnation in the republic is unlikely to be overcome if the political power remains a monopoly of the current clan group. Popular dissatisfaction with the situation is brewing especially among young people.

According to assessments by local experts, the unemployment amongst youths is very high and this has led to a serious increase in crime. Job-creation for youths and assistance in providing professional education and vocational training is a top priority.

**Limited political party representation** Only two of the major Russian political parties are active in the republic – United Russia (Yedinaya Rossia) and the Communist Party (KPRF). Both parties' branches in the republic are headed by persons "non-threatening" to the Kokov clan group. Other parties cannot obtain registration in the republic, as the current leadership believes the above two fully represent the spectrum of political forces in the Kabardino-Balkaria republic (KBR).

**Persecution of Islamists and political opposition** In an effort to eradicate networks of religious extremists operating in the republic the authorities have engaged in a repressive and counter-productive campaign against all Islamic fundamentalist groups regardless of whether they are proponents of extremist views or not. Spill-over of violence from Chechnya onto the territory of KBR continues, while the authorities' capacity to mitigate it is questionable due to inefficiency, low professionalism and corruption in the law enforcement system.

The supposed effectiveness of the clan system in opposing dissident radical networks appears to be the main argument used by the Kokov clan in Moscow to support existing governance arrangements.

<b>Obstacle types</b>	<b>Obstacles to Peace and Development</b>
<b>Surface obstacles</b>	Growth in serious crime Economic stagnation and high unemployment Persecution of Islamists and political opposition
<b>Proximate obstacles</b>	Unwillingness of SMEs and business community to invest in longer-term projects Limited political party activism Extremist networks engaged in clandestine operations in the republic and outside Large number of Chechen migrants leading to pressure on the inter-ethnic equilibrium Ethnically split civil society organisations
<b>Structural causes of instability and economic crisis</b>	Systemic corruption Out-migration and ousting of ethnic Russians from the republic's professional labour markets Production of vodka accounts for approximately 60% of the total production. History of inter-ethnic disputes between the Kabardins and Balkars complicated by the nature of the corresponding inter-ethnic alliances

Analysis of key republican actors follows in the tables below.

**Table 6.11 List of Main Actors**

<b>Governance</b>	<b>Security</b>	<b>Social</b>	<b>Economic</b>
Power elites (the Kokov clan)	Republican law enforcement agencies  Religious extremists – “Wahhabi” networks and cells	Religious extremists – “Wahhabi” networks and cells  Ethno-cultural autonomies and movements	Power elite (the Kokov clan)  Criminal organisations

**Table 6.12 Actor-specific Analysis**

<b>Interests</b>	<b>Relations</b>	<b>Capacities</b>	<b>Peace and Development Agendas</b>	<b>Incentives</b>
<i>Power elites</i>				
Retaining the political power and strengthening control over economy	Loyal to the federal centre  Close links with ethno-cultural movements  Fight against religious extremists	Control over the economy and distribution of the budgetary subsidies	This actor is interested in peace and stability  Suppression of radical fundamentalists is one of the key challenges at present	<i>Positive:</i> flexible, coherent and effective regional policy of the federal centre to address tribalism and struggle with corruption

<i>Religious extremists (jihadists)</i>				
Dissemination of shari'ah and "pure Islam"	Opposition to all official actors and non-believers	Efficient organisation and conspiracy counterbalance the small number of followers	This actor is interested in exacerbation of conflicts to strengthen its positions and recruit new supporters	<i>Positive:</i> Recovery and development aimed to improve socio-economic conditions for the population will help narrow the social base for recruitment; it is necessary to separate the extremist wing of "Wahhabis" from the non-violent followers of "pure Islam"
Overthrowing the authorities and secession KBR	Underground operations and conspiracy	Radicalism and fanaticism	Peace and stability is envisioned in a form of shari'ah-based society	
Expansion of the armed conflict and increasing internal tensions in the republic	Comprehensive ideological work with population and recruiting new members from among the discontented populations groups  Contacts with counterparts in Chechnya and other North Caucasus republics	Efficient recruitment network based on availability of financial resources  Use corruption in the law-enforcement system and spreading fear through terrorism		
<i>Ethnocultural movements and autonomies</i>				
Gaining political and economic influence.	Rivalries between different movements  Cooperation with authorities (ethnic-based)  Opposition to religious extremists and terrorists	Promote interests of certain ethnic groups through their representatives within regional authorities  Capable to increase / reduce interethnic tensions in the republic	Interested in peace and stability  Seek to promote national culture and ethnic interests	<i>Positive:</i> Efforts to promote interethnic dialogue and tolerance  Creation of jobs and general improvement of socio-economic situation

## PEACE AND STABILITY INDICATORS

***Strong culture of peace*** A culture of peace in KBR is based on people's desire to live a normal life and higher level of social activism for peaceful democratic development than in other North Caucasian republics. Interviews indicate that people realise that they need to be more active in putting constructive pressure on government through political mechanisms and direct dialogue. There are no serious inter-ethnic tensions in KBR at the moment.

***Presence of civil society conflict management capacity*** There are a number of highly experienced local experts and academics specialising on inter-ethnic, security, economic, and social issues in KBR whose potential could be mobilised to assist the constructive and peaceful transformation of society.



<i>Indicators types</i>	<i>Peace and Stability Indicators</i>
<b>Surface indicators</b>	<p>Relatively limited ownership of small arms</p> <p>Presence of civil society conflict management capacity</p> <p>Significant share of the ethnic Russian population</p>
<b>Proximate indicators</b>	<p>Ethnic tensions between the Kabardins and Balkars are low</p> <p>Population is resistant to mobilisation under the separatist slogans and largely loyal to the Russian Federation</p> <p>Extremist networks are strong but isolated</p>
<b>Structural roots of peace and stability</b>	<p>Existing basic infrastructure of ski and health resorts</p> <p>Favourable geographical position and climate for the development of the tourist industry</p> <p>Strong culture of peace</p>

# 7. REGIONAL TRENDS AND SCENARIOS

## 7.1

### **BEST-CASE SCENARIO (LESS LIKELY)**

Best, middle, and worst-case scenarios presented here are for 2005-2007. For each scenario, key indicators and related trends are given.

#### ***Best Case Scenario (less likely)***

This scenario is based on the assumption that the politico-economic status-quo will shift in favour of active governance reform, developmental efforts, and strategic conflict management. These are followed by improved security conditions, growth in investment, an effective anti-corruption programme and the formation of simple and predictable regulatory frameworks that enable the realisation of significant socio-economic potential of the region's population.

A potent parliament is formed in Chechnya representing all main forces within the Chechen society, except for irreconcilable separatists and jihadists. Federal and Chechen authorities sign the Treaty on Division of Jurisdictions, which provides considerable economic resources for continued socio-economic reconstruction in Chechnya. Effective power-sharing solutions are adopted by the Chechen elite, accompanied by a parliamentary control and fight against corruption.

The security situation in Chechnya and Ingushetia slowly begins to improve, and zones of stability around developmental projects are gradually widened. Normalisation of life and awareness raising campaigns lead to participation of people in debates and non-violent dispute resolution at the parliamentary and local self-governance levels.

The situation in Daghestan, North Ossetia, Karachay-Cherkess and Kabardino-Balkaria remains under the control of federal authorities, and the local clan-based elites are replaced through peaceful transition following democratic procedures. Conflicts in South Ossetia and Abkhazia are not remilitarised and cross-border cooperation between the north and south Caucasus is stepped up.

There are no major population movements, public unrest, or acts of terror capable of disrupting economic development and the ongoing stabilisation process in the region. Trigger-events such as attacks by the extremists are dealt with by security and police forces without violating human rights and or using unrestrained violence against civilians. The security sector in the region is optimised and effectively controlled by the federal and local authorities.

Table 7.1 Key Indicators and Trends – Best-Case Scenario

Regional Indicators	Individual outcomes over the next 2 years	Combined outcomes over the next 2 years
<b>Obstacles to Peace and Development</b>		
Systemic corruption is addressed by the Government of Russia	Governance reform progresses and leads to the formation of effective administrations at the level of republics; equal access to legitimate economic opportunities at the level of republics	Dismantling of the war economy and gradual settlement of the conflict in Chechnya, improvement of security in Ingushetia and stabilisation in Daghestan. Gradual replacement of the clan elites in the other republics of the North Caucasus or their transformation into more effective administrations
Coherent federal regional policy on recovery and development is formulated and implemented	Impetus to the social sector reconstruction, increasing number of new jobs and lessened pressure on the population	
Separatism and religious extremism among youths is countered by the traditional religious education	Shrinking recruiting base for religious extremists	
<b>Peace and Stability Indicators</b>		
Governmental willingness to use non-violent means for conflict resolution	Reintegration of politically motivated combatants into peaceful life and successful initiation of the community/district level recovery and development projects	Formation of stability zones around the successful recovery and developmental projects with incentives for strengthening security and reintegration of combatants. Gradual improvement of the economic and physical security in Chechnya and Ingushetia. Growing cross-regional ties and cooperation in economic sphere
Investment in socioeconomic infrastructure is accompanied by successful projects at community and district level in Chechnya	Facilitated cross-regional cooperation and emergence of the enabling environment for SMEs	
Decreasing inter-ethnic tensions and developing self-governance; constructive popular activism and opportunities for dialogue with authorities opens further	Strong civil society in widened dialogue with authorities; micro-security solutions for recovery and developmental projects at the local level	
<b>Accelerators</b>		
Positive influence of presidential representative in the South federal district; creation of the social development investment fund and direct allocation of resources for local level developmental projects	Greater availability of federal budget funds for social sector reconstruction; successful recovery of the basic social infrastructure in Chechnya and its improvement across the region	Predominance of stability zones in the North Caucasus; increased overall manageability by government with simultaneous disintegration of extra-systemic extremist, criminal, and armed opposition networks

Religious extremism is successfully countered by the traditional religious education and inter-confessional cooperation	Predominance of the non-violent followers of “pure Islam” and increasing isolation of religious extremists in society	
Large-scale terrorist attacks are prevented or do not occur; recruiting base for suicidal terrorism shrinks and disappears	Significant improvement in security conditions, human rights, and a boost to communications/transportation systems development in the region	

## 7.2

### MIDDLE-CASE

#### SCENARIO

#### (MOST LIKELY)

The most probable scenario for planning economic recovery and development efforts in the region is based on the assumption that the politico-economic status-quo will be preserved and power-struggles will not lead to sporadic outbreaks of violence across the region.

Kadyrov’s clan dominates the newly-elected parliament in Chechnya, but its composition is nevertheless rather balanced. Federal and Chechen authorities sign the Treaty on Division of Jurisdictions (albeit in an amended form), after the Chechen parliament had been elected, and this provides considerable economic resources for continued socio-economic reconstruction in Chechnya, but fails to strengthen control strings over the correctness of expenditure. Decision-making centre on socio-economic reconstruction is transferred from Moscow to Grozny, but a substantial share of allocated funds continues to be mismanaged.

The security situation in Chechnya and Ingushetia remains challenging, but zones of stability around projects and power-sharing between influential groups provide incentives for people to participate in debates at the parliamentary and local self-governance levels.

The situation in Dagestan, North Ossetia, Karachay-Cherkess and Kabardino-Balkaria remains under the control of federal authorities, although local clan-based elites are not dismantled. Conflicts in South Ossetia and Abkhazia are not remilitarised and cross-border cooperation between the north and south Caucasus remains at its present minimal level.

There are no major population movements, public unrest, or protesting actions capable of disrupting economic development and the (slow) stabilisation process in the region. Should trigger-events (e.g. a large-scale terrorist attack, the emergence of an Islamic leader capable of uniting different armed opposition forces across the region; organised armed uprisings, etc.) present a military threat, federal authorities are able to put down resistance militarily without resorting to the unrestrained use of force against civilians.

Table 7.2 Key Indicators and Trends – Middle-Case Scenario

Regional Indicators	Individual outcomes over the next 2 years	Combined outcomes over the next 2 years
<b>Obstacles to Peace and Development</b>		
Systemic corruption	Governance reform constrained and effectively derailed; population frustrated and pushed towards direct actions; legitimate economic opportunities narrowed further	Conservation of the war economy and the status quo in simmering conflict/instability in Chechnya, deterioration of security in Ingushetia and possible destabilisation in Daghestan. Further radicalisation of the religious and unemployed youths, rural population and continued small scale riots / public unrest
Lack of coherent federal regional policy in recovery and development	Frustrated social sector reconstruction, limited number of new jobs and further pressure on the population	
Separatism and religious extremism among youths grows	Formation of a considerable multi-ethnic armed opposition force	
<b>Peace and Stability Indicators</b>		
Conflict fatigue among the population	Reintegration of politically motivated combatants into peaceful life and successful initiation of the community/district level recovery and development projects	Formation of stability zones around the successful recovery and developmental projects with incentives for strengthening security and reintegration of combatants. Gradual improvement of the economic and physical security in Chechnya and Ingushetia. Growing cross-regional ties and cooperation in economic sphere
Progress in reconstructing strategic economic infrastructure	Facilitated cross-regional cooperation and emergence of the enabling environment for SMEs	
Decreasing inter-ethnic tensions and developing self-governance; constructive popular activism and opportunities for dialogue with authorities opening further	Strong civil society in widened dialogue with authorities; micro-security solutions for recovery and developmental projects at the local level	
<b>Peace and Stability Indicators</b>		
Positive influence of presidential representative in the South federal district; continued administrative reform and appointment of professional and committed staff	Greater availability of federal budget funds for social sector reconstruction; allocation of resources and tracking moderately effective and conducive to the economy growth	Formation of the “chess-board” of conflict and stability zones in the North Caucasus; increased overall manageability by government with simultaneous consolidation of extra-systemic extremist, criminal, and armed opposition networks
Possible emergence of an oppositional religious leader in Chechnya or Daghestan. Consolidation of all factions of armed opposition	Mobilisation of thousands of armed radicals amongst youth against the local and federal authorities	

## 7.3

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### **WORST-CASE SCENARIO (LEAST LIKELY)**

A worst-case scenario is only possible if the federal authorities' ability to govern is seriously constrained or undermined following a deep political crisis with country-wide repercussions, which appears improbable today.

Escalation and spill over of violence from Chechnya severely undermines the security situation not only in Ingushetia, but also in North Ossetia, Karachay-Cherkess, Kabardino-Balkaria and possibly Daghestan. The Beslan victims' movement finds support amongst the population of North Ossetia and triggers public unrest, accompanied by possibly violent protests against the republic's authorities.

The conflicts in South Ossetia and Abkhazia are remilitarised and sporadic violence breaks out. Substantial numbers of Ossetians, Cossacks and Adygs join the fighting creating the need for a large-scale peace-keeping/enforcement operation and the separation of warring sides.

Large movements of refugees further destabilise the regional situation. Chechen militants engage in violent provocations in an attempt to create further regional chaos.

The Ingush radicals, reacting to perceived threats from Ossetians, attempt to restore borders of 1936 and return the Prigorodny region to Ingushetia by force of arms. This sparks a new military clash between Ingushetia and North Ossetia.

Inspired by the "revolutions" in Georgia, Ukraine and Kyrgyzstan, frustrated populations across North Caucasus engage in non-violent uprisings and seize of government facilities. Extremist elements trigger mass violence by provoking blood-shed during largely peaceful rallies and non-violent protests.

A radical religious leader emerges in Daghestan, unifies the Islamist movement and declares *jihad* against Russia. Militants resort to widespread insurgency and terrorist attacks and refuse to enter any negotiations.

Suppression of jihadists by the Russian federal army and security forces causes large scale casualties, destruction of property and infrastructure. Moscow declares a state of emergency throughout the region and imposes direct rule and martial law.

Table 7.3 Key Indicators and Trends – Worst-Case Scenario

Regional Indicators	Individual outcomes over the next 2 years	Combined outcomes over the next 2 years
<b>Obstacles to Peace and Development</b>		
Systemic corruption	Governance reform constrained and effectively derailed; population frustrated and pushed towards direct actions; legitimate economic opportunities narrowed further	Conservation of war economy and the status quo in simmering conflict/instability in Chechnya, deterioration of security in Ingushetia and possible destabilisation in Daghestan. Further radicalisation of the religious and unemployed youths, rural population and continued small scale riots / public unrest
Lack of coherent federal regional policy in recovery and development	Frustrated social sector reconstruction, limited number of new jobs and further pressure on the population	
Separatism and religious extremism among youths grows	Formation of a considerable multi-ethnic armed opposition force	
<b>Peace and Stability Indicators</b>		
Conflict fatigue on the part of the population	Growing expectations for conflict resolution, post-conflict settlement and economic development on the part of the population	Provision of resources and formation of stability zones stalled due to lack of security.
No progress in socio-economic reconstruction sphere felt by the population	Popular frustration and protests increase	Sporadic inter-ethnic and inter-group violence. Assassinations of officials and general growth in violent crime. Tightened security regime impedes economic reconstruction
Inter-ethnic conflict are reignited by extremist leaders against the backdrop of limited economic opportunities, inter-clan rivalries, and high unemployment	Violence spills over across republics	
<b>Accelerators</b>		
Federal and local authorities are unable to address corruption, step up anti-crisis measures and continue administrative reform as planned	Growing distrust to the authorities on the part of the population. Mass protests and direct actions	Consolidation of extra-systemic extremist, criminal, and armed opposition networks. Mass out-migration from the region. Proliferation of sporadic armed violence and terrorism.
Possible emergence of an opposition religious leader in Chechnya or Daghestan. Consolidation of all factions of armed opposition	Mobilisation of thousands of armed radicals among youth against the local and federal authorities	
Possible continuation of large-scale terrorist attacks	Proliferation of fear and frustration, demands for the state crack-down on terror, further proliferation of small arms acquired for self-protection	

## 8. APPRAISAL OF RESPONSES

Responses to poverty, governance challenges, and conflict in the North Caucasus are highly diverse in nature. For the purposes of this study, a focus is placed on governance, development, humanitarian assistance, as well as human rights and peace-building responses. An overview of types of projects is given in the table below.

**Table 8.1. Sample Responses per Sector**

Governance	Development	Humanitarian Assistance	Human Rights and Peace-building
<p>Streamlining the coherence of policy and implementation by strengthening South federal district administration in Rostov-on-Don (Dmitry Kozak)</p> <p>Introduction of a new mechanism for election of the heads of the Russian Federation's subjects (nomination by the president of Russia with the subsequent endorsement of the nomination by the local parliaments)</p> <p>Creation of the rapid response mechanism to address terrorism (coordination schemes between MoD, FSB and MVD) – increase in the share of rapid local level decision-making in a crisis situation</p> <p>Treaty on Division of Jurisdictions between the Russian Federation and the Chechen Republic granting extraordinary level of political and economic autonomy for the period of 2005-2015</p>	<p>“South of Russia” federal targeted development programme (2002-2006)</p> <p>FTP on “Reconstruction of the economy and social sphere in the Chechen Republic (2002-2005)</p> <p>Local development programmes funded from the republics’ budgets</p> <p>Initiatives on direct allocation of resources for developmental needs through the regional development fund after the FTPs are completed (increased control over the resource management)</p> <p>Small scale job creation projects by domestic NGOs in Chechnya and Ingushetia</p>	<p>EMERCOM facilitated assistance (emergency relief and disaster relief)</p> <p>A range of humanitarian assistance (HA) projects by international and domestic NGOs</p>	<p>Creation of the Council under the president of Russia on development of the institutes of civil society and human rights (Ella Pamfilova) – raising the status of the former Commission on human rights under the president of Russia</p> <p>Creation of the International Rights Protection Centre by presidential decree (will receive no direct government funding)</p> <p>Projects on humanitarian dialogue (improving human security)</p> <p>NGO platforms for peace-building in the North Caucasus (widening dialogue with the federal and local authorities, promoting conflict early warning and response)</p> <p>Advisory Councils of the federal executive power and councils of elders in the North Caucasus attached to federal representatives (e.g. SFD) tackling the human rights issues</p> <p>Independent HR monitoring and protection by domestic NGOs</p> <p>Media projects to promote peace, tolerance, and address xenophobia (e.g. IWPR)</p>



The sections below describe findings in relation to governmental and international programmes in the North Caucasus. International programmes are largely implemented through NGOs/CBOs, as well as operational INGOs. Identified strengths and weaknesses, as well as factors contributing to success or failure of these projects are also given.

## 8.1

### GOVERNMENTAL RESPONSES

The following governmental actors are the most active and influential in the implementation of the domestic North Caucasian stabilisation efforts:

**Table 8.2 Government Actors**

Governance	Development	Humanitarian Assistance	Human Rights and Peace-building
Russian presidential administration	Ministry for economic development and trade	Ministry of civil defence, emergencies and elimination of consequences of natural disasters (EMERCOM)	Office of the presidential representative in the South federal district
Office of the presidential representative in the South federal district	Ministry of finance		Ministry of internal affairs (MVD)
Ministry of defence (MoD)	Ministry for reconstruction and development (potential and programmatic)		Ministry of defence (MoD)
Federal security service (FSB)	Ministry of education		Federal security service (FSB)
Government of the Chechen Republic (range of actors)	Ministry of health		

#### ***“South of Russia” targeted development programme for 2002-2006***

The most comprehensive long-term programme covering the North Caucasus that is being carried out by the federal authorities is the \$3.7 billion “South of Russia” targeted development programme for 2002-2006<sup>1</sup>. This was prepared by the Ministry for economic development and trade and has the following main tasks:

- Development of the crude oil extraction and pipeline network;
- Preservation and reproduction of the sea bio-resources;
- Development and construction of the tourist infrastructure and resorts;
- Facilitating the development of the SMEs; and
- Development of the water supply networks.

It is noteworthy that the share of the federal funding for the programme does not exceed 10% and is being decreased over time. In 2002, the funding under this programme was used to finalise the construction of the Znamensk-Aktyubinsk pipeline in the Astrakhan oblast east of the North Caucasus in the east, as well as to finish the construction of the oil refinery plant in Daghestan and develop a tourist resort in Krasnodar krai.

<sup>1</sup> Overall funding earmarked for the programme is RUR104,022,56 million (\$3.7 billion). In 2002 under this programme \$750 million was allocated from the different budgetary sources. The funds earmarked for 2003-2006 amount to almost \$3 billion. Of them, \$330 million will be allocated from the federal budget, \$237 million will come from the federal bodies of executive power, \$65 million will come from the budgets of the republics, krai's and oblast's, \$831 million will come from the regional state enterprises, and \$1,15 billion will be allocated from the extra-budgetary sources (Ministry of Economic Development and Trade of the Russian Federation, 2004)

According to the members of the Committee on economic policy and budgetary issues of the South-Russia Parliamentary Association (SRPA), the implementation of the programme does not directly address the goal of reducing unemployment in the region or raising living standards. Rather, priority is given to projects that have been given “federal” or “inter-regional” importance status. Most of the projects on poverty reduction, job-creation, and generally – those of social significance – have been transferred to the regional level to be funded from the budgets of the republics.

In 2005 only RUR2 bln were earmarked for the 12 subjects of the Russian Federation in the North Caucasus, whereas the minimal requirements were estimated at RUR2,5 bln. At the same time, the federal development programme for Tatarstan amounts to RUR12 bln, and to St. Petersburg – RUR100 bln. This clearly shows that North Caucasus is *de facto* marginalised in the federal economic development planning.

### **“Reconstruction of economy and social sphere in the Chechen Republic”**

The second targeted development programme for the region is the federal programme on “Reconstruction of economy and social sphere in the Chechen Republic” launched in 2002<sup>1</sup>. The implementation of this programme is coordinated by the Ministry of economic development and trade. The programme was designed mainly by the same ministry in cooperation with the government of the Chechen Republic.

Interestingly, this programme was commissioned by as many as 27 federal ministries, services, agencies and organisations<sup>2</sup> including, among others, the Ministry of finance, MoD, MVD, FSB, EMERCOM, Federal Service for Statistics, Federal Agency for Construction and Utility services, and even the Russian Academy of Sciences. In 2004, the programme was for a short period headed by the president of Chechnya Akhmat Kadyrov, who was assassinated in May 2004. President Putin paid a surprise visit to Chechnya shortly afterwards and issued a negative assessment of the reconstruction efforts in connection with the mis-handling of the federal resources.

A significant amount of the management responsibilities for this programme are now being transferred to the Ministry for regional development (headed by minister Yakovlev – a former presidential representative in the South federal district).

The goals of the programme are the following:

- Reconstruction of housing and residential infrastructure;
- Reconstruction of health, education, cultural and sporting infrastructure;
- Reconstruction of the transportation system and roads;
- Facilitation of the television and radio broadcasting and functioning of the printed media; and
- Restoration of the economic system of the Chechen Republic.

The programme has undergone periodic corrections and adjustments since 2002. In 2003 and 2004, following the recommendations by Minister German Gref, the amount of annual funding was increased to address the problem of unfinished reconstruction projects in Chechnya. According to the head of federal government Mikhail Fradkov, the effectiveness of the programme has been decreasing from year to year and serious deficiencies were noted in how the programme was coordinated

<sup>1</sup> The total funding earmarked and spent on this programme in 2002-2005 amounts to RUR18,7 billion (\$668 million) with the following dynamics: 2002 – \$160 million; 2003 – \$125 million; 2004 – \$175 million; and in 2005 – \$207 million. The programme is funded from the federal budget (Ministry of Economic Development and Trade of the Russian Federation, 2004)

<sup>2</sup> Of them 3 organisations are responsible for the security infrastructure reconstruction component: MoD (federal army), MVD (police including internal troops) and FSB (security forces and anti-terrorism units) (Ministry of Economic Development and Trade of the Russian Federation, 2004)

and managed.

Lack of coherence within the programme, mishandling of funds and the lack of accountability, as well as the most manifest procrastinations in reconstruction of essential infrastructure have led to a popular disappointment and frustration. The most serious forms of mismanagement have been observed in the housing compensation scheme in Chechnya, where the overwhelming majority of people receiving compensations were forced to pay kickbacks to officials amounting to 50% of the payment.

Another problem was the manipulation of the list of people entitled to receive such compensations. The number of the entitled households more than doubled in 2005 by far exceeding the number of houses destroyed. Finally, only those people whose houses were completely destroyed have been considered eligible to receive a compensation payment, and the amount of compensation in most cases is not sufficient to fully reconstruct a house up to the original standard<sup>1</sup>.

The control and responsibilities for the payment of compensation was repeatedly transferred from one Chechnya government office to another following criticism from different sources that the pace of compensations payment was too slow. In 2005 control ended up with Ramzan Kadyrov who vowed to bring order into the process. According to reports by the Chechen and federal officials, more than 30,000 compensations had been paid by mid-December 2004. Thanks to Alu Alkhanov and Ramzan Kadyrov's efforts the pace of disbursement has improved, but it remains to be seen whether the process will be normalised until the end of the programme.

<sup>1</sup> The amount of compensation is RUR350,000 (\$12,500). It was noted that the real estate prices in Grozny and some other towns of Chechnya began to grow in 2004 in spite of the deteriorating security situation. While this is often interpreted as a sign of stabilisation, it may also be connected to the large amount of free financial reserves ready for investment on the part of the elite. This affects the ability of an average citizen to reconstruct a house as the compensation payment remains unchanged

### ***Other government responses***

In December 2004, Dmitry Kozak highlighted the need to replace the current scheme for financing projects in the regions within the framework of the federal targeted programmes (FTP) with a fairer and more effective system. He said that "it is necessary to stop investing in FTPs, transfer all the money to the fund for the financial support to the regions, elaborate a system for direct allocation of resources, and then share this money between subjects, so as to eliminate the basis for lobbyism and corruption, when bodies of power pay each other".

In order to address the lack of coherence in the activities by the federal executive power bodies in the Northern Caucasus and consolidate decision-making on regional crisis management, Kozak initiated a Coordination commission<sup>2</sup> based in his office.

The commission was tasked to conduct a stock-take of all current measures as well as financial, administrative and human resources available and deployed in security, development, and governance programmes in the North Caucasus. The Coordination commission was supposed to work closely with the specially created "State Duma commission on the problems in the North Caucasus" in the Russian parliament assigned with a task of providing legislative support to the planned reforms. No results of these commissions' activities have so far been observed in the region.

Persistent rumours about Kozak's possible transfer back to Moscow for a new appointment have begun to circulate. It appears that efforts to streamline federal reconstruction and security programmes are in conflict with the interests of influential elite networks at the local level who

<sup>2</sup> Official title is "Commission on Coordination of Activities of the Federal Bodies of Executive Power"

are keen to maintain the status quo. These contradictions are further complicated by the apparent presence of direct dependencies and interactions between important local decision-makers at the level of republics and influential officials in the federal presidential administration and government.

## 8.2

### INTERNATIONAL / NGO RESPONSES

There are a range of international actors represented mostly by inter-governmental organizations (IGOs) and NGOs (working in close partnerships with local NGOs) in the region most of which focus on humanitarian assistance operations. Most of the current international responses are implemented under the humanitarian assistance umbrella, with a certain amount of transitional activities, recovery and reconstruction elements. The range of projects promoting recovery and socio-economic development is growing but still remain inadequate to the situation on the ground. The table below gives an overview of those that are most active and influential.

**Table 8.3 Key IGOs and NGOs**

Governance	Development	Humanitarian Assistance	Human Rights and Peace-building
<ul style="list-style-type: none"> <li>■ Caucasian Refugee Council</li> <li>■ Centre for Peacemaking and Community Development (including subsidiaries)</li> <li>■ Danish Refugee Council</li> <li>■ Non-violence International</li> <li>■ Sabur (Daghestan)</li> </ul>	<ul style="list-style-type: none"> <li>■ Achievement (North Ossetia)</li> <li>■ Agency for Rehabilitation and Development – Denal (Ingushetia)</li> <li>■ Art Serlo (Chechnya)</li> <li>■ Care Canada</li> <li>■ Caucasian Refugee Council</li> <li>■ Creation (Chechnya)</li> <li>■ Danish Refugee Council</li> <li>■ Doctors without Borders (Medecines Sans Frontieres) (France)</li> <li>■ Handicap International</li> <li>■ Help</li> <li>■ Hilfswerk Austria</li> <li>■ International Medical Corps</li> <li>■ Islamic Relief</li> <li>■ Let's Save the Generation</li> <li>■ Medecins du Monde</li> <li>■ Mother and Child</li> <li>■ Protection League (Daghestan)</li> <li>■ Non-violence International</li> <li>■ Open Continent (Ingushetia)</li> <li>■ People in Need</li> <li>■ Russian Red Cross</li> <li>■ World Vision International</li> <li>■ Adyge Khase (Kabardino-Balkaria)</li> <li>■ Adyge Khase (Karachaevo-Cherkessia)</li> <li>■ <i>Veche</i> Russian History and Culture Society (Kabardino-</li> </ul>	<ul style="list-style-type: none"> <li>■ Action Contre la Faim (France)</li> <li>■ Agency for Rehabilitation and Development – Denal (Ingushetia)</li> <li>■ Care Canada</li> <li>■ Caucasian Refugee Council</li> <li>■ Chechen Refugee and Displaced Persons Council</li> <li>■ Danish Refugee Council</li> <li>■ Medecines Sans Frontieres (Belgium)</li> <li>■ Medecines Sans Frontieres (Holland)</li> <li>■ Medecines Sans Frontieres (France)</li> <li>■ Echo of War (Moscow, Chechnya)</li> <li>■ Handicap International</li> <li>■ Help</li> <li>■ Hummer Forum</li> <li>■ Hilfswerk Austria</li> <li>■ International Humanitarian Initiative</li> <li>■ International Medical Corps</li> <li>■ Islamic Relief</li> <li>■ Let's Save the Generation</li> <li>■ Medecins du Monde</li> <li>■ Mission of Christian Charity (North Ossetia)</li> <li>■ Mother and Child Protection League (Daghestan)</li> </ul>	<ul style="list-style-type: none"> <li>■ Agency for Rehabilitation and Development – Denal (Ingushetia)</li> <li>■ Art Serlo (Chechnya)</li> <li>■ Centre for Peacemaking and Community Development</li> <li>■ Chechnya Justice Initiative</li> <li>■ Creation (Chechnya)</li> <li>■ Echo of War (Moscow, Chechnya)</li> <li>■ Memorial</li> <li>■ Mother and Child Protection League (Daghestan)</li> <li>■ Non-violence International</li> <li>■ Sabur (Daghestan)</li> <li>■ Vesta (Ingushetia)</li> <li>■ World Vision International</li> <li>■ Alternative to violence (former "SOS-Spasenie") (Daghestan)</li> <li>■ Organisation for</li> </ul>

	<p>Balkaria)</p> <ul style="list-style-type: none"> <li>■ Ossetian National and Cultural Center (Kabardino-Balkaria)</li> <li>■ <i>Tovushi</i> Jewish Social and National Center (Kabardino-Balkaria)</li> <li>■ Adyg National and Cultural Autonomy (Karachaevo-Cherkessia)</li> <li>■ «Abaza» Socio-Political Movement (Karachaevo-Cherkessia)</li> <li>■ Alternative to violence (former "SOS-Spasenie") (Daghestan)</li> <li>■ Rustam Matmusaev (Karachaevo-Cherkessia) - registering the republic's subsidiary of CPCD</li> <li>■ Centre for strategic studies and development of the civil society in the North Caucasus "SK-Strategia" (Chechnya)</li> </ul>	<ul style="list-style-type: none"> <li>■ Open Continent (Ingushetia)</li> <li>■ Russian Children's Foundation (North Ossetia branch)</li> <li>■ People in Need</li> <li>■ Russian Red Cross</li> <li>■ Vesta (Ingushetia)</li> <li>■ World Vision International</li> <li>■ Organisation for the support to refugees and IDPs (Daghestan)</li> <li>■ Peace Mission of General Lebed</li> </ul>	<p>the support to refugees and IDPs (Daghestan)</p> <ul style="list-style-type: none"> <li>■ Rustam Matmusaev (Karachaevo-Cherkessia) - registering the republic's subsidiary of CPCD</li> <li>■ Peace Mission of General Lebed</li> <li>■ Centre for strategic studies and development of the civil society in the North Caucasus "SK-Strategia" (Chechnya)</li> </ul>
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### ***The Consolidated Inter-Agency Appeal (CAP) Process (UN Transitional Workplan 2006)***

Over 50 international NGOs and organisations of various types are engaged in the North Caucasus. United Nations Office for the Coordination of Human Affairs (OCHA) coordinates the activities of the majority of them. From 1999 to 2005 the Consolidated Appeals Process (CAP) was used as a mechanism by the UN and NGO partners to plan, implement and monitor their activities in the North Caucasus.

The CAP contributed to developing a well-coordinated approach to providing humanitarian aid and emergency relief, cooperation between governments, aid agencies and other donors; and a better-funded aid effort. The majority of international and foreign organisations operating in North Caucasus as well as local organisations in Chechnya and Ingushetia were incorporated into the CAP, but there were also important projects by NGOs and IGO programmes outside of the CAP framework.

For example, UNDP has been administering a security project implemented by UNSECOORD but only received funding for projects in recovery and reconstruction of economic infrastructure under CAP in 2004. UN specialised agencies and organisations engaged in the region included OCHA, UNDP, UNESCO, UNHCR, UNICEF, ILO, WHO and WFP. Other independent projects are coordinated or funded by a range of bilateral donors, the European Commission (ECHO and EC Delegation in Russia, as well as through TACIS), World Bank, donor diplomatic posts in Moscow, and others.

Regional coverage of the CAP was determined by the needs for emergency relief, humanitarian aid and economic recovery and the strategic goals/priorities set for humanitarian response. It therefore did not cover the region evenly. North Ossetia, for example was not well covered in the CAP (just one local organisation). Furthermore, local organisations in Daghestan, Kabardino-Balkaria and Karachaevo-Cherkessia were not taking part in the CAP process. CAP activities in these repub-

lics were implemented by either international and inter-regional NGOs, or local NGOs from other republics in North Caucasus. The least volume of CAP-related activities in North Caucasus was registered in Karachay-Cherkess.

The need for humanitarian support remains high both in Chechnya and Ingushetia. IDPs from Chechnya to Ingushetia do not have the status of permanent residents, and lack the means of subsistence. The level of physical destruction in industrial, agricultural, financial, commercial and state infrastructure sectors is significant and income levels in the republic are very low.

The UN coordinated humanitarian effort mainly focused its activities on Chechnya and Ingushetia. In Chechnya, the majority of organisations operated in Grozny, as well as in the central and northern parts of the republic. There were very few projects in southern highland areas where access was especially difficult because of the security situation and terrain.

The majority of projects carried out in Chechnya and Ingushetia until 2005 were aimed at providing emergency humanitarian assistance. 80% of the total was humanitarian action while the rest was aimed at economic recovery and reconstruction.

UNDP-led activities in Chechnya and neighbouring republics in 2005 had a greater emphasis on transitioning from relief to development-type activities, including:

- Promoting a link between humanitarian assistance and economic development;
- Supporting the long-term integration of IDPs;
- Supporting economic and social recovery in affected areas;
- Strengthening the capacities of local civil society and government institutions for recovery; and
- Development and tracking of indicators for evaluation and planning, collection of the baseline information and analyses as well as coordinated data collection and information dissemination efforts.

In 2006 there will be no CAP process, but OCHA will continue to coordinate activities on implementing a "Transitional Workplan"; and the *process* of the CAP, as the overall inter-agency mechanism for coordinated provision of assistance will remain in place in 2006.

This Workplan seeks to continue the strategic planning, coordination and fundraising role played previously by the CAP, while going further to integrate humanitarian and recovery planning. The UN also recognises that severe humanitarian and economic recovery needs are geographically spread out over a wide area of the North Caucasus, therefore, the Workplan covers the five eastern republics of the Russian North Caucasus: Kabardino-Balkaria, North Ossetia, Ingushetia, Chechnya and Dagestan. However, because the overwhelming majority of humanitarian need is centred in Chechnya and, to a lesser extent, Ingushetia and Dagestan, the transitional process will necessarily focus on these republics<sup>1</sup>.

<sup>1</sup> UN 2006 Transitional Workplan for the North Caucasus (draft)

### **CBOs**

There are very few institutionalized and proper CBOs in the North Caucasus. As a rule, such organisations are loosely connected groups of unpaid volunteers. They enjoy little support from international donors and can be actively opposed by local authorities who suspect them of

political activism. For example, self help civil society groups which emerged to overcome the aftermath of the Beslan tragedy (for instance the teachers' group from school #1) were banned by the authorities. The CBOs that do exist often unite highly motivated activists with similar thinking who seek to solve acute problems with very limited financial means. There are also a number of active national and cultural organisations may also be classed as CBOs.

### 8.3

#### SECTOR PERSPECTIVES

**Health and education** One of the main issues for the humanitarian community is to provide access to quality health services for vulnerable population groups in the region. Presently most acute health problems in all republics and especially in Chechnya are AIDS, TB, alcoholism and drug problems. Health problems have also increased in the last two years due to the large flow of IDPs returning to Chechnya which has seen its health care infrastructure destroyed over the decade of conflict .

Persistent instability and in Chechnya gives rise to infectious diseases, diabetes, chronic cardiac diseases, and hypertension. The conflict affected population also requires urgent psychosocial rehabilitation. In the absence of employment opportunities and steady incomes, and because of the peculiarities of ethnic traditions, rehabilitation programmes will have limited effects unless there is simultaneous and co-ordinated action to rebuild livelihoods, rehabilitate housing, and re-establish access to health and education services.

NGOs in Chechnya pay special attention to the most vulnerable groups (widows, people with disabilities, youths) ensuring their psychological and social rehabilitation by means of vocational education. Special emphasis is put on the young generation that has grown up during the war, and has not received proper education and lacks normal social skills.

NGOs have set up schools for young leaders and support creatively gifted children. The main target groups for recovery projects in Ingushetia are IDPs from Chechnya and young people.

**Governance, human rights, and peacebuilding** Very few projects are implemented in the governance field in the North Caucasus. They are conducted outside the CAP process and mainly focused on local NGO mobilisation and establishing constructive dialogue with authorities. This is a very important task considering the complicated economic and political situation in the republics not least because NGOs may be in a position to contribute effectively to solving the most pressing problems if they receive sufficient training, technical support and funding and coordinate efforts with the government social and economic reconstruction programmes.

Human rights NGOs provide assistance to residents of Chechnya, Ingushetia and some other regions in the form of free legal consultations, providing free advocates, and legal representation in Russian and international courts. Also, NGOs working in the field of human rights monitor the situation and promote critical debate on human rights issues and accountability of authorities.

The necessity of peace-building work in Chechnya and Ingushetia is critical. NGOs carry out such activities in both republics; however efforts

are limited to seminars and training sessions on peaceful coexistence.

## 8.4

### ASSESSMENT OF LOCAL CAPACITIES FOR DEVELOPMENT

There are local actors in the region with notable capacities to serve as vehicles for recovery and development. These include: (a) small businesses in agriculture, transportation, construction and other sectors; (b) CBOs and NGOs; and (c) local self-governance structures. Emphasis here is placed on the first group (small business), as local CBOs/NGOs and government structures have been discussed elsewhere.

For small businesses to prosper and serve as a more effective vehicle for development, action needs to be taken at three levels:

- Transparent regulatory frameworks and more relaxed procedures for registering and running SMEs are required in the regions affected by conflict and, possibly, in the North Caucasus as a whole;
- Local self-governance and law enforcement bodies should provide for a basic level of security around SMEs and projects, assigning personnel and establishing communication hotlines to address security/corruption problems rapidly and effectively; and
- Effective monitoring procedures should be introduced to minimise the mishandling (through corruption and incompetence) of funds granted (or provided in the form of credits) to the SMEs and income-generating projects.

SMEs in the region would also benefit from the positive spin-off effects of large reconstruction projects in the region if “local content” policies are introduced effectively. SMEs can be sub-contracted for works in line with their existing capacities, such as developing the micro-networks linked to major gas and water pipelines, telecommunication facilities, public transport, etc.

Aside from “traditional SMEs”, agricultural cooperatives and state-owned farms (“goskhoz”) are important. They appear to be the only existing capacities that can be drawn upon in the rural areas of Chechnya, Dagestan, and other republics. The cooperatives and goskhoz farms have in many cases preserved the basic infrastructure required for the renewal of economic activity and cross-regional cooperation ties for marketing/sales purposes. For these to serve as co-drivers of development, they need agricultural machinery and essential tools, as well as marketing advice and state assistance (e.g. in the form of targeted state contracts, financing of fuel purchases, etc.).

Ethnic North Caucasian communities in other regions of Russia are another important potential vehicle for development. For example, some Moscow based Chechen businessmen were investing in the republic even at the height of the conflict, providing construction material for the reconstruction of houses and micro-grants to local communities and individual entrepreneurs. Any progress in stabilising the security situation in the region is bound to attract further investment from the North Caucasian business in Moscow and other parts of Russia.



## 8.5

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### ANALYSIS

#### PRIORITY RESPONSE AREAS

The key response area of governmental actors is the reconstruction of strategic infrastructure and economic facilities. There is also an effort to re-formulate the development strategy so to make efforts less prone to mismanagement of financial flows by the local elites, while simultaneously maintaining an adequate level of subsidies to the dependent republics. This process is championed by Dmitry Kozak and the South federal district office.

International efforts are focused on transitioning from humanitarian relief to recovery of damaged social and health infrastructure, with a particular attention paid to vulnerable groups in Chechnya and Ingushetia. This is presently framed within “non-food assistance”, rebuilding of livelihoods and small scale projects aimed to support income generation at the local level, such as micro-grants to SMEs. The process is coordinated by OCHA, which has set up effective information exchange, coordination, and planning mechanisms.

The local capacities such as small businesses at a community level, agricultural cooperatives and individual entrepreneurs currently focus on trade, projects in the sphere of public transportation and cargo transport to service local market places, production of materials for construction, and small-scale agricultural projects.

#### STRENGTHS AND WEAKNESSES IN RESPONSES

**Governmental responses** The focus on reconstruction of the strategically and regionally important infrastructure in the North Caucasus has positive and negative aspects.

Such projects have positive effects on the manageability of the regional economy, its closer integration into the rest of Russia’s economic system, and improved foundations for future economic growth. However, the weakness of this type of response is that it has low impact on social crises, poverty reduction and conflict prevention. Social well-being is marginalised as an objective, which in its turn has a direct negative impact on conflict and peace dynamics in the North Caucasus. Conflict sensitivity of economic reconstruction projects does not appear to be sufficiently considered (as far as both horizontal or geographic priorities, and the prioritisation of sectors). It would be important, therefore, to ensure that all the social sphere recovery projects are planned in a conflict-sensitive manner, especially considering the distribution of benefits between groups.

The major weakness of all governmental responses<sup>1</sup> remains the lack of coherence and of a unifying strategic plan on the basis of which appropriate measures for maximising immediate, mid-term and longer-term impact could be designed and proper instruments selected.

Other strengths and weaknesses of governmental efforts are listed in the box below.

<sup>1</sup> The socio-economic responses and programmatic solutions currently elaborated by the SFD office were not available for review in a documentary form

**Box 1 Strengths and Weaknesses in Government Responses****Strengths**

- Significant amount of resources available from the federal budget and extra-budgetary sources;
- Improving manageability and crisis prevention capacity (both vertical and horizontal at the level of inter-republic relations); and
- Presence of initiative and organisational resources to ensure that responses are flexible and sensitive to the changing environment.

**Weaknesses**

- Corruption-prone and affected environment for the implementation of responses undermines many efforts and significantly decreases the effectiveness of all responses;
- The level of attention to the region's unique peculiarities in ethnicity, mentality and traditional culture is not sufficient. Planning and strategising, therefore, is not well-informed and such key issues as the social impact of development, fairness of distribution of benefits, perception of social justice, and others are often assessed inadequately; and
- Limitations to the mandate of the South federal district (SFD) office prevent reforms that can positively affect the effectiveness of response planning and implementation. Presidential envoy in SFD has a significant political influence regionally and at a federal level, however, the legal frameworks and definition of prerogatives as far as development and reconstruction are unclear.

**International responses** The international humanitarian community provides significant relief to Chechnya and Ingushetia, and the number of people who require it remains considerable.

Distribution of humanitarian aid has been constrained by the security situation, problems of access to some vulnerable groups and lack of constructive cooperation with the authorities. However, humanitarian operations in general have been well-coordinated and targeted. The strength of coordination mechanisms could be replicated for the recovery and development phase, especially if a greater local ownership of projects is ensured.

At headquarters level donors understand the necessity and value added of supporting recovery and developmental projects at the local level. However, at the level of local offices on the ground, financial support is available almost exclusively to the larger NGOs that strictly observe the methodology and formats required by donors.

Local level NGOs have a number of advantages that appear to outweigh their deficiencies - they rely on a well-developed web of connections in society, manage information more effectively, and are more sensitive to the changing environment in governance and domestic politics.

The optimal way out of the current situation is to increase the funding

available for local-level reconstruction and development projects with job-creation and income-generating impacts. At the same time there should be increased financial control and accountability for final results, and built-in flexibility in project plans to allow changes in response to the dynamic situation and possible shortcomings of the initial planning.

**FACTORS THAT  
CONTRIBUTE TO SUCCESS  
OR FAILURE IN  
RESPONSES**

At the governmental level, the success of responses to crises in the North Caucasus is presently determined by: (a) the availability of financial resources; (b) political will and organisational capacities to use these resources effectively; and (c) the ability of institutions to prioritise needs for development.

The presence of strong lobbies and pressure groups within the state bureaucracy, and high levels of corruption in the state apparatus, are the most important constraints and reasons for failure in the implementation of projects. It is impossible to transform the system through administrative reform without a more active onslaught on corruption networks than is currently the case.

Apart from factors mentioned above such as the lack of coherent strategy, fragmented institutions, etc., there are two purely technical factors affecting project implementation:

- Unclear procedures and bureaucratisation of decision-making: local level actors are unable to respond effectively to local level challenges due to the lack of delegation of authority, excessive centralisation of financial resources, and slow response; and
- Lack of information databases and capacity for information management, including the lack of reliable data on the current state of facilities, monitoring processes, and information exchange.

Factors contributing to efficient and successful NGO activities include:

- Informational support (databases on target groups);
- Willingness to co-operate on the part of some state authorities at federal and republican levels;
- Sufficient financial support to priority projects;
- Interaction with other NGOs;
- Considerable work experience in the region and access to local knowledge and best practice;
- Adequate skills to manage projects and engage with donors, as well as target groups; and
- For local NGOs as compared to international and foreign ones, another favourable factor is the possibility to use money in a more efficient way (e.g. lower salaries, less complicated administrative procedures).

NGOs participating in the CAP have access to diverse and well organised information resources (e.g. about who is doing what, target groups, donors, and plans of other NGOs) due to UN managerial and security support. This allows organisations to coordinate their activities, to link up with other NGOs to solve emergency problems and to avoid duplication. To a large extent OCHA provides efficient and successful coordination of international humanitarian operations and NGO work.

Factors contributing to inefficient NGO activities include:

- Lack of cooperation with state authorities for various reasons (most importantly lack of will on the part of authorities and lack of necessary skills on part of NGOs to set up dialogue with authorities);
- Lack of stability and restrictions imposed by volatile political environment;
- Non-fulfilment of obligations by partners;
- Insufficient funding (this is especially acute for local NGOs);
- Lack of access to information on donors (characteristic for local NGOs); and
- Overestimation by NGOs of their internal capacities and one-sided feasibility assessments leading to improper planning and over-promising to donors and partners.

#### **CO-ORDINATION AND COHERENCE ISSUES**

Government responses are coordinated within the relevant inter-agency commissions and committees that are formed by the Ministries, services and agencies participating in the implementation of federal assistance and reconstruction programmes. A dominant role is played currently by the Ministry for economic development and trade, and commissions headed by Minister G. Gref. However, the Ministry for regional development (Minister V. Yakovlev) is set to fulfil an increasingly important coordinating and planning function.

The Office of the Presidential representative in the South federal district and the Commission on coordinating the actions of the federal bodies of executive power is another key coordinating hub within the Russian Government. However, its role at present is largely associated with planning rather than actual coordination. In theory, this commission is particularly well-placed to fulfil its functions effectively due to the peculiarities of SFD political mandate, proximity to the target groups and territories where reconstruction efforts are being implemented, and access to rapid reaction mechanisms and speedy decision making.

It needs to be stressed that the large number of coordinating bodies at different levels in the federal and local government does not necessarily lead to effective coordination. On the contrary, it provides for a largely chaotic environment in which every agency is de facto free to do what it wants. This also enables influential individuals to affect the implementation of policy by manipulating existing complicated bureaucratic processes.

In terms of international responses, there are no functioning mechanisms for coordinating the responses between domestic and international actors outside of the bilateral (diplomatic channels) and the UN (OCHA framework). Periodic meetings with Russian counterparts organised by OCHA only allow for addressing and resolving technical issues, as well as representing the interests of the implementing NGO partners, which falls within its mandate.

Major donors such as the EC, WB, and development agencies also appear to lack an effective coordination interface at the regional level and in Moscow outside of the UN frameworks. Most of it happens during the OCHA donor meetings and periodic consultations and the coordinating mechanism set up by OCHA appears to be the only effectively working system.

## 9. RISK AND FEASIBILITY ASSESSMENT

### 9.1

#### SECTORAL PROGRAMMATIC RISKS AND CONSTRAINTS

A range of sectoral risks and constraints for programmes in the North Caucasus were identified during the fieldwork phase. These are summarised in the table below.

Not surprisingly, corruption, lack of coherence and coordination and lack of security on the ground emerge as the main risks and constraints to strategic development and reconstruction in the North Caucasus across all sectors. The vested interests of the clan elites currently in power across the region lie behind most of these risks and constraints.

The headline risk therefore is that failure to make progress on political and governance reform will seriously undermine (it does already) investment in reconstruction and social/economic development.

An important additional constraint is the lack of capacity, or under-use of existing capacity, due in large part to excessive bureaucratisation and a bureaucratic culture which does not permit effective delegation and initiative.

The lack of security represents a particularly important constraint with regard to effective donor engagement. Another important risk/constraint for donor actors contemplating greater engagement in the region is related to the poor human rights record of the Russian authorities in the region. Donor governments are understandably reluctant to enter into a process of strategic cooperation with the Russian government in a region where it stands accused of egregious human rights abuses.

**Table 9.1 Risks and Constraints by Sector**

	<b>Governance</b>	<b>Development</b>	<b>Humanitarian Aid</b>	<b>Human Rights and Peace-building</b>
<b>Typical Risks</b>	<p>Corruption and mis-handling of funds / financial flows</p> <p>Clan-type elites in power disrupt reforms in economy, administrative system, and law enforcement</p> <p>Lack of continuity and limitations in mandate / legal status of the presidential representative in the South federal district</p> <p>Political violence and high personal security risks in Chechnya, Ingushetia and</p>	<p>Corruption and mis-handling of funds / financial flows</p> <p>Clan-type elites in power disrupt reforms in economy, administrative system, and law enforcement</p> <p>Local staff overloaded with responsibilities and overexposed to security risks, administrative pressure</p> <p>Lack of accountability and monitoring mechanisms</p>	<p>Unequal distribution and lack of conflict sensitivity</p> <p>Emergence of dependency on aid</p> <p>Misappropriation and mishandling of non-food assistance</p>	<p>Lack of constructive cooperation with authorities, aimed at informing policy formulation and assisting reform, leads to conflict</p> <p>Personal security risks in Chechnya, Ingushetia and Daghestan</p> <p>Lack of coherence and platform approach in peace-building efforts leads to duplication of efforts, fragmentation of impact</p>

	Daghestan  Human rights abuses limit scope for Russian donor cooperation			and low effectiveness  Early warning monitoring and analysis is not linked to responses (leads to the lack of proactive response capacity)
<b>Typical Constraints</b>	Lack of strategic reform policy and planning makes the reform vulnerable to risks  Lack of determined and resourceful personalities (poor personnel policy) to push through the administrative, economic and security reform  Lack of initiative and excessive bureaucratisation at the level of the mid-ranking officials  Entrenched corruption networks have links with different conflict parties and are interested to keep conflicts simmering to derive profits from instability	Russian federal reconstruction and development programming marginalises social development and job-creation at the community and district levels  Donor funding for longer-term projects is not available  Planning frameworks restricted by 1-2 year timeframes  Lack of dialogue between the GoR and international recovery and development actors  Turf battles between international actors in recovery and development coordination	Problems of access and security do not allow to deliver aid to all vulnerable groups  Limitations on the use of mobile communications  Unreliable security escorts	Lack of political will to link warnings with responses  Lack of political will to address human rights violations systemically  Media proliferate stereotypes and fail to address xenophobia

**9.2**

**OPPORTUNITIES AND LIMITATIONS FOR ENGAGEMENT**

**(A RUSSIAN PERSPECTIVE)**

Lack of coherence and diverging views on how to address the region’s problems among Russian authorities, make reactions to recommendations by Russian decision-makers difficult to predict. It is clear, however, that with the exception of isolated areas of sensitivity such as security sector reform and political dialogue in Chechnya, there are entry points and willingness to co-ordinate economic recovery and reconstruction efforts in the North Caucasus. Some observations follow:

- The key area of interest for Russian policy makers is the need to initiate recovery and development at the local community and district level, beginning with prioritised areas and quick impact projects to address urgent needs. There is also agreement that humanitarian assistance should be continued in a targeted way and focused disadvantaged groups.
- External engagement through technical assistance on security sector reform and conflict settlement in Chechnya is not excluded. However, engagement on these issues will have to be very cautious, gradual, and dialogic, emphasising Russian ownership, expertise exchange (e.g. Northern Ireland) and,

possibly, Track Two diplomacy frameworks.

- There is interest in the transfer of experience in media training/expertise exchange to support the positive profiling of Caucasian (including Chechen) cultural heritage and contemporary lifestyles in the Russian media - with the aim of underlining the status of Chechens and other North Caucasian people as citizens of the Russian Federation with equal rights. Joint projects in this sphere are likely to be prioritised by the Russian government.
- In the sphere of human rights, the engagement with the Russian authorities should unfold based on the premise of constructive technical cooperation, as this field is seen at the federal level as monopolised by harshly critical civil society watchdogs that project an unbalanced image of the situation and do not take into account any progress in human rights protection, however limited it is.

### 9.3

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#### ANALYSIS

An appraisal of risks by the Russian federal authorities distinguishes between “manageable” and “unmanageable” risks to its policy in the region. In terms of cooperation with the West:

- Manageable risks include politically damaging criticism from the western partners in connection with human rights issues, implications of the situation in the region for economic cooperation and investment, negative domestic perceptions of “surrendering positions to the West” and “submitting to pressure”, etc. Most of these risks are in fact manageable through deconstruction of stereotypes created in the past by domestic propaganda efforts.
- Unmanageable risks include the perceived threat of external “soft power” support to internal pro-democracy movements aiming to mobilise the public against the government, which may prove dangerous primarily for the North Caucasian ethnic elites in power but also to the federal authorities; supporting calls for an international military (peace-keeping) presence in the region as well as any other forms of infringement on the Russian sovereignty, etc. These risks are regarded largely as a potential challenge if there is pan-regional instability and escalating violence.

SRDA recommendations discussed with Russian policy making respondents were seen as tackling all the key regional issues, especially in relation to Chechnya. There is a general understanding that more consultations will be required with the Russian federal authorities on those directions that are considered feasible in order to produce anything more operational and politically acceptable.

# 10. STRATEGIC RECOMMENDATIONS

The successful transition from conflict and instability to reconstruction and development in the North Caucasus requires a series of bold measures to be taken by the Russian Government and supported by other members of the international community.

Following from the analysis put forward in this paper the following requirements are identified as high priorities:

- Develop a coherent Federal Strategy for the North Caucasus
- Tackle poor governance and reduce corruption
- Step up economic and social development
- Promote security sector reform, human security and the protection of rights
- Settle regional conflicts and build regional conflict management capacities

A three-pronged approach to reconstruction and development in the North Caucasus is recommended:

- The establishment of a core group within the EU (e.g. UK, France, Germany, and European Commission) for engagement on the North Caucasus. Such a “positioning strategy” can increase EU influence in Russia and through the pooling of funds ensure greater impact on regional stability.
- A process of EU Russian dialogue and confidence building (a “cooperation strategy”) that can serve to prepare the ground for productive co-operation between the Russian Government and the EU (and other international donors) on addressing the problems of the North Caucasus.
- The adoption and implementation of key directions and measures necessary for transition from conflict to reconstruction and development (a “stabilisation strategy”). This is essentially a task for the Russian Government, but political, financial and technical support of the EU (and where possible other international donors) will be required to assist implementation.

The approach should be nuanced and sequenced, allowing for:

- Constructive dialogue with Russia as the most influential regional actor; and
- Constant monitoring of the situation and adjustment of strategic responses according to changing political and conflict dynamics.

## 10.1

### POSITIONING STRATEGY

#### 1. Form a core European Union group to develop a North Caucasus strategy

Form a core group within the European Union to develop a transparent, coordinated EU strategy to assist Russia in addressing the problem



of instability in the North Caucasus. The strategy should emphasise:

- Centrality of Russian ownership;
- Importance of participation of local communities in development planning;
- The need to make use of current window of opportunity to make transition from humanitarian relief to recovery, reconstruction and development;
- Readiness of the EU to provide financial and technical support for implementation of a realistic Russian stabilisation strategy for the region; and
- Need to fund quick impact projects which can produce early results as a means of building confidence of the local population.

The strategy would incorporate many of the recommendations addressed below to the Russian government. It would also include coordinated contingency plans (i.e. coordinated between donors and Moscow as well as among donors) for humanitarian assistance and conflict resolution action in case of a deterioration of the regional situation in North and South Caucasus.

## **2. Align bilateral programmes to the EU North Caucasus strategy**

EU donor governments should develop bilateral programmes for the North Caucasus that would complement and reinforce the multilateral EU strategy envisaged in recommendation 1 above and build on each other's experience, expertise and comparative advantages. Such programmes should focus on one-two specific areas, depending on the area of expertise, e.g. for UK: (a) security sector reform; and (b) media development as part of efforts to promote good governance and combat corruption.

## **10.2**

### **COOPERATION STRATEGY**

#### **RECOMMENDATIONS FOR THE EU**

### **1. Open an EU-Russia dialogue on a strategy for strategic reconstruction and development in the North Caucasus.**

A number of principles should underpin this dialogue:

- Confidence building with Russian government institutions;
- Sensitivity to Russian concerns, interests, and suspicions;
- Emphasis on areas of mutual interest and shared objectives (i.e. common security concerns and interest in regional stability cooperation); and
- Transparency and broad inclusiveness towards the GoR institutions at all levels

At the same time the EU should underline that unless the strategy includes certain crucial elements it will not work. These include: (a) concerted action to tackle corruption and poor governance; (b) respect for human rights; and (c) lasting political settlement in Chechnya through participatory processes, as well as through socio-economic development.

### **2. Identify areas for effective strategic engagement**

An early part of the EU-Russia dialogue set out above should include informal consultations with a group of representatives of GoR institu-

tions that have previously been engaged in successful coordination efforts with international stakeholders and donors, as well as with institutions playing important roles in recovery and development efforts, especially with the office of the Presidential representative for the South federal district. These consultations should aim to identify areas where international responses will have the most positive impact. This should be seen as a first step towards providing international support to a coherent Federal strategy for the reconstruction and development of the North Caucasus.

### **3. Create mechanisms for effective development co-ordination**

Given the complexities and sensitivities involved in external engagement in the reconstruction and development of the North Caucasus, effective and transparent donor co-ordination is crucial. It is therefore recommended that the EU:

- Support the design and implementation of a UN coordination mechanism for development based on the existing CAP structure, which has proved effective for humanitarian operations.
- Establish a Development Coordination Group headed by Coordinator for development assistance under UN Resident Coordinator.
- Create a coordination interface between the UN Coordinator for Development Assistance, EU/EC institutions, World Bank, and missions of the major donor governments represented in Moscow. The purpose of this arrangement should be to encourage periodic consultations between key representatives to inform each other on how independent lines of project activities may intersect to produce a mutually acceptable positive impact.
- Link up local and regional early warning and response networks to coordination mechanisms (UN CAP process / Transitional Workplan, Development Coordination Group, and inter-donor) to facilitate the delivery of the local knowledge and warnings. This will reduce the level of unpredictability and instability affecting humanitarian and developmental operations.

### **4. Prepare a strategy for transition from humanitarian relief to reconstruction and development**

An exit strategy for humanitarian operations should be prepared that is based on gradual shift of emphasis to community and district-level recovery and development operations with job-creation and income-generating impacts. At the same time there should be increased financial control and accountability for final results, and built in flexibility in project plans to allow changes in response to regional dynamics and possible shortcomings of the initial planning. This should be combined with the elaboration (with good coordination both among donors and between donors and the Russian authorities) of humanitarian contingency plans for regional destabilisation involving for example the remilitarisation of conflicts in South Ossetia and Abkhazia, and/or a deterioration of security situation in Chechnya.

## 10.3

### STABILISATION STRATEGY

#### RECOMMENDATIONS FOR THE RUSSIAN GOVERNMENT

Recommendations for the Russian Government (requiring political, financial and technical support from EU and other international donors):

#### 1. Develop a coherent Federal strategy for the North Caucasus

A coherent and transparent strategy for the North Caucasus region would be based on a transparent analysis of the situation in the North Caucasus. Its scope and purposes would be to:

- Overcome existing problems of coordination, implementation and resource allocation for domestic reconstruction and development efforts in the region;
- Set clear priorities for action in addressing developmental, governance and security aspects of the crises in the region;
- Ensure greater understanding and transparency of the GoR's efforts and objectives in the region;
- Involve participation and consultation with local people, including representatives of civil society and NGOs;
- Set out principles and areas for coordination between the GoR and international donors, including the UN and the EU;
- Help prioritise the North Caucasus over other regions for federal resource allocation for development;
- Inform allocations of resources to different sectors within the North Caucasus (for example over-allocation of resources to the military and security sectors would constrain the spending in other sectors);
- Ensure greater conflict sensitivity of development programmes and projects as well as of other GoR policies in the region; and
- Enhance accountability of Russian authorities and donors.

The conclusion of the analysis put forward in this report is that any effective strategy in the region should address serious needs and shortcomings in the three broad areas of governance, development and security. It should also prioritise a settlement of the crisis in Chechnya as the source of much (but not all) of the instability in the region.

The remaining recommendations follow this logic.

#### 2. Tackle poor governance and reduce corruption

The governance shortcomings identified in this report are complex. They include economic corruption, the lack of inclusive political processes and strong vested interests by powerful elites in the status quo.

##### *Economic corruption*

- Introduce transparent regulatory frameworks for SMEs to increase opportunities for legitimate business activities and enterprises;
- Strengthen law enforcement and judicial systems in the area of investigating and prosecuting cases of corruption;
- Establish official anti-corruption institutions such as commissions and ombudsmen;

- Strengthen civil society institutions seeking to address corruption;
- Develop awareness of corruption through media and schools; and
- Start to dismantle the shadow economy by addressing common abuses such as illegal extraction, refining and marketing of oil, trafficking in weapons, cross border smuggling, and human trafficking.

#### *Political participation*

- Encourage emergence of formal democratic processes, strengthen regional democratic institutions;
- Support election monitoring, freedom of association and freedom of expression;
- Encourage the emergence of free and independent press;
- Encourage dialogue between civil society groups and local authorities with the aim of increasing political space and finding common ground; and
- Empower local NGOs and support constructive political dialogue between them and authorities.

Vested interests of clan elites in each of the republics would be addressed by tackling the problems of lack of effective participatory political processes, economic corruption and shadow economies.

### **3. Step up social and economic development of the region**

Stability in the North Caucasus depends on providing the population of the region with a better standard of living, better economic and social prospects, and in the worst affected parts of the region, viable alternatives to violence, criminality and conflict. Therefore, although it will be important to continue to provide humanitarian relief to those who need it, it is also essential to step up current economic and social development efforts. Macro-economic efforts and investment in large projects need to be balanced by micro level efforts which can produce quick results in terms of job creation, vocational training, rehabilitation of social infrastructure etc., thus addressing some of the current social deficits which lead the youth towards radicalism and extremism.

- Create a social and economic development fund that would prioritise job creation and rebuilding social infrastructure at community and district levels;
- Elaborate rigorous financial tracking procedures and reporting guidelines to evaluate the success and failure of projects;
- Target social and economic development investment in ways that are likely to undercut violence and extremism, i.e. target (a) young people in Chechnya and Ingushetia; (b) ex-combatants who disarm and are willing to reintegrate; (c) people traumatised by hostilities and violence; and (d) widows, children with missing parents, and those most affected by unemployment in rural areas;
- Given the poor security situation for projects, in those republics most in need, engage in dialogue with community leaders to find micro-security solutions at the local level;

- Encourage the growth of local NGOs to help strengthen the social fabric and independent self-organisation of society, provide jobs for the young activists and deliver assistance to vulnerable groups; and
- Encourage dialogue on economic and development issues between local NGOs and local authorities.

#### **4. Promote security sector reform, human security and the protection of rights**

Lack of physical security is the key concern of most North Caucasians. Sustainable stabilisation of the security situation depends on permanent settlement of the political conflicts in the region. However, that in turn may depend on the progress of the Russian authorities towards improving security, protecting populations against abuses and promoting a culture of respect for human rights. There is much the Russian authorities can do in this area, though progress will no doubt be difficult given the sensitivities of this sector.

- Increase accountability for violating constitutional rights of citizens;
- Strengthen internal monitoring and control over the execution of orders;
- Increase awareness of mid-level commanders and security personnel about Russia's obligations under the provisions of international humanitarian law;
- Commission a feasibility study to identify entry points by which such a training process can be started for military and security forces in the North Caucasus;
- Address the problem of proliferation of SALW using lessons learned from other parts of the world;
- Prepare a programme of DDR for those parts of the region where such a programme is necessary and feasible, or might become feasible in the near future;
- Address, through media and education, the problem of xenophobia and anti-Caucasian feelings across Russia (e.g. allocate more airtime on the national broadcast channels to programmes about Caucasian culture and the current debates within Caucasian society; and
- Introduce "peace education" in schools across the region.

#### **5. Settle regional conflicts**

##### *Chechnya*

Given the destabilising impact of the conflict in Chechnya on the rest of the region it is essential to make the settlement of the conflict there a top priority. It is the conclusion of this report that, while military means may be necessary to protect civilians and to defeat irreconcilable elements in the Chechen armed groups, sustainable peace will only emerge from fostering an inclusive framework for dialogue on security and development between the federal authorities, the government of Chechnya, local-level self-governance bodies and a wide spectrum of non-state and civil society actors, including informal and traditional leaders.

The dialogue should proceed along four complementary directions:

- A political direction: strengthening democratic institutions and procedures in order to form legitimate representative power structures, low-key and multi-level dialogue with non-state actors leading to fully democratic elections;
- A humanitarian/development direction: security of civilians in physical, economic, social and environmental terms; and
- A security direction: security sector reform, demilitarisation of society, rehabilitation of traumatised groups, re-integration of combatants, cooperation in security and intelligence sphere, release/exchange of hostages and illegally detained persons, stopping abductions, arbitrary arrests and blood vengeance feuds and protection of the population from militant activities.

#### *North and South Ossetia*

It will be important to assess the potential for initiating four-party consultations (Georgia-South Ossetia-North Ossetia-Russia) on legalising cross-border trade within the framework of a special economic regime ("free economic zone") in the area. This effort should be supported by the EU and OSCE, as well as bilaterally by donor countries.

#### *North Ossetia and Ingushetia*

Tensions between North Ossetia and Ingushetia will increase or decrease according to how the Beslan fall-out is managed. To reduce tensions, it will be important to:

- Ensure accountability of responsible officials for the handling of the Beslan crisis;
- Publicise and publicly debate the findings of the parliamentary commission investigating the performance of different actors during the crisis; and
- Keep the population of the republic informed about the follow-up measures.

Furthermore, to avoid a repeat of such a tragedy, there is a need to develop of standard operating procedures (SOPs) for crisis management and coordination. Training in the implementation of these SOPs is required to a range of actors at a federal and local level, including: (a) security forces; (b) interior ministry armed forces; (c) local police departments; (d) relevant staff in local self-governance institutions; as well as (e) emergency services (health, EMERCOM, etc.). It is essential to study and utilise international good practice in this field to the above actors in order to increase preparedness and build-up capacities for effective rapid response.

#### *Daghestan*

Four key measures are important for stability and settlement of the conflicts in Daghestan:

- Ensure continuity for traditional balances in the political system and representation of key ethnic groups in power structures;
- Address religious extremism, perhaps by integrating non-violent forms of religious dissent into inter-confessional dialogue. This dialogue could be led by the Spiritual Office of Muslims of Daghestan in cooperation with local sheikhs;

- Initiate job-creation for youths in rural regions; and
- Promote economic and security cooperation across the administrative border with Chechnya.

*Regional conflict management capacities*

To achieve sustainable regional stability, the conflict management deficit in Federal and republican structures should be addressed. The following first steps are recommended:

- Commission a study to identify gaps and opportunities for regional conflict management. Such a study should assess existing policy frameworks, formal and informal conflict resolution processes, and the role of prominent and authoritative individuals/informal leaders involved.
- Support an expertise exchange process/training for “conflict managers” in government and civil society. This exchange should involve an intra-regional process, as well as bring in relevant conflict management expertise available internationally.

Critically, regional conflict management efforts have to be coherent and well coordinated. This involved ensuring coherence of efforts between the Russian Presidential administration as well as the Plenipotentiary Representative of the President of Russia in the Southern federal district, Government ministries, services and agencies, the Chechen Republic administration and local authorities.

# ANNEXES

## ANNEX 1

### METHODOLOGY

Two basic assumptions inform the methodological basis for the SRDA:

- The relationship between peace and development: without peace, there cannot be development, and without development, there cannot be peace; and
- Security, governance, and development are inter-twined: a weakness in one undermines the others, and together they may contribute to stability and prosperity.

As the North Caucasus is a region affected by conflict and instability, the primary analytical tools used are those of conflict/peace analysis. Given that the focus is on regional economic development, and in the light of reservations among Russian policy makers about an exclusive focus on conflict, emphasis is placed in the analysis on the mutually reinforcing relationship between security, governance and development.

The chosen conflict/peace analysis tools of the SRDA are DFID's Strategic Conflict Assessment (SCA) and UNDP's Peace and Development Analysis (PDA). Whereas both the SCA and PDA already partially accommodate security, governance, and development perspectives, the SRDA develops these elements by drawing on the Overseas Development Institute's World Governance Framework and UNDP's Human Security Framework<sup>1</sup>.

<sup>1</sup> See <http://www.odi.org.uk/WGA/Governance/Framework.html> and <http://www.undp.org/hdro/1994/94.htm>

The SRDA consists of: (a) a situation analysis; (b) a review of responses; and (c) proposed strategic recommendations.

These three components are elaborated by using an appropriate selection of frameworks and tables available in the SCA and PDA. Five "lenses" (aimed to ensure balance and rigour) are applied:

1. A "level lens" that considers structural, proximate, and surface indicators, as well as triggers;
2. A "sector lens" that includes governance, security, social, and economic perspectives;
3. A "geographic lens" that looks at issues/actors from a local (republic), regional (North/South Caucasus), national (Russia), and international angle;
4. A "time lens" that involves a historical, contemporary, and future assessment; and
5. A "gender lens" that reviews differential outlooks and impacts for a range of groups.

It is in the "sector lens" that governance and security perspectives are more developed than in the SCA and PDA.

In the SRDA implementation process (pre-fieldwork and fieldwork phases), the relationships between security, governance and development were analysed in more detail, as follows:

- Institutional assessments addressed governance and security policies/programmes explicitly, in addition to other conflict-



related responses;

- The literature review covered not only conflict assessments and studies on the regional political economy, but also studies that relate to regional human security and governance;
- Short studies looked at their respective topics from the perspective of the security-governance-development nexus; and
- Field visits and interviews, particularly those that relate to responses, assessed efforts in the human security and governance domains.

The SRDA necessarily focuses on breadth rather than depth. It is oriented towards the development of a macro-strategy for the North Caucasus and consequently it places more emphasis on the “big picture” than on micro-level dynamics.

It is clear that a one-off assessment of such a complex and rapidly changing region only provides a snapshot image of the situation. Resource and time constraints preclude drawing on monitoring processes (the “movie”, rather than the “photograph”) to inform strategy formulation.

In addition, it is important to stress that the field of conflict/peace analysis and response strategy formulation is evolving and many challenges remain unsolved. These challenges are also visible here:

- Conflict/peace analysis, as with any social assessment tool, is about making sense of complex situations. “Making sense” implies simplification and this is done not only through a focus on specific aspects of conflict/peace (dynamics and stakeholders), but also by using frameworks, matrices, etc. that cannot fully capture the complexity of conflict.
- A weakness of many current strategy formulation methods is their limited focus on institutional constraints (e.g. mandates, capacities, agendas, political pressures, etc.). These constraints are manifested in institutional agendas, capacities, procedures, etc. Understanding these constraints is important for effective response.

The SRDA implementation process is designed to address these inherent weaknesses and achieve a “good enough” assessment. However room for improvement always remains.

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## ANNEX 3

### QUALITATIVE DATA INTERPRETATION

FAST International is the early warning program of swisspeace, based in Berne, Switzerland. It aims at enhancing political decision makers' ability to identify critical developments in a timely manner so that coherent political strategies can be formulated to either prevent or limit destructive effects of violent conflict or identify windows of opportunity for peacebuilding.

FAST International uses both qualitative and quantitative methods. The quantitative empirical analysis is based on composed indicators developed within the IDEA<sup>1</sup> framework. Description of indicators used in this report is given below.

<sup>1</sup> IDEA – Integrated Data for Event Analysis  
<http://vranet.com/IDEA/default.htm>

<b>Country Stability</b>	The Country Stability index reflects three independent factors: (i) challenges by non-government actors to the state's monopoly of force; (ii) state repression; and (iii) violence entailing physical force against persons or property. The index is scaled between 0 and 1, where 1 means high and 0 low stability.
<b>Conflictive Events (Relative)</b>	Number of Events (i) that have a negative value on the IDEA conflict-cooperation scale* divided by the number of all reported events. The Indicator has a range between 0 and 1.
<b>Conflictive Domestic Events (Relative)</b>	Number of Events (i) that have a negative value on the IDEA conflict-cooperation scale* and (ii) where all actors come from inside the country divided by the number of all reported events. The Indicator has a range between 0 and 1.
<b>Cooperative Domestic Events (Relative)</b>	Number of Events (i) that have a positive value on the IDEA conflict-cooperation scale* and (ii) where all actors come from inside the country divided by the number of all reported events. The Indicator has a range between 0 and 1.

\*The IDEA cooperation-conflict scale is a general weighting scale that attaches a weight to every event. The scale has a range from -13 to +8. Event types that are regarded as cooperative have positive values, conflictive event types have negative values

