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SOUTH OSSETIA: THE BURDEN OF RECOGNITION

Europe Report N°205 – 7 June 2010

International Crisis Group
WORKING TO PREVENT CONFLICT WORLDWIDE

TABLE OF CONTENTS

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SOUTH OSSETIA: THE BURDEN OF RECOGNITION

EXECUTIVE SUMMARY AND RECOMMENDATIONS

South Ossetia is no closer to genuine independence now than in August 2008, when Russia went to war with Georgia and extended recognition. The small, rural territory lacks even true political, economic or military autonomy. Moscow staffs over half the government, donates 99 per cent of the budget and provides security. South Ossetians themselves often urge integration into the Russian Federation, and their entity's situation closely mirrors that of Russia's North Caucasus republics. Regardless of the slow pace of post-conflict reconstruction, extensive high-level corruption and dire socio-economic indicators, there is little interest in closer ties with Georgia. Moscow has not kept important ceasefire commitments, and some 20,000 ethnic Georgians from the region remain forcibly displaced. At a minimum, Russians, Ossetians and Georgians need to begin addressing the local population's basic needs by focusing on creating freedom of movement and economic and humanitarian links without status preconditions.

The war dealt a heavy physical, economic, demographic and political blow to South Ossetia. The permanent population had been shrinking since the early 1990s and now is unlikely to be much more than 30,000. The $840 million Russia has contributed in rehabilitation assistance and budgetary support has not significantly improved local conditions. With its traditional trading routes to the rest of Georgia closed, the small Ossetian economy has been reduced to little more than a service provider for the Russian military and construction personnel. Other than the International Committee of the Red Cross (ICRC), no international humanitarian, development or monitoring organisation operates in the region; dependent on a single unreliable road to Russia, the inhabitants are isolated.

Claims and counterclaims about misappropriation of reconstruction funds complicate the relationship between the de facto president, Eduard Kokoity, and his Russian prime minister and undermine internal cohesion. While Russia controls decision-making in several key spheres, such as the border, public order and external relations, it has allowed South Ossetian elites a degree of manoeuvre on such internal matters as rehabilitation, reconstruction, education and local justice. Preoccupied with security threats on its own North Caucasus territory, Moscow has preferred to work with Kokoity and his entourage, who have shown unshakeable loyalty, rather than try a different leadership.

All but four countries, including Russia, continue to recognise South Ossetia as part of Georgia, and Ossetians and Georgians cannot avoid addressing common problems much longer. Lack of freedom of movement and detentions of people trying to cross the administrative boundary line (ABL) spoil the lives of all, regardless of ethnicity and risk increasing tensions. The EU monitoring mission (EUMM) in Georgia could play a vital role in promoting stability and acting as a deterrent to further military action, but with Russia and South Ossetia resisting its access, its effectiveness and response capability is limited.

Periodic talks in Geneva bring Russia, Georgia and representatives from South Ossetia and Abkhazia together but are bogged down over the inability to conclude an agreement on the non-use of force. Much less effort has been made to initiate incremental, practical measures that would address humanitarian needs. Positions on status are irreconcilable for the present and should be set aside. The immediate focus instead should be on securing freedom of movement for the local population and humanitarian and development organisations, which all parties are blocking to various degrees. The South Ossetians should be pressed to respect the right to return of ethnic Georgians, while Tbilisi should be more supportive of the few who either stayed in South Ossetia or have been able to go home. The Ossetians should lift their conditionality on the work of the joint Incident Prevention and Response Mechanism (IPRM) that has been created to deal with day-to-day issues along the ABL.

It will take a long time to rebuild any trust between the South Ossetians and Georgians, but a start is needed on steps that can make the confrontation more bearable for the people and less risky for regional stability.

RECOMMENDATIONS

To All Sides:

1. Agree urgently, without posing status or other political preconditions, on basic cooperation mechanisms and implementation modalities to ensure:
   a) movement across the administrative boundary line (ABL) for local inhabitants and humanitarian and developmental organisations;
   b) rights to property and return; and
   c) economic freedom.

To the Government of the Russian Federation:

2. Implement fully the ceasefire agreements, which oblige Russia to reduce troop levels to those mandated before 8 August 2008, withdraw from previously unoccupied areas and allow access for international monitoring and humanitarian assistance missions to South Ossetia, particularly the EU Monitoring Mission (EUMM).
3. Encourage the South Ossetian authorities to engage with the Georgian government to lower tensions and prevent incidents in the conflict zone and to participate in the joint IPRM.
4. Ensure that the right of return for Georgian internally displaced persons (IDPs) is recognised; facilitate their return to South Ossetia; and monitor and prevent human rights violations in South Ossetia.
5. Put strict controls on all transfers from the Russian federal budget to South Ossetia to limit corruption.

To the Government of Georgia:

6. Define, publicise and implement a generous policy on movement across the ABL for all residents, while continuing both to refrain from arbitrary detention of South Ossetian residents and to cooperate with international bodies (Council of Europe, ICRC, EUMM) in investigating cases of missing and detained people.
7. Facilitate small-scale economic activity across the ABL; encourage the EU, UN, Organisation for Security and Cooperation in Europe (OSCE) and other international bodies to develop initiatives to loosen South Ossetian dependence on Russia; and apply the Law on Occupied Territories to support these activities in line with the new State Strategy on Engagement through Cooperation.

To the Authorities in South Ossetia:

8. Refrain from arbitrary detentions of Georgian citizens and violation of their freedom of movement; release those detained since the August 2008 war; and cooperate with international mediators in investigating cases of missing and detained people.
9. Recognise the rights of Georgian IDPs and facilitate their step-by-step return.
10. Allow the EUMM and other international officials and organisations full access to South Ossetia.
11. Discuss day-to-day issues and security with Georgia; facilitate small-scale economic and social activities across the ABL; and resume participation in the joint IPRM.
12. Put priority on eradicating high-level corruption; pursue those who embezzle reconstruction assistance; and allow greater freedom for civil society initiatives.

To the EU, OSCE, Council of Europe and other international actors:

13. Engage with Russian authorities in support of full implementation of the 2008 ceasefire agreements.
14. Continue or renew contacts with authorities and civil society groups in South Ossetia; support dialogue between Georgian and South Ossetian authorities, as well as Georgian and South Ossetian civil society groups.
15. Continue efforts to monitor the human rights situation, with a special focus on freedom of movement, arbitrary detentions and political and socio-economic rights; and advocate the implementation of international norms and principles, including the UN Guiding Principles on Internal Displacement.

Tskhinvali/Tbilisi/Istanbul/Moscow/
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SOUTH OSSETIA: THE BURDEN OF RECOGNITION

I. INTRODUCTION

The dramatic events of August 2008 caught most of the world by surprise. Not only did Russia and Georgia go to war over tiny South Ossetia, but Russia also recognised that region as an independent and sovereign state. Until then, South Ossetia had not seemed a priority issue for either the Georgian or Russian governments, as it possessed neither Abkhazia's strategic Black Sea coastline nor its economic attraction.[1]

Unrest there was not new, however. South Ossetia had been wracked by conflict in the early 1990s, when it demanded self-determination following the collapse of the Soviet Union, and Georgia sought to preserve its own territorial integrity.[2] A 1992 ceasefire established a peacekeeping force (PKF) and a civilian commission, the Joint Control Commission (JCC), which brought Georgians, Russians and representatives of North (Russian) and South Ossetia to the negotiating table along with officials from the Organisation for Security and Cooperation in Europe (OSCE). For a decade and a half, an uneasy stalemate was maintained, during which relations between Georgians and Ossetians remained relatively cordial as they travelled freely to each other's territory and engaged in mutually beneficial trade.

The security situation began to deteriorate in 2004, when the Georgian authorities initiated a major anti-smuggling operation in the conflict zone. Negotiations aimed at resolving the conflict were stalemated, while exchanges of fire, killings, kidnappings, shelling, mine explosions and other ceasefire violations became routine. Beginning in 2006, the Georgian government attempted a new strategy to win the hearts and minds of ethnic Ossetians. This involved supporting an alternative, pro-Georgian, Ossetian administration, led by an Ossetian, Dmitry Sanakoev, and distributing rehabilitation and development aid to the areas of South Ossetia it administered. The strategy backfired, however: for most Ossetians, Sanakoev was a traitor, the aid a bribe and the policy an attempt to divide the Ossetian nation.[3]

Russia's influence had been increasing since late 2001, when the pro-Moscow candidate, Eduard Kokoity, was elected the region's president. The next year Russia began distributing passports to South Ossetians. In 2006, Russian officials began referring to the leaders in both Tskhinvali and Sukhumi (Abkhazia) as presidents and filling South Ossetia's governing structures with its own former security officers.

Kosovo's unilateral declaration of independence in February 2008 was a turning point in the already deteriorating relations between Georgia and Russia. Moscow said it was a precedent applicable to the South Caucasus, and it was no longer bound by restrictions the Commonwealth of Independent States (CIS) had set with regard to South Ossetia and Abkhazia in the immediate post-Soviet period, including those banning military contacts. In March 2008 the Duma held hearings on recognition of the two entities' independence. The next month, outgoing President Vladimir Putin, incensed that NATO heads of state at the Bucharest Summit had made an explicit promise to Georgia to one day admit it to membership, instructed his government to establish formal relationships with South Ossetia and Abkhazia.

The climax came with the August 2008 war, which not only caused hundreds of casualties and large population displacements on both sides, but also shut down communication between the capitals. Tbilisi lost control of the entire territory of South Ossetia, including 21 ethnic Georgian villages in the districts of Tskhinvali and Znauri,[4] as well as the Akhalgori region and Perevi, a village on the western edge of South Ossetia.[5] Since then, ordinary

[1] Crisis Group Europe Report N°193, *Georgia and Russia: Clashing over Abkhazia*, 5 June 2008.

[2] That first war caused some 1,000 deaths, 100 missing, extensive destruction of homes and infrastructure and thousands of refugees and internally displaced persons (IDPs). Crisis Group Europe Report N°159, *Georgia: Avoiding War in South Ossetia*, 26 November 2004.

[3] See Crisis Group Europe Report N°183, *Georgia's South Ossetia Conflict: Make Haste Slowly*, 7 June 2007.

[4] "Russian invasion: The Facts on Ethnic Cleansing of Georgians during the Russian invasion and occupation", *Georgia update*, 8 October 2008, http://georgiaupdate.gov.ge/en/facts.

[5] The population of Perevi is around 800. Residents fled during the hostilities but soon returned. They have experienced low-

Georgians and Ossetians alike have continued to suffer, while the personal animosities and uncompromising views of the Russian and Georgian leaders have become entrenched.

The situation is further complicated by both the absence of diplomatic relations between Georgia and Russia and Moscow's military control of South Ossetia. Despite signing ceasefire agreements on 12 August and 8 September 2008, which required the parties to pull their troops back to pre-war positions, Russia has kept its forces in Akhalgori and Perevi, as well as the Kodori Valley (Abkhazia). On 30 April 2009, it concluded agreements giving it joint authority to secure South Ossetia's borders, and on 15 September, it signed a 49-year renewable agreement with Tskhinvali on maintaining a military base.

This report gives a snapshot of the state of affairs in South Ossetia, particularly the extent of Russian involvement. It also suggests areas of the possible cooperation between Georgians, South Ossetians and Russians that is urgently needed to de-escalate tensions and start building confidence between the parties. Crisis Group carried out field research in South Ossetia and the rest of Georgia.[6] A companion report on Abkhazia was published in early 2010.[7]

scale looting and robbery from Ossetian militias, though no casualties have been reported.

[6] While Georgian and de facto South Ossetian authorities were both forthcoming in providing information and assistance, Crisis Group was denied authorisation to travel to Tskhinvali from Tbilisi and had to access it via Russia.

[7] Crisis Group Europe Report N°202, *Abkhazia: Deepening Dependence*, 26 February 2010.

II. POST-RECOGNITION DEVELOPMENTS

A. THE POPULATION

The figures are highly politicised and difficult to verify, but the pre-1991 population of 98,000 has declined sharply due to two decades of political and economic instability.[8] The de facto authorities[9] claim a current population of 72,000, 80 per cent of which is ethnic Ossetian.[10] The Georgian government says it is between 8,000 and 15,000.[11] International observers calculate around 20,000, with considerable seasonal fluctuation.[12] A comprehensive and probably reasonably accurate study by an independent Russian researcher estimates 30,000, including around 17,000 in Tskhinvali,[13] a few thousand each in Java, Znauri, Dmenisi and Akhalgori villages and a handful in high mountain villages.[14]

[8] The last census in the region took place in 1989. The overall population of the Ossetian autonomous oblast was then 98,527, including 28,544 ethnic Georgians and 65,270 ethnic Ossetians. Before the 2008 war, there was already much disagreement about numbers: Tskhinvali argued there were up to 82,000 Ossetians; Tbilisi said there were 40,000 Ossetians and 35,000 Georgians. See Crisis Group Report, *Georgia's South Ossetia Conflict*, op. cit.

[9] The authorities, officials and government of South Ossetia are all considered "de facto", due to the entity's unsettled legal status. To avoid redundancies and heavy phrasing, however, this report does not preface every use of those nouns with that qualifier. This pragmatic usage should not be construed as carrying or implying any substantive meaning.

[10] See Ossetian information about the region on the webpage of the de facto president at http://presidentrso.ru/republic/. 56,000 voters were registered for the May 2009 parliamentary elections, "В Южной Осетии обнародованы окончательные результаты парламентских выборов" ["Final Results of the parliamentary elections are made public in south Ossetia"], REC information Agency, 8 June 2009, http://cominf.org/node/1166480191.

[11] Crisis Group interviews, Georgian officials, Tbilisi, March-May 2010.

[12] Crisis Group interview, OSCE representatives, Vienna, February 2010. NATO officials estimate the population to be 10, 000-12,000, Crisis Group interview, NATO official, Brussels, April 2010.

[13] In addition to 17,000 inhabitants in Tskhinvali town, there are Russian construction workers, military and border guards. According to the Russian embassy in South Ossetia, up to 7,000 Russian citizens travel to South Ossetia yearly, Crisis Group interview, Tskhinvali, March 2010.

[14] Varvara Pakhomenko, "Обитаемый остров. Заметки о демографии юго-осетинского конфликта" ["The inhabited island: notes on the demography of the South-Ossetian conflict"], *Polit.ru*, 22 September 2009, at www.polit.ru/analytics/2009/09/22/demo.html#_ftn4. The estimate was made by counting the number of pupils in schools, the number of voters registered

Ossetians have been leaving Georgia, including South Ossetia, since the early 1990s. Many of the some 60,000 displaced then from Georgia (excluding South Ossetia) have yet to regain property rights or be compensated for their losses.[15] Perhaps 10,000 ethnic Georgians were displaced from South Ossetia to the rest of Georgia after the first conflict.[16] Housing, land and property issues are extremely complex and sensitive questions, as ownership and control have changed several times since the 1990s due to repeated displacement.

The displacements that resulted from the August 2008 war affected at least two thirds of the local population, which probably numbered between 50,000 and 60,000 at the time. Russian authorities claim they evacuated 36,000 South Ossetians to North Ossetia,[17] but this seems exaggerated to justify the military intervention. The number of those who fled was likely more on the order of 14,000 to 16,000.[18] The great majority of these were able to return to their homes by the end of August; by spring 2009, only 1,200 of these refugees remained in North Ossetia.

Approximately 20,000 ethnic Georgians fled when Russian troops and Ossetian militias entered their villages on 10 August and have been unable to return.[19] Their homes were systematically looted, torched and in some cases bulldozed by South Ossetian militias even after the 12 August ceasefire.[20] Completely destroyed, the former Georgian villages around Tskhinvali are now inhabited by no more than five mainly elderly families. The South Ossetian authorities say that they are not ready to discuss the return of ethnic Georgians who "provided their territory to Georgian armed gangs and committed unlawful acts".[21] Today no more than 2,500 ethnic Georgians remain in South Ossetia, mostly in the Akhalgori district.[22] Only a few hundred, in ethnically mixed families, live elsewhere, essentially in four villages in Znauri district, two villages in Java district, and in the capital, Tskhinvali.[23]

The situation in the Akhalgori region is unique: it was under Tbilisi's control from 1992 until August 2008;[24] it never experienced violence, had a large ethnic Georgian population and was well integrated into Georgian political and social structures.[25] An approximate 5,000 ethnic Georgians fled Akhalgori in autumn 2008 and are registered as IDPs in the Tserovani settlement, close to the Georgian capital, Tbilisi. But the administrative boundary between Akhalgori and the rest of Georgia remains open to those with local residency papers; they are able to check on their property, look after elderly relatives and cultivate their land.[26] Some stay permanently, but concerns about security and bad living conditions inhibit more sustainable return,[27] even though Tskhinvali says they are welcome. IDPs are also nervous about returning to villages

for the May 2009 parliamentary elections and data received directly from representatives of the local governments.

[15] According to the 1989 census, 97,658 ethnic Ossetians lived in the rest of Georgia, almost twice as many as in South Ossetia. Today, no more than 38,028 remain. Some 12,500 Ossetians from this first wave of displacement are still registered as refugees in North Ossetia and 3,000 in South Ossetia. "The humanitarian consequences of the war between Georgia and Russia: follow-up to Resolution 1648", report of the Committee on Migration, Refugees and Population, Council of Europe, 9 April 2009, http://assembly.coe.int/Mainf.asp?link=/Documents/WorkingDocs/Doc09/EDOC11859.htm.

[16] Crisis Group Europe Briefing N°38, *Georgia-South Ossetia: Refugee Return the Path to Peace*, 19 April 2005.

[17] Independent International Fact-Finding Mission on the Conflict in Georgia (IIFFMCG), 30 September 2009.

[18] Varvara Pakhomenko, "Обитаемый остров. Заметки о демографии югоосетинского конфликта: исход и возвращение беженцев" ["The inhabited island: notes on the demography of the South-Ossetian conflict: exodus and return of refugees"], *Polit.ru*, 1 February 2010. Available at: www.polit.ru/institutes/2010/02/01/demo.html.

[19] Crisis Group phone interview, UNHCR representative, 21 April 2010.

[20] The Parliamentary Assembly of the Council of Europe (PACE) called those abuses "ethnic cleansing". "The consequences of the war between Georgia and Russia", PACE Resolution 1633, 2 October 2008. The IIFFMCG noted that "several elements suggest the conclusion that ethnic cleansing was indeed practised against ethnic Georgians in South Ossetia both during and after the August 2008 conflict", vol. I, p. 27, 30 September 2009. Crisis Group interview, Russian human rights activist, Moscow, February 2010.

[21] South Ossetian officials refer to the Georgian security forces, deployed in former Georgian villages, as "armed gangs". Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

[22] Half the population of the Akhalgori region is estimated to be ethnic Georgian, mainly elderly and members of mixed families. Given the seasonal migration in Akhalgori and parts of Znauri, the number of ethnic Georgians in South Ossetia is believed to increase to 4,000-5,000 at times of planting and harvesting. Crisis Group interview, Russian researcher, Moscow, April 2010.

[23] They remain in the villages of Akhalsheli, Nedlati, Okona and Lopan in Znauri; in the villages of Sinaguri and Tedeleti in Java.

[24] During Soviet times, it was within South Ossetia's administrative boundaries, but after Georgia gained independence in 1991, it was made into a distinct district separate from South Ossetia.

[25] The population was highly mixed in 1989, with 54 per cent ethnic Georgians; this figure was 85 per cent in 2002. The Georgian currency circulated, and there were few direct transportation and trade links with South Ossetia. See Crisis Group Europe Briefing N°53, *Georgia-Russia: Still Insecure and Dangerous*, 22 June 2009.

[26] UNHCR classifies them as "people in an IDP-like situation", as full-scale return has not happened.

[27] Crisis Group interviews, IDPs from Akhalgori and residents of Akhalgori, Tserovani, February-April 2010.

along the administrative boundary close to where Russian or South Ossetian forces are stationed.[28]

B. The Socio-Economic Situation and Reconstruction

South Ossetia's natural isolation,[29] coupled with the conflict with Tbilisi, has left the economy devastated. After the war and closure of the administrative boundary with Georgia, it has had to be entirely reoriented towards Russia, without whose aid public-sector wages could not be paid. The budget may have increased by half, from 2.7 billion roubles ($87 million)[30] in 2009 to 4.3 billion roubles ($140 million) in 2010, but 98.7 per cent of the total is Russian aid.[31] President Kokoity claimed that 120 million roubles ($3.8 million) were raised in taxes,[32] but the local tax committee claims revenues of only $2.4 million.[33]

Budget details were formerly kept secret by local authorities and have only been discussed publicly for the first time in 2010.[34] Most likely, many basic economic indicators, such as inflation and GDP per capita, are not calculated at all, making it impossible to analyse economic performance accurately. The region's labour and employment office reports that only 682 people have been registered as unemployed in 2010, compared to 1,717 in 2009.[35] However, it is doubtful that these numbers are reliable.

1. Local conditions

The region is traditionally agricultural, but the sector is failing. Georgian farmers are gone, their fields and vineyards now wasteland. The rest of the available land is still state owned, and a lack of agricultural technology prevents effective utilisation. The market for products is undeveloped. Local produce meets only 20 per cent of local demand.[36] Exporting surplus produce like apples and peaches to Russia is not profitable due to high customs duties.[37] A preferential customs arrangement is being discussed, but Russian tariffs on South Ossetian products are still in place. Local farmers do not supply the Russian military, because the Russian defence ministry deals only with large contractors, who are absent in South Ossetia.[38]

Small and medium-sized businesses are limited to small-scale trade, cafes, markets, hairdressing salons, auto repair shops, bakeries and a few minor enterprises. Around two thirds of local businesses are trade-related. The influx of Russian military and construction workers produced a post-war catering boom, but other businesses are recovering slowly, because the credit system is weak. A successful local entrepreneur earns only $500-$1,000 per month.[39]

Relatively large production is limited to a state-owned company, Bagiata, producing bottled mineral water, and two Soviet-era factories making mechanical parts and enamelled wire, but they operate at only about 20 per cent capacity. A brewery in Akhalgori, which previously belonged to a private Georgian company, was nationalised and re-opened by the Ossetian administration but is now closed again.[40] The near absence of private investment

[28] For instance, to the villages of Ergneti, Koshka, Mereti, Gugutaantkari and Zemo Khviti, along the ABL. Crisis Group interviews, returnees, Gori region, February-April 2009. In Ergneti, upper Nikozi, Ditsi, Perevi and Knolevi, access to many fields and pastures is blocked by Russian and Ossetian security forces.

[29] The 3,900 sq. km. region of South Ossetia is on the southern edge of the Greater Caucasus Range, linked with Russia by a single asphalt road and the Roki Tunnel, built in the 1980s. Before its construction, only mountain tracks linked South Ossetia to Russia.

[30] Crisis Group interview, local official, Tskhinvali, April 2010.

[31] Crisis Group interview, Eduard Kokoity, Tskhinvali, March 2010."Премьер-министр РЮО Вадим Бровцев предлагает вынести принятие бюджета на всенародное обсуждение" ["The Prime Minister of South Ossetia, Vadim Brovtsev, proposes to adopt the budget after public discussions"], *Osinform*, 30 April 2010.

[32] "Нам еще долго восстанавливать Южную Осетию" ["We still have a long time to rebuild South Ossetia"], *Kommersant Vlast*, 29 March 2010.

[33] According to the Committee on Taxes and Levies of South Ossetia, the tax revenue for 2009 was 75 million roubles ($2.4 million), 85 per cent from income tax, 10 per cent from VAT. "Нужны ли нам налоговые сборы?" ["Do we need tax collection"], *Osinform*, 29 December 2009.

[34] According to South Ossetia's de facto prime minister, the draft budget was discussed publicly for the first time in 2010. He noted that the finance ministry would report monthly to the equivalent Russian ministry on expenditures. The Prime Minister of South Ossetia, op. cit.

[35] "Нонна Мкртчян: Южная Осетия нуждается в квалифицированных строителя" ["Nonna Mkrtchian: South Ossetia is in need of qualified builders"], *Osinform*, 15 March 2010.

[36] Crisis Group interviews, local producers and analysts, Tskhinvali, April 2010; the agricultural season was disrupted in some districts by lack of equipments and seeds. "Заур Цховребов: В Знаурском районе не ведутся весенне-полевые работы" ["Zaur Tskhovrebov: agricultural activities are not yet underway in Znauri Region"], *Osinform*, 6 May 2010.

[37] Crisis Group interviews, local producers, Tskhinvali, April 2010.

[38] Hence, suppliers are Russian companies. Crisis Group interview, Russian diplomat, Tskhinvali, April 2010.

[39] Before the war, there were around 800 private businesses in South Ossetia, 300 of which suffered significant losses during the fighting: an estimated 90 million roubles ($3 million). Crisis Group observations and interviews, analysts and local producers, Tskhinvali, March-April 2010.

[40] The work of the Akhalgori brewery was suspended a few months after reopening, reportedly because it was run by persons linked

can be explained by the unstable security situation, underdeveloped legal framework and high level of corruption.[41] Even ethnic Ossetian businessmen operating in Russia refrain from investing.[42]

Before the closure of the administrative boundary with the rest of Georgia, a thriving black market had developed. Until 2004 most of the economy was based on semi-legal or illegal transit, from which many authorities, law enforcement personnel, average people and even Russian peacekeepers benefited.[43] Ordinary Ossetians brought Russian goods into South Ossetia, and Georgian traders bought them to be re-sold without proper customs clearance. Similarly, Georgian farmers sold their products to Ossetians, who re-sold them in Russia. South Ossetian retailers often visited a large market near Tbilisi (Lilo) to buy cheap clothes and household equipment for re-sale.

Immediately after the war some construction materials collected in the empty Georgian villages were sold locally or exported to North Ossetia, but this source has since been exhausted.[44] Local authorities and Russian forces did not prevent this practice, although it is inconsistent with property rights guaranteed by the European Convention on Human Rights and Fundamental Freedoms.[45]

Local analysts estimate 90 per cent of everything sold in South Ossetia is now imported from Russia. The price of basic commodities is 50 to 100 per cent higher than in Russia's southern districts, mainly due to high transportation costs and monopolies.[46] For example, the price of apples has risen after the war from 30 cents to $1 per kilo; meat has increased from $5 to $7 per kilo; while sugar has increased from $1 to $1.50 per kilo. If such goods were imported from the rest of Georgia, prices could decline again. However, the presence of large numbers of Russian military and construction workers has also fuelled price hikes. For example, rent for a two-room apartment in Tskhinvali has risen from around $50-$100 to $300-$500, which is comparable to prices in Tbilisi or the larger cities of the North Caucasus.

The largest employer is the public sector, where salaries have increased; for example, teachers' wages have grown from 3,000 roubles ($100) a month before the war to 7,000-8,000 roubles ($230-$260) in 2010. The security forces, with an average monthly salary of $250-$400, offer the male population the best employment option. Post-war reconstruction projects have also provided opportunities, but mainly for unskilled labourers, since most contractors come from Russia with their own skilled workers.[47] Families commonly have at least one member working in Russia.

There are two local, state-owned banks but no foreign banks or automated teller machines (ATM), even Russian. There was a failed attempt to open a Russian-Dagestan bank branch in Tskhinvali after the war.[48] The postal system is not functioning, and residents need to go to North Ossetia to send letters. Expensive, poor quality internet is only available in one cafe and a few houses. The currency is the Russian rouble; South Ossetia has no plans to introduce its own.[49]

Transportation infrastructure has been neglected. Yet, despite the bad roads, buses from Tskhinvali travel to nearby towns every day and to more remote locations a few times a week. Construction of a road between Tskhin-

to the prime minister, and its restart was not approved by those close to the president. Crisis Group interview, Ossetian activists, Tskhinvali, April 2010. Some 670 people are employed in these factories. "Пути становления экономики" ["Ways of rebuilding of economy"], *Osinform*, 27 January 2010.

[41] Crisis Group interviews, South Ossetian analysts, April 2010.

[42] For example one of the largest private Russian companies, "Sok", headed by an ethnic Ossetian businessman in Russia, Yuri Kachmazov, decided not to invest. Crisis Group interviews, South Ossetian analysts, Tskhinvali, April 2010.

[43] For instance, until 2004 three Georgian parliamentarians and the deputy governor of the Shida Kartli region were considered to control parts of the market on the Georgian side and the son of former South Ossetian leader Chibirov, the Ossetian side. Alexandre Kukhianidze, Aleko Kupatadze and Roman Gotsiridze, "Smuggling Through Abkhazia and Tskhinvali Region/South Ossetia", research report for the American University's Transnational Crime and Corruption Centre, 2003, pp. 8, 27, 38. Mamuka Areshidze, "Current Economic Causes of Conflict in Georgia", unpublished report for the UK Department for International Development (DFID), 2002.

[44] Building materials like bricks, beams and iron from the destroyed Georgian houses were sold in South Ossetia at lower prices and also exported to the North Caucasus. Crisis Group interviews, South Ossetian analysts, Tskhinvali, April 2010.

[45] According to the European Convention on Human Rights and Fundamental Freedoms, "Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law". Article 1, Protocol I.

[46] "Пути становления экономики" ["Ways of rebuilding of economy"], *Osinform*, 27 January 2010. According to local analysts, the authorities now control all trade. Crisis Group observations and interviews, Tskhinvali, March 2010.

[47] Around 30 South Ossetian construction companies operate. Several dozen big Russian companies are now in the region. This business is relatively profitable. Since the appointment of the prime minister, the majority of construction work is done by companies from his native Chelyabinsk region (Russia). Crisis Group interviews, analysts, Tskhinvali, March 2010.

[48] Crisis Group interviews, South Ossetian analysts, Tskhinvali, April 2010.

[49] Both the Russian rouble and Georgian lari are in circulation in Akhalgori.

vali and Akhalgori was started by a Russian contractor before the 2008 war but not finished yet, so four-wheel-drive vehicles need three hours to make the trip.[50] Four or five buses and taxis travel from Tskhinvali to Vladikavkaz, North Ossetia every day for 250 roubles ($8) and 350 roubles ($12) per person respectively. Travel is extremely difficult from February to April, when avalanches and falling rocks can block the lone road to Russia.

Even though medical services are free, the population prefers treatment outside the region, as local clinics do only the simplest operations and provide minimal treatment. While there is no longer easy access to Georgian medical services,[51] a few urgent cases were brought to hospitals in Gori and Tbilisi in 2009 with International Committee of the Red Cross (ICRC) help.[52] Only those with internal Russian passports are entitled to free health care in Russia.[53] South Ossetia's some 1,600 retirees receive monthly pensions from the local budget; these have recently doubled to a still largely symbolic 520 roubles ($17).[54] However, most are also registered in North Ossetia and thus receive Russian pensions of around $245 monthly.

The education system is poorly developed. Instruction is mainly in Russian and follows the Russian school curriculum. However, in some schools in the districts of Znauri, Java and Akhalgori instruction is in Georgian and follows the Georgian curriculum. The numbers of students in some village schools does not exceed ten. In 2010, 430 students graduated. Higher education is poor,[55] and it is estimated that half of graduates wishing to pursue it go to Russia, which has quotas for them.[56]

The socio-economic situation in the Akhalgori region remains dire. Electricity and gas, which prior to the war came from the adjacent Dusheti region, have been shut off by Tbilisi, which says it cannot control their use in Akhalgori.[57] Electricity is now supplied from Tskhinvali, where authorities say they are still hopeful Georgia will resume the gas supply.[58] Salaries are paid both by Tbilisi and Tskhinvali, but local public sector employees complain Tbilisi's payments have been irregular.[59] The Akhalgori post-war Ossetian administration has generally attempted to establish cordial relationship with local Georgians, but poor social services, especially health and education, discourage return, even where the security situation is relatively stable.

2. Russian aid and corruption

Russia's aid to South Ossetia since August 2008 has been massive: 26 billion roubles ($840 million), about $28,000 for each resident.[60] This includes rehabilitation and budgetary assistance, as well as Moscow city budget support for a large housing project and Gazprom-funded construction of gas pipelines between Russian and South Ossetia.[61]

[50] There are plans to asphalt the road in 2011, which would substantially reduce travel times.

[51] There are no official statistics, but local analysts estimate that before the war, 80 per cent of residents sought health care outside South Ossetia, 40 per cent in Georgian cities. According to South Ossetia's health and social development ministry, there are three hospitals (republican, tuberculosis and maternity) in Tskhinvali, five dispensaries, three health centres, an emergency clinic and a retirement home for elderly people. In the regions there are three clinics, 49 obstetric stations and ten outpatient clinics. Crisis Group interview, de facto minister, Tskhinvali, March 2010.

[52] Even this has become more difficult in the past several months, and the health and social development minister says such travel no longer occurs. Crisis Group interview, Tskhinvali, March 2010.

[53] The South Ossetian population does not generally have internal Russian passports which are for residents of the Federation. Moscow finances a special fund for treatment in Russia, but only for serious illnesses. 438 people were reimbursed 41 million roubles ($1.3 million) in 2009. Crisis Group interview, health and social development minister, Tskhinvali, March 2010.

[54] Crisis Group interviews, South Ossetian official, Tskhinvali, April 2010.

[55] The South Ossetian State University building and library were damaged during the 2008 hostilities, but the main problem is staffing – much of the scientific and teaching personnel has left in the past twenty years.

[56] Russia allocated 200 places for South Ossetians in 2009, but in 2010 the education ministry sent in only 180 applications. "Почти 200 выпускников школ Южной Осетии будут учиться в российских вузах" ["Nearly 200 school graduates in South Ossetia will study in Russian universities"], *Osinform*, 25 May 2010; 25 places were also allocated for post-graduate studies. Crisis Group interview, de facto education minister, Tskhinvali, April 2010.

[57] Two Georgian officials explained that the gas could not be easily resumed, because the pipe feeding into Akhalgori is damaged and privately owned by an ethnic Georgian businessman. In addition, Georgia does not want to provide gas that could be used by the Russian border guards and military. Crisis Group interviews, Tbilisi, May 2010.

[58] South Ossetian authorities say they want to reach an agreement with Georgians on resumption of the gas supply; they threaten to close off water to adjacent Georgian villages. Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

[59] For instance, school teachers were not paid by Tbilisi from January 2010 until May, when a lump sum was transferred. Crisis Group interview, IDPs from Akhalgori and Akhalgori residents, February-May 2010.

[60] Western aid to Georgia in the same period has been $4.5 billion – about $1,200 per resident.

[61] Transcript of a meeting between Putin, Kokoity and Brovtsev on 31 May 2010 available at the official web page of the Prime Minister of the Russian Federation, at http://premier.gov.ru/events/news/10802/; South Ossetia also receives gas and electricity from Russia at reduced rates comparable to or even less than

Yet, aid issues have begun to create a rift between Moscow and Tskhinvali. Relations hit a low in February 2009, when Russia suspended funding after its Accounts Chamber found that only about $15 million of about $55 million in priority aid had been delivered and only $1.4 million had been spent.[62] Until funding resumed the next month, the de facto government was unable to pay salaries, pensions and other benefits, including to its own officials.[63]

The reconstruction of administrative buildings, schools, kindergartens, Tskhinvali hospital and some residential areas, 385 units in all, is complete.[64] Nevertheless, the vast majority of private houses and apartments that were damaged remain uninhabitable, and the displaced must still take shelter with relatives and neighbours or in railway cars.[65] The "Moscow settlement", financed from the city budget of the Russian capital,[66] is the only successfully completed project of private housing. It was built in the village of Tamarasheni, near Tskhinvali, where Georgian homes stood until they were bulldozed in 2008. Even these new homes remain unused, because utilities have not yet been installed.

Russian authorities in charge of South Ossetian rehabilitation say out of the 8.5 billion roubles ($275 million) allocated in 2008-2009 for reconstruction, the 1 billion roubles ($32 million) envisaged for private housing should have been enough to rebuild 400 houses. The restoration of 283 apartment buildings and 322 private houses was supposed to have been finalised by the end of 2009.[67] But officially only 85 residential buildings and 102 houses were completed.[68] South Ossetian authorities say the money allocated for private housing was insufficient.[69] All these numbers seem highly exaggerated and may disguise embezzlement, as there are no more than 100 apartment buildings in South Ossetia.[70] Making it harder yet to obtain an accurate picture, the reconstruction process includes not only the apartment buildings damaged in the war, but also those which were already dilapidated.

The Russian auditors visited again in late March 2010. Their findings have not been made public yet, but Russia continues to send money and has pledged an additional 5.7 billion roubles ($185 million) for infrastructure projects, including roads and the water supply, in 2010.[71] Russian diplomats say they would like to switch from grants to credits but that this is unlikely for ten to fifteen years.[72]

C. Russia's Military Presence – South Ossetia's Strategic Value

Military-security decisions are delegated to Russia through bilateral agreements. A day after President Medvedev signed the September 2008 ceasefire with President Sarkozy of France (then the EU presidency) to withdraw from Georgia, the Russian defence minister made it clear that Moscow intended to deploy 3,800 troops in the breakaway entities.[73] A year later, as noted, military cooperation agreements provided authority to station troops and maintain military bases in South Ossetia for 49 years,[74] as well as jointly protect the borders, for renewable five-year periods.[75]

those of Russian Federation regions: 11 cents per cubic metre of gas and 20 cents per kilowatt of energy compared, for example, to ten cents and 75 cents respectively in North Ossetia.

[62] A report released in December 2008 by Russia's federal auditing agency also found that only eight of the 111 structures scheduled for renovation by the end of 2008 had been completed. Work on 38 had not even begun. "Disrepair in South Ossetia dims hopes after Georgia war", *The New York Times*, 7 March 2009.

[63] This dependence was acknowledged by South Ossetian officials. "Президент Южной Осетии ответил на ответы" ["President of South Ossetia responded to responses"], *Kommersant*, 8 December 2008.

[64] According to the local municipality, 673 private houses were burned or destroyed, and 2,606 sustained medium or light damage. "Цхинвал обнародовал ущерб от войны с Грузией" ["Tskhinvali unveiled damage from the war with Georgia"], *Kavkazsky Uzel*, 23 March 2009. According to an NGO representative, 300 houses were completely destroyed in Tskhinvali and some 80 in other settlements. Crisis Group interview, Tskhinvali, March 2010. These figures do not take into account Georgian dwellings.

[65] Crisis Group observations, Tskhinvali, March-April 2010.

[66] Moscow city government has allocated 2.5 billion roubles ($80 million) for construction of residential buildings in Tskhinvali. "Yuri Luzhkov Visited South Ossetia", *Vechernaya Moskva*, 17 November 2008.

[67] "Степень ответственности местных властей здесь наиболее высокая" ["The degree of responsibility for local authorities is very high"], *Kommersant*, 22 March 2010.

[68] "Глава МВК Роман Панов прибыл в Южную Осетию" ["Chair of the Interagency Commission of Rehabilitation Roman Panov arrived to South Ossetia"], *Osinform*, 24 May 2010.

[69] "Зураб Кабисов: Подрядчики еще не отчитались за 400 миллионов из 1 миллиарда" ["Zurab Kobisov: Contractors have not yet accounted for 400 million out of 1 billion"], *Osinform*, 19 March 2010.

[70] Crisis Group observations and interviews, local activists, Tskhinvali, March-April 2010.

[71] "Russia gives separatist Georgian region over 150m dollars for major projects", Interfax, 30 March 2010.

[72] Crisis Group interview, Russian diplomat, April 2010.

[73] "Russia plans 7,600 force in Georgia rebel region", Reuters, 9 September 2008.

[74] "Moscow Signs Defence Pacts with Breakaway Georgian Regions", RFE/RL, 15 September 2009.

[75] Agreement on "Joint Efforts to Protect State Borders of South Ossetia", 30 April 2009, at http://tours.kremlin.ru/text/docs/2009/04/215691.shtml.

The 4th military brigade of the Russian army, officially 3,800 troops, is currently responsible for South Ossetia.[76] It is located in Tskhinvali, Java and the village of Kanchaveti, in Akhalgori.[77] Crisis Group has been told of the construction of an additional military base in the village of Sinaguri, close to the administrative boundary on the west. Reportedly, a smaller unit is deployed in Kurta, a former ethnic Georgian village.[78] These bases, on high hills, give Russia the potential to dominate substantial parts of eastern and western Georgia. While control of Akhalgori might not have special value for the de facto authorities, it is only 50 km. from Tbilisi, so of high strategic value for Moscow.[79] Backed up with tanks, artillery, multiple rocket launchers and air defence systems,[80] it poses a serious threat to the Georgian capital, as well as to the east-west highway, which Russian troops seized in the 2008 war, in effect dividing the country. Georgian experts estimate that the same operation could now be carried out in one hour. By thus solidifying its presence, Russia may also be able to keep a closer eye on parts of its own restive North Caucasus territories.

Russia has also been restoring and building transportation routes that have potential for dual civilian-military use. It plans to spend 35 billion roubles ($1.2 million) on rehabilitation of the trans-Caucasian highway (TRANSCAM) and the Roki Tunnel (scheduled to be finished in 2012).[81] Preliminary estimates say road rehabilitation in South Ossetia will cost 10 billion roubles ($325 million).[82] A new road between South and North Ossetia through the disputed Mamison Pass has also been discussed.[83] Russia announced a tender to build heliports in Java and Akhalgori.[84]

Moscow has deployed an estimated 900 border troops along South Ossetia's administrative boundary with the rest of Georgia, replacing Ossetian security forces.[85] On request from the de facto authorities, Russian experts are currently helping to demarcate the "state borders", despite strong Georgian protests.[86] Twenty frontier posts that are being built, not least to monitor Georgian military communications and movements, are expected to be completed by 2011.[87]

[76] Western analysts estimate there are 3,000-4,500 Russian troops, in addition to FSB border guards, of which 800 are in Akhalgori. Crisis Group interview, OSCE and NATO representatives, Vienna and Brussels, February-March 2010. Russian bases in South Ossetia have T-72 and T-90 Tanks, 150 BMP-2, 12-mm BM-21 Grad, 152mm howitzer 2C3, S-300 air defence systems and aircraft. "Russian deploys T-90 tanks near Georgia's border", *Pravda*, 19 May 2009; M. Barabanov, A. Lavrov and V. Tseleiko, "Tanks of August", Centre of Strategic Analysis and Technologies, Moscow, August 2009, at www.cast.ru/files/the_tanks_of_august_sm.pdf.

[77] Prior to February 2010, only 1,700 Russian troops were based in South Ossetia. The rest were at a military base in Mozdok, North Ossetia, with semi-annual rotations. Russian military analysts explain that that was due to South Ossetia's lack of infrastructure. However, Russia appears to have finalised the construction of military bases in South Ossetia and moved the entire brigade there. Crisis Group interview, Russian military analyst, Moscow, March 2010; "4-я военная база Минобороны РФ будет полностью базироваться в Южной Осетии" ["The 4th military base of the Ministry of Defence will be fully based in South Ossetia"], *Regnum*, 1 February 2010.

[78] Crisis Group interview, Russian NGO representative, Perevi and Sinaguri residents, Moscow, Perevi, Tskhinvali, March 2010.

[79] Crisis Group interview, South Ossetian analysts, Tskhinvali, March-April 2010.

[80] "Tanks of August", op. cit.

[81] "РФ выделит на реконструкцию Транскама на территории Сев. Осетии около 35 млрд рублей" ["Russia will provide about 35 billion rubbles for the reconstruction TRANSCAM in the North Ossetia"], Interfax, 12 January 2010.

[82] "26 августа 2008 г. состоялась рабочая поездка Министра транспорта РФ Игоря Левитина в Северную Осетию" ["A working trip of the Minister of transportation Igor Levitin in North Ossetia, 26 August 2008"], website of the transport ministry, www.mintrans.ru, 26 August 2008. Western diplomats also talk of Russian plans to build a road from Akhalgori to the adjacent north eastern Kazbegi district. Crisis Group interview, Western diplomat, Tbilisi, April 2010. Kokoity has made claims to that region, saying it was illegally transferred to Georgia in Soviet times. The Kazbegi road was the single route linking the countries before the Roki Tunnel.

[83] Mamison is a high mountainous pass between Georgia and Russia, close to the administrative boundary with South Ossetia. Recently, a Russian border guard spokesperson in North Ossetia said his troops controlled it. Georgian authorities denied the information, saying access is impossible this time of year due to snow. Since the 1990s Georgia has controlled the pass stationing border guards there from May to October. If Russians have replaced them, this is likely to cause further tensions. "Арешидзе: погранпост РФ на Мамисонском перевале создан по экономическим причинам" ["Areshidze: frontier guards of RF at Mamison pass created for economic reasons"], *Kavkasky Uzel*, 11 May 2010.

[84] On 12 March 2010, at www.zakupki.gov.ru/Notification.aspx?PurchaseId=709804.

[85] EUMM representatives and locals say border incidents have decreased since Russian troops were deployed. Russian troops are to guard South Ossetia's borders until it forms its own guard service. Agreement on "Joint Efforts to Protect State Borders of South Ossetia", op. cit.

[86] "Власти Грузии выступают против демаркации границы с Южной Осетией" ["The Georgian authorities are against the border demarcation with South Ossetia"], *Kavkazsky Uzel*, 8 March 2010.

[87] Crisis Group interview, Western military analyst, Tbilisi, February 2010. "В Южной Осетии будет построено 20 пограничных военных городков"["20 border military towns will be built in South Ossetia"] *Kavkasky uzel*, 13 October, 2009.

Confident of Russian protection, South Ossetia is substantially downsizing its military. According to local officials, the security structures contain some 5,000 personnel, 3,000 of whom were soldiers before the war,[88] but the military component is to be cut to 200 in two years.[89] Up to 600 who once served in the Russian and Ossetian peacekeeping forces were dismissed in 2009, and some 1,000 interior forces are expected to be made redundant in 2010.[90] Such a significant reduction involves some risk; almost every household keeps unregistered weapons. A sudden release of several thousand poorly educated, unskilled young men could not only increase already high unemployment, but also aggravate crime and stimulate social and political unrest.[91] It could also increase smuggling into North Ossetia and the rest of Georgia and cause more out-migration of South Ossetians to Russia.

The de facto authorities do not appear to harbour any reservations about the extensive Russian military presence. The local population generally regards it as the guarantor of its security, even if many complain that the troops have taken local jobs. Both local and Russian analysts agree that if the economy does not develop, the region will in effect turn into a Russian garrison, since the military already accounts for about one sixth of the population. Some civil society activists admit that even if they dislike the excessive presence, they are in no position to oppose it.[92]

III. LOCAL POLITICS

A. COMPETITION FOR RUSSIAN RESOURCES

In September 2008, when its troops still occupied the Georgian "buffer zone", adjacent to South Ossetia and Abkhazia, Russia signed agreements of "Friendship and Cooperation" with both breakaway regions, pledging to help protect their borders. The signatories granted each other the right to military bases in their respective territories, recognised dual citizenship and established common transportation, energy and communications infrastructure.[93] The agreements are valid for ten years and can be renewed every five. Thus, Russia has consolidated its military presence in both regions, instead of withdrawing forces to pre-conflict positions as stipulated by the Medvedev-Sarkozy agreement. It says recognition has brought a "new reality", so "bilateral" cooperation accords take precedence over the ceasefire accord.[94]

Russia assumed the responsibility of securing international recognition of South Ossetia. To date, however, only Nicaragua, Venezuela and the tiny island of Nauru have acted, receiving in return significant financial support.[95] These diplomatic ties bring almost nothing of practical value to South Ossetia; communication and trade are difficult, if not physically impossible.[96] Moscow has failed to achieve recognition from any European government or even strategic allies in Central Asia.

However, Russia has played a crucial role in providing support for state and institution building in South Ossetia. Most of the ruling elite, including the prime minister, vice prime minister and ministers of defence, economic development and finance, have been transferred from Russia

[88] Crisis group interviews, South Ossetian officials and analysts, Tskhinvali, March-April 2010.

[89] Kokoity said security is now provided by Russia, and South Ossetia needs to move from war to peace to develop the economy. "The issue of security is of secondary importance. Economic development is the priority …. This is also indicative that while all Europe and the whole world is arming Georgia, we are reducing and reforming the ministry of defence". Crisis Group interview, Tskhinvali, March 2010.

[90] Some in South Ossetia believe it should retain a strong army, in case Russia should ever suspend military support. Others think it should use Russian aid to develop the economy. Crisis Group discussions, local residents, analysts, Tskhinvali, March-April 2010.

[91] Crisis Group observations and interviews, local analysts, Tskhinvali, March-April 2010. Russian attempts to disarm the population after the war met with resistance and were dropped.

[92] Crisis Group interviews, Russian and South Ossetian analysts and residents, Tskhinvali and Moscow, February-April 2010.

[93] This general agreement stipulated conclusion of separate and more comprehensive economic and military agreements. "Agreement of Friendship and Mutual Assistance", at http://tours.kremlin.ru/text/docs/2008/09/206582.shtml.

[94] Russian officials refer to the post-recognition situation as the "new reality" to justify policies and actions in South Ossetia and Abkhazia, for example the veto of the OSCE presence in Georgia. Statement by Anvar Azimov permanent representative, at OSCE Permanent Council, 18 June 2009, www.osce.org/documents/html/pdftohtml/38303_ en.pdf.html.

[95] Before its recognition, Venezuela received $2.2 billion in credit; Nauru received $50 million, while both Venezuela and Nicaragua signed big arms and energy deals with Moscow. "Moscow grants Venezuela $2.2 billion loan", *Russia today*, 14 September 2009; "Russia buys a tiny ally: Nauru", *Los Angeles Times*, 18 December 2009; "Russia, Venezuela sign oil and gas deals", Associated Press, 26 September 2008.

[96] South Ossetia does not plan to open embassies in these states, as it has no citizens in them. Crisis Group interview, South Ossetian "embassy" representative, Moscow, March 2010.

and are under its control.[97] Security and military structures have been controlled by senior officers of the Federal Security Forces (FSB) for many years.[98] A Russian journalist described even pre-war South Ossetia as a joint business venture between FSB generals and Ossetian entrepreneurs using money allocated by Moscow for the competition with Georgia.[99] This has not changed; the current defence minister, Major-General Yuri Tanaev, was previously head of an intelligence department of the Urals military district.[100] Russia's influence over external relations and security is so decisive it arguably undermines the claim to independence.[101]

Nevertheless, Eduard Kokoity, the de facto president, does appear to maintain limited control in certain spheres of internal politics. Russian analysts compare this to Chechnya, where President Kadyrov has been given a virtually free hand in internal affairs as long as he maintains stability and remains loyal to Moscow.[102] Kokoity has been able to concentrate internal power and control over the entity's limited print and electronic media.[103] Criticism of local officials, and particularly Russia's policy, is portrayed by the authorities as pro-Georgian "treason".

Kokoity, a former wrestling champion of Soviet Georgia, came to office in 2001 from his previous position as South Ossetian trade representative to Russia. He was re-elected again in 2006, with 98 per cent of the vote in an election criticised by Georgia, the EU, U.S. and others.[104] In May 2009, the pro-Kokoity forces obtained a majority in parliamentary elections.

Control over Russian financial resources has become the source of political rivalry between Kokoity and his prime minister, Vadim Brovtsev,[105] a former Russian businessman who was appointed in August 2009 but recently has been severely criticised by government officials and the local media for allegedly turning a blind eye to and perhaps profiting from embezzlement of reconstruction funds.[106] Local officials have also complained that "guest specialists from Russia" are unprofessional, yet better paid than they are.[107] Brovtsev has strongly denied allegations of wrongdoing and reportedly sued a number of media sources, including Russian *Regnum*, over them.[108]

Such open differences between the Ossetian ruling elite and officials transferred from Russia are not new, but this is the first time that a Russian official has so clearly resisted pressure from Kokoity. Some analysts believe that Kokoity and other local officials want to be in charge of financial inflows so they can profit from them more easily, while Moscow, to maintain some control over funding, supports Brovtsev. But Georgian observers argue that Kokoity has the more direct links to the Russian leadership.[109] On 31 May 2010, he and Brovtsev demonstrated unity when meeting with Prime Minister Putin.[110] Nevertheless, divisions are unlikely to disappear quickly. In a potentially positive development, a new structure – the Southern Directorate of the Ministry of Regional Development of Russia – assumed oversight of reconstruction

[97] Though the de facto president has the authority to dismiss his cabinet, as he did immediately after the war, when he appointed a new one composed mainly of officials from Russia with no prior ties to South Ossetia. See www.presidentrso.ru/government/.

[98] This includes the former de facto secretary of the South Ossetian Security Council, Russian army Colonel Anatoly Barankevich; former defence minister, Russian army Major General Vasily Lunev; chairman of the South Ossetian Committee of State Security (KGB), FSB Lieutenant General Boris Attoev and others. Lunev commanded the 58th (Russian) Army, fighting in South Ossetia against Georgia, 9-18 August 2008. The FSB in Russia is the successor to the Soviet-era KGB.

[99] Yulia Latinina in "Eine Leine für den Bären" ["A line for the Bears"], *Die Zeit*, 21 August 2008.

[100] "Как готовилась война" ["How the war was prepared"], *Novaya Gazeta*, 1 June 2009.

[101] Summarising the legality of South Ossetian independence, IIFFMCG concluded that even before the war, "Russia's influence over and control of the decision-making process in South Ossetia concerned a wide range of matters with regard to the internal and external relations of the entity. Its influence was systematic, and exercised on a permanent basis. Therefore, the de facto government was not 'effective' on its own", vol. II, p. 133.

[102] Crisis Group interviews, Russian analysts, Moscow, February-March 2010.

[103] There are only two opposition newspapers: the monthly *21 Century* and *Position*. "Немного о средствах массовой информации в Южной Осетии" ["About the mass-media in South Ossetia"], *Media.ge*, 12 February 2010.

[104] See Crisis Group Report, *Georgia's South Ossetia Conflict*, op. cit.

[105] Brovtsev is the former director of a construction firm based in the Ural city of Chelyabinsk. Allegedly he is close to the Russian regional development minister, Viktor Basargin. "Power struggle under way in South Ossetia", RFE/RL, 19 April 2010.

[106] "В Южной Осетии началась информационная война против премьер-министра Вадима Бровцева" ["An information war against the Prime Minister Vadim Brovtsev began in South Ossetia"], *Kavkazsky uzel*, 16 April 2010.

[107] The estimated monthly salaries of Russian officials and specialists are $3,000-$4,000, not including per diem and accommodation costs. Some specialists are accommodated in private cottages on the outskirts of the city, built for those who lost their homes during the war. Crisis Group interviews, South Ossetian analysts and activists, Tskhinvali, March-April 2010.

[108] "Вадим Бровцев: Я недавно узнал, что ОСинформ это наше государственное СМИ" ["Vadim Brovtsev: I just recently learned that Osinform is our state media"], *Osinform*, 30 April 2010.

[109] Crisis Group interviews, Georgian officials, Tbilisi, May 2010.

[110] Transcript of a meeting between Putin, Kokoity and Brovtsev on 31 May 2010, op. cit.

in 2009, according to analysts at least partially to tackle embezzlement and control the money inflow.[111]

Meanwhile, Moscow continues to pay subsidies and accept the risk that funds are being misused, apparently due to fear that instability in South Ossetia could exacerbate the tense North Caucasus situation. Kokoity's complete loyalty compensates for any concerns, and Russia is not expected to try to replace him before the end of his term in 2011.[112]

There is no doubt that reconstruction is slow and often mediocre. It is also clear that the war and its aftermath have undermined the South Ossetian authorities' already low popularity, thus giving the Kokoity team an incentive to find a scapegoat in Brovtsev.[113] The regime's perceived inability to defend the region during the fighting, deal with urgent humanitarian needs and complete reconstruction has caused widespread discontent. However, this is largely confined to private conversations and is unlikely to lead to political activism in the near future.

That said, these factors have begun to make Ossetian alternatives seem more attractive. Three opposition groups can be identified. One, based in Moscow, is led by an ethnic Ossetian businessman, Albert Jussoev.[114] A second, in North Ossetia, is composed of former officials who could not obtain seats in the new parliament.[115] Both have limited direct contact with the South Ossetian population, propose no systemic changes and thus have little local support. The third, known as "Iron" and founded by Temur Tskhovrebov, is not registered as a party and is rather small. While it has not yet made a significant impact, its appeal is increasing. Russian support for these groups is negligible. A Russian diplomat asserted that Moscow's main concern is stability, and it can deal with any opposition leader "except for odious figures who attack the president", provided people "don't go onto streets with weapons".[116]

The small opposition has little freedom to organise. Local authorities have denied permission for demonstrations in Tskhinvali, accusing the organisers of cooperating with Georgian security forces and aiming to destabilise the region.[117] Anatoly Barankevich, an ex-secretary of the Security Council who fought fiercely against Georgia in the 2008 war, openly criticised Kokoity for fleeing the front-lines and was fired shortly after, is considered persona non grata by the de facto authorities, a status shared by Jussoev.

Civil society is poorly developed, and the lines between it and the state often blur. Although more than 100 organisations are registered, only about ten appear to be active. Western funding that previously came through Tbilisi has stopped.[118] NGO representatives say activism means clashing with authorities, hence, activists often become opposition politicians. Officials and politicians also tend to position themselves as activists.[119] Although, the authorities do not bar NGOs from internationally-funded Georgia-South Ossetian dialogue projects, they usually select the participants from within a close circle of government-operated organisations.[120] Independent initiatives are highly suspect, and their founders are often called traitors.[121] Targeting them as the enemy distracts attention

[111] Crisis Group interviews, South Ossetian and Russian analysts, Tskhinvali, April 2010.
[112] Crisis Group interviews, Russian and South Ossetian analysts, Moscow and Tskhinvali, February-March 2010.
[113] Sergei Markedonov "Как «поссорились» Вадим Владимирович с Эдуардом Джабеевичем" ["How did Vadim Vladimerovich quarrell with Eduard Jabaevich"], *Ekho Kavkaza*, 5 May 2010.
[114] Albert Jussoev, an ethnic Ossetian from South Ossetia, is president of the company "Stroiprogress", a Gazprom contractor that built a gas pipeline from Russia to South Ossetia. This group also includes former South Ossetian officials who clashed with Kokoity immediately after the war,then relocated to Russia. "Georgia: Former Separatist officials in South Ossetia Turn against Regional Leader", *Eurasianet*, 19 December 2008.
[115] These include Viacheslav Gobozov, chairman of the "Fydybasta" [Motherland] party, and Roland Kalekhseev, former chairman of the People's Party.
[116] Crisis Group interview, Russian diplomat, Tskhinvali, April 2010.
[117] "Эдуард Кокойты: «Воздух Осетии – не для оранжевой заразы»" ["Eduard Kokoity: Ossetian air – not for the orange plague"], *Osinform*, 15 April 2010.
[118] The authorities recently announced they would finance opposition parties and civil society organisations. Crisis Group interviews, South Ossetian officials, Tskhinvali, March-April 2010.
[119] For example, Tskhovrebov continues to be a civil activist and edit a newspaper.
[120] The authorities require NGOs to notify them about their foreign trips and to obtain approval before participating in projects with foreign organisations. Crisis Group interviews, local activists and officials, Tskhinvali, March-April 2010.
[121] For example, a series of cyber and verbal attacks were carried out on participants in the "Georgian-South Ossetian citizens' forum", supported by a Dutch organisation, IKV Pax Christi. See "Комментарий редактора: «Нидерландский «пазл», или «Почем нынче «бесплатный» голландский «сыр»?" ["The Netherlands puzzle", or "How Much is 'Free' Dutch 'Cheese Now'"?], Osradio, 26 December 2009. Some joint activities are also perceived negatively by Georgian authorities. The Georgian Young Lawyers Association, a Georgian NGO representing ethnic Ossetians detained by Georgian police in the European Court of Human Rights, was accused by the government-controlled TV channel, Rustavi 2, of spoiling the release of Georgian citizens by Tskhinvali. Civil activist and opposition party member Paata Zakareishvili, who has cordial relations

from local problems and mistakes.[122] Only a few independent Russian NGOs work in the region.[123]

B. THE RULE OF LAW AND HUMAN RIGHTS

South Ossetian legislation is not adequately developed and is mostly a carbon copy of Russian law.[124] For example, crossing the administrative boundary between South Ossetia and the rest of Georgia is interpreted as a violation of Article 322 of the Russian Criminal Code, on the illegal crossing of Russia's state borders. Several Soviet-era laws also remain in force. The judiciary is neither independent nor impartial. For instance, two Georgian citizens (Chikhladze and Kapanadze) were detained without a hearing for eight months. After detentions by both sides attracted international attention in 2009, they were convicted in a Sunday trial.[125] Procedural violations and delayed investigations and trials are common. Pre-trial detainees, including women and children, are kept with convicted criminals in the same prison.

The small opposition lacks effective legal recourse. The detention of Fatima Margieva, the editor of an opposition newspaper, is illustrative. She was arrested in February 2010 for illegal possession of weapons the previous May, though South Ossetians commonly keep weapons at home.[126] She was sentenced conditionally for two years and released on 4 June. On another occasion, Kokoity's bodyguards beat up and arrested the Kozaev brothers – two North Ossetian businessmen who voluntarily fought during the war but accused the de facto president of fleeing the frontlines. The Kozaevs were charged with "treachery" and "hindering the movement" of the 58th Russian army to South Ossetia but released a month later.[127]

Another destabilising factor is the lack of effective judicial recourse thus far for war victims.[128] Immediately after the conflict, the Russian General Prosecutor's office interviewed almost all South Ossetian victims and sent 3,300 complaints to the European Court of Human Rights (ECHR). Complaints were also filed at the International Criminal Court (ICC). The quality of those submissions was poor. Most applicants are not even aware they were sent on their behalf.[129] Georgian human rights organisations sent about 150 complaints against Russia to the ECHR on behalf of some 1,000 applicants.[130] Georgia sent complaints about Russia to the International Court of Justice and ECHR.[131] The ICC prosecutor is gathering information from both sides to decide whether to open an investi-

with South Ossetian counterparts, was accused of "treason" by the authorities and the government-controlled TV station, Imedi.

[122] Crisis Group interviews, South Ossetian analysts, Tskhinvali, March-April 2010.

[123] A joint legal assistance project was implemented by a Russian and a Georgian NGO. The pro-Kremlin youth movement, *Nashi* (Ours), has started to emerge in South Ossetia.

[124] For example, the Russian Criminal Code, Criminal Procedure Code and Code of Administrative Offences are used. The authorities have tasked Russian experts to develop laws. Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

[125] On another occasion, four Georgian teenagers were convicted of illegally crossing the border, but a written court decision was not handed down, making it all but impossible to appeal. Crisis Group interviews, local activists and Russian human rights defender, Tskhinvali and Moscow, March-April 2010.

[126] The judge has repeatedly refused to allow the daughter of opposition activist Fatima Margieva to visit her mother. Crisis Group interviews, local activists, Tskhinvali, March-April 2010.

[127] "Южная Осетия: "Дело братьев Козаевых" ["South Ossetia: Case of Kozaev brothers"], *Kavakazsky uzel*, 11 November 2008.

[128] The South Ossetian prosecutor's office initiated 80 looting cases but obtained only five convictions. Only one criminal case was opened, for the murder of an ethnic Georgian civilian. The Russian prosecutor's office refuses to open a criminal investigation at the request of representatives of the affected Georgian residents, and the Georgian prosecutor's office does not effectively investigate crimes committed against South Ossetian residents. Crisis Group interview, Russian human rights defender, Moscow, February 2010. See also, "Up in Flames: Humanitarian Law Violations and Civilian Victims in the Conflict over South Ossetia", Human Rights Watch, 23 January 2009; "Georgia/Russia: Civilians in the line of fire: The Georgia-Russia conflict", Amnesty International, 18 November 2008; and "In August Ruins", report of non-governmental organisations on human rights and humanitarian law violations during the August 2008 war, Tbilisi, May 2009.

[129] The testimony of victims is often confusing and unreliable. Complaints often lack witnesses or documents certifying the death or the loss of property. For example, people sometimes claim they spent four days in the basement and that on 11 August, when they came out, they were seized by Georgian soldiers or that Georgia bombed on 12 August near the town of Java. From the war's chronology, it is clear that these dates are incorrect. None of these applicants have exhausted domestic remedies. "Качество материалов иска- залог успеха" ["The quality of materials ensures success"], *Echo Kavkaza*, 23 April 2010.

[130] No case against Russia has been communicated by the ECHR yet. ECHR precedents suggest that Russia, as the state exercising control in effect over the territory during hostilities, providing full support to the local authorities and guaranteeing the independent existence of South Ossetia, will likely be held responsible for human rights abuses there. Cases of Cyprus v. Turkey, Ilaşcu and others v. Moldova and Russia and Loizidou v. Turkey. However, Russian authorities say South Ossetia is independent, so the court should communicate with it directly.

[131] The ECHR recommended interim measures to Georgia and Russia, so as to avoid human rights violations before its final decision.

gation. Effective investigation of crimes committed during the war would enhance the victims' confidence in the legal mechanisms in place. Justice could also help promote reconciliation.

C. FUTURE PROSPECTS

Russia's quick recognition of South Ossetia as an independent state surprised many, including the South Ossetians themselves. Though Moscow had insisted since early 2008 that the recognition of Kosovo by the U.S. and many EU member states created a precedent with serious implications for a number of conflicts, the decision seemed poorly thought out and impulsive. In private conversations, Russian diplomats and analysts question the wisdom of an action that not only damaged Russia's international image but could also potentially spur secessionist sentiment in the North Caucasus.[132] Even those who considered recognition necessary to protect the ethnic Ossetians' rights are sceptical about the entity's development potential.[133]

Nobody seems to have a clear vision of South Ossetia's final status. "Yes, we will be part of the Russian Federation", Kokoity announced immediately after recognition. "Now we are an independent state, but we look forward to uniting with North Ossetia and joining the Russian Federation".[134] Moscow, however, has never backed unification, which could be seen as calling into question the depiction of its August 2008 actions as a purely humanitarian intervention.[135] It immediately repudiated Kokoity, saying "South Ossetia doesn't wish to join up with anyone".[136] The de facto president then said he had been misunderstood, and "we are not going to relinquish our independence .... South Ossetia is not going to become part of Russia".[137] But on the eve of the May 2009 parliamentary elections, he said integration into North Ossetia and Russia should continue, and his ruling party's slogans called for immediate unification.[138] Since then, however, this idea seems to have again lost some of its public appeal.[139]

Visitors can sense significant pro-Russian sentiment and an appreciation of the opportunities Moscow offers. A Russian passport is essential for an education or a job in Russia. According to the Russian embassy in Tskhinvali, around 34,000 residents, essentially the entire population except Akhalgori residents, have them. Since recognition, only children of current Russian citizens can automatically obtain Russian citizenship, but all residents can now enter Russia with South Ossetian passports, which was previously impossible.[140] The vast majority of residents hold both citizenships.

Many ordinary Ossetians thus consider unification the best option for the social and economic opportunities it would offer. They also believe it would put local authorities under Moscow's stricter control and reduce corruption.[141] But some civil activists and analysts are more committed to developing South Ossetia's independence. They suggest the de facto president's dependence is so high that "in the long run, if Russia's interests changed, it could even force Kokoity to reconcile with Tbilisi". Others, who consider independence impracticable, say, "independence will not turn into statehood".[142]

In North Ossetia, immediately after the 2008 war, the idea of a "united Ossetia" grew in popularity, but the enthusiasm quickly disappeared. This can be explained by the traditional loyalty of political elites to Moscow and the communal tensions which originated in the early 1990s with the influx of South Ossetian refugees to North Os-

[132] Crisis Group interviews, Russian diplomats and analysts, Moscow and Brussels, 2009-2010.
[133] Crisis Group interviews, Russian analysts, Moscow, February-March 2010.
[134] "Georgia conflict: South Ossetia seeks to merge with Russia", RFE/RL, 29 August 2008; Kokoity's 2001 election changed the nature of Georgian-South Ossetian negotiations. If his predecessor was more conciliatory, Kokoity and his government repeatedly called for South Ossetia's integration into Russia. On 5 June 2004, the Ossetian legislature appealed to the Duma for incorporation. On 22 March 2006, Kokoity said he was planning a similar appeal to the Constitutional Court of Russia. See Crisis Group Report, *Avoiding War in South Ossetia*, op. cit.
[135] Russian officials, accusing Tbilisi of "genocide" of the Ossetian nation and claiming 1,500-2,000 civilian dead in Tskhinvali – a claim never substantiated – argued they were obliged to mount a large operation in Georgia. The Russian prosecutor's office later declared 162 civilians were killed. "Путин: происходящее в Южной Осетии – это геноцид осетинского народа" ["Putin: what's happening in South Ossetia is a genocide of the Ossetian people"], Interfax, 9 August 2008.
[136] "South Ossetia does not want to join Russia, says Moscow", *The Guardian*, 11 September 2008.
[137] "South Ossetia Sends Russia Mixed Signals", *The New York Times*, 11 September 2008.
[138] Varvara Pakhomenko, "Тишина и выборы" ["Silence and elections"], *Polit.ru*, 7 June 2009; see also by the same author, "Южная Осетия накануне выборов" ["South Ossetia on the eve of elections"], *Polit.ru*, 31 May 2009.
[139] Crisis Group observations and interviews, local analysts, Tskhinvali, May 2010.
[140] Since 1 March 2010, South Ossetians can travel to Russia with internal identification cards based on a visa-free travel agreement, text at http://mfa-rso.su/node/8.
[141] Crisis Group discussions, South Ossetian residents, Tskhinvali, February-April 2010. According to a Russian diplomat, Moscow has no plans for annexation, despite local demands: "We explain to them that Moscow already has enough problems because of recognition, so unification with Russia is not possible". Crisis Group interview, April 2010.
[142] Crisis Group interviews, South Ossetian analysts and activists, Tskhinvali, March-April 2010.

setia. Ossetian unification would set a precedent for border changes on an ethnic basis in other parts of Russia and most likely exacerbate conflicts in the North Caucasus, especially with the Ingush. As it is, recognition of South Ossetia was negatively perceived in Chechnya and Ingushetia and intensified separatist sentiments among the Circassians.[143]

Reintegration with Georgia is not considered at any level, even if there were to be a change of government in Tbilisi. Politicians and civil activists acknowledge the geographical links but say they would like only to build "neighbourly relations". Some also say that before 2004 an arrangement to remain within Georgia's internationally-recognised borders might have been possible, but this opportunity was lost.[144]

Since recognition, South Ossetia has increasingly come to resemble a North Caucasus republic, and Moscow's approach to it is similar. Over 80 per cent of North Caucasus republics' budgets come from the federal centre,[145] and, as in South Ossetia, internal political dynamics mainly revolve around the struggle for control of these resources.[146] Private businesses remain underdeveloped, and the public sector is the main source of income, together with remittances. Moscow relies on a single loyal political force and ignores the opposition and civil society.[147]

The main difference is that in South Ossetia the president is elected rather than appointed by the Russian president. This gives Kokoity some additional autonomy, especially in internal matters. Whether he will use his majority in the rubber-stamp parliament to claim a third term in 2011 is a lively debate topic.[148] The Russian head of his administration, Sergey Naryshkin, has ruled it out, stating that there is a "need to preserve the Constitution of South Ossetia". A Russian diplomat told Crisis Group a third term is impossible: "Even Putin did not go for it".[149] Nevertheless, Kokoity has said this is an internal matter and that constitutional amendments are an option.[150]

[143] Crisis Group observations in the North Caucasus and interviews, Russian analysts, Moscow, March-April 2010.
[144] Crisis Group interviews, South Ossetian activists and politicians, Tskhinvali, March-April 2010.
[145] For instance, Ingushetia's 2010 budget is 12 million roubles, three times more than South Ossetia's; 89 per cent comes from Russia's budget, However, its population is ten times that of South Ossetia. "Бюджет Ингушетии на 2010 год принят в первом чтении" ["2010 budget of Ingushetia is adopted on the first hearing"], *Magas.ru*, 3 December 2010.
[146] Crisis Group interviews, Russian analysts, Moscow, March-April 2010.
[147] In the 2007 parliamentary elections, Russia's ruling party, Edinaya Rossia (United Russia), won 96.12 per cent in Kabardino-Balkaris, 99.3 per cent in Chechnya and 98 per cent in Ingushetia. "В Грозном "Единая Россия" повторяет результаты КПСС: 99, 3%" ["The 'United Russia' repeats the CPSU results: 99.3% in Grozni"], News.ru, 3 December 2007.
[148] The South Ossetian constitution envisages only two consecutive terms.
[149] Crisis Group interviews, Russian diplomat and analyst, Moscow, April-May 2010.
[150] "Эдуарду Кокойты избрали конституционное большинство" ["Eduard Kokoity was elected with the constitutional majority"], *Kommersant*, 2 June 2009.

IV. GEORGIAN-OSSETIAN RELATIONS

Georgian-South Ossetian relations, which had been relatively cordial at the people-to-people level, were seriously affected by the August 2008 conflict. Geographic proximity, family ties and economic interest make it likely that links will redevelop over time. But currently it is not only post-war trauma and perceptions of wrongdoing that block communication, but also tough regulations limiting freedom of movement.

A. FREEDOM OF MOVEMENT

Access to South Ossetia remains limited. Local authorities consider the only legal entry to be from Russia, with South Ossetian and Russian documentation. Foreign nationals should have at least a dual-entry Russian visa.[151] Georgia's Law on Occupied Territories, however, regards entry via the Roki Tunnel as illegal and stipulates that foreign nationals, including Russians, must enter South Ossetia from Georgian-controlled territory or bear criminal responsibility.[152]

Since October 2008, South Ossetia has closed the administrative boundary line (ABL), which it treats as a "state border". Acknowledging local needs, it pledges, but without details, to open two crossing points in 2010, possibly in Ergneti and Znauri.[153] Before August 2008, South Ossetians travelled with Georgian or Soviet identification cards. Now, Georgian authorities state that South Ossetian residents can generally travel freely in the country provided they have residency documentation.[154] However, in practise the situation is more fluid; it is difficult to cross into Georgian-controlled territory anywhere except from Akhalgori; and whether someone is allowed to cross or not is often left to the discretion of local police. Georgia has also drawn up a "black list" of persons who will be detained if they cross.[155] Fear of detention, based on lack of knowledge and public dissemination of the procedure applied, stops many from South Ossetia from travelling to other parts of Georgia.

Ossetians from villages along the ABL would welcome the possibility of resuming family and economic ties with Georgians, saying that before the war, "for better or worse, we lived together, but now we have nothing".[156] Even today, limited economic links exist. Some from Tskhinvali go to Akhalgori, from where they cross into the rest of Georgia, bypassing checkpoints. Some South Ossetian farmers buy grapes from Georgians to make wine.[157] Travel from Tskhinvali to Akhalgori is partially restricted, most probably to limit these contacts.[158] Obstacles to freedom of movement also affect Georgian IDPs, but even more so the elderly who have been left behind in South Ossetia without support.[159]

Special rules apply for Akhalgori and the village of Perevi. Russian border guards allow Akhalgori residents to enter South Ossetia with official Russian translations of Georgian ID cards.[160] On average 500 people cross daily in both directions.[161] Georgian police register them, asking where they are going, for how long and why.[162] Locals complain that the police do not give Georgian or Ossetian ambulances free passage. Even though Georgian authorities claim that all South Ossetians can freely cross the ABL at Akhalgori (but also at other points along the ABL), Crisis Group has heard of some cases of residents being turned back, apparently arbitrarily[163]

The Georgians allow in only limited amounts of food and goods and prohibit construction materials and furniture, because, they say, these might be used by the Russian mili-

[151] Passport control is only on the Russian side of the border.
[152] At least three Russian citizens were convicted by the Georgian court in 2009-2010 for travelling from Russia. Crisis Group interviews, Russian and Georgian human rights defenders, Tbilisi, April 2010.
[153] Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.
[154] Crisis Group interviews, Georgian official, Tbilisi, February and May 2009.
[155] Crisis Group interview, Georgian official, Tbilisi, May 2009.
[156] Crisis Group interviews, residents of border villages, March-April 2010.
[157] Crisis Group interview, Georgian and South Ossetian NGOs' representatives, Tbilisi, March 2010.
[158] At the police post at the entrance to Akhalgori, everyone is registered, while, according to the local administration, all foreigners, including Russians, need authorisation from the de-facto foreign ministry to travel there.
[159] Crisis Group interviews, IDPs, Gori, February 2009; report of Walter Kalin, the Secretary-General's repreresentative on the human rights of IDPs, A/HRC/10/13/Add.2, 13 February 2009.
[160] Local residents say Georgian citizens not registered in Akhalgori may enter the region only after they fill out a special form indicating whom they are visiting and after access is approved at a high level in the Georgian government and the Akhalgori administration in exile. Crisis Group interviews, local residents, Akhalgori, March 2010.
[161] This does not include those who cross the border bypassing check-points. Crisis Group interviews, Russian border officer and Akhalgori residents, Akhalgori and Tskhinvali, March-April 2010.
[162] Crisis Group interview, Akhalgori residents, Akhalgori, February 2010.
[163] In one case, the Georgian police at the Akhalgori post refused an elderly Tskhinvali resident with a Georgian ID card access to Georgian-controlled territory to visit family members. In another an ill child with a South Ossetian passport was recently held up at the Georgian post for three hours. Crisis Group interview, local residents, Akhalgori, April-May 2010.

tary or the Ossetian administration.[164] Three attempts and interventions by an international organisation were needed for a local teacher to bring a printer donated by the organisation to Akhalgori for a youth club.[165] These restrictions complicate the lives of residents, who complain that, unlike IDPs, they receive no state aid, so have little motivation to remain.[166] Russian border guards say they do not limit what is being brought in but require a certificate from the local administration indicating the type and volume of goods.[167] All sides should agree on generous categories of goods that local citizens can transport and make this listing public to put an end to apparently arbitrary decisions at check points.

Perevi, in the Sachkhere district of Georgia, is occupied by Russian troops who are stationed on both sides of the village. Travel is only possible to Georgian-administered areas with passports between 7am and 9pm. An inhabitant who fails to return home by that time must find somewhere else to spend the night.[168] Even children go through "passport control" on their way to school. Traditionally a cattle-breeding area, pasture lands are now on the other side, where a Russian military post is being built in the village of Sinaguri. A farmer bitterly complained: "If my cow runs across the boundary, I have to show my international passport to get it back".[169] In all but a few instances, Russian troops have prevented the EU Monitoring Mission (EUMM) and humanitarian organisations, such as the UN High Commissioner for Refugees (UNHCR) and the ICRC, from entering.[170] South Ossetian authorities say they have no claim to this village and that Russian troops will withdraw as soon as the road linking Ossetian villages is built.

B. DETENTIONS

Due to restrictions on freedom of movement, people have been detained on both sides of the administrative boundary line. While detentions are usually brief, some last for months, further poisoning relations. Before August 2008, Ossetians and Georgians travelled freely, but after the withdrawal of Russian forces from Georgian "buffer zone" villages in October 2008, large-scale arrests began. In some cases, residents of South Ossetia who travelled there were detained by Georgian police and charged with the extensive looting and pillage that had taken place. Copycat detentions of ethnic Georgians followed, often by family members who did not know the whereabouts of the Ossetian detainees. South Ossetian and Russian forces also began detaining the local Georgians for illegally crossing the "state border".

In many cases detainees had unknowingly crossed the ABL, which runs through Georgian and Ossetian villages, agricultural land and woods. Farmers have to cross it to go to their gardens or visit a neighbour in the same village.[171] For example, sixteen Georgian woodcutters crossed the boundary unintentionally while working in the forests.[172] The Georgians and South Ossetians never implemented an informal agreement their representatives reached to charge detainees under administrative law, entailing warnings and interrogation, but not detention.[173]

Excluding Akhalgori, 100-200 local residents per day risk detention by crossing the administrative boundary, either unintentionally or to attend funerals, visit markets, relatives or graveyards or check on property.[174] A handful – up to ten some days – are detained briefly by Russian guards.[175] The Russian chief of FSB border troops in South Ossetia said his men have detained 172 people – Ossetians and Georgians – for border crossing since their arrival.[176]

[164] Russian border officers inquired about buying and bringing in construction materials from other parts of Georgia for their military bases. Crisis Group interviews, local residents, Akhalgori, March 2010.

[165] Crisis Group interview, Akhalgori teacher, Tbilisi, 2010.

[166] IDPs in Tserovani complain of very high communal fees. During the agricultural season, they will probably go back to Akhalgori, but do not wish to give up houses in Tserovani. Crisis Group interviews, IDPs, Tserovani, February 2010.

[167] Crisis Group interview, local residents, Akhalgori, March 2010. Obtaining such a document, especially for products harvested locally, is sometimes difficult.

[168] Crisis Group interviews, Perevi residents and South Ossetian officials, Tskhinvali, February-April 2010.

[169] Crisis Group interviews, Perevi residents, February 2010.

[170] Russian border guards allow access to Perevi and the Akhlagori region to all Georgian citizens but not to humanitarian organisations, doctors, etc. "Российские военные не впустили врачей в село Перевиди для осмотра жителей" ["Russian militaries did not allow doctors to the village of Perevi"], *Kavkazsky uzel*, 9 April 2010. UNHCR was able to travel there once in May 2010, Crisis Group interview, UNHCR staff, Tbilisi, May 2010.

[171] Thus, the village of Knolevi, in Kareli region, is cut in two by the boundary line. For Ossetian residents, it is sometimes difficult to move from one border village to another, because parts of the road are Georgian-controlled. IDPs confirm that people secretly cross through fields, gardens and woods. Crisis Group interviews, border villagers and IDPs, South Ossetia and Tserovani, February 2010.

[172] "EUMM on inspection of 16 men's detention site", *Civil Georgia*, 29 October 2009.

[173] Crisis Group interviews, international interlocutors, Tbilisi, Vienna and Brussels, March-April 2010.

[174] Crisis Group interviews, South Ossetia officials, locals and international interlocutors, Tskhinvali and Tbilisi, March-April 2010.

[175] Crisis Group interviews, South Ossetian authorities, Russian border guard and local residents, Tskhinvali, April 2010.

[176] "Обустройство госграницы Южной Осетии с Грузией планируют завершить к 2012 г" ["Construction of the state

While most detentions end quickly, some become what Council of Europe (CoE) Commissioner for Human Rights Thomas Hammarberg has termed "hostage-taking".[177] In summer-autumn 2009, Georgian police held five South Ossetia residents for four months, despite a court ruling ordering their release. The South Ossetians then arrested five teenagers from an adjacent Georgian village and convicted them of "illegal border crossing". The Georgian police have detained fifteen Ossetians for lengthy periods since the war. By March 2010, all had been released, and there have been none since.[178] Eight Georgian citizens are still in jail in Tskhinvali, and authorities say they will only be released when Georgia frees Ossetians who were detained before the war.[179] Georgia rules this out, arguing that they are convicted of killings, smuggling and terrorism. South Ossetia also claims seven missing persons: four in the war and three in October 2008.[180] 37 ethnic Georgians have been missing since the war.[181]

Hammarberg has assumed a mediating role on detentions and in support of the Geneva talks, the negotiation format provided for in the 12 August 2008 ceasefire agreement. He travelled to the region for the first time in August 2008, mediating the release of dozens of Georgians and Ossetians. He hired two international experts, who investigated the disappearance of three Ossetian teenagers in October 2008 and continue to cooperate with both sides. However, neither side is fully satisfied with the Commissioner. According to the South Ossetian authorities, "the co-chairs of the Geneva discussions unfortunately dragged Hammarberg into a political adventure. The main aim of their work now is to facilitate the resumption of border negotiations by all means".[182] The Georgians complained: "He did not keep his promise to facilitate the release of our citizens detained in Tskhinvali".[183]

The inability to define and implement a mechanism to guarantee freedom of movement is an indication of how bad relations are. Tskhinvali and Tbilisi should immediately end the detention practices and fully cooperate on security matters within the Incident Prevention and Response Mechanism (IPRM), a forum designed to facilitate discussion of local incidents by the parties (see below). At the least, they should continue to cooperate to investigate the cases of missing and detained people. That sensitive issue should not block the talks in Geneva, but should rather be considered at the working level, supported by the ICRC, or within the IPRM, lest it become overpoliticised and block progress on other issues. They should also work with the CoE and EUMM, as well as the ICRC, to reach agreement on measures to regulate crossing of the ABL, especially for local residents and for family reunification.

C. Displacement Issues

The most pressing human rights issue is the inability, described above, of the 20,000 Georgians displaced from South Ossetia to return and regain their property. They still hope to do so, though the destruction of their homes makes this impossible in the immediate term.

South Ossetian representatives are opposed to IDP returns. Kokoity told Crisis Group: "Those who voluntarily left their houses are not considered refugees. Neither are those who voluntarily burned their houses in order to prevent Ossetians and Russians taking them over. These people are not refugees. They are citizens who voluntarily left their houses".[184] In violation of international standards,[185] they also condition any possible return of Georgians on the return of those Ossetians who left Georgia in the early

border of South Ossetia and Georgia expected to be completed in 2012"], *Osinform*, 24 May 2010.

[177] "Hostage-taking should be unacceptable, and an internationally supervised investigation into the cases of missing persons should be conducted", Hammarberg said in Tbilisi. "Human Rights Chief on Missing, Detained Persons", *Civil Georgia*, Tbilisi, 4 December 2009. OSCE officials used the term "human bargaining". Crisis Group interview, Vienna, March 2010.

[178] Crisis Group interviews, Georgian and Russian human rights activists, Tbilisi and Moscow, February-March 2010.

[179] In August 2008, according to "protocols of exchange of detainees", Georgia handed over 34 people to Ossetians, seven of whom, it said, had been convicted of criminal offences committed before the war. Up to 25 Ossetians detained before the war are in jail in Georgia. Crisis Group interview, Russian human rights activist, Moscow, March-April 2009.

[180] Crisis Group interviews, South Ossetian officials, Tskhinvali, April 2010.

[181] Nine military, three police and 25 civilians. It is generally accepted that their burial place is known by Georgian and South Ossetian authorities. Crisis Group interviews, Georgian authorities, Tbilisi, February 2009.

[182] Crisis Group interview, South Ossetian official, Tskhinvali, March 2010.

[183] Crisis Group interview, Georgian official, Tbilisi, February 2010.

[184] Crisis Group interview, de facto President Eduard Kokoity, Tskhinvali, March 2010.

[185] Attaching conditions to the right to return is not in accordance with international human rights law or the Guiding Principles on Internal Displacement. Principle 5 states that "all authorities and international actors shall respect and ensure respect for their obligations under international law, including human rights and humanitarian law, in all circumstances, so as to prevent and avoid conditions that might lead to displacement of persons". The Guiding Principles were presented to the Commission on Human Rights in 1998 by the then representative to the UN Secretary-General for internally displaced persons. The UN Commission and the General Assembly unanimously took note of the Principles, welcomed their use as an important standard, and encouraged UN agencies, regional organizations, and states to disseminate and apply them.

1990s,[186] and on immediate signing of an agreement on the non-use of force.[187]

The return of ethnic Georgian IDPs to villages surrounding Tskhinvali (Kurta, Kekhvi, Achabeti, Tamarasheni and Eredvi) is also perceived negatively by local Ossetians. They says there were inter-ethnic tensions in the lead-up to the war, and Tbilisi would likely plant Georgian "special forces together with the local villagers". There seems to be more openness about return to ABL villages and the villages of Vanati, Beloti, Artsikhevi, Avnevi and Nuli, where Georgians and Ossetians lived peacefully after the 1990s conflict. Ossetians, whose Georgian and as well as Ossetian relatives lived in these villages, hope returns will be allowed, though they do not dare demand this from Tskhinvali.[188]

Early return is possible in Akhalgori and several boundary zone villages,[189] where people regularly come back to check their property, though they are afraid to stay or cultivate their land.[190] The local Ossetian de facto authorities in Akhalgori have expressed willingness to cooperate with international organisations and welcome ethnic Georgian returnees. During a visit to Akhalgori in winter 2009, UNHCR representatives received requests from town officials for assistance in supporting returns. But Tskhinvali blocked this, maintaining its conditionality on humanitarian access and demanding that all aid come through Russia.[191] Georgian, Russian and South Ossetian authorities should do more to agree on security measures that would allow return to these areas, with monitoring by the EUMM.

South Ossetia's parliament is drafting a law on the nationalisation of property that is aimed at ethnic Georgian IDPs' abandoned homes and land.[192] As described above, residents of South Ossetia do not generally occupy vacated Georgian houses, but some residential areas in the village of Tamarasheni have been demolished, and a new "Moscow settlement" has been built there for war victims,[193] both actions that violate international norms.[194]

In December 2006, after many years of hesitation and international pressure, Georgia's parliament passed a law to address the property claims of ethnic Ossetians who lived in Georgia until the conflict of the early 1990s. However, it has essentially been shelved, and no meaningful discussions have begun. The problem of Ossetian refugees from the first conflict is still acute in both South and North Ossetia, where about 15,000 of them still do not have their own homes. An estimated 5-7 per cent of Tskhinvali's current population are believed to be IDPs from Georgian regions.[195]

Possession of housing and land has changed several times, due to multiple waves of violence and displacement. The legal situation is further complicated by the fact that much land was state-owned during the Soviet period. To lower tensions on the ground, all sides should consider designing and implementing mechanisms for addressing property claims and allowing the step-by-step return of IDPs, with the help of international organisations.

[186] "Everybody talks about Georgian refugees today …. More than 100,000 refugees are on the territory of Russia …. Who will speak up for the rights of Ossetians who left Truso Valley, which has always been the territory of Ossetia and has suddenly become the territory of Georgia? Who will protect the rights of ethnic Ossetians who do not have the possibility to come and look after the graves of their ancestors?" Crisis Group interview, de facto President Kokoity, Tskhinvali, March 2010.

[187] Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

[188] The majority of Ossetians from mixed families also fled to the rest of Georgia during the war and remain there. Crisis Group interview, South Ossetian residents, Tskhinvali and border zone villages, February-April 2010.

[189] These villages are Ergneti, Koshka, Mereti, Gugutaantkari and Zemo Khviti, and parts of Knolevi and Zeredaantkari.

[190] Crisis Group interviews, IDPs and residents of border zone areas in Gori region, February 2010.

[191] Crisis Group interview, UNHCR official, Brussels, June 2009.

[192] Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

[193] Restoration of apartment buildings in the village of Kurta, previously the Sanakoev administration's headquarters, is also under way. Crisis Group observation, Kurta, April 2010.There are discussions about a military airport in the former Georgian villages of Tamarasheni and Achabeti, but funds are not yet available. "Минобороны России построит в Южной Осетии современный аэропорт" ["Russian Defense Ministry to build a modern airport in South Ossetia"], *Rossiyskaya Gazeta*, 30 April 2009.

[194] IDP property must be protected by the relevant authorities against deliberate destruction, unlawful appropriation, occupation and use. See the Universal Declaration of Human Rights, Article 13 (2); International Covenant on Civil and Political Rights, Article 12 (4); International Covenant on the Elimination of All Forms of Racial Discrimination, Article 5 (d) (ii); and *Voluntary Repatriation: International Protection Handbook*, UNHCR (Geneva, 1996). Customary human rights law is binding even on parties that have not signed a specific convention.

[195] Crisis Group interviews, South Ossetian officials and analyst, Tskhinvali, April 2010.

V. THE INTERNATIONAL RESPONSE

Until August 2008, the international community, led by the OSCE, played a significant role in and around South Ossetia, but it has since become little more than a bystander. In the summer of 2009, the OSCE Mission to Georgia, which included eight observers in South Ossetia, was closed after Russia, alone among the 56 member states, vetoed its renewal, arguing that as South Ossetia was now independent, it could no longer remain part of the Georgian mission.[196] OSCE monitors, who had been travelling to South Ossetia since 1992, never regained access after the August 2008 fighting, though their presence was mandated in the 8 September Sarkozy-Medvedev agreement.[197] The South Ossetian authorities now say that "they ha[d] no credibility in our eyes. They only conducted their intelligence activities here, while at the critical moment when they could have intervened to stop the war … [T]hey decided to remain silent and abandon South Ossetia …. The international community will have to work hard to rehabilitate their image in the eyes of the Ossetian nation".[198]

Until 2008, South Ossetia also benefited from international rehabilitation and reconstruction assistance, which it has now largely forfeited. A €10 million Economic Rehabilitation Program (ERP), including rehabilitation of basic infrastructure, economic development and confidence building, had been endorsed by South Ossetia and Georgia in 2006 and was in the process of being implemented when the fighting broke out.[199] Georgian-Ossetian dialogue initiatives between local officials and civil society representatives also existed.[200] But when in autumn 2008 Georgia received $4.5 billion for post-war rehabilitation – not only infrastructure, but also livelihood recovery, psychological rehabilitation and humanitarian aid – South Ossetia was excluded, as it refused access to the Joint Needs Assessment Mission and other international actors.[201] Russia's assistance has filled much of this gap but, as explained above, has not been effectively monitored. Moreover, it does not target post-war needs, such as psychological rehabilitation, livelihood recovery, capacity building for civil society and media institutions, justice sector reform and human rights issues.[202]

Shut out by Russia and South Ossetia, the EU and the OSCE have, nevertheless, remained partially engaged through the Geneva talks and the EUMM.

A. THE GENEVA TALKS

The 2008 ceasefire agreements stipulated the opening of discussions on "security and stability" – the Geneva talks, co-chaired by the EU, OSCE and UN and with the participation of Georgia, Russia, the U.S., and Abkhazian and South Ossetian representatives. Working groups on security issues and on humanitarian problems were created.[203] The tenth round was held on 30 March 2010, with the next meeting on 8 June. So far, however, they have done scarcely more than provide a table at which to meet; little political will to resolve substantive problems is apparent.

Russia, South Ossetia and Abkhazia insist that non-use of force agreements be signed between Tbilisi and Sukhumi and Tbilisi and Tskhinvali. Georgia argues that it is already bound by the 2008 ceasefire and is willing to sign new agreements only with Moscow and provided they include clauses allowing international monitoring of the "demilitarisation" of the regions and full withdrawal of Russian troops.[204] It says of Russia, "on the one hand, it at-

[196] Trying for a compromise, the Greek OSCE chairmanship has urged free movement by monitors across the ceasefire line and outlined a "status neutral" formula for the OSCE presence, omitting mention of either Georgia or South Ossetia. Russia rejected it. See Crisis Group Briefing, *Georgia-Russia*, op. cit.

[197] "International observers from the OSCE will continue to carry out their mandate in their zone of responsibility in accordance with the number and deployment scheme as at August 7, 2008, without detriment to possible future adjustments decided by the Standing Council of the OSCE". Implementation of the Plan of Russian President Dmitry Medvedev and French President Sarkozy, August 12 2008, http://eng.kremlin.ru/speeches/2008/09/08/2208_type82912type82914type82915_206283.shtml.

[198] Crisis Group interview, high-ranking South Ossetian official, Tskhinvali, March 2010.

[199] For more details on the ERP, run by OSCE, see Crisis Group Report, *Georgia's South Ossetia Conflict*, op. cit.; and OSCE Mission to Georgia pamphlet, 25 February 2008, at www.osce.org/georgia/item_11_29837.html.

[200] Dialogue has been facilitated by the Norwegian Refugee Council and Mercy Corp Conflict Management Group in 1996-1998 and the Dutch IKV Pax Cristi since 2007.

[201] A team led by the World Bank undertook the Joint Needs Assessment Mission in Georgia in September 2008. Findings became the reference for the donors conference, where 38 countries and fifteen international organisations pledged to support Georgia with $4.5 billion over three years. "Summary of Joint Needs Assessment Findings Prepared for the Donors' Conference of October 22, 2008 in Brussels", UN, World Bank, at www.ungeorgia.ge/userfiles/files/GEJNA2008.pdf.

[202] The ICRC is the only international organisation in South Ossetia. In 2009, it implemented economic development projects for residents of border villages and refugee families, allocating mini-grants ($1,700) to open small businesses; in 2010, it distributed seeds and fertilizers to 3,600 families in rural areas. Crisis Group interview, ICRC representative, Tskhinvali, April 2010.

[203] The meetings are co-chaired by the EU, OSCE and UN. On the format, see Crisis Group Briefing, *Georgia-Russia*, op. cit.

[204] Crisis Group interview, Georgian official, Tbilisi, February 2010. Prior to the war, the Russian peacekeeping contingent was

tempts to legitimise the occupied territories and insists on Georgia signing an agreement on the non-use of force, while on the other, it tries to evade responsibility and pretend that it has nothing to do with the ongoing situation".[205] By pressuring Georgia on a non-use of force agreement, Moscow also deflects attention from its own failure to implement the ceasefire agreements. International actors should remain engaged with the Russian authorities in order to encourage full implementation of the 2008 ceasefire agreements.

For the 8 June Geneva meeting, Russia has put forward a new draft proposing "unilateral obligations on non-use of force".[206] Based on this, Georgia, Abkhazia and South Ossetia would sign separate letters, addressed to the president of the UN Security Council, stating unilateral non-use of force pledges. Russia does not propose to sign the letters itself, as it does not consider itself a conflict party.[207] The Georgian authorities are critical, while the South Ossetians are threatening a walkout, claiming that Georgia's failure to sign such a document means it is preparing another war.[208] Boris Chochiev, the chief South Ossetian representative, said, "if the Russian draft is not accepted by the next meeting on 8 June, I do not see any sense in talking anymore .... for us, this version is better than nothing ... but we want a full agreement, because we do not feel safe as long as the [Georgian President] Saakashvili regime is in power".[209]

The most tangible result achieved by the Geneva talks has been the establishment of an Incident Prevention and Response Mechanism (IPRM) in February 2009, under which the parties agreed to undertake joint efforts to prevent incidents on the ABL through regular meetings between local actors responsible for security issues. It has worked fairly well in Abkhazia,[210] and Russia appears to support the format as "good management of the status quo".[211] But South Ossetia has suspended meetings, first on procedural grounds, then because of the detention of Ossetian civilians.[212] It also says it will continue to refuse participation until the whereabouts of missing Ossetians are known. Russian officials say that meetings should be resumed and that they will insist the South Ossetians attend.[213] After eight months of suspension, a brief meeting within the framework of the South Ossetian IPRM was held on 3 June and dealt with missing persons but ended without discussion of any other substantial issues.

Progress on humanitarian issues has also been slow. The humanitarian group is negotiating a document on "agreed principles", which could serve as a basis for such practical activities as access to utilities (water, gas), legal status and documentation of IDPs, property and restitution, UNHCR-organised information sessions on registration and profiling of displaced persons/returnees and "go and see" visits based on lessons learned from other international settings. Ultimately these should be implemented on the ground, but here too the Ossetians show less interest than the Georgians or the Abkhazians and link any progress to a non-use of force agreement.[214]

B. Field Presence

Early in the Geneva talks, the EU proposed the "dual entry" principle for humanitarian access to South Ossetia from Georgia and Russia. Tbilisi has accepted, but the South Ossetians, like the Russians, continue to insist that all international humanitarian agency personnel – with the exception of a few individuals preparing the Geneva talks – travel only via Russia.[215] Distrust of outside organisations is high. The de facto authorities see any foreign involvement as an existential threat and say, "access will be possible only if [international organisations] do not engage in sabotage and subversive activities".[216] High-level Ossetians claim that they want assistance but insist that international organisations "look for excuses for not bringing in aid, for not assisting ... who needs their rags and blankets? ... [T]hey should help people to reconstruct their houses .... [W]e are open to humanitarian organisations, but there is no one to help".[217] In fact, international

stationed in South Ossetia in accordance with the 1992 Sochi agreement to which Georgia was a signatory.

[205] "Pact on non-use of force: capitulation or prevention of aggression?" [in Georgian], Radio Tavisupleba, 24 January 2010.

[206] "Участники Женевских дискуссий приняли предложенный Россией проект о неприменении силы" ["Participants of the Geneva Discussion received a draft proposal on non-use of force from Russia"], *Vzgliad*, 31 March 2010.

[207] Crisis Group interviews, Russian foreign ministry official and international participants in Geneva talks, Tbilisi and Moscow, April-May 2010.

[208] Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

[209] Crisis Group interview, Tskhinvali, April 2010.

[210] Seventeen meetings have taken place between Georgian and Abkhazian representatives in Gali.

[211] Crisis Group interview, EU official, Istanbul, April 2010.

[212] Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

[213] Crisis Group interview, Russian foreign ministry official, Moscow, May 2010.

[214] Crisis Group interview, international negotiators and Russian official, Istanbul and Moscow, April 2010.

[215] Crisis Group received the same reply when it requested to visit South Ossetia from Georgia.

[216] Crisis Group interview, South Ossetian official, Tskhinvali, March 2010.

[217] The authorities in Tskhinvali also claim that the absence of international aid is another obstacle to the return of Georgian IDPs. Crisis Group interview, South Ossetian official, Tskhinvali, April 2010.

humanitarian organisations say that they are ready to provide aid to South Ossetia, even from Russia, but based on thorough needs assessments.[218]

Initially, Tbilisi also blocked international organisations from working in South Ossetia, citing the 2008 Law on Occupied Territories. But a February 2010 amendment makes it possible to access South Ossetia from Russia to provide "urgent humanitarian assistance", such as food, essential non-food items and medical services.[219] The law now also envisages approval of access from the north for non-humanitarian activities that "serve the interests of [the] Georgian state, aid the peaceful resolution of the conflict, de-occupation, and enable confidence-building measures between communities". While there remains the possibility that decisions will be arbitrary, the authorities say any organisation willing to operate in South Ossetia via Russia should present a proposal, and it will generally be accepted.[220]

The changes do not fully meet present needs in South Ossetia, most of which are no longer humanitarian but rather concern housing reconstruction, micro-finance and business development. The line between economic development and humanitarian aid is thin, and this law should not be interpreted in such a way as to hinder local businesses from engaging in cross-boundary activities. Generally, companies require Georgian licenses and registration to legally work in South Ossetia. Tbilisi has fined Russian companies for operating there without appropriate documentation.[221]

The revised law has at least opened a small window of opportunity.[222] The Georgian government should implement it liberally, along with its recently promulgated "State Strategy on Occupied Territories: Engagement through Cooperation",[223] and encourage development as well as humanitarian organisations to access South Ossetia. The South Ossetian and Russian authorities should follow suit and stop blocking such access from Georgia, at a minimum, for humanitarian organisations, which have the right under international law to select the most convenient, timely and cheapest way to travel.[224]

No local or international organisations regularly monitor or report on human rights in South Ossetia.[225] The OSCE, UN and CoE, should continue to request access to monitor and, as necessary, report in respect of freedom of movement, arbitrary detentions and political and socio-economic rights. The work of the CoE High Commissioner on Human Rights, who has been visiting South Ossetia, and the experience of roving UN teams operating in Abkhazia, could provide some precedents for the Ossetians and Russians to consider. Russia, which in effect exercises control over the authorities there, should ensure that South Ossetia does not turn into an "anything goes" territory and that specialised organisations can carry out their activities. In addition, international funding should be made available to support civil society-monitoring, confidence-building and advocacy projects, including strengthening the platform for Georgia-Ossetian dialogue on peace and security.[226]

C. THE EU MONITORING MISSION

The EU Monitoring Mission (EUMM), launched in October 2008, has some 200 monitors from 26 member states and a mandate to monitor, analyse and report on the security situation in the disputed regions, including on the conditions of those forced out of their homes by the conflict.[227] Unlike in other EU missions, staffing is not a problem; nor is renewal of the mandate in September 2010 likely to be disputed.[228] South Ossetian authorities, how-

[218] Crisis Group interviews, UNHCR and UNDP representatives, Tbilisi, April 2010; EU official, Istanbul, April 2010.
[219] Organisations taking advantage of this provision are required to notify the Georgian government of the intended stay, as well as of the type of aid being provided, at the very latest while in South Ossetia.
[220] Law on Occupied Territories, Article 4, para. 3. Crisis Group interview, Georgian official, Tbilisi, January 2010.
[221] Mobile operator Megafon and some TV channels.
[222] An EU official said the law posed no specific obstacles to the rehabilitation program for the Georgian-Abkhazian conflict zone. "We now tell the Georgians what projects we will be working on in Abkhazia, and it is up to the Abkhazians to approve them". Crisis Group telephone interview, Tbilisi, February 2010.
[223] For the State Strategy, see Crisis Group Report, *Abkhazia*, op. cit.

[224] An international organisation representative said, "having worked in [the] deadliest conflicts all over the world, I have never been denied access to deliver the aid. I was always able to negotiate in Sudan and Lebanon, but it is impossible here". Crisis Group interview, Tbilisi, April 2010. On humanitarian access, which has become customary international law, see UN General Assembly Resolution 43/131 on Humanitarian Assistance to Victims of Natural Disasters and Similar Emergency Situations; and the 1949 Geneva Convention (IV) Relative to the Protection of Civilian Persons in Time of War and Protocols I and II.
[225] Crisis Group interviews, South Ossetian officials, Tskhinvali, March-April 2010.
[226] At present, limited confidence-building projects involving youth and civil society dialogue are organised by such entities as the CoE, George Mason University's Institute for Conflict Analysis and Resolution, the Berghof Foundation and IKV Pax Christi.
[227] On international presence and the EUMM mandate, see Crisis Group Briefing, *Georgia-Russia*, op. cit.
[228] Crisis Group interview, EU Council Secretariat staff, Brussels, March 2010.

ever, say they distrust it,[229] and Russia in effect blocks its access to the region, arguing that its mandate is valid only for Georgian-controlled territory, not the "independent" state of South Ossetia.[230] Accordingly, the mission has been unable to operate in South Ossetia, except for the instances described below, and monitors instead the previously undisputed Georgian territories.

While this has limited EUMM's influence, it has acted decisively and contributed to fact-finding in a handful of detention cases. On its only visit to South Ossetia, it investigated the detention of an Ossetian, Gennady Pliyev, whom Georgian police held in January 2010, on the grounds that he was drunk and armed and approached one of their posts on the administrative boundary. The South Ossetian authorities claimed he was abducted from the outskirts of Tskhinvali. After meeting with Pliyev in prison and his relatives in Tskhinvali, the EUMM concluded that neither account could be verified, but "it had serious doubts that he was abducted or that he was carrying a weapon at the time of his arrest".[231] Pliev was tried and released after three months.

On another occasion, EUMM inspected the site where sixteen woodcutters had been detained on the administrative boundary and again did not confirm either side's version. According to the South Ossetians, the woodcutters had gone "significantly deep into South Ossetian territory"; the Georgians said they had not crossed the boundary. After inspection, EUMM concluded they had unintentionally crossed the line by less than 100 metres.[232] The detainees were released in a few days.

In other instances, the mission's own insistence on confidentiality and restrained public reporting has limited its impact.[233] For example, even though it was aware of their location and had visited them, it did not publicise the illegal detention of five ethnic Ossetians who were formally released by the court but kept under arrest by the Georgian police. The EUMM representative justified this by stating: "with a view to their impending release, we chose not to make public the details of our engagement in this case".[234] In another incident, South Ossetian authorities accused the Georgian military of an incursion with two COBRA armoured personnel carriers and a pickup truck on 16 April 2010.[235] The EUMM contacted the Russian border guards through the IPRM hotline, who said they had not observed any COBRA movements; EUMM patrols on the ground also could not confirm the information.[236] Yet, the EUMM did not publicly refute the unsubstantiated claims of the South Ossetian authorities.

The EUMM's head of mission acknowledges that he prefers to go public rarely, so as to increase the weight of his statements when he does and because the mission's findings are often ambiguous.[237] But incidents in the conflict zone are construed by the sides in mutually exclusive ways. Examination and observation by independent experts is thus vital to establish the truth and maintain stability. The South Ossetian de facto authorities make this more difficult by faulting the EUMM for being unable to verify facts while at the same time denying them access.[238] The population of South Ossetia knows little about the mis-

[229] EUMM "only covers up for Georgia, which is the source of instability in the Caucasus and the breeding-ground of the terrorism". Crisis Group interview, South Ossetian official, Tskhinvali, April 2010. South Ossetian officials also say they are concerned with Georgian "provocations": "Where is the guarantee that the Georgians will not put explosives in their cars? After all, the main 'terrorist' of Georgia, Vano Merabishvili [interior minister], remains in power". Ibid.

[230] Crisis Group interview, Russian foreign ministry official, Moscow, May 2010.

[231] "EUMM expresses serious reservations about the case of Mr Gennady Pliev", EUMM statement, 25 January 2010. www.eumm.eu/en/press_and_public_information/press_releases/1836/. Both sides rejected the findings. The Georgians said it is unclear how the EUMM investigation was conducted. The South Ossetians continue to refer to the case as an "abduction by the Georgian security forces". Crisis Group interviews, Georgian authorities and South Ossetian officials, Tbilisi and Tskhinvali, February-April 2010.

[232] "EUMM on Inspection of 16 Men's Detention Site", *Civil Georgia*, 29 October 2009.

[233] The EUMM has an attractive but largely content-free website at http://eumm.eu/en/.

[234] Crisis Group correspondence, EUMM spokesperson, Tbilisi, April 2010.

[235] "Южная Осетия обвиняет Грузию во вторжении на свою территорию" ["South Ossetia accuses Georgia of incursion into its territory"], *Kavkazsky Uzel*, 17 April 2010.

[236] Crisis Group correspondence, EUMM spokesperson, Tbilisi, April 2010.

[237] Weekly ambassadorial briefings are held in Tbilisi, however. Crisis Group interview, EUMM head of mission, Tbilisi, May 2010.

[238] On 30 July 2009, South Ossetian authorities accused Georgia of firing two mortar rounds in the direction of their military observation post. Georgia denied this. EUMM could not confirm and stated that "in order to make a more complete assessment of the situation on the ground, the EUMM needs to have access to the areas controlled by the de facto South Ossetian authorities where the incidents are purported to have taken place". Kokoity then accused EUMM of ineffectiveness and impartiality. "EUMM Expresses Serious Concern about Escalation of Accusations of Alleged Incidents and Urges Restraints", EUMM statement, 1 August 2009; "Кокойты обвинил евронаблюдателей в поощрении провокаций Грузии" ["Kokoity accused EUMM of Georgian provocations"], Rec Information Agency, 30 July 2009.

sion and considers its work unnecessary on their territory, as the "aggressor is Georgia".[239]

The Georgian population in the conflict area values the EUMM's presence as a deterrent against attacks by South Ossetian militias and appreciates its reporting mandate.[240] "They let the world hear our grievances. It's clear why the Russians don't let them go [to South Ossetia]; they are afraid to show the world what they have done", said an IDP from a new settlement, where regular rotations of Russian tanks just 3km away are visible.[241]

The EUMM can have a positive impact by verifying facts and rebutting unsubstantiated claims. However, Russia, which in effect controls South Ossetia's borders, bears prime responsibility to ensure it has the access it needs. By trying to equate its own presence in South Ossetia with the EUMM's on the other side of the ABL, Moscow seeks to legitimise a military presence that is inconsistent with the ceasefire accords. The Georgian and South Ossetian authorities should cooperate more with the EUMM, including by more readily sharing their own incident investigation reports. There is already good information sharing between the EUMM and the Russian presence along the ABL, which has helped avoid escalation of tensions;[242] this should be formalised, systematised and expanded to include Georgians and Ossetians.

VI. CONCLUSION

South Ossetia's prospects for a future as an independent state are poor. Russia has recognised its independence but dominates the tiny territory, which has no true political, economic or military autonomy or decision-making power. Recognition has consolidated its dependence. Economic rehabilitation is slow; the population continues to decline; and the closure of the de facto border with the rest of Georgia has blocked people-to-people and economic links. The situation in many ways already resembles that of republics in the Russian Federation. Moscow sends money, protects the borders and handles international representation. It has inherited another volatile region in the Caucasus that it must subsidise for the sake of stability.

To avoid turning South Ossetia into a "no man's land", all sides should address the needs and grievances of the population on the ground. Politicising issues such as freedom of movement and access for humanitarian and development organisations and observer missions comes at a high cost for the population. The resources allocated by Russia have not generally benefited that population. Moscow's apparent inability to tackle corruption and human rights violations by local authorities could destabilise South Ossetia and even the North Caucasus, at the same time as the disregard of international norms damages its international image.

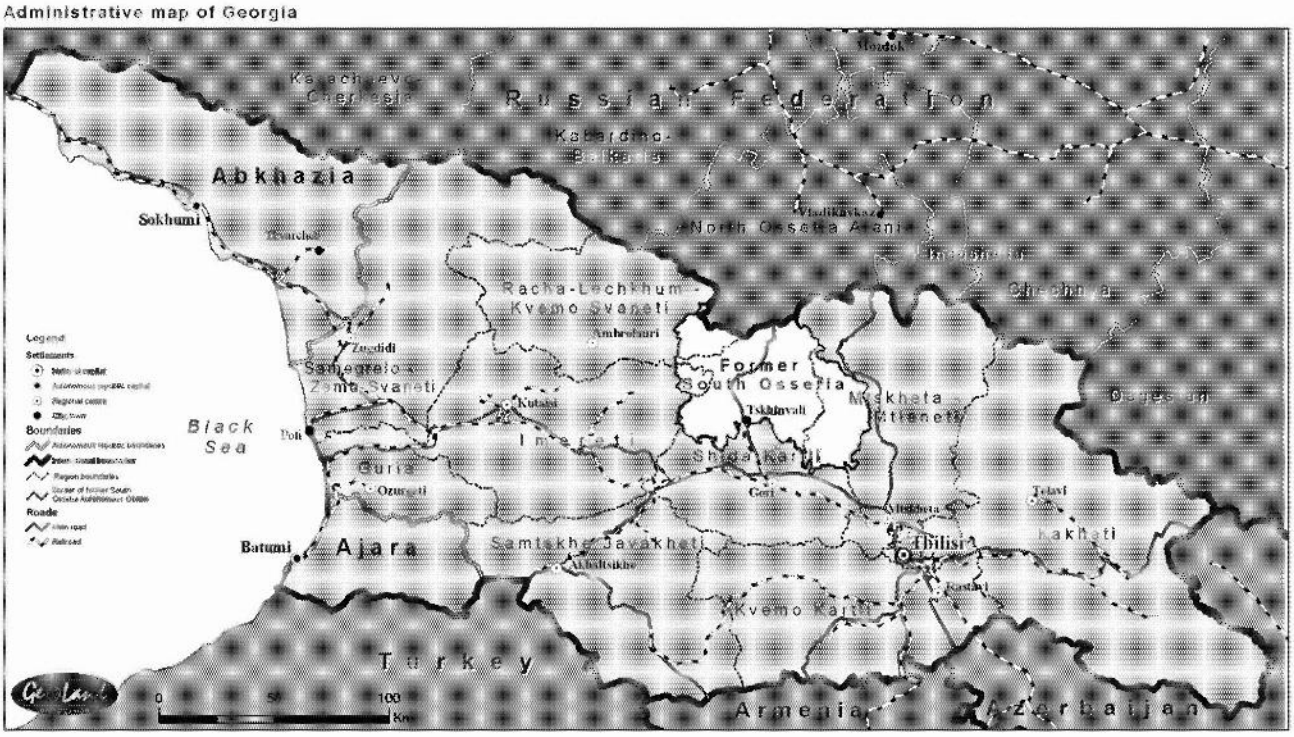
Georgia should equally be committed to a sustainable peace in the region and actively support freedom of movement and voluntary return to the Akhalgori region. There should be no resumption of detentions of South Ossetians trying to cross into the rest of Georgia; rather Tbilisi should clearly define and publicise a policy allowing South Ossetians free passage, including modalities for transport of goods across the ABL. Refusal to engage with South Ossetia, either by the Georgian government or the international community, will push the region closer to Moscow and perhaps even encourage its formal integration into the Russian Federation. Only the example of a prosperous and democratic state, responsive to human rights issues in the breakaway regions as well as, to the grievances of its national minorities, may eventually encourage South Ossetians to regain trust in Georgia.

Tskhinvali/Tbilisi/Istanbul/Moscow/
Brussels, 7 June 2010

[239] Crisis Group interviews, South Ossetian analysts and activists, Tskhinvali, March-April 2010.
[240] Crisis Group interviews, IDPs and local residents, border villages in Georgia proper, February 2010.
[241] Crisis Group interview, IDP, Khurvaleti settlement, February 2009.
[242] Crisis Group interviews, EUMM head of mission and Georgian officials, Tbilisi, May 2010.

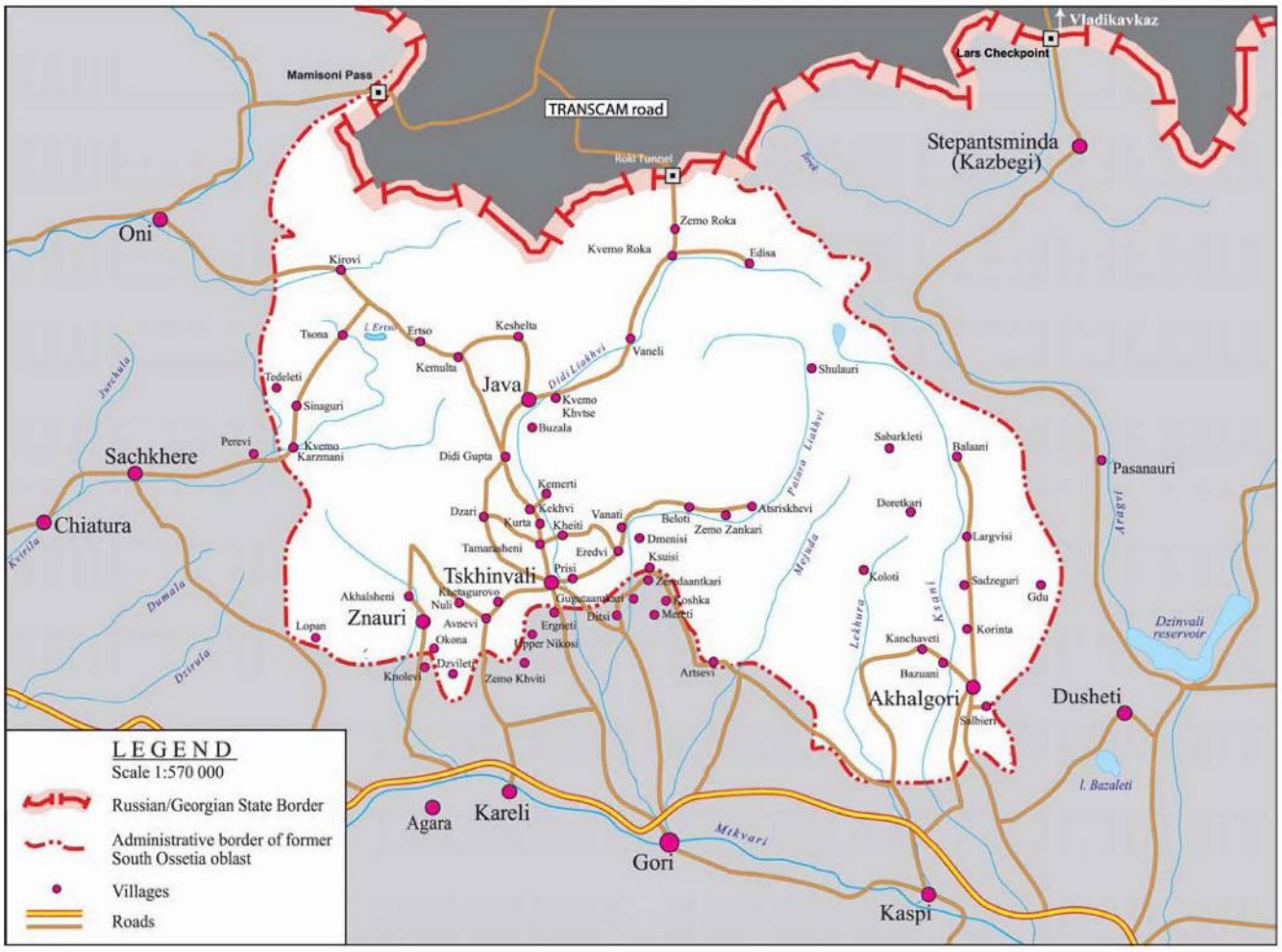
APPENDIX A

MAP OF GEORGIA



APPENDIX B

MAP OF SOUTH OSSETIA



APPENDIX C

MAP OF SOUTH OSSETIA SHOWING VILLAGES UNDER GEORGIAN AND OSSETIAN CONTROL PRIOR TO 7 AUGUST 2008

APPENDIX D

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

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CRISIS GROUP REPORTS AND BRIEFINGS ON EUROPE SINCE 2007

Islam and Identity in Germany, Europe Report N°181, 14 March 2007.

Balkans

Ensuring Bosnia's Future: A New International Engagement Strategy, Europe Report N°180, 15 February 2007 (also available in Russian).

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