Abstract

Since the 1990s Georgia, Armenia and Azerbaijan have been engaged in a turbulent state-building process, attaching prime importance to military build-up, while casting this in a broader peace-building rhetoric. In order to meet their security needs, all of them have opted for a model of a strong state characterized by top-down governance and centralized power. The challenges of democracy, good governance and the rule of law have been neglected. Stabilizing the failing states has become a security need for the European Union as well. The EU’s premise in its engagement with the territorial conflicts in the region has been its endorsement of the metropolitan state’s territorial integrity and thus its non-recognition of the de facto independence of Abkhazia, South Ossetia and Nagorno-Karabakh. Within this framework, the EU’s governance initiatives in the South Caucasus have focused on the promotion of democracy. In the EU’s view, conflict resolution will come about in the long-run if Georgia and Azerbaijan become more attractive for the separatist entities. However, instead of real democracy promotion, what we have observed from the EU’s side has been the accommodation of local forms of governance.

Keywords: Caucasus / Georgia / Armenia / Azerbaijan / European Union / European Neighbourhood Policy (ENP) / Eastern Partnership (EaP) / Security / Conflict / Democracy / State-building
Juggling Security, Democracy and Development in the Caucasus: What Role for the EU?

by Nona Mikhelidze

Introduction

Since the 1990s Georgia, Armenia and Azerbaijan have been engaged in a turbulent state-building process, attaching prime importance to military build-up, while casting this in a broader peace-building rhetoric. State-building reforms have been concentrated on the reconstruction of infrastructure, city rehabilitation projects, the privatization of state property, the introduction of a liberal labour code and a free trade regime with neighbouring countries. The challenges of democracy, good governance, the rule of law, media freedom and the judiciary have been neglected, or tackled superficially.

Over the years, the security concerns embedded in the territorial conflicts (Abkhazia, South Ossetia and Nagorno-Karabakh) have challenged the transition process towards democracy in Georgia, Armenia and Azerbaijan. In order to meet their security needs, all of them have opted for a model of a strong state characterized by top-down governance and centralized power. On the other hand, the lack of democracy has hampered successful conflict resolution in the region. Up till now, all three states have failed to exit from this vicious circle.

Stabilizing the failing states has become a security need for the European Union as well. The EU’s premise in its engagement with the territorial conflicts in the region has been its endorsement of the metropolitan state’s territorial integrity and sovereignty, and thus its non-recognition of the de facto independence of Abkhazia, South Ossetia and Nagorno-Karabakh. Within this framework, the EU’s governance initiatives in the South Caucasus have focused on the promotion of democracy, the rule of law and development. In the EU’s view, conflict resolution will come about in the long-run if Georgia and Azerbaijan become more attractive for the separatist entities. However, instead of real democracy promotion, what we have observed from the EU’s side as regards the state-building process in the region has been the accommodation of local forms of governance.

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Bearing this context in mind, this paper will analyse the governance culture of the south Caucasian countries in the security, democracy and state-building domains, and the shortcomings of the EU’s democracy promotion, in order to understand how the EU could engage with the region in the future.

1. State-building, democracy and conflict: Georgia, Armenia and Azerbaijan

Most authors have seen state-building as a way of securing “negative peace” or the absence of war. Few have viewed it as a means of achieving a deeper “positive peace” (the absence of both war and the attainment of social injustice). The first step towards negative peace is stability within the state, which in turn depends on “whether the elite is considered legitimate by its citizens”. According to Milliken and Krause, the minimal condition for legitimate governance (and the influence of the international community in creating such conditions) is a welfare “that binds citizens to their state”. François and Sud argue that states which fulfill “the two core state functions of security/territorial sovereignty and improvements in living standards possess performance legitimacy in the eyes of their citizens”.

Furthermore, they claim that in many developing societies general living standards mean minimal social services to struggle for daily survival. The capacity to deliver these core services is a mean to secure legitimacy.

However, some authors question whether (semi-)authoritarian states are more successful in guaranteeing peace and stability in their own territories and in creating welfare for the population, and above all in resolving conflicts, as peace-building requires effective institution building with clear power-sharing or power-dividing arrangements in order to compensate the negative effects of ethnic competition. Institution-building requires, however, nation-building, which cannot be done from above, but rather “from below”, beginning with civil society building.

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2 Ibidem, p. 539.
The norms of civilized state behaviour, i.e. respect for human rights and good governance, contradict the imperatives of state-making in the developing world. These imperatives may include the use of violence inside the state in order to exercise control over the population or individual citizens. The post-colonial states often fail to perform in human rights issues not because of a lack of capability, but rather as a result of fear of jeopardizing their territorial integrity. The other imperative is achieving state security. In many of these countries, the fall of regime is equivalent to the fall of the state itself.⁸

1.1. Georgia in search of reconciling state-building and democracy

After the 2003 Rose Revolution, Georgia entered a new phase of political transition focused on the challenge of building a functioning and modern state free from corruption and criminality. By 2013, the result seems to be relatively impressive. However, the way it was achieved raised some doubts about Georgia’s capability to construct a state with solid democratic values. Georgia, having no experience in statehood, has faced real challenges in reconciling state-building and democracy. The struggle between these two concepts was epitomized in the fight against organized crime and widespread corruption, when the authorities acted on the assumption that without autocratic methods it would be impossible to achieve success in the field.⁹

However, anticorruption measures helped Georgia rapidly to develop its economy. Most of the financial resources raised in the fight against corruption have been invested in the reconstruction of infrastructure and activities to attract Foreign Direct Investment (FDI), such as the mass privatization of state property and maximum deregulation. This economic governance policy bypassed certain social groups, however, as unemployment and poverty remained present. Consequently, in October 2012 the coalition “Georgian Dream - Democratic Georgia”, led by billionaire Bidzina Ivanishvili, won the parliamentary election and brought about the first peaceful power change in Georgia since the country’s independence.

The democratic elections and successful transfer of power was largely considered a victory of Georgian democracy. Several months of government by the new coalition have demonstrated, however, that democratic elections do not always mean a successful transition towards democracy. One of the main features in the exercise of power by the “Georgian Dream” has been the prosecution of many former state officials (now political opponents) under various charges linked to corruption, the misuse of power, violations of human rights, etc. Furthermore, a winner-takes-all logic could be observed in the dismissal of a huge number of the staff of the various ministries and state structures. Among the victims were also those having no real decision-making power. The motivation was to employ new “reliable” officials at all levels of the state apparatus.

Beside the factors outlined above, democracy development in Georgia has always been challenged by the internal conflicts with Abkhazia and South Ossetia. Prior to the

⁹ Interview with an official from the Ministry of Internal Affairs, Tbilisi, 11 October 2011.
August 2008 war, the Georgian government, being party to the conflict, preferred to concentrate on short-term initiatives aimed, in its view, at conflict resolution. Its priorities were the consolidation of political and military power. This was reflected by the changes made in the constitution to strengthen presidential over parliamentary. Another trend in the construction of a strong state was the large military spending by the Ministry of Defence and the reconstruction of the national army, accompanied by a tough military rhetoric. All these developments inspired constant fear in the separatist entities of renewed hostilities. However, after the Georgian-Russian war, the premise that a strong military entails a strong state able to re-integrate the entities into Georgia has changed. Military spending and the militarized rhetoric have diminished.

1.2. Armenia: a “captured” society within a “captured” state

In Armenia, the state-building process began with the concentration of wealth and power in the hands of the minority. Notwithstanding the formal strengthening of the rule of law, amendments made to the constitution in order to establish a semi-presidential system and the ratification of various pieces of legislation on civic freedoms, the Armenian ruling elite continues to govern by suppressing opposition activities. However, it should be emphasized that the 2012 parliamentary election was, for the first time, concluded with a positive assessment by international observers. In contrast, problems continue to persist in the judiciary, which is prone to corruption and largely influenced by the political elite. The president is entitled to appoint judges and to determine “the procedures for disciplinary action against ‘disobedient judges’”.

In Armenia, the mass media fails to give an objective picture of political developments in the country, especially during electoral campaigns. In contrast to Georgia, the opposition parties are highly fragmented and fail to offer a real alternative to the existing governmental political elite, which is constituted mainly by people originating from Nagorno-Karabakh. The President, Serz Sargsyan, who is from Nagorno-Karabakh and who in the past held positions as Defence, Interior and National Security Ministers and as Secretary of the National Security Council, is a perfect example of this. This is why analysts often describe Armenia as a “captured” society within a “captured” state. Alongside this, since the Nagorno-Karabakh political elite is considered illegitimate, it constantly needs to maintain its representatives in the Armenian political system, which in turn reinforces the clan structures both in the metropolitan and the de facto states.

10 However, since the 2008 war, the constitution of Georgia has been changed in favour of greater parliamentary power and a greater separation of powers through an enhanced role for the prime minister.
In Armenia as well, security issues seem to prevail in the state-making process (taking precedence over democracy development), with 48,850 soldiers for a population of 3 million and an annually increasing military budget.\(^\text{17}\) This prevents the government from investing in the institution-building, education and social sectors (the same applies to Azerbaijan and Nagorno-Karabakh itself, which has become an increasingly militarized society). However, it seems that such a trend is accepted by the local population, with 68% considering the national army the most trusted institutions.\(^\text{16}\) Consequently, the peace process is totally monopolized by top-level actors, hampering democratic participation by the grassroots.\(^\text{19}\)

1.3. Azerbaijan: security vis-à-vis democracy

After the dissolution of the Soviet Union, state-building in Azerbaijan became of prime importance, as it was hampered by the internal territorial conflict. However, with the oil boom, it slowly began to engage with the key objectives of state formation: reconstruction of the security sector, administrative control and the management of public finances, economic reforms and the regulation of the market, and the development of infrastructure. Thanks to its energy resources, today Azerbaijan is one of the fastest growing economies in the world. Yet the extraordinary resilience of state formation has a great deal to do with these resources. It shapes political institutions and society and dictates the essential characters of state-building.\(^\text{20}\) It determines the degree of centralization of power, the model of governance and the basic rules of political life. Furthermore, energy resources have given the ability to the state to consolidate and exercise its authority over the territories. It has provided financial resources, but at the same time created challenges to manage the adequate spending of income.

Caspian energy resources give the possibility to local government to implement major economic reforms with less dependence on external assistance, as Azerbaijan has become an arena for the economic and strategic interests of regional and external actors. Energy resources have become key aspects in its foreign policy making, creating enormous policy opportunities towards external and regional players such as (1) balanced relations with all political actors in order to avoid membership of military alliances and (2) the possibility to use energy agreements as a foreign policy tool.

Alongside the opportunities deriving from energy resources, these resources guarantee the funds for Azerbaijan’s constantly increasing military budget, as justified by the existence of the Nagorno-Karabakh conflict. As in Armenia, this conflict determines


internal policy making in Azerbaijan. If in Yerevan power is concentrated in the hands of politicians who come from Nagorno-Karabakh, in Baku at the various levels of governmental structures we have clan formations consisting of Azeris displaced from Armenia (the so-called Yerazi) and Azeris from the Autonomous Republic of Nakhichevan (these latter having had more contact with, and direct experience of, conflict with Armenians), both characterized by elite corruption.  

The monopolization by government of the decision-making process, and the informal networks of patronage and clientelism, limit the actions of civil society in political life and as regards the peace process. The local mass media are completely under the control of the authorities, whereas the Baku offices of the BBC, Voice of America and Radio Liberty have been deprived of FM frequency. Under such circumstances, the government has succeeded in diverting public attention to conflict resolution issues, and in convincing the population of the need for extraordinary military spending. Opinion polls demonstrate that the ruling elite has the backing of society in so doing. In the rankings of trust in the institutions, first place goes to the national army (with 57% fully trusting and 24.1% trusting the military). Between the President, parliament and the executive government, 60% of respondents fully trust the President. The strongest indication that the conflict challenges democracy development and civic participation in political life is provided by the response to the question of how Azeris assess the domestic political process: 40% declare that “people should not participate in protest actions against the government, as it threatens stability in [their] country.”

1.4. Assessing the state-building process in the South Caucasus

On their way to state-building, the Georgian, Armenian and Azerbaijan governments have made the calculation that the first thing to address are human needs, the physical safety of the population and socio-economic stability, and only afterwards think about fair elections and good governance. State-building efforts have been aimed at achieving external rather than internal legitimacy, and at securing “negative peace” or the absence of war. Later, by ensuring stability and minimal human needs, the governments have managed to gain internal legitimacy in the eyes of the population as well.

As argued by Ayoob, newly independent states, unlike West European states, have had little time at their disposal for state-building. Such states fail to advance democracy and respect for human rights not because they lack capabilities, but rather because of their fear of jeopardizing internal security and stability. Indeed, another factor making

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state-building incompatible with democracy is the perception of the ruling elites (and of societies) regarding their countries’ security and in particular the constant feeling of being in a “no war no peace” situation, and the accompanying fear of renewed military escalation (Georgia with Russia and Armenia with Azerbaijan over Nagorno-Karabakh), that leads governments to concentrate all their political and financial resources on the security sector. Furthermore, local governments have not seen the development of democracy as a complementary factor to state-making, but rather as a contradiction to the process of state-building, and even as causing the disintegration of the state. Consequently the principal aims of the governments have only been to deliver credible leadership at the national level, to be able to manage natural resources and taxation, and to ensure economic recovery.

Thus one of the principal reasons for the lack of success of the transition to democracy has surely been connected to the insecure environment and territorial disintegration in which all three South Caucasian countries have found themselves. The issues of territorial consolidation clearly dominate, explicitly or implicitly, over all other aspects of political, economic and social decisions, and advancing democracy is largely perceived as a threat to state stability. Such a form of government has, however, caused a personalization of domestic policy making and a centralization of power. The building of political-social-economic institutions with hard power, accompanied by shortcomings in the rule of law, freedom of media, respect for private property, etc., have had a negative impact on the conflict resolution processes as regards Abkhazia/South Ossetia and Nagorno-Karabakh.

Opting for hard power, the local state elites have remained suspicious of peace-building reforms. At the same time, in order to maintain their power and autonomy, they have tried to use the resources offered by peace-builders, especially those of international actors (the EU and US). According to Barnett and Zürcher, in such cases the peace-builders have usually had to adapt their strategies, taking into account their dependence on local state elites: their strategic interactions will shape the peace-building agenda and hence the outcome of the peace-building process. Indeed these have been the trends in EU-South Caucasus relations, which will be discussed below.

2. The EU’s democracy promotion and the conflicts in the South Caucasus

2.1. Achievements of the ENP/EaP in democracy promotion and conflict resolution: an overview

How the European Union views democracy development in the South Caucasus is well described in the progress reports on the implementation of the EU-Georgia, EU-Armenia, and EU-Azerbaijan ENP Action Plans adopted on 20 March 2013, which summarize the main developments in the democracy and peace-building process. The

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EU praises Georgia for the parliamentary election, which "marked the first democratic transfer of power in the country’s history", and Armenia for its "well-conducted" parliamentary and presidential elections. Therefore, the negotiations on a Deep and Comprehensive Free Trade Area (DCFTA) with both are advancing successfully. Furthermore, as a result of its progress in democracy development, in 2012 Georgia received an additional allocation of 22 million euros and Armenia funding of 15 million euros under the EaPIC (Eastern Partnership Integration and Cooperation programme). The EU’s visa dialogue with Georgia and Armenia has been enhanced as well, and further developments towards visa liberalization are expected.

The progress reports underline Georgian achievements in the fight against corruption and democracy development, but points out that the weak checks and balances system remains a challenge, as the executive tends to dominate over parliament and the judicial branch, thus casting doubt on the independence of the judiciary. The shortcomings in the judicial branch remain the main challenge also for Armenia, while the perception of corruption is high. As for Azerbaijan, it still needs to make substantial progress in almost all spheres of democracy development (corruption, electoral legislation, freedom of expression, freedom of the media and freedom of association and assembly). Negotiations on a DCFTA can only start after Azerbaijan gains access to the WTO, whereas EU-Azerbaijan Visa Facilitation and Readmission Agreements were successfully launched.

Regarding the conflicts, the reports pledge that “the EU remained committed to and continued to fully support Georgia’s territorial integrity and sovereignty and the peaceful resolution of the conflicts in Georgia”. The EU Special Representative (EUSR) for the South Caucasus and the Crisis in Georgia co-chaired the Geneva talks, and the EU Monitoring Mission (EUMM) was active along the Administrative Boundary Line (ABL). Differently from the previous year’s progress report, the current report fails to acknowledge the lack of access of the EUMM to Abkhazia and South Ossetia, which constitutes an essential challenge for the full implementation of the mandate. Furthermore, whereas last year’s report invited Moscow to make clear steps towards the non-use of force, the current report does not even mention Russia. As for the Nagorno-Karabakh conflict, the documents say only that there is no progress in the talks mediated by the OSCE Minsk Group and that the EU continues to finance

31 The EU’s general approach is "more for more" - "the more a partner country makes progress, the more support it will receive from the EU". See European Commission and High Representative, Eastern Partnership: A Roadmap to the Autumn 2013 Summit (JOIN(2012) 13 final), Brussels, 15 May 2012, p. 4, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=celex:52012jc0013:en:not.
32 Indeed, Azerbaijan did not receive any additional funding under the EaPIC.
34 European Commission and High Representative, Implementation of the European Neighbourhood Policy in Georgia, cit., p. 2. Remarkable are the EU’s laconic statements regarding the conflicts in Georgia, which are identical to those made in previous years.
confidence-building projects between the conflicting parties, and call on the authorities to reach agreement on the Madrid Principles. Furthermore, the reports acknowledge that the security situation remains critical, with serious tensions at the Armenian-Azerbaijani border and at least eight servicemen killed.35

2.2. Assessing the EU’s approach to democracy promotion in the South Caucasus

One of the EU’s official documents acknowledges that the countries of the South Caucasus “sometimes have to tackle daunting political, economic and social challenges [...] This leaves policy-makers little time to focus on medium- and long-term reforms”.36 It seems that with this declaration, the EU accepts to some extent the local reality and justifies domestic governance methods and forms. Indeed, in its ENP evaluations described above, the EU is in fact rather moderate in condemning authoritarian (Azerbaijan) or semi-authoritarian (Georgia and Armenia) tendencies; it opts for focusing attention on trade and energy cooperation regardless of local democracy development.37

This approach has something to do with the regional conflicts: unable to contribute substantially to the peace process, the EU tries to create short-term stability at the expense of democracy development. Indeed, a general concern of local civil society is that the EU downplays “values-based democracy promotion in favour of accommodating authoritarian regimes to meet its short-term interests”.38 In the Azerbaijani case, the EU “is seen to prioritise its energy interests by not pushing for democratic transition as long as the authoritarian regime is stable and cooperative”.39

According to civil society representatives in Georgia and Armenia, the EU tends not to apply a conditionality approach with Tbilisi and Yerevan anymore.40 Notwithstanding the shortcomings in democracy building, the EU’s statements as concerns Georgian and Armenian governance are rather modest. True, the most recent progress reports acknowledge all the shortcomings, but at the same time in the EaP document the EU considers that the negotiations on Association Agreements with Tbilisi and Yerevan should be advanced, if not finalized, by autumn 2013.41

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35 European Commission and High Representative, Implementation of the European Neighbourhood Policy in Armenia, cit., p. 3 and 8.
39 Ibidem, p. 3.
40 Interview with representatives of local civil society organizations, Tbilisi, 2012.
41 European Commission and High Representative, Eastern Partnership: A Roadmap to the Autumn 2013 Summit, cit., p. 5.
then the picture has changed: the promotion of democracy and the use of conditionality have been challenged by the Georgian-Abkhaz peace process. Conditionality seems to have disappeared from EU-Georgia relations and to have been overshadowed by policies set behind the scenes.

Indeed, the EU’s moderate position towards Georgia’s failures in democracy development could have something to do with the role of the EU as a mediator between Georgia, Russia and Abkhazia in the framework of Geneva talks. After the August war, Georgia’s expectation vis-à-vis the EU was that it would actively engage with and press the Kremlin on the fulfilment of the six-point agreement envisaging withdrawal of Russian forces from the conflict zones to the position held before the hostilities. According to an unnamed source, Georgia is not pressing the EU on this issue anymore, as they have reached a silent agreement according to which officials accept that the EU cannot damage its relations with Moscow for Georgia’s sake, and in turn the EU adopts a moderate stance towards Georgia’s internal policy making, especially as regards democracy and respect for human rights.42

As for EU-Azerbaijan relations and the lack of democratic development there, it is clear that the effect of the ENP in Azerbaijan has been minimal as a result of the absence of any leverage on the part of the EU over Baku. Having enormous energy resources and being a supplier and transit country for European states, Azerbaijan is not dependent on Brussels’ financial assistance. That is why conditionally could not bear fruit. Furthermore, the EU’s inconsistent approach to Nagorno-Karabakh does not help it to be considered a reliable partner for Azerbaijan. The EU’s position regarding Azerbaijan’s territorial integrity has always been ambiguous or unclear. Recently, Štefan Füle, European Commissioner for Enlargement and Neighbourhood Policy, when mentioning the conflicts in the region in his speech at the Azerbaijan Diplomatic Academy in Baku, remarked “[w]hatever position one holds on the conflicts”.43 Yet what the EU’s position actually is on Nagorno-Karabakh, for example, is largely undefined or unknown. The EU has remained passive and at times even contradictory in its efforts towards resolution of the Nagorno-Karabakh conflict. Its contradictory policy was highlighted in the ENP Action Plans for Azerbaijan and Armenia, in which it underlined the importance of Azerbaijan’s territorial integrity in the Azeri Action Plan, while including a reference to self-determination and Nagorno-Karabakh in Armenia’s Action Plan. By sending such ambiguous signals, the EU has done little to give itself a formal and respected role in mediation activities.44

2.3. Future prospects for the EU’s engagement with the South Caucasus

What should be the EU’s new principles, goals and approaches towards the hybrid political systems that have been consolidated in the 2000s in the Caucasus? Even if the EU’s power is limited to transforming local governance forms and mechanisms, it still has some leverage. Enhanced conditionality is of essential importance, as

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42 Interviews with a state official and a civil society representative, Tbilisi, May 2012.
manifested in clear offers and benefits in the fields of trade and economic relations and visa liberalization in exchange for the enhancement of democracy.

In 2011, Germany suggested that the EU-Eastern countries relationship should be changed substantially, in that the EU should re-design its policy of conditionality. In concrete terms, only half of the available funds should be allocated to a given country, while the rest should be linked to performance in terms of the advancement of concrete political, judicial and economic reforms. Thus one of the instruments in the EU’s hands when reacting to non-compliance is aid restriction. In contrast to Georgia and Armenia, against whom this tool could be used effectively, Azerbaijan is less vulnerable towards financial restrictions.

There is still a way to influence domestic policy making in Azerbaijan and namely a more active role in the mediation over Nagorno-Karabakh. The EU acknowledges that the regional conflicts risk undermining the “nascent reform process” [and therefore] “fostering peace and stability by using all the civil and military tools available to the EU is an urgent necessity that cannot be disregarded”. Yet Brussels should move beyond rhetoric and reflect seriously on the possibility of replacing France in the OSCE Minsk Group mediation forum.

When addressing the South Caucasus one should also think about the relevance of a credible membership perspective. The membership perspective could be an incentive for the local governments to pursue democracy development, which in turn could open the door to new prospects for conflict resolution.

Conclusion

The aggressive policy of state building in the South Caucasus has given birth to functional but substantially hybrid states characterized by a top-down form of governance, the personalization of domestic politics and the centralization of power. The building of political, social and economic institutions has been accompanied by serious shortcomings in the rule of law, the freedom of media, and respect for private property. Managed democracy, a semi-militarized state and the securitization of democracy, the creation of enemy images and the spreading of fear of renewed war: all the top-down governance initiatives promoted by the regional regimes have served to perpetuate the power of the political elites, and have contributed to establishing a hybrid peace, a not “always desirable form of peace as it may represent a combination of negative practices of the local and international governance initiatives. In some cases hybrid political regime may combine (semi-) authoritarian rule and democracy”.

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Thus it seems that democracy will yet not be consolidated, but will rather remain in transition in the South Caucasus. Radical changes in democracy development cannot be expected as long as the territorial conflicts remain unresolved (especially in Azerbaijan). Even social and economic policy will continue to be influenced by the question of territorial integrity, as in all three countries substantial portions of the state budget are directed to security and defence issues.\footnote{Nicole Gallina, “Puzzles of State Transformation: The Cases of Armenia and Georgia”, cit., p. 34.}

What we have from the EU’s side towards the state-building process in the South Caucasus is the accommodation of local cultures of governance. The interplay between normative goals in democracy development and security concerns related to conflict resolution has complicated the task of the EU’s foreign policy making in the South Caucasus.\footnote{Licínia Simão, “The problematic role of EU democracy promotion in Armenia, Azerbaijan and Nagorno-Karabakh”, cit., p. 194.} The EU has opted for stabilization\footnote{Tanja A. Börzel and Vera van Hüllen, “Good Governance and Bad Neighbors? The Limits of the Transformative Power of Europe”, in \textit{KFG Working Paper Series}, No. 35 (December 2011), http://www.polsoz.fu-berlin.de/en/v/transformeurope/publications/working_paper/wp/wp35/index.html.} rather than substantial democratic transformation in the region. It has largely accepted the local countries’ development of their own style of sovereign democracy. For the EU is enough that the domestic regimes guarantee minimum democratic standards such as free and fair elections. In such a way, the EU and the South Caucasus countries have reached so called compromised peace-building,\footnote{Michael Barnett and Christoph Zürcher, “The Peacebuilder’s Contract…”, cit.} where in order to ensure peace two actors negotiate a programme reflecting the desire of the peace-builders (the EU) for stability, and the desire of the local elites (Georgia, Armenia, Azerbaijan) to ensure only those reforms which do not threaten their power base.

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