

THE ARMENIAN ENP AND CONFLICT RESOLUTION IN NAGORNO KARABAKH



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DFID Department for
International
Development

YEREVAN, 2009

Published by Crisis Management Initiative, as part of the project "Civil Society Participation in the European Neighbourhood Policy (ENP) - A Regional Approach to Conflict Resolution".

The purpose of this project is to build and strengthen the conceptual and policy linkage between civil society, conflict resolution and regional cooperation in the Black Sea area. This linkage is intended to improve the effectiveness of EU policies for the region, in particular the European Neighbourhood Policy. The project is supported by Department for International Development of the United Kingdom (DFID) through the Global Conflict Prevention Pool.

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FOREWORD

The end of the Cold War and the eventual collapse of the Soviet Union uncovered a number of inter-ethnic problems and latent conflicts. The violent response of the governments to regional conflicts lent some legitimacy to secessionist states claiming sovereignty. As a result, the international community was also unable to prioritise between two major international legal principles at the core of most conflicts in the post-Soviet space; the right to self-determination and the principle of territorial integrity.

The Nagorno Karabakh issue, one of the unresolved post-Soviet conflicts, is critical not only to the vital interests of Armenia, Nagorno Karabakh and Azerbaijan, but also to regional stability and both the political and security concerns of the Russian Federation, Turkey, Iran, the EU and the USA. The current map of interests in the Caucasus includes three de jure recognised Caucasus countries: Georgia, Azerbaijan and Armenia, but also their neighbours: Russia, Turkey and Iran. The global centres of power also have interests in this region and the activities of the US, the EU and China significantly affect the balance of power in the Caucasus.

Armenia and its neighbours in the Caucasus live with unresolved conflicts. Nevertheless, Armenia believes and participates in regional cooperation and confidence building initiatives to pave a way towards a European future for the region. Many Armenians believe in a resolution of the Nagorno Karabakh conflict that will lead to peaceful coexistence between the nations of the Caucasus.

The EU has had little involvement in the resolution of the Nagorno Karabakh conflict. This was in spite of its focus on the ENP Action Plan, which it envisaged as a key instrument for solving the conflict. The European Neighbourhood Policy (ENP), launched in 2006, raised general expectations that the process of conflict resolution would get a new impetus. Civil society and, to a lesser extent, the national governments, increasingly regard a successful implementation of

the ENP as a key step towards a long-term sustainable resolution of the Nagorno-Karabakh conflict. As European norms receive a deeper and broader recognition, so do new alternatives to the classical power-based conflict resolution approaches.

This report reviews the background to the ENP implementation in Armenia and explores the linkages between the ENP Action Plan and the Nagorno Karabakh issue. The report also describes the mechanisms used by the international actors in the processes of conflict resolution. Special attention is paid to the role of the EU and to recommendations for future action of the EU in the region.

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ACKNOWLEDGMENTS:

This report is clearly a team effort which would not have been possible without the contribution of each one of the following individuals. First of all, the author would like to acknowledge Antje Herrberg for her generous input to the paper. To Michael Savolainen, Roxana Cristescu and Jon Catshoek from the Crisis Management Initiative, very special thanks for the editorial process and able assistance. Thanks also to Alina Doroftei who, as the former project manager of this effort, initiated the first draft of this report.

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ABBREVIATIONS

AEPLAC	Armenian European Policy and Legal Advice Centre
ANCEI	Azerbaijan National Committee for European Integration
AP	(ENP) Action Plan
APIP	(ENP) Action Plan Implementation Programme
BTC	Baku-Tbilisi-Ceyhan (oil pipeline)
CBM	Confidence-building measures
CI	Civilian Internee
CIPDD	Caucasus Institute for Peace, Democracy and Development
CR	Conciliation Resources
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIDHR	European Instrument for Democracy and Human Rights
EITI	Extractive Industries Transparency Initiative
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union
EUR	ISO 4217 code for Euro (currency)
EUSR	European Union Special Representative
GDP	Gross Domestic Product
GSP+	Generalised System of Preferences with special incentive arrangement for sustainable development and good governance (+)
HCA	Helsinki Citizens' Assembly
IA	International Alert
IBM	Integrated Border Management (EU)
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Person
IMF	International Monetary Fund
IPAP	Individual Partnership Action Plan (NATO)
MSF	Médecins Sans Frontières
NATO	North Atlantic Treaty Organisation
NCU	National Coordinating Unit for EU Technical Assistance (Azerbaijan)
NGO	Non-governmental organisation
OSCE	Organisation for Security and Cooperation in Europe
PACE	Parliamentary Assembly of the Council of Europe
POW	Prisoners of War
SCCP	South Caucasus Cooperation Programme (Eurasia Foundation)
SME	Small and medium enterprise
SOFAZ	State Oil Fund of Azerbaijan
SSR	Security Sector Reform
UN	United Nations
UNDP	United Nations Development Programme
UNGA	United Nations General Assembly
UNHCR	UN High Commissioner for Refugees
UNIFEM	United Nations Development Fund for Women
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNSC	United Nations Security Council
UNSG	United Nations Secretary General
USD	ISO 4217 code for United States Dollars
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organisation

1 INTRODUCTION

The aims of this report are to critically assess how the European Union has employed the instruments at its disposal to contribute to the resolution of the conflict in Nagorno Karabakh and how it can better use the European Neighbourhood Policy (ENP) as a means of advancing the resolution of the protracted differences between Armenia, Azerbaijan, and the people of Nagorno Karabakh. Specifically, this report will seek to:

- offer a comprehensive assessment of the Nagorno Karabakh conflict in order to contribute to strategic planning thereto at the EU level (European Commission/European Council/EU Member States) as concerns the resolution of the conflict.
- provide an overview of the existing international responses and identify the EU's position in regard to other actors involved.
- critically assess how the EU used the policy instruments at its disposal within the framework of the European Neighbourhood Policy (ENP) and how their implementation could have contributed to the resolution of the Nagorno Karabakh conflict.
- identify challenges, needs and options for future EU involvement in conflict resolution.

This report reflects the work of the Council of Experts on the ENP and Conflict Resolution in Armenia. This council was established in 2006 by the ICHD as part of a regional effort to create closer linkages between civil society and governments in the Black Sea Region. Since then, there have been regular meetings with governmental officials and independent experts as regards various issues related to the ENP and the resolution of the Nagorno Karabakh conflict¹.

2 THE EUROPEAN NEIGHBOURHOOD POLICY IN ARMENIA

2.1 ENP Implementation in Armenia

The European Neighbourhood Policy Action Plan for Armenia focuses on support for democratic structures and good governance, support for regulatory reform and capacity building, and support for poverty reduction efforts.² Armenia generally considers the ENP Action Plan to be an important tool for economic development and, therefore, it implements the Action Plan upon a selective basis, with only limited legislative steps taken with respect to the political agenda of the Action Plan. The specific interests of Armenia as related to the Action Plan are free trade and visa facilitation, as well as conflict resolution and regional co-operation. Armenia's priorities on the ENP AP implementation for 2008 are the improvement of the business climate, customs reform and strengthening of export sectors.³

Armenia has developed the institutional framework and the tools for the implementation of the Action Plan and in 2006 it elaborated a National Programme for the Partnership and Co-operation Agreement (PCA) implementation for the period 2006-2009 which includes legislative, policy and institutional approximation measures.⁴ Each year, the government approves an action plan for ENP implementation, with some involvement of civil society in the discussions regarding the annual implementation tools. With regard to the administrative capacity, however, problems with inter-agency coordination remain and the various proposals for creating a coordinating body (Ministry for European Integration and an EU Integration Department under the Office of the Prime Minister) have hitherto not been put into practice.

Civil society is involved in monitoring the ENP Action Plan and in providing legal and policy advice for the implementation of the ENP. The Armenian

European Policy and Legal Advice Centre (AEPLAC) is conducting a structured assessment of the gap between Armenian and European legislation and is providing advice on the requirements for increasing the administrative capacity. At the civil society level, there is however no overarching initiative for the independent monitoring of the Action Plan. AEPLAC released a report in August 2007, showing that the government considers the EU integration process to be a long-term priority for Armenia's overall economic development and that several state bodies (Ministries of Agriculture, Trade and Economic Development, Labour and Social Affairs, Finance and Economy, etc.) have included in their work plans a number of measures set forth in the draft National Programme. Furthermore, the report emphasised that a considerable number of legal, policy and institutional approximation measures have been implemented so far. The analysis pointed out, however, that legal approximation needs to be accompanied by extensive legislative, policy and administrative reforms.⁵

The European Commission's report on ENP AP implementation represents the main document which measures the progress of the activities, especially concerning political areas. Overall, the 2007 report is quite positive. The European Commission has noted progress within the following sectors:⁶

Good progress was achieved in particular in the areas of judiciary reform, the administration of elections and the institute of the Ombudsman, although a proper implementation of the legislative framework is needed. Additionally, a package of legislative reforms related to the 2005 Armenian constitutional reform was implemented in 2007, increasing powers for the National Assembly and improving local self-government.

Progress was achieved in general as regards human rights although room for further improvement remains.

The issue of corruption still needs to be addressed.

Armenia registered good macro-economic performance and double digit growth for the sixth consecutive year.

There has been progress in reducing poverty (29 percent in 2007, and a reduction of extreme poverty to 6.5 percent) and, for the first time, a noted decrease in the poverty of rural areas. However, additional efforts are still needed, especially in the area of

social protection. The Government of Armenia has elaborated a revised poverty reduction strategy paper for the period 2008-2021.

There has been further improvement of the business climate, although international surveys indicate that these improvements are coming at a much slower pace as compared to previous years.

Other evaluations - International organisations, local non-governmental organisations and institutions have pointed out the weaknesses of Armenia's political system:

- Armen Harutunyan, the Armenian Ombudsman, declared in a March 2008 report: "We think that the present situation is conditioned by [a] rough governing system, over-centralisation of power, [an] artificial ... system of checks and balances, social and economic polarisation, a combination of business and authorities, absence of public control over authorities, deficiency of civil liberties.... All of these result in the fact that one big part of our society feels apart from the administration, has a total distrust towards public institutes, electoral mechanisms, justice and mass media."⁷
- The OSCE final report on the 2008 presidential elections says that: "Whilst the 2008 presidential election mostly met OSCE commitments and international standards in the pre-election period and during voting hours, serious challenges to some commitments did emerge, especially after election day. This displayed an insufficient regard for standards essential to democratic elections and devalued the overall election process. In particular, the vote count demonstrated deficiencies of accountability and transparency and complaints and appeals procedures were not fully effective."⁸
- The Parliamentary Assembly of the Council of Europe (PACE) had asked for a number of measures to be taken to end the political deadlock in the country and threatened to suspend the voting rights of the Armenian PACE delegation. During the PACE session in June 2008, however, the Assembly considered that the initial term given to the Armenian authorities was too short. It therefore set a new deadline of January 2009, in order to ensure full compliance with its demands, especially the question of the investigations into the March events and the release of detainees. The new PACE resolution (1620, 25 June) was

received with criticism from the opposition and independent experts, especially as concerned the situation of detainees.⁹

2.2 The ENP Action Plan and the Nagorno Karabakh Conflict

Conflict resolution is a priority area in the Armenian ENP Action Plan. In fact, the European Union calls for both Armenia and Azerbaijan to increase diplomatic efforts and political dialogue (through the European Union Special Representative, support for the OSCE Minsk Group and dialogue with the states and parties involved), to encourage people-to-people contacts, to support humanitarian and de-mining initiatives, to provide assistance to Internally Displaced Persons (IDPs) and refugees and to promote an active involvement of civil society.

Armenia	Azerbaijan
<p>Priority Area 7: Contribute to a peaceful solution of the Nagorno Karabakh conflict.</p> <p>Increase diplomatic efforts, including through the EUSR, and continue to support a peaceful solution of the Nagorno Karabakh conflict.</p> <p>Increase political support to the OSCE Minsk Group conflict settlement efforts on the basis of international norms and principles, including the principle of self determination of peoples.</p> <p>Encourage people-to-people contacts.</p> <p>Intensify the EU dialogue with the <i>parties</i> concerned with a view to the acceleration of the negotiations towards a political settlement.</p> <p>Explore possibilities to provide EU support for humanitarian and de-mining initiatives.</p> <p>Promote measures to assist refugees and IDPs.</p> <p>Promote the active involvement of civil society.</p> <p>Reinforce the cooperation on these and other matters in support of conflict resolution with the EU Special Representative for the Southern Caucasus.</p>	<p>Priority Area 1: Contribute to a peaceful solution of the Nagorno Karabakh conflict.</p> <p>Increase diplomatic efforts, including through the EUSR, and continue to support a peaceful solution of the Nagorno Karabakh conflict.</p> <p>Increase political support to OSCE Minsk Group conflict settlement efforts on the basis of the relevant UN Security Council resolutions and OSCE documents and decisions.</p> <p>Encourage people-to-people contacts.</p> <p>Intensify the EU dialogue with <i>the states</i> concerned with a view to the acceleration of the negotiations towards a political settlement.</p> <p>Implement de-mining initiatives.</p> <p>Promote measures to assist IDPs and refugees.</p> <p>Promote the active involvement of civil society.</p> <p>Reinforce the cooperation on these and other matters in support of conflict resolution with the EU Special Representative for the Southern Caucasus.</p>

Table 1: Conflict resolution as priority area within the ENP AP

It should be noted that the only differences between the two ENP Action Plans in reference to conflict resolution are the mentioning of the UN Security Council resolutions and the OSCE documents as a basis for negotiations under the Minsk Group in the ENP AP for Azerbaijan and of the international norms and principles, including the principle of self-determination, for Armenia. Moreover, the Action Plan also reflects the different views of both countries with regard to the conflict and the participation of Nagorno Karabakh. The Azerbaijani ENP AP mentions political dialogue with “the states concerned” whilst the Armenian ENP AP mentions political dialogue with “the parties concerned.” This indicates the lack of a principled, ideological value-based approach from the EU regarding the resolution of the Nagorno Karabakh conflict¹⁰.

The most important aspect of the Armenian ENP Action Plan is the fact that it commits the state to a peaceful resolution of the conflict. So far, however, the EU has failed to define for all parties involved a clear and common line of engagement with regard to the stimulation of people-to-people contacts and the involvement of civil society. There has been very limited pressure from the EU upon the Armenian Government in forging people-to-people contacts and engaging civil society.

The following progress was noted in 2007:

- **EUSR:** The EUSR became more active with regards to the Nagorno Karabakh conflict and presented some proposals for Confidence-building measures (CBM), having regular meetings in Armenia and Azerbaijan with governmental and non-governmental representatives. However, the EUSR has not been able to visit Nagorno Karabakh due to Azerbaijan’s opposition.
- **France:** France continues to inform EU Member States about the progress and development of the negotiation process in the framework of the Minsk Group process, as the EU has delegated its role in the negotiations primarily to France.¹¹ However, some issues related to communication and coordination with EU institutions and Member States (the UN General Assembly resolution, for example, which was voted against by France, while all other Member States abstained) remain unresolved.

- **People-to-people talks:** Very limited steps have been taken for the promotion of people-to-people contacts and the further involvement of civil society. The July 2007 visit of Armenian and Azerbaijani intellectuals to Baku, Yerevan and Stepanakert – marking an important and positive turn in Azerbaijani-Armenian relations, given that it was initiated by official authorities and not civil society activists, as had been the case in the past – was not followed up. No visible change of approach was noticeable from the side of the governments, which still declare having the exclusive monopoly on conflict resolution.
- **Neglected facts:** One should not forget that some parts of Karabakh proper are also still under Azerbaijani occupation: namely, parts of the Martakert and Martouni regions, as well as the whole Shahoumyan region.
- **ENPI:** The utilisation of European Neighbourhood and Partnership Instrument (ENPI) funds for cross-border cooperation (Armenia-Azerbaijan) was allegedly postponed by Azerbaijan as its position remains that no cooperation can take place until Armenian local forces withdraw from the occupied territories.

3 THE NAGORNO KARABAKH CONFLICT – AN ASSESSMENT

This section aims to, from an Armenian perspective, identify the main factors that keep the Nagorno Karabakh conflict alive. It will address both the issues and the factors involved by building a systematic perspective on the conflict. Further, the international (and EU) engagement in conflict resolution in terms of type of responses, their implementation and effectiveness, will be discussed.

3.1 The Nagorno Karabakh Conflict – Issues and Factors

	Identity/ Ethnicity	Political	Geopolitical level	Capacities for positive transformation (peace)
Issues	Nationalism	Soviet legacy	Russia	Democratic development
	Society (pseudo-patriotism)	War party	Turkey	Economic incentives
		Militarisation	Iran	Military balance
	Dealing with the past Media	Coercive approach	US	International mediation
		Economic costs and benefits	EU	Civil society
	Legitimacy issues			Media

Table 2: Critical factors and issues regarding the Nagorno Karabakh Conflict

3.1.1 Identity/Ethnicity

Armenian National Identity – The Place of Nagorno Karabakh

In Armenia, the revival of the public debate on the 1915 Armenian Genocide by Ottoman Turks has led to this latter tragedy becoming associated with more recent events in Armenian history, such as the pogrom of Sumgait in 1998 and the situation of Armenians in Nagorno Karabakh. Through the Nagorno Karabakh movement (1988-1990), the image of “a victim pleading for mercy and justice” was gradually replaced with that of “a warrior who had realised the fact that national goals could be only achieved through struggle.”¹²

Following the conflict, the issue continued to be connected with the project of national state building due to the suffering Armenia had endured in the conflict. Beginning with Robert Kocharyan’s presidency in 1998, which was supported primarily by the Dashnaksutjun party, the Armenian authorities took a view on the conflict which was closely related to the “HayDat” ideology, which states that Nagorno Karabakh is historically Armenian land and that its unification with Armenia is a matter of restoring historical justice.¹³ This discourse, however, is not entirely shared by the elites and the societies in Armenia and Nagorno Karabakh (according to public opinion surveys, for example, the population in Nagorno Karabakh is split between those favouring union with Armenia and a narrow majority which favours independence¹⁴).

“Ancient Hatred”/Images of the Enemy

Whilst the tragic events on both sides are still part of the public discourse being analysed by various historians and other experts, the focus is too often placed upon disputing numbers and responsibilities (between the Soviet Union and the opposing side) than upon acknowledging one’s own role in the tragic events.

War memories being kept alive by new tragic events, such as the murder of an Armenian officer by an Azerbaijani counterpart at a Partnership for Peace NATO exercise in Budapest, Hungary in 2004¹⁵, or like infighting between Azerbaijani and Armenian students in Moscow in 2007, show that the collective memories and the image of the enemy remain a social factor that needs to be dealt with if any reconciliation approach is to be pursued.

The low level of development and professionalism of the media had an important role in starting the conflict. At present, the media still propagates stereotypical “enemy”-images and continues to make accusations of defeatism or of “pacifist” leanings at a time when any restarting of the war is mentioned by the elites on both sides; more in Azerbaijan, but increasingly so in Armenia and Nagorno Karabakh.¹⁶ Monitoring of the Azerbaijani and Armenian press for the period January-September 2005 done by press clubs from Yerevan and Baku, for example, showed that the distrust towards each other prevails and that mutual fears are strong in both countries. The findings of the study indicate that the share of news items on each other with negative connotations is significant in both the Armenian and the Azerbaijani press. The difference, however, is that the negative pieces on Armenians in the Azerbaijani press are several times more numerous than those on Azerbaijanis in the Armenian press, although the situation is improving with the establishment of more journalism schools.¹⁷ Further, press monitoring from 2004 showed that Azerbaijanis link the image of the enemy to Armenians, even when they are told about issues unrelated to the Nagorno Karabakh conflict. Armenian press, on the other hand, represents the image of the enemy through the negative image of either a Turk or an Azerbaijani.¹⁸ In fact, thousands of Armenians freely travel to Turkey, and thousands of Turks and Azerbaijanis visit Armenia without any obstacles. The situation is totally different in the case of Azerbaijan, where even citizens of Armenian descent from other states are not able to travel to the country easily. This is due to the strong dependence of both Armenian and Azerbaijani media on their respective authorities, with public debate in both countries being conditioned by the stances of the leadership. On the other hand, however, it should be noted that activists from the Armenian Helsinki Citizens’ Assembly (HCA) have continued to call for an end to the prolongation of the government-supported “image of the enemy” and the fear which it brings about. Seven hundred civil society representatives took part in HCA’s Fifth Annual Congress in 2000 in Azerbaijan in which 20 Armenians from undisputed Armenia and 21 from Nagorno Karabakh were present.

3.1.2 Political Factors

Soviet Political Institutions and Legacy

In the opinion of Armenian experts, the policy of the central authorities of the former Soviet Union and the corrupt administration of the Soviet Republics were two factors which account for the roots of the conflict.¹⁹ Another is the timing and sequence of events preceding the conflict and Moscow's response to these events, which according to some experts have led to the eruption of the conflict. The role of Moscow in fuelling the conflict is pointed out in Yerevan – the role of the Soviet military and the selling of equipment to both sides, the Kremlin's inability to respond quickly and rapidly to the pogroms in Sumgait, Ganja, Baku and its inability to cope with increasing tension in the area. Some Armenian experts refer to the collapse of the central command and control system of the Soviet Union and the "privatisation" of manpower and equipment for the local interests of military commanders as destabilising factors.²⁰ Some journalists, like Thomas de Waal, show, through their analysis of Soviet archives and interviews with key players, that Soviet leaders in Moscow were "running to keep pace with the dispute, rather than leading it."²¹

Political Structures of the Newly Independent States

The Nagorno Karabakh conflict has played an important role in the internal politics of Armenia. The limited legitimacy of the Armenian authorities and the limited development of democratic institutions, contribute to the conflict being used for the internal political consumption of for instance the change of power (the resignation of Levon Ter-Petrosyan in 1998) and the government's control over public debate.

In both Azerbaijan and Armenia, conflict resolution is considered to be a 'restricted' area of policy making, which is only limited to a certain circle of people. For example, President Ter-Petrosyan declared that only six people are competent actors that could deal with the complexity of the Nagorno Karabakh problem.²² Less than a dozen officials in both countries (Armenia and Azerbaijan) are involved in the process on a full-time basis, while experts in the region are kept at a distance and there is little debate within society.²³ The lack of democratic development has also meant that the policy of the government remains publicly unchallenged, either through the marginalisation of

the "reconciliation" constituencies or through the increased presence of the "war parties" (the Karabakh Liberation Organisation, the radical nationalist Azerbaijani "Popular Front" in Azerbaijan and the influential "Yerkrapah", which brings together former volunteers who participated in the fighting in Nagorno Karabakh) in the public debate.²⁴ They point increasingly to the need for radical solutions ranging from the recognition of Nagorno Karabakh by Armenia ("Yerkrapah") to the liberation of territories through the use of military force (Karabakh Liberation Organisation) in Azerbaijan.

The public debate in Armenia on the issues related to Nagorno Karabakh is limited. Whilst it publicly acknowledges that the conflict could be resolved peacefully only through compromise, there is little internal agreement on what this compromise could be. In Armenia, the compromise is considered to be the withdrawal from the occupied territories of Azerbaijan (the security belt), provided that sufficient guarantees are given for the security of the region (the corridors linking Nagorno Karabakh to Armenia and clear modalities for establishing the status of the region through a referendum). The positions of both sides, in fact, remain irreconcilable as Armenia insists on a referendum taking place only in Nagorno Karabakh, which most probably would reconfirm the independence objective of the predominant Armenian population. Azerbaijan considers its territorial integrity as uncompromisable, especially since the oil boom might lead to changes in the balance of power between Armenia and Azerbaijan.

Diverging views at the core of the conflict

Of further special interest are the diverging views on the issues at the core of the conflict. Whilst most Azerbaijani experts consider the conflict to have two key factors: Armenian irredentism and the Russian policy of control through supporting the freezing of the conflict, Armenian experts point at the right to self-determination and the lack of guarantees for achieving this right within the current political structures of Azerbaijan. The stumbling block in negotiations remains the official status of Nagorno Karabakh and the fact that its de facto authorities are not involved in the negotiations. The change of power in Armenia in 1998 changed the public image of the conflict as a struggle for self-determination, to that of an inter-state conflict, since Armenian President Robert Kocharyan, a descendent of Karabakh, agreed to the bilateral format of negotiations considering that he will also represent the Karabakh Armenians

under the aegis of the Minsk Group.²⁵ The lack of agreement on the issues at the core of the conflict, therefore, has also led to ambiguities with regards to the official status of parties to the conflict and their participation in the negotiation format.

Militarisation and the Possibility of the Resumption of Hostilities

Both Armenia and Azerbaijan are increasing their military forces. Armenia's military budget for 2007 was USD 280 million, which is approximately one-fourth of Azerbaijan's 2007 military budget. The Armenian armed forces have an estimated 60,000 troops and its army service is traditionally seen as a matter of honour associated with the heroic image of the army in society.²⁶ The army represents the most trusted Armenian institution, together with the Church, with the level of trust in the army being at 81 percent in December 2007 whilst national trust in the media, in the Office of the President, and in political parties, was respectively 66, 53 and 42 percent.²⁷

Armenia assists Karabakh financially, in the form of interstate loans, and trains Karabakh's military.²⁸

The increased militarisation of the parties to the conflict, coupled with a rise in the number of violations of the cease-fire as well as of the number of people killed as a consequence, creates a very serious possibility for the resumption of hostilities. Both parties make a calculation of the costs and benefits of using armed force. Armenian experts say the Azerbaijani military, although it might be ineffective and marred by corruption,²⁹ still controls the strategic positions in Karabakh. In Nagorno Karabakh, everyone is ready for war and there is no fear of Azerbaijan. Although there is no desire to start any military action, Karabakh is ready and increasing its capacity to defend itself.³⁰ Cease-fire violations of the scale of the March 2008 events (which, according to some experts, were similar to a full-fledged military confrontation with heavy equipment) show that there is a high risk of a possible escalation of events. ³¹

Economic Costs and Benefits of the Conflict

Political calculations regarding a possible strengthening or weakening of Armenia's negotiation positions are based upon its continued economic growth, which it realised despite living under a

blockade by Azerbaijan and Turkey, and upon increased energy revenues in Azerbaijan.

In Armenia, the Gross Domestic Product (GDP) growth in 2007 was 13.8 percent, with similar rates having been registered over the last six years. The business climate has improved, with official figures indicating that poverty has decreased to less than 25 percent as compared to 55 percent in the mid-1990s.³² There are, however, questions with regards to the sustainability of the growth. The recent economic growth was largely driven by investment and increased consumer spending, and supported by remittances and increased private sector incomes wherein the shadow economy remains large (estimated at about 30 percent of GDP). Construction has been the most dynamic economic sector,³³ and where the country enjoys lower market prices of Russian natural gas. Moreover, the influence of the stratum of oligarchs in Armenia's economic and political life remains a worrying reality. Additionally, the conflict enables Armenia to solicit huge financial input from its diaspora and various Western governments. The US, for example, which is home to a significantly large portion of the diaspora community, allocated USD 1,630 million between 1992-2008 for the "consolidation of democracy."

With regards to possible incentives for reaching a compromise, some studies show that opening the borders with Turkey and Azerbaijan could lead to an increase of trade of 30 percent (according to a World Bank study), with Azerbaijan itself being able to gain approximately 5 percent of GDP. These data, however, are challenged by local governmental and non-governmental experts, with a governmental study from Armenia arguing that opening the borders with Turkey and Azerbaijan will not in fact influence the GDP of Armenia to a significant degree. Experts on both sides agree that the possibilities for using economic incentives to facilitate a political solution to the conflict are limited, due to oil resources, monopolistic market structures and the political power of oligarchs who prioritise their political gains over general economic development.

3.1.3 Geopolitical Level

Russia

Russia, as a Minsk Group co-chair, supports the Minsk process and UN resolutions. The current Russian co-chairman is Yuri Merzlyakov.

Russia's interests in the region and its fear of instability keep its role in the conflict ambiguous and problematic. Whilst Russia benefits from the status quo (Armenia's participation in the Collective Security Treaty Organization (CSTO), a military base in Armenia, the take-over of important sectors of the Armenian economy³⁴), it is also becoming increasingly interested in Azerbaijan, due to the development of alternative routes for energy transportation from the Caspian Basin (Baku-Tbilisi-Ceyhan pipeline (BTC)) and its present discussions on gas pipelines such as Nabucco. This notwithstanding, evaluations with regards to Russia's role in the resolution of the Nagorno Karabakh conflict differ. Armenian experts express doubt in the idea of Russia as the key to resolving the conflict.³⁵

United States

The US is involved in the conflict as a co-chair, along with Russia and France, of the Minsk Group. At the beginning of the 1990s, US policy was perceived by Azerbaijanis as being overly pro-Armenian due to Section 907 of the 1992 Freedom Act prohibiting all US government aid to the Government of Azerbaijan until the American President determines that Azerbaijan has taken "demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno Karabakh." The Act was waived only in 2001. Still, Armenia receives large amounts of US aid. Since 1993 the US has provided nearly USD 2 billion in assistance to Armenia, making it the highest per capita recipient of US aid in the NIS (Newly Independent States).³⁶ Recently however, US policy is considered to be increasingly pro-Azerbaijani as a result of its oil resources, access to the Caspian Basin and strategic interests related to the Middle-East (i.e. Iran). Experts on both sides, however, agree that the US favours a status quo policy at the present, as it does not have the needed leverage to facilitate a solution of the conflict and, therefore, focuses on containing the conflict and preventing the re-escalation of hostilities.

European Union

The EU has mostly avoided addressing the Nagorno-

Karabakh conflict in its relations with both Armenia and Azerbaijan.³⁷ In a region such as the South Caucasus, wherein foreign policy is largely defined and practised in terms of geopolitical and power interests, the EU's soft power potential has only gradually been recognised, and only by a limited elite. The EU has therefore as of yet not been able to contribute to important political and democratic reforms in either country and its influence remains peripheral, even if slightly increasing. France for the most part represents the EU in negotiations.

Turkey

Turkey's approach towards the Nagorno Karabakh conflict is influenced by its relations with Russia, the Turkic-speaking countries of the Caucasus and Central Asia, the Middle-East, the Kurdish question, as well as European integration issues. In the Caucasus, Turkey has as one of its strategic objectives the strengthening of its positions in the region and Central Asia by deepening economic, political, cultural and even military relations with the Turkic-speaking former Soviet republics, including Azerbaijan. The closure of the border between Armenia and Turkey in open support to Azerbaijan, the lack of diplomatic relations and the Turkish refusal to recognize the 1915 Armenian Genocide, add to the complexity of Turkey's policies in the Caucasus.

Turkey recognised Armenia's independence in 1991, but no diplomatic relations were established, with Ankara closing the border with Armenia in 1993. As part of the European integration process (the European Parliament's report requesting that Turkey opens the border with Armenia), there has been an increase of public declarations and speculations on the possibilities of reopening the border between Armenia and Turkey, most notably in 2008, although similar declarations took place in 2004 without any concrete implications. International experts state that a reopening of the border with Armenia would transform Anatolia into a "crossroad of north-south and east-west trade in the Caucasus and Central Asia and contribute to the development of Eastern Turkey."³⁸

Iran

Iran has a policy of maintaining the balance of power between Armenia and Azerbaijan. A powerful Azerbaijan is perceived as an increasing threat due to the large Azerbaijani minority in Iran but, at the same time, it supports the principle of territorial integrity.

Iran is contributing to the diversification of energy resources in Armenia (gas pipeline, electricity power line) and ensures a much needed transportation corridor. Furthermore, Iran has tried to mediate in 1992 during the Nagorno Karabakh war, but gave up after May 1992. More recently, in March 2009, Iran expressed its willingness to mediate a settlement between Armenia and Azerbaijan over Nagorno-Karabakh.³⁹

3.1.4 Capacities for Containing the Conflict and Capacities for Peace

The status quo of the Nagorno Karabakh conflict is preserved through the involvement of international actors in the negotiation process, the self-regulating cease-fire which is based upon high levels of military presence on both sides and by the perceived economic and political costs of changing the status quo (which have been discussed above).

Self-regulating Cease-fire

As there are no international peacekeeping forces in the conflict area, the cease-fire is maintained by the parties involved and is supported by a heavy military presence, mines and trenches. The OSCE carries out monitoring of the LOC (line of contact) through regular visits which are announced in advance. There is, however, very little communication between the sides in order to ensure that unintended incidents do not escalate or that certain cooperation takes place in the interest of both sides, such as the fighting of fires, for example, which are quite frequent in the conflict area during summer and which could also lead to exploding mines. Some attempts have been made at providing assistance to both parties, by for instance providing fire-fighting equipment with the possibilities for a direct 'hotline' of communication between commanders,⁴⁰ or by proposing cooperation on pest control with benefits for both sides and the exchange of information regarding non-strategic minefields.⁴¹ At the moment, however, the Azerbaijani side refuses any form of engagement with Nagorno Karabakhi authorities. This has negative effects for all parties to the conflict in terms of human casualties and economic costs.

The number of violations of the cease-fire has recently increased with one of the most important escalations taking place on 4-5 March 2008, both sides blaming the other (Azerbaijan says that Armenia provoked the incident to draw attention from the internal

political crisis whilst Armenia says that Azerbaijan tried to break the cease-fire line and catch Armenia by surprise⁴²). It is true, however, that collegial mutual contacts between soldiers on both sides of the conflict exist, although physical confrontations and shootings still occur. There has been no independent investigation of the violation by the international community, including the OSCE. Why this is the case, remains a question up to today. The magnitude of this incident shows that while the self-regulating cease-fire seemed to have been working properly so far – even if it means that no development was possible in the area, which had the appearance of a war zone, and with a significant number of casualties on all sides - some steps should be taken to build confidence and to diminish the possibility of an escalation of unintended incidents (fires, accidental shootings).

Minsk Process (international negotiation)

The official negotiations between Armenia and Azerbaijan take place under the aegis of the OSCE Minsk Process which is being facilitated by Russia, the US and France as co-chairs. So far, the co-chairs have presented different proposals, consisting of step-by-step solutions or package deals, but have unfortunately not been able to reconcile the positions and the interests of the parties. Armenia considers the security of Nagorno Karabakh of paramount importance and will only feel it is ensured if a clear criterion for defining the final status of the region is agreed upon from the beginning. This includes the guaranteed security of the corridors linking Nagorno Karabakh and Armenia via Berdzor and Karvachar regions (Lachin and Kelbajar).

In July 2006, the co-chairs of the Minsk process presented the proposal under discussion for the first time to the public, possibly frustrated by, and in response to, the differences between the secret negotiations and public declarations of the Armenian and Azerbaijani officials. Their statement did not specify any important details of the so-called "package deal", especially the exact modalities in which the referendum on Nagorno Karabakh's status would take place. However, they tended to agree that the referendum should take place only on the territory of Nagorno Karabakh.⁴³ Presently, it seems that negotiations are taking place on a package similar to the one proposed in 2006 and, unsurprisingly, within expert circles there are little expectations for a real breakthrough in the negotiations (despite the optimistic declarations of the Minsk Group's co-chairs).

The Minsk Group has been criticised by all parties for “not leading so much to peace but, rather, following the conflict sides,⁴⁴ lacking impartiality and neutrality (with Russia and France perceived by Azerbaijan as being pro-Armenian) and not having any real (or ready to use) incentives or sanctions at its disposal for facilitating compromise.⁴⁵ While discussions, for example, are taking place as regards the possibility of Russia intervening for the resolution of the conflict, provided that a deal with Azerbaijan is agreed upon concerning the import of all Azerbaijani gas (Medvedev’s visit to Baku in July 2008), most of the experts on both sides agree that the status quo is presently much more preferable for Russia.

For the US, the experts seem to consider that the status quo is also the preferred solution due to energy interests balanced by the Armenian lobby as well as the attention primarily paid by the US to the Middle East.

Reconciliation Capacities in societies of the region

Reconciliation capacities on the local level in three societies are weak and largely under-used due to the blockages at the political level by ruling elites. The economic and transport blockade is aggravated by the lack of political will from Azerbaijani leadership to initiate any kind of cooperation. As a direct consequence, mutual problems affecting all parties involved in the conflict (Nagorno Karabakh, Azerbaijan and Armenia), such as water pollution and natural disasters, are not being dealt with efficiently.

Since 2001, the Karabakh side has on several occasions initiated implementing a list of confidence building measures concerning the sharing of water resources for agricultural and other purposes, fire fighting and other natural disasters through the OSCE Minsk Group co-chairs. However, the Azerbaijani side has rejected this initiative. Only very limited cooperation exists between Armenia and Azerbaijan within the framework of regional initiatives, such as the Regional Environmental Centre in Tbilisi. As discussed above, the economic incentives for cooperation are limited, and the Azerbaijani blockade is one of the bargaining tools.

At the society level, attempts have been made to establish contact between people, both at the grassroots level and the middle level of the population. Media and civil society are the key resources for reconciliation at the society level

(small and medium business are under-developed, especially in Azerbaijan, and do not have the leverage for influencing the political level of the conflict, as they are not able to become a strong middle class and influence elections at any level).

Media

Freedom House, an international human rights watchdog, defined Armenia’s press as being “not free” whilst further indicating that although the government does not exert direct control or censorship over the media, it does maintain a firm grip on broadcast media in particular, through informal pressure on outlet owners.⁴⁶ Armenia has 14 radio and 42 television stations, most of which are privately operated. The print media is mostly privately-owned and expresses a wide variety of views without restriction. Private television stations generally offer news coverage of a good technical quality although the substantive quality of news reporting on television and radio does vary. Most stations are owned by pro-government politicians or well-connected businessmen, prompting journalists to engage in self-censorship. All Armenian television and radio stations avoid editorial commentary or critical reports about the government.⁴⁷

Due to the fact that authorities control what goes on in the media, especially at the level of electronic media, and journalists often exercise self-censorship, there is very limited public space for the discussion of issues related to conflict resolution which contradict the government’s official position. Some experts state that many of the media campaigns asking for radical measures, uncompromising positions and portraying people who have direct contacts with Armenians as enemies or spies of the government, are conducted at the express request of authorities in Azerbaijan.⁴⁸ As illustrated, through monitoring media in Armenia and Azerbaijan in 2004 and 2005, media acts more as a channel for reinforcing negative stereotypes than as a resource for reconciliation.

NGOs

In Armenia, international NGOs (USAID, NGO Index, Freedom House, Nations in Transition) make mention of some positive developments with regards to the legal environment regulating the activity of NGOs, better co-operation with the government and the involvement of local business. The NGO sector, however, may at times be viewed from pro-governmental and pro-opposition positions and perspectives, with only limited positive change taking place regarding the transparency and accountability

of the national government.

In Nagorno Karabakh, the civil society sector remains very weak with only a few NGOs active at the policy level (i.e. Stepanakert Press Club, Helsinki Initiative-92). The NGO sector has a quite limited support from international actors (with the exception of Diaspora organisations) with regard to capacity building or single community programmes, mainly due to the fact that Azerbaijani policies have discouraged such initiatives. This situation, therefore, affects any intended EU initiative dealing with Nagorno Karabakh. The EU itself has repeatedly stated that it cannot have any relations with Nagorno Karabakh,⁴⁹ which it views as an illegal entity.⁵⁰ However, considering the Nagorno Karabakh leadership as party to the conflict would be an important step for the EU to profile itself as a fair mediator.

3.2 Dynamics in the Last Years

Missed Opportunities (the potential for official negotiations)

Windows of opportunities were perceived by mediators and observers in 1997, 1998, 2001 and 2006, when it seemed as though the sides were close to a comprehensive settlement. The optimism shown by mediators, however, seemed unjustified. There was often no agreement on the more difficult issues (status and security guarantees), or the formula agreed upon (under the step-by-step approach) was considered only from the position of further strengthening the bargaining position. After 1998, the negotiation process largely stagnated and the impetus of 1994-1996 was lost as the perception of a “hurting stalemate” diminished, due to the economic growth in Armenia and Azerbaijan.⁵¹ At present, the negotiations still require a serious move from managing the consequences of the war (IDPs, occupied territories, closure of borders) to the real issues (Nagorno Karabakh status and security guarantees).

The Minsk Group seemed to have exhausted the possible options for a conflict resolution (package deal, step-by-step, swap of territories, intermediary status). Azerbaijan is increasingly looking for alternative options to reconfirm its position, especially in light of Kosovo’s independence in 2008. The UNGA resolution of 14 March 2008, reconfirming the organisation’s commitment to Azerbaijan’s territorial integrity and the immediate, complete and unconditional withdrawal of Armenian forces from the territory of Azerbaijan in order to allow for the return of refugees – as well as Azerbaijan’s refusal

to let countries provide assistance to the people in Nagorno Karabakh⁵² – represents such a move. The resolution was criticised by the co-chairs and Armenia for not representing a step towards conflict resolution given its support to only one of the parties of the conflict.

Legitimacy of Elites

In both countries, power is concentrated in the hands of a limited number of people who control both the political scene and the economic resources. An oligarchic system is in place in Armenia and Azerbaijan, led by elites which depend on their control of political power to maintain economic status.. The legitimacy of the elites in both countries is disputed, especially as elections have again failed to meet international democratic standards. This lack of legitimacy, as well as the high stakes in controlling political power makes it extremely difficult for both parties to push for a costly compromise solution.

Changes at the geopolitical level (Russia/US/EU)

The probability that any changes at the geopolitical level could have positive effects upon conflict resolution in the short term is quite low. Even more, the relationship between the big powers tends to become more confrontational in the area, as can be seen in the case of neighbouring Georgia. EU’s normative power, if correctly applied, could possibly lead to significant changes in the region in the medium to long term although this still needs to gain critical speed.

Nagorno Karabakh’s Position

The general and widely perpetuated error committed by many experts in many papers and publications is the fact that Nagorno Karabakh is not considered as a separate entity and a phenomenon by itself. This is a factor which should be taken into serious account. In reality, the conflict is not between Armenia and Azerbaijan; it is between Nagorno Karabakh and Azerbaijan. This is the trap and, moreover, what is most interesting is that perhaps many have understood this in the past, but are forgetting it when they ask why the conflict resolution process is not working. Armenians in Armenia, it can be said, will never dare to take the responsibility of deciding the destiny of Nagorno Karabakh from Karabakh Armenians. They want to help, but will never take the decision. Nagorno Karabakh should at least be recognised as a side to the conflict and be treated as such, for the sake of bringing about real progress and reaching a true and sustainable solution.

4 INTERNATIONAL RESPONSES

4.1 Main International Donors - International Assistance to Armenia

The International Monetary Fund (IMF), the EBRD (completing eight investments in Armenia, totalling 116 million EUR in 2005), the World Bank (commitments of USD 398.6 million in 2006 focusing on social reforms, business climate, sectoral credits in energy, transport, water, education and improvement of the country's investment climate), as the key international financial institutions, have programmes or pooled resources to support poverty reduction, restructure the energy sector, strengthen the financial sector and provide support to Small and Medium Enterprises in Armenia. The UNDP provides assistance in many sectors related to economic development, information technologies and decentralisation. In particular, it is assisting the Ministry of Trade and Economic Development in elaborating a 20-year Economic Development Plan.⁵³

The overall goal of the USAID in Armenia for 2009-2013 is to support "sustainable development through increased competitiveness, higher quality social services and a more empowered civil society" based upon three objectives: good governance and democracy, investing in people and economic growth, as well as the peace and reconciliation processes.⁵⁴ USAID assistance reached USD 65 million in 2005, USD 63.79 million in 2007 and an estimated USD 62.39 million in 2008. In addition, Armenia is eligible to currently receive USD 235.6 million under Millennium Challenge Corporation (MCC) funding for fighting corruption.

Under ENP national allocations, European Commission assistance to Armenia is estimated at

EUR 98.4 million for 2007-2010 based upon three priority areas: democracy and good governance (EUR 29.52 million), regulatory reform and administrative capacity building (EUR 29.52 million), as well as support for poverty reduction (EUR 39.36 million).⁵⁵ For 2007, the ENPI annual allocation was 21 million EUR for strengthening good governance and democratic development, supporting regulatory reforms and supporting Armenia's Poverty Reduction Strategy.⁵⁶

From the EU Member States, the main bilateral donors are: France (support to university education, culture and health care), Germany (one of the biggest bilateral donors, promoting local self-governance, judicial reform and the rule of law, vocational training, infrastructure development, such as the rehabilitation of water systems, and electricity transmission), Sweden (promotes local self-governance, judicial reform and the rule of law, rural development, vocational training, Small and Medium Enterprises (SME) development and the promotion of mortgage lending), Greece (health care and education, telecommunications and business training), the Netherlands (macro support, human rights and good governance) and the UK (regional development, public sector reform and improving public expenditure planning mechanisms).⁵⁷

Finally, the OSCE is actively fighting corruption and trafficking, and provides support for democratisation, electoral reform, environment, media, human rights and the rule of law in Armenia.

4.2 Mapping of the Main Initiatives on Conflict Resolution and Peace-Building

Most of the initiatives for conflict resolution supported by international actors are in the field of managing the consequences of the war (humanitarian assistance for refugees and IDPs, missing persons, prisoners of war). Some initiatives have taken place with regards to the media, cooperation between NGOs, and economic research, as well as in the security field, for instance demining (non-strategic mines) and monitoring the cease-fire line. There is only very limited engagement in Nagorno Karabakh itself with the US as the only international actor providing direct humanitarian aid (USD 5 million annually).⁵⁸

The key actors in the conflict resolution process are the UN agencies (UNDP, UNHCR, UNOCHA and

UNIFEM), the OSCE and some state donors such as the US, the UK, Germany, Norway, Sweden and Switzerland. Some private foundations, such as the Eurasia Foundation, the Friedrich Ebert Stiftung, and the Open Society Institute, for example, are also active in this field, as well as international NGOs such as the CMI, International Committee of the Red Cross (ICRC) and Médecins Sans Frontières (MSF). The UK, for example, has promoted an interesting approach through the Consortium Initiative which has separate strands of work: civil society (International Alert), media (Conciliation Resources), co-ordination of international development organisations (Catholic Relief Services) and LINKS (Parliamentary cooperation). The aim was to have a more coordinated and comprehensive approach towards working with the media and towards development and humanitarian issues at political and societal level. Conciliation Resources, however, as one of the member organisations, left the Consortium Initiative after one year, and so its work remains to be perceived as not entirely achieving the intended outcome even if some good initial outputs were produced (Conciliation Resources' documentaries, the International Alert's economy and conflict research⁵⁹).

4.2.1 Governance and Politics

A number of limited and fragmented initiatives have taken place at the political level with regards to the promotion of informal dialogue at the grassroots and middle levels, support for the protection of human rights, encouraging civil society-governmental co-operation, the media and political participation of the IDPs. Some initiatives have taken place at the policy level, for instance the improvement of accountability and transparency, the opening of public debate and societal participation, mediation and reconciliation initiatives.

Moreover, most of the initiatives that have taken place to support dialogue between the parties to the conflict have occurred either between Armenia and Azerbaijan or within regional frameworks (South Caucasus, Black Sea region).

Two categories of past and current initiatives should be discussed in particular; that is, those which engage the middle level of the population by including opinion makers from academic circles, think tanks, NGOs at the policy level and governmental experts and working with media (in each country and across

the conflict divide). The existing initiatives, however, remain fragmented and only marginal to the official approach and the public discourse.

Middle Level:

Some of the initiatives are dedicated to defining and proposing alternative ways of conflict resolution such as those based upon reconciliation and dialogue. Some examples are:

- **Transcaucasian Dialogue** (a network of trustbuilding civic initiatives through HCA branches in Azerbaijan, Armenia and Nagorno Karabakh dating to 1992). Forty Armenians, including those from Nagorno Karabakh, participated at the HCA General Assembly in Baku in November 2000. The network aims at promoting reconciliation and cooperation across the conflict divide. This project has yielded some important results in the 1990s, such as the exchange of prisoners of war, the identification of missing persons and mutual visits. As HCA branches are active in the field of human rights protection, however, they have little influence at the policy level, even if international support has at times contributed to some successes in the field of human rights protection and democratic development.
- **The Dortmund Conference** is another example of an attempt to involve the middle level in the conflict resolution process. Beginning in 2001, representatives of Azerbaijani, Nagorno Karabakhi and Armenian societies (NGO activists, former high officials, businessmen, academics, representatives of political parties) held nine meetings with Russian and American members of the working group. Finally, in May 2006, the working group produced a matrix of a framework agreement which suggested a step-by-step approach consisting of two phases. The document was submitted for consideration to the leaders of the conflicting sides as well as to the Minsk Group. However, no response was received.
- **Other initiatives** discuss possibilities for a change of paradigm in dealing with conflicts and nationalist discourses in the countries of the South Caucasus by proposing a certain degree of integration based upon Europeanisation. Such an initiative was supported by the Westminster Foundation in 2005-2006, which included representatives from all three South Caucasian

countries and the break-away republics. This initiative led to the formation of a standing conference of citizens of the South Caucasus for Peace, Democracy and Regional Integration. At the present, the initiative enjoys some limited support from international donors (on aspects related to democratic transformation and economic integration).⁶⁰

- **Academic approach:** Further initiatives have involved joint academic research (very limited and not based upon joint evaluations but separate ones) and the training of politicians, governmental and non-governmental experts in conflict management and peacebuilding. These projects were mostly undertaken by international organisations, and were sometimes promoted by local organisations (such as various Baku and Yerevan-based think tanks).

Media:

Several initiatives have taken place in the last years dealing with conflict issues in the context of regional frameworks. There were also attempts to cooperate directly with the parties to the conflict alone. Some of those initiatives, such as the cooperation between the Yerevan and Baku press clubs, have been undertaken without international facilitation. They included activities such as discussions on the role of the media in each of the countries and the role of the media in conflict resolution, training sessions, media monitoring, editing joint magazines or books, as well as producing joint documentaries and television shows. Some of the more notable programmes are:

- **Caucasus Media Support Project** (1997-2000) which was supported by the Swiss Ministry of Foreign Affairs and organised not only 12 conferences and training sessions for 200 participants, but also the first visits of Armenian and Azerbaijani journalists to Armenia, Nagorno Karabakh and Azerbaijan.
- **The Eurasia Foundation's South Caucasus Co-operation Programme** (SCCP), which ran from 1998, supported cross-border cooperation between the region's leading media outlets, advocacy organisations and university journalism departments through a targeted grants competition. The SCCP awarded grants to support five trilateral partnerships between media organisations from Armenia, Azerbaijan and Georgia which covered the following areas:

strengthening links between the journalism departments of three prominent universities through student and faculty exchanges, monitoring the television news coverage of events in the neighbouring countries with particular focus upon the use of stereotypical language, creating a joint newspaper for the border areas of Armenia, Azerbaijan and Georgia; developing a region-wide network of analytical journalists and monitoring and assessing the media coverage of law enforcement issues in the South Caucasian countries.

- **The Caucasus Journalists** (or Caucasus Institute for Peace, Democracy and Development (CIPDD)), together with the Committee to Protect Journalists in Azerbaijan (Ruh) and the Association of Investigative Journalists of Armenia, worked to create a common information network in the South Caucasus. To that end, the partner organisations set up a joint website for journalists in the three countries of the South Caucasus (<http://caucasusjournalists.org>) as a tool for networking, cooperating and gathering and exchanging information. Approximately 145 journalists and 22 publishers became members of the South Caucasus Network through the framework of this project. The network provided specific services to participating journalists such as, for example, arranging online interviews for them with important public figures.
- **The Institute of War and Peace Reporting's** (IWPR) Cross Caucasus Journalism Network offered independent journalists from the breakaway regions as well as the North Caucasian republics trainings on conflict resolution, professional journalism and minority reporting.
- **The Yerevan and Baku Press Clubs** (with the support of the Friedrich Ebert Stiftung) monitored Armenian and Azerbaijani press between 2005-2006 and have worked together to jointly publish a book entitled *The Karabagh Conflict: Towards Understanding Each Other*. Together with the Stepanakert Press Club, both press clubs also cooperated in a project entitled "At a Crossroads: No Peace, No War", aimed at providing an accurate picture of the stereotypes which are both propagandised and widely held amongst Armenian and Azerbaijani societies. It was facilitated in 2004-2005 by the Regional Research Centre for Investigative Journalists (Armenia) in partnership with the Institute of Peace and Democracy (Azerbaijan).

- **Conciliation Resources** worked on media issues related to the conflicts in the South Caucasus, participating for instance within the framework of the Consortium Initiative, a UK-supported initiative for the resolution of the Nagorno Karabakh conflict. Their last project, “Dialogue through Film”, began in 2006 and trained five young journalists from Azerbaijan and five from Nagorno Karabakh to enable them to produce short films for broadcast. An additional ten journalists joined the project in 2007. The project is a collaboration of Conciliation Resources and Internews Armenia, Internews Azerbaijan and the Stepanakert Press Club within the framework of the Consortium Initiative. The idea is that the films will be shown to both Armenian and Azerbaijani audiences, although there is no guarantee that this will indeed take place.

4.2.2 Security (military and human security)

Only a limited number of initiatives has been undertaken in the field of both military and non-military security. Whilst some support in security sector reform is taking place in Armenia and Azerbaijan within the framework of cooperation with NATO (IPAP) or based upon bilateral assistance projects (US, mainly), the military remains one of the sectors in which accountability and transparency are most restricted (for instance, anti-corruption initiatives in both countries include neither corruption in the armed forces nor procurement). Civilian control over the military forces, especially from the part of the Parliament, is almost non-existent. In the present conditions of hardening positions and militarisation, this is a concerning situation, which should be of key interest to international actors.

With regards to border management, the EU programme on supporting Integrated Border Management (IBM) in the South Caucasus focuses only upon Georgian-Armenian cooperation and Georgian-Azerbaijani cooperation, due to the fact that other borders have been closed.

4.2.3 Economic and Sustainable Development

Whereas there have been attempts to research the economic costs of the conflict and to propose economic incentives in order to facilitate conflict resolution (International Alert’s, USAID’s and the Eurasia

Foundation’s programmes on Armenian-Turkish relations), these initiatives have hitherto had only limited impact on Azerbaijani-Armenian relations. Owing to its good macro-economic performance over the last years, Armenia does not see economic benefits as possibly off-setting the political costs of the conflict. As for the Armenian-Turkish track, it could be said that Track II initiatives have strengthened the call of those interested in the normalisation of relations. There are unofficial economic contacts between Armenians and Azerbaijanis in Georgia (such as the Sadakhlo market), but they have limited impact at macro-economic and political level. Also, key agents at the Sadakhlo market have little interest in the normalisation of trade relations between Armenia and Azerbaijan, as this will negatively affect their business.⁶¹

Various environmental initiatives have been presented in order to encourage some limited communication and cooperation between the conflicting parties. The OSCE, for example, has proposed two initiatives: one on water management (the maintenance and operation of reservoirs in the Nagorno Karabakh region and the rehabilitation of downstream irrigation networks⁶²), and another on fire-fighting in the conflict areas (the OSCE-led environmental assessment mission to fire-affected territories in and around the Nagorno Karabakh region proposed measures to combat the detrimental consequences of the fires and to enhance national capacities to prevent and control similar incidents in the future⁶³). So far however, Azerbaijan has obstructed a successful implementation of these initiatives, by refusing to engage the Nagorno Karabakh leadership and accusing the Karabakhi side of arson.

4.2.4 Social

Most of the international interventions related to the Nagorno Karabakh conflict have a social or humanitarian character. Focusing on humanitarian assistance and rehabilitation, rather than development and democratisation, several NGOs have established a permanent field presence in Nagorno Karabakh. Main examples include the International Committee of the Red Cross, Médecins sans frontières, Save the Children, and various diaspora groups.

IDPs / Refugees

Since 1992, the UNCHR has been helping the Armenian Government to address the needs of approximately 220,000 Armenian refugees from

Azerbaijan (figures from 2005).⁶⁴ Yet, neither the UNCHR nor any other international organisation has addressed the needs of the refugees who are currently residing in Nagorno Karabakh, rather than in one of the recognised states.

Though Armenian refugees from Azerbaijan have been subject to integration from the beginning, the UNHCR reports that approximately 8,399 IDPs continue to live in Armenia and have not been able to return to their villages (in the conflict areas) or are not interested in going back due to socio-economic hardships or the fear of land mines.⁶⁵ There are approximately 10,000 IDPs in Nagorno Karabakh as well.

Working on Women's Issues

The regional "Women for Peace" coalition, sponsored by UNIFEM, was established in 2003 and includes representatives of women's coalitions in Armenia (Peace Coalition), Georgia (Unity of Women for Peace) and Azerbaijan (Coalition 1325). One of the achievements of the initiative is an education manual on peace and gender, which should also help to address the negative understanding of "peace" (as defeatism) among IDPs. UNIFEM has established several programmes aimed at female IDPs, such as the 2004 project called "Supporting Local Initiatives in Maintaining Trans-Border Communication Between Women of Azerbaijan and Armenia", which was directed at the mobilisation of women to participate in trust building between the divided societies. Women IDPs were trained in self-empowerment, and asked to organise themselves into a network. Unfortunately however, Azerbaijan's refusal to grant international donors access to Nagorno Karabakh, has resulted in a forced exclusion of that region and its citizens from this type of regional projects.

The ICRC continues to process cases of persons who went missing in connection with the Nagorno Karabakh conflict and has worked with the government to develop a consolidated list of missing persons from the beginning of conflict till nowadays. According to the ICRC, the number of confirmed missing persons increased from 4176 to 4416 in 2007, including 3398 military personnel and 1015 civilians. The Azerbaijani government reported that prisoners of war, hostages, and missing persons totalled 4354 at the year's end. The ICRC says that it opened investigations into 229 new cases during the last year. In addition, it continues to pay special attention to Prisoners of

War and Civilian Internees (POW/CI). It conducts visits to ensure their protection under international humanitarian law, whilst often providing clothing, toiletries and other assistance during these visits. Upon the request of and with the full co-operation of the government, the ICRC facilitated the transfer of four individuals and the repatriation of one person between Armenia and Azerbaijan during the year.⁶⁶

5 CONCLUSIONS AND LESSONS LEARNED

The countries of the South Caucasus, de jure recognised or not, have their own dynamics and characteristics. Not a single organisation, whether it is NATO, the OSCE or the EU, will have the solutions to all problems here, or elsewhere. But cooperation policies will strengthen security – and, eventually, stability – for all countries of the region. At present, there is a unique chance to turn the South Caucasus into a region of cooperation and stability, in which every country has its say and considers itself safe. Working together, there will be a chance to fully understand the interests of all sides involved, which would already be an important step towards overall success.

5.1 Relevance

Most cooperative initiatives initiated by international donors and civil society are taking place at a regional level (Georgia-Armenia-Azerbaijan), and do not involve the Karabakhi people.

National elites have monopolised most conflict resolution processes. The position of Armenia and Nagorno Karabakh is that people-to-people contacts should take place permanently, and not only after the conflict is solved.

In the 1990s, general post-war rehabilitation processes (missing persons, prisoners of war), should have been more result-oriented (problem-solving).

There is a need for more grassroots engagement with IDPs. More single community programmes should be started, in addition to already existing programmes

which focus on inter-community dialogue.

By spreading propaganda which strengthens negative stereotypes, the media has taken an important role in the conflict. Independent journalism should be greatly stimulated.

The windows of opportunity that were perceived by negotiators in official negotiations (such as in 2006), have matched with some initiatives at society level (the Dortmund conference and the press clubs). At present, there is a generally shared worry that the window of opportunity for peaceful resolution is closing.

The political establishment (either governmental or political parties) hardly participates in initiatives involving participants from Nagorno Karabakh. Although some MPs participate in dialogue initiatives, they only do this at regional level.

Although there is general awareness of the need to engage the youth, only very few initiatives exist. The ones that have been established, are mainly training initiatives, such as the project called “Living Together – Connecting Futures”, supported by the British Council.

There is no common agreement on the question which parties there are to the conflict: are those parties Nagorno Karabakh and Azerbaijan, or Armenia and Azerbaijan?

5.2 Sustainability

The circle of individuals having contacts on the other side is growing at a very slow rate and remains limited to no more than a hundred or so members of NGOs. Joint projects are frequently not continued on the long run because of a “lack of real communication, let alone friendship.” The HCA is the only dialogue that is still producing joint initiatives and continuing on a regular basis.

Multiple repetitions of projects by various donors lead only to establishment of a humanistic relationship while there is a strong need for new approaches that can lead to sustainability of the projects and ideas. Some initiatives at times produce spin-offs.

5.3 Gaps/Differences/Needs

Most conflict resolution analysis is limited to historical descriptions. In other cases, polls and public opinion surveys are conducted, which face the threat of not being published if they do not suit the political needs of the ruling regimes. There is still a shortage of policy-oriented studies and full-

fledged dialogues amongst scholars from all sides. This lack of objective, unbiased information remains a key problem that needs to be addressed by the international community.

As compared to the 1990s, civil society organisations that are involved in dialogue initiatives are presently more open to discuss options for conflict resolution. The key public positions, however, have remained the same; that is, territorial integrity (Azerbaijan) and self-determination that can lead to independence (Nagorno Karabakh and Armenia).

There is a limited public awareness of dialogue initiatives, or people are afraid of being portrayed in a negative way by local media (defeatist/spies/ traitors). Moreover, international organisations often refrain from publishing their conflict management-related activities, referring to the ‘sensitivity’ of the issue.

Although Azerbaijani and Armenian news agencies continued to exchange information, even when political relations were at their worst, the promotion of stereotypical enemy images by the media remains a main point of concern..

Feeding into the official negotiations: the Dortmund conference proposal was made, although it remains without answer, and some communication has been established between civil society and the co-chairs of the Minsk Group (particularly Matthew Bryza, the US representative of Minsk Group Chairmanship, meets with local experts of all sides on his trips to the region).

Most of the positive impact remains at the personal level of the participants of the reconciliation or track II diplomacy projects. There is a need to enlarge the circle of experts or professionals, as well as common participants of the projects.

5.4 Capacity Issues

With regard to the media, there is a deterioration of the overall situation in Armenia, with an environment of controlled public debate and information.

NGOs are still based upon the image of one person or leader, and there remain numerous concerns with regard to the independence of NGOs. This is especially the case in Azerbaijan, where the government actively and at times financially supports the activities of certain NGOs (even radical ones) that promote a “patriotic” discourse in relation to Nagorno Karabakh. Furthermore, independent NGOs are almost exclusively dependent upon the support of international donors, and they have limited access to and influence on decision makers.

Projects seem to work best when they are facilitated by external actors who can coordinate the implementation process and solve possible problems and misunderstandings.

There is distrust of third parties (hidden agenda, pro-Azerbaijani / pro-Armenian) and a reduced conflict sensitivity of third party intervention.

There is very limited coordination and coherence of Track II initiatives at the middle level (linkages with the grass-roots level).

Projects should be designed with a long-term scope and continuity in mind, based upon the understanding that peacebuilding is a long process. Programmes should continue until the end, whether that would require five or 50 years. Any stoppage of the activity or engagement is equal to starting over.

Further factors impeding conflict resolution are the lack of 'Best Practices' units and impact assessment mechanisms (due to a shortage of resources), together with the lack of policy papers (only general outlines for orientation, such as "improving economic opportunities", "conflict resolution", "community development" and "food security", amongst others)..

The lack of coordination amongst the various international organisations remains another serious problem. The Interagency Community Development Meeting, for example, was established two years ago in Baku in order to arrange and hold meetings with governmental and international organisations and local NGOs. At the same time, however, it seems that not all major international organisations working in the region understand the necessity of such a coordinating and consultative body.

6 THE ENP AND THE RESOLUTION OF THE NAGORNO KARABAKH CONFLICT – REALITIES AND PERSPECTIVES

6.1 Review of the EU Approach

The EU has hitherto had little involvement in the resolution of the Nagorno Karabakh conflict, despite its attempts at resolving the crisis through the application of its ENP Action Plans. As the conflict assessment has indicated, many issues at the core of the conflict are related to internal issues in Armenia, Azerbaijan and Nagorno Karabakh, including national identity, the weakness and lack of legitimacy of political institutions, and the underutilisation of the capacities for positive transformation and reconciliation. As part of the ENP AP implementation, however, only some economic and administrative reforms have taken place in Armenia, proving only mildly effective at political or society levels.

The attitude of all parties towards the ENP is quite formalistic. The EU pretends that it has a policy, whilst governments use this for the internal purpose of legitimising their discourse on "European integration." As ENP implementation is based upon the level of ambition of each of the countries – and with the governments in both Armenia and Azerbaijan being quite reactive – there is little hope for a change of approach, unless it is driven by either the EU or civil society, in cooperation with parts of the elite in the respective countries.

With regard to the EU involvement in conflict resolution, the most important aspect of the two ENP Action Plans is the fact that it commits the states to a peaceful resolution of the conflict and promotes people-to-people contacts as well as the involvement of civil society. The EU, however, has hitherto adopted a fragmented approach. The failure of several CBMs and cross border initiatives

which it proposed, demonstrated that there is little conflict sensitivity at EU-level. In addition, the EU lacks a coherent, principled approach. It can be said, therefore, that the limited EU engagement – or attempts at EU engagement – has only created more distrust, rather than building confidence, especially as the parties involved seemed to value the involvement of Brussels only from the position of supporting their own approach. To date, the effect has been that the EU is perceived to be applying double standards with regards to both democratic development (lack of a strong reaction on the deterioration of the political situation in Armenia and Azerbaijan) and conflict resolution (also in light of Kosovo’s “precedent” debate). Azerbaijan, for example, asked the EU not to recognise gains by military force and to put pressure on Armenia to liberate the occupied territories (as a precondition) whilst Armenia and Nagorno Karabakh are requesting EU engagement in challenging Azerbaijan’s approach of isolating Nagorno Karabakh, by supporting CBMs, economic reconstruction, ensuring the protection of human rights and by capacity building at society level in the conflict areas (an approach used in other conflict areas such as Abkhazia). This is another manifestation of the inability of international society to overcome the pressure from Azerbaijan.

As was seen in the case of Georgia and Moldova, “Europeanisation” in the field of conflict resolution can be understood as a process which is activated and encouraged by the EU through linking the final outcomes of the conflict to a certain degree of integration of the parties involved into the European structures. As “Europeanisation” represents a long-term process, the EU will continue to be perceived and judged as an outsider and not as a driver of internal transformation processes unless real progress is registered in the short term.

Moreover, Azerbaijan’s approach – the idea that international engagement to support reconciliation, rehabilitation and reconstruction is possible only after a political solution to the conflict has been achieved – does not work, as can be seen from the dynamics of the conflict in the last 15 years.

6.2 Recommendations for the EU

Improve monitoring of ENP AP implementation: Since Armenia indicates that it can not comply with the requirement of implementing the necessary political reforms, it would be advisable to consider the possibilities of using concrete benchmarking and stricter conditionality in monitoring ENP AP implementation. In a first phase, the approach which was adopted towards Romania and Bulgaria in their pre-accession and accession stages, could be applied. This approach consists of the prioritisation of reforms of key importance, and the use of so-called red, yellow and green cards to show positive or negative developments.

Clear EU approach to the resolution of the Nagorno Karabakh conflict: The EU needs to define and follow through a clear approach to the resolution of the Nagorno Karabakh conflict, especially as the current dynamics of the conflict could very well lead to a renewed confrontation. The starting point could be to follow through the commitments elaborated in the ENP Action Plan; that is, the peaceful resolution of the conflict (the preservation of the cease-fire and the political will to solve the conflict peacefully) and the promotion of people-to-people contacts, as well as the further engagement of civil society for demonopolising the conflict resolution process.

Short-term steps: Gradual steps could be taken in the short term with regards to:
Increasing the mandate of the EUSR to the level of being able to visit Nagorno Karabakh, at a minimum, despite the pressure from Azerbaijan, and developing a direct communication link between the region and the EU.

Promoting limited CBMs between the parties, in order to sustain the cease-fire and to reduce the possibility of unintentional escalation (through some exchange of information between the sides). This could be done in cooperation with the OSCE.

Offering assistance in order to encourage limited cooperation across the cease-fire line, including the Nagorno Karabakhi authorities, on pest control, water management and fire-fighting (past OSCE proposals).

Preparing programmes for working with civil society and media on conflict resolution issues in both Armenia and Azerbaijan, to be managed by local European Commission Delegations (and to be matched with the proper capacity at the level of the

Delegations). This could be designed as part of a strategy at this level to work with civil society within clear guidelines and clear organisational structures. Exploring the possibilities of engaging with and supporting civil society in Nagorno Karabakh through a permanent institutional presence of an EU agency on its territory, in close consultation with all the parties involved.

Setting of priorities: With regard to the promotion of reforms in Armenia, some areas with a clear impact on the resolution of the conflict should be addressed with priority, such as the Security Sector Reform SSR (civilian control over military, fighting corruption in the armed forces), the rule of law and the freedom of the press.

Support of civil society models: As all three conflicting sides seems to lack a proper approach to conflict resolution, the efforts of civil society organisations to define a model based upon democratic mechanisms, reconciliation and reintegration should be supported. This reintegration approach should include profound internal reforms with regard to the economy, social issues, constitutional reform, the legal system and the rule of law, infrastructure and security issues.

Support debate on “Europeanisation”: The EU could also get involved together with other international actors in spurring a debate on issues related to nationalism and “Europeanisation”, both within academic circles and at society level. It could show ways in which European countries have managed to constructively use nationalist discourse without alienating minorities or strengthening images of the enemy.

ENDNOTES

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