

The European Commission and Post-Conflict Rehabilitation in Georgia — Lessons Learned

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Georgia was one of the first republics of the Soviet Union to declare independence in 1991 after which armed internal conflicts broke out with secessionist movements in the South Ossetia and Abkhazia autonomies. The conflicts in South Ossetia (1991-1992) and Abkhazia (1992-1993) ended with ceasefire agreements and a situation of 'no war, no peace'. Both conflicts became protracted and remained 'frozen' until 2004 when Mikheil Saakashvili became president of Georgia and vowed to restore territorial integrity and bring South Ossetia and Abkhazia back into the fold. Increased tensions in the breakaway constituencies escalated into armed provocations, which resulted in an open conflict between Georgia and Russia¹ in August 2008.

The European Union, including the European Commission (EC), has supported the peaceful resolution of Georgia's internal conflicts on the basis of meaningful negotiations and a continuing search for a political settlement. The EC was initially not directly involved in the political side of conflict resolution in Abkhazia. This changed after August 2008 when it became a participant in the ongoing Geneva negotiation peace process. Due to its role as main donor for rehabilitation projects in South Ossetia the EC was granted observer status in the official peace settlement process, the so-called Joint Control Commission (JCC) in 2001, which was a proxy for the political process. The JCC was a quadripartite body entrusted with negotiating a peace settlement for the Georgian-Ossetian conflict and which was composed of the Georgian and Ossetian sides, Russia and North-Ossetia (that also included the OSCE and the EC).

The EC has a long-standing record of using its 'soft power' by supporting humanitarian assistance to people affected by conflict and various economic rehabilitation and confidence building activities in South Ossetia and Abkhazia. These programmes aim at improving living conditions of the population affected by conflict while at the same time creating conditions for the safe and dignified return of internally displaced persons (which are also some of the conditions previously demanded as part of the peace settlement process). Their overall objective is to support the process of conflict resolution and confidence building and facilitating progress in a constructive dialogue between two communities separated by the conflict divide.

In Georgia the EC is a long-term supporter of post-conflict rehabilitation programmes, which have been operational on the ground from 1998 and had been subject to political agreement since 1996/1997. Humanitarian assistance paved the way for longer-term reconstruction and development projects in order to link relief to rehabilitation and development.² In fact, the EC has been the largest traditional donor of such programmes in both South Ossetia and Abkhazia.³ Under the European Union-Georgia European Neighbourhood Policy (ENP) Action Programme for 2007-2010 the Government of Georgia and the EC had even agreed to double the allocations for peaceful resolution of internal conflict from the previous four years.⁴

Since the war of August 2008, however, conflict resolution in Georgia is facing new political realities. In South Ossetia EC reconstruction projects have come to a standstill (although these difficulties had already begun in

1 For background information on the Georgian-Abkhaz and Georgian-South Ossetian conflicts, see various reports of the International Crisis Group: www.crisisgroup.org.

2 Commission Communication on Linking Relief, Rehabilitation and Development (LRRD) (Com (1996) 153), Brussels: European Commission, 30 April 1996.

3 For a detailed overview of all EC projects see: van Ruiten, Maria, *Overview of ongoing and planned EC Assistance to people affected by conflict in Georgia – until August 2008*, European Commission Delegation to Georgia website: www.delgeo.ec.europa.eu/en/programmes/rehab.html.

4 See ENP Action Plan Priority Area 6 'Promote peaceful resolution of internal conflicts', *European Union-Georgia European Neighbourhood Policy (ENP) Action Plan for 2007- 2010*, Delegation of the European Commission to Georgia, Tbilisi, December 2006, pp 9- 10.

early 2008 when dialogue between the Georgian and South Ossetian sides over EC funded projects became practically impossible as tensions rose on the ground in the conflict zone) and, at present, the doors to Tskhinvali remain closed for further cooperation. In Abkhazia, however, rehabilitation projects continue to date, albeit with greater challenges in implementation.

While planning for the future in these new realities one might ask what lessons could be drawn from past experiences of the EC's rehabilitation interventions in Georgia's secessionist regions. What was achieved in the past ten years? Did the projects contribute to conflict transformation and confidence building in a positive sense? Or does the recurring conflict of August last year mean that these programme approaches have been unsuccessful?

This article gives an overview of the rehabilitation activities of the EC in Georgia's breakaway regions and reflects on lessons learned. In this respect it is more appropriate to review the EC's programmes from the perspective of conflict transformation (where the conflict parties' positions have to be made compatible) and to a lesser extent from the policy of conflict settlement (where the parties should reach agreement on a peace settlement and a common institutional framework).⁵ It should be noted that, while other donor organisations have also supported various economic rehabilitation projects in South Ossetia and Abkhazia, the text below refers specifically to the experience of the European Commission.

Post-conflict rehabilitation in South Ossetia

In South Ossetia the EC has ten years of experience of economic reconstruction.⁶ In 1997 the EC granted 3.5 million Euros for rehabilitation in the Georgian- Ossetian conflict zone, which was implemented by the Austrian NGO Hilfswerk. A coordination board (later steering committee) was established between the political sides, who agreed to focus on infrastructure of vital interest to the population, such as schools and farming cooperatives with special emphasis on those projects that bridged the Georgian and Ossetian communities, for instance drinking water supply, irrigation and electricity networks. In one local pig breeding project female pigs were distributed to a Georgian village and male pigs to an Ossetian village inside the conflict zone, thus literally bringing people together to breed the pigs. At the grassroots level this project demonstrated that Georgian and South Ossetian villagers could work together on the premise of joint economic interests.⁷

Under the second tranche of the programme some 1.5 million Euros were allocated to a reactivation of the economic links between South Ossetia and Georgia proper. These projects targeted the key sectors of transport, including the railway link between Gori and Tskhinvali and energy, such as electricity supply and electricity metering, and the gas network in Tskhinvali. These projects were also implemented by Hilfswerk and all were completed, except for the railway link. By the time the railway link was about to be completed

5 See Bruno Coppieters' distinction between the different objectives for conflict resolution, i.e. conflict prevention (e.g. the incompatibility of position should not escalate to open conflict), conflict transformation (e.g. the parties' positions have to be made more compatible), international conflict management (e.g. external actors have to contain the escalation of conflict and create incentives for a settlement) and conflict settlement (e.g. the parties should reach agreement on a common institutional framework), in: Coppieters, Bruno, *The EU and Georgia: Time Perspectives in Conflict Resolution*, Paris: EU Institute for Security Studies, 2007, pp 3-4.

6 It is worth mentioning that while the first two programmes of 3.5+1.5 million Euros were implemented seemingly as separate programmes they were in fact part of a single 'programme' phased purely for financial reasons.

7 See also Dzhikaev, Vakhtang and Parastayev, Alan, 'Economy and conflict in South Ossetia' in: Champain, Phil and Klein, Diana and Mirimanova, Natalia (eds), *From War Economies to Peace Economies in the South Caucasus*, London, International Alert, 2004, pp 180-215.

in May 2004 (with the final 1000 metres between the station and the old administrative boundary requiring improvement), President Saakashvili tried to break a twelve-year deadlock and took another step to restore Georgia's territorial integrity by undermining the de- facto regime in Tskhinvali,⁸ which escalated into violent clashes between the sides. The long-frozen conflict nearly turned into a hot war again when dozens were killed in the fighting prior to a new ceasefire agreement in August 2004. Meanwhile, the level of distrust between the sides was so high that the railroad repairs were put on hold and at present the final kilometre of the Georgian-Ossetian railway link remains unfinished.

Despite increased tensions a third EC funded rehabilitation programme of 2.5 million Euros started in 2004 and was managed by the OSCE with UNDP and UNHCR as implementing partners. For pragmatic reasons it was agreed to cooperate with the OSCE because of its involvement in the political process and its presence on the ground in South Ossetia. This second programme continued the rehabilitation of basic infrastructures, such as gas, water, and school renovation in support of the resident communities as well as shelter assistance and reparation kits for returnees and internally displaced persons. Originally the intention had been to establish a traffic control system on the main north-south road in order to regulate traffic and eliminate smuggling. Unfortunately, this proposal (while discussed at length with the sides in 2002-2003) could not be agreed upon despite initial indications that the proposal would be of joint interest.

Following a needs assessment and the donor conference organised by the OSCE in Brussels in 2006, the rehabilitation activities in the Georgian-Ossetian conflict zone were expanded to a multi-donor OSCE-led rehabilitation programme of 10 million US dollars. The infrastructure projects were complemented by small business development. The EC contribution (of 2 million Euros) focused initially on electricity and gas projects. However, these projects were hampered by political disputes on gas and electricity supply in the conflict zone. By the time there was agreement to reallocate funds to school renovation in summer 2008 the war broke out in South Ossetia and all rehabilitation interventions had ground to a halt.

Successes and setbacks in South Ossetia

The programmes in South Ossetia have seen both successes and setbacks. They actually brought the Georgian and Ossetian sides together at different levels. The projects benefited both communities on the territories as well as both the resident and returning persons (and families), while they were implemented by joint teams of Georgian and Ossetian engineers. Moreover, the programmes brought the political sides around the table in a steering committee with representatives from the peace negotiation format, the JCC. This steering mechanism provided for a platform for dialogue and interactive participation between the political sides.

The programme approach in South Ossetia had a 'top-down' approach that closely involved the political sides in decision making on projects on the basis of consensus. Building consensus between the Georgian and South Ossetian sides was a process of patience and perseverance. In a situation of a protracted 'frozen' conflict

⁸ In May 2004, the Georgian Government tried to break the decade-long deadlock in the Georgian-South Ossetian conflict zone. The initial strategy aimed to address the political- economic causes of the conflict through an anti-smuggling operation, aimed primarily at closing the sprawling Ergneti market on the outskirts of Tskhinvali, in the zone of conflict. The theory was that South Ossetia's de-facto President Kokoity and a small circle of officials around him were maintaining control over South Ossetia through their involvement in black market trade. However, the strategy backfired and the campaign escalated into open conflict between the Georgian and South Ossetian sides, in which several dozens died before a new ceasefire was brokered in August 2004. Since summer 2004, confidence between Georgians and Ossetians has been low and the security situation volatile. For background information see the report of the International Crisis Group (ICG), Georgia: Avoiding War in South Ossetia, ICG Europe Report N°159, 26 November 2004.

it may take years for economic rehabilitation benefits to overcome hostility. This approach was successful in finding common ground for intervention and ensuring essential political support for the programmes. It ensured that rehabilitation projects financed under previous grants were continued or completed.

While there was political agreement on rebuilding physical infrastructure, the political representatives in the steering committee were cautious or opposed to working at the grassroots level. Although some initial agricultural projects had a successful 'bottom-up' approach (for example the Georgian-Ossetian joint pig breeding), the top-down approach of the programme management has, to a great extent, limited the participation of local communities and civil society in project implementation, which is essential in achieving sustainable results of projects.⁹ Over the years, the sides on the whole found consensus on rehabilitation actions. Moreover, as a result of its conflict transformation projects the EC was granted observer status in the JCC meetings on economic programmes. By 2005, the European Commission, while officially an observer in the JCC since 2001, was fully associated by the sides as a 'co-chair'.

However, as tensions on the ground steadily increased, the willingness among both sides to compromise at the political level diminished. By directly linking political interests to project management, project implementation became hostage to political disagreement between the Georgian and South Ossetian sides. On several occasions this deadlock caused delays or even brought project implementation to a virtual standstill during times of tension. Since the war of August 2008, there is no longer access to South Ossetia and little or no common ground remains to continue rehabilitation programmes. It showed how essential joint interest and political willingness are in obtaining any concrete results.

Post-conflict rehabilitation in Abkhazia

After a needs assessment in late 2004, the EC launched a comprehensive rehabilitation programme for the Georgian-Abkhaz conflict zone at the end of 2005 in order to improve living conditions of both ethnic Georgian and Abkhaz communities.

The objective was to support economic rehabilitation operations in the conflict zones that would create the right conditions for reconstruction and local development as well as the safe and dignified repatriation of refugees and displaced persons.

In Abkhazia the EC developed an integrated approach that linked economic rehabilitation with socio-economic assistance and civil society cooperation. Hospital and electricity rehabilitation was combined with the 'soft' side of training, awareness raising, management and maintenance. These three year programmes were implemented by the United Nations Observer Mission in Georgia (UNOMIG) and UNDP, where the former took the lead in infrastructure and the latter focused on the 'soft' side and income-generation activities.

During the first phase of the EC rehabilitation programme, four local hospitals on both sides of the ceasefire line were refurbished and supplied with electricity. Over 6,000 people in Abkhazia were provided with clean drinking water and twenty local farmer groups were able to increase their agricultural production. In the Georgian-Abkhaz conflict zone, the EC supports income- generation and community-based projects that allow

⁹ See on the role of social mobilisation of communities and civil society in post-conflict development aid: Bigdon, Christine and Korf, Benedikt, 'The Role of Development Aid in Conflict Transformation: Facilitating Processes and Community-Building', in *Transformation of Ethnopolitical Conflict – a Handbook*, Berlin: Berghof Foundation, 2006, www.berghof-handbook.net.

vulnerable people on both sides to get out of the poverty trap. These small-scale activities, which are often implemented by international NGOs that co-opt with local NGOs, proved quite successful at improving the livelihoods of conflict-affected people on the local level.

With a second tranche of 1.58 million Euros for the Georgian-Abkhaz conflict zone, the EC has funded rehabilitation works on the Enguri hydro-power plant, which is located inside the Georgian-Abkhaz conflict zone. Since 2004, the EC and the European Bank for Reconstruction and Development (EBRD) have co-financed large-scale repair works at this power station, which is Georgia's largest electricity supplier.¹⁰ Both the Georgian and Abkhaz sides rely on electricity from the Enguri power station. These rehabilitation projects therefore, serve as confidence building measures as well. The EC has financed repair works on the dam and the full refurbishment of two of the five generators of the main Enguri power plant and one of the generators at the secondary electricity station at Vardnili¹¹ with full support from both the Georgian and the Abkhaz sides.¹² This project showed that when both sides of the conflict share the same economic interest they are often willing to cooperate.

Successes and setbacks in Abkhazia

The rehabilitation programmes in Abkhazia, which started in 2005, followed a 'bottom-up' approach that focused on needs at the grassroots level. Projects were initially consulted and agreed on by the Georgian and Abkhaz sides on a bilateral basis. A project Steering Committee was established but in a more informal setting than in South Ossetia. The format was not linked to the political negotiation process (which remained in a deadlock since 2006) which restricted the direct influence of the political sides over the programme implementation.

In Abkhazia, it proved possible to follow an integrated approach that linked rehabilitation to socio-economic support of local communities based on local needs. These projects were complemented with EC-funded local NGO projects to strengthen civil society capacity and support local democratisation and rule of law as well as confidence building. With EC funds, local NGOs provided business skills development for local farmer groups. NGOs played a key role in activities that not only took place within but also among different ethnic communities in Abkhazia. Abkhaz and Georgian youth had first contacts in joint summer camps, and Abkhaz and Georgian women worked together on minority issues.

At the same time, EC support to NGO projects (rather than through official or UN structures) prompted Georgian fears that this transformation process would fuel separatist sentiments in civil society and end up legitimising the breakaway entity. The Georgian Government is seeking to assert its influence and control over the EC's post-conflict programmes, in particular through its inclusion in the European Neighbourhood Policy (ENP) framework.¹³

10 Planning for these works at the Enguri Hydro-Power Plant started some years before, while plans for a rehabilitation programme in the Gali district in 1998 had to be abandoned after fighting broke out in that district.

11 Originally the works on the Vardnili hydro-power plant were done as part of a complex agreement to supply electricity to South Ossetia.

12 One generator at the Enguri Hydro-Power Plant can (at maximum capacity of 260 megawatt) provide for 10 percent of Georgia's entire electricity supply.

13 This development was also noted by Bruno Coppieters, in: Coppieters, Bruno, *The EU and Georgia: Time Perspectives in Conflict Resolution*, Paris: EU Institute for Security Studies, 2007, p.17.

In the ENP Action Programme the EC had foreseen to continue its rehabilitation efforts in Abkhazia and South Ossetia as well as its support to IDPs.¹⁴ Under the ENP these EC -funded projects have to be agreed to by the Georgian Government. Hence, the EC's actions are perceived by the de-facto authorities as being solely in line with Georgian identities and interests. This entails risks for Abkhaz and Ossetian recipients of EU support who, as they receive external support agreed to by the Georgian Government, may wrongly but easily be criticised by political opponents for being disloyal to their 'national' interest.¹⁵

Status after August 2008

The greatest setback for the EC's economic rehabilitation programmes has, without any doubt, been the open conflict between Georgia and Russia in August 2008. Both in South Ossetia and Abkhazia, the August events have completely altered the pre-war political status quo while the pre-war peace settlement formats of the OSCE in South Ossetia and UNOMIG in Abkhazia are being dissolved or challenged. Political dialogue continues during negotiations in Geneva but only on certain issues. At this stage it is too early to say whether the Geneva talks will expand to the sides on the ground and/or include other issues (such as economic rehabilitation).

In South Ossetia, the rehabilitation programmes have been discontinued. The doors to Tskhinvali remain closed and the EC no longer has access. In Abkhazia, the doors are still open and after August EC-funded projects continue to be implemented in Abkhazia although the political conditions there have changed significantly, which creates greater challenges in project implementation. Meanwhile, the balance of necessities in both South Ossetia and Abkhazia has shifted since Russia is now becoming a major donor of economic rehabilitation actions in both territories. This has come since Moscow's formal recognition of Abkhazia's and South Ossetia's independence in August last year.

These new political realities require a complete reevaluation of possible opportunities for the EC to continue its rehabilitation projects in Abkhazia and South Ossetia, which are currently ongoing.

Lessons learned

In this reevaluation process after August 2008 it is important to take into account past experience. At the EC delegation in Georgia, pre-war programmes point to a number of important lessons for addressing conflict transformation, in particular at the programme/project level of rehabilitation interventions in Abkhazia and South Ossetia.

Experience shows that it is essential to properly assess the actors (conflict parties, mediators and facilitators), the processes (design, structure) as well as guiding principles for assistance in both programming and implementation phases of rehabilitation projects. In addressing the main question of how to successfully implement these as conflict transformation programmes, there are a number of key factors that play a role.

14 See for details on ENP Action Plans for conflict resolution for 2007 (Abkhazia) and 2008 (South Ossetia/IDPS): van Ruiten, Maria, Overview of ongoing and planned EC Assistance to people affected by conflict in Georgia – including post-crisis response after August 2008, European Commission Delegation to Georgia website, January 2009: www.delgeo.ec.europa.eu/en/programmes/rehab.html.

15 Coppieters, Bruno, *The EU and Georgia: Time Perspectives in Conflict Resolution*, Paris: EU Institute for Security Studies, 2007, p. 17-18.

Political support

Without political commitment of both conflict parties a rehabilitation programme cannot achieve results. In the current volatile climate it is in the interest of all sides to keep the doors open for assistance to all people in need in all parts of Georgia, including the territories not under the effective control of the Georgian Government. Cooperation as contribution to building confidence, by bringing the sides to the table to talk, by creating joint teams of project experts, or by projects that directly benefit different conflict affected communities. Hence there needs to be a minimum of political willingness and empathy by both sides to face difficult questions as well as to compromise on the basis of reciprocity ('give and take'). Political principles should not prevail over efforts to find joint interest. It becomes difficult to work in a zone of conflict if one side imposes conditions that are not acceptable to the other. One cannot engage in a dialogue if one side is pushed into a corner. It becomes even more challenging to engage in project cooperation if there is little or no dialogue (as after August 2008).

Common ground

It is imperative for any rehabilitation action that actors on both sides find common ground for cooperation across the conflict divides. Working on the premise of joint interest could support such an approach in order to create a minimally conducive environment for cooperation. The EC can offer external assistance to opposed sides in facilitating the process of defining joint interests. It can try to find common ground for cooperation in Georgia's breakaway constituencies, whilst not threatening Georgia's political position.¹⁶

Dialogue

In order to reach common ground and political support in programming and implementation phases it is essential to include a dialogue at all levels, which is an important tool for conflict-sensitive negotiation. Discussion could be facilitated in a steering mechanism in which the voices of all stakeholders are heard. Working with government/de-facto authorities as well as local communities and local civil society in the conflict zone is a key factor in achieving sustainable results.

Integrated approach

Whether a 'top-down' or a 'bottom-up' approach is applied in project implementation, it is important to find a balance between political interests and the needs of the local population in the conflict zones. In designing rehabilitation of physical infrastructure the change for sustainability is higher when the 'soft' side, such as training, awareness raising, management, and maintenance is included. Programme design should also take into account the needs of the local population, working where possible with local civil society and local communities — not only within, but also among, different (ethnic) communities.

Pragmatism

Rehabilitation programmes can offer a 'carrot' to the sides of the conflict. Working in a zone of conflict entails many practical challenges and risks, such as insecurity, restricted access, and lack of local implementation

¹⁶ Frichova, Magdalena, *Georgia after the August War: Implications for EU Engagement*, Brussels: European Parliament, October 2008, p.17.

capacity (brain drain and simple lack of basic tools and equipment) as well as unresolved legal issues of operating in a non-recognised state. These complications require a pragmatic and flexible approach. Rehabilitation programming for a conflict zone requires a conflict-sensitive, coherent and integrated design that take into account these risks and complications.

Patience

Post-conflict rehabilitation first and foremost is a process involving great patience and perseverance. In a situation of a protracted 'frozen' conflict it may take years for economic reconstruction benefits to overcome hostility. An increase in hostility may even cause a setback in this process, as was demonstrated in South Ossetia in 2004 and 2008 and in Abkhazia in 1998. Conflict situations require sensitive sequencing and timing for both quick impact projects and mid- to long- term interventions. Quick and tangible results, which are often needed to help consolidate the ceasefire or peace ('peace dividend'), must be balanced against efforts that may only yield results in the long-term. Impatience and understandable frustration would only undermine project results.


Conclusion

Confidence building and conflict transformation processes require patience and continuity. The various EC rehabilitation programmes in South Ossetia and Abkhazia have seen successes and setbacks. In this respect, the events of August 2008 were a more than serious setback, which at first sight, may look like the end for the given rehabilitation projects. The doors to Tskhinvali remain closed and the EC has at present no access. In Abkhazia the doors are still open and after August EC-funded projects continue to be implemented in Abkhazia although the political conditions there have changed significantly, which create greater challenges in project implementation.

Yet, conflict transformation policies should be supported regardless of setbacks, however challenging it may seem. In light of the new political realities in Georgia after the August war it is in the interest of all sides to keep the doors open for assistance to people in need in all parts of the country, including the territories not under the effective control of the Government of Georgia.

To build trust of the Abkhaz and the South Ossetians in the international community's engagement is a precondition for future peace processes. It is important to continue trying to find common ground for further EU rehabilitation (and other) assistance in the breakaway constituencies, whilst not threatening Georgia's political position. Here the EU could provide support in areas of joint interest to Tbilisi and to the breakaway constituencies.

The EC has the funds available for further cooperation and stands ready to find acceptable mechanisms for the continuation of rehabilitation and other projects in Abkhazia and (whenever possible) South Ossetia. At the same time, past experience shows that a reasonable chance of success for post-conflict assistance requires patience, pragmatism, dialogue as well as a minimum of political support and confidence across the conflict divides.



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