

STRATEGIC CONFLICT ASSESSMENT NORTH CAUCASUS

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Strategic Conflict Assessment (SCA) North Caucasus

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Any errors of fact in this report are the author's own. The report is the work of independent consultants and does not reflect any government policy or political position. The maps in this report do not include any territories whose status is disputed.

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1. EXECUTIVE SUMMARY

This SCA study contains an assessment of the current conflict and cooperation dynamics in the North Caucasus with a focus on developments in the region that have taken place since the previous Strategic Reconstruction and Development Assessment (SRDA) study conducted in 2005 and updated in 2006.

1.1

REGIONAL CONFLICT AND PEACE DYNAMICS

Key Conflict-generating Factors

The most important characteristic of the current situation in the North Caucasus is the sharp contrast between visible stability on the socio-political surface and the fierce underlying struggle between actors competing for power, economic gain, and social influence outside of the domain of public politics. The main conflict-generating factors are the following:

- The clans (groups united by special economic and political interests) that struggle for influence in most North Caucasian republics have occupied long-term and well-protected spaces in local political and economic structures. They have capitalised on the feature of the Russian governance system that is based on the “vertical” top-down alignment of power. Some newly appointed federal officials feel powerless and have adopted the logic of clan relations pledging de facto allegiance to selected clans.
- The lack of legal sources of income for the population, high unemployment as well as poverty, well-hidden behind the facades of impressive Caucasian homes, emerge as a key cluster of structural conflict-generating factors. This is further reinforced by decades of migration from the mountains to the plains. The excess labour supply in the republics has triggered economic migration to more developed regions populated predominantly by Russians, which stirs up inter-ethnic tensions.
- Proliferation of religious extremism among the youth is a phenomenon rooted in the scarcity of constructive secular channels for expressing opposition to the system and a reaction to suppression of political opponents by force. With the weakening of the *adat* common law system, Islamic religious values have become stronger, while at the same time presenting a convenient space for expressing opposition ideas. The growing influence of politicised Islam is also a reflection of the search for an alternative social system capable of delivering justice and security.

- Undemocratic elections and apparent falsification of elections results (turn-out and supportive vote exceeding 90%) across the region are undermining basic governance and have resulted in the growth of distrust of authorities at all levels. Manipulation of the democratic process corrupts the political leadership and contributes to the development of extreme forms of opposition (based on both secular and religious ideologies). Due to a number of traditional self-governance mechanisms and internal balances, Caucasian societies are well-placed to start transforming conflicts into democratic processes. Mishandling and misdirecting this popular readiness through apparently fraudulent elections has the potential to increase the risks of violence.
- The war in August 2008 between Georgia and Russia has given rise to a political perception that parts of the South Caucasus now belong politically to the North Caucasus. This new reality will undoubtedly have an influence on the political sentiments of the Ossetins and Cherkess. Many Ossetins remain members of the well-armed paramilitary groups. Among both ethnic groups there is a revival of certain ideologies of integration and consolidation. One is the enlargement of Adyg/Cherkess-populated administrative regions in the North Caucasus into one large formation. Another is the unification of North and South Ossetia within Russia.
- The region's web-based media have become considerably more politicised over the last three years. Inter-ethnic and inter-group tensions are mirrored in numerous web-sites promoting harshly critical or, at times, openly hostile attitudes to rivals and adversaries. Ingushetiya.ru (now registered as www.ingushetia.org), for example, has become the centre-piece of the Ingush opposition propaganda, acquiring a symbolic and important political status in the republic and across the region. Some Cherkess/Adyg web-sites are also popular and often voice radical criticism of official positions, other ethnic movements and social leaders. While the extremist content per se is limited, there is a clear potential for it to increase. Online publications emerge, therefore, as one of the key tools for political mobilisation given the relatively high rate of internet connection availability in the region (3.3 million users).

Factors of peace and stability

The following factors are conducive to stabilisation and lasting peace in the region:

- Rapid economic growth in Russia in the past three years has had a visible and positive impact in the North Caucasus, especially in the West and North of the region. Krasnodar, Stavropol krais and the Rostov oblast now have considerable potential for economic development. This may be constrained by the current economic recession. However, the forthcoming Winter Olympics 2014 in Sochi, and preparations towards it, are expected to counter-balance the negative impact of the economic crisis in these localities as well as probably in Adygeya.
- Reconstruction in Chechnya is ongoing and unfolds in a broadly positive way. Despite an unprecedented concentration of power and resources in the hands of Ramzan Kadyrov's clan (or perhaps because of it), internal divisions in Chechen society have been managed and reconstruction has moved forward. However, Kadyrov's forceful and autocratic methods, as well as continuing brutal repression of opponents remain a serious cause for concern.
- The influence of the separatists and Salafists has diminished after signs of stabilization and reconstruction became visible in Chechnya and the republic ceased to be a centre of resistance to federal authorities. According to security officials just 480 militants are still operating in Chechnya now (Kadyrov's own assessment is 50-70 people, most of them mercenaries).¹ The armed opposition is now a loose network of underground cells scattered across the region. Although radical nationalists and Salafists are still able to recruit, they have lost much of their support among the population as well as significant external funding.
- Greater attention is paid to dialogue with the civil society for conflict prevention and development, especially in Ingushetia, where the civil unrest began to spiral out of control in 2007-2008. Yunus-Beck Evkurov's policy is aimed at including opposition groups and religious youths into constructive dialogue, resolving blood feuds in a non-violent way through traditional negotiations, and improving employment, access to economic opportunities and benefits.
- Civil society has benefited from grants awarded by the Russian government with selected social organisations serving as distributors of state funding.

1.2

SCENARIOS

1. Preservation of the status quo against the backdrop of socio-political stagnation. Unresolved disputes continue to be transformed into underlying tension and simmering low-intensity struggle of clans and extremist opposition groups: **highly probable**.
2. Further stabilisation of the situation in the North Caucasus and gradual transition to lasting peace, economic equity, and social accord, accompanied by recession in the economy in 2009-2011: **probable** (contingent on the continuation of active peace reconstruction efforts, extended dialogue with civil society, and development policy by the Russian authorities involving community-level job creation).
3. Economic recession followed by a sharp downturn, systemic collapse of governance structures, and social unrest accompanied by political violence, inter-ethnic clashes, and growing insurgency: **less likely**.
4. Rapid growth of political and religious extremism, re-emergence of separatism and mass social unrest in the republics of North Caucasus. This would be followed by the deployment of the Russian army to quell armed resistance: **unlikely** (this scenario is only probable against the background of political destabilization of Russia as a whole triggered by the serious worsening of the economic situation).

1.3

RESPONSES

Russian Responses

Russian responses are focused on the search for appropriate mechanisms to normalise and further stabilise the Northern Caucasus. Currently, these responses follow four tracks:

- Improve the manageability of the region and root out insurgent groups;
- Strengthen control over the systems of regional governance to overcome the extra-systemic influence of clan networks;
- Modernise the economy for the republics to become regular taxpayers instead of financial 'black holes'; and
- Prevent the politicisation of ethnic movements, ethnicisation of political parties, and re-emergence of separatism.

Although, there appears still to be no stated "joined up" policy regulating and coordinating political, security and economic responses, a greater level of coordination between different government agencies has been seen over the last two years. Greater coordination between different agencies, along with increased investments by the Russian government in the region, has brought about visible and positive change.

It is recognized, however, that in 2006-2007 the targeted economic programme known as 'South of Russia' was not sufficiently effective.

The Chechen government has addressed the problem of internally displaced persons (IDPs) to the extent that they have now regained the status of regular citizens. However many IDPs still lack long-term housing solutions. Local administrations do not have enough resources to address housing needs in the rural areas or to provide employment to people who relocated into these areas.

A special targeted economic programme for Ingushetia will be adopted in July 2009 with 29 billion rubles currently earmarked for the most urgent needs and for structural development.

International responses

Most international donor agencies have been focusing their responses on the shelter and protection sectors, as well as small income-generating projects.

A good example is the UNHCR-led project funded by Government of Japan and the United Nations Trust Fund for Human Security (UNTFHS). This project addresses sustainability through building the capacity of key government authorities to deliver socio-economic recovery, sustainable livelihoods and permanent shelter for the displaced.

UK responses are based on a multi-sectoral approach that enhances the independence of civil society organisations (their ability to voice constructive critique, protect human rights and rule of law) and supports dialogue and practical cooperation with authorities for capacity building. The following key features of these responses appear to have added value to the international efforts:

- Establishing partnerships with civil society, media and government organisations that are able to act as an informal network for dialogue, supporting coordinated conflict prevention efforts;
- Attention to the crucial role of youths, building communication and tolerance among them; and
- Preparation and dissemination of high quality information on conflict and peace dynamics to the population (via media-support projects), and the international community.

Most of the UN and NGO actors in the North Caucasus seem to agree that local NGO capacity building and support will be critical after humanitarian aid is phased out and development is fully taken over by Russian government institutions. Local NGOs require capacity-building support in the following areas:

- Establishing links with Russian institutions such as the Public Chamber and its commissions, the Ministry of regional development and other agencies that could potentially become

sources of longer-term funding or provide general support;

- Strengthening their independence by creating membership mechanisms, raising charitable donations from businesses and individuals, developing income-generating side-projects;
- Training in project cycle management, international fund-raising, advocacy, outreach and communications;
- Core funding support from international donors on a 2-3 year basis to the most effective local NGOs in the transition period.

1.4**KEY
RECOMMENDATIONS****For international donors, IGOs and NGOs**

UN in Russia and international humanitarian NGOs involved in North Caucasus Forum should devise a jointly owned humanitarian action plan to serve as an exit strategy to be implemented in the next 2-3 years.

Donors should align their programmes to focus on the support of North Caucasus civil society with a view to long-term empowerment for conflict prevention, rights protection, and development at the community level. It is advisable to replicate UNHCR (UNTFHS project) and the UK's CPP experience of multi-sectoral support.

Offer and provide support for the transfer of expertise and, where appropriate, training of trainers for the Russian law enforcement bodies conducting investigations on missing persons, criminal cases of abductions and disappearances, and crime prevention among youth.

Support government and NGO efforts to provide proper legal redress for people inside Russia and the region, including efforts to address impunity for crimes committed by law enforcement and security personnel.

Support civil society efforts to create a functioning state mechanism to oversee the search for missing persons, the release of the illegally detained, the identification of the remains of the dead and their dignified reburial, and rehabilitation of the relatives of victims.

For the Russian government**Governance**

Design and adopt measures (e.g. through personnel policy, legislative instruments etc.) to counter the process of regression to archaic forms of governance in the North Caucasus republics.

Ensure strict financial control over expenditure of inter-budgetary transfers and subsidies.

Create real and authoritative public consultation bodies to address sensitive issues in relations between the state and civil society (e.g. prevention of enforced disappearances).

Security and Human Security

Prioritise the provision of legal assistance, redress, and rehabilitation to victims of crime.

Create a functioning state mechanism to search for missing persons and release of the illegally detained.

Re-launch the SALW and explosives buy-back programme using civil society mediators.

Widen peace education in schools across the region and invite civil society to fill existing gaps.

Make available to all who require it state-sponsored psycho-social rehabilitation for victims of conflicts.

Dialogue between the state and civil society

Incorporate conflict prevention issues in inter-faith dialogue.

Economy (conflict-sensitive elements)

Harness and transform the shadow economy rather than ignore and criminalise it.

Sochi Olympics: it is important to assess the potential impact of investment decisions and projects through a conflict-sensitive lens, including: (a) inter-clan rivalry; (b) inter-ethnic tensions; (c) job creation in conflict-prone areas; and (d) inter-faith dialogue. In-depth risk analysis would be essential to mitigate negative side-effects and maximise positive impact in this regard.

2. INTRODUCTION

RATIONALE

This Strategic Conflict Assessment (SCA) aims to help policy actors and donors formulate a coherent and effective approach to conflict prevention in the North Caucasus. The analysis presented in this study is also designed to help harmonise donor action and decision making with the responses of the Russian government in the area of conflict prevention and development. The study also aims to reflect the current realities of expected reduction in international aid and the growth of Russia's own investments for regional development and stabilization.

Effective planning for conflict prevention in the North Caucasus requires a deep understanding of the political economy and cultural realities of the region. This SCA study contains an assessment of the current conflict situation in the North Caucasus as a whole with a focus on developments that have taken place since the previous and more in-depth Strategic Reconstruction and Development Assessment (SRDA) study conducted in 2005 and updated in 2006.

This report includes research findings by the author and the perspectives shared by a range of experts from the government, civil society, academic, business and other sectors, structured in accordance with the SCA methodology*.

* For a more detailed description of the methodology refer to <http://www.dfid.gov.uk/pubs/files/conflictassessmentguidance.pdf>

3. CONFLICT ANALYSIS

3.1

OVERVIEW / REGIONAL HISTORY

The North Caucasus region stretches between the Black Sea to the West and the Caspian Sea to the East, adjoining the north slope of the Caucasus Mountains. It marks the south-western boundary of the Russian Federation and comprises ten administrative formations, including seven republics (Chechnya, Daghestan, Ingushetia, Adygeya, Kabardino-Balkaria, Karachay-Cherkessia, North Ossetia-Alania), Stavropol and Krasnodar Kraises, and Rostov Oblast. These subjects of the Russian Federation all are part of a larger administrative unit – South Federal District – that occupies a relatively small area of 589 000 sq. km (3,5% of Russia's entire territory) and is home to 15,8% of Russia's total population.²

Figure 1. Subjects of the Russian Federation in the North Caucasus



Historically, the Caucasus region has been of strategic importance to Russia due to its geographic location on a major crossroads between Europe and Central Asia with outlets to three seas (the Black Sea, the Azov, and the Caspian). The major political and socio-economic transformations of the past two decades have made the region a new strategic frontier for Russia, where Moscow's policy agenda is dominated by concerns related, among other things, to frozen and festering conflicts, energy security, trade links, and migration.

North Caucasus is one of Europe's most ethnically and linguistically diverse regions, and is home to dozens of nationalities, many of which have troubled relationships with their neighbours. Inter-ethnic relations are all underlined by a competitive struggle for ethnic and political influence, for the redistribution of power and resources.

It is also a region where two of the major world religions – Christianity and Islam – come into direct contact. Islam began advancing into the Caucasus Mountains in the 8th century; however it did not become the predominant religion until the first half of the 18th century. A centuries-long process of gradual Russian expansion into the region culminated in a series of wars from 1817 until 1864, known as the Caucasian War, and ended with successful integration of the region's territory into the Russian Empire. Islam became a unifying cause around which the Daghestani, Chechen and other Caucasian peoples united in resistance to the expansion of the Russian Empire. The Caucasian War led to mass (and in many respects forced) emigration of former adversaries from the Northern Caucasus to the Ottoman Empire and Middle East. Meanwhile, there was inward migration of Russians and other ethnic groups of Slavic origin into the region. These dynamics changed the ethno-demographic make-up of the region in favour of ethnic Russians (including Cossacks). This process has been somewhat reversed due to outward migration of Russians from the North Caucasus republics in the past 20 years.

In the 20th century, however, a tradition of peaceful co-existence of the followers of Christianity, Islam and non-believers formed in the region, partly as a societal reaction to the suppression of all faiths and religious practices by the atheist Soviet state apparatus.

Scarcity of arable land and water in the North Caucasus has also resulted in historic ethnic tensions and grievances among the different ethnic groups. Frequent wars and invasions led to extensive population movements among many ethnic groups in the region and a large number of unresolved reciprocal territorial claims among them. Consequently, it is very difficult to justify (with any degree of certainty and on the basis of historical facts) what territory 'originally belongs' to one group or another. Even the present borders between republics in the Northern Caucasus are somewhat arbitrary, and this still continues to stimulate territorial disputes.

Another important period in the history of the North Caucasus that left a strong imprint on the public consciousness of many Caucasian peoples was the Stalin-period deportation of whole ethnic groups from the

region in 1943-1944, namely, Karachais, Balkars, Ingush and Chechens, accused of collaborating with the Nazis during World War II. Until now, Ingush and other ethnic groups link their perception of key injustices and grievances to the lack of fair resolution of land disputes that arose when other people started to settle on the lands that belonged to those deported by Stalin. While in some cases, like that of Chechen-Akkins and Laks in Daghestan the disputes have been largely resolved; in other cases (like that of Ingush and Ossetins) it has not so far been possible to resolve them to the satisfaction of all sides concerned.

Importantly, the local Russian populations have for a long time considered themselves natives of the region, having a collective memory of repression and political forced resettlements by Stalin's regime that are viewed as at least equal in severity to the deportations, if not surpassing them. Many Cossacks fell victims of "raskulachivaniye" and "collectivisation" in the late 1930s when so called *kulaks* (well-to-do peasants) had their belongings confiscated and families ousted from homes. The political crimes of Stalin's era were perpetrated indiscriminately against all ethnic groups in the region and across the Soviet Union. Against this backdrop, the out-migration of Russians from the North Caucasian republics in the 1990s (when many families were forced to abandon their homes and belongings with little or no compensation) and the influx of economic migrants of Caucasian ethnic origin to Stavropol and Krasnodar krajs (areas with predominantly Russian populations) have retained their significance as conflict-generating factors in the region until the present.

From the early 1990s onwards violence in the North Caucasus increased dramatically. The break-up of the Soviet Union was seen by local ethnic elites as an opportunity to cement their grip on political power and economic resources. The political vacuum was quickly filled by criminalised extra-systemic networks servicing or controlling a burgeoning shadow economy. These networks accepted no legal rules or traditional codes of behaviour. In Chechnya the situation was aggravated by the extreme nationalism and armed separatism, two wars, and finally a proliferation of terrorism. In the late 1990s radical Salafist/'Wahhabi' newcomers to the region and their local supporters were apparently making plans for the creation of an independent Islamic state comprising Chechnya, Daghestan and, possibly, Karachay-Cherkessia and Kabardino-Balkaria. A determined and ruthless response from Moscow, including both political and military action, reinstalled federal power in the region, tackling the most dangerous forms of organised crime and terrorism. It was followed by radical increase in federal subsidies to Chechnya and other republics in the North Caucasus. The policy of peace building and post conflict reconstruction and stabilisation was backed by high oil prices and the emergence (or appointment) of loyal local leaders willing to capitalise on the new federal policy. However, little attention was paid to the protection of human rights and the rule of law. Crushing dissent and rebellion left scars in Caucasian collective memory and created scores of extremist recruits for underground armed resistance networks.

The global financial and economic crisis (that seems to have affected Russia most seriously of all G8 and BRIC countries so far) has raised new concerns about the fate of peace building and post conflict reconstruction in the North Caucasus. A number of donors (e.g. the US, UK, Sweden) began to wind down and withdraw their humanitarian assistance following rapid economic growth in Russia before the crisis. But now Russian budget income has fallen over 40%³. Against the background of high unemployment that has been most acutely felt in Chechnya, Daghestan and Ingushetia, in particular, as well as migration patterns fraught with an array of possibly conflict generating issues, the potential impact of the economic crisis on the region deserves serious attention.

Another continuing source of conflict is the corrupt, tribalistic, clan-based system of republic-level governance that has developed in the region over the past 10 years. The friction between this system and the popular expectations and aspirations that it undermines frequently results in public protest and outbursts of political violence.

3.2

CURRENT RISKS, TRENDS AND POLITICAL DY- NAMICS

The most important characteristic of the current situation in the North Caucasus is the sharp contrast between visible stability on the socio-political surface and the fierce underlying struggle between actors competing for power, economic gain, and social influence outside of the domain of public politics.

Currently identifiable risks of increased violence (including armed conflict, political violence and organised criminal violence) in the short-term (6-12 months), medium-term (2-5 years), and long-term (5-10 years), as well as the circumstances (including local, national and regional) that would increase or decrease those risks, are summarized in the table below.

The main external and internal conflict accelerating factors are also listed below the table 3.2.1.

Table 3.2.1 Risks of Violence in the North Caucasus

| Risks of Increased Violence | Armed Conflict | Political Violence | Organised Criminal Violence | Circumstance that would increase or decrease the risks |
|---|---|--|---|--|
| <i>Short-term (6-12 months)</i> | | | | |
| Reactivation of religious extremists and followers of salafism in Daghestan, Chechnya, Ingushetia, Kabardino-Balkaria and Karachay-Cherkessia due to seasonal enabling factors in spring-early autumn 2009. | Less probable Salafism followers lack military capacity for the conflict with the federal army | Probable Sufficient capacity for high profile assassinations and acts of terror | Highly probable Extremists resort to extortion to raise funds | Constructive dialogue measures and security sector reform by Ingushetia's new president Evkurov (as well as by Chechnya's and Daghestan's presidents) would decrease the risks. Alternatively, the risks would increase. |
| Unbalanced use of military and security instruments by federal authorities to tackle insurgency and violent extremism. | Unlikely (as above) | Probable Reduction in abductions and disappearances is noted in the last 1,5 years, however | Not applicable | The use of unlawful detentions and arrests would increase the risks and create more potential recruits for extremist groups. |
| Struggle between clans for control over assets and property as well as political influence. | Unlikely Lack of military capacity | Highly probable Threats of violence and assassinations were growing in number for the past 6 months | Highly probable Use of illegal groups, private security companies, and dependent law enforcement personnel | Withdrawal of the federal decision makers from actively influencing local politics and imposing the prevalence of the Russian constitution and legislation would buoy up clan leaders and increase the risks. Determined but well-informed and culturally sensitive enforcement of law would decrease risks. |
| Resistance of leaders of the shadow economy and organised crime networks to the normalisation of regulatory systems and economic development in general. | Unlikely (as above) | Probable (as above) | Highly probable (as above) | Firm and decisive policy and law enforcement (by lawful means) would decrease the risks. If the political weakness or lack of resolve is demonstrated risks would increase. |

| Risks of Increased Violence | Armed Conflict | Political Violence | Organised Criminal Violence | Circumstance that would increase or decrease the risks |
|--|--|--|---|--|
| <i>Medium-term (2-5 years)</i> | | | | |
| Inter-ethnic clashes caused by migration patterns, disputes over land ownership and tenure disputes, xenophobia and troubled trade relations (access to markets, development and construction projects, state contracts etc.). | Unlikely Lack of mobilisation potential and military capacity | Less probable Conflict fatigue and lack of mobilisation potential | Probable Proliferation of small arms, presence of radical ethnic activists, criminal groups and leaders – one of 'support pillars' | Measures creating a 'level playing field' in local business and fair competition would decrease the risk. If corrupt practices at the level of municipalities and district /region authorities remain unaddressed it would increase the risks. |
| Civil unrest, protests (e.g. road blockades and picketing) and campaigns of civil disobedience (potential for civil forceful actions). | Unlikely Lack of mobilisation potential and military capacity | Probable Due to growing popular activism | Not applicable | Strong impact of economic crisis in the next two years and higher unemployment would increase risks Job creation at community level would decrease risks. |
| Resistance by leaders of the shadow economy and organised crime networks to the normalisation of regulatory systems and economic development in general. | Unlikely (as above) | Probable Turf struggle with large businesses is likely to involve criminal groups | Highly probable Criminal groups, if involved would resort to armed violence as retrospective analysis suggests | Effective security sector reform and police training and empowerment would decrease the risks. If political weakness or lack of resolve is demonstrated risks would increase. Use of private security companies by large businesses would increase the risks of violence. |
| Ramzan Kadyrov's regime may be challenged by rival clans, especially if the financial flows from Moscow dry up. | Unlikely (as above) | Probable Armed violence may be used in a clash for power | Probable Turf struggle | Abrupt reduction in subsidies to Chechnya will increase the risks. Gradual reform of the governance system in Chechnya towards greater power-sharing will decrease the risks. |
| Inter-ethnic clashes caused by migration patterns, disputes over land ownership and tenure, xenophobia and troubled trade relations (access to markets, development and construction projects, state contracts etc.). | Unlikely (as above) | Probable Due to growing popular activism | Probable Turf struggle | Measures creating a 'level playing field' in local business and fair competition would decrease the risk. If corrupt practices at the level of municipalities and district /region authorities remain unaddressed, it would increase the risks. |

| Risks of Increased Violence | Armed Conflict | Political Violence | Organised Criminal Violence | Circumstance that would increase or decrease the risks |
|--|---|--|-------------------------------|--|
| Cross-border conflicts between Georgia and Abkhazia and South Ossetia. | Probable Clashes between groups of paramilitaries spilling over into large scale offensives | Highly probable Paramilitary groups will continue to operate in South Ossetia. The region is likely to turn into a 'grey zone' with no effective governmental control | Probable Turf struggle | Early warning and response systems by Russia, EC and Caucasian states as well as deployment of observers on the ground with an UN mandate will decrease the risks. Failure to agree on the presence and mandate of observers will increase the risks. Humanitarian and, possibly, political dialogue between Georgia and Russia will decrease the risks. |
| <i>Long-term (5-10 years)</i> | | | | |
| Separatism and secession of the North Caucasian republics from Russia. | Unlikely Lack of mobilisation potential and military capacity | Probable Due to the change of generations phenomenon and replacement of local opinion leaders by young people with a different cultural orientation | Not applicable | Development and promotion of common national identity and cultural tolerance in Russia would decrease the risks. Growing intolerance to Caucasian cultural peculiarities in governance, legal systems, and business will increase the risk. |
| Conflict between Georgia and Russia involving NATO countries and CSTO (Collective Security Treaty Organisation) if Georgia joins NATO. | Probable Unless confrontational policies by NATO and Russia are transformed into constructive dialogue | Not applicable | Not applicable | Creating a demilitarised zone on the border between Georgia and South Ossetia and Abkhazia (if no compromising solutions regarding status are found in dialogue) would decrease the risk. Membership of Georgia in NATO not accompanied by constructive dialogue with Russia would increase the risks of armed conflict and possibly regional war. |

**KEY CONFLICT
GENERATING FACTORS**

Entrenchment of tribalism and clan-based rule as social self-organisation phenomenon in the North Caucasus republics

The key structural basis of the unstable equilibrium that has existed in the region since the early 1990s cannot be described in terms of "corruption", "poor governance" or "absent rule of law". The clans (groups united by special economic and political interests as well as patron-client relations and kinship) that struggle for influence in most North Caucasian republics have now captured medium to high level governance structures and republic-level economies. Their current position and grip on these structures makes them indifferent to policy changes in the Kremlin or at a federal level in general.

In practice, the clans have capitalised on peculiarities in the Russian governance system - particularly the "vertical" top-down alignment of power. This governance approach has proven suitable in combating terrorism and separatism by allowing the effective concentration of resources and ensuring vertical manageability. However, by the same token it has made the governance system insensitive to horizontal power struggles and inter-clan relations – and left much room for clans to maneuver.

Specifically, post-Beslan changes in the governance system have allowed Kremlin leaders to install heads of republics and key officials fully accountable to the President of Russia. But the changes have not helped dismantle the networks that control mid-level politics. Whereas ministers, prosecutors, tax officials, and other key federal appointees can still rely on Moscow for general political and administrative support, they cannot compete with local clan leaders over the control of enterprises, infrastructure, and the shadow economy. Much less have they been able to counter the independent armed groups, resembling in some cases purely criminal gangs, which lend support to, or are controlled by clan leaders. Rather, these Moscow appointees have been and remain subject to pressure, direct threats and assassinations, unless they submit to and pledge allegiance to one or another strongman and his group.

So whereas the unrivalled military power of the Federal authorities, coupled with inter-budgetary transfers to republics, has ensured that no undesirable change occurs at the macro-political, administrative and legal level in the North Caucasus, the meso- and micro-level system is under control of a 'clan-grid'.

The capabilities of the 'clan-grid' become very clear during elections when Federal appointees are expected to deliver high voter turn out and good results for the "Edinaya Rossiya" (United Russia) party. "Expected results" can only be delivered with the support of the clans.

Partly in response to this and other challenges associated with the 'clan-grid', the last two years have seen the emergence of a more nuanced federal governance strategy towards the region: (a) reliance on the loyal heads of the republics to enforce at least surface-level order and assure acceptable election results; (b) application of ad-

ministrative reforms (e.g. of local self-governance structures) to create foci of local-level influence independent from the 'clan-grid'; and (c) use of federal law enforcement and security apparatus to overcome criminalised structures linked to the 'clan-grid'.

However, this strategy still has to succeed – particularly in law enforcement terms. According to Gaji Makhachev, an influential federal MP from Daghestan, “putting things in order [in the North Caucasus] means overcoming resistance of another (hidden) order – a firmly entrenched criminal order”⁴. This has not yet happened.

Unemployment and the lack of legitimate economic opportunities (limited legal sources of income) in conjunction with migration patterns

A full picture of the economic situation in the North Caucasus, including basic data on indicators such as the unemployment rates, level of subsidies, per capita incomes etc. is not available.

The official statistics and surface-level observations serve rather to obscure the picture than to make it clearer (with the exception of the North of the region). According to official statistical data (Federal Service of State Statistics), the rates of unemployment in the North Caucasus regions in 2008 calculated on the basis of selective polls were the following (see Table 3.2.2):

Table 3.2.2 Employment and unemployment in the South Federal District (February-November 2008)⁵

| Region | Employment % | Unemployment % | Position of the region in Russia (out of 86) | |
|-------------------------------|--------------|----------------|--|--------------|
| | | | Employment | Unemployment |
| Adygeya | 55.8 | 7.7 | 77 | 51 |
| Daghestan | 58.2 | 13.4 | 71 | 76 |
| Ingushetia | 24.0 | 55.0 | 83 | 83 |
| Kabardino-Balkaria | 48.0 | 18.3 | 80 | 80 |
| Karachay-Cherkessia | 51.3 | 16.0 | 79 | 78 |
| North Ossetia | 59.5 | 10.1 | 63 | 72 |
| Chechnya | 38.3 | 35.5 | 82 | 82 |
| Krasnodar krai | 62.4 | 4.8 | 43 | 11 |
| Stavropol krai | 59.8 | 7.8 | 62 | 53 |
| Rostov oblast | 61.5 | 6.6 | 53 | 34 |
| South Federal District | 58.2 | 10.2 | | |

Religious-political activism of youths and proliferation of youth extremism

During the 19th century Caucasian War Islam became a unifying cause around which the Daghestani, Chechens and others united in resistance to the Russian imperial army under Imam Shamil's leadership. Shamil sought to create a coalition of all the ethnic groups in the region, but, crucially, the Ossetins refused to support him and the Russian carrot and stick policy succeeded in blocking his attempts to ignite resistance across the entire Circassia (Cherkess/Adyg territories). At length Shamil surrendered in what has been referred to as 'honourable captivity' and traveled across Russia to St. Petersburg.

More than 140 years later, in the 21st century Caucasian War, one could see a number of parallels: extremely fierce fighting; the channeling of political opposition into radical Islam; periods of wide-spread hostage-taking; surrender and honourable acceptance of surrender (i.e. the amnesties in Chechnya).

Among the youth, the parallels stop. In the 19th century young men could see opportunities in their societies and beyond. Today, in the North Caucasus they feel excluded and marginalised. There are few well-paid or just minimally prestigious jobs available, limited opportunities to study in universities outside of the region, and virtually all economic opportunities are only available through corrupt relations with one or another clan.

The protest against this reality, if separated from purely political or criminal violence including blood vengeance, is still not directed against Russian state institutions as such. It is mainly a reaction to local level corruption and a spiritual void, coupled with resentment towards unlawful law enforcement methods (e.g. abductions, torture etc.) by police, the federal security and military forces.

With the weakening of the *adat* common law system and secular ideologies, Islamic religious values fill the spiritual void and present a convenient form for expressing opposition ideas. Extremism among youths can therefore be seen as rooted in the absence of constructive secular channels for expressing opposition to the system and a reaction to suppression of dissent by force.

Salafism/Wahhabism and Politicised Islam in the North Caucasus.

Salafism⁶ is an 'imported' form of Islam culturally alien to ethnically-marked and Sufi order-structured traditional forms of Islam in the North Caucasus. It has attracted followers for two reasons: (a) its radical ideology, material and financial support, as well as access to weapons initially lured young men into the ranks of 'Wahhabis'; and (b) later on the rejection of corruption and violent suppression of opposition fuelled extremism and armed insurgency.

The Salafist groups formed the most radical wing of separatists in the Chechen war and its aftermath. Another wing, initially secular and purely nationalist, also adopted Islamic ideology but of a non-Salafist

nature. The two groups split initially on tactical grounds (the use of terrorism) and later on strategic ones (creation of an Islamic state).

The level of popular acceptance of Salafism among militants began to decline after the attack against children in Beslan. Separatist ideas have lost popular appeal due to widespread conflict fatigue. As a consequence, the political wings of the insurgency movements have disintegrated into ethnic and smaller jamaats in certain republics (e.g. 'Yarmuk' in KBR, 'Karachai' in KCR, 'Khataib al-Khoul' in North Ossetia, and "Nogai Steppe" (jamaat of ethnic Nogais)).

There is no reliable information on the present-day dynamics within illegal armed groups. It is not even clear whether some of them continue to exist. However, some reports suggest that some jamaats have been merging and regrouping after heavy losses and due to a shrinking recruiting base. Others have disbanded, but maintain an online presence for propaganda purposes.

Ingushetia and the republics of Karachay-Cherkessia (KCR) and Kabardino-Balkaria (KBR) appear to have been the most affected by radical Islam in the past 3 years. Although the background process of re-Islamisation was considerably more moderate in KBR and KCR compared to Daghestan and Chechnya (where strong traditions of Sufism as a factor of internal resistance to Salafism have also been preserved), these republics have served as safe havens for the Salafis. Reportedly, they have set up hidden bases in Malokarachaevsky, Karachaevsky, Ust-Jegutinsky and Elbrus and Chegem districts of the KCR and in the city of Nalhcik in KBR. Kabardino-Balkaria is the only republic in the North Caucasus at present where jihad has openly been proclaimed by the local 'jamaats' (Yarmuk and Karachai).⁷

According to the head of the Federal Security Service (FSB) in Stavropol, Oleg Dukanov, several members of the so called 'Nogai jamaat' from the Shelkovskoy district of Chechnya have been identified in Stavropolsky krai, namely in Neftekumsky, Levokumsky and Stepnovskiy districts⁸. At present, however, these cells are either seriously weakened or non-existent.

Event data analysis shows that the peak of Islamic extremism was in 2005-2006 and that it is presently in decline. Its decline is largely due to the killing of key leaders and most experienced fighters of the jamaats, as well as the reduced availability of funding and volunteers from Arab countries. However, the danger to stability presented by the remainder of the Salafis networks in the region remains.

The rise and beginning decline of Salafism in the North Caucasus has led to the mobilisation of traditional forms of Islam, its religious institutions (e.g. Spiritual Offices of Muslims and Muftis), as well as a web of sheikh-murid relations that penetrate politics and business (especially in Daghestan). Simultaneously, one sees a process of political alignment among secular political and social leaders around the Islamic ideas, rituals and behaviour, particularly in Chechnya. Religious leaders and brotherhoods have begun to acquire greater influence, both through alliances with secular authorities and independently.

Sharia law, or at least some of its norms, are practiced among many in Chechnya, Daghestan, and Ingushetia. The observation of Sharia by followers of traditional Islam has taken some of the recruiting ground from the Salafis. However, it is important to stress that neither the population at large nor local authorities are prepared to accept it as an official replacement of secular legislation.

The growing influence of politicised Islam also reflects a popular search for justice and security – suggesting that the current situation is regarded as unjust and insecure by a considerable part of the population. Although in decline, susceptibility to Salafism, jihadist ideas, and subsequent process of politicised re-Islamisation in the region remains a concern.

Apparent falsification of democratic processes

Apparently fraudulent elections and rigged results (turn-out and supportive vote exceeding 90%) across the region are undermining basic governance and are likely to increase popular distrust of the local and federal authorities. The flawed democracy has a strong corrupting influence on those who take part in it and contributes to the development of extreme forms of opposition (based on both secular and religious ideologies) among those whom it disenfranchises. Due to a number of traditional self-governance mechanisms and internal balances, Caucasian societies are well-placed to start transforming conflicts into democratic procedures. Mishandling and misdirecting this popular readiness creates conditions for the return of archaic forms of governance.

Table 3.2.3 Results of parliamentary elections in 2007

| Region | Turn-out of voters (%) | Votes for Edinaya Rossia (%) |
|--------------------------|-------------------------------|-------------------------------------|
| Daghestan | 98 | 89 |
| Chechnya | 99 | 99 |
| Ingushetia | 92 | 99 |
| North Ossetia | 63 | 72 |
| Kabardino-Balkaria | 97 | 96 |
| Karachay-Cherkessia | 93 | 93 |
| Russia as a whole | 54 | 64 |

Geopolitical rivalry in the South Caucasus (as a context factor for the North Caucasus)

The August 2008 war between Russia and Georgia has profoundly changed the terms of geopolitical control over the Caucasus as a whole.⁹ The sudden Georgian attack and Russia's heavy retaliation came after months of constant provocations by both sides, which showed that the status quo was no longer seen as desirable. Key pieces in this geopolitical puzzle include the following:

- Russia wants to retain influence in the South Caucasus through economic, political and military instruments. This includes using South Ossetia's proximity to the strategic East-West communications that pass through Georgia, as well as the existing alliance with Armenia.
- At the same time, US policy seeks to replace Russian influence with NATO presence – especially in Georgia and with Georgian political and popular support. On 5 January 2008, 77% of Georgians voted at the national referendum for the membership of their country in NATO.¹⁰
- Within the North Caucasus republics, both the Adyg and North Ossetian communities, as well as Cossacks have shown consistent readiness to interfere in the Georgia-South Ossetia conflict on the Ossetian side. Across the border, Abkhaz authorities and businesses have expressed desire to participate in large-scale construction works expected in preparation to the Sochi Winter Olympics in 2014.
- Russia has decided to keep up its military presence by creating bases in both Abkhazia and South Ossetia after the closure of its bases in Georgia proper following the 1999 Istanbul accords.*

* The issue of the withdrawal of the military bases in Akhalkalaki and Batumi was linked with the ratification of the CFE Treaty and its early entry into force. Disagreements between Russia and NATO as to ratification may have served as an additional trigger for Russia to consider retaining military presence through finding alternative locations for military bases.

This puzzle means that the political frontier can no longer be seen to pass along the Caucasian mountains. Parts of the South Caucasus territories and population are now perceived politically in Russia as part of the North Caucasus. This perception is buoyed by strong anti-Georgian and anti-NATO sentiments.

Within the North Caucasus itself, the perception impacts particularly on the political outlook of the Ossetins and Cherkess. Among both ethnic groups a revival of integration and consolidation ideologies and aspirations is observable. Discussions on enlargement of Adyg/Cherkess-populated administrative regions in the North Caucasus into one large formation is one manifestation of this. Another is, of course, integration of South Ossetia to Russia and the unification of the North and South Ossetia. It should be noted that many South Ossetins remain members of the well-armed paramilitary groups, while the Ossetin-Ingush tensions over disputed Prigorodny district are far from being resolved.

The absence of international recognition of South Ossetia and Abkhazia and restrictions on trade and travel are cementing closer ties between these territories and Russia. Since the August 2008 war, it has become even more difficult to imagine that ethnic Abkhaz and Ossetins will accept the return of Georgian control, irrespective of where they live.

Growth of extremism in the media and internet space, reflecting inter-ethnic and inter-clan tensions

Apart from Daghestan, traditional media in the North Caucasus republics are tightly controlled by the ruling clans. This has meant that dissent is expressed in non-controlled media such as the internet.

Broadband, mobile and satellite networks as well as dial-up connections are accessible for private customers not only in regional centres but also in small towns and rural areas. In 2007 the number of Internet users in the South Federal District reached 3.3 million (11% of all users in Russia)¹¹ and continues to grow.

Mobile and internet communication is also used as a tool of quick 'flash-mob' mobilisation by extremists and opposition groups. Online media, generally, have become considerably more politicised over the last three years. Inter-ethnic and inter-group tensions are mirrored on numerous web-sites promoting harshly critical or, at times, openly hostile attitudes to rivals and adversaries.

The role of such web-sites as Ingushetiya.ru (now accessible at www.ingushetia.org), for example, cannot be underestimated. It became the centrepiece of the Ingush opposition propaganda, acquiring a symbolic and important political status in the republic and across the region. Some Cherkess/Adyg web-sites are also popular across the region, often voicing radical criticisms of official positions, other ethnic movements and social leaders.

While extremist content remains limited, it has significant potential to increase. As both a channel for legitimate expression and as a tool for radical mobilisation it needs to be taken seriously.

3.3

MAIN ACTORS

Table 3.3.1 List of Main Actors in the North Caucasus

| Governance | Security | Social | Economic |
|---|---|--|---|
| Federal authorities and Plenipotentiary Representative of the President in the South Federal District | Federal military, police, and security forces The Salafis (illegal armed groups) | General public (most active interest groups) Traditional religious institutions | Large state and private businesses Criminal groups with special economic interests |
| Regional authorities | | Local and international NGOs and humanitarian organisations | |
| Clan networks | | | |

Federal authorities and Plenipotentiary Representative of the President in the South Federal District

The main goal of the federal authorities is to ensure control of the federal centre over the region and to prevent destabilisation in the North Caucasus as well as to manage electoral processes and security of borders. The main levers of federal authorities are the direct nomination of regional leaders and key law-enforcement officials; inter-budgetary transfers and harmonization of regional legislation with federal legislation.

Regional authorities

Regional authorities (president, government and parliament) are the key actors in the governance sphere in the North Caucasus. Regional authorities control distribution of budgetary funds and federal subsidies and access to the economic and business opportunities in respective regions. In multiethnic North Caucasus republics such as Dagestan and Karachay-Cherkessia (and, to a lesser extent, Kabardino-Balkaria) regional authorities seek to maintain a balance of interests between different ethnic groups; in the regions where one ethnic group has a dominant position (Chechnya, Ingushetia, and, to a lesser extent, North Ossetia) regional authorities are (or recently used to be) controlled by one dominant clan that tends to push all rival groups out of the playing field.

Clan networks

These groups are united by special economic and political interests as well as patron-client relations based on ethnic, tribal or family links but also can include outsiders. The 'clan-grid' is deeply rooted in the traditional structures of North Caucasus societies and flexibly evolves in sync with political and economic change. It relies on extra-systemic unofficial relations, a one-for-all and all-for-one principle, and ties of

clan and family kinship. The 'clan-grid' actively uses tribalism in all forms in the struggle for power and economic opportunities. Most clan networks have a regional character built around prominent local figures but now some of them are growing beyond the borders of their home regions following the expansion of influence of their leaders.

Federal military, police, and security forces

These actors focus on ensuring control of federal and regional authorities over the security situation, prevention of revival and regrouping of separatist movements, terrorism and armed conflicts as well as guaranteeing security of borders. They continue to struggle with remaining radical Salafist insurgents and the remainder of armed political opposition. Despite some structural weakness and ongoing internal reforms these actors remain the dominant power in security sector in the North Caucasus with no direct rivals either within the region or in the wider neighbourhood.

The Salafis (illegal armed groups)

The majority of the members of illegal armed groups are driven by an extremist jihadist trend and call for a religious war against 'infidels' and those collaborating with 'infidels' currently personified in the representatives of the federal and local authorities, in particular, law-enforcement structures. They often use criminal practices for raising funds for their activities such as hostage-taking, racketeering, robbery and so on. At present, the Salafist cells – 'Jamaats' – are highly decentralized and appear to have no single co-ordination centre. Their presence is most felt in Daghestan, Ingushetia, Kabardino-Balkaria and Chechnya.

General public (most active interest groups)

This group includes a diverse range of social actors, e.g. self-organising groups of market traders, mini-van drivers in public transport, lorry drivers, informal agricultural cooperatives and communities, pensioners, ex-IDPs and IDPs resident in the private sector etc. Many of these groups are rooted in traditional networks of social, business or labour relations and co-operation. Generally speaking, there is a strong interest among these groups in socio-economic support/benefits, job-creation, the emergence of legitimate economic opportunities for SMEs and individual entrepreneurs, agricultural development, access to markets in other regions of Russia and in the Caucasus as a whole, the lifting of travel restrictions across borders with creation of regional international customs offices, and last but not least, improved security situation in the entire region.

Traditional religious institutions

Traditional religious institutions in the region include the regional Eparchy of the Russian Orthodox Church, Spiritual Offices of Muslims of

different republics, groups around Muftis of the republics (so called Muftiats), and authoritative religious figures such as Imams and Sufi Sheikhs who in some republics (e.g. Daghestan and Chechnya) exercise a considerable degree of social influence over large groups of believers. The primary interest of these actors is to protect and nurture the religious traditions and further strengthen the authority of Russian Orthodox Church and traditional Islamic *Tariqat* (Sufi brotherhoods/orders). There is a relatively high level of cooperation between Orthodox and some official Muslim institutions (Spiritual Offices) that is supported by the authorities and reflects the common desire of traditional religious hierarchies to retain and expand their influence on believers and prevent them from involvement in non-traditional religious groups.

Local and international NGOs, donors and humanitarian organisations

In the last 2 years the role of international humanitarian organisations decreased significantly due to the shrinking of the field for their activities (primarily, in the area of humanitarian emergency relief), decreasing funding, and the changing nature of needs among the beneficiaries. This was partly the result of Russian government's policy aimed at scaling back international humanitarian operations and limiting the presence of international organisations in the North Caucasus.

Many local NGOs are becoming increasingly important and influential as channels for directing the social energies of the most active and educated part of the population into constructive frameworks for non-violent engagement. Most NGOs have a purely humanitarian or developmental motivation. Their growth could help to strengthen the social fabric and independent self-organisation of society along constructive lines, provide jobs for the young activists and deliver different kinds of assistance to vulnerable population groups. At the same time, some NGOs are used as the channel for political opposition groups and experience pressure from authorities and law-enforcement structures.

Large state and private businesses

Large Russian private, public and state-owned companies (Rosneft, Gazprom, Lukoil, Olympstroy, RusHydro, Nornikel, large electric utility companies and others) play a significant role in the infrastructure development of the North Caucasus both in the framework of individual projects and under the Federal targeted programme 'South of Russia'. The presence of large Russian corporations in the North Caucasus became especially noticeable after the beginning of preparations for the Winter Olympic Games-2014 in Sochi. Their investments have already become an important element of the economic development and modernization process and are bringing about the creation of new enterprises and jobs. At the same time, these large businesses enjoy strong competitive advantages due to their vast financial and administrative resources creating unfavourable conditions for local competitors and, in some cases, SMEs.

Criminal groups with special economic interests

High levels of corruption have led to merging of the clans, criminal cartels, and some business enterprises in the North Caucasus. Such shadow economic groups are intertwined with 'clan-grid' system. At one point they controlled entire sectors of the economy in the region (e.g. caviar trade in Daghestan) and they still retain significant influence. They have representatives in local and regional authorities and law-enforcement structures as well as partners and patrons in Moscow.

Table 3.3.2 Actor-specific Assessment

| Interests | Relations | Capacities | Peace and Development Agendas | External factors / Outcomes |
|--|---|---|---|---|
| <i>Federal authorities and Plenipotentiary Representative of the President in the South Federal District</i> | | | | |
| Retaining control over the region and subordination of regional leaders to the Kremlin; Assuring popular support during federal elections (in relation to the region's electorate). | Cooperation with all legitimate actors; Intolerance to separatists and religious extremists; Interaction with most influential civil society structures. | Administrative resources of direct influence on the regions and key decision-makers by direct nomination of regional leaders and key law enforcement officials as well as by inter-budgetary transfers. | This actor is interested in stability and state control over political processes in the region; Current agenda: direct subordination of the republics to the federal centre; efficient regulation of economic development, elimination of terrorism, separatism and Islamic extremism. | <i>Positive:</i> Constructive international cooperation can help identify and fill gaps in socio-economic recovery and development plans; <i>Negative:</i> Economic crisis may put limits on the scope of development efforts and resources. |
| <i>Clan networks</i> | | | | |
| Strengthening their grip on power and economic resources. | Close relationships with regional authorities and law-enforcement structures; Intertwined with criminal groups by special economic interests & 'support-pillar' relations. | Protection of economic positions by administrative and power resource of regional and local authorities; Participation in distribution of federal subsidies. | This actor is interested in preservation of current system of non-interference of federal authorities in regional issues with continuation of subsidy-based economic relations between federal and regional authorities. | <i>Positive:</i> Intensification of fight against corruption and increasing efficiency of control over budgetary funding coupled with broader economic development of the North Caucasus will narrow down the influence of clans. |

| Interests | Relations | Capacities | Peace and Development Agendas | External factors / Outcomes |
|---|---|---|--|--|
| <i>Regional authorities</i> | | | | |
| Retaining control over political situation, economy and resources in the region; Ensuring sufficient level of internal stability; Weakening opposition clans. | Cooperation with federal authorities, federal and re-public military and security structures; Conflict with oppositional clans; Conflict with the Salafi networks. | Administrative, economic and security control over the republic; Political support from federal actors; Patronage and financial resources. | This actor is interested in social and economic stability and preservation of privileged positions of dominant clans; Desire to control and manage process of economic development. | <i>Positive:</i> Continuation of financial and political support from Moscow; Gradual but sustainable economic modernisation; <i>Negative:</i> Curbing of financial support due to economic crisis and growing internal tensions. |
| <i>Religious extremists (The Salafis)</i> | | | | |
| Survival of existing networks and continuation of <i>jihad</i> against 'infidels'; In perspective, overthrowing the regional authorities to create an Islamic state. | Opposition to all official actors; Recruiting new members from among the discontented populations groups, especially youth; Contacts with counterparts in the Muslim world. | Decentralisation and independence of Salafist cells balance off the small number of followers; Radicalism and fanaticism; Efficient recruitment network based on social discontent. | Peace and stability is envisioned in a form of Sharia-based society. | <i>Positive:</i> Development aimed to improve socio-economic conditions for the population and fight with corruption will help narrow the social base for recruitment. |
| <i>General Public (most active interest groups)</i> | | | | |
| Improvement of security and socio-economic situation, access to jobs and opportunities for SME development; Strengthening the rule of law, justice and sustainable peace; Reducing the level of corruption and arbitrariness. | Support to the federal centre and growing opposition to republican authorities and, especially, corrupt law-enforcement structures; Opposition to the Salafis and terrorists. | Potential to engage in mass protests and direct conflictive actions; High level of involvement in interethnic processes including unresolved disputes and nationalism; High level of economic initiative and significant self-organisation potential. | This range of actors is most interested in peace and stability, economic development and reducing violence and crime in the region. | <i>Positive:</i> increasing the efficiency of regional and local authorities', including work on stimulating SMEs and creating jobs; Addressing unlawful actions by police and security; <i>Negative:</i> continuing arbitrariness and corruption and human security risks coupled with deterioration of economic situation due to the crisis. |

| Interests | Relations | Capacities | Peace and Development Agendas | External factors / Outcomes |
|--|---|---|---|--|
| <i>Traditional religious institutions</i> | | | | |
| <p>Retaining influence on the believers;</p> <p>Blocking the proliferation of radical religious movements, especially Salafism, and proselytising by other faiths.</p> | <p>Cooperation with authorities and other key political actors;</p> <p>Opposition to religious extremists and representatives of other non-traditional religious sects and movements.</p> | <p>Strong ideological influence on public opinion and, to some extent, on the position of regional authorities.</p> | <p>This actor is interested in strengthening stability and peace as well as strengthening its position vis-à-vis the secular authorities.</p> | <p>Positive: expanded influence of religious institutions as a result of using religion as a peacebuilding tool;</p> <p>Encouraging dialogue between the traditional confessions.</p> |
| <i>Local and International NGOs and humanitarian organisations</i> | | | | |
| <p>Establishing peace and stability in the region through development of civil society, human rights protection, humanitarian assistance, recovery and developmental activities;</p> <p>Mobilizing financial support from the donor community.</p> | <p>Cooperation with authorities;</p> <p>Interaction with different target groups of the population;</p> <p>No close contacts with other actors.</p> | <p>Independent position and opportunities to ameliorate conditions for the most vulnerable groups where authorities and other actors are inefficient;</p> <p>IGOs and INGOs have access to significant financial resources;</p> <p>Opportunities to draw public attention to topical issues and provide platforms for dialogue.</p> | <p>These actors seek to protect human rights, build a democratic society, lasting peace and foster development as well as to prevent armed conflicts in the future.</p> | <p>Positive: Humanitarian motivation and constructive engagement / cooperation with authorities, effective coordination and division of efforts in recovery and reconstruction initiatives;</p> <p>Availability of funding from the donor governments.</p> |

| Interests | Relations | Capacities | Peace and Development Agendas | External factors / Outcomes |
|--|--|--|---|---|
| <i>Large state and private businesses</i> | | | | |
| <p>Implementation of large-scale business and infrastructure projects in the North Caucasus (infrastructure development, extraction of natural resources, energy, construction, tourism, etc.);</p> <p>Increasing the market share in the regions.</p> | <p>Cooperation with federal and regional authorities;</p> <p>Competition with local and clan-based businesses using the financial and administrative resources.</p> | <p>Large financial resources (in spite of the economic crisis), management skills and administrative support from federal agencies;</p> <p>Capacity to create new jobs for local population in economically depressed areas.</p> | <p>This actor is interested in strengthening stability, decreasing influence of clan networks and sustainable economic development;</p> <p>Development of human resources and training of skilled labour force.</p> | <p><i>Positive:</i></p> <p>Overcoming economic crisis and recession;</p> <p>Olympic projects in Sochi, infrastructural projects and development of other recreational areas as well as oil industry could become an engine for broader regional economic development and job creation;</p> <p><i>Negative:</i></p> <p>Worsening general economic situation or increasing instability and conflicts will curb investments of large businesses in the region.</p> |
| <i>Criminal groups with special economic interests</i> | | | | |
| <p>Strengthening political influence and control over the region's economy and resources;</p> <p>Conserving weak and corrupt governance system.</p> | <p>Closely connected with clan networks, local authorities, and other influential actors in the area of governance and economy;</p> <p>In some regions build partnership and / or engage in competition with separatist and extremist groups (e.g. Daghestan).</p> | <p>Control significant part of economy in the North Caucasus;</p> <p>Possess significant financial resources and use corruption in the law-enforcement system to protect their interests, including criminal businesses.</p> | <p>This actor is interested in preserving corrupt government and law enforcement.</p> | <p><i>Negative:</i> This actor is able to extract profits from the conditions of middle-intensity crisis.</p> |

3.4

IMPACT ON PROSPECTS FOR ECONOMIC DEVELOPMENT

* The financing is organised through the mechanism of inter-budgetary transfers that includes funds provided by the Federal fund for the support of the subjects of the Russian Federation, closing gaps in cash-flow through budgetary credit etc.

- The North Caucasus republics do not appear to have sufficient internal resources/markets for independent growth at present;
- The level of Gross Regional Product (GRP) is the worst in Russia. Most of the GRP growth comes by Krasnodar, Stavropol and Rostov regions (Krasnodar and Rostov deliver 52,3% of the gross regional product, while all the republics produce only 15,5%). Ingushetia delivers only 0,5% of GRP;
- Chechnya and Ingushetia's share of federal subsidies* in the budgets is between 80-90%;¹²
- Quality of life indices show that Ingushetia and Daghestan, for example, occupy the last places among Russia's regions; and
- Unemployment is rampant. For example, the unemployment rate in Ingushetia, according to the head of Ministry for regional development Viktor Basargin, is 53%.¹³

The main drivers of regional economic development, Krasnodar and Stavropol kraia and the Rostov oblast, have a considerable development potential but are suffering the consequences of the general economic recession. Nonetheless, investment towards the Sochi Olympics is likely to give the region an economic boost (see Box 3.4.1 'Sochi 2014'), which will help mitigate the impact of the economic crisis. To ensure that the area is ready for the Games, the federal targeted programme for the development of Sochi was initiated in 2006 (to run until 2014). The current Olympics budget stands at 473.4 billion rubles or US\$13 billion.¹⁴ According to Russia's prime-minister Vladimir Putin, about 80% of the money allocated for the Sochi Olympics will be spent on development in the region (construction, environmental projects, energy, and transport communications). Only 20% will be spent on the construction of Olympic objects as such.¹⁵ All projects are scheduled to be finalised by 2012 so they can stage test events over two winters ahead of the games.

The impact of the economic crisis is likely to be severe on the most vulnerable population groups in the North Caucasus. In Kabardino-Balkaria some key factories, regarded as the main taxpayers, are expected to see a 60-75% drop in production (e.g. 'Terekalmaz' and 'Kavkazkabel').¹⁶ Some tensions may be expected due to further growth in unemployment, especially among youths.

However, it is also important to note that the population in Chechnya, Ingushetia, and other republics has learned to rely on the alternative shadow economy and clan based mechanisms of income-generation (only marginally covered by economic assessments). The strength of clan-groups is partly explained by support from the people who benefit through the down-the-line transfer of financial and other resources managed by a given clan. This, coupled with transfers from relatives living in major Russian cities and small trade, may cushion the impacts of the crisis on the very poor.

The following further impacts on economic development conditions are expected (6 months – 2 years timeframe):

- The above mentioned factors will slow down the reconstruction and development of the oil extracting and petrochemical industry in Chechnya and Daghestan. Further out-migration of talented and educated youths who could take professional positions in this sector is set to continue. Those who receive education in Moscow and other major cities will be unlikely to return to the region.
- At the same time, the process of the return of recent economic migrants has already been noted. People with medium level qualifications in construction, teaching, engineering etc. are returning from major Russian cities where they failed to find or retain jobs and housing. These returnees are bound to put further pressure on the local benefits system, affected by corruption (kick-backs for the receipt of benefits) and false record-keeping.
- It is possible to foresee that the population in the republics will turn to agricultural production and trade to assure incomes in the next 1.5-2 years.
- This is already a reality in Daghestan that has more than 37,000 of farms/community level agricultural enterprises. However, the challenges to communities will be the same as to the rest of the rural enterprises across the region and Russia as a whole: high fuel prices, high cost of credit, low purchase prices for agricultural produce set by wholesale monopolies etc.
- Emphasis on agricultural enterprise development is likely to aggravate existing land disputes and create new ones, especially in Daghestan, Ingushetia, and North Ossetia, as well as possibly in Karachay-Cherkessia and Kabardino-Balkaria. Local farms are smaller than in the north of the region and smaller than the Russian average, while the costs of delivering produce to markets outside the region are greater.
- North Caucasian resorts and natural recreational areas have already begun experiencing an upsurge of fierce competition and violent struggle for the best properties and plots of land. Re-division of assets through inter-clan struggles will undoubtedly continue.
- Inter-ethnic complications are quite possible in these conflicts, especially in the ski resorts of Kabardino-Balkaria, as well as in Pyatigorsk, Adygeya, and around Sochi.
- It will be especially dangerous if any local actors that potentially could legally compete for federal investment projects under the 'South of Russia' programme or other investment projects are deliberately marginalized and pushed out into the shadow economy sphere.

- Very high investment risks will effectively block foreign and even CIS countries' investment in the North Caucasus. The recent case of Eurasian Development Bank (EABR) is a unique one, reflecting Russia and Kazakhstan's cooperation in the CIS. Such 'guided' investment may materialise if Russian federal policy-makers decide to use their newly acquired influence over the financial sector institutions to urge Sberbank, VTB-24 Rosselkhozbank and others to provide investment and cheap credit.
- Pressure on the federal centre to allow access to economic opportunities created by the forthcoming Sochi winter Olympic Games in 2014 is set to grow exponentially in the next 2 years, against the backdrop of the economic crisis.

Box 3.4.1 Sochi 2014

The Black Sea resort of Sochi will host the 2014 Winter Olympics having triumphed over competing bids in the second round of voting at the 119th IOC session in Guatemala in July 2007. Sochi is a Black Sea coastal city with 335,000 inhabitants, located at the same latitude as Nice, France. Despite its strong record in winter sports Russia has never before hosted the Winter Olympics, so Sochi's win was regarded in Russia as a major reputational victory. The preparation for the Olympics programme is being coordinated by the Russian federal government, and the state corporation Olympstroy was created to manage the construction of Olympic venues and the development of Sochi city as a mountain Olympic resort. Dmitry Kozak was appointed vice-prime minister with special responsibility for the preparations for the 2014 Winter Olympics. The appointment, which was widely welcomed, took place in October 2008, at a time when the project was threatened by the global economic crisis. The region where Sochi is located is familiar to Kozak and he is well respected by the regional political elite (Dmitry Kozak served as presidential representative in the South Federal District from 2004 to 2007 and as Minister for regional development from September 2007 to October 2008). Some of Russia's biggest corporations have committed to various Olympic projects – ranging from roads construction to development of ski resorts. Rosneft, for example, plans to construct more than 150 new petrol stations. More than half of these facilities will be in the Krasnodar Region, with the rest positioned in vital areas on main federal highways in nine regions of Russia.¹⁷ Yet, the whole enterprise of Sochi 2014 faces a number of serious challenges. As a result of the economic crisis, the budget for Olympstroy was cut by two-thirds for 2009, namely by 33 billion rubles or US\$916 million.¹⁸ Other challenges threatening successful implementation of the programme and creating additional tension in the entire region include environmental concerns, security-related issues which draw much attention of the international community (the proximity to Abkhazia, Chechnya and other NC republics), public protests about forced resettlement and land rights/tenure, construction delays, and lack of transparency in spending. Sochi is a major priority for the Government of Russia and "project No. 1 in the country" according to prime-minister Vladimir Putin.¹⁹ It is therefore highly probable that the government will take all political and economic steps to ensure that all projects associated with the Sochi 2014 Winter Olympics are successfully realised. It is bound to have a strong positive impact on development in the North Caucasus, especially if a fair competition, access to opportunities, and a level playing field for businesses from the region are supported.

3.5

IMPACT ON PROSPECTS FOR POVERTY REDUCTION

The impact on poverty reduction and human development is hard to assess given the paucity and poor quality of data on key economic and social indicators.

There are real concerns that the economic crisis will lead to reductions in subsidies from the federal centre and that this will have an immediate negative impact on the republics' social expenditure.

A positive development, however, has been the restoration of the benefit and compensation systems across the region. In spite of the reports of corrupt practices (extortion of bribes from the population in exchange for unconstrained payment of benefits), the reality on the ground is that the pensions and other benefits (e.g. housing compensations, childcare support etc.) are paid almost regularly and relatively reliably. The provision of health and education services has also been visibly improved, especially in Chechnya.

Key trends that will affect poverty and human development include:

- The number of available jobs is declining. There is no effective policy for job creation at community/settlement level, federal resources are becoming more limited, and the negative investment climate has remained unchanged. This trend will adversely affect the population.
- International humanitarian assistance is progressively being phased out and the availability of international aid is likely to diminish in the near future. This will lead current beneficiaries to put additional pressure on the republic-level social infrastructure, which will also be affected by similarly reduced federal allocations.

Intangibly, but importantly nevertheless, the gradual withdrawal of international assistance will lead to a loss of hope that was traditionally associated with the international presence. Unless this is replaced by support from Russian civil society (based on adequate funding from the Russian government) withdrawal of aid will aggravate negative sentiments.

3.6

IMPACT ON INTER-STATE RELATIONS AND BROADER TRANSNATIONAL ISSUES

Inter-state relations and key transnational issues currently hinge on the aftermath of the August 2008 war between Russia and Georgia, the ability of Russia to maintain its dominant position in the region, and the tension between federalist and radical nationalist forces.

Russian government power in the North Caucasus has grown considerably since the end of the second Chechen war. The then President Putin made it unrivalled and unquestionable by any socio-political force in the region or in the wider neighbourhood. This, coupled with the use of other instruments and the vertical alignment of power, set

the foundation for stabilization and peace building and reconstruction. This power was projected beyond Russian borders during the August 2008 war with Georgia – with a demonstration of both resolve and restraint by President Medvedev. Key concerns for the Russian government are Georgian membership in NATO, the alternative hydrocarbons transportation routes bypassing Russia (e.g. the Nabucco project), and the role of Turkey as the regional power and untypical member of NATO seeking to increase its influence in the region.

The new equilibrium in inter-state rivalry and cooperation in the Caucasus is yet to be achieved, but one thing is already clear: Russian policy coherence in the region on protection of the territorial integrity in the North Caucasus, interests in the South Caucasus, as well as the geostrategic position as such, is currently being put to test. The predictable international refusal to recognize the independence of Abkhazia and South Ossetia, shrinking financial resources due to the world economic crisis, as well as corruption and flawed governance are central to this trial. The Sochi Olympics will draw significant international attention to the region in 2013-2014 that is due to materialise in PR campaigns and possibly a renewed information war reflecting the conflict of interests among the key players.

In the realm of soft power influences, the region's main battle of ideas is between the different versions of federalism supported by traditional Islam on one hand, and the radical nationalist projects utilising religious extremism (in the form of Salafism) as a vehicle for insurgency mobilization, on the other hand. The federal authorities have been trying to formulate and implement a policy of consolidation involving the enlargement of the administrative regions in the North Caucasus (as in other parts of the country). However this policy has met serious challenges such as lack of readiness for power-sharing among key influential group actors, significant economic disparities between administrative formations, as well as reciprocal inter-ethnic claims.

4. ASSESSMENT OF RESPONSES

4.1

RUSSIAN GOVERNMENT AND CIVIL SOCIETY

Table 4.1.1 Russian Actors

| Governance and Security | Development | Humanitarian Assistance | Human Rights and Peace-building |
|---|---|---|--|
| President and presidential administration | Ministry for regional development | Ministry of civil defence, emergencies and elimination of consequences of natural disasters (EMERCOM) | Public Chamber of the Russian Federation |
| Chairman of government (prime-minister of Russia) | Ministry of finance | | Council under president for development of civil society institutions and human rights |
| Office of the presidential representative in the South federal district | Ministry of education and science | | Human Rights Ombudsman / regional ombudsmen |
| Ministry of internal affairs (MVD) | Ministry of health and social development | | |
| Ministry of defence (MO) | | | |
| Federal security service (FSB) | | | |
| Regional governments (range of actors) | | | |

Russian responses are focused on the search for appropriate mechanisms to normalise and further stabilise the Northern Caucasus. Currently, these responses follow four tracks:

- (1) Preserve the manageability of the region and root out insurgent groups;
- (2) Strengthen systems of regional governance to overcome the influence of clan networks;
- (3) Modernise the economy for the republics to become regular taxpayers instead of financial 'black holes'; and
- (4) Prevent the politicisation of ethnic movements, ethnicisation of political parties, and re-emergence of separatism.

Although, there appears still to be no stated policy regulating and

coordinating political, security and economic response measures, a greater level of coordination between different government agencies has been seen over the last two years. Greater coordination along with large investments by the Russian government in the region has brought about visible and positive change.

The federal government recognises that the 'clan-grid' is perhaps the strongest obstacle to increasing the manageability and further modernisation of the region. Determined efforts have been made primarily through leadership appointments and personnel policy to address it. Leaders supported by the Kremlin in Ingushetia (Yunus-Beck Evkurov), Kabardino-Balakria (Arsen Kanokov), Karachay-Cherkessia (Boris Ebshev) and Daghestan (Mukhu Aliev) have diverse backgrounds but a relatively progressive outlook and adjust the implementation of policy formulated by Moscow to local realities.

The South Federal District (Offices of the Presidential Representative) has lost some of its influence, particularly in terms of selecting candidates for leadership positions in the federal district. Nonetheless, it retains strong delegated powers as a policy implementing body.

In Rostov-on-Don, Stavropol and especially Krasnodar region a strong economic and social modernisation process has been started. Regional development now follows a clear framework with improved financial discipline, although general efficiency and effectiveness is still limited due to weak management of realization and control. Programme-wise it is carried out as previously through: (a) federal targeted investment programmes (separate for Chechnya and the rest of the republics of the North Caucasus); and (b) government funded investment projects.

The new 'South of Russia' (2008-2012) programme is coordinated by the Ministry for Regional Development, supported by other agencies and has an estimated total budget of approximately 146,4 billion rubles (\$4,1 billion). Of this amount, only 52,1 billion (US\$1,5 billion) or 35% will come from the federal budget.²⁰ Compared to the previous 'South of Russia' programme, this constitutes a 41% increase of federal allocations. Programme emphasis is placed on industrial and agricultural development as well as tourism with more than 95% of funds earmarked for projects in these three sectors.

The federal authorities also plan to keep up the targeted programme for the reconstruction in Chechnya. US\$33 million is allocated from the federal budget for rehabilitation of destroyed shelter in 2009. The Chechen government for its part plans to spend US\$6 million to provide 754 young families with housing within the framework of the "Housing provision to the young families" programme. This programme subsidized 411 young families in 2008*. It is worth mentioning that more than US\$460,000 would be spent separately by the federal government and the office of the Chechen human rights ombudsman for free legal consultations, representation in courts and legal education of conflict affected persons.²¹

Another federal programme designed specifically for Ingushetia is

* By recent UNHCR estimate 8394 families in the North Caucasus are still in need of shelter (4174 turn-key and 4220 self-help houses, and 838 box tents).

expected to be launched in July 2009 (and run until 2015). It will help tackle unemployment (projected decrease of unemployment rate by 40-50% by 2015), outdated infrastructure (especially water supply systems), roads, and other key priority areas for development.

Decisions on government-funded investment projects are made by the Investment Fund of the Russian Federation. Priority is given to infrastructural projects such as construction of roads (e.g. Krasnodar-Abinsk-Kabardinka), water supply and distribution systems (e.g. in Rostov and South-West of Rostov region), as well as industrial development (e.g. Anji-Steklo glass plant in Daghestan). There are virtually no projects directly supporting community-level development and job creation. These are seen as the responsibility of the regional and municipal authorities and considered a by-product of SME development, which is supported financially through direct inter-budgetary transfers and the above programmes.

The impact of this investment remains to be seen, especially considering the current economic crisis. The previous 'South of Russia' programme (2002-2006), according to the Accounting Chamber of the Russian Federation, saw only 38.6% completion of the total number of construction projects. It noted a lack of coherence in the administration of the programme, and limited coordination of activities among federal and regional administrative bodies which led to instability in financing throughout the programme period.²² The implementation of the 2008-2012 federal targeted programme appeared to follow the same pattern with only 26.3% of the programme's planned allocations actually disbursed (approximately 6 billion rubles in absolute figures for the first nine months of 2008).²³

In terms of government and civil society relations at republic level, greater attention is paid to dialogue, especially in Ingushetia where the civil unrest began to spiral out of control in 2007-2008. President Yunus-Beck Evkurov's policy appears inclusive of both traditional forms of dialogue (e.g. the Congress of the Ingush People where the leaders of clans were represented) and informal communications with influential civil society and social leaders. President Evkurov's idea to create a 'youth parliament' as a discussion forum for channeling debates into constructive frameworks and a 'youth control committee' to oversee economic reconstruction, as well as the attempts at job creation for young graduates, may be regarded as ground-breaking initiatives for the region as a whole. Under President Evkurov, Ingushetia received 29 billion rubles (US\$828 million) in additional support from the Kremlin for the Ingushetia targeted programme mentioned above. This support was pledged during Russian president Dmitry Medvedev's visit to Ingushetia on 20 January 2008. At the same time, South Federal District administrators and federal controllers received instructions by the president to make sure that not a single ruble is misspent under this arrangement.

Civil society organisations have also benefited from the establishment of resource centres in the region and grants awarded by the Public Chamber-affiliated organisations selected as distributors of state

* It was announced originally that approximately 2 billion rubles will be allocated for these purposes, but the allocation was reduced apparently because of the economic crisis impact on the state budget.

funding to NGOs and charities. The organisations disbursed funding to over 1,100 organisations that received more than 1,5 billion rubles (US\$42 million) in grants in 2008 with approximately 1,2 billion rubles (US\$35 million) expected in 2009*.

The Public Chamber of the Russian Federation also partners with Public Chambers in federal districts, including the South Federal District. The regional public chambers, however, have little resources and staff (although – in theory – significant potential). Public Chamber status is defined by the Russian federal law №32 of 4 April 2005, which allows an oversight function over the law enforcement bodies. This makes cooperation with the Public Chamber important for many human rights and conflict prevention organisations in the North Caucasus. Cooperation with the Public Chamber also puts NGOs and other civil society structures into a mainstream reputational niche, which is good for small NGOs but risky for influential and larger organisations. On the one hand, a balanced funding base that combines foreign grants with Public Chamber funding helps assure highly valued independence for these organisations. On the other hand, the Public Chamber is increasingly viewed by NGOs dependent mainly on Western funding as a paradoxical state-controlled non-state actor whose influence aligns the agendas of NGOs with the Kremlin's 'vertical' power structure.

As to civil society conflict prevention responses in the region, these are diverse but have a limited impact mostly for three reasons:

1. NGOs, CSOs and community based organisations do not have the linkages and experience of engagement with ethnic movements, clan structures, informal social leaders (such as sheikhs, yurt-kadi's etc.). There is a real lack of experience in organizing constructive dialogue with the state bodies and especially law enforcement officials. Often these organisations prefer to occupy an oppositional niche;
2. The style of conflict prevention work is often 'combative' and not oriented to fill existing gaps and amend deficiencies. Fair and honest criticism is mixed with de facto political opposition to authorities that involves unfounded accusations and provokes harsh responses from officials who, historically, have had little exposure to free media and independent criticism.
3. There are no local NGOs with a truly independent funding base (e.g. membership fees and donations from a large number of members of the public). NGOs are either viewed by key stakeholders in the region as pro-Western (since they depend largely on the Western funding) or pro-governmental (as they depend on the Russian government funding and support).

Other civil society responses are those of community based organisations, initiatives and movements on the ground. These indigenous civil society structures (e.g. ethnic movements) are funded by clan-controlled businesses and diaspora sources, as well as personal resources. Clan-based CBOs, however, have significant potential impact on the regional conflict dynamics by virtue of their proximity to the main actors.

4.2

RESPONSES BY UK AND OTHER INTERNATIONAL ACTORS

British objectives for conflict prevention in the North Caucasus for 2008-2011 are focused on developing coherent, long-term programmes in areas where the UK can bring added value.²⁴ The main funding instrument is the Conflict Prevention Pool – an inter-agency body involving the Foreign and Commonwealth Office (FCO), Ministry of Defense (MOD) and Department for International Development (DFID). These UK government departments formulate common regional strategies that are informed by their internal assessment of the situation, UK government policy, and external expertise. Currently, priorities for the Northern Caucasus cover six sectors:

- (1) Civil society capacity building aimed to support civil society's collective contribution to conflict prevention initiatives;
- (2) Media capacity building aimed at promoting a more constructive media role in the prevention and resolution of conflicts, including reducing the information isolation of communities divided by conflict;
- (3) Government capacity building aimed at enhancing the capacity of government institutions, including in the security sector, to manage, resolve, and prevent conflict;
- (4) International engagement aimed at enhancing the international community's role in the resolution of ongoing conflicts and the prevention of renewed conflicts;
- (5) Human rights, with projects aimed at reducing the number and severity of human rights violations where these represent a primary driver of conflict; and
- (6) Economy: in order to strengthen the drivers for peace, to raise awareness and understanding of the economic costs of conflict and benefits of peace and promote micro and macro-economic cooperation within and around conflict and post-conflict zones.²⁵

These sector priorities are aligned to the international community's priorities in dealing with conflict, emphasising the value of human rights and conflict-sensitivity in development.

An analysis of CPP projects in 2006-2007 shows that engagement with civil society and government in Russia is based on an understanding of the importance of longer-term partnerships for sustainable positive impact and a wish to contribute to achieving incremental advances in key policy areas, such as democratisation, rule of law, and human rights.

The underlying assumption in UK responses is the centrality of Russian ownership of development programming and efforts to address the main drivers of conflict in the North Caucasus. However, there are areas of significant high level political disagreement between the UK and Russia, particularly regarding human rights, human security, and generally – democratic institutions. These tensions are not directly linked to conflict prevention programming and the implementation of concrete projects by CPP's NGO partners. Nonetheless, although there is

currently a thaw that began towards the end of 2008 – early 2009, tensions may still affect the implementation of CPP funded projects in 2009-2011.

The British government, like all other international donors, faces difficulties in gaining access to the region, particularly Ingushetia, Chechnya, and Dagestan. These restrictions are not likely to be eased in the near future.

The UK responses appear to be based on the balanced multi-sectoral approach that enhances independence of civil society organisations (their ability to voice constructive critique, protect human rights and rule of law) and supports dialogue and practical cooperation with authorities for capacity building. Other characteristic features of this approach are the following:

- Establishing partnerships with civil society, media and government organisations that are able to act as an informal network for dialogue supporting coordinated conflict prevention efforts;
- Attention to the crucial role of youths, communication and tolerance enhancement among them; and
- Preparation and dissemination of high quality information on conflict and peace dynamics to the population (via media-support projects), and the international community.

OTHER INTERNATIONAL RESPONSES

Following the end of OCHA's mandate in the region, its withdrawal from Russia in 2007, and departure by the majority of international NGOs, coordination for other international donors has mainly been performed by UNHCR (the lead agency on protection and shelter) and UNDP (on development). After the end of the Consolidated Inter-Agency Appeal (CAP) process, implementing agencies maintained routine coordination meetings within the frameworks of the North Caucasus Forum and other informal arrangements hosted by the UN lead agencies. This preserved a largely shared outlook and analysis of conflict issues and response priorities.

Many organisations involved in the North Caucasus have relied on funding from donor governments and ECHO (as the single largest donor)*.

* ECHO provided €230 million since 1999 (source: ECHO, Moscow, as of February 2009).

In 2009, UNHCR in partnership with UNDP, ILO and FAO will also be implementing a project funded by Government of Japan/United Nations Trust Fund for Human Security (UNTFHS). The project emphasizes the need for a comprehensive approach to integration and recovery in North Ossetia-Alania. It addresses sustainability through capacity-building of key government authorities to enhance their approaches to socio-economic recovery, development of sustainable livelihoods and permanent shelter for the displaced. Funding has been allocated by UNTFHS for common activities within a human security framework.²⁶ This project may serve as a conceptual model for other initiatives, if it is implemented successfully. Its potential importance is threefold:

- The focus on human security and government capacity building is combined with the emphasis on delivering visible results and benefits in the form of sustainable livelihoods and shelter, which help address the key gap in socio-economic aspects of the insecurities affecting the population;
- The project involves a multistakeholder consultations process that generates joint ownership of ideas and solutions creating a politically non-threatening atmosphere; and
- Its potential results could be easily replicated in other republics of the North Caucasus that have similar needs, once the security situation is further stabilised, namely in Ingushetia, Chechnya and Dagestan.

An overview of other international organisations and their projects, programmes and planned activities is provided in Annex 4. In total, almost US\$21 million has been allocated in contributions and commitments as of 2 March 2009 by donors.²⁷

Most of the offices of international organisations were relocated to Vladikavkaz after the security situation in Ingushetia (including Nazran, where many were previously located) began to deteriorate in 2006-2007, although the International Rescue Committee (IRC) and Danish Refugee Council (DRC) retain offices in Grozny (Chechnya). However, even in North Ossetia there are limitations imposed by government on travel and access in connection with the worsened security situation following the August 2008 war, as well as simmering tensions between Ossetins and Ingush over the Prigorodny region.

Target populations addressed by international donors and NGOs are largely the same as those covered by the Russian government in its reconstruction and developmental priorities for the region. However, there are significant differences in approaches and gaps in addressing needs. The most important single issue that still remains difficult for the Russian government and civil society structures to address (and where international help may be required) is community level development and income-generation*.

* According to recent UNHCR evaluation, 1837 so called quick impact projects (e.g. small business support) must be subsidised to meet the vital needs for income-generation in the North Caucasus.

The international responses are still focused on humanitarian assistance with an added component of human security (as far as protection and strengthening the resilience of individuals and communities to conditions of insecurity are concerned).

Broader development assistance is not actively supported by donors for two simple reasons: (a) Russia is an economically developed country with sufficient internal resources for development; (b) there has been no invitation from the Government of Russia to do so.

Most of the UN and NGO actors in the North Caucasus seem to agree that local NGO capacity building and support will be critical after humanitarian aid is phased out and development is taken over by Russian government institutions.

**CIVIL SOCIETY
RESPONSES**

Civil society in the region still appears under-resourced and community based organisations are bound to find it difficult to operate on their own without a thought through and carefully implemented exit strategy by international actors. Local NGOs will require capacity-building support in the following areas:

- Establishment of working relations with Russian institutions such as the Public Chamber and its commissions, the Council under the President for Development of Civil Society Institutions and Human Rights, as well as the Ministry of regional development and other agencies that could potentially become sources of longer-term funding or general support;
- Strengthening of their own independence by creating membership mechanisms, raising charitable donations from businesses and individuals, finding office space on the basis of longer-term rent or outright ownership, developing income-generating side-projects;
- Training in project cycle management and international fund-raising, as well as advocacy, outreach and communication;
- Core funding support from international donors on a 2-3 year basis to the most effective local NGOs in the transition period.

4.3**EFFECTIVENESS AND
COHERENCE OF
RESPONSE ACTIONS**

Mapping of the amount of aid, the programmes and projects through which aid is being channeled, and the policies guiding aid distribution for key donors in the North Caucasus shows that while the allocated resources are generally commensurate with the needs of the transition period between emergency relief and development, the current level of response does not fully take into account the following issues:

1. Humanitarian assistance is being phased out, but no developmental effort at community level is expected apart from the off-shoots of major infrastructural development projects and investment projects within the scope of the government's 'South of Russia' programme. Economic crisis conditions together with the governance problems in the region mean that it would be unrealistic to expect government-led community-based job creation and micro-development in the next 2-3 years. Unless at least some effective international projects continue to fill in this gap in 2009-2011, the population currently benefiting from international assistance will feel abandoned and further marginalised. This may aggravate the pressures on regional social systems and the federal benefit and compensations payment, complicate the fight against corruption, and cause other negative consequences.

2. Greater coherence in efforts by the UN, bilateral donors and the NGO community can be achieved if projects are focused on three key conceptually inter-linked operational tools, especially: (a) human security, (b) multi-stakeholder dialogue with Russian authorities, and (c) small development projects at the level of communities, creating legal sources of income to population groups at risk of violent conflict. The model for such an approach could be the UNTFHS funded project mentioned above. This would help to address the key insecurities in a systematic manner, providing assistance to the most vulnerable groups and individuals, while at the same time avoiding duplication of Russian and international aid efforts.
3. Housing compensation, pensions, unemployment benefits, child-care assistance and other social provisions are significantly affected by corrupt practices among mid-level officials and the 'clan-grid' governance system. The problem can be addressed by the Russian government on its own if it keeps up the level of payments in line with inflation and ruble rate fluctuations, and tackles corrupt practices around such payments in a determined manner. However, there is a high risk of a downturn in benefit payments and re-emergence of severe delays due to the economic crisis and the growing burden of unemployment. Failure of the compensation and benefits system in the region where a significant part of the population depends on it as the only economic survival life-line may have serious humanitarian consequences.
4. Much of the economic activity of the region is currently part of the shadow economy. Government structures at the level of republics have long adapted themselves to this state of affairs. There are entrenched vested interests in maintaining the status quo.

5. RECOMMENDATIONS AND POLICY OPTIONS

5.1

SCENARIOS

| Scenario | Likelihood and features | Possible indicators and triggers |
|---|--|---|
| <p>1. Preservation of the status quo against the backdrop of socio-political stagnation.</p> | <p>This is highly probable scenario presupposing that no change in policy leading to the downsizing of the development and conflict prevention responses in the North Caucasus will occur.</p> <p>Unresolved disputes are transformed into underlying tension, and extra-systemic struggle of clans and extremist opposition groups continues.</p> | <ul style="list-style-type: none"> ▪ Russian government facing other important challenges in the economy and social sphere posed by the economic crisis may decide not to give any higher priority to the development of the North Caucasus. ▪ Development in Sochi may falter due to reduced availability of resources, unfair competition and inter-group conflicts in the region. ▪ Large companies and clan-controlled businesses monopolise the economy in the region leading to stagnation. |
| <p>2. Further stabilisation of the situation in the North Caucasus and gradual transition to lasting peace, economic equity, and social accord, accompanied by temporary recession in the economy in 2009-2011.</p> | <p>Probable scenario.</p> <p>'Clan-grid' is gradually transformed into culturally appropriate governance institutions in line with the Constitution of the Russian Federation, federal laws, and region's cultural realities.</p> <p>Local solutions are found to local problems through participatory processes, transforming conflicting relations into constructive debates and democratic processes. Federal authorities ensure overall control and enforcement of law and address extremism by lawful means. Conflict fatigue and desire for normal life precludes extremists from mobilizing mass support and they are gradually isolated.</p> <p>The negative impact of the economic crisis is mitigated and brings about the modernization of region's agriculture, optimization of trade, economic migration etc. Growth in construction industry, infrastructure projects, and</p> | <ul style="list-style-type: none"> ▪ Enforcement of order by federal military and security forces together with re-public-level police is coupled with strict observance of law, development of internal controls and discipline, respect for constitutional rights of citizens and the rule of law. ▪ Effective security sector reform, anti-corruption measures, effective and disciplined investment and budget expenditure as well as constructive dialogue with the civil society in the region. ▪ Reconciliation and dealing with the past, accompanied by continued psycho-social rehabilitation of children and other relatives of conflict victims, as well as youth programmes aimed to counter extremism. ▪ Traditional Sufi Islam occupies its traditional place in the hierarchy of values conventional to the region. Islamic leaders do not interfere with politics and state governance. Secular leaders and Russian federal authorities do not |

| | | |
|---|--|---|
| | <p>transportation industry continues due to preparations for Sochi Olympics in 2014 and 'South of Russia' investment programme. Share of subsidies in republics' budgets gradually begins to decrease.</p> | <p>interfere with evolution of Islamic consciousness except for extremism prevention.</p> <ul style="list-style-type: none"> ▪ Budget expenditure is taken under 100% control by federal controllers reporting directly to the Kremlin. |
| <p>3. Recession in economy followed by sharp downturn, systemic collapse of governance and emergence of social unrest accompanied by political violence, inter-ethnic clashes, and growing insurgency.</p> | <p>This scenario is less likely than both 1 and 2.</p> <p>Economic crisis leads to deep recession in the region and causes mass unemployment and impoverishment. Compensation and benefits system beset by delays and remains affected by corrupt practices. Negative sentiments and protest against the federal and local authorities intensify. Sporadic acts of violence are met with disproportional use of force. This leads to mobilization of hundreds or thousands of supporters leading eventually to armed clashes and deployment of internal troops by the federal interior ministry. Simultaneously, religious extremism enlarges its recruiting base. High profile attacks and acts of terror become more frequent.</p> | <ul style="list-style-type: none"> ▪ This scenario may be triggered by persistent failure to address corruption, transform and legalize shadow economy, fight crime and establish rule of law, but is only conceivable against the backdrop of disastrous economic crisis impact. ▪ Officials appointed by the Kremlin continue to fall under influence of the 'clan-grid' networks or are ousted. It proves difficult to take republic-level law enforcement structures under full control and they participate in 'clan-grid' politics. ▪ Ethnic movements in KBR and KCR (Cherkess and Kabardins vs. Karachais and Balkars) clash directly in mass fights, raiding of offices and vehement demonstrations of protest. ▪ Ethnicity-based groupings try to take advantage of the crisis to shift status quo and clans (with linked criminal networks) attempt to re-divide spheres of influence and control. |
| <p>4. Rapid growth of political and religious extremism, re-emergence of separatism in Chechnya and social unrest in the republics of North Caucasus. Deployment of Russian army to quell armed resistance.</p> | <p>This is an unlikely worst-case scenario that may only be probable against the backdrop of destabilization of Russia as a whole.</p> <p>Prolonged recession and mass unemployment in Russia aggravated by sharp income disparities in society lead to the growth of distrust of the ruling regime. Country-wide political destabilization ensues.</p> | <ul style="list-style-type: none"> ▪ Mass unemployment and sharp growth in personal bankruptcies. ▪ Further growth in income disparities and increasing resentment between the rich and the poor. ▪ Growth of ethnic nationalism of Russians in the North Caucasus accompanied by violence against Caucasians in Stavropol, Rostov-on-Don and Krasnodar. ▪ Declaration of jihad in Daghestan and Chechnya. Emergence of the united Islamic extremists' resistance to secular authorities across the region. ▪ Deployments of federal army against extremists after police forces fail to restore order. |

5.2

RECOMMENDED CO-OPERATION STRATEGY

The recommendations below follow from the analysis of conflict dynamics in the region and the analysis of responses. Emphasis is placed on those areas, policies and concrete measures that can foster cooperative and multi-stakeholder approaches to counter political disagreements and mutual suspicions that affect Caucasian politics today.

Imperative humanitarian needs together with shared security interests make developing cooperation and complementarity possible between the Russian government and international actors in the region. There is also a need to formulate an effective and dignified exit strategy for international organisations over the next 2-3 years that leaves no one helpless and vulnerable. At the core of this strategy is the need to enable civil society to play the role of the key support mechanism for vulnerable groups in the region.

General Response Framework

Direction 1 Promote multi-stakeholder dialogue in good faith between national and local NGOs/other civil society organisations and government authorities on ways to provide for human security in the region:

- (a) Assist networking among local partners of donor agencies. Bring their best ideas to the forefront of dialogue with government;
- (b) Support co-operation between local NGOs and Public Chamber members and their organisations.

Direction 2 Place physical and socio-economic security of people and communities firmly at the centre of continued responses to conflict dynamics in the region:

- (c) Addressing insecurities of people and communities in a holistic and multi-sectoral manner (coordinating priorities in dialogue between government and civil society);
- (d) Following consultations with relevant federal officials invite communities, local government and NGOs to develop joint ownership for projects and practical co-operation.

Direction 3 Independent monitoring and early warning centred on human security, as well as periodic analyses of the situation in the region to promote a shared understanding of needs, insecurities, and opportunities for stabilisation among donors.

Main Principles

- Centrality of Russian ownership and ongoing coordination through single points of contact
- Complementarity to Russian development programmes and efforts to support civil society
- Dialogue with key stakeholders in government, civil society and communities

5.3

RECOMMENDATIONS FOR THE INTERNA- TIONAL ACTORS

1. UN agencies operating in Russia and NGOs involved in the North Caucasus Forum should devise a jointly owned humanitarian action plan for the discussion with the relevant Russian government agencies. It should be complementary to Russian efforts and aim at closing gaps in line both with donor policies / priorities and with the visions shared by the NGOs. The purposes of the joint action plan are: to serve as an effective exit strategy for international donors; to create an enabling environment for NGOs to take over; to avoid duplication of efforts; and to concentrate resources on the key priorities.
2. Donors should align programmes to focus on support to North Caucasus civil society and community-based organisations with a view to long-term empowerment for conflict prevention, rights protection, and developmental activities at the community level. It is advisable to replicate UNHCR (UNTFHS project) and the UK's CPP experience of multi-sectoral support with the following amendments:
 - (a) measured consultation with Russian government counterparts aimed at explaining and ensuring buy-in for the programmes with openness to input from the Russian government and civil society organisations; and
 - (b) regular human security-centred monitoring and high quality analyses that could be shared among donors, Russian government and civil society in order to contribute to common donor approaches and coordination of responses
3. Offer and provide support for the transfer and exchange of expertise and, where appropriate, training of trainers for Russian law enforcement bodies, especially staff involved with conducting investigations, missing people, criminal cases on abductions and disappearances, dealing with insurgency by lawful means, and crime prevention among youth. External expertise will not be able to fill existing gaps but should stimulate positive change by means of developing the internal training capacities, upgrade of qualifications at least for the personnel engaged in the North Caucasus.

4. Support government and NGO efforts to provide adequate legal redress for people inside Russia and the region. Also support efforts to address impunity for crimes committed by law enforcement and security personnel. Situating and communicating such support within a human security and conflict prevention agenda is critical.
5. Support civil society efforts to assist the creation of a functioning state mechanism to search for missing persons, release of the illegally detained, identification of the remains of the dead, and their dignified reburial. Rehabilitation of the relatives of the missing people should form an integral part of these efforts.

5.4

RECOMMENDATIONS FOR THE RUSSIAN GOVERNMENT

Russian government may set the stage for effective cooperation in conflict prevention by outlining the key areas where international and civil society assistance is desirable under the joint action plan.

Governance:

1. Counter the process of lapsing back to archaic forms of governance in the North Caucasus republics by creating incentives and pressure for clan groups' rivalry to come into the open public politics domain. Most importantly, local authorities should maintain (and the federal authorities respect) traditional ethnic representative balance in local government, while ensuring professionalism among officials, transparent and fair selection of candidates, and appropriate media scrutiny. Free local self-governance is an indispensable pre-requisite if this process is to deliver positive results. Election monitoring by the civil society should be encouraged.
2. Federal authorities should provide effective support and protection to officials appointed to posts in republic administrations. Resolute and lawful immediate response to all cases of corruption on the one hand and extra-systemic pressure on federal officials on the other is essential.
3. Ensure strict financial control over expenditure of inter-budgetary transfers and subsidies managed by republic-level authorities. Such control should be exercised by federal personnel reporting directly to top decision makers.
4. Real and authoritative public consultation bodies serving should be created in all North Caucasian republics to constructively tackle cases of blood vengeance, inter-ethnic disputes, most important land disputes, and other sensitive issues.

Security and Human Security

5. Ensure legal accountability for violations of the constitutional rights of citizens and armed insurgency. Prioritise the provision of legal assistance, redress, and rehabilitation to victims of crimes.
6. Create a functioning state mechanism to oversee the search for missing persons, the release of the illegally detained, and identification of the remains of the dead and their dignified re-burial. Cooperate with civil society organisations working in this sphere and use them as professional mediators in contacts with the relatives of the missing people.
7. Re-launch the SALW and explosives buy-back programme using civil society mediators, guaranteeing amnesty to those handing over weapons and returning to peaceful life. Ensure the SALW and explosives are destroyed and the process of destruction is monitored by the civil society representatives to exclude re-circulation of illicit firearms.
8. Widen peace education in schools across the region and invite civil society to fill existing gaps by creating corresponding grant-making schemes.
9. Make state-sponsored psycho-social rehabilitation for victims of conflicts available to all who require it, prioritising relatives of the missing people, especially children. Support civil society efforts to fill gaps in their programmes to address the needs of especially vulnerable groups and individuals that are not covered by state-sponsored programmes.

Dialogue between the state and civil society

10. Inter-faith dialogue should incorporate conflict prevention issues and air these issues in public discussions with religious communities, promoting the idea of a largely common moral code.
11. It is important to concentrate attention on and provide media coverage for constructive civilised debates between opponents divided along ethnic, economic, political and religious lines. At the same time, it is necessary to counter extremist discourse in debates as well as online propaganda of hatred and intolerance, especially along inter-ethnic lines.
12. Federal officials working on the North Caucasus as well as officials in the local administrations should receive specialised training in conflict early warning and prevention as well as constructive stakeholder engagement.

Economy and migration (conflict-sensitive elements)

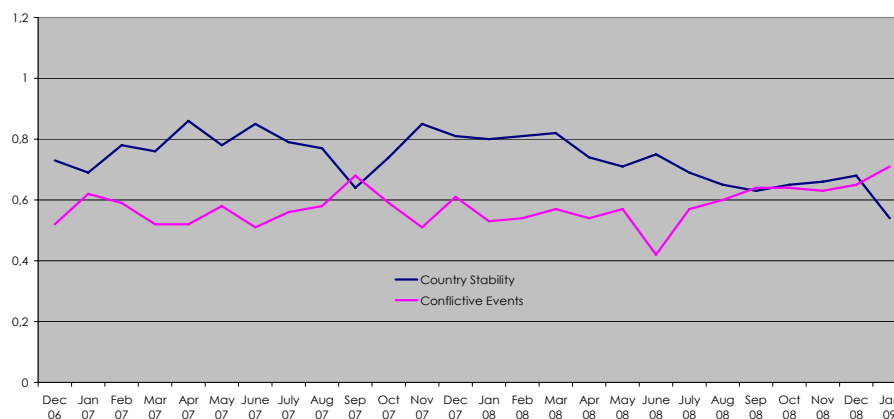
13. The shadow economy should be harnessed and transformed rather than ignored or criminalised. There is an opportunity to capitalise on and strengthen a strong tradition of entrepreneurialism in the region. Creating an enabling business environment will generate vested interests in peace and stability.
14. The Sochi Olympics are a chance for the emergence of enabling business environment and a break-through in infrastructural development in the region, but they may only have positive effects if resource sharing and investment are conflict-sensitive. It is important to assess the impact of investment decisions and projects through the lenses of (a) inter-clan rivalry; (b) inter-ethnic tensions; (c) job creation in conflict-prone areas; and (d) inter-faith dialogue. It would be critical to make sure that in-depth risk analysis is conducted before investment decisions are made reflecting the above four lenses.

ANNEXES

ANNEX 1

TREND-CHARTS ON CONFLICT AND CO- OPERATION BY REGION

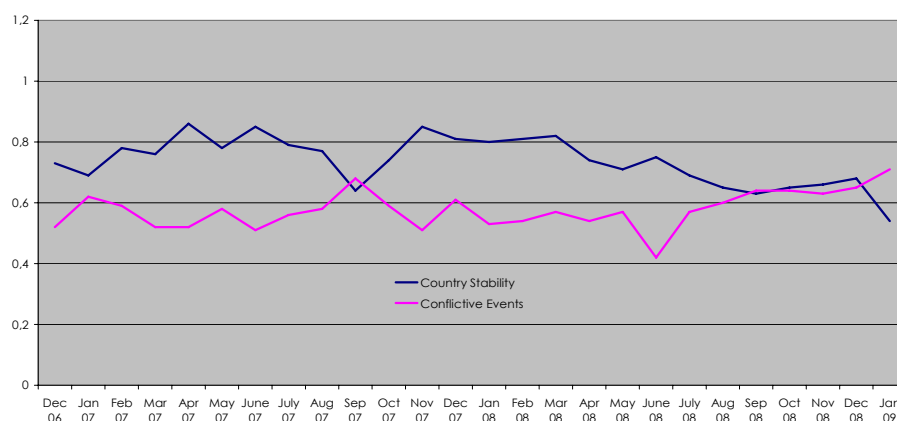
DAGHESTAN



Security problems continued to be a serious concern in Daghestan in the period covered by the graph. There was no decisive shift in the conflict between groups of religious extremists and the authorities. Assassination attempts against law-enforcement personnel and attacks and bombings often causing civilian casualties have long become a routine in Daghestan. The rise of conflict and simultaneous fall of the stability trend lines in September-October 2007 reflect two dimensions of the confrontation: (a) between police and illegal armed groups; and (b) among various ethnically marked criminal groups. A characteristic incident occurred in September 2007 in Khasavyurtovsky district, where a Kumyk paramilitary unit acting as a private security force of the district administration head Alimsultan Alkhamatov seized Novy Kurush settlement inhabited mostly by Lezghins. At the same time, strong public reaction was triggered by cases of disappearances of citizens abducted by “people in camouflage fatigues”. Investigations conducted by relatives of missing persons confirmed that in a number of cases people were detained in violation of proper arrest procedures by law enforcement agencies. An alarming convergence of the trend lines was also observed in late summer–autumn 2008 when there were reports of serious skirmishes resulting in dozens of casualties and major property damage.

Table A1.1 List of Main Actors in Daghestan

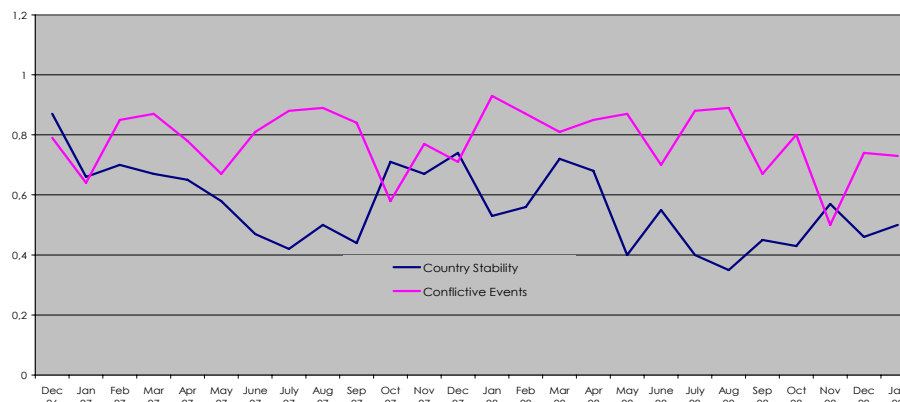
| Governance | Security | Social | Economic |
|---|---|--|--|
| Federal authorities President of Daghestan Clan networks Local authorities | Russian federal military and security forces Regional law-enforcement agencies Religious extremists – ‘Salafist’ network Militant youths | Community and ethnicity-based pressure groups Sufi brotherhoods (Tariqas) and Spiritual Office of Daghestani Muslims (SODM) Local NGOs, International and national NGOs Local Media | Large state-run and private businesses; Local SME and agriculture cooperatives Criminal groups with special economic interests |

CHECHNYA

The trend-chart (see Box 1 for indicators and methodology description) shows that the situation in Chechnya has been generally stable during 2007 and in the first quarter of 2008, whereas in summer and autumn 2008 the level of stability decreased significantly. The reconstruction of peaceful life continued with the following characteristic features: the republic is ruled by an authoritarian warlord-type leader with whom the population nevertheless associates hopes for economic reconstruction, social justice and security. The level of residual tensions in the post-war society remains very high, however. The rise of the conflict trend line in the beginning and the second half of 2008 reflects the fact that attacks on law enforcement/security agents, the military, and officials, and clashes with members of illegal armed groups continue in Chechnya. It must be noted that a new conflict-generating factor emerged in the republic, namely the struggle between two factions of the new Chechen establishment – president Ramzan Kadyrov and the Yamadayev brothers who are believed to head the only clan that lies outside of Kadyrov's control. The conflict that flared up in Chechnya in April 2008 culminated in August-September when Sulim Yamadaye, commander of the Defense Ministry's Vostok battalion was dismissed and his brother Ruslan, former member of Russia's State Duma and member of the pro-Kremlin United Russia party, was shot dead in his car on a central Moscow streets. An attack against Sulim Yamadaev followed on 28 March in Dubai. Nevertheless this intra-Chechen conflict is not expected to seriously undermine stability in the republic as long as Ramzan Kadyrov enjoys Kremlin's support and remains in his position.

Table A1.2 List of Main Actors in Chechnya

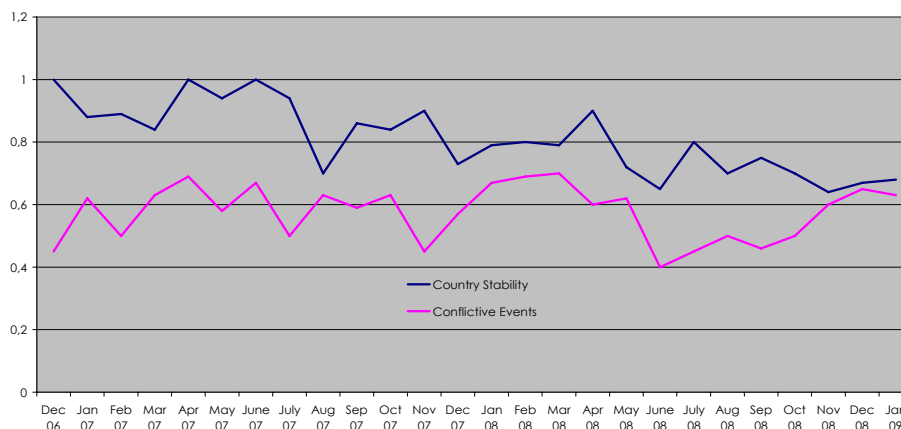
| Governance | Security | Social | Economic |
|--|---|---|---|
| President Ramzan Kadyrov and government of Chechnya Federal authorities and Plenipotentiary Representative of the President in the South Federal District | Republican MVD and other security forces controlled by R. Kadyrov Federal military and security forces Separatists and religious extremists (Salafist networks); Clan groups oppositional to Kadyrov | Traditional religious leaders and Mufti of Chechnya Local NGOs and international humanitarian organisations Civilian population | Kadyrov's clan Federal development and reconstruction programmes Large state corporations (Rosneft and its Chechen branch Groznetgaz) Criminal groups with special economic interests. |

INGUSHETIA

In 2007-2008 the conditions in Ingushetia remained unstable as a result of mounting insecurity, political polarization and weak governance. In general the trend-line dynamics followed a seasonal pattern of increasing violence in spring-summer and slightly increasing stability in the autumn-winter periods. During the first eight months of 2008 Ingushetia saw a sharp rise in number of assaults on law enforcement and military personnel. The republic appeared to be on the verge of civil war as fighting between militants and law enforcement/security bodies intensified. Ethnically-marked crime emerged as the new conflict-generating factor as well. The murder of a mathematics teacher, Lyudmila Teryokhina, and her two children in July 2007 was one in a series of murders of ethnic Russians. Finally, the credibility of the republic's administration was badly damaged by the death of prominent public figures and by allegation of involvement in abductions and torture. The murder of Magomed Yevloyev, the owner of an opposition website, who was shot in the head while under police escort, could be considered the key trigger in the upsurge of confrontation between the authorities and society. The murder and ensuing unrest aggravated the situation in late summer and early autumn 2008. The rise of the stability trend line in October-November coincides with the resignation of very unpopular president Murat Zyazikov and appointment of the new republic's leader Yunus-Beck Evkurov.

Table A1.3 List of Main Actors in Ingushetia

| Governance | Security | Social | Economic |
|--|--|---|--|
| Federal authorities President and Government of Ingushetia Clan networks | Federal military and security forces Regional law-enforcement structures Religious extremists—"Salafist" cells | Political opposition Elders and traditional community leaders NGOs and International humanitarian organisations | Clan networks Criminal groups with special economic interests |

NORTH OSSETIA

The four main political factors determining the situation in North Ossetia were:

(a) Terrorist attacks that were reflected by upward curves of the conflict trend-line in spring and autumn-winter 2008. The most notorious acts of violence were: the assassinations of senior republican police officers (March) and Vladikavkaz city mayor Vitaly Karaev (November) as well as the suicide bombing that killed more than a dozen shuttle bus passengers in November.

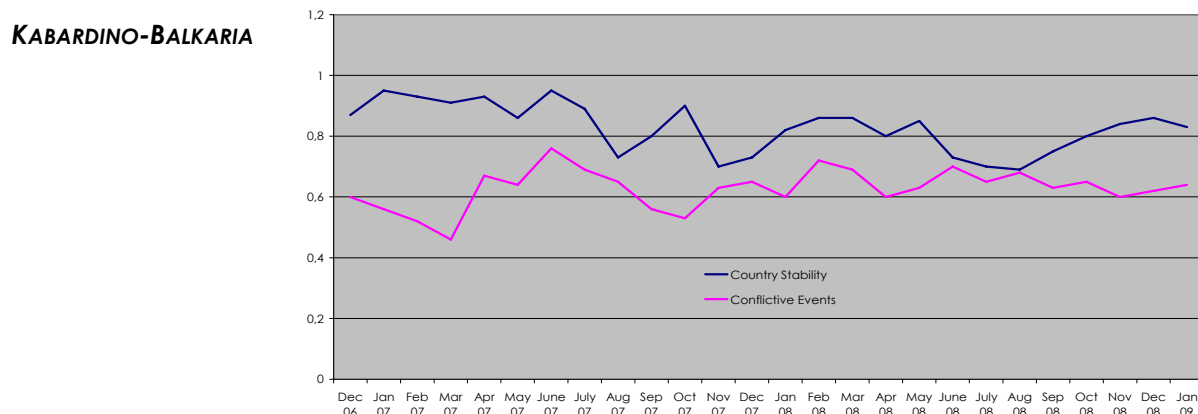
(b) The armed conflict in South Ossetia and the influx of refugees from the conflict zone that explains the drop of a stability trend line in August 2008.

(c) Ossetian-Ingush relations. The autumn 2007 marked a 15-year anniversary of the Ossetian-Ingush armed conflict of 1992. Throughout this period, federal authorities and administrations of both North Ossetia and Ingushetia focused their efforts on overcoming the consequences of the conflict predominantly on two key areas: the return of Ingush IDPs to the places of their former residence in Prigorodny district and the easing of the interethnic tensions in the conflict zone. Despite some success in peace-building efforts (e.g. payment of large housing compensations), strong hostility and distrust between Ingush and the Ossetins remained.

(d) Rivalry between influential clans affiliated with the republic's authorities and oppositional groups. According to some analysts, this collision could be the main reason for the abovementioned outbursts of violence, against the backdrop of largely unconfirmed reports on continued 'operations' by the so called Ossetian jamaat 'Khataib al-Khoul' (the existence of which is also denied by the republic's authorities).

Table A1.4 List of Main Actors in North Ossetia

| Governance | Security | Social | Economic |
|--|---|--|---|
| President and government of NO-A Federal authorities Clan networks | Federal military and security forces Regional law-enforcement structures 'Volunteers' (paramilitary groups) | General public (most active interest groups) Refugees and migrants from South Ossetia | Clan networks Large state-run and private businesses Criminal groups with special economic interests (alcohol production and trafficking) De fact authorities of South Ossetia |



The situation in Kabardin-Balkar republic was affected by a combination of major conflict generating factors:

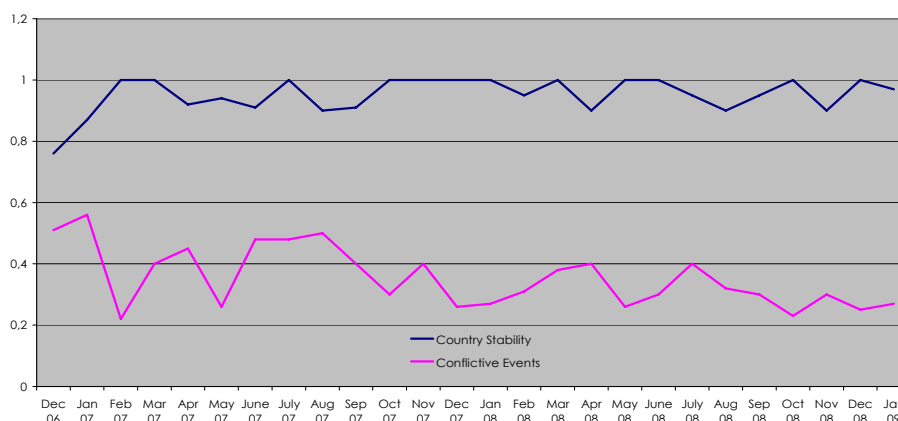
(a) Tensions between Kabardins and Balkars manifested by a rivalry between ethnic clans that have been disputing access to natural, economic and administrative resources under the slogans of protecting and asserting historical rights. A separate factor aggravating the conflict between titular ethnic groups was the influx of Chechen migrants that increased pressure on a weak economy and troubled social infrastructure. Regular fights and clashes among local youths and Chechen students may be regarded as one of the consequences of such imbalances.

(b) Recurrence of terrorism. Frequent assassinations of police servicemen have been committed by members of the extremist underground ('Yarmuk' jamaat).

(c) Dissemination of Islam among young people is a separate challenge linked to protest against corruption, poverty, unemployment and the lack of equal economic opportunities. Although the news reports from KBR concerning clashes between police and illegal armed groups have usually formed an image similar to the one of Ingushetia, the conflict dynamics in Kabardin-Balkar republic are notably less severe. Despite a certain growth of the conflict trend-line in summer 2007, in February and summer-autumn 2008 the socio-political situation in the republic remained generally stable.

Table A1.5 List of Main Actors in Kabardino-Balkaria

| Governance | Security | Social | Economic |
|---|---|--|---|
| President and government of KBR Federal authorities and Plenipotentiary Representative of the President Clan networks | Republican law enforcement agencies Religious extremists – Salafist networks | Ethno-cultural and national associations | Clan networks Large state-run and private businesses Criminal groups with special economic interests Cherkess Diaspora |

**KARACHAY-
CHERKESSIA**

There were four main underlying processes and conflict generating factors in the republic that appeared to be reflected by periodical drops of stability and rises of conflict trend lines:

(a) Weak governance, the lack of genuine democratic procedures, and change in top leadership instigated by the Kremlin. The previous president, Mustafa Batdyev, did not manage to avoid bias in tackling political and economic rivalry among ethnic and interests groups in the republic that sometimes splashed out in violent re-division of property and economic resources. He became extremely unpopular and was replaced in August 2008 by Boris Ebzeev, a former judge of Russia's Constitutional Court who is yet to demonstrate his ability to remain unaffected by the struggle of powerful clans and combine fair representation of ethnic groups in government and business sectors with competence-based recruitment.

(b) All-encompassing tribalism and cronyism with virtually unchecked proliferation of corrupt practices in socio-political and economic structures of the republic.

(c) Continuing out-migration of Russians and socio-economic decline.

(d) Aggravation of inter-ethnic tension, a characteristic manifestation of which was a letter by Cherkess ethnic leaders sent in August 2008 to the Russian presidential administration referring to the impossibility of peaceful co-existence with Karachays.

In spite of these trends, violent conflicts in the republic remain unlikely. The socio-political system that has evolved over a long period of time in Karachay-Cherkessia has demonstrated a capacity to preserve a certain level of stability (almost bordering on stagnation). Regular injections of federal investment funds contribute to conserving this reality.

Table A1.6 List of Main Actors in Karachay-Cherkessia

| Governance | Security | Social | Economic |
|---|---|--|---|
| President and government of KCR Federal authorities and Plenipotentiary Representative of the President Clan networks | Republican law enforcement agencies Federal military forces Religious extremists – Salafist cells | Ethno-cultural and nationalist organisations | Clan networks Criminal groups with special economic interests Large state-run and private businesses Cherkess Diaspora |

Box A1.1**Indicators Description**

The graphs are produced using FAST qualitative methodology (for more information please visit <http://www.swisspeace.ch>) which is based on event data analysis: all events that are considered relevant for conflict development are coded using standardized IDEA* coding scheme and assigned numeric value according to a distinct conflict scale. These values are then used for calculating various conflict and cooperation indicators.

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

*The IDEA (Integrated Data for Event Analysis) cooperation-conflict scale is a general weighting scale that attaches a weight to every event. The scale has a range from -13 to +8. Event types that are regarded as cooperative have positive values, conflictive event types have negative values <http://vranet.com/IDEA/default.htm>

ANNEX 2

**AGENCIES' ACTIVITIES IN
THE NORTH CAUCASUS
IN 2008 AND PLANS FOR
2009²⁸**

Table A2.1 International Donors and NGOs by Sector

| Governance and Security | Development | Humanitarian Assistance / Human Security | Human Rights and Conflict Prevention |
|---|--|--|--|
| <p>United Nations Department for Safety and Security (UNDSS) - monitoring security advice function for other donors</p> | <p>United Nations Development Programme (UNDP)</p> <p>United Nations High Commissioner for Human Rights (UNHCHR) – monitoring and advice on human rights based approaches in development</p> <p>World Bank (Local Initiatives Programme)</p> | <p>The European Commission's Humanitarian Aid Department (ECHO)</p> <p>United Nations Children's Fund (UNICEF)</p> <p>United Nations high Commissioner for Refugees (UNHCR) – lead agency for protection and shelter</p> <p>Government of Japan / United Nations Trust Fund for Human Security (UNTFHS) (via UNHCR, UNDP, ILO and FAO)</p> <p>Swiss Development and Cooperation Agency (SDC) / Swiss Department for Foreign Affairs</p> <p>Swedish International Development Agency (SIDA)</p> <p>International Committee of Red Cross (ICRC)</p> <p>World Health Organisation (WHO)</p> <p>United Nations World Food Programme (WFP)</p> <p>Food and Agriculture Organisation of the United Nations (FAO)</p> <p>International Labour Organisation</p> <p>International Rescue Committee (IRC)</p> <p>International Medical Corps (IMC)</p> <p>Hammer Forum</p> <p>Danish Refugee Council (DRC)</p> | <p>The Netherlands Embassy (human rights programmes through support to local NGOs)</p> <p>The US Embassy (USAID)</p> <p>World Vision</p> |

ACTION CONTRE LA FAIM (ACF) has been working in the Russian Federation since 1995. ACF is nowadays focusing on supporting household economies by putting in place income generating activities and livestock recapitalization projects for Chechen families. Recently ACF decided to go and intervene in Uchastocks, shabby buildings in the outskirts of Grozny populated mostly by very vulnerable families. In the southern mountainous areas of Chechnya, remoteness hampers people's access to work and income or markets and basic items. In addition, as a consequence of the war, people in the mountains lost assets and dwellings. Therefore, ACF has been widely distributing food rations and hygiene products in these areas for many years.

ACF now intends to hand-over its activities to a local NGO partner, IMPULSE, which is composed of former ACF key staff. This new member of the Chechen civil society will have the means in the future to respond to development needs in North Caucasus. To reach this objective, ACF plans to accompany the local structure over a year until autonomy from ACF is reached. The handover is scheduled for end 2009.

CARITAS-FRANCE implements several projects in the North Caucasus through its Europe Department, focusing on development issues (education, economic development, democracy, health awareness) and its Emergency Department, focusing on post-war needs.

Post-emergency assistance

Caritas-France's main current project in the North Caucasus is "Psycho-social rehabilitation in the mountainous regions of Chechnya". It is mainly funded by the Humanitarian Department of the French Ministry of Foreign Affairs, in cooperation with the Emergency Department of Caritas-France. This project is born from a first common initiative to rehabilitate schools in the mountainous regions of Chechnya in 2007. The new project will be realised during one year in collaboration with Caritas-France's Moscow partner the Civic Assistance Committee. It consists in 2 main fields of action:

Development projects

The Europe Department of Caritas-France and its local partners recently applied to the Institutions Building Partnership Programme of the European Commission to receive a grant for 2 projects in the North Caucasus. In both projects, the Russian organisation represents the main partner and, as such, will conduct the project. These projects would last 2 years.

"Economic Development as a Stability Factor" was presented by the Daghestanese organisation Alternative to Violence. Beyond Caritas-France, two other partners are involved in this project: the CIS branch of Non-Violence International and the International Labour Organisation office in Moscow.

"Equal Life Chances for Children from Mountainous Regions of Chechnya" was presented by the Moscow-based Civic Assistance Committee. Beyond Caritas-France, the local organisation Sozidanie is part of the project and will be very active in the implementation of the action on the ground.

Caritas-France and the public health and social development foundation Focus-Media applied to the UN Democracy Funds (UNDEF) and started on 1st of August 2008 to implement a project for the "development of Chechnya, Ingushetia, Daghestan and North Ossetia CSOs". The goal of the project is to advance democracy at the community level in Daghestan, Chechnya, Ingushetia and North Ossetia by equipping NGO leaders with the advanced community leadership, advocacy and resource mobilization skills they need to achieve concrete results on critical challenges facing their communities.

Cooperation in the framework of Caritas Internationalis

Caritas-France, as part of the international Caritas-network will work along with its Czech partner to develop its HIV/AIDS Programme in the North Caucasus. Since 2006, three different projects have been implemented by Caritas-Czech Republic in the framework of this programme. They were funded in collaboration with Caritas-France and the *Catholic Agency for Overseas Development (CAFOD)*. The Europe Department of Caritas-France will soon carry out an evaluation of this programme, and this process will help to realise a new project.

For the coming year, Caritas-Czech Republic will implement the "HIV/AIDS project in Chechnya", which should start in November and continue for one year. It consists in disseminating information and conducting training to increase the awareness of HIV and AIDS related issues among specific groups. The selected groups are: medical personnel, decision makers, education and social services and specifically vulnerable population such as prisoners, prostitutes, and the gay community.

Next steps

Caritas-France is currently considering extending its activities in the North Caucasus with self-funded projects, such as:

"Children's Wishes", will be lead by a local NGO along with the Europe Department of Caritas-France. This project has been conceived by the organisation SOS-Spasenie in Daghestan. This would consist in the creation of a pre-school centre/kindergarten. The purpose is to answer the specific needs of young children from IDPs families in Bammatiurt (Kasaviurt District), as well as the children of other vulnerable families of the district.

Emergency response projects will also be examined on demand. For example, the local partner Sozidanie, asked Caritas-France to provide them with a small grant to mitigate the damages of the recent earthquake in Chechnya. This would consist in material assistance to damaged schools, psychological help to families and children, specific activities such as art therapy to help children overcome stress.

CARITAS CZECH REPUBLIC**Activities in 2008:****Chechnya:**

Community Based Early Childhood Education Project: Providing 280 disadvantaged children and children with special needs with community based child centred early-childhood education programme;

Livelihood Support Activities: Providing in-kind grants to returnees and war-affected residence of Chechnya, contributing to the improvement of livelihoods of Chechen population;

Plans for 2009:**Chechnya:**

Community Based Early Childhood Education Project: To enlarge the programme by opening two more pre-school centres and to increase the number of beneficiaries.

Livelihood Support Activities: Continuation of the project till July 09.

CAUCASIAN REFUGEE COUNCIL (CRC)**Activities in 2008****Ingushetia:**

Income Generation Activities: Provision of IDPs from Chechnya willing to integrate in Ingushetia with material/technical assistance to run small business. Funded by the Russian National Foundation

Rural Development, Economic Growth and Poverty Alleviation: Sustainable development of rural areas of Ingushetia through provision of alternative employment of women and young people living in villages of Ingushetia. Funded by UNDP

Chechnya:

LSA activities in the Nozhai-Jurtovski region of Chechnya. Provision of at least 68 vulnerable beneficiaries with live-stock or equipment to carry out small business and to earn family's living. In partnership with Caritas, funded by ECHO.

North Ossetia-Alania:

Protection: Needs assessment and assistance to IDPs/refugees from South Ossetia/Georgia proper, residing in North Ossetia-Alania.

Plans for 2009:

CRC will continue the LSA program in Chechnya next year.

CRC will continue the protection program in North Ossetia-Alania next year.

DANISH REFUGEE COUNCIL (DRC) has been assisting displaced in the North Caucasus for over ten years. After the second Chechen war, DRC provided relief assistance to some 200,000 displaced. In recent years after the humanitarian crisis passed, DRC focused on supporting return of IDP's and recovery of their communities through repair of damaged houses and livelihoods assistance.

Under a new three-year strategy developed in the fall of 2008, DRC is emphasizing work with duty bearers to increase their capacities and willingness to assist the vulnerable, and on developing capacities of local NGOs and civil society, while continuing limited assistance to remaining displaced and vulnerable.

2008 Activities

Reconstructed or new houses: Chechnya - 300, Ingushetia - 40, North Ossetia-Alania - 70

Infrastructure: Chechnya - 9 projects (utilities, roads, schools)

Relief: Chechnya, food, non-food, cash transfers, phased out from 21,000 beneficiaries in January 2008 to 0 in

January 2009

Income generating grants: Chechnya 300

Agriculture grants: Chechnya 300

School feeding: Chechnya 26 schools in mountainous districts

Support to social/community groups (women, youth, etc.): 120 across all four republics

Mine risk education and playground construction: Chechnya, 23 playgrounds

Capacity building and support to local NGOs: 20 across all four republics

Registration activities and maintenance of a data base: all republics

Operation of five information centers, including legal counseling: Chechnya

Emergency response to the October earthquake in Chechnya, funded by ECHO, Norwegian Government and DRC

2009 Planned Activities - possible in all four republics based on available funding

Housing assistance in Chechnya, Ingushetia, North Ossetia-Alania

Infrastructure projects

Support to agriculture operations

IGA support grants

NGO capacity building support

School feeding in Chechnya

DDG

Information Centers

Business/Vocational training

Registration and Data Base

Surveys and needs assessments

THE EUROPEAN COMMISSION'S HUMANITARIAN AID DEPARTMENT (ECHO)

2008 - 11 million euro funding for the Chechen crisis (Including IDPs in Ingushetia)

- shelter (DRC, Help, IRC)
- Agrobusiness/agriculture (FAO, DRC, IRC, Caritas Cz, HI, ACF)
- Health (UNICEF, HFO, MDM)
- Protection (UNHCR) +UNDSS

2009 - 4-6 million euro, still under discussion. Last funding.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)**2007/2008**

FAO implemented 2 projects that covered the border areas between Chechnya and Ingushetia. One of the them was an ECHO funded LSA project where FAO provided 300 vulnerable beneficiary households with 7 heads of sheep, materials for construction of animal shed, animal feed for the first winter and seeds for cultivation and self production of the animal feed. Project also had an intensive nutrition education component that worked to improve the quality of food consumption among the family members. Both the project components undertook series of intensive trainings to achieve the proposed objectives. Several publications were made during the implementation of this project both for the direct beneficiaries and wider dissemination among local communities.

The second project was funded by the Government of the Netherlands where 150 beneficiary households were assisted. One hundred of the beneficiaries were given one unit of the greenhouse each that covered 100sqm area. The other 50 households were assisted in their efforts of starting open field cultivation practices. Project demonstrated good results as the beneficiaries obtained good harvest of early vegetables. The produces were partly consumed by the family members and mainly sold in the local markets. Project assisted the greenhouse producers to form their Agricultural Cooperative.

2008/2009

ECHO funded a new project for FAO to expand the successful experience of greenhouses and agricultural cooperative project to the new geographic area. Under this project 200 households are being assisted to receive an FAO designed greenhouse and form their cooperative. This is going to be the second agricultural cooperative that FAO projects are helping to establish in Chechnya. Another 50 households will be selected to start honey production. The project is being implemented in Shalinskiy, Gudermeskiy, Kurchaloykiy and Grozninsko-Selskiy districts. Project duration is July 2008-June 2009.

The Government of the Netherlands funded a new follow-on project to continue working with earlier project beneficiaries through their agricultural cooperative. Another additional 100 households will be provided with the greenhouse and assisted to join the cooperative. This follow-on project is designed to build up on the results of the former project, assist new vulnerable beneficiary households and contribute to improving the availability of the fresh vegetables in the local markets. 50 households will be selected under this project to receive assistance in their efforts of reestablishing vegetables production in the open fields. Project duration is September 2008 – December 2009.

FAO received a small grant as one of the implementing agencies in the UN joint project funded by the UNHSTF. The project will be working in the republic of North Ossetia-Alania. FAO's activities in the project are related to the agricultural activities where comparative advantage of the organization are. Activities of FAO are designed being very interdependent with the activities of UNDP in the project. Financial arrangements for FAO are made through UNHCR for this project. Close consultations between all the participating agencies will be retained through implementation of this project. Project duration is November 2008 – November 2011.

HAMMER FORUM**Plans for 2009:**

Health: Improve facilities of paediatric department of the Republican Hospital in Nazran (it includes equipment and set up of laboratory for paediatric department). Project will start on 1 January 2009.

HANDICAP INTERNATIONAL will continue ECHO-funded projects in Chechnya until August 2009. Some of the activities are to be continued through partners. Three partners have been identified.

HELP**Activities in 2008****Chechnya**

LSA Project. Since June 2008. Sponsored by ECHO. Duration: 15 months. Rural areas. 117 most vulnerable bens total. Target: Generation of income. Livestock and Workshops. 75 Livestock holders received 75 cows with calves; 1 ben 8 sheep. Fodder and construction material for sheds Workshops: 21 workshops, equipped, trained in accounting. The project covered 25 villages and 10 Chechen districts (including Grozny).

Shelter Project. Ongoing. Since July 2008. Sponsored by ECHO. Duration: One Year. Rural areas. Target: Physical rehabilitation of 47 war damaged houses in destruction categories 2-4 in the villages Jarysh-Mardy, Zony, Gojskoye.

Plans for 2009**Chechnya:**

No further LSA plans.

The Shelter Project will be finished in June 2009. Shelter or infrastructure projects in 2009 in discussion with ECHO

INTERNATIONAL LABOUR ORGANISATION (ILO)

2008 – Currently, no ongoing programs, since a project on entrepreneurship development (2007-2008) was completed in February 2008.

2009 – Sustainable Reintegration and Recovery in North Ossetia-Alania (Jan 2009 – Oct 2011). ILO will do a component on entrepreneurship and employment, along with UNDP, UNHCR and FAO.

INTERNATIONAL MEDICAL CORPS (IMC)**Activities in 2008****Ingushetia:**

Health:

1. Rendering primary health care:

a) medical assistance – provision of medical assistance to people living in temporary settlements as well as local settlements (to local residents and IDPs).

b) Preventive work: assistance to pregnant women in spontaneous settlements as well as local ones. Supervision of children under 5 years in IDP settlements and in the outpatient clinic of Troitskaya village.

c) Organization of joint activities with involvement of IDPs - sanitary teams.

2. Primary health awareness program in spontaneous settlements, in Nazran, Ordzhonikidzevskaya, Troitskaya.

3. Provision of psychological assistance to women and children. Conduction of individual psychological consultations on revealing and working out of measures on domestic violence prevention, and protection of victims.

Community Development Activities:

1. Repair of water-supply systems (TB dispensary in Troitskaya, rehabilitation of three drinking sources and replacement of water pipes in Galashki village).

2. TB awareness campaign.

3. The project on training of youth to identifying and correct reaction to gender violence, rendering psychological assistance, and organisation of youth entertaining program.

4. Conduction of sewing classes in secondary schools of Sunzhensky district.

5. Cattle-breeding and greenhousing projects in Sunzhensky district.

Support to youth initiatives

10-days trainings for 57 young people of Malgobek districts on Business management, NGO management, First aid and gender and tolerance.

Plans for 2009**Ingushetia:**

Health:

1. Primary health care to mothers and children.

2. Provision of primary health care and psychological support, improvement of living conditions of population and protection of environment.

INTERNATIONAL RESCUE COMMITTEE (IRC)

2008 – Shelter, Water&Sanitation, Economic Recovery, Community Mobilization (Chechnya and Daghestan)

2009 – Chechnya and Daghestan (Ingushetia? North Ossetia?)

MEDECINS DU MONDE (MDM)

2008 – ECHO-funded project of primary and secondary healthcare in rural regions of Chechnya.

The project will continue until 31/3/09.

2009 - Daghestan (health): exploratory mission planned

THE NETHERLANDS EMBASSY will phase out humanitarian aid to the North Caucasus. A grant will be provided to FAO next year. The Embassy will also continue its human rights programme through support for local NGOs.

NONVIOLENCE INTERNATIONAL (NI) will start a project next January, which is to promote understanding between police and the youth. The focus will be on bordering districts of Chechnya, Stavropol Territory and North Ossetia-Alania. One of the project objectives is the integration of special education into programmes of police trainings in the North Caucasus. NI is interested in practical experience of other agencies in this field. NI has also done mapping of programmes in peace education; it will be completed in December.

SWISS AGENCY FOR COOPERATION AND DEVELOPMENT (SDC) has the following programs and will continue next year.

- 1) Housing/Shelter Ingushetia: SDC constructed over a hundred houses in Ingushetia and will continue with this program next year. A number of approx. 50 families should receive a home.
- 2) Housing/Shelter North Ossetia: SDC rehabilitated two apartment buildings for a number of fifty families in North Ossetia. SDC will continue with this program next year. A number of approx. 50 families should receive a rehabilitated home.
- 3) Health Program: In close coordination with the ministries of health of North Ossetia, Ingushetia and Chechnya SDC implements a health program in the field of HIV/AIDS and TB prevention and treatment as well as in the field of Mother and Child Health Care. SDC will continue with this program next year and reinforce institutional cooperation.
- 4) Education: School 39 with one thousand pupils in Grozny has been rehabilitated by SDC. A new school will be rehabilitated by SDC next year.
- 5) Disaster Risk Prevention: SDC will provide exchange of expertise from Switzerland to North Ossetia concerning Disaster Risk Prevention.

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

Rural Development, Economic Growth and Poverty alleviation

Activities in 2008: 2006-2009 Greek and Norwegian Government funded project "Construction of a sports boarding school in Beslan". Finalization of activities under 2004-2008 SIDA funded "Sustainable Reintegration and Recovery in the North Caucasus" Programme. Four final pilot projects under the Programme : 1) Sustainable development of rural area through enhancement of opportunities for rural youth and woman in North Ossetia; 2) Upgrade of veterinary control in husbandry; 3) Development of agrotourism; 4) Organization of Swedish film and literature festival for children in Vladikavkaz

Activities in 2009: 2008-2011 UNTFHS funded "Sustainable Integration and Recovery in North Ossetia Alania" Project. The following activities are planned: 1) Support to establishment of Micro-finance Institutions, provision of trainings and capacity building; 2) Promotion of small and micro enterprise development, establishment of Business Centre/Business Incubator; 3) Establishment of 4 Inter-district Agriculture Extension Services; 5) Support to local self-governance reforms.

Finalization of "Construction of a sports boarding school in Beslan" project.

OFFICE OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (UNHCR)

UNHCR is a lead agency of protection and shelter in the North Caucasus and provides assistance to refugees, internally displaced persons (IDPs), returnees as well as the war-affected population. UNHCR North Caucasus mainly operates to assist three groups of displaced persons, namely IDPs induced by the Chechen conflict in Chechnya, Daghestan and Ingushetia; IDPs in Ingushetia from the Prigorodny District of North Ossetia-Alania (NOA); and refugees and forced migrants from Georgia/ South Ossetia in NOA. The geographical coverage of the Sub-Office is the Republics of Chechnya, Ingushetia, Daghestan and North Ossetia-Alania.

Chechnya

UNHCR's protection activities in Chechnya have shifted from emergency response to assistance to ensure the establishment and maintenance of the rule of law and thus focus on activities such as the provision of free-of-charge legal counseling and capacity building.

UNHCR monitors the situation in all 19 districts of Chechnya through its implementing partners (*Danish Refugee Council, Memorial, Nizam and Vesta*), a small local team based in Grozny and missions from Vladikavkaz once a week or less.

Throughout Chechnya, 8 UNHCR-funded Legal Counselling Centres (LCCs) run by Memorial, Nizam and Vesta, provide free-of-charge legal consultations, refer cases to the official structures as well as represent selected cases at courts. In the first 10 months of 2008, the LCCs provided 6,979 consultations, with the highest number of consultations given on housing issues (24.8%), followed by restoration of documents (14.5%). UNHCR capacity building interventions focus on the governmental structures directly dealing with IDPs and/or responsible for protection of the citizens. In addition, UNHCR has a memorandum of understanding with the Chechen Ombudsman and participates in the

Joint Protection Working Group in which various human rights issues related to displacement are discussed and interventions are decided. UNHCR is also engaged in protection information dissemination project which publishes articles on protection information in the local news paper.

UNHCR and the IPs monitor return movements to Chechnya from the neighbouring republics and abroad. UNHCR North Caucasus has been also active in providing information on the situation of Chechnya to the asylum offices of Western European states through HQs and the Regional Offices and in facilitating fact finding missions from Western Europe. From 2003 to November 2008, 480 persons returned from CIS countries with UNHCR assistance.

Ingushetia and Dagetan

UNHCR supported two legal Counseling Centers run by Vesta and Memorial in Nazran to provide free of charge legal assistance to IDPs from the Chechen Republic and forced migrants from RNO-A. VESTA field monitors conduct protection assessment and monitoring of IDP situation on the ground, especially at the temporary settlements. In Daghestan, VESTA has a small office/ LCC in Khasav-Yurt, a town near the border with Chechnya where the majority of IDPs reside.

Shelter activities in Chechnya and Ingushetia

Since 2000, over 20,000 houses were built or repaired in Ingushetia and Chechnya by the humanitarian community. In 2008, the shelter agencies plan to repair over 1,000 houses in remote areas of Chechnya to complement the government's programme and construct over 150 new homes in Ingushetia. As of 30 October 2008, the UNHCR "turn-key" shelter programme in the Republic of Ingushetia has been completed and the 17 housing objects formally handed over to the beneficiaries by the end of September 2008. The percentage of completion rate of the UNHCR "self-help" shelter programme in the same republic adds up to 72% now. Meanwhile, in the Republic of Chechnya, the distribution of shelter materials to the total of 113 beneficiaries (29 objects) under the UNHCR programme is ongoing and the project achieved 48% completion.

In Chechnya, UNHCR gives priority to IDPs residing in temporary collective shelters who do not have alternative shelter solutions, meet the vulnerability criteria and are from the rural areas where the government shelter programme has not started. In Ingushetia, IDPs who have expressed their clear wish to integrate in Ingushetia are considered for the UNHCR housing assistance and examined if they have no alternative shelter and meet the vulnerability criteria.

North Ossetia-Alania

NOA hosts some 12,400 refugees and forced migrants displaced by the 1991-92 Georgia-South Ossetia conflict. UNHCR's main protection activities in NOA are to assist refugees with naturalisation and to assist *de-facto* refugees in regularising their legal status and gaining proper documentation to apply for RF citizenship. The acquisition of citizenship is the basis to access different types of state welfare assistance which is a key to sustainable integration. Another priority is to provide legal counseling to forced migrants who remain at the collective centres and assist them in seeking durable solutions through state assistance and accessing state welfare.

Between 2000 and 2006, UNHCR provided 266 houses to refugee/forced migrant families from Georgia/South Ossetia who integrated into North Ossetia. Shelter provision, however, has never been sufficient to meet the needs of all the displaced persons who struggle to integrate. In 2009, UNHCR will be engaged in shelter and income generating activities in NOA under the UN Human Security Trust Fund.

During the conflict over South Ossetia in August 2008, some 35,000 persons fled to NOA from South Ossetia and were registered by the Federal Migration Service. Most people have returned to South Ossetia by now. According to the official sources, some 1,000, mostly women, children and elderly, remain in NOA, hosted by their relatives. In addition, the Federal Migration Service reports that another 1,000, mostly Georgian citizens, have applied for refugee status in NOA in connection to the August events. UNHCR, through its partners Children's Fund and Caucasian Refugee Council, have been assessing their winterisation needs and also provides technical assistance to FMS.

In addition, UNHCR organised two seminars in 2008 in co-operation with the Council of Europe - one for lawyers working for the Legal Counseling Centres run by its implementing partners and the other for judges of the Republics of Chechnya, Daghestan, Ingushetia and North Ossetia-Alania. Both seminars focus on the European Convention for Human Rights and the mechanism of the European Court of Human Rights.

In 2009, UNHCR will continue its activities and remain to be a lead agency in protection and shelter.

UNITED NATIONS CHILDREN'S FUND

UNICEF's programme in the North Caucasus 2008/2009

UNICEF's programme in the North Caucasus is moving from humanitarian assistance to development and sustainabil-

ity oriented projects.

While originally focused on meeting the basic necessities of internally displaced persons in Ingushetia, through the provision of essential services and supplies, today UNICEF is actively involved in the following areas: education, peace and tolerance promotion, health and nutrition, child protection, mine action, and psycho-social recovery. These projects are being implemented in five North Caucasus republics: Chechnya, Ingushetia, North Ossetia, Daghestan and Kabardino-Balkaria. Three more regions started cooperation on one or more projects in 2008: Stavropol Kray, Karachayevo-Cherkessiya, and Adygeya.

Education

- Strengthening access to quality education opportunities in Chechnya and Ingushetia through provision of school equipment and capacity building for teachers
- Promoting inclusive education and social integration for disabled children in the North Caucasus through provision of physical access and creation of child-friendly environment in schools.
- Capacity building seminars for teachers and administrative staff of education ministries dealing with disabled children in 8 regions of the North Caucasus
- Provision of tents for the temporary classes in schools damaged by the earthquake in Chechnya.
- Promotion of peace and tolerance through trainings organized by mobile trainers' groups in Daghestan, Chechnya, Ingushetia, North Ossetia, and Kabardino-Balkaria.
- Promotion of peace and tolerance, Convention on the rights of the child and healthy life style through organization of summer camps, festivals and rallies for children and youth, opening of peace centers in Daghestan, Chechnya, Ingushetia, North Ossetia, Kabardino-Balkaria, Stavropol Kray, Karachayevo-Cherkessia, and Adygeya.
- Support to development and distribution of peace and tolerance materials in schools.
- Promoting inclusion of peace and tolerance education and Child Rights Convention into the formal education system.
- Establishment and support to the Children's Peace Theatre in Chechnya to promote ideas of peace and tolerance through performances by children.

Health and Nutrition Programme

- UNICEF's Health and Nutrition Programme will be conducted in five North Caucasus republics, including Chechnya, Ingushetia, Kabardino-Balkaria, North Ossetia and Daghestan. Health and Nutrition section consists of four key components: strengthening of the expanded programme for immunisation (EPI); promoting preventive health care services for mothers and children; strengthening child and maternal health care facilities; and increasing youth health and information services and HIV prevention.
- The Expanded Programme for Immunisation in Chechnya and Ingushetia will continue to support the republics' efforts in promoting safety and quality immunisation services for children under 5 and monitoring EPI implementation and coverage. Workshops for medical staff will be held in North Ossetia and Daghestan.
- A more comprehensive approach towards maternal and child health (MCH) care will be taken in 2009, enhancing initiatives in preventive health care services for mothers and children. Specialized services in two major hospitals in Chechnya and 50 schools in Ingushetia will be strengthened in the framework of EU-funded project. Several preventive health care initiatives including de-worming, breastfeeding promotion, and micro nutrient supplementation activities will be continued and expanded to North Ossetia and Daghestan.
- Additional medical and dental equipment and consumables will be provided for 3 hospitals and 12 schools in Chechnya and Ingushetia. The project will be funded by EC. A new activity in hygiene promotion will be launched through campaigns organised in schools in Chechnya and Ingushetia.
- Promotion of youth friendly services (YFS) and HIV prevention will focus on capacity building of YFS staff, development of education, information, and communication materials, and establishing new youth friendly health services in five North Caucasus Republics.

Child Protection Programme

- UNICEF facilitated introduction of the child rights training module into the curriculum of pedagogical institutes in Daghestan and conducted workshops for 42 lecturers. Assessment/impact evaluation of the course will be carried out in 2009. The programme will be expanded to include the institutes in Stavropol Kray, Adygeya, Karachayevo-Cherkessiya, Chechnya, Ingushetia, and North Ossetia.
- UNICEF also expanded its programme on family support through legal counselling for vulnerable children and families by the Daghestan and North Ossetia child rights ombudspersons' offices. Legal support is also

being provided in Chechnya through a local NGO, "Lets Save the Generation."

- In 2008, an early intervention and de-institutionalisation programme was piloted in North Ossetia to enhance the quality of social services for vulnerable families and children. UNICEF collaborated with children's home "Khury Tyn" to develop services that involve needs assessments of children in vulnerable families. The programme will be evaluated in 2009.
- In 2009 UNICEF will undertake an assessment of de-institutionalization process in Chechnya and the situation/capacity of the centers for family and children support.
- In 2008, UNICEF continued fostering data collection and analysis of mine/unexploded ordinance-related (UXO) casualties to ensure efficient planning and appropriate response. During 2008 there was a decrease in those affected by mines/UXOs from that of 2007: UNICEF registered 12 incidents involving civilians in Chechnya (5 killed and 7 injured) versus 29 incidents registered in 2007 (12 killed and 17 injured). Collected data and its analysis was shared with the Chechen government.

Psycho-social Recovery Programme

- UNICEF will continue promoting the Republican Psycho-social Programme 2008-2012 developed together with the Chechen government through strengthened coordination (Psycho-social Steering Committee), advocacy and social mobilization.
- In Chechnya there are now 29 psycho-social centres for children and their families established by UNICEF together with the ministries of education and science, health, labour and social development of the Chechen Republic. They comprise two complimentary networks - psycho-social school centers and rehabilitation centres, working both with groups and individuals. Such centres cover almost all the districts of the Chechen Republic. In 2009 these two networks will be expanded through opening of 17 additional centres. UNICEF will continue to provide training of school and rehabilitation psychologists in Chechnya. In 2009 UNICEF plans to establish psycho-social assistance hotlines in Chechnya, Ingushetia, and Daghestan.
- In 2009 UNICEF capacity building of psychology students will be continued through organizing conferences, lectures, and workshops. UNICEF will also assist through provision of study tours/exchange visits/short-term internships for psychology students. UNICEF will continue advocating for inclusion of Special Psychology into the curriculum of the Chechen State University and Chechen Pedagogical Institute
- In November 2008 a new World Bank – funded project on Youth Empowerment was launched. The project will establish Youth Centres to provide life skills, information technology and other employment related training and organize leisure activities for adolescents and youth. A special fund will award grants and assist with small and medium business development. The project will also provide capacity building for the youth-related ministries in the North Caucasus.

IPO "VESTA"

Activities in 2008 and Plans for 2009 Ingushetia and Chechnya

Protection: Rendering of free juridical assistance to IDPs, forced migrants (from Chechnya and NO-Alania) and to vulnerable populations in Ingushetia, Chechnya and Daghestan

Shelter: Monitoring of the situation in places of temporary settlements of IDPs and forced migrants in TS and private sector in Ingushetia, Chechnya and Daghestan.

Selection of applicants for participation in UNHCR shelter program and for rendering of non-food assistance.

Preparation analytical reports on situation of IDPs for rendering assistance by means of questionnaire of IDPs and FM

WORLD HEALTH ORGANISATION (WHO)

2008 – EU-funded programme 2006-2010 "Improvement of primary health care provision in the North Caucasus". UNTF-funded: "Psychological, medical pedagogical support of children in Ingushetia and Chechnya".

2009 – Continuation of the EU programme only (until April 2010)

THE UNITED NATIONS WORLD FOOD PROGRAMME (WFP)

In 2008 WFP completed its emergency operation in Chechnya and Ingushetia.

The programme that included three major components extended assistance to the most vulnerable population groups in the region:

Socially vulnerable groups in Chechnya (50,000 persons) and IDPs in Ingushetia (9,100 persons) received general food distribution until mid-year;

A Food-for-Work programme aimed at assisting 20,000 vulnerable persons with potential of increased self-reliance and asset creation was implemented up to harvest in August

Based on a Chechen government request Food for Education sought to meet requirements of 112 primary school-children in Chechnya and 1,000 pre and boarding schoolchildren in Ingushetia. It continued up to the year's end to promote access to basic education with an emphasis on reducing short-term hunger and enhancing children's learning capacity. Remaining balances of food were allocated to 10,000 victims of the recent earthquake in Chechnya.

Supplementary feeding to assist a total of 1,100 TB in and out patients in Chechnya and Ingushetia as well as HIV patients registered at the Chechen HIV Republican Centre was completed in June.

A social canteens project that included provision of basic food items for the preparation of daily hot meals for 1,600 most vulnerable persons in Grozny city was also implemented until June.

Distribution of returnee packages was conducted for 3,400 persons returning from North to South Ossetia in August-September.

In 2008 under various programmes WFP distributed a total of 6,802 metric tons of food commodities to vulnerable population groups in the North Caucasus.

In October-December as a follow up to the Inter-Agency Assessment mission conducted in September, WFP implemented an in-depth assessment in the affected area. The assessment work was conducted through a local NGO to determine the need for provision of winter food stock to the conflict affected population in the region.

WORLD VISION (WV)

Activities in 2008

Ingushetia:

Health: World Vision in 2008 has been implementing three projects: Integrated Health and Education Project, Primary Healthcare for war-affected and vulnerable population in Ingushetia and Channeling Hopes. In the framework of the projects World Vision has been providing medicine, antibiotics, psycho-social and immunisation services. In addition to that World Vision has been focusing on preventative work through distribution of medical informational materials and through its approach based on strengthening of moral values.

Psycho-social rehabilitation and education: Under the Integrated Health and Education Project World Vision in close cooperation with the Ministry of Education has been running pre-school classes at 6 schools of Ingushetia. In addition World Vision has been running 3 Child Friendly Spaces where children are able to be engaged in various educational activities.

North Ossetia-Alania:

Peace building and Economic Recovery: World Vision implements a Community Mobilisation and Integration project in Prigorodny district of the North Ossetia. In response to the threat of violent conflict in the Prigorodny district, this two-year reconciliation program promotes the integration of local Ingush and Ossetian communities through joint economic recovery and community mobilization initiatives.

Psycho-social rehabilitation: Under the Community Mobilisation and Integration project World Vision has created two Child Friendly Spaces in Alagir and Sunzha, North Ossetia. In the Child Friendly Spaces children are able to be engaged in various educational activities and receive psychological support.

Plans for 2009

Ingushetia

Health: In 2009 World Vision is planning to continue implementing its Integrated Health and Education Project and Channeling Hopes. Psycho-social rehabilitation and education: In 2009 World Vision will continue supporting pre-school classes.

North Ossetia-Alania

Peace building and Economic Recovery: In 2009 World Vision will continue implementation of its Community Mobilisation and Integration project. Psycho-social rehabilitation: In 2009 World Vision is planning to continue supporting the Child Friendly Spaces project.

ANNEX 3**LIST OF CONSULTED SOURCES**

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- ² Republic of Kalmykia as well as Astrakhan and Volgograd oblasts are also part of the South Federal District but are not covered by this report, as they are generally not considered part of the North Caucasus.
- ³ The figure is approximate. The main reason for the reduction in income was falling oil prices, as well as prices for some commodities, e.g. steel.
- ⁴ From Presentation of Makhachev, G. 'Socio-political situation in the North Caucasus before the elections to the State Duma of the Russian Federation.' at the Carnegie Endowment for Peace, September 2007, Moscow. In *Caucasian Expert. Journal for Deputies of State Duma of the Russian Federation*. № 3[11], 2007.
- ⁵ Source: State Statistics Committee. Study of population on employment issues, 2008. http://www.gks.ru/bgd/regl/b08_30/IssWWW.exe/Stg/d020/labor623.htm
- ⁶ Salafism – from Al-Salaf al-Salih, "the good ancestors" – is an influential reformist movement in the Sunni Middle East which focuses on reforming society by imitation of the principles and behaviour of the Prophet and his Companions. It promotes the purity of Islam in the personal and social spheres. One of the trends in Sunni Islamism interpreting jihad – the holy war against the infidels – particularly influenced the followers of Salafism in the North Caucasus. Jihadism, however, is distinct from Salafism as such and it does not follow that the proponents of Salafism automatically support jihadists. Jihadism calls for liberation of the Muslim lands ruled by non-Muslims as well as a military confrontation with the infidels (the West, Russia, etc.). Both Salafism and jihadism were branded indiscriminately as Wahhabism in the North Caucasus, although this term is avoided by the followers themselves. Wahhabism proper derives its name from the leader of 18th century reformist movement in the Arabian Peninsula whose ideology was adopted by Saudi Arabian dynasty. This branding may be explained by the fact that most of the support sources to the above radical trends are located in Saudi Arabia and all these trends are hostile to the traditional and popular Sufism in the North Caucasus.
- ⁷ 'A Look Back at Insurgent Activities in the North Caucasus in 2008.' by Maibek Vatchagaev, The Jamestown Foundation, In *North Caucasus Weekly* Volume: 10 Issue 1, January 9, 2009.
- ⁸ 'Religious Political Extremism in Karachay-Cherkess and Stavropol'sky Krai.' by Khanbabaev K.M. in 'News of the Centre for Terrorism Research', №4/2008 (18), pages 38-39, Stavropol, 2008.
- ⁹ Several external factors have historically contributed to the formation of the influence zones affecting the fate of North Caucasian peoples: the geopolitical struggle between the Ottoman Empire, Tsarist Russia, and Safavid Persia for regional domination in the 16-19th centuries; Russian colonisation policies in the 19th century that left little room, for example, for the constructive realization of the Adyg and Vainakh nationalism; as well as - most recently – the conflicts in the South Caucasus between Georgians and Abkhazians, as well as Georgians and South Ossetins. The political reality that shapes present-day relations between Russia and Georgia (insofar as it is pertinent to North Caucasus) appeared immediately after the break-up of the Soviet Union.
- ¹⁰ Georgia Online / Kavkaz.memo.ru – '77% of Georgians support membership in NATO', 19 January 2008
- ¹¹ Source: <http://gtmarket.ru/news/state/2007/12/25/1543>
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