



# GEORGIAN-SOUTH OSSETIAN CONFLICT: RESEARCHING PEACE

SOUTH OSSETIAN PAPERS

2011





# **Georgian-South Ossetian Conflict: Researching Peace**

Collection of South Ossetian Papers

2011

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## INTRODUCTION

The two sets of papers presented here were once simply an idea that seemed perhaps crazy. Without an introduction, the reader may find this volume schizophrenic. Holding the book in one direction, the reader will find three articles by Georgian researchers. Holding the book in another direction, the reader will find three articles by South Ossetian researchers. To read the other perspective, the reader must change orientation. Different terminology is used in each chapter, and contradictory statements appear from one chapter to another.

All this makes sense in the context of the initial question raised as people with good intentions brainstormed potential confidence building steps: Would there be any chance of engaging scholars to bridge across the Georgian-South Ossetian divide with their writing, and offer some contribution to policy makers? Such confidence building measures once seemed almost impossible, when the first Point of View Civic Process discussion convened civil society peacebuilders in the immediate aftermath of the August 2008 war. But, I have been continuously impressed with the resilience, perseverance, and vision of people on both sides who want to create a stable peace in which Georgian and Ossetian children can grow up feeling at home in the world. After one Point of View discussion in Istanbul in October 2010, Kosta Dzugaev and Archil Gegeshidze decided to give this idea a try. The book you hold in your hands is proof they succeeded.

The two research groups worked independently, but coordinated with each other enough to end up with very different articles assembled together in this one book. After discussions together in Istanbul, the two teams of researchers identified different research priorities, which are reflected in the three articles from each group. Each group sought topics that would offer the most constructive contribution to policymakers on both sides, in the views of that group of authors. Each author worked independently to conduct his or her research. My editorial role was limited and did not engage at all with the content of the research. However, the authors did meet in Istanbul again as they completed drafts, and the articles are richer as a result of that discussion.

Readers will quickly notice that the authors agreed to disagree about terminology. What a Georgian author calls “Georgia proper” may be described as “Georgia” by an Ossetian author. What an Ossetian author refers to as “government” may be described as “leadership” by a Georgian author. Geographic names are also different, as are references to displaced people. The same people are referred to by Georgians as Internally Displaced People and by Ossetians as Forcefully Displaced People or Refugees. The word “border” takes on different significance, as the Ossetians describe an international border, and the Georgians see an administrative border.

This project did not attempt to force any standard terminology. Rather, the project goals are to highlight areas of potential confidence building, build a channel of communication amongst scholars bridging across the divide, and contribute policy relevant writing on areas that have been neglected by research in recent years.

All this would not have been possible without the dedication of Kosta Dzugaev and Archil Gegeshidze, each author, the translators, and a project support staff that kept the two separate projects coordinated with each other enough that they have ended up under one cover.

I hope each reader will find something of value in each chapter—even those chapters with which a reader will want to argue. Understanding the arguments across the current divide requires first knowing what they are. May these two sets of articles be a small step in that direction.

Prof. Susan Allen Nan  
School for Conflict Analysis and Resolution,  
George Mason University

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## FOREWORD TO THE SOUTH OSSETIAN COLLECTION

This collection of works represents the first publication of its type since the Georgian-Ossetian armed conflict in August 2008. The collection is intended for various interested organizations and individuals.

Generally, war destroys humanitarian contacts between conflicting parties. Under these circumstances, it is delightful to underline the constructive mediating role of the School for Conflict Analysis and Resolution at the George Mason University (in the United States) in renewing meaningful dialogue between Georgian and Ossetian scientific communities.

Professor Susan Allen Nan offered a highly flexible working format, including flexibility in the choice of themes for expert analysis. The participating parties informed each other regarding to the article topics, discussing these themes in a meeting in Istanbul.

The South Ossetian researchers chose three topics from the discussed issues. These themes are analyzed by experts and presented in the following collection. What were the reasons to choose these particular topics?

There is a clear interest to the problems of the Leningorski Rayon (referred to in Georgian documents as Akhagori). It would be reasonable that this analysis would be conducted by an expert who had visited the region multiple times as a professional and not just as a relative or for his personal affairs. We asked Maria Kotaeva, a professional journalist to be the author. She already was aware of the problems in the region in general, so her task was to collect precise data and verify it. It was important that Maria had a wide range of contacts amongst the population of the region, and is knowledgeable not only about the specifics of the Administration there, but also knows about the general attitudes and conditions of the local Georgian and Ossetian population.

Merab Chigoev agreed to study the complicated and complex problem of refugees and Internally Displaced Persons. He currently is the Deputy Representative of the President in Post- Conflict Regulation. In this case, his official position (and his working experience) was a considerable factor assisting him as an expert and enabling him to perform the research.

Finally, the main problems of the economic rehabilitation of South Ossetia were analyzed by Batradz Kharebov. Kharebov had the opportunity to access the relevant material for his analysis as he also serves as the Head of the Informational-Analytical Service of the Parliament of South Ossetia.

I anticipate that this collection will allow the sides to get more information regarding each other and, most importantly, will become a precedent for constructive future relations between the civil societies and also for dialogue serving the vital interests of people who have had interrelations for many centuries.

Kosta Dzugaev  
Project Coordinator  
Director of the Center for Information Technology  
“Intellectual Resources”  
Tskhinval, June, 2011

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## **ECONOMIC REHABILITATION OF SOUTH OSSETIA: CURRENT PROBLEMS AND DEVELOPMENT STRATEGY**

*Batradz Kharebov*

The collapse of the Soviet Union led to the deteriorating condition of its political, economic, social, and cultural components. While the former Soviet republics began to look for ways out of the crisis (with varying degrees of success) and to craft their statehoods on the basis of new realities upon declaring their sovereignty, administrative-territorial entities such as autonomous republics, autonomous regions, and national regions experienced many more difficulties. Most of these entities were still a part of former Soviet republics, now independent states. Some managed to improve their political status – a process which met no particular resistance from leaders of the new states.

The situation was more complicated in the cases of the Abkhaz Autonomous Soviet Socialist Republic, the South Ossetian Autonomous Region (both were a part of Georgia) and the Nagorno-Karabakh Autonomous Region (a part of Azerbaijan). These entities, having no support from the once powerful center, found themselves in very difficult situations. Following the actions of the Georgian authorities, on September 20, 1990, as a result of the voting by public representatives of all levels, South Ossetia initiated a legislative process to raise its status from an autonomous region to a republic; it became known as the South Ossetian Soviet Democratic Republic and later on as the Republic of South Ossetia. The unwillingness of South Ossetia to be a part of Georgia, where nationalist elements came to power and declared policies aimed at repression and the assimilation of national minorities, led to the adoption of the Declaration of National Independence. In response, the Supreme Council of Georgia abolished the South Ossetian autonomous status, and, shortly after, armed aggression against the civilian population of South Ossetia followed.<sup>1</sup>

During the Soviet period, South Ossetia was an administrative entity with double subordination ties. The Republic of Georgia exerted immediate control in the larger context of the central Soviet power. This power structure created political and economic difficulties. These two power centers made key decisions regarding South Ossetia's infrastructure development. At the same time, factors such as local specifics, interests of the local population, and internal resources were often not taken into account. Such short-sighted policies led to flawed and one-sided economic development with slow rates and fruitless economic programs.<sup>2</sup>

As a result, South Ossetia became one of the most underdeveloped regions of Georgia at the end of the 1990s. In reality, the republic was reduced to an appendix, supplying raw materials. Given that the population of South Ossetia comprised only 2% of the Georgian population, only 1.2% of the gross national product was produced there and only 1.5% of the national income was allocated for it. The gross national income per capita in South Ossetia equaled only 60.4% of the Georgian average. The rate of the industrial development here was quite slow; South Ossetia was still an agrarian-industrial area. There was at least 42.7% less industrial output per capita in South Ossetia than on the average in Georgia. According to reports, the agricultural sector itself was in a deplorable state. The situation was complicated by the heavy financial burdens imposed on South Ossetia by Georgia. South Ossetia was to supply 1.5 to 2 times more meat, cheese, wool, potatoes, and other agricultural products than the neighboring Georgian regions. This led to the depletion of local resources and degradation of the economy, which, in turn, had a direct impact on the well-being of the South Ossetian population. The average monthly salary in the late 1980s in South

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<sup>1</sup> The Conflicts in Abkhazia and South Ossetia. Documents 1989-2006., M., 2008.

<sup>2</sup> The Soviet South Ossetia. Tksh., 1975.



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Ossetia was the lowest in Georgia at 148 rubles, compared to 186 rubles in Georgia and 220 rubles in the Soviet Union.<sup>3</sup>

Despite such a disastrous situation, South Ossetian experts designed programs which took into account local specifics, the availability of natural and labor resources, as well as opportunities for regional cooperation. Full implementation of these programs was conducive to reducing the gap between South Ossetia's and the average Georgian indicators.

As noted earlier, the South Ossetian Autonomous Region was an entity with double subordination ties. Some of its industrial enterprises reported directly to the Union center, such as the "Kvaisinski" lead-zinc mine authority, "Elektrovibromashina", and "Emalprovod" plants, while others reported to the republic's center, such as "Gruztalk", sewing, knitting, bus-repair, aircraft factories, and other enterprises. In addition, there were some local industrial projects. South Ossetia supplied construction materials, timber, and mineral water. The Transcaucasian Highway connected South Ossetia directly with the North Caucasus and Russia. Gas and electricity were provided by Georgia. State authorities managed the agricultural sector (Soviet agricultural enterprises supplanted collective farms).

It is quite possible that an efficient management of internal resources in combination with central support could revive the economy of South Ossetia: make it profitable, growing, and promising. But the collapse of the Soviet Union brought all planned projects to a full stop. South Ossetia was completely unprepared for the free market to replace the planned economy system. This process had a profound negative impact on all post-Soviet states with consequences that are felt even today, but the heaviest blow was inflicted upon small, economically disadvantaged administrative entities. The South Ossetian industrial sector was on the verge of collapse. Industrial ties were disrupted. The problem of sales and supply were daunting. Due to the lack of funding, factories and plants began to lose their workers, especially skilled ones, in massive rates.

During the Soviet era, many economic projects were unprofitable for various reasons. In order to somehow maintain the production and not to deprive the population of work, they were subsidized by the state. Under new circumstances, such practices were abandoned. In addition, in free market settings, South Ossetian products proved to be uncompetitive.

However, the military aggression in 1991-1992 inflicted the main blow to the economy of South Ossetia. Difficulties began in 1989 when the Soviet republics, high on the ideology of separatism, started to evolve into nationalistic states, which had political, socio-economic, ethnic, and cultural repercussions. Information warfare, propaganda activities, anti-South Ossetian government decisions, and legislative acts discriminating against national minorities began. Over time, this escalated into violence, kidnappings, burning of houses, theft of livestock and property, and road blocks. Needless to say, the impoverished industrial and agricultural sectors were not conducive to economic development.

The damage in South Ossetia during the 1990s aggression was enormous: 117 Ossetian villages were completely looted and burned, 15% of Tskhinval's housing suffered, roads and bridges were destroyed, cattle were stolen, private and public property, such as machinery, equipment, goods, vehicles, construction materials (in short, everything that had at least some value, including metal scrap, rails, power lines, and timber) were exported outside the region. The total damage amounted to 1.4 billion rubles in 1992 prices<sup>4</sup>.

But the greatest damages were to the population of South Ossetia -- its labor resources. From 1989 to 1992 up to 1,000 people were killed, the majority of whom were children, women, and elderly. More than 2,000 people were wounded or maimed. Dozens remain missing. More than 100,000

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<sup>3</sup> Kharebov B.K. Population problems in South Ossetia. Tskh., 1990.

<sup>4</sup> Kochetkov A., Martynov A., Piskorski M. South Ossetia. Armed aggression and peacekeeping war. M., 2009.

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Ossetians living outside of the Republic of South Ossetia in Georgia were forced to flee to the neighboring North Caucasus and other regions of Russia. The vast majority of them never returned.<sup>5</sup>

After the establishment of the peacekeeping force in South Ossetia in July 1992, in addition to the security concerns, South Ossetian republican authorities became also concerned about the restoration of the national economy. Under the new circumstances, many economic issues that had accumulated over time seemed to be intractable. Some industrial enterprises (such as a textile factory, electrical equipment repair, aircraft, and chemical plants) were so damaged that their restoration was out of question, while others (such as “Elektrovibromashina”, “Emalprovod”, and a mechanical plant) had to be converted. Even though the woodworking plant and the dairy factory continued to produce some of the same goods, the production of many other goods had to be terminated. Still on the agenda are the restoration and conversion of the sewing factory, bus-repair, canning, iron-concrete materials production, and the meat processing plants.

A separate issue is the resumption of the work of “Kvaysinski”: the lead-zinc mining enterprise. In order to restore its full capacity, it is necessary to pump the water out of mines, ensure an uninterrupted power supply, purchase up-to-date machinery, equipment, and vehicles, repair driveways, restart the processing factory, invite experts, and train the local staff. More importantly, it is vital to find investors, to reestablish entrepreneurial ties, and to access markets.<sup>6</sup>

Another problematic area is the agricultural sector. As a result of the military actions by the Georgian Special Forces and different gangs, their attacks on the defenseless South Ossetian population, and the road blocks (which resulted in the interruption of food and other vital lines of supply to some South Ossetian villages), residents of many South Ossetian villages were forced to leave. Their livestock was stolen, fields became abandoned, farms destroyed, houses burned, and gardens cut down. Motivating this population to return is highly problematic. In order to motivate them, much has to be done: security has to be provided, income guaranteed, housing improved, roads must be paved; power lines, TV broadcasting, and communication should be restored; schools, clinics, and cultural facilities must be rebuilt, and funds have to be allocated for the purchase of livestock, seeds, fertilizers, and farm machinery. Many of these measures are not yet available as part of the support programs for farmers.

Without external support, recovery was impossible. During the ‘90s, Russia was torn apart by its own internal problems: there was a struggle for power, its natural resources were divided among private owners, its assets were stolen, and some production lines were shut down. Russia was rapidly losing its hard-won international prestige. Under such circumstances, instead of offering help, Russia was desperate to get help itself.

Around that same time in South Ossetia there were all kinds of visiting businessmen and entrepreneurs. Some of them provided humanitarian assistance, while others invested in publishing and various cultural programs. There were also those who expressed interest in various economic projects, ready to invest in them. Although some businessmen made investments, they were ineffective. In most cases such efforts were useless altogether.

Meanwhile, investors demanded guarantees, tax breaks, and the proper legislation and regulation. At the time, those demands were hard to achieve, which certainly did not contribute to the country’s economic revival. In addition, there were security problems. Tskhinval was surrounded by the Georgian enclaves, which were responsible for shelling, as well as acts of sabotage, provocation, and intimidation. Roads were blocked; people and goods were seized on a regular basis. Gas, water, and electricity could be cut off at any moment. The republic’s authorities had no choice but

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<sup>5</sup> Kochetkov A., Martynov A., Piskorski M.Op.Cit.

<sup>6</sup> Tskhovrebov I. H. Kvaisa - the pride of South Ossetia. Tskh., 1990.

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to use the outdated 30 km bypass road “Zarskiy,” instead of the 10 km highway section of Kekhvi - Tskhinval.

With great difficulties, some plants, such as ‘Emalprovod,’ “Elektrovibromashina,” mechanical, wood-working, and the mineral water, were restarted. However, only the “Bagiata” plant brings a sustainable profit. By the end of the 1990s, the rest of the plants barely worked at 10 - 20% of their capacity. Some shops had to be temporarily shut down, while the enterprises themselves had to be converted. “Emalprovod,” for example, began to produce plastic products (such as utensils and pipes), “Elektrovibromashina” - wood stoves, bins, and pots. Some factories opened carpentry shops. In some instances, they even made tombstones.

The situation with the agricultural sector was even worse. The cattle industry virtually disappeared, since all state farm cattle were either stolen or slaughtered; farms were burnt down and destroyed. As for private cattle, they also suffered significant damage. Crop fields were distinctly reduced. There were almost no agricultural machinery and fertilizers. Some funds were allocated for the purchase of seeds, although it had no tangible economic effect.

South Ossetia’s roads required repairs; its bridges and irrigation facilities were in need of reconstruction. City phone lines were damaged so much, that, nearly 20 years later, many subscribers are still not able to use them. Public radio broadcasting was just recently restored.

But the people of South Ossetia learned to solve their problems independently, through networking. Historically, the Ossetians, who lived mostly in the mountains, and the Georgians - the inhabitants of the valley, enjoyed a mutually beneficial trade by exchanging products. The Ossetians sold meat, cheese, wool, potatoes, and wood products, while the Georgians offered vegetables, fruits, grain, and manufactured goods. Up until recently, the Georgian-Ossetian conflict barely affected the trade. Residents of the nearby Georgian villages around Tskhinval continued bringing vegetables and fruits to the city market, and selling dairy products and fruits door-to-door. In return, they purchased goods that could only be found in markets and stores: meat, cheese, butter, grain, sugar, and even bread.

In a way, the market on the border of South Ossetia and Georgia became a symbol of joint trade in the conflict zone. The Ossetians called it “TEC” market,<sup>7</sup> while the Georgians called it Ergneti market. It occupied several hectares of land, stretching for kilometers along the Tskhinval - Gori highway. Shortly, warehouses, shops, open market places, communication and health centers, pharmacies, gas and gasoline stations, and more appeared. In addition to perishable goods, people traded many other types of commodities, including auto parts and construction materials. Some products, such as flour, sugar, cement, etc., were bought at wholesale prices. The Ossetians brought goods from the markets of the North Caucasus to Ergneti, while the Georgians brought popular Turkish consumer goods and home-grown products. Often, deals were made here and problems were solved. International observers noted several times that the Ergneti market is a bright example of peoples’ diplomacy, and that, by conducting trade and establishing contacts, people managed to achieve much more than official talks, round tables, or joint reconciliation programs.

Experiences of trade at the Ergneti market set an example for neighboring border areas of Leningorski and Znaurski regions, as it was positive and, most importantly, profitable for both sides. Starting first with the trade of food items, the trade volume expanded to an extent that it became possible to even buy a foreign car there.

Thus, successful development of the Ergneti market promoted the so called "peoples’ diplomacy," contributing to the restoration of a trusting relationship between Georgian and Ossetian people.

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<sup>7</sup> During the Soviet times, at the southern entrance to Tskhinval there was a “technical exploitation complex” (TEC), but with when the trading activities started, this acronym has acquired a new meaning - “trade and economic complex ” (TEC).

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Meanwhile, in Georgia the "Rose Revolution" took place, bringing to power Saakashvili's team. The new Georgian leader viewed the Ergneti market and the reconciliation attempts between the two nations as an immediate threat to Georgian statehood and to his own political future. It was decided to shut the market down and to establish strict border control. It was explained to the population that the state needed these measures to fight smuggling, narcotics, and crime in general. Despite the traders' protests, the market was shut down, although that action failed to resolve the problems of drugs and crime in Georgia. These coercive actions mostly affected Georgian farmers, particularly those from the Karelian and Gori districts. In other regions of Georgia there was no demand for their fruits and vegetables. Additionally, after Russia's decision to stop purchasing Georgian wines (which were never popular in other countries), Georgian farmers began to sell grapes at much lower prices. The Ossetian population experienced difficulties as well. Although at different prices, fruits and grapes from Georgia continued to be supplied to South Ossetia, bypassing the Ergneti market. Residents of Georgian villages continued to bring milk and dairy products to Tskhinval.

This situation lasted up until August 2008. The next armed invasion into South Ossetia fully stopped the established trade system between the populations of the two republics. After Russia's and other countries' recognition of South Ossetia, the Georgian - South Ossetian administrative border immediately became a state border.

Special attention is warranted here for the role of international organizations in South Ossetian economic reconstruction. Immediately after the ceasefire in July 1992, many international and European institutions expressed the desire to mediate conflict resolution activities. In addition to solving the purely political issues, mediators took the responsibility for restoring the South Ossetian economy that had been damaged during the course of military actions, and for resolving the issue of the refugees' return to the country.

Up until August 2008, these organizations had the opportunity to achieve these objectives; some of them carried out quite efficient activities. Thus, in 1993 the OSCE (which was then called the CSCE) established its office in Tskhinval. Monitoring was the OSCE mission's main objective, therefore, there were civilian and military observers in South Ossetia on a regular basis. While dealing with the economic recovery of the republic, the OSCE offered its mediation assistance. Since the OSCE did not directly engage in economic recovery, the European Union started using its framework to carry out economic projects. Estimated at 11 million euros, this two-year economic program turned out to be one of the most expensive ones. These funds were used to build houses for refugees, repair roads and water channels, restore bridges, fund various humanitarian activities, and perform other types of works.<sup>8</sup>

Unlike in Abkhazia, the UN did not have an office in South Ossetia, and thus the UN was not engaged in peace building activities there; although, the UN did assist with the resettlement of refugees through its Office of the High Commissioner for Refugees (UNHCR). The main goal of the UNHCR was to build houses in rural areas where they planned to resettle the refugees. Although this project did not bring significant social improvements, the program was entirely implemented.

The Norwegian Refugee Council diversified its functions. It began its activities with the delivery of humanitarian aid, the distribution of food, clothing, household items, and other vital goods. Then, the Council turned to micro-project implementation. It could provide equipment for those willing to start their own production. Thus, sewing machines and fabrics were purchased for skilled workers who could take orders and work from home. The Norwegian Council also provided assistance to farmers and helped with the restoration of the public services.

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<sup>8</sup> The OSCE Mission to Georgia. Tbilisi. 1994.

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For a short period of time, the Austrian Humanitarian Committee conducted its work in South Ossetia as well, demonstrating a tangible result by building, furnishing, and equipping the school and the orphanage in the Dzau village.

Other international organizations, such as IRC and ADRA were also engaged in implementation of various micro-economic projects in South Ossetia. Moreover, ADRA provided humanitarian aid, delivered firewood to those who needed it, distributed medical aid, and trained nurses to work in the republic's medical institutions. It should be noted that ADRA continued to carry its mission even after its office in Tskhinval was closed, and decided to finish its program through local representatives.

The international organization "Doctors without Borders" also had its office in Tskhinval. Although this organization was not involved in economic recovery projects directly, within its short period of its stay it achieved a lot in terms of humanitarian assistance. Medical institutions (mostly TB hospitals) received medical, food, firewood, and other supplies. Later on, the International Committee of the Red Cross (ICRC) began to operate in a similar way.

It should be noted that international organizations contributed to sustaining the quality of life of the population of South Ossetia in yet another way: as a rule, in order to implement their programs, international organizations engaged local residents - translators, construction workers, drivers, social workers, and other specialists - and paid them much higher salaries than those of the rest of the population of the republic. Additionally, they rented residential spaces and vehicles from the locals, and they also paid their taxes properly.

At the same time, international organizations facilitated the establishment of contacts between Georgian and South Ossetian non-governmental organizations, arranged their meetings on neutral territories, and organized various seminars, conferences, and roundtables. Those meetings could also be used as an opportunity to establish professional contacts: teachers were able to meet with teachers, doctors with doctors, journalists with journalists, etc. From 1995 to 2000, several meetings took place between the leaders of the two republics; three meetings were between the Georgian President Eduard Shevardnadze and the South Ossetian President Ludwig Chibirov. Among the main issues discussed at these meetings were: concerns about the future of the two countries, political possibilities for conflict resolution, security guarantees, and return of the refugees. Generally, problems that received special attention were those of economic recovery, trade near the border, and issues of gas, electricity, and water supply. International organizations also offered for both parties to participate in various joint fully-funded projects. Since Georgia could only be satisfied with its leadership role, these attempts had only partial success; equal participation roles were viewed as an indirect recognition of South Ossetia. Under these circumstances, intermediaries and sponsors were forced to look for temporary solutions, such as dividing a specific project's funding between both parties. More often such practices put South Ossetia in a less favorable position.

With the beginning of the new millennium, almost a decade after the cessation of hostilities in South Ossetia, the conflicting parties were able to achieve significant progress in their talks. However, a final resolution was not reached, as the main question of the political status of South Ossetia remained unanswered.

The victory of Georgia's "Rose Revolution" and Saakashvili's rise to power rolled back all the hard-won achievements: border control was tightened, market places were eliminated, and contacts between non-governmental, art, scientific, and cultural organizations were terminated. All government level contacts were frozen; meetings of the heads of the republics became impossible. All that had a negative impact on the economic situation, especially for Georgia, which suffered from the loss of the Russian market. Due to the fact that 95% of South Ossetian needs depended on Russia, the new official position of Tbilisi did no particular damage.

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Instead of promoting ideas of reconciliation and networking with South Ossetia, Georgia decided to choose a direct confrontation, which led to military attacks on peaceful civilians. The military aggression of Georgia in August 2008 turned out to be the most cruel and bloody in the history of the entire Georgian-Ossetian conflict. As a result of shelling in Tskhinval, 26 municipal buildings were burned and destroyed; another 226 were partially destroyed. In the private sector, 231 homes were destroyed, 442 homes were severely damaged and made unusable, and another 674 homes received moderate damages.<sup>9</sup> Initially, the total damage caused by these losses was estimated at 10 billion rubles.

“Elektrovibromashina”, “Emalprovod,” and a mechanical plant were significantly damaged. The Parliament, the Foreign Ministry, the main state university, and the city department store buildings were burned. The Interior Ministry and the State Broadcasting Station were partially destroyed. Three out of nine city schools were completely destroyed. Kindergartens and nursery schools were left in poor condition. The state hospital, city health clinics, the national and local libraries were severely damaged. As a result of shelling, the city infrastructure, communications, electricity, water, and gas supply virtually ceased functioning. Most trade and private business facilities were burned. Cultural objects, two Orthodox churches and a synagogue were destroyed. The memorial cemetery in Tskhinval’s School Number 5 yard suffered from a tank attack.

Many villages of the republic suffered great losses, especially those in the vicinity of the Tskhinval region, such as Pris, Tbet, Khetagurovo Dmenis, Satikar, and Sarabuk. Most of the houses there were destroyed. Crops were ruined, and over 80% of the cattle was stolen or destroyed as well.

Nonetheless, the data above does not accurately reflect all the damage. These figures only partially reflect the real damage. These numbers are intended to demonstrate the destruction of the South Ossetian national economy, including both its public and private sectors. These modest figures vividly show how many reconstruction projects need to be undertaken. Even now, two and a half years after the events of August 2008, the recovery process is far from complete.

As a result of the Georgian leadership’s military gamble, both the Ossetian and Georgian populations suffered major losses. Caught in retaliatory fire, several Georgian enclaves practically disappeared: Kekhvi - Tamarashensky, Avnevi – Nulsky, and Yeredvi – Vanatsky.<sup>10</sup>

The anti-South Ossetian war struck the economy of the republic. First, attention was given to the issues of humanitarian assistance to the population, the provision of medical and psychological support, together with housing and communications. Industrial and agricultural development became of secondary importance.<sup>11</sup>

Immediately after the end of hostilities, South Ossetia started receiving humanitarian aid. A large volume of diverse aid arrived. Many countries, international humanitarian organizations, and public funds sent shipments, but the majority came from the Russian Federation and CIS countries. Assistance was provided by government agencies, NGOs, humanitarian foundations, religious communities, and Ossetian diasporas. Large amounts of food, medical aid, clothing, essential goods, household items, construction materials, vehicles, machinery, and equipment were delivered to the Republic. Additionally, South Ossetia received substantial funding. These contributions were made by subjects of the Russian Federation, companies, organizations, foundations, and private donors. As a result, virtually all affected families were assisted and compensated.

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<sup>9</sup>According to the State Committee for the Implementation of Reconstruction Projects of the RSO

<sup>10</sup> Massive casualties were avoided only due to the informing in advance the Georgian villages residents about the imminent attack. Most of the residents left, except for a few elderly people.

<sup>11</sup> Bzarov R. S. The independence of South Ossetia - a guarantee of security and stable future of the Ossetian people. Tskh., 2008.

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The reconstruction process of South Ossetia took a new turn after Russia made an important political decision: on August 26, 2008 Russia recognized the sovereignty of the Republic of South Ossetia. Starting then, the RSO has become a subject of international law.<sup>12</sup> Within the period of two years, the two countries signed more than 50 international treaties and agreements. Most of them were about economic and social rehabilitation.

During the first two years of the South Ossetian reconstruction process, Russia contributed more than 11 billion rubles. These funds were used for the construction and repair of private and municipal housing, schools, kindergartens, hospitals, clinics, roads, and communications. The construction of “Dzuarikau – Tskhinval” pipeline, unique in its complexity and technical characteristics, had a great impact.<sup>13</sup> Now Russia supplied gas directly to South Ossetia, which made it much cheaper. The pipeline’s transit capacity is big enough in the future to make the republic a transit point of gas supply to other countries, which would undoubtedly improve the republic’s economic climate.

At the Russian government’s initiative, some Russian industrial giants signed agreements with South Ossetian enterprises, and began to mentor them. Thus, the “Ural” mining enterprise pledged to restore “Kvaysinski” Mine Group and to increase the capacity of “Elektrovibromashina” and “Emalprovod” plants.

The situation of international organizations’ participation in the reconstruction of South Ossetia was different. Even the most basic humanitarian assistance was overly politicized. Foreign foundations agreed to supply shipments to South Ossetia only through Georgia, thus, confirming their position of viewing RSO not as a sovereign state, but as an integral part of Georgia. Such a position was unacceptable to Tskhinval. Additionally, there were justified fears that, along with shipments of humanitarian goods entering South Ossetia from Georgia, there could be drugs, smuggled goods, counterfeit banknotes, instigators, saboteurs, and secret agents.

After the events of August 2008, all European organizations offices supporting Georgia in Tskhinval were shut down. They no longer enjoyed trust and confidence of the public and leadership of South Ossetia. Even after detailed and comprehensive investigations of the war events conducted by various international independent commissions (such as the report and conclusion of "Tagliavini Commission"), the international humanitarian organizations blindly continued to insist on "territorial integrity of Georgia", "occupied lands", and "illegitimacy" of the international recognition of Abkhazia and South Ossetia. Taking into consideration such attitudes, these two counties had a right to make decisions in accordance with their own interests and to independently build relations with foreign governmental and public entities.

The OSCE’s position during the August events deserves special criticism. Aware of preparations to attack, OSCE employees did not notify the South Ossetian leadership of the imminent danger. Moreover, the OSCE Tskhinval office refused to allow the local residents to use its basements as a shelter. In case of the Georgian troops’ occupation, the very same office stored literature and leaflets especially for that occasion. Interestingly, among the materials released by Wikileaks, there was a document sent by the U.S. Ambassador to Georgia to the State Department. Referring to the OSCE observers, the document revealed who started the war and how many rounds were fired on Tskhinval during the first hour of aggression. Had there been the political will, the OSCE could have made this information public, or shared it with the independent commissions. The fact that this was not done indicates that the main European institution responsible for security on the continent acts selectively, lacks independence, and is biased. As a result, the OSCE and EU’s

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<sup>12</sup> Decree of the President of the Russian Federation recognizing the independence of South Ossetia. № 1261. August 26, 2008.

<sup>13</sup> Pipeline construction had a separate funding and cost 15 billion rubles.

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persistent attempts to place their observers in South Ossetia were useless. Under these circumstances, their presence would only complicate the situation.<sup>14</sup>

Immediately after the hostilities some international organizations began to express interest in Abkhazia and South Ossetia. They offered to engage these young states in various economic projects. Usually, two options were offered: either these young states were supposed to get involved in joint projects with Georgia, which supposedly would derive great benefits, or they should directly engage in economic integration with Europe. In both scenarios, Abkhazia and South Ossetia were viewed “as parts of Georgia” temporarily “occupied” by Russia. This position was viewed as an attempt to neutralize the Russian economic presence in these republics, and was thus unacceptable.

The International Committee of the Red Cross chose a different course of actions. Its Tskhinval office was established during the 1990s and still continues to operate today. During the events of August 2008, employees of the ICRC provided much needed assistance, which earned them gratitude and the respect of the South Ossetian population.

Initially, the Committee limited its activities to the distribution of humanitarian aid, but with time its work became more diverse. In 2009 and 2010 it began to distribute seeds and fertilizers to the South Ossetian population, ensuring the final product’s control, and reaching out to more than five thousand households and farms. Additionally, farm specialists inspected the fields.

Particular attention was given to the bordering areas, especially to farms in Leningorski and Tskhinval regions. More than 150 cattle, 150 beekeeping, and 200 small tractors equipment requests were made by the residents of Leningorski area alone. These supplies were free, given that this assistance was subject to the proper use. In addition to livestock and crop production, the organization offered programs aimed at trade development and other business activities.

Nevertheless, to shape its statehood and economic independence, South Ossetia should not count on the long-term assistance and economic support coming from abroad – whether it is from Russia, international organizations, or charity foundations. In reality, a shared economic space, as well as trade and customs unions, cannot provide guarantees of economic security. The example of the recent global economic crisis vividly demonstrated it.

Under the current circumstances, South Ossetian reconstruction and economic development, in addition to purely economic issues, also has important political, social, and demographic components. Given that the processes taking place in South Ossetia and around it are closely monitored by often biased observers, any miscalculations and mistakes made in the course of nation-building will be used to discredit the republic in the eyes not only of the international community, but also of the potential allies and economic partners. Naturally, should economic stagnation and decline occur in South Ossetia, Georgia will be portrayed as a more attractive economic alternative to independent South Ossetia and even Russia. Given that political processes have direct and serious impact on the global economy, one may argue with a certain degree of confidence that the rate of economic development of South Ossetia will impact the Russian and other allies of South Ossetian costs. Clearly, this relationship can be inverted. The future of the state will largely depend on the level of professionalism in designing the republic’s economic model, and on the quality of life of the South Ossetian population.

Regarding the economy itself, its recovery and further development should follow the implementation of clearly defined actions, precise time frames and personnel. Obviously, these measures should be translated into socio-economic programs, approved by the government and parliament, and detailed long-, medium-, and short-term objectives, linking these programs with the national budget, and specifying people responsible for their implementation.

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<sup>14</sup> Report of the independent international fact-finding mission into the conflict in Georgia. № 2008/2001 - CFSP. December 2, 2008.



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Needless to say that any program must begin with a thorough, comprehensive, and objective analysis, the goal of which is to determine the republic's economic capacity, its production factors, problematic issues, and the degree of relevance. Such analysis is only possible after the development of specific indicators and coefficients, characteristic of social and economic life. It appears that the main economic problems of the RSO are:

- chronic and severe economic crisis as a result of the Georgian aggression, together with the collapse of the national infrastructure, number of enterprises, housing, labor resources;
- many enterprises shut down or their work at only 5 - 10% of the early 1990's level, due to the break in economic ties after the fall of the Soviet Union, the long-term economic blockade of the republic which blocked the access to the Caucasus market for South Ossetian businesses, the establishment of the state border and strict crossing rules in Nizhny Zaramag by the Russian Federation in 1994, and absence of the competitive products. All this led to the chronic unprofitability of the republic's industrial enterprises, and absence of free market, its mechanisms, and laws. Unprofitability of enterprises led to an abnormal situation, when they virtually did not contribute to the state budget's formation;
- industrial basic production funds' deterioration, which have not been upgraded since the late 1980's; hence, the inability to produce competitive products. South Ossetian industrial enterprises are struggling to break the vicious circle: they are denied access to markets, their product sales do not break even, and the lack of profit does not allow them to reinvest in renovation of basic production funds;
- slow development of new, free market forms of management; absence of equity capital, inadequate reaction to the market transformations;
- public agriculture sector is unproductive and experiences serious difficulties with equipment and machinery supplies. Farming is in its incipient form and currently does not play a decisive role in shaping the national budget;
- small and medium businesses are limited to trade, services, and catering; there are virtually no private enterprises, especially those investing in innovation;
- natural aging and down qualification of labor resources, aggravated by the departure of the significant number of labor recourses during the 1990's, and the collapse of professional and specialized secondary education. The recently reopened State University with its departments (training engineers, specialists, and technicians) and multidisciplinary college (training bricklayers, welders, masons, plumbers, and electricians) is yet to demonstrate its capabilities. These factors create a difficult situation with training and professional certification of human resources;
- low standards of living, caused by the reasons listed above. A significant part of the population's income is below the poverty line;
- demographic challenges. Over the past 20 years the decline of the population is progressing, as the mortality rate exceeds the birth rate. In recent years, the migration balance was negative. The age structure of the South Ossetian population has been of particular concern. Due to the adverse flow of natural and mechanical demographic processes, the aging trend of the population is becoming clearer. To date, every fourth resident of the republic is at retirement age. This largely increases the pressure on the working population. The situation can be gradually improved by designing aggressive, sound, and scientifically justified demographic policies;

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- an unattractive investment environment in South Ossetia is caused by the foreign relations risks, absence of peace treaty with Georgia, and security threats. There is a positive development in a form of the republic's legislation favoring investments;
  - the negative trade balance of South Ossetia: import rates are much higher than export of industrial, perishable, daily, and hard goods. Clearly, this situation poses a real threat to the country's consumer security. Additionally, transportation costs significantly increase production costs, thus contributing to the substantial increase in the prices of basic foods and commodities. Most essential goods prices are 30% to 100% higher than the average in the North Caucasus region, which is an additional factor to the population's income reduction;
  - absence of its own energy sources creates a situation in which South Ossetia is fully dependent on external energy sources, although the total potential of hydropower of South Ossetian rivers is at least 110 MW, while the power needed for industrial and other economic needs is only 35-50 MW. Moreover, there is a potential to use wind and solar energy in the republic;
  - mentioned trends and processes lead to the limited circulation of cash in South Ossetia, due to the fact that energy payments and product prices bring the cash flow outside of South Ossetia. Apart from a constant shortage of cash and associated with it delays in payments, this factor is one of the main reasons for the lack of domestic investments and inability of the population to accumulate savings, whereby purchases of hard goods should account for 2/3 of household budgets. Food, utilities, and energy expenses account for more than 70% of the household budgets, although this figure increases during fall and winter;
  - absence of the efficient banking system created conditions making the financial component of social production irrelevant. The financing of economic sectors is non-existent; financial support of small and medium businesses is purely symbolic;
  - Given that citizens' health is an economic category, the low quality of healthcare in the country is a factor that reduces the effectiveness of social production; an unacceptably small amount of funds allocated by the state budget for these purposes does not allow to change this situation for the better.<sup>15</sup>

The South Ossetian economic problems mentioned above are quite serious. There was virtually no success in any of the segments of the republic's socio-economic life (which, given the amount of pressure the republic was subjected to over the last 20 years, could not take place anyway). There are objective and subjective explanations to this.

Therefore, the executive and legislative branches of the government face enormous challenges and difficulties. That being said, we can formulate some of the main directions of economic recovery and development. It appears that in the immediate or distant future no tangible results may be achieved without large-scale economic reforms, fundamental changes in the approach to the problem of transitioning toward a new economic mentality, and taking into account positive experiences of other countries and regions.

Moreover, one of the main objectives should be a gradual reduction of the gap between South Ossetian economic and social indicators, as well as GDP per capita and the same indicators in the subjects of the Russian Federation and other republics of the North Caucasus.

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<sup>15</sup> Kokoev G. G. Economy of South Ossetia: alternative ways // South Ossetia. 25. 01. 2009

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It appears that the issue cannot be solved simply by the implementation of short-term programs and individual projects. Socio-economic development of South Ossetia should have a holistic and comprehensive approach in its core; neglecting some areas or their inadequate development will inevitably lead to structural distortions and unresolved issues.

As was previously mentioned, any actions aimed at economic recovery and development must be preceded by a comprehensive analysis of all economic sectors' conditions, which assumes the identification of strengths and weaknesses, opportunities and risks, challenges and capabilities of the republic. Some of the main problems are low public productivity and local enterprises' unprofitability. One of the factors contributing to this situation is the depletion of fixed assets and equipment; hence, the low returns on assets.

The current economic condition is the result of the absence of free market mechanisms, and state property management control over state-owned enterprises. In order to accommodate South Ossetian enterprises, potential markets and their capacities have to be identified. In order to achieve this goal, marketing research must be conducted for individual businesses and the entire national industry. Obviously, the recognition of South Ossetia's independence by Russia broke the economic blockade of South Ossetia. Even under the current circumstances, when access to the South Caucasus market is still blocked by Georgia, and there is no anticipation of positive developments, the Russian market has become a viable alternative for South Ossetian businesses.

Once the market potential is determined, the production capacity of South Ossetian enterprises should be improved according to market opportunities; their unused or outdated main production funds should be sold or utilized. Unprofitable enterprises have to be converted and their personnel trained. Since no more than five percent of the labor force of South Ossetia is involved in industrial sector production, its training will not take long or cost much. In addition, in order to solve the problem of a large number of public sector employees, some of them should be transferred to the material production sector, as this will allow reduced pressure on the state budget and help to raise the average national income. Contrary to the belief that the establishment of enterprises producing high demand goods is not viable in South Ossetia, there are reasonable grounds to argue that the establishment of small enterprises specializing in assembling world famous products is feasible. At the same time, the priority should be given to high-tech production. The plants "Elektrovibromashina" and "Emalprovod" have already taken steps in this direction. Such steps are only rational when improving the level of workforce education; in addition, such production is normally characterized by a higher value added level. In order to mitigate the social imbalances, the establishment of industrial enterprises must meet the following requirements: social significance, economic efficiency, and even distribution across the republic. It would be logical to create enterprises of mixed type and closed joint-stock companies with the state owning the predominant part of the voting shares. Under new free market conditions, this would help to attract more investments for profitable enterprises.

South Ossetian agriculture sector may potentially become competitive on both domestic and external markets due to the high ecological production quality, and relatively low wages paid per unit cost. Production lines with high upfront costs should be avoided. It has been shown that it would be best to create farms with 100-150 heads of cattle across the country. Creation of approximately 100-150 farms during the initial period would satisfy the need to provide affordable, high-quality products to the South Ossetian population, and even beyond its borders. It would be appropriate to focus on the production of meat, dairy products, wine, fruit juices, and honey.

Due to its unique nature and climate, South Ossetia has quite high potential for the development of tourism. Restoration of the old facilities, such as camp sites, resorts, mineral water spring health centers, and construction of new ones, such as alpinist camps, skiing tracks, camping grounds and resorts, would create a solid foundation for attracting investments, and a positive image of the

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young nation. There are recreational investment opportunities for large foreign companies, including their employees.

There is also potential for other economic sectors as, such as construction, production of construction materials, and transportation. South Ossetian natural resources are not fully explored, although there is evidence that some of them are quite large. Possibilities for the development of small scale mountain river power generators should be thoroughly explored. Several decades ago, small hydroelectric stations operated here successfully (such as Tskhinval HES). Total dependence on electricity “import” creates substantial economic and socio-political risks. These areas of concern should be the subject of an in-depth analysis and potential implementation in short-, medium-, and long-term planning. The main objective of such planning should be a self-sufficient South Ossetia, with a vibrant economy and independent shaping of its own state budget. All efforts of South Ossetian government and society should be aimed at the achievement of this objective.

In order to understand the direction and the rates of South Ossetian economic development in the near future, it would be appropriate to consult the national industry and agriculture investment programs designed by the Ministry of Economic Development of South Ossetia.

The main purpose of the industrial development programs is to improve the socio-economic efficiency of South Ossetian industrial enterprises through the formation of competitive industrial production. In order to achieve that, increases in the production potential of industrial enterprises are planned by building new plants, upgrading, reconstructing, converting active and inactive facilities, and increasing the quality and competitiveness of their products by improving the production capacity and introducing the resource-efficient technologies.

In order to carry out the national program, all available resources, great efforts, substantial financial and human resources have to be engaged. As it was previously noted, during the Soviet period, in South Ossetia there were a little over two dozen industrial enterprises, mostly medium and small. Their total annual production equaled only 120 million rubles.

As a result of August 2008 events, the damage to industrial enterprises of South Ossetia amounted to 1.5 billion rubles. Over 70 percent of production capacity today is either deteriorating or outdated. As a result, operations of some enterprises are partially or completely paralyzed. In reality only nine out of seventeen companies function: “Elektrovibromashina”, “Emalprovod”, mechanical, “Bagiatsky”, woodworking, beer and fruit water plants, as well as the “Yugostalk,” bakery plant, and printing association facilities. Among these, the bakery plant and “Bagiatsky” ventures are better off, but the overall industry still remains unprofitable. The factories that need to be restarted are the “Kvaysinski” Mine Group, sewing factory, oxygen station, canning, dairy, wine, meat-processing plants, and grain-receiving facility. The present number of employees in the entire industrial sector is equivalent to the number previously employed by the “Elektrovibromashina” enterprise alone. In 2010, wages of all industrial enterprises sector employees had a 1.5 times increase, and tripled for employees of the mechanical plant.

It is quite obvious that the present industrial production potential is not fully used. It is largely determined by a low technical production level and poor product quality. The shortage of financial resources slows down technical renovation and construction.

A close examination of the state of industrial enterprises shows that problems of industrial development and product competitiveness are directly linked to the republic’s general problems of economic development, and have features specific for every industry. The main problems are:

- low technical level of equipment; outdated technology and fixed assets of enterprises;
- enterprises lack working capital and savings, which could be used for modernization and conversion;

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- limited access to financial resources;
  - lack of domestic industrial cooperation's development;
  - lagging behind international methods and standards of production quality management;

- long-term strategic objective of industrial policy is a gradual reduction of South Ossetian dependence on the import of industrial products by conducting an active policy of import substitution and transition from labor-intensive and capital-intensive industries to resource-saving industries.

For example, in 2011 alone it is planned to purchase and put into operation an automatic bottling line of 2400 bottles per hour capacity for the beer and fruit water plant. At the "Emalprovod" plant it is planned to produce modern roofing and finishing construction materials and metal tiles - highly demanded products used in a large-scale construction. The purchased modern equipment is capable of producing 550 thousand square meters per year. The most profitable enterprise – "Bagiatsky" bottling plant is waiting for its reconstruction. A new hangar and a new bottling line are under construction. Substantial funds will be spent on upgrading and converting the facilities.

On the 2011 agenda there is also a modernization of the sewing factory, which will introduce progressive production technology for competitive high-demand products. In addition to this, a brick plant will be built out of local raw materials (during the Soviet period in Tskhinval there were two brick and one tile plants). Its products will be most popular during the implementation of a large-scale construction projects in South Ossetia.

These activities are designed to improve the industrial sector of South Ossetia, strengthen its positions on the market, create new jobs, and increase wages of workers.<sup>16</sup>

With respect to agricultural sector, in 2011 six hundred million rubles were allocated for the implementation of South Ossetian agricultural complex development program. If the program objectives are fulfilled, it is expected to:

- create a modern and efficient system of high-quality food production;
- increase the volume of agricultural production;
- increase the standards and quality of life in rural areas;
- develop private entrepreneurship in agricultural production sector;
- establish nationwide fodder supply system for farmers;
- create a system of state support for farmers by placing government orders to the processing enterprises.

South Ossetia has sufficient resources for agricultural development. Its unique landscape and climate allow for a diversified and highly productive agricultural production on relatively small areas.

Naturally, it is impossible to fully utilize the unique natural potential of South Ossetia without introducing adequate modern technology and equipment to the agricultural complex.

Due to the implementation of housing, civil engineering, and social infrastructure rehabilitation programs, the population has significantly increased; with the improvement of standards of living,

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<sup>16</sup> State Investment program of "Industrial Development of the Republic of South Ossetia" for 2011 (Ministry of Economic Development of South Ossetia).

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the number of new permanent residents to South Ossetia will increase again in the future. The need for high-quality food will increase accordingly. Those arriving for permanent residence will have to be provided with jobs in return.

This complex issue has to be mitigated by measures aimed at the development of the processing sector. In addition, a modern processing complex, specializing in refining local goods, will become a foundation for long-term support for farmers, providing them with guaranteed sales of produced goods.

The development of competitive agricultural industrial production involves the following:

1. livestock development;
2. crop development;
3. upgrade of agricultural technical equipment;
4. construction of new and technologically upgraded food and processing enterprises.

The program implementation assumes construction of livestock complexes, among which there will be five 100-head dairy farms, 10 feeding platforms, a dairy complex, and a meat processing plant.

In order to improve the genetic potential of animals, the program proposes to purchase 500 head of breeding cattle and 1000 head of beef cattle, to optimize the size and structure of the herd, to preserve and improve the gene pool of breeding cattle, to improve the animal fodder system and veterinary protection of animals in 2011.

Based on the adopted European technological standard, there is a plan to construct a 15-ton per day capacity dairy complex with a closed cycle of milk production.

Beef cattle develop mainly in mountain, foothill, and steppe farms in South Ossetia. For the development of this industry, Kalmyk, Simmental, and Hereford animal breeds will be imported and engaged in the breeding process.

A 10-ton per day capacity meat-processing plant is being created in Tskhinval in order to complete the meat production and processing cycle.

One of the priorities of livestock development is the efficient use of mountain pastures. Presently, 60,000 hectares of natural fodder resources in mountainous areas are not being used efficiently. In the future, increasing numbers of livestock in farms of all types of ownership will rely more heavily on natural fodder mountain pastures. The use of mountain pastures will significantly reduce seasonal maintenance and feeding livestock costs and increase its productivity by ensuring sufficient and clean mountain herbs. In addition, mountain pastures should be used for the purpose of high quality hay production.

Unique conditions and natural resources of South Ossetia offer great potential for the development of, and specialization in, horticulture. Growth factors are particularly favorable for fruit cultures, especially apples of different ripening cycles.

Horticulture is a socially and economically efficient industry capable of providing high returns on investments and employment in rural areas. The demand for fruits is far from being fulfilled on the Russian market, even though the volume of expensive imported goods of questionable quality is significant.

In this regard, horticulture development will be one of the main priorities of the agricultural sector within the frame of program implementation.

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The program implementation assumes the following measures:

- laying out intensive and super-intensive 150-hectares gardens;
- laying out a 50-hectares vineyard;
- laying out a 50-hectares hazel;
- formation of market infrastructure to ensure the processing of crops and the service of agricultural sector.

Natural and climate conditions of South Ossetia, in combination with foreign and national marketing perspectives, are conducive to the development of industrial meat, milk, fruit, and vegetable processing.

The development of the food and processing industry aims to increase the volume of produced goods by creating high-tech and competitive production which allows for dynamic economic and employment growth.

In order to meet the objectives of the canning industry, it is planned to restore and modernize Tskhinval's canning plant by equipping it with aseptic juice filling and vegetable and fruit puree production technology in 2011.

The fodder development plan aims to purchase seeds of annual and perennial grasses, seeds of vegetable cultures, fertilizers, herbicides, and hose sprinklers.

Traditional vegetable production will be complemented by greenhouses. These greenhouses are scheduled to be laid and will cover more than 7,000 square meters and be equipped with drip irrigation and liquid fertilizers.

In 2011, some funds were allocated for the establishment of fisheries, the purchase of beekeeping equipment, and the restoration of the "Khetagurovo-Mugut" irrigation system.<sup>17</sup>

Road construction in South Ossetia always received particular attention. Since South Ossetia's lands are mostly midlands and highlands, road construction faces certain difficulties, such as laying roads through rock formations, installing safety fences, building bridges, tunnels, avalanche and landslide galleries, aqueducts, and viaducts.

The main road of South Ossetia is the Transcaucasian Highway, which connects South Ossetia directly with North Ossetia and Russia. This is the shortest, and most convenient transportation route, available year-round -- a secure connection between the North and South Caucasus and, in general, between Europe and Asia, thus a modern version of the Silk Road. The design of the Transcaucasian Highway took into account all the economic benefits of its construction. Besides, Georgia, Armenia, and Azerbaijan were also interested in it. The highway leads to Iran, Turkey, and, from there, to the Middle East. Another road of local importance is the seasonal Georgian Military Road. However, by closing its borders in the early 2000s, Georgia significantly reduced the highway's capacity. Such a cruel and short-sighted decision affected everyone, including Georgia. This decision was guided by political rather than economic interests. By imposing the transportation blockade, the Georgian leadership failed to dictate its political will. Clearly, it negatively affected the transit potential of South Ossetia. Nevertheless, the Transcaucasian Highway is not an economic priority for South Ossetia, but rather a factor for providing security, political independence, and an inseparable connection between the two Ossetias. Without the Transcaucasian Highway, the very existence of the Republic of South Ossetia could be called into

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<sup>17</sup> National Investment Program for the "Development of Agricultural Complex of the Republic of South Ossetia" for 2011 (Ministry of Economic Development of South Ossetia).

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question. Presently, this highway is the only route connecting South Ossetia with the rest of the world.

Over 30 years of operation of the Transcaucasian Highway allowed for the transit of tens of millions of tons of shipments and an impressive number of passengers. But most importantly, this highway became the “lifeline” for Ossetians. During the time of aggression, attacks, and blockades, it was used to supply aid; refugees used the Ruksky tunnel to flee. Now the highway is used when politicians, diplomats, businessmen, entrepreneurs, cultural workers, representatives of civil society organizations, and other guests visit South Ossetia.

But since the beginning of its operation, the highway revealed construction flaws which affected the speed and safety of the traffic flow. Reconstruction of the Transcaucasian Highway, particularly the Rukski tunnel, began in 2011. All works are planned to be completed by 2015. The tunnel will meet all standard requirements and will be more accommodating of traffic flow. Constructed safety galleries and overpasses will make the highway safe at any time of the year. These measures will directly affect the national economy; since import-export transportation will improve, South Ossetia will attract more investors.

Besides the Transcaucasian Highway, construction and repair works are planned on other roads of national importance, such as the Tskhinval-Znaur, Tskhinval-Leningor, and Tskhinval-Kvaisa highways. In the future, the government plans to lay roads that would reach all remote villages, farms, pastures, mineral resources mines, and mineral water springs.

The issue of laying a railroad across the Caucasus Mountains dates back to the 19th century. The railroad was designed and funded, and construction contractors selected. But at the last moment, preference was given to the highway. The railroad was built in South Ossetia in 1940; it was the Gori-Tskhinval branch. As a result of the 1991-1992 aggression, its operations stopped and railways were dismantled.

The construction of the railway through the Caucasus tunnel and a tunnel under the South Ossetian mountain passes is on the agenda again. Projects and technical specifications are being discussed. Project designers estimated that the construction will not require large financial expenditures and nor take long. The commission of this railroad will address the issues of resuming operations of the “Kvaysinski” mine, capacity-building of other enterprises, stimulating agricultural workers, tourism and recreation development, and attracting investors to South Ossetia.

Air communications is another objective of transport infrastructure development in South Ossetia. Its implementation is necessary for all administrative entities, especially sovereign states, at least as an alternative to traditional types of communications. While airport construction is not being discussed yet (this is a long-term objective), the creation of a helicopter station with three platforms in Tskhinval, Leningor, and Dzau is realistic.

After the collapse of the Soviet Union, the issue of communications had to be addressed with urgency. Since Georgia previously regulated urban telephone communications in South Ossetia, new independent telephone lines had to be constructed. Besides gas pipeline, fiber optic cable was laid from Russia to South Ossetia; it has not reached Tskhinval yet, although this is a realistic goal. Now communication experts are more concerned with providing high-quality and affordable internet connections. Presently, mobile communications are provided by only one carrier (“Megafon”), whereas mobile users virtually everywhere have a choice of carriers, which creates competition, improves quality, and reduces the costs of mobile communications.

As previously noted, one of the most outstanding achievements in South Ossetia’s economic sector is the construction of the gas pipeline “Dzuarykau-Tskhinval”, which fully satisfied the needs of the whole country in this kind of fuel. Gas is now cheaper and its flow is reliable. Previously, Russian gas reached South Ossetia through Georgia, which, due to transit, raised its price.



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Electricity is also supplied to South Ossetia by Russia. Additional power lines are being constructed; capacity will increase to 130 kilowatts, instead of 35. The situation improved significantly after the “Zaramagskaya” hydroelectric stations (30 km away from the border of South Ossetia) was put into operation. A project to build a thermal power plant running on gas has been also developed. In addition, there are possibilities to use wind and solar energy.

The economy of South Ossetia may be recovered and stabilized by enhancing the industrial and agricultural sectors and utilizing natural resources of the region. In this regard, South Ossetia is in a unique position. The climate is close to ideal. Temperature balance, level of precipitation, atmospheric pressure, and air circulation are conducive to keeping one healthy. The republic is located in three high-altitude zones: lowlands, midlands, and highlands. Its landscapes are quite diverse and scenic. Forests and aquatic networks complement the fullness of the picture. The beauty of the nature, clean air and water, and environmentally clean products make South Ossetia uniquely attractive in terms of resort construction and tourism development.

For a long time the unique natural resources of South Ossetia have been known. During the Soviet period, sanatoriums, resorts, retreat and guest houses, spas, tourist camps (including international), and pioneer summer camps were built near mineral water springs. The largest of the resort facilities was the sanatorium “Dzau”, which received tourists from all over the USSR. As a result of hostilities and the earthquake in 1991, many recreational facilities were destroyed and the recreational sector itself declined.

The industry is being revived presently. There is a belief that this sector may boost the economy and produce a significant economic impact. In addition, the inflow of investments is viable. The development of the resort and tourism sector promotes inter-state relations, openness, and accessibility, brings people together, and offers opportunities for the implementation of diverse international projects.

South Ossetia has unique mineral water resources. It has more than 2,500 springs which differ in chemical composition, balneological features, and debit. Since Soviet times, they evoked the interest of various companies from Austria, Holland, Japan, Germany, and other countries. A preliminary agreement was reached with some companies involved in the bottling and sale of mineral water. Among those companies, some were prepared to extract drinking water. Presently, only the “Bagiatskiy” and “Dzauskiy” mineral water springs are being operated. Products of “Bagiatskiy” bottling plant are exported outside of South Ossetia; the plant is still a profitable enterprise.

In his addresses to the Parliament and people of South Ossetia, the President formulated the main priorities of socio-economic development in the upcoming decade, among which are those affecting people's prosperity. They draw attention to the fact that main efforts should focus on areas that directly affect the population's quality of life.

Tourism is one of the most important spheres of the modern economy, aiming to meet the needs of the population and improve its quality of life. Unlike other economic sectors, tourism offers greater economic stability, especially in times of volatile world markets. The tourism development program was designed to include coordinated and interrelated actions, individual projects, and extramural activities of institutional, legal, economic, political, and diplomatic nature, providing effective solutions needed to achieve dynamic and sustainable tourism development.

Provisions of this program will form a foundation for the increasing nation-wide role of tourism in the national economy, for the implementation of the main objectives of tourism development by the authorities, and in identifying directions and levels of state support for the tourism industry.

The program aims to improve tourism legislation, to establish a regulatory framework for tourist and recreational special economic zones and the construction of health and tourist complexes in

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South Ossetia, to restore the tourism infrastructure destroyed during the military aggressions, to train tourism personnel, and to strengthen tourism cooperation with foreign countries. In addition, there are possibilities for development of non-traditional tourism in South Ossetia, such as mountain-, water-, cycling-, ethno-tourism, etc. In addition, winter sports centers, alpinist camps, and Olympic training bases can be created here.<sup>18</sup>

After the declaration of independence 20 years ago, South Ossetia paid particular attention to building international relations. During the time of military actions in 1992, the Ministry of Foreign Affairs of South Ossetia was created, which initially dealt with economic issues. Shortly after, the State Economic Committee of South Ossetia was established, which subsequently transformed into the Ministry of Economy of South Ossetia.

The first economic agreement was signed in 1993 with the Republic of North Ossetia. Later, in 1996, the inter-state memorandum was signed in Moscow, which included sections on economic cooperation. Economic relations between the Republic of South Ossetia, the Republic of Abkhazia, and the Transnistrian Moldovan Republic became acts signed by these governments. These three states have created the Inter-Parliamentary Assembly "For the Safety and Rights of People." One of the Assembly's divisions deals with economic issues and economic cooperation development.

Russia provided the biggest economic support to South Ossetia. Initially, the relationship with Russia centered around its role of the USSR successor, but the framework, scope and conditions of this cooperation changed soon. Financial, technical, and other assistance was continuously provided to South Ossetia by Russia between September 1990 and August 2008, although it was significantly limited due to the unresolved political status of South Ossetia. South Ossetia was independent *de facto*, but not *de jure*.

At the end of the "five-day war" on August 26, 2008, Russia recognized the independence of the Republic of South Ossetia, and from that moment on a new era began. On September 17, 2008, the two countries signed the "Friendship, Cooperation, and Mutual Assistance Agreement between the Republic of South Ossetia and the Russian Federation." Subsequently, more than 50 bilateral agreements were signed. Among those relating to economic cooperation, there is an agreement between the Ministries of Finance of South Ossetia and Russia, detailing financial assistance for reconstruction, socio-economic development, and budget balancing purposes; an agreement between the governments of South Ossetia and Russia on providing assistance in socio-economic development to South Ossetia; an agreement between the governments of South Ossetia and Russia on creating representative trade chambers; an agreement between the governments of South Ossetia and Russia to promote and protect investments; and a memorandum of understanding between the Ministry of Economic Development of South Ossetia and the Ministry of Energy of Russia on energy sector cooperation.

According to these and other agreements, since August 2008 South Ossetia received more than 30 billion rubles in aid from Russia. Significant funds are still being allocated for the reconstruction of South Ossetia's public and private buildings, government agencies, educational, health, and cultural facilities, and industrial and agricultural sectors, affected by the hostilities.

South Ossetia signed economic cooperation agreements with virtually all subjects of the Russian Federation. Different subjects of the Russian Federation continue to supply diverse help to South Ossetia (mostly free of charge or on preferential terms). Reconstruction work is also carried out by large state enterprises ("RZD", "Spetsstroy", etc.) and by workers from North Ossetia, Chechnya, Dagestan, Astrakhan, Tambov, Samara, Novgorod, Chelyabinsk, Tyumen, Volgograd, Stavropol, Krasnodar and other regions. Many buildings were restored at the expense of these enterprises and

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<sup>18</sup> Action Plan for the implementation of the Program for Tourism Development in the Republic of South Ossetia. 2010. (Government of the Republic of South Ossetia).

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subjects of the Russian Federation. Experts from CIS countries, such as Ukraine, Belarus, Moldova, Kazakhstan, and Tajikistan, also participate in the reconstruction of South Ossetia.

Some Western governments, non-governmental organizations, and international agencies are beginning to show interest in South Ossetia's reconstruction and integration into international economic communities. The support for specific, mostly joint, projects is occasionally offered. These projects assume joint participation by South Ossetia, Georgia, and possible western coordinators. The latter agrees to equal representation of both sides, even though this is just a wishful thinking, testing Tskhinval's reaction.

The Republic of South Ossetia, following international recognition, is very much interested in integration into international structures and is actively working in this direction. Nevertheless, political barriers impede this work. It is unacceptable to the leadership and people of South Ossetia that some still consider South Ossetia to be a part of Georgia and call it "occupied territory" or a "criminal and separatist hub." What kind of partnerships can we envision if South Ossetia is even denied the right to be called so? South Ossetia is expected to make politically-motivated concessions in return for speculations of future economic benefits. Neither now, not later, will South Ossetia accept political deals damaging to its national interests, even at the expense of losing substantial economic profits.

For example, in 2010 the OSCE and the European Union offered assistance with the economic rehabilitation of South Ossetia. Their representatives visited Zonkarskiy reservoir and its dam, which needs urgent repairs. To repair the dam, they offered 800,000 euros -- the remainder of the EU aid to South Ossetia not spent due to the outbreak of hostilities. In return for these services, South Ossetia had to allow European observers, including military personnel, on its territory. Such an "exchange" was unacceptable to South Ossetia, which refused to accept the assistance.

Besides Russia, Venezuela, Nicaragua, and Nauru also recognized South Ossetia. These countries exchanged credentials and delegations with South Ossetia. During governmental meetings it was stressed that economic cooperation will play a particular role in future inter-state relations. Parties are now exploring opportunities for trade, and participating in joint economic projects, personnel trainings, and technology exchanges.

Presently, South Ossetia's foreign trade department is working toward expanding and strengthening the process of recognition of South Ossetia by other countries. Belarus came close to a positive resolution on this issue several times, but its leaders set it aside each time due to political reasons. Most likely, Belarus will recognize South Ossetia, thereby allowing South Ossetia to enter the Customs Union of Belarus, Kazakhstan, and Russia, as well as other political and economic enterprises of the CIS and other countries.

In August 1997, the South Ossetian parliament adopted the "Free Economic Zones" Act.<sup>19</sup> This law aims to attract foreign investment, technology, and foreign policy management experience, and to promote growth in revenue and employment. The law defined the status of residents of free economic zones (FEZ), foreign currencies, and investors. FEZ allow for the establishment of international companies with the following benefits:

- expedited registration procedure;
- total tax exemption, except registration and annual fees;
- currency autonomy;
- exemption from customs duties and taxes;
- anonymity and trade secrets.

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<sup>19</sup> "Free Economic Zones" Act of South Ossetia. 1997 (Parliament of South Ossetia).

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Under present conditions, until South Ossetia is internationally recognized, the question of turning the country into a free economic zone must find a different solution. The South Ossetian parliament has prepared a draft of “Special Economic Zones in South Ossetia” Act.<sup>20</sup> This legislation aims to develop the processing industry, high-tech enterprises, new products, as well as the tourism and resort spheres. It is also stressed that customs duties and VAT do not apply to foreign goods circulated within FEZ.

Naturally, both documents are designed to revive the economy, which will be complemented by improvements in the industrial, agricultural, transport, communications, tourism, and recreation sectors, in the optimal and efficient use of natural resources, an improved banking system, and in creating jobs. These measures will lead to a significant increase in the condition of the population.

Presently, South Ossetia is not a UN member and does not enjoy a full membership in international organizations. However, various international and European organizations are gradually engaging directly with South Ossetia to work in such areas as science, culture, and education. South Ossetia has already been accepted into several international sports organizations, which allows South Ossetia to participate in sports competitions under its own flag. Although indirect, this is an act of recognition of South Ossetia.

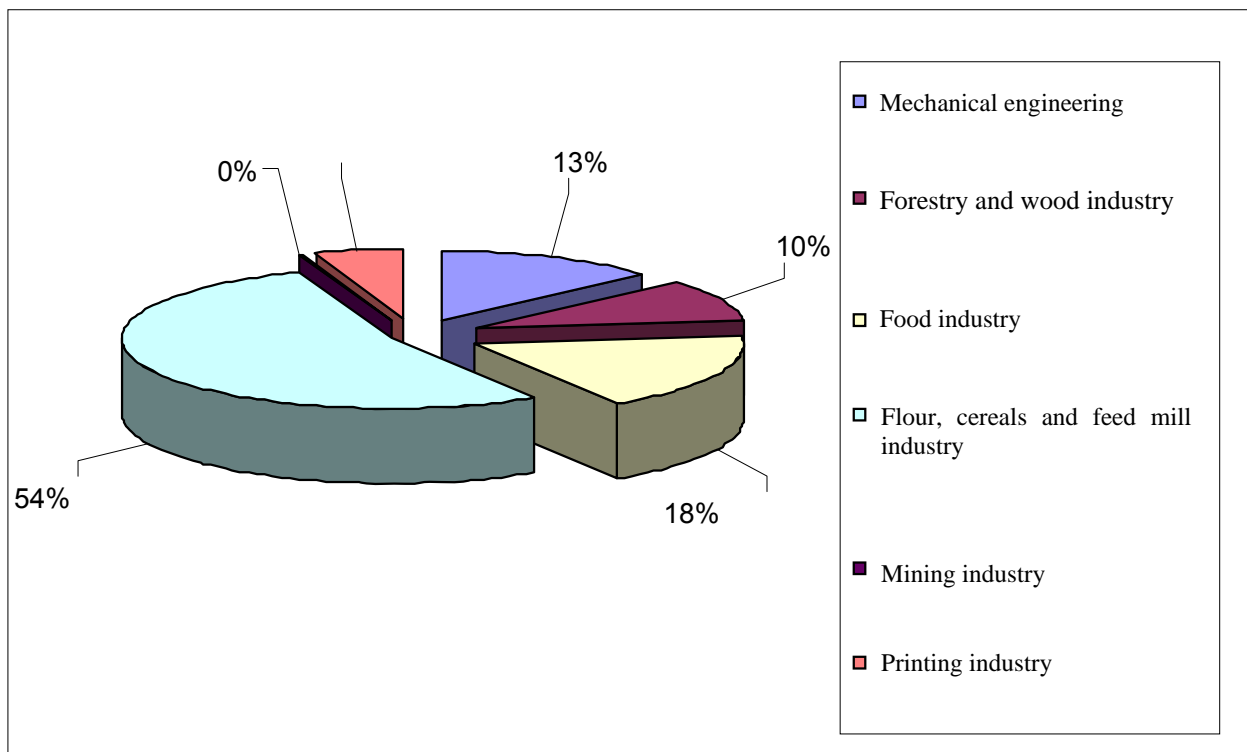
In conclusion, in order to achieve progress in economic development, South Ossetia has to fulfill several conditions:

- maximize the efficient use of its natural resources, technological potential, human capital, and intellectual and professional opportunities;
- distribute with great precision and efficiency all incoming assistance, such as financial resources, humanitarian aid, designed projects, programs, technology, personnel training, etc.;
- identify economic priorities, ultimate goals, and opportunities;
- use all available opportunities for entering international economic organizations, participating in the implementation of international projects and programs, and expressing initiatives to reach these objectives.

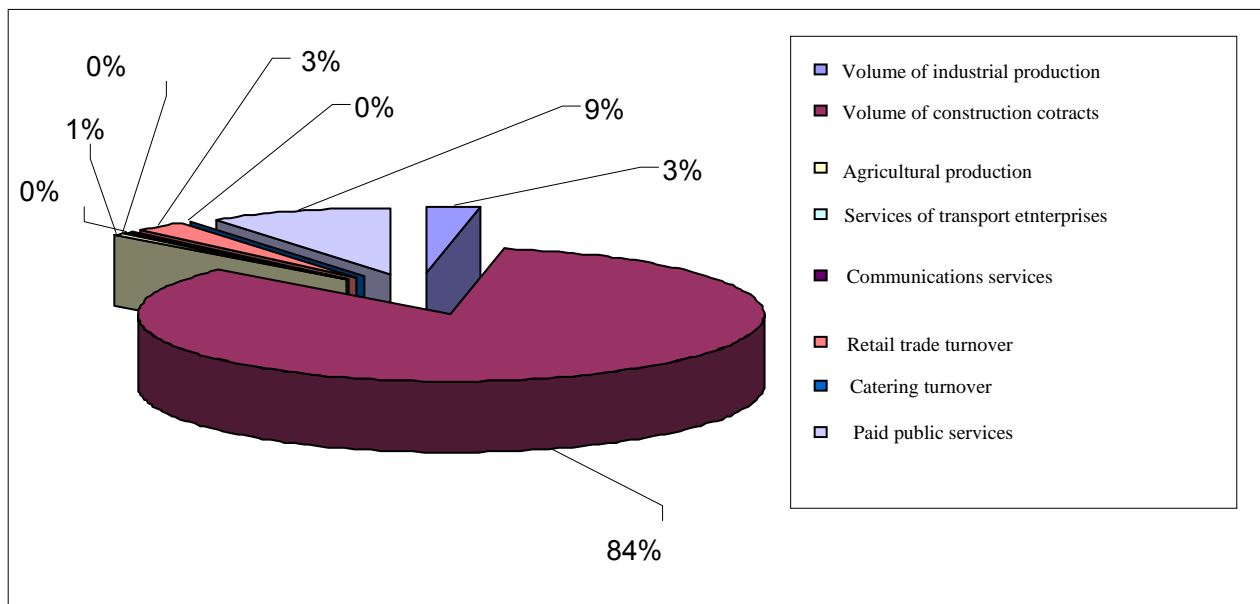
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<sup>20</sup> “Special economic zones in South Ossetia” Act. Law Project, 2011. (Legislative Committee of the Parliament of South Ossetia).

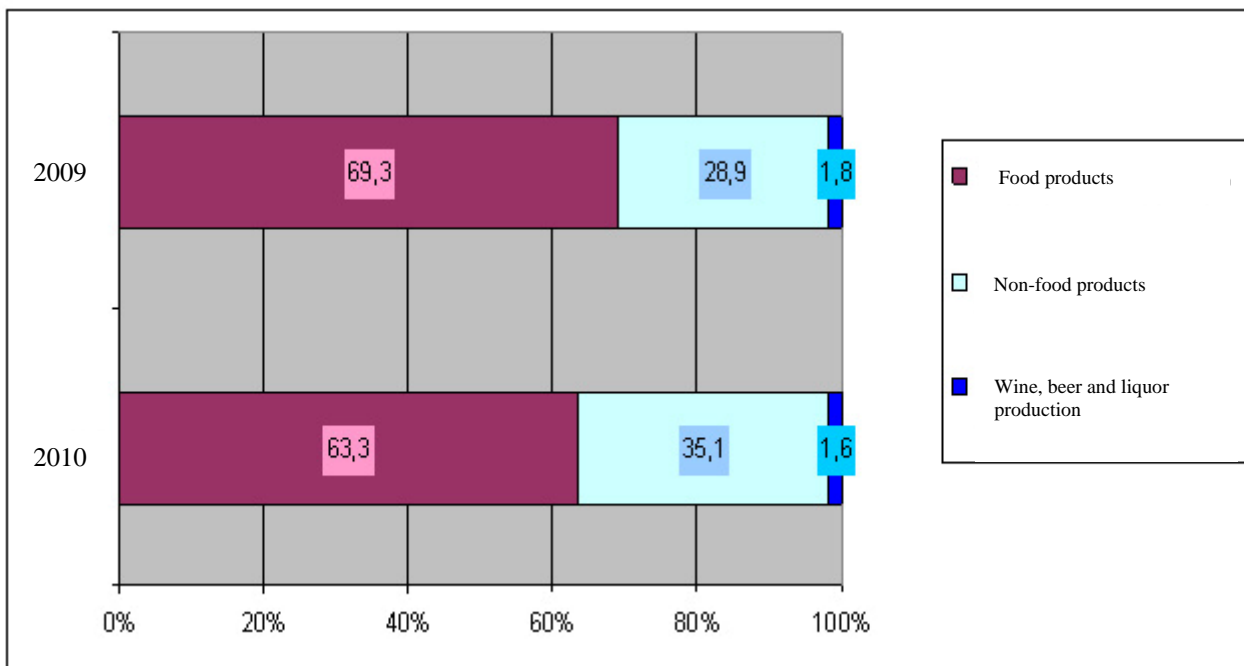
### Contributions of South Ossetian Industries to Gross Industrial Output in 2010



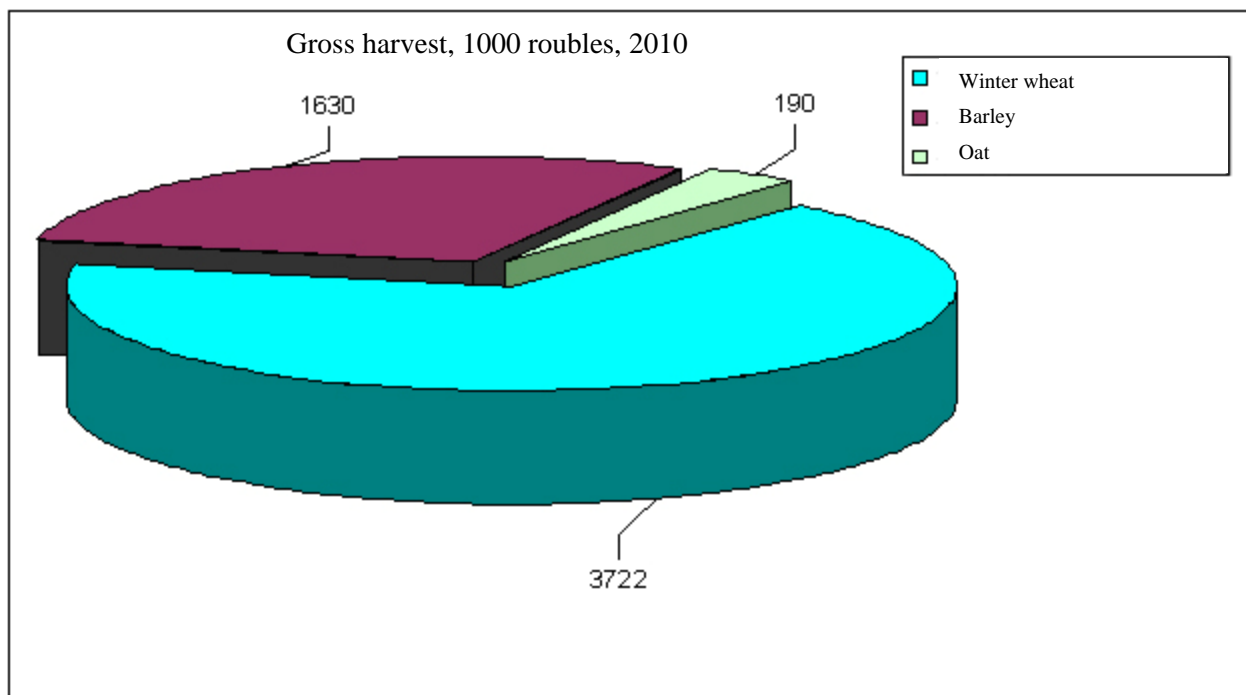
The Structure of Consumer Goods Production in South Ossetia in 2010 (%)



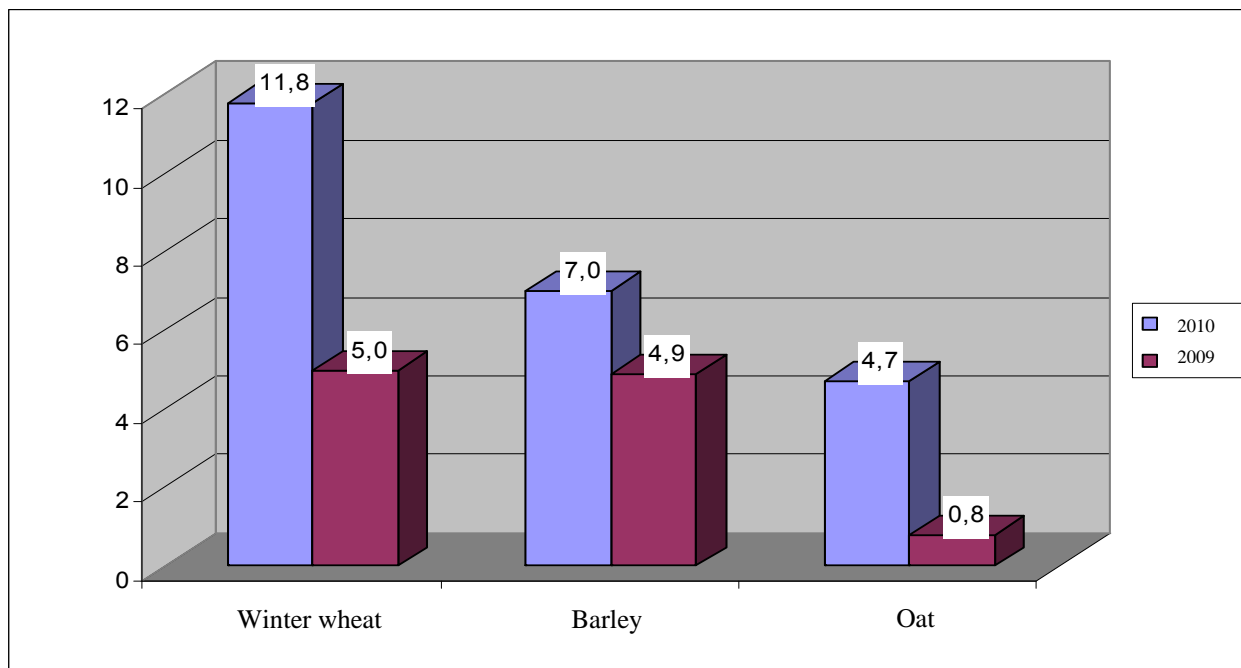
The Structure of Consumer Goods Production in South Ossetia in 2010 (%)



### Gross Harvest of Major Crops in 2010

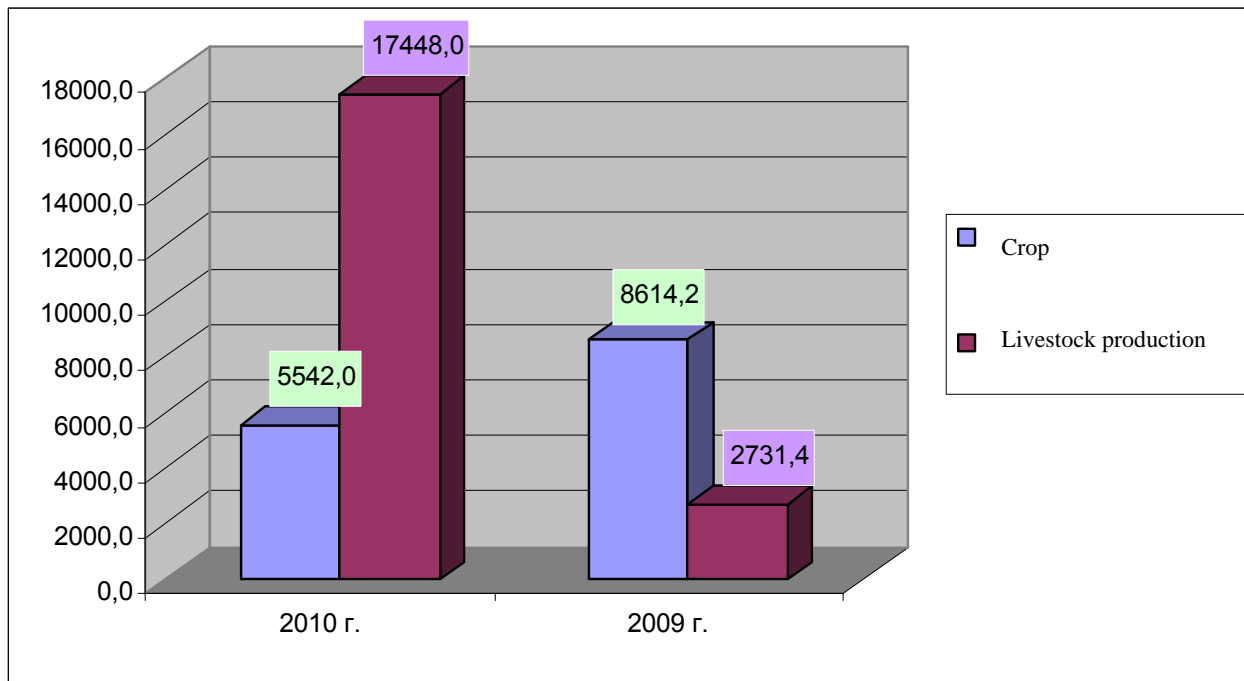


### Productivity of Major Crops over the Past Two Years

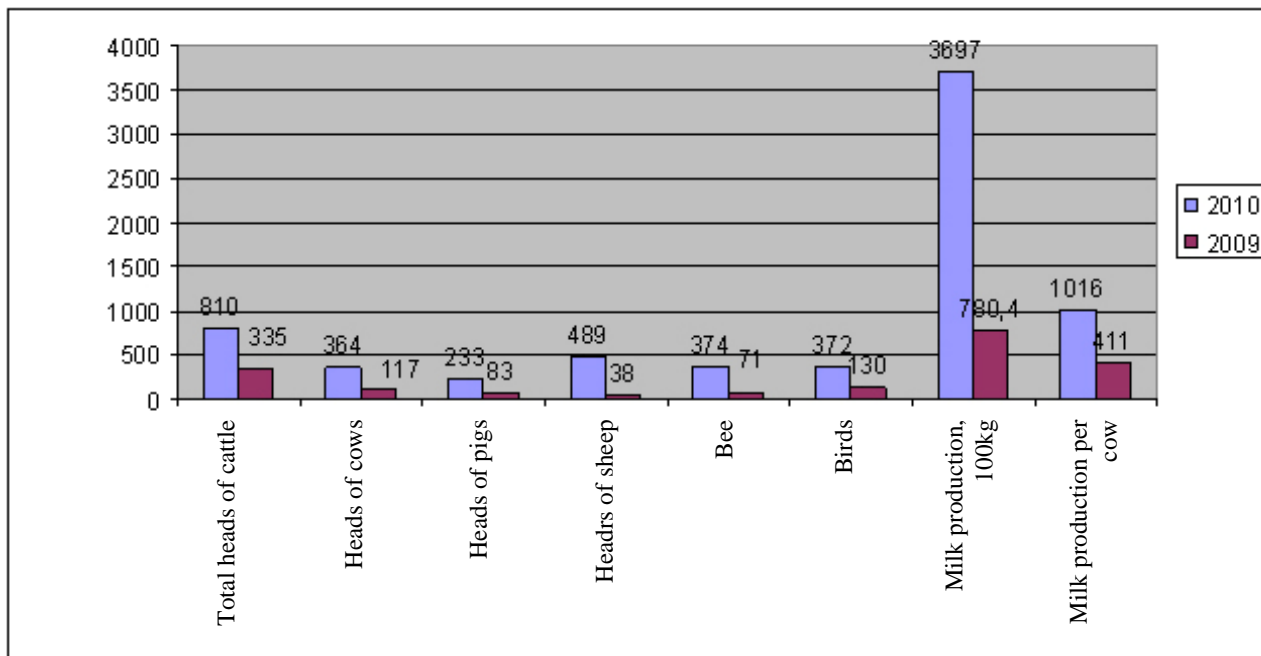




Agricultural Output in South Ossetia 2010 (in rubles) , excluding Private Farms



Cattle Population in Farms of South Ossetia in 2010



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## SOME ASPECTS OF SOLVING THE PROBLEMS OF REFUGEES AND INTERNALLY DISPLACED PERSONS IN LIGHT OF GEORGIAN-OSSETIAN RELATIONS

*Merab Chigoev*

Conflicts, especially those that involve armed confrontation and human losses, cause irretrievable material and emotional damage to the conflicting parties. In order to overcome the consequences of a conflict, both substantial efforts and a large amount of time are required. This also depends on the volatile influence of objective and subjective factors.

One of the most difficult consequences of a conflict to resolve is the future destiny of the refugees, i.e. should they adopt the new environment or return to their original place of residence. This issue is hard to resolve because of its impact on every aspect of life of both the displaced and host populations. It affects legal, political, moral, and ethical aspects; it also involves the adaptation of the population to the renewed need to coexist, together with economic adaptation including at the household level, the issue of land use, and access to educational, cultural and social services, etc.

The Georgian-South Ossetian conflict in this respect, with its first active and then passive phases lasting altogether from 1989 to 2008, demonstrated some features common for all conflicts, as well as traits specific to this conflict alone.

To understand the context of this paper best, it should be noted that according to the Soviet 1989 census data, 98,000 people resided in South Ossetia, of which 67,000 were Ossetians and 27,000 were Georgians.<sup>21</sup>

In order not to miss some of the key variables, this expert study of the problems of refugees and IDPs also requires a brief discussion of the history of Georgian-Ossetian conflict. Without this discussion it would be impossible to understand the main causes of the conflict and its consequences, including the outflows of the population from Georgia and South Ossetia. It would be also difficult to analyze the circumstances, which, we believe, could either contribute to or be an obstacle to resolving the conflict in general, as well as to the return of refugees and IDPs to their permanent residence, or to their settlement in their current residence.

Conflict resolution specialists in the field of political science mostly believe that the main reason for the conflicts on the territory of the former Soviet Union, including the Georgian-Ossetian conflict, was the collapse of the Soviet Union itself, together with the following 'parade' of sovereignties in the former Soviet republics.

At the same time, some social scientists consider that the responsibility for the onset of the conflict between Georgia and the Republic of South Ossetia that started in November 1989 lies entirely with the nationalist-minded Georgian government.

While partly supporting this thesis, we believe that the causes of the Georgian-Ossetian conflict are deeper and have roots in the history of Georgian-Ossetian relations.<sup>22</sup>

Since its inception this conflict took on an ethno-political nature. The Georgian authorities, regardless of their political views or political system at the time – feudal, princes, Mensheviks, Bolsheviks or democrats -- for centuries pursued a strategy of building a mono-ethnic state. By all possible means they tried to resolve the question of national minorities to the authorities' advantage,

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<sup>21</sup> Soviet population census of 1989.

<sup>22</sup> The first specialized study of the conflict components of Georgian-Ossetian relations is discussed in the publication of Dzidzoev V.D and Dzugaev K.G., *South Ossetia in the retrospect on Georgian-Ossetian relations*. Tskhinval, 2007.

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i.e. by depriving the minorities of their ethnic identity. In this regard, the 20<sup>th</sup> century gives us the best examples of such practices. In 1920, Georgia used the occasion of the collapse of the Russian Empire, which it had been part of since 1801, to form a Georgian Democratic Republic and launched a full-scale military operation against South Ossetia using a struggle with revolutionary elements as an excuse. In reality, the Georgians aimed to physically destroy the Ossetians and/or to arrange their exodus to the North Caucasus.

Over 18,000 Ossetians died in that war; close to 50,000 Ossetians became refugees and never returned to their motherland.<sup>23</sup> And while Georgia never achieved its goal of complete liquidation or exile of the native South Ossetian population, the South Ossetian people suffered severe damage.

To reach their goals in the following decades, the Georgian government changed tactics and applied more 'peaceful' and sophisticated methods to enforce 'Georgianization' of the Ossetians in Georgia. As a result of this policy, a major part of the ethnic Ossetian population residing today in western Georgia and the Kakhetian region consider themselves Georgians and are almost completely assimilated by Georgian society.<sup>24</sup> Similar attempts were also made towards the indigenous population of South Ossetia: ethnic Ossetians. And while these attempts were less successful than on the territory of Georgia, the threat of gradually losing their national identity, language and culture while remaining an integral part of independent Georgia became more than real.

In the very difficult circumstances of unprecedented growth of ethno-nationalism in Georgia in the 1990s, the people of South Ossetia in order to self-preserve as an ethnic group found the only possible solution: to initially upgrade the status of South Ossetia from an Autonomous Oblast (region) to an Autonomous Republic within Georgia.<sup>25</sup> But after the Georgian government abolished the autonomous status of South Ossetia,<sup>26</sup> South Ossetian authorities decided to leave

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<sup>23</sup> Archive of the South Ossetian part of Joint Control Commission and database of the office of Attorney General of the Republic of South Ossetia

<sup>24</sup> Along with the anti-Ossetian campaign, Georgia also continued with the process of intensive 'Georgianization of non-Georgians'. Below we present a paragraph demonstrating decisions of the official government body of Georgia about the 'Georgianization' of Ossetians:

Soviet Peoples Deputies of Khashurski raisspolcom's decision # 296 July 26, 1990.

The ispolcom of the raysoviet of People's Deputies of Khashurski rayon has issued a decree regarding the correction of Ossetian and Armenian last names. The following residents of Khashurski region of Georgian nationality with Ossetian and Armenian last names (Tskhovrebashvili, Kulumbegovy, Mikojan, Shaverdjan and others) appealed to the historic-archival institute of Academy of Sciences of Georgian SSR of Dzhavahishvili. The institute notes that the individuals carrying the above mentioned last names are Georgians and recommends these people to change their last names to their original form.

According to the historic-archival institute of Academy of Sciences of Georgian SSR of Dzhavahishvili and by request of the mentioned above individuals, the Ispolcom of the raysoviet of People's Deputies of Khashurski region HAS RULED:

1. To include to the birth certificates of the mentioned individuals their nationality as Georgians. Last names Kulumbegov – Kulumbegashvili, Mikoyan – Mikashvili etc. Tskhovrebashvili, at their request, can resume their original names of Tskhovrebuli, Shaverdyans– Shaverdashvili.

2. To assist the passport office of the Khashurski department of interior affairs in issuing passports reflecting the new last names.

3. To inform other regions and raysoviets (regional councils) about this decision in order for them to ensure the continuation of similar work.

Ispolcom president: A Danelia.

To compare: 'In 1926-1979 years alone over 100,000 representatives of other nationalities in Georgia were 'Georgianized'.

<sup>25</sup> Ruling of the XII session of the South-Ossetian Regional (Oblastnoy) Soviet of People's Deputies from Nov 10, 1989.

<sup>26</sup> Ruling of the XIV session of the Supreme Soviet of Georgian SSR from Nov 16, 1989 and from Dec 11, 1990.

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Georgian jurisdiction and proclaimed the creation of an independent state of the Republic of South Ossetia.<sup>27</sup>

The events that followed confirmed that the decision was correct.

In the media and in workplaces across Georgia, an anti-Ossetian campaign began; using chauvinistic slogans, an Ossetian was turned into the image of an enemy and started being portrayed as an invader of Georgian lands, etc.

A considerable part of the Georgian population representing all segments of Georgian society gave in to this propaganda. Everywhere, Ossetians found themselves fired from their jobs, denied housing and property, and sometimes even lost their lives.<sup>28</sup>

Starting in 1989 and in the following years, about 100,000 Ossetians were expelled from Georgia. Most of them were forced to leave their homes and belongings, which the Georgians then took over. Most of the Ossetian refugees from Georgia settled in Russia. About 5,000 settled in South Ossetia. To the present day, with a few exceptions, almost none of these refugees have returned to Georgia.

At the same time, from 1989 to 1992, i.e. before peacekeepers were deployed in the Republic of South Ossetia, Georgian nationalists established a complete economic blockade of South Ossetia followed by military aggression. The result of the latter was the burning down and destruction of 117 Ossetian villages, the killing of about 1,000 Ossetians, the wounding of another 2,500, and 150 still missing. The agricultural, industrial, and social infrastructure was destroyed, and schools and hospitals burned.<sup>29</sup>

According to expert estimates, the economy of South Ossetia has suffered damage equal to 34 billion Russian rubles.<sup>30</sup> During these years, in order to escape the horrors of war and in search of a better life, 40,000 Ossetians fled the republic. Many never returned to their motherland. 5,000 were forced to move from the destroyed Ossetian villages to Tskhinval. At the same time, approximately 16-18,000 Georgians fled or moved from South Ossetia to Georgia in search of a better life. Most left the city of Tskhinval several days before the first armed aggression by Georgia against South Ossetia on January 6, 1991, and are not recognized by the authorities of South Ossetia as refugees.<sup>31</sup>

To further discuss the question under consideration, terminology must be clarified. There is a substantial difference in the way that the Georgian and Ossetian sides use the terms "refugees", "internally displaced person", etc. The legislation of the Republic of South Ossetia uses the following definition for "refugee" and "internally displaced person:"

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<sup>27</sup> Ruling of the XIV session of the South-Ossetian Regional (Oblastnoy) Soviet of People's Deputies from Sep 20, 1990, re-confirmed on October 16 and November 29 1990, during the XV and XVI sessions respectively.

<sup>28</sup> Archive of the Joint Control Commission's South Ossetian part:

-an article by Professor Kvanchilashvili (Georgia) on the demographic aspects of development of Georgia, which expressed the idea of limiting the fertility of the non-Georgian population in Georgia (newspaper *Literaturuli Sakartvelo* September 30, 1988);

- an article by Professor Z. Chkvanava (Georgia), entitled "the Found Path", which proposed to deport all non-Georgians with more than two children from Georgia (newspaper "Kommunisti", November 21, 1988);

- an interview with the writer A. Bakradze (Georgia), written in a manner of neglect of other peoples' languages and cultures in Georgia (newspaper "Georgian Youth", November 1988), etc.

<sup>29</sup>The conclusion of the trilateral Russian-Georgian-South Ossetian Commission created by the Joint Control Commission in order to assess the property damage in the Georgian-Ossetian conflict.

<sup>30</sup> Conclusion of the Russian-Georgian-South Ossetian Commission

<sup>31</sup> Data from the Joint Control Commission's South Ossetian part

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"A refugee is a person who is not a citizen of the Republic of South Ossetia and who by virtue of well-founded fear of persecution because of his religion, citizenship, nationality, membership in a particular social group or political opinion is outside the country of his citizenship and is unable or does not desire to accept the protection of that country because of such fear, as well as not having a particular citizenship and being outside the country of his former residence, as a result of such events; is unable or unwilling to return to this country as a result of such fear."<sup>32</sup>

1. "A forced migrant is a citizen of the Republic of South Ossetia, who left the place of his residence because of violence committed against him/his family members, other forms of harassment, or because of the realistic risk of persecution on grounds of membership in a particular social group or because of his political views, that have provoked hostile acts towards a particular person/group of people or mass violations of the public order."<sup>33</sup>

2. Forced Migrant (internally displaced person) is:

a) a citizen of the Republic of South Ossetia who was forced to leave his/her place of residence in a foreign country and arrived to the territory of the Republic of South Ossetia;

b) a citizen of the Republic of South Ossetia who was forced to relocate from a specific region of South Ossetia to another region or city in the Republic of South Ossetia;

c) a foreign citizen or stateless person residing permanently and lawfully in the territory of South Ossetia who relocated within the borders of South Ossetia under the circumstances listed in clause A above;

d) a citizen of the former Soviet Union residing on the territory of a former Soviet Union's republic who received refugee status in the Republic of South Ossetia but then lost this status, preventing the person from settling in the territory of South Ossetia, and instead gained the citizenship of the Republic of South Ossetia.

It should be noted that as used by the Republic of South Ossetia's legislature, the term "forced migrant" refers to "internally displaced person."

There are also serious contradictions in use of the definition of "refugees" or "internally displaced persons" by the South Ossetian and Georgian sides. There are contradictions in both the formal use of the terms "refugee," "internally displaced person," and the meaning of these concepts due to the fact that the law assigns these two categories a different status, and therefore with different rights and responsibilities.

The reasons for these differences in the definitions by South Ossetians and Georgians of the terms "refugee" and "internally displaced person" are both legal and political. The South Ossetian approach is based on universally recognized principles of a nation's self-determination, as well as the results of referenda held in the territory of South Ossetia which ruled their state to be sovereign, independent, recognized by several members of the United Nations, and the subject of international law. Therefore, any person forcefully moved from Georgia to South Ossetia as well as displaced from South Ossetia into the territory of the neighboring state of Georgia, are considered to be refugees under South Ossetian law.

However, the Georgian side refers to these people as "internally displaced persons" based on its belief that South Ossetia is an integral part of Georgia.

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<sup>32</sup> Republic of South Ossetia's "Law on Refugees"

<sup>33</sup> Republic of South Ossetia's "Law on Forced Migrants"

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Throughout the duration of the conflict, the most active anti-Ossetian participants were the residents of Georgian villages in South Ossetia close to its capital city of Tskhinval. Between 1989 and 1992 all the Ossetians in these villages were expelled from their homes; their property was either destroyed or taken away by their fellow villagers, the Georgians. The only road that passed through these villages from the city of Tskhinval to North Ossetia was systematically blocked. Even when it was opened, Ossetians passing through it were regularly subjected to humiliating inspections and harassment. Armed groups, i.e. gangs, created by the residents of these villages, carried out a series of hideous crimes against the Ossetian population.<sup>34</sup>

In the following years, these villages and their inhabitants were used by the Georgian authorities as a base for intelligence operations, various provocations, and other anti-Ossetian actions against South Ossetia.

Despite these sufferings, several years after the violent phase of the conflict in 1992, attitudes in South Ossetia started to "thaw". Casual Ossetian-Georgian contacts at the household level resumed. Initiated by both Georgian and Ossetian citizens, on the South Ossetia-Georgia border near the village of Ergneti, a functioning market emerged. The market was located on both the territory of South Ossetia and the territory of Georgia. People, regardless of their nationality, freely traveled through the market, communicated with each other, made deals, etc.

Several thousand people attended the market daily. Such communication initiated the restoration of mutual trust, and helped to regain the lost connection between people. The authorities of South Ossetia did not interfere with the freedom of movement throughout the country, the mutual visits to sacred places, and business contacts between Georgians and Ossetians. In 1992 the Joint Control Commission (JCC) was established on the basis of the Dagomys agreements; the JCC was composed of representatives from South Ossetia, Georgia, the Russian Federation and the Republic of North Ossetia–Alania (the subject of the Russian Federation where most of the refugees from Georgia had resettled). The JCC made progress in strengthening confidence-building measures between South Ossetia and Georgia, creating favorable conditions for strengthening peace in the region, trade and economic contacts between both countries' citizens and economic entities. On February 13, 1997 the JCC, with the mediation of the UNHCR and the OSCE, adopted an important for the displaced population document: "The procedure of the voluntary return of the Georgian-Ossetian conflict's refugees and IDPs to the places of their former permanent residence."

The same year, South Ossetian leadership adopted a package of legal regulations intended to facilitate the return and resettlement of refugees and other displaced persons.<sup>35</sup>

On February 23, 2000, the Government of the Russian Federation and the Government of Georgia with the participation of the Government of the Republic of South Ossetia signed an agreement on economic recovery cooperation in the conflict area, the return of refugees, and the development of interstate programs for the return, resettlement, integration and reintegration of displaced persons. And, although the program was not fully implemented, it demonstrated the will of the conflicting parties to be proactive in solving the problems of refugees and internally displaced persons.

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<sup>34</sup> On May 20, 1992, a gang formed by the residents of the Georgian villages of Kekhvi, Kurta, Achabeti, Dzartsemi ambushed the bypassing road near the Ossetian village of Zar and shot a column of refugees from the city of Tskhinval. Total of 34 people were killed. Among them elderly, women and children. On March 18, 1991 near a Georgian town of Yeredvi a gang with the participation of its residents stopped a passing from neighboring ethnic Ossetian villages bus. First they tortured, and then buried alive 12 men, etc.

<sup>35</sup> Decree of the President of the Republic of South Ossetia "Urgent measures to facilitate the return of refugees and IDPs to South Ossetia "(attached), July 1997

Resolution of the Government of the Republic of South Ossetia about adaptation of the "Programs of integrated solutions for refugees and internally displaced persons" (attached).

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The government efforts mentioned above do not define a breakthrough in solving the problems of refugees, or the creation of conditions for their safe, voluntary and respectable return/resettlement in their former places of residence.

Nevertheless, the process to create the conditions for return was started, albeit slowly and with difficulties.

Within the next few years, the JCC in cooperation with UNHCR worked within the above-mentioned format of “The Procedure...” to assist the return of 67 families from the Russian Federation to Georgia and the return of 470 families to the Republic of South Ossetia.<sup>36</sup> Some refugees also started to return from Georgia to South Ossetia, mostly to Tskhinval and Znaursk regions.<sup>37</sup>

However, this development of Georgian-Ossetian relations did not satisfy the Georgian leadership of Mikhail Saakashvili, who seized power in Georgia in 2003, promising his people fast “reunification” of South Ossetia and Abkhazia with Georgia. The new Georgian authorities cancelled all the earlier positive steps that were aimed to settle the Georgian-South Ossetian conflict and to resolve the problems of refugees. Georgia unilaterally withdrew from all international agreements related to the settlement of the conflict.<sup>38</sup> It started to ignore its JCC obligations, and gradually made its participation in JCC nothing more than a formality. The new government of Georgia enforced an economic blockade of South Ossetia, and closed the Ergnetsky market, despite its benefits to the Georgian population. In short, the Georgian government’s actions were aimed to interrupt the building of understanding and mutual trust between Georgians and Ossetians. Almost openly, the Georgian authorities were preparing for a military solution to the Georgian-South Ossetian and Georgian-Abkhaz conflicts, which they later attempted to implement.<sup>39</sup>

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<sup>36</sup> Archive of the South Ossetian part of the Joint Control Commission

<sup>37</sup> It is symptomatic that the vast majority of returnees to South Ossetia settled there, whereas the Ossetian families who returned to Georgia within a short period of time had to go back to Russia. According to the poll of these repeat refugees the identified cause of the exodus was simple and clear: Georgia failed to create basic conditions for their resettlement. No one expected nor wanted them there.

<sup>38</sup> Agreement between the Russian Federation and the Republic of Georgia, with the participation of the leadership of the Republic of North Ossetia-Alania, and the Republic of South Ossetia “On Principles for the Regulation of the Georgian-Ossetian Conflict” 24 June 1992 (Dagomysk Agreements).

The agreement between the Government of the Russian Federation and the Government of the Republic of Georgia on economic rehabilitation of the districts in the Georgian-Ossetian conflict zone. September 1993.

Memorandum on Security and Confidence Building Measures between the Sides of the Georgian-Ossetian Conflict.

Statement about the results of the meeting between E. Shevardnadze and L. Chibirov (Presidents of Georgia and Republic of South Ossetia) in Vladikavkaz August 27, 1996, November 14, 1997 in Java (South Ossetia) and June 20, 1998 in Borjomi (Georgia).

Agreement between the Government of the Russian Federation and the Government of Georgia (with the participation of the government of the Republic of South Ossetia) “On Cooperation in Rehabilitation of the Economy in the Georgian-Ossetian Conflict Zone and in the Return of Refugees.” December 23, 2000.

Statement about the results of the meeting between E. Kokoity and Z. Zhvania November 5, 2004 (President of Republic of South Ossetia and Prime Minister of Georgia).

Decision of the Joint Control Commission February 13, 1997 (Protocol No. 7) “Modalities for the Voluntary Return of Refugees and Persons Forcibly Displaced by the Georgian-Ossetian Conflict to the Places of their Former Permanent Residence.” And also the Statutes of the Committee on Assistance to the Voluntary Return of Refugees and Forcibly Displaced Persons to the Places of their Former Permanent Residences (attached).

<sup>39</sup> In August 2004, Saakashvili’s regime made the first attempt of solving “the South Ossetian issue” by force. Several special units of the Ministry of Defense and Internal Affairs of Georgia attacked South Ossetia in an attempt to capture the strategic heights around the city of Tskhinval, which would allow to enter into Dzauski region and to seize vital for the Republic of South Ossetia Ruksky tunnel. Georgia’s initiative to forcefully solve the conflict was held off, and its military attempt failed. However, the Georgian authorities’ desire to use the military force in order to resolve the problem remained.



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The Georgian villages from which where Tskhinval was shelled during the military action were destroyed following the counterattack and responding artillery fire on August 10-12, 2008. The majority of the residents were moved by the Georgian authorities to the territory of Georgia just a few days before their attack on South Ossetia. They haven't been able to return to their former residences and at present are among the refugees. Their number is approximately 15-16,000.

More than 30,000 Ossetians fled South Ossetia because of the Georgian aggression from August 7-12, 2008. After the war, the majority of them returned to their homeland.

According to Ossetian sources, during the five-day war of 2008, more than 600 Ossetians were killed, 2,000 wounded approximately, and 7 remain missing. The Republic of South Ossetia and its citizens suffered irreparable material damage totaling several billion rubles. The infrastructure has to be totally rebuilt.<sup>40</sup>

There is not a single family in South Ossetia who did not lose a relative or was not somehow injured as a result of the conflict with Georgia between 1989 and 2008.

When discussing avenues for normalizing the Georgian-Ossetian conflict including a solution for the problem of refugees and IDPs, the above mentioned circumstances should be taken into consideration, along with subsequent factors which additionally complicate the prospect of refugees and IDPs returning to their former residences in South Ossetia and Georgia in the foreseeable future.

Below are some of these factors:

1. Diametrically opposite positions by South Ossetia and Georgia regarding status that negatively affects the solution of refugees;

2. Lack of political evaluation of the Georgian government's actions against South Ossetia from 1989 to 2008, not only by the Georgian authorities, but also by international organizations such as the OSCE, EU, and UN. The citizens of South Ossetia are mostly outraged at attempts to turn Georgia from the aggressor into the victim with assertions that Georgia did not start the August 2008 war;

3. A lack of desire by the Georgian Government to sign a judicial document not to use force against the Republic of South Ossetia and Abkhazia very negatively affects the solution of the refugees problems;

4. It should be taken into consideration and clearly explained to the refugees from Georgia and South Ossetia that by agreeing to return to their previous permanent residences, they are also agreeing to return to a different country. Taking this factor into consideration, one basic principle should be respected for return: all return should be voluntary;

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Only 4 years after the first attempt, after a lengthy and comprehensive training the Georgian leadership decided to engage in a military adventure again: on the night of August 8 2008, Georgia launched a full-scale military aggression against the Republic of South Ossetia, using aircrafts and all kinds of heavy artillery. Late at night the city of Tskhinval and several other Ossetian villages and towns were bombed and shelled by multiple rocket launchers, mortars and tanks (including with banned cluster bombs and shells), which resulted in a massive loss of civilian population. After its invasion of South Ossetia, Georgian tanks and soldiers started shooting at the refugees who tried to escape via the Tskhinval - Vladikavkaz. highway The residents of Georgian villages in South Ossetia took an active part in the fighting. The bombardment of Tskhinval and Ossetian villages was carried out from these villages.

Russian army units approached the city of Tskhinval in the late afternoon of August 9, 2008. They stopped the attack of the Georgian military forces, and by August 12 ousted them from the territory of South Ossetia. The Leningor region of South Ossetia, which was under the occupation of Georgia for 18 years, was liberated.

<sup>40</sup> Materials from the Investigative Committee of the Prosecutor's Office of the Russian Federation and the General Prosecutor's Office of the Republic of South Ossetia, and also data from the President of the Republic of South Ossetia's Human Rights Envoy.

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5. The destructive, detrimental, and most importantly, the incorrect interpretation of the history of Georgian-Ossetian relations by the representatives of the governmental structures of Georgia, and also by some Georgian historians, ethnographers and mass media, does not support confidence building between Ossetians and Georgians;

6. Regarding the issue of returning refugees and IDPs, a very important, by our opinion, fact, should be taken into consideration: after living for the last twenty years in almost total isolation from each other in South Ossetian and Georgian communities, a new generation has inherited feelings of enmity and mistrust of each other as a result of the conflict;

7. A serious complication can be expected when addressing the issue of refugee return and resettlement in their previous residences. "Socio-economic" problems, i.e. the lack of economic and social conditions, at the place of resettlement and will inevitably necessitate almost totally rebuilding such infrastructure;

8. An analysis of the situation brings out serious doubt if Georgia has the political will and financial resources to support the safe and dignified return and settlement in their previous permanent residences of approximately 100,000 Ossetians -- refugees from Georgia -- or if its government is able to pay compensation for the lost property of those who do not desire to return. These doubts have a factual basis, and do not assist the solution of the return of refugees;

9. Different attitudes of the conflicting parties on how to define and assign the status of "refugee" and/or "Internally Displaced Person (IDP)" to individuals displaced as a result of the conflict;

10. It is well known that the Geneva consultations, where representatives of the Republic of South Ossetia and Abkhazia are participating as independent delegations, are working the most intensely for solutions in regard to refugees and IDPs of the Georgian-Ossetian and Georgian-Abkhazian conflicts. In this arena, there has been some progress made in solving the fate of refugees and IDPs. Besides this, the Georgian authorities, trying to gain political dividends, three times put the problem of refugee and IDP return on the agenda of the General Assembly of the United Nations. However, representatives from the Republic of South Ossetia and Abkhazia did not participate in the discussions and could not declare their visions for resolving the problems. As a result, the UN General Assembly accepted the Georgian resolution, which further complicated already difficult work in the format of the Geneva discussions;

11. It must be taken into consideration that in the Republic of South Ossetia, the positive solution of refugee and IDP return to their previous permanent residences and resettling them appropriately is closely tied with providing material and financial compensation to the Republic of South Ossetia and its citizens as payment for the material and moral damage resulting from the Georgian aggression.

Thus, the above-mentioned circumstances and factors undoubtedly prevent the return and resettlement of refugees from Georgia and South Ossetia in their previous permanent residences.

What are the perspectives of this complicated and painful problem taking into consideration the existing realities? What steps must be taken to make it possible for refugees and IDPs to return to their homes eventually?

I think that in order to make progress on resolving these issues, it is expedient to take as the basis the globally accepted norms of international law regulating relations with refugees and IDPs. The principles are also part of the Convention of 1957 regarding the status of refugees and in its Report of 1967, and also in the Guided Principles of Internal Displacements (1998), i.e. rights on the voluntary, safe, and deserved return of refugees, IDPs, and other individuals displaced between 1989-2008 from Georgia and South Ossetia.

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At the same time, it is necessary to take real steps to improve the situation, and to increase confidence, following these major principles:

a) The necessity to achieve political regulation of Georgian-Ossetian relations. This is the most important part to support, and with appropriate coordination, to obtain the guarantee of security for returnees in accordance with the requirements of voluntary, safe and dignified return;

b) To give an objective political evaluation by the Georgian authorities and international organizations on the aggressive actions by Georgia against South Ossetia which took place in 1989-1992, 2004, and 2008, and to acknowledge these as the major reasons why people fled from Georgia and South Ossetia. The refugees from Georgia and South Ossetia have the right and should know the true reasons of their displacement from their previous residence, and should not be influenced by wrong views propagated by the authorities and mass media. The unbiased political evaluation of the actions of the authorities, we think, will assist in resolving the refugee problems because:

– Accurate information would become the basis for IDPs to fairly evaluate the events that occurred in the past and to try and find their place there. Taking these circumstances into consideration, they can make a conscious decision, based on existing realities, whether or not to return to their previous permanent residence, taking into account the security guarantees there;

– Additionally, unbiased political evaluation of the actions of Georgia in South Ossetia would assist representatives of the host communities to be more patient and understanding of returnees who, in their opinion, would carry the image as representatives of the nation whose leadership brought them so much sorrow;

– And, finally, it would be a lever for the host country for a moral, psychological and political platform to push for a fair and objective decision regarding the problems of the IDPs;

c) In deciding on refugee-related problems, it is important that official authorities, make decisions with a focus on the fate of refugees, and not with an intention to use refugees for political games. In this regard, we must note the Georgian authorities' position regarding the refugees from Leningor region of the Republic of South Ossetia. There are approximately 6,000 Georgians living in the village of Tserovani in Georgia since the August 2008 war. The authorities of South Ossetia officially declared agreement to the return of these refugees to Leningor, to their previous permanent residence and property, based on the fact that these refugees did not participate in the military actions against the Republic of South Ossetia. The official Tbilisi reaction on this offer was very distinctive. The refugees were deprived the right to return to their homes based on the fabricated reason of a lack of security, despite the fact that the majority of them regularly visit, freely and safely, their homes, work in their fields, and receive the same benefits as the other residents of the Leningor region;

d) Georgia's signing a legal document taking responsibility for the misuse of force against South Ossetia and Abkhazia. If this act is made by the Georgian authorities, it will increase the confidence level. Opinion poll research in South Ossetia among its population and also Georgian refugees from Leningor region indicates that a considerable majority of our citizens do not trust the stability of peace in their country and are still afraid of aggression from the Georgian side;

e) Recognizing the refugees' and IDPs' rights for voluntary, safe and dignified return to places of their previous permanent residence and creating the conditions for this return. In addition, recognize their rights on resettling in their previous place;

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f) Taking into consideration that many victims of the Georgian-Ossetian conflict did not register under refugee or IDP status at the time, and in a period of time when many of them lost their status but still experienced material and moral damage, it would be justified if the criteria were defined under which the victim will obtain the right for restitution and/or compensation. This will be through the documented fact of forced migration, and also damage to the individual as a result of the Georgian-Ossetian conflict, and not just the status of refugee or IDP, or giving or restoring the status of refugee or IDP to all individuals living in the Republic of South Ossetia and Georgia, despite their nationality and previous place of residence between 1989-2008;

g) Recognition by the conflicting sides and appropriate international organizations working on this problem of the rights of all the refugees and IDPs from Georgia and Republic of South Ossetia, despite their nationality, place of previous and current residence, to obtain restitution and/or compensation for lost home and property:

- Voluntarily, safely and with dignity return to their previous residence;

- The new place of residence and the right to compensation for lost homes and property and also, for the morale damage paid to the people who do not wish to return to their previous residence.

At the same time, to force refugees, IDPs, and other displaced individuals in any manner to make a decision against their will regarding the return and resettlement to a new place is unacceptable;

h) Taking into consideration that as a result of Georgian aggression against the Republic of South Ossetia, the latter suffered significant material damage. (The agriculture, industrial, construction, and social infrastructures are almost destroyed.) Many years of economic blockage from Georgia caused the downfall of South Ossetia's economy. Because of this, the realization of social programs, including resolving the issues of refugee return and resettlement, requires large financial resources. Accordingly, Georgia should reimburse the material damage it caused to the Republic of South Ossetia;

i) Both sides of the conflict have the obligation to restore respect and understanding of each other, to get rid of any form of hatred while taking into consideration the risks of the incidents. These measures will assist to build the confidence between the conflicting parties.

The necessary steps to create the conditions to solve the problems of refugees include measures to strengthen national legislation and democratic institutions, and attempts to revise and if necessary annul the legislative acts and norms which do not align with the above mentioned principles.

Important steps to increase the confidence could include efforts by the conflicting sides to prevent border incidents, and also joint efforts to fight crime as these obstacles prevent the creation of conditions for the process of return.

After the conflicting parties reach an agreement on a mutually beneficial decision regarding the above mentioned basic principles for refugee return, the opportunity to move on to the next level will be achievable. They will be able to solve not large scale, but still important problems, for refugees and IDPs. The first steps from both sides should be informational activities through the mass media to create a positive and transparent psychological and social environment in the public, the host communities, and among returnees themselves.

Whenever the appropriate conditions that bring a sense of confidence and security will be created, the host side could allow the displaced persons to visit their previous residence. These trips could be an input to the security principle for return.

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Aiming to exercise the rights of the refugees and IDPs on restitution and/or compensation and to fulfill these rights, it is essential to create a database that examines the number of refugees, IDPs and displaced individuals who don't have the official status of refugee or IDP. The number of these people who have returned to their previous residences should be calculated, and a list prepared of lost property and homes. Prior to collecting the information, both sides should define and agree upon the methodology of information collection.

The list of refugees and the property account could be agreed on by both sides and mediated by a third party.

It is necessary to find the financial resources to retribute and compensate the damage. In this case, it is appropriate and possibly necessary to create a commission (also a negotiation commission) where specialists from international organizations will be included to work on the tasks we mentioned above.

DECREE of the PRESIDENT OF THE REPUBLIC SOUTH OSSETIA

Regarding the First Measures that Need to Be Taken to Assist the Process of Refugees and IDPs Return to the Republic of South Ossetia

The Georgian-Ossetian conflict of 1991-1992 forced tens of thousand of people from burned and destroyed villages in South Ossetia and Georgia to leave their permanent residences and become refugees or Internally Displaced Persons.

The great majority of them found the shelter in the Republic of North Ossetia –Alania where they still reside today, and usually live in public buildings: tourist facilities, health resorts, hostels, village clubs, etc. Several thousand displaced persons from South Ossetia and refugees from Georgia reside in the town of Tskhinval.

Meanwhile, together with the positive changes taking place in the stabilization of the situation in the conflict zone, the first positive results of the peaceful resolution of the Ossetian-Georgian relations are: “The Procedure of Voluntary Return of Refugees and Internally Displaced Persons of the Georgian-Ossetian Conflict to The Places of Their Former Residence” - approved by the Joint Control Commission, activation of the international humanitarian organizations assisting the returning refugees, and opportunities for the Republic of South Ossetia to resettle refugees and Internally Displaced Persons in their former residences.

Rebuilding the burnt and destroyed villages, facilitating the return of the population, restoring the agriculture, and also assisting the refugees from Georgia in their desire to settle in South Ossetia, also respond to our national interests.

Based on the statements mentioned above and in order to encourage the process of voluntary return of refugees and Internally Displaced Persons to the places of their previous permanent residence we issue

A DECREE:

1. The Government of South Ossetia should procure the funding to obtain the building materials for the restoration of the houses for the refugees and internally displaced persons.
2. The Ministry of Industry and Transportation, heads of towns and regional administrations together with the State Committee for Nationalities and Migration should provide free transportation and delivery of personal property to internally displaced persons voluntarily returning to their previous residences.
3. The Committee of the Forestry and heads of towns and regional administrations together with the State Committee for Nationalities and Migration should provide to refugees and IDPs, who returned to their previous residence and have the capability (and desire) to rebuild their houses independently, the permission for the free procurement of wooden materials in the amount of 10 cubic meters per family.
4. The Government of the Republic of South Ossetia should prepare and present for approval a plan for rebuilding the social and cultural buildings in the compactly populated areas of returned refugees and IDPs by the end of the third quarter of 1997.
5. The refugees and IDPs who return to the places of their former residence should be released from any type of agriculture taxes for five years, excepting only commercial activities.
6. The Military Commissariat of the Republic of South Ossetia should provide a two-year postponement from the military draft to the refugees and IDPs returning to their previous residences, and who are of military draft age.

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7. To recognize high school diplomas, university diplomas, and other education documents received by the refugees in the country of their temporary residence.

8. To maintain the rights of the returned refugees to receive humanitarian assistance and other forms of the Republic's social security system.

9. The Government of South Ossetia should assign 0.15 hectares of land per family to refugees and IDPs previously not residing in South Ossetia, and choosing South Ossetia as their new place of permanent residence.

10. The Ministry of Agriculture should find ways to sell the seeds and saplings, poultry and farm animals to the returned refugees at discounted prices.

11. The Committee of the Material Resources and Trade of Republic of South Ossetia should foresee to sell the furniture and the consumer goods to the refugees and IDPs residing in South Ossetia in the places of their compact settlement.

12. The Ministry of Internal affairs, the heads of town administrations of Tskhinval and other regions should assist those refugees who independently resettled in the territory of the Republic of South Ossetia to obtain legal documents proving ownership of the newly acquired estate.

13. The State Committee for Nationalities and Migration should define the possibility and extent of the UNHCR (United Nations) and other international humanitarian organizations' participation in the resettling of refugees in their places of previous residence.

14. The State Committee for Nationalities and Migration of the Republic of South Ossetia should organize meetings and discussions with refugees in places of their temporary residence in the Republic of South Ossetia, and introduce them the "Order of Voluntary Return of Refugees and Internally Displaced Persons of the Georgian-Ossetian Conflict to Their Former Places of Residence" approved by the Joint Control Commission and the following Decree.

15. All rights and privileges of the refugees and IDPs should be also applied to the refugees who choose South Ossetia as their new place of residence.

16. The mass media should provide true and operational information to public regarding the process of refugee return.

17. The State Committee for Nationalities and Migration of the Republic of South Ossetia is responsible for the execution of this Decree.

President

Of the Republic of South Ossetia

L.Chibirov

Tskhinval

No. 59 of 06.11.1997

Procedures of the Voluntary Return of Refugees and Internally Displaced Persons<sup>41</sup>  
of the Georgian-Ossetian Conflict in the Previous Places of Their Permanent  
Residence

In recognition of the rights of all citizens to live in the place of their origin and the return to the place of their previous permanent residence expressed in the Universal Declaration of Human Rights and International Covenant on Civil and Political Rights,

Acting in accordance with the Agreement on the Principles of Regulation of Georgian-Ossetian Conflict signed in Sochi on June 24<sup>th</sup>, 1992, Provisions of the Joint Control Commission (JCC) from October 31<sup>st</sup>, 1994, Memorandum on Measures to Provide Security and Strengthen Mutual Trust between the Conflicting Parties of the Georgian-Ossetian Conflict, and the Statement on results of the meeting between Eduard Shevardnadze and Ludwig Chibirov in Vladikavkaz,

Confirming our aspiration to reconciliation of nations, peace and respect of human rights,

Expressing our readiness to assist the voluntary return of refugees and Internally Displaced Persons to the places of their previous permanent residence, and respect their right to freely choose their new place of settlement,

The sides shall provide:

- The right of voluntary return of refugees and Internally Displaced Persons their previous permanent residences;

- Provide security to refugees and Internally Displaced Persons against possible persecution or limitation of their freedom, or any other measure that contradicts their security and dignity upon return. These security measures do not apply to those individuals who committed serious non-political crimes, military crimes, and crimes against humanity as defined in accordance with international definitions;

- The right of refugees and Internally Displaced Persons to restore their property rights that were lost because of the conflict;

-Right of free movement;

- Protection from persecution, threat to life or property, and from collecting non-sanctioned payments or other dues;

- Protection from actions against refugees' and Internally Displaced Persons' national dignity;

- Conditions to freely exercise political, civil, and citizenship rights;

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<sup>41</sup> The corresponding side should include the meaning of "forced displaced person" to the meaning of "Internally Displaced Person."



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- Prepare the conditions for the development of culture, national heritage, and teaching returned refugees and Internally Displaced Persons in their native language;

- Provide reliable and immediate information on the process of return to public.

1. Return of refugees and Internally Displaced Persons in strict accordance with principles of voluntarism and appropriate documentation to the place of their permanent residence should be:

- In the preserved residence legally owned by refugees and IDPs. The residence will be returned to them as soon as possible even if it is occupied by the other refugees or Internally Displaced Persons;

- In the rebuilt residence;

- In the temporary residence.

2. In order to assist the process of return, and to identify the previous permanent residence the refugees and Internally Displaced persons should fill in the application (Appendix 1) in two copies, and submit them to the appropriate administrative body of the host side through the migration administration's channels of their current residence.

3. Based on the application data the migration body should prepare the combined lists in accordance with the previous residence, and together with one copy of the application send it to the appropriate administration body of the host side.

The second copy should be kept in the administration of the appropriate side.

4. Examination of the submitted lists and applications should be performed within thirty days from the moment of the registration of their delivery by the appropriate administrative structure of the host side.

Upon finishing the examination of the lists of refugees and Internally Displaced Persons, the documents should be approved and delivered to the migration bodies of the appropriate side.

5. If the decision regarding the place of previous permanent residence is to be negative, the migration bodies of the appropriate sides should receive the legal explanation of the refusal in writing.

6. The resettlement process of refugees and Internally Displaced Persons is executed in accordance with their readiness. Simultaneously, the appropriate administrative body in a timely manner should send the host side an official notification.

7. For the voluntary return of refugees and Internally Displaced Persons, the host side, in close cooperation with UNHCR, provides:

- Reception and delivery to the place of their previous permanent residence;

- Security of return and living;

- All civil, political, socio-economic and cultural rights;

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- Assistance in adaptation and reintegration in the places of their previous permanent residence, including the postponed military draft.

8. For the purpose of the family preservation, the spouses and/or children of returned refugees and Internally Displaced Persons who are not the citizens of the host country, are allowed to return and stay with their family members.

9. Voluntarily returned refugees and Internally Displaced Persons do not have to follow the articles regarding the procedures of crossing the border and highways; immigration, tax administration and other formalities; they are also released from all taxes on their vehicle transportation. The personal and public property of refugees and Internally Displaced Persons they carry, including domestic animals, are not taxable.

10. All rights and privileges of returned refugees and Internally Displaced Persons in the places of their previous permanent residence apply the same to people who choose new places of residence.

11. The permanent administrative body, consisting of the sides' representatives and provided by the appropriate JCC authority, is responsible for the implementation of these Procedures.

Vladikavkaz, February 13, 1997

For the Russian side

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For the Georgian side

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For the South Ossetian side

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For the North Ossetian side

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Participating sides:

For OSCE

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For UNHCR – the United Nations

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AGREEMENT

On the Principles of the Regulation of the Georgian-Ossetian Conflict

Russian Federation and Republic of Georgia pressing for the faster cease of bloodshed and complete normalization of conflict between Ossetians and Georgians, following the desire to restore the peace and stability in the region confirm their devotion to the principles of the United Nations Charter and the Helsinki Final Act, act in respect with the human rights and freedoms, and the rights of national minorities, taking into consideration the agreement reached in Kazbegi on June 10<sup>th</sup> agreed on the following:

...

Article 4.

The sides should immediately begin negotiations for economic rehabilitation in the regions situated in the conflict zone, and create the necessary conditions for the return of refugees.

The sides consider unacceptable the use of economic sanctions and blockades, as well as any other obstacles to free movement of goods, services and people, and take responsibility for providing opportunities for humanitarian assistance to the local population.

...

For the Republic of Georgia

E. Shevardnadze

For Russian Federation

B. Yeltsin

· Galazov

T. Kulumbekov

AGREEMENT

Between the Government of the Russian Federation and the Government of the Republic of Georgia on Restoring the Economy in the Georgian-Ossetian Conflict Zone

The Government of the Russian Federation and The Government of the Republic of Georgia, in order to restore the regions in the Georgian-Ossetian conflict zone, and to create conditions for the return of refugees to the places of their permanent residence, agreed on the following:

...

Article 4.

The participant sides should organize a census of refugees from the Georgian-Ossetian conflict zone residing in the territory of Russian Federation and Republic of Georgia. Furthermore, the sides should assist their return and assist in rebuilding their houses, and other social purpose buildings.

...

Originally signed in Moscow on September 26, 1993 on two copies; each in Russian and Georgian language. Both texts are equally authentic.

For The Government of  
Russian Federation

For The Government of  
Republic of Georgia

AGREEMENT

Between The Government of the Russian Federation and The Government of the Republic of Georgia on the Restoration of the Economy in the Zone of the Georgian-Ossetian Conflict and the Return of Refugees

The Government of the Russian Federation and the Government of Georgia (the Executive power, when addressed to Georgia), referred to as contracting parties,

In accordance with the regulations of the Agreement on Principles of the Settlement of the Georgian-Ossetian Conflict signed on June 24<sup>th</sup>, 1992 (in Sochi), Memorandum on Measures for Security and Strengthening the Confidence Between the Conflicting Parties signed on May 16<sup>th</sup>, 1996 (in Moscow), and the Statement of the Meeting for a Full Scale Settlement of the Georgian-Ossetian Conflict signed on March 5<sup>th</sup>, 1997 (in Moscow),

In order to restore and develop economy of the regions affected in the Georgian-Ossetian conflict, and to create conditions for the organized return of refugees and Internally Displaced Persons (displaced by force) to the place of their previous permanent residence,

Agreed on the following:

Article 1

The sides acknowledge the necessity of the future financing of works in the zone of the Georgian-Ossetian conflict, and joint development with authorized representatives of both the South Ossetian and Georgian sides:

- The inter-governmental program of coordination in order to rebuild the economy in the zone of the Georgian-Ossetian conflict;

- The inter-governmental program of return, resettlement, integration and reintegration of refugees, including measures to restore households in the rural regions where the refugees return.

The parties will take measures to implement the mentioned programs jointly with international organizations.

The Georgian side should take measures to restore the rights of the refugees and Internally Displaced Persons in their previous residences in accordance with the norms of International Law.

The sides will assist international organization efforts to implement social, economic, and humanitarian programs in the regions affected by the conflict.

...

Originally signed in Tbilisi on December 23, 2000 on two copies; each in Russian and Georgian language. Both texts are equally authentic.

For The Government of  
Russian Federation

For The Government of  
Republic of Georgia

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## LENINGOR REGION: ITS POLITICAL PECULIARITY, DEMOGRAPHIC CHARACTERISTICS, ECONOMY, AND BOUNDARY PROBLEMS

*Maria Kotaeva*

The small Republic of South Ossetia, with its 100,000 population<sup>42</sup> located on the Southern slopes of the Greater Caucasus mountain range, became world-famous due to the extensive media coverage of the August 2008 war on its territory. On August 26, 2008, after repulsing the aggression, the Russian Federation recognized the Republic, and several other countries followed Russia's example. Today, South Ossetia continues developing as an independent state. The relations with Georgia, which does not recognize its sovereignty, and the state border with South Ossetia remain extremely tense. In fact, all relations with Georgia are broken off.

Since ancient times, Leningor (Akhgori in Georgian) region of South Ossetia traditionally has been a compact area of mixed residence of Ossetians and Georgians. Ossetians began settling on the territory of the present day Leningor region during the early medieval ages, from the Big Liakhva riverhead in Dzauski Region of the Republic of South Ossetia. The following Ossetian highland communities were founded first in Ksansk and then in Lekhursk gorges: Dzimyr (Jamuri) in the Ksan riverhead, Tsurta and Kartsukh<sup>43</sup> in the Ksan middle course, Aleu<sup>44</sup> to the east of Ksan, Chisan in the Ksan middle course and Lekhur in the Lekhur river gorge. According to the Georgian historian and geographer Vakhushti Bagrationi, the Ossetian population was approximately two thirds of all the residents in Ksanskoye Eristavstvo (Duchy of Ksani). There is an Eristovy-Ksanskyy princes' palace in the Leningor village that became a museum now. There are also many historical monuments in the region: Ikorta church (1172), Kaben (IX century) and Larguis<sup>45</sup> (XIII century) monasteries, Lomis, Armaz and Bikar basilicas, Tsirkol and Tsikmor fortresses.

In the XIXth century and up to 1922, the territory of today's Leningor region was part of the Dushetski uezd (district) of the Tifliss (Tbilisi) province.

During the formation of the South Ossetian Autonomous Region in 1922 the territory of the present day Leningor region became part of the autonomy in three separate regions: Akhgori, Lekhurski and Monasterski. Leningor region was established in its current borders in 1940. In September 1990 at the session of the Leningor Regional Soviet of People's Deputies the Leningor village was given a new name Akhgori (in translation from Georgian – "New Gori"). In turn, these decisions were recognized as illegal and unlawful by the South Ossetian Autonomous Region's Soviet of People's Deputies.

According to the 2002 census, the population of this mountain area of no more than one thousand square meters was 8,500 people.<sup>46</sup>

Despite the prolonged Georgian-Ossetian conflict, the relations between Georgians and Ossetians living in this region in general are smooth and often friendly, but the region itself became politically disputed by Georgian and Ossetian authorities. Georgia has never recognized South Ossetia's territorial integrity and Georgia considers that the capital and all the regions of the Republic of South Ossetia are part of Georgia. Although Leningor region went under the jurisdiction of Georgian authorities back in the 1990s when Zviad Gamsakhurdia was in power and remained so

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<sup>42</sup>Before the USSR desintegration and the 1989-1990 Georgian-Ossetian conflict.

<sup>43</sup> Former Karchokhi

<sup>44</sup> Former Alevi

<sup>45</sup> Former Largvisi.

<sup>46</sup> The Georgian Census data. The South Ossetian authorities have not conducted a census of full value yet.

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until 2008, it went under full political and socio-economic control of South Ossetia after repulsing the military aggression in August 2008.

Both South Ossetia and Georgia have always considered the entire Leningor region in its pre-conflict borders as part of their territory. In August 2008 Ossetian detachments jointly with the Russian army instituted control over the Ksanskoye gorge, thereby spreading actual jurisdiction of South Ossetia over the entire Leningor region.

Conflicts between the region and the district authorities started back in 1990 when on the special session of the Leningor Regional Soviet of People's Deputies on September, 4<sup>th</sup>, 1990 it was decided to condemn the Declaration of Sovereignty of the South Ossetian Autonomous Region, and also to rename the Leningor village into Akh'algori. As a result of the Georgian-Ossetian conflict in the beginning of 1990s Leningor region became divided between two countries for sixteen years. The western part of the region, inhabited almost exclusively by Ossetians (Lekhurskoye gorge and Tirifonskaya plain), remained controlled by the Republic of South Ossetia, not recognized at that time. The Ossetian part of the region kept the Soviet name "Leningor rayon" and the actual center of the region was the Tsinagar village. The authority of the Republic of Georgia was established on most of the region (Ksanskoye gorge) with its center in Leningor. The population here was mixed but the majority was Georgian. The center of the region restored its historical name Akh'algori and therefore the region was given a new name Akh'algorski. After the authorities of the South Ossetia established control over the Ksanskoye gorge there was a considerable decrease in the Georgian population there. In the following years, there was a complicated process of migration of Georgians in both directions. Currently, it is hard to define the actual number of the Georgian population, but during the planned issue of South Ossetian passports it can be expected that the structure of the population will be clarified. According to the data provided by M.Dzukaeva - the head of the Passport Office of Leningor region - as a result of a door-to-door count the population of the Leningor village itself is 1,600 people, not including four rural villages.

As a response to the fact that Leningor region went under the jurisdiction of the South Ossetian authorities in August 2008, Georgia cut off the gas supply to the region's population because gas, electricity and social security services were provided to the population of the region exclusively by Georgia. It should be noted that life here (as well as in the entirety of South Ossetia) has been divided into "before" and "after" 2008. This region is particularly a place of compact coexistence by Georgians and Ossetians living as a mixed population. Despite the fact that on the territory of Leningor region not a single shot was fired in August 2008 during the armed conflict, the tension among the Georgian population is increasing. The change of power, the translation of passport data into Russian, and further changes in the passport system cause discomfort for the Georgians. Meanwhile, the Georgian authorities quickly build hundreds and hundreds of prefabricated cottages in the Georgian village Tserovani, adjacent to Leningor. The cottages are for the Leningor residents to whom Georgia offers "better living conditions than in Leningor."

According to the Leningor residents "many locals are moving to Tserovani and are getting cottages there." At the same time they don't leave their houses in Leningor and part of the village residents begin to live "on two fronts," i.e. both in the new cottages in Tserovani and in their former residences in Leningor. It is remarkable that the Leningor region residents preserve their Georgian citizenship and Georgian passports. There is no accurate border with Georgia but people show their Georgian passports at the Razdakhan<sup>47</sup> checkpoint, where the South Ossetian Migration Servicemen work. Russian border guards perform further inspection and the Georgian migration service meets those who arrive on the Georgian territory.

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<sup>47</sup> Former Mosabruni

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Meanwhile, the authorities of South Ossetia realize that the Georgian policy is to resettle as many Georgians to Tserovani as possible and therefore minimize the Georgian population of the region, so the Georgian government allocates significant resources for the region's development. The region's plan for expansion includes in the first place – building an 80-km road Tskhinval-Leningor, laying electric transmission cables, connection to the natural gas supply line – gas pipeline “Dzuarikau – Tskhinval,” reconstruction of the public health care and culture facilities, issue of passports to the population, provision of the necessary border facilities, etc.

The most important domestic problem is still the absence of a natural gas supply in houses during the heating season. Currently, people install wooden stoves in their houses and heat schools with diesel fuel. Meanwhile, the South Ossetian representatives at the Geneva Discussions bring up this problem during each round. Before the 13<sup>th</sup> round of the discussions, the Georgian authorities announced their consent to resume gas service in the region on the condition that the Russian border guards will not consume this gas. In response, the South Ossetian side refused to get gas under the mentioned conditions.

According to the Assistant to the Head of the Leningor Region Administration Sergei Gagloev, the Social Security Department of the Leningor Region Administration supplied 64 low-income families from the Leningor region with free firewood for the winter at one cubic meter of firewood per family. One cubic meter of firewood is approximately half of a truck load and it costs 10,000 Rubles.<sup>48</sup> The Administration representatives emphasized that their help is not limited only to low income families. “Many people submit applications to us and we redirect these applications to the local forestry enterprise. According to the applications the forestry enterprise prepares firewood and delivers it to the households. We (the administration) pay part of the wood ‘s cost – 3,000 Rubles”, said Gagloev.

As for the diesel fuel Gagloev informed: “Schools and kindergartens are equipped with diesel boilers. We deliver low grade diesel fuel to schools and this helps keep the kids warm. We bought electric oil heating radiators for the classrooms, bedrooms and dining hall of the Leningor orphanage. This is all we are able to do. Unfortunately, there is no gas supply to the Republic. This is how we make do for the last three years.” The wood is prepared in the forests close to the Leningor region.

The electricity situation looks much better. According to the region's administration, since the beginning of 2010, when the power supply lines to the Leningor region of South Ossetia were completed, this electricity is used by more than sixty villages. Only two villages - Akhmadz and Tydjyta<sup>49</sup> - remain without electricity. Russian border guards are building a frontier post in Akhmadz and they are going to provide electricity there by themselves. The state enterprise “Energoresource - South Ossetia” is now purchasing all the necessary equipment in order to lay electric cables to Tydjyta village. The company is responsible for completing the job as soon as possible.

In 2010, the Administration of Leningor region of South Ossetia granted land to the Russian border guards to build their administrative buildings. New Russian frontier posts are now being built on the location of a dilapidated boarding school and its dormitory buildings that had stopped being used in 1992. Meanwhile, the Russian border guards are located in the building of the local forestry enterprise and in tents in the surrounding area.

The head of the Border Guard Office in Leningor, V. Lyubchenko, points out that the Russian border guards established friendly relations with the local people. Local Ossetians and Georgians

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<sup>48</sup> It is equivalent to 450 Lari in the Georgian currency.

<sup>49</sup> Former Nagomevi.



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consider the presence of the Russian border guards a positive fact. “Although we did not experience the horrors of the military aggression in 2008, still it’s much calmer to live under the protection of the Russian border guards” – says a grocery store assistant in Leningor, A.Kozaeva. “I don’t recall that Russian soldiers bother anyone here. On the contrary, with their presence business is looking up. Let them be here if they bother nobody,” says a vegetable seller, A. Mamishvili.

Meanwhile, the Georgian Foreign Ministry announces that the Russian border guards destroyed school #3 in Leningor region. Therefore, they accuse the Russian Federation of continuing the policy of ethnic purges of Georgians and also of ignoring one of the fundamental human rights, the right to get an education in one’s native language. According to Georgia, 150 Georgian and Ossetian children went to this school.

Following this statement, the deputy head of the Leningor Administration, A.Baratashvili, commented that no school in the Leningor region of South Ossetia was destroyed, and that Georgia tries to destabilize situation in the region again. Back in 2008, the Georgian authorities announced the closing of the Georgian schools, but it was not confirmed to be true by the human rights activists who visited Leningor. As of today, there are two schools working in Leningor a Georgian school and a Russian one. Since the Russian school building became completely dilapidated, its director Tsiala Dryaeva moved the schoolchildren to the Georgian school. Now both the Russian and Georgian kids study in one building, as there is no other building for school. Former school #3 Russian language teacher Zaira Chochieva described the situation in the classrooms: “Last winter, we were working in very difficult conditions. There was no heating in the classrooms, because Georgia cut off the gas supply back in 2008. We don’t have gas since then. We had to install wooden and oil stoves at school. We had low grade diesel fuel delivered. That’s how we heated the building. This situation was not just at school. There are 42 children in the busy Leningor orphanage who were never divided neither by Georgian authorities nor by Ossetians. The children are gathered in a room with a TV, toys, comfortable beds and the potbelly stove that provides the heat in the winter.”

There were up to 1,000 schoolchildren in Leningor schools before the August war, and today there are not even 300 in the entire region. There are wall newspapers and inscriptions in Georgian on the school walls even in the Russian school. For example, a fifth-grader from Tskhinvali won’t understand a Georgian inscription because he does not study this language and does not hear Georgian at home or in the streets. As for Leningor, every pupil there despite the main language speaks Georgian and understands it. However, the Russian school teachers are concerned not about kids speaking Georgian but about them forgetting Ossetian.

The teachers of Ossetian language and literature at the Leningor Russian school express their concern about lack of teaching aid in their native language, Ossetian language textbooks, works of Ossetian writers, traditions and customs study programs, etc. They repeatedly appealed to the Ministry of Education, Science and Youth policy of the Republic of South Ossetia with requests to provide the school with such materials, but not all their inquiries were satisfied. The problem still remains to be addressed.

There are only 33 pupils left in the formerly wealthy Russian school. There are 48 students in the Georgian school. This decrease is caused not so much by the bad conditions as by the fact that parents who move to the Tserovani cottage community near Mtskheta take their children with them. During the past three months, the Georgian authorities have built more than 2,000 cottages there.

According to the South Ossetian authorities, this practically uncontrolled resettlement to Georgia and back will stop after the passport system is implemented. Entering the Leningor region might require payment of a fee.

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The Head of the Migration Control Committee at the Ministry of Internal Affairs of the Republic of South Ossetia, Police Colonel S.Tigiev, says that the Migration Office of the Ministry of Internal Affairs of the Republic of South Ossetia is preparing to implement taxes for crossing the Georgian-Ossetian border for foreign citizens. Georgian passport holders will be considered foreigners when entering the Leningor region of the Republic. They will have to pay 320 Rubles of state taxes in accordance with article #14 of the “State Taxes of the Republic of South Ossetia” law. The law states that “while entering or leaving the Republic of South Ossetia the state taxes are paid as follows: a foreign citizen or a stateless individual has to pay 320 Rubles for obtaining temporary stay permission or for extension of a stay in the Republic of South Ossetia”.

Nowadays, individuals entering Leningor region of the Republic don't pay any taxes. This was confirmed by the Head of the Leningor region Administration A.Jussoev and the Police Colonel S.Tigiev, whose employees are on duty at the Razdakhan Border Checkpoint. In order to get the internal South Ossetian passport, accompanied by a full package of social services applicable to a citizen of South Ossetia, residents of the Leningor region wishing to do so receive nowadays documents of a so called “Form #9” and later they will start receiving the passports (although still there are no passport samples and the whole passport system invention is delayed). There is a lot of technical work involved: birth certificates' translation from Georgian to Ossetian, and filling of the address form and the statistical registration card also take time. The “Form #9” fee is 35 Rubles. It was taken into consideration that the residents of the region have low income levels, and therefore it was decided to lower the certificates' prices for them.

At the same time, the residents do not have to travel to Tskhinval Passport Office to change their documents and to be naturalized as South Ossetians, because they can do everything at their local passport offices. According to the region's Passport and Visa Office, they have already issued 600 “Form #9” certificates, and about 800 more applicants are waiting for their turn. This data includes only certificates and applications from the Leningor village itself. No certificates have been issued in the rural districts yet.

Dual Georgian-Ossetian citizenship is not stipulated by the existing legislation of South Ossetia, and based on the current political realities it is not likely that the appropriate agreements will be signed in the nearest future. This makes it clear that Georgians living in the Leningor village will have to make their choice: either keep their Georgian citizenship and refuse the South Ossetian one, or vice versa. It is preconditioned for everybody to refuse the Georgian citizenship in written form and deliver the Georgian passport to the passport office in order to receive the South Ossetian Passport.

“There are people that have been living in Leningor for decades, but they still have a Tbilisi residence permit. We have to register them here temporarily, but they don't want to cancel their Tbilisi registration because they have residences both there and here. Most of the people would like to have both Georgian and Ossetian passports, but we explain that it's impossible. It's time to make a choice. They can't live on the South Ossetian territory with both Georgian and Ossetian citizenship,” notes M. Dzukayeva.

The Border Administration of the Russian Federal Security Service (FSS) in South Ossetia noted that Leningor residents keep visiting Georgia with their Georgian passports. The press service of the Border Administration added: “The residents of the region can cross the border also using their temporary identity cards (Form #9), but they don't use them. The other side of this problem is that the Leningor residents will not be allowed to enter Georgia with these documents because the Georgian authorities do not recognize them as legal documents.”

Last January, the Russian military announced a strengthening of the border control between Georgia and South Ossetia in the Leningor region, where they would limit crossing the border for those who

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do not have either Russian or Ossetian passports. However, the residents are not ready to get passports under these conditions. For several reasons the Leningor residents consider these conditions of getting the South Ossetian passports disadvantageous. These reasons include having relatives in Georgia, trade and economic ties, studying at the higher educational institutions in Georgia, and qualifying for medical aid in Tbilisi. The Leningor residents are sure that they will not be allowed to enter Georgia through the Georgian border checkpoints with their South Ossetian passports. "I own a shop and I have to visit Gori regularly to get merchandise. I don't want to get into the politics but I think that every step of the two governments has an impact on ordinary people. They have invented some translations of the documents into Russian so far. We spent lots of time standing in lines there. Now we have to change passports. Nobody cares how I can go there to get the merchandise and how I will support myself," says Leningor resident I.Charaeva.

It should be observed that there are also other moods among the local residents.

"I am Ossetian by nationality. Twenty years ago we had to change our last names' endings into Georgian "-shvili" and "-dze" along with the Georgian passports. If not, one would find many paths closed. You could have got neither a decent job nor education. Everything is completely changed now. Why being an Ossetian and living in Ossetia should I need to carry the Georgian passport in my pocket? I will change the passport. However, I've only got the Form #9 so far. They said that the passports will be brought later," says 65-year old pensioner S.Margiev.

The local residents, both Georgians and Ossetians, willingly describe their problems, although some of them do not want to disclose their names. They suppose that it could cause them problems in the future, when they will cross the Georgian border. Fatima works in the souvenir shop in Leningor. She does not have the Form #9 yet, and she intends to delay this procedure as long as possible. "I am Georgian. I am working as a sales assistant. My son is living and studying in Tbilisi. I wouldn't mind getting the South Ossetian passport, according to the decision of the authorities but you should understand me, too – how will I be able to visit my son in Tbilisi then? I am almost sure that this passport will be either confiscated or torn off by the Georgian police at the border. At best, they won't let me cross the border. Refusal to keep Georgian citizenship simply means never seeing my son again. But I don't want to leave Leningor either. I have a house and property here. Do I have to sell everything because of the passports?" Fatima is puzzled. Sixty-three-year-old D. Javanashvili has diabetes. He came to the passport office to receive his and his wife's Form #9. At the same time, he is not ready to reject Georgian citizenship. David is sure that nobody in the village will give up Georgian passports, but everybody will come to get the South Ossetian ones. "The majority of people want to have Russian passports. Then, you can easily find a job everywhere in the Leningor region. I am Georgian myself but my grandmother was Ossetian. I am not against the Ossetian leadership, but I can't find a job without a Russian passport. And how will I visit the doctors in Tbilisi with my Ossetian passport? I have to visit the doctor in Tbilisi at least once a month. I definitely won't go there with my Ossetian passport. They simply will not let me in at the border. In Tskhinval, they won't be able to provide me with the same medical service as in Georgia," believes D. Javanashvili.

Speaking about the quality of Georgian medical services, we need to give good credit to Georgian doctors, because nowadays high quality medical attention is guaranteed to patients in Tbilisi and other cities. As for the Leningor region, its only hospital is facing difficulties not only with the medical aid itself, but also with lack of qualified specialists and the bad conditions in which the medical services are provided. One part of the building is under major repairs these days. 30 million Rubles are allocated for the hospital reconstruction. Meanwhile, the doctors work in the other half of the building. One can smell dampness and smoke inside the building, because it is still heated by firewood.

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Leningor Central Regional Hospital in the Leningor village started functioning in 1964. Since then, major repairs were undertaken only twice! As the Head Doctor of the hospital Z.Margiev says, “The whole hospital requires major repairs now. The working conditions, to say the least of it, leave much to be desired. Moreover, we need more pediatricians and dentists. There is no dentalprothetist at all. We sort of have a dentist, but he lives in Tserovani and comes to Leningor twice a week.

Zaur Mikhailovich has been working here as the Head Doctor nearly since the hospital was opened. During the first war,<sup>50</sup> at the times of “zviadizm” as he names it,<sup>51</sup> he was relieved of his position because he was Ossetian. Then, a surgeon whose last name ended with the Georgian “-shvili” was appointed as the region’s Head Doctor. As soon as South Ossetia restored its control over Leningor, Zaur Mikhailovich legitimately reacquired his previous position. “Nationality doesn’t make any difference for us,” he says. “We attend to all patients, making no difference between Georgians or Ossetians. Within nine months, we have attended to 193 patients. They promise to carry out major repairs in the hospital after the New Year. It would be great if this promise is fulfilled. Everything is alright with the medicine. The Ministry of Public Health of South Ossetia is regularly providing us with all the necessary medicine upon our requests.” One can hardly recognize sickbeds, surgical tables, antibacterial lamps, X-ray unit, etc. in the deformed pieces of iron while walking through the cabinets. There is no surgery department. X-ray and Ultrasound cabinets are falling into decay.

“The hospital will have enough room for at least 50 patients. Due to the pressure for money we’ll have to unite temporarily the emergency area, sanitary-hygienic station, outpatient department, and the hospital itself in the main building,” the Minister of Capital Construction, Road Building and Architecture of the Republic of South Ossetia, Ch.Khugaev tells us. The Russian contractor “Dagstroy” is renovating the hospital building. All the main specialists came from Dagestan. Two thirds of all the workers were hired locally. According to the plans of the Ministry of Construction, the hospital building renovation is supposedly to be finished in September this year.

Under these circumstances, the emergency and immediate care is still provided. “We go to all the rural districts as soon as we are called out. We get approximately up to ten emergency calls a day. We quickly drive out and provide firstaid to the populace. The Ministry of Public Health of South Ossetia provided us with five ambulances. It vastly improved the quality of the emergency aid. This was proof of the authorities of South Ossetia giving us much attention. We had only two old cars before,”-Z. Margiev tell us. The doctors don’t complain about their salaries. They say that this year their salaries were increased. A group of doctors from the Leningor hospital took advanced training courses in Russia last year. People are certain that, after the building renovation is finished, the working conditions will significantly improve and that the medical staff will be supplied with the new equipment.

All the mentioned problems of the Leningor region are held back by the biggest one, the poor road between Tskhinval and Leningor.

It takes four hours to cover the distance of eighty kilometers between Tskhinval and Leningor. The road is full of ruts caused by tractor traffic. These ruts can cause other vehicles, except "Kamaz" trucks and military vehicles, to become stuck in the mud. Hitting potholes and falling into the mud from time to time, a car slowly moves to Leningor. A big part of the road is a narrow mountain serpentine. The road goes past small villages, mountains and forests. There are builders, machinery, piles of crushed stone and other things along almost the entire road. The development of the road infrastructure in Leningor region of South Ossetia is one of the main parts of the Investment Program aimed to assist the Republic of South Ossetia in its social and economic

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<sup>50</sup>Here the speech reflects the military phase of the Georgian-Ossetian conflict in 1991 – 1992.

<sup>51</sup> It is time when Zviad Gamsakhurdia was in power, characterized by the display of national extremism.

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development in 2011. The importance of this development is noted at each meeting of the South Ossetian government. Russia has allocated 6.8 billion Rubles from its budget for the implementation of this program. More than half of it is planned to be spent on road construction. The largest project is building the Tskhinval-Leningor road. Moreover, it is planned to build local roads connecting the rural districts with each other. Meanwhile, road construction was started by the Inter-departmental Commission (IDC) for Restoration of the Republic of South Ossetia. Then, last year, their work was taken over by the FSI (Federal State Institution) “Southern Directorate on Programs and Projects Implementation.” This year, the contract oversight was changed again. Now, the Ministry of Construction of South Ossetia will have to finish building the road. The Minister of Capital Construction, Road Building and Architecture of the Republic of South Ossetia Ch.Khugaev notes that building standards were not observed at some sections of the road. In particular, there have been retaining wall installation breaches revealed. These retaining walls are meant to protect the road from the mudslides that occur here because there are a lot of hills along the road. The State Unitary Enterprise (SUE) “Dorexpostroi” is assigned as a general contractor.

It is clear that this road has a strategic importance for developing relations between the region and the capital of the Republic, which have been practically separated from each other for the past twenty years. Moreover, the road goes through many villages of the Tskhinval region. It will take approximately one hour to get from Tskhinval to Leningor by the new asphalt road – four times less than before! The importance of the Tskhinval-Leningor road, therefore, is comparable with the importance of Trans-Caucasian highway for the foreign policy of the Republic of South Ossetia.

It is becoming possible to develop cultural, educational and even economic relations between Tskhinval and Leningor on a new level.

The “Aluton”<sup>52</sup> brewery is an important economic facility located in the region. After a long downtime caused by the August 2008 fighting, it has started working again. A newly arrived specialist, I.Karimov, was appointed as a business leader. The brewery has reached its normal production capacity. 160 tons of beer of three kinds: “Aluton”, “Jigulyovskoe”, and “Karlov Most” were produced between December 2009 and April 2010. The beer was sold in Leningor, Tskhinval and in other regions of South Ossetia. However, the public prosecutor’s office has discovered that 800,000 Rubles received from sales did not reach the Republic’s National bank account. Therefore, on the 20<sup>th</sup> of April 2010, the brewery’s property was confiscated. A criminal case was filed against the brewery’s management based on the Criminal Code Part 4, Article 160 (misappropriation or embezzlement) and Part 4, Article 171 (illegal entrepreneurship) of the Criminal Code of the Russian Federation.<sup>53</sup> According to the general public prosecutor’s office, the brewery’s entire accounting documentation has disappeared along with the management as soon as the investigation started. The company is not currently operating, but the General Public Prosecutor’s Office of South Ossetia is ready to release the brewery from attachment as soon as the Ministry of Economic Development of the Republic is ready to take it over and resume the production.

Leningor region is constantly attracting much attention from international and various human rights organizations. It is regularly discussed in Geneva and at different meetings of the Western, Georgian and South Ossetian non-governmental organizations (NGOs). One of the reasons for such intense attention to the region is that it is a place of compact mixed settlement of Georgians and Ossetians. A visit to the region by a well-known Georgian politician and political scientist, Paata Zakareishvili, in summer 2009 drew a wide response in the public. He made sure himself that there is no oppression of the Georgians in the Leningor region, that social and economic problems are sequentially being solved and that the new administration is starting to work in a normal administrative routine. At the same time, Paata Zakareishvili’s visit raised questions in the South Ossetian Parliament addressed to the border guards leaders and to the Leningor administration

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<sup>52</sup> After the name of a heady drink from the Ossetian national epos Nartiadi.

<sup>53</sup> The Republic of South Ossetia uses the Criminal Code of the Russian Federation.

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representatives. An article was published in the Government newspaper “South Ossetia” expressing a low opinion of Paata Zakareishvili as a Georgian public figure and about his visit to the region.

In November 2010 the OSCE High Commissioner on Minority Groups visited South Ossetia. It should be noted that after August 2008, the OSCE has completely lost its authority among the population and the leaders of the Republic of South Ossetia due to its treacherous position on South Ossetia. That is why letting Mr. K. Vollebaek visit the region was South Ossetia’s expression of good will to have an open talk with international organizations. The Commissioner met the authorities and national communities of South Ossetia and also visited the Leningor region. Summarizing the results of his visit, K.Vollebaek reported at the OSCE Permanent Council. The authorities of South Ossetia considered it necessary to state their position on this report. The Ministry of Foreign Affairs of the Republic of South Ossetia was charged to announce this opinion.<sup>54</sup> “Unfortunately we have to state that many parts of this report contradict reality and Mr.Vollebaek’s statements during his visit to South Ossetia.” Mr. Vollebaek expressed his gratitude to the Russian and Georgian authorities who assisted him in organizing his visit but he “did not even mention the authorities of the Republic of South Ossetia (RSO) although giving him an opportunity to visit South Ossetia as a sovereign and recognized state, not yet a member of the OSCE, was granted exclusively by the authorities of our country.” Then, the Ministry of Foreign Affairs of the RSO points to the proof of an outrageous political commitment of the Commissioner: “Mr. Vollebaek noticed empty Georgian villages to the North and to the East of Tskhinval but he did not mention neither the ravages (of war) he saw in Tskhinval nor the ongoing reconstruction there or even the Georgian military aggression in 2008 against South Ossetia when all nationalities living in the Republic suffered. He discounts other nationalities while expressing his concerns on preservation of the Georgian ethnic identity in the South Ossetia, including the Leningor region. The report does not mention that there are eight Georgian schools in the South Ossetia, including six schools in the Leningor region, and that pupils study using Georgian textbooks and programs in these schools. The initiative of the South Ossetian authorities under the UNHCR supervision to return people who are considered in Georgia displaced and who are huddled together in Tserovani to the places of their permanent residence in the Leningor region was left unnoticed by the reporter. The report does not say anything about the possibility for the Leningor region residents to come visit their homes and work their lands. Nothing is said about the Russian humanitarian actions (including ones in the public health sphere) in the Leningor region. The report expresses concern about freedom of movement across the border (although they note about 800 border crossings daily) but it is not made clear that the obstacles for the cargo and people movement, including the humanitarian aid deliveries, are created by the Georgian authorities, not the South Ossetian ones, although that was experienced by Mr. Vollebaek personally.” The most indignation in South Ossetia was caused by Mr. Vollebaek’s approach to the problems of Ossetians: “We consider not mentioning in the report neither the Ossetians evicted from Georgia nor the problems of Ossetians currently living in Georgia as a display of a selective approach to the problems of minorities.” Despite the facts that during his visit to Tskhinval Mr. Vollebaek was given proof of violations of the rights of Ossetians in Georgia and that he received “a lot of complaints from Ossetians living in the Kakheti zone,” he did not mention any of these facts in his report. The South Ossetian Foreign Ministry statement ironically quotes Mr. K.Vollebaek constantly repeating persistent demands of the international organizations about the “necessity of a wider international presence” in the South Ossetia.

The Leningor region thereby has entered a new era in its history that started after the recognition of the Republic of South Ossetia. The conditions of this new era are determined by the beginning of the realization of massive reconstruction and development programs in the newly recognized state. As for the relations with Georgia and the border problems in the Leningor region, South Ossetia will be solving them in the interests of the people living in the area.

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<sup>54</sup> Comments of the Ministry of Foreign Affairs of the Republic of South Ossetia on the OSCE High Commissioner on Minority Groups Knut Vollebeck’s report at the OSCE Permanent Council session // South Ossetia Oct,27,2010.