

RUSSIA AND SOUTH OSSETIA: FORMATION OF A NEW STATUS QUO AND THE COST OF STABILITY

*Sergey Markedonov*¹

SOUTH OSSETIAN PRECEDENT

August 26, 2015 was the seventh anniversary of Russia's recognition of the independence of South Ossetia, a former autonomous district of the Georgian Soviet Republic.²

This event was the starting point for the formation of a new geopolitical status quo in the Greater Caucasus. It was also the first ever violation of the Belovezh Accords and its core principle safeguarding the reciprocal recognition of the territorial integrity of former Soviet Republics as new independent states of the post-Soviet space. For the first time since the collapse of the Soviet Union, 2008 saw the recognition of not former Soviet republics, but autonomous entities. It is worth elaborating here: de-facto Georgia lost its control over a considerable part of its former South Ossetian autonomous district (which provided grounds for the formation of an unrecognized statehood of South Ossetia) in as early as 1992. However, up until August 26, 2008 no state, including Russia, had recognized the independence of the Republic of South Ossetia.

From 2008 to 2015 four member states of the UN recognized the independence of the former Georgian autonomous district; Nicaragua (September, 2008), Venezuela (September, 2009), Nauru (December, 2009) and Tuvalu (September, 2011) followed Russia in recognizing South Ossetia's independence. However, in March, 2014 Tuvalu revoked its recognition.³ At first glance, the number is a far cry compared to the recognition rate of the former Serbian autonomous district of Kosovo. By the end of May, 2015 Kosovo's independence was recognized by 108 member states of the UN (which accounts for approximately 55 per cent of all UN member states). However, five EU member states (Greece, Spain, Cyprus, Slovakia and Romania) with four of them being NATO member states (except for Cyprus) and two permanent members of the UN Security Council (Russia and China) remain committed to support Serbia's territorial integrity.⁴ In addition, compared to the Turkish Republic of Northern Cyprus, a de-facto entity occupying 38 per cent of the conflict ridden island which managed to win just one supporter of its independence (Turkey) from 1983 to 2015, South Ossetia certainly enjoys some quantitative advantage.

Thus, a precedent for the international legitimacy of Georgia's former autonomous district exists, thanks

1 Sergey Markedonov is a political scientist, Ph.D. in History, and Associate Professor at the Regional Studies and Foreign Policy Department at the Russian State University for the Humanities. The views expressed in the article are the author's personal views and do not represent his place of employment.

2 The South Ossetian Autonomous District had been revoked by the Georgian central authorities a year before the collapse of the Soviet Union with a decision made by the Georgian supreme council on December 11, 1990. Pursuant to the Law of Georgia on Occupied Territories (Article 2, Paragraph B) South Ossetia is referred to as *Tskhinvali Region* (the territory of former South Ossetian Autonomous District). (See the Law of Georgia on Occupied Territories. Available at: <http://www.smr.gov.ge/docs/doc216.pdf>). The official webpage of the Georgian State Ministry's Office for Reconciliation and Civic Equality uses both South Ossetia and Tskhinvali Region (Available at: <http://new.smr.gov.ge/smr/FileList.aspx?ID=16>).

3 Tuvalu retracts Abkhazia, S. Ossetia recognition. March 31, 2014 (Available at <http://civil.ge/eng/article.php?id=27093&search=>):

4 Russia's approach to Kosovo is somewhat different from that of the People's Republic of China. Moscow expressed its readiness to recognize the independence of former Serbian district provided that official Belgrade agrees to do this first. This decision was voiced in the beginning of December 2013 by the Russian Ambassador to Serbia Alexander Chepurin (Available at: <http://www.svoboda.org/content/article/25163955.htm>)

to Russia. As laid down in the foreign policy concept of the Russian Federation (2013) ‘assistance to the formation of the Republic of Abkhazia and the Republic of South Ossetia as modern democratic states, strengthening of their international positions, ensuring sustainable security and their social and economic recovery remains among Russia’s priorities.’ In addition, normalization of bilateral relations with Georgia seems to depend on the ‘consideration of the existing political environment in Transcaucasia’, which implies a new status recognized by Russia beyond South Ossetia and Abkhazia.⁵ In spite of the commitment demonstrated by the great majority of the nation-states to support Georgia’s territorial integrity, South Ossetia managed to gain recognition to a limited extent. In this regard its status (together with Abkhazia) is different from that of the two other de-facto states within the post-Soviet area - Republic of Nagorno-Karabakh (a recognized part of Azerbaijan) and Moldovan Republic of Transnistria (de-jure part of Moldova) which have not been recognized by any of the states so far.

For the past seven years Russia has drastically changed its position regarding Georgian-Ossetian ethnopolitical conflict. All the way up to August 2008, Moscow, in spite of a significant evolution of its policies and from the point of a formal-legal view, had largely remained a participant in the peacekeeping operation and a broker for the regulation of opposition. However, from the very moment of the recognition of South Ossetia’s independence, Russia transformed into a military-political and social-economic patron of the two de-facto states, as well as a guarantor of their security and self-determination (not in its general meaning but implying the secession from Georgia).

These acts undertaken by Moscow ousted the whole pre-existing Russian policy towards South Ossetia and overshadowed those factors which had influenced its evolution. In 2008 and beyond, these actions have been largely considered as an emotional response to policies pursued by President Mikheil Saakashvili of Georgia (2004-2013). Relatedly, policies of the Russian Federation throughout the post-Soviet period have never been carved in stone but rather subjected to fluctuations within external and internal settings.

The paper aims to provide an overview of:

- Major stages of Moscow’s policy towards South Ossetia and influencing factors,
- Interests of the Russian Federation in the republic beyond the recognition of its independence,
- Contradiction between South Ossetia’s declared independence and growing dependence on Russia’s social, economic and political influence.

In the long run, the paper seeks to answer the question as to what is Russia’s ‘cost’ for its influence over a partially recognized entity, and what the pros and cons of this choice have been in the seven years since it was made.

MOSCOW’S SOUTH OSSETIAN POLICY: EVOLUTION OF THE APPROACH

Realpolitik of the Russian Federation towards South Ossetia was tightly linked with the dynamics of Georgian-Ossetian conflict. Russia’s engagement in this conflict took start from the first days it broke out. Firstly, the ideology of the South Ossetian national movement, unlike the one in Abkhazia, rested not as much on the secession from Georgia, as on the unification with Northern Ossetia (originally an autonomous republic within the Russian Soviet Federation and afterwards a national-state entity within the Russian Federation).⁶

5 Foreign Policy Concept of the Russian Federation (Available at: http://archive.mid.ru/brp_4nsf/0/76389FEC168189ED44257B2E0039B16D). 18 February, 2013

6 On January 19, 1992 a referendum on the secession of South Ossetia from Georgia and unification with North Ossetia, in fact with Russia, was held in South Ossetia. However, Georgians residing in abolished South Ossetian Autonomous District did not vote in this referendum. More than 90 per cent of voters who showed up at the referendum voted for the secession of South Ossetia from Georgia and unification with Russia. On May 20, 1992 Supreme Council of South Ossetia passed the *Act on the Declaration of Independence of the Republic of South Ossetia*. Legislative acts adopted by this unrecognized state have been recognized as the only source of the law. The text of the Act is available at: http://osinform.ru/1646-akt_provozglasheniya_

Secondly, because of the conflict ongoing on South Ossetian soil in the beginning of the 1990s, more than 43,000 refugees from both South Ossetia and Georgian districts, ended up being involved in yet another ethnopolitical confrontation between Ossetia and Ingushetia (over the territorial disputes around Prigorodni district).⁷

Confronted with a *parade of sovereignties* within Russia (Chechnya and Tatarstan's struggles for self-determination), Moscow supported Tbilisi's efforts to restore its territorial integrity. This position was stated at the meeting held between then chairs of Supreme Council of Georgia and Russia in Kazbegi in March 1991. In addition, in the beginning of the 1990s North Ossetian developments were not controlled directly by the Kremlin. Moreover, Vladikavkaz demanded that Moscow support (in one form or another) South Ossetia as a prerequisite for signing a federal accord. By the end of May 1992, North Ossetia blocked a pipe which channeled gas to Georgia.⁸

On June 24, 1992 president Boris Yeltsin of Russia and Georgian president Eduard Shevardnadze signed the Dagomys (Sochi) Agreements on the principles for the regulation of Georgian-Ossetian conflict.⁹ On July 14 a peacekeeping operation took off involving Russian, Georgian and North Ossetian peacekeeping battalions and a joint control commission was set up (consisting of representatives of the Russian Federation, Georgia, South Ossetia and North Ossetia) to monitor the implementation of the ceasefire agreement.

In such a way the armed conflict became 'frozen.' However, Moscow was still convinced that the solution to resolving the conflict lay in the restoration of Georgia's territorial integrity, with Russia undertaking a peacekeeping operation and supporting the status-quo assuming at the same time that the final solution of this conflict (as well as the Abkhaz resistance) would be safeguarded by its decisive role. At the same time, Moscow would be the guarantor of Georgia's integrity.

In February 1994 the Russian Federation and Georgia signed a series of agreements envisaging Russia's support for the empowerment of the Georgian army, defining locations of Russian peacekeepers and most importantly authorizing Russia to deploy its military bases in Georgia. In 1994 Georgia joined the Agreement on Collective Security (signed on May 15, 1992) and the Commonwealth of Independent States (CIS). In 1996 Russia responded with harsh statements to the introduction of the institution of the presidency in South Ossetia.¹⁰

Russia's position towards Georgia went through a major breakthrough in 1998 when Georgian authorities unilaterally and without taking into accounts Russia's interest attempted to derail the status quo and 'defreeze the conflict'. These efforts were taken in May 1998 in Gali district followed by similar actions in September 2001 in the Kodori gorge. (This was the notorious raid undertaken by infamous Chechen field commander Ruslan Gelaev). The aftermath of Russia's defeat in the first Chechen war brought a change in the position of the official Tbilisi towards the authorities of the separatist Ichkeria. Georgian leaders re-evaluated 'Russia's weakness' taking its bad luck as a beginning of wide-scale geopolitical withdrawal from the Caucasus. As a consequence, many Georgian experts and political scientists (especially in private conversations) admitted that inaccurate calculations were made.

As for the international context, since the end of the 1990s Georgia's aspirations towards NATO had surfaced, accompanied by not only certain rhetoric but also linked to attempts to minimize Russia's influence on the process of conflict regulation and in Transcaucasia in general. One of the foreign policy slogans of Shevardnadze's pre-election campaign pledged 'knocking on NATO's door' in 2005.

nezavisimosti_respubliki_juzhnaja_osetija_5032.html May 229, 2007

7 Georgia – South Ossetia: the Return of the Refugees – a Road to Peace. Policy brief. International Crisis Group. Europe N38. Tbilisi. Brussels. 2005. April 19.

8 For more detail see Markedonov, C.M. De-facto States of the Post-Soviet Area: Twenty years of statebuilding. Yerevan. 2013.

9 For the text of the agreement see: Conflicts in Abkhazia and South Ossetia: Documents 1989-2006 Russian Panorama, 2008. PP. 252-253.

10 Skakov. A. Y. South Ossetia: демография, экономика, политика Demographics, Economy, Politics//Georgia: Problems and Prospects. Russian Institute for Strategic Studies. 2001. P. 172.

Consequences of this approach showed themselves in the situation created in Pankisi gorge (2002) which had become a sanctuary for Chechen field commanders by the end of the 1990s and the beginning of the 2000s. Georgian authorities defiantly chose Washington rather than Moscow to fight back the terrorist threat.¹¹

At the same time, against all odds and the above described deteriorations, Moscow largely continued its support to the status-quo with regard to South Ossetia. Firstly, the peacekeeping mission was being undertaken jointly by Georgian and Russian battalions. Secondly, the rehabilitation of the conflict zone was secured by a series of important documents adopted by the parties. In May 1996 the Memorandum on Measures to Ensure Security and Reinforce Mutual Confidence between the Parties to the Georgian-Ossetian Conflict was signed followed by the procedure on the Voluntary Return of IDPs and Refugees Resulting from the Georgian-Ossetian Conflict to their Permanent Place of Residence in February 1997. A special commission was set up to oversee the implementation of these agreements on the return of refugees. In 2000 Russia and Georgia signed an intragovernmental Agreement on Cooperation for the Rehabilitation of the Economy in the Georgian-Ossetian Conflict Zone and Return of Refugees. Thirdly, the president of North Ossetia Alexandr Dzasokhov (in office from 1998 to 2005) played a significant role in the regulation of the conflict through his personal relations with his former fellow member of the Political Bureau of the Communist Party's Central Committee Eduard Shevardnadze. All these circumstances contributed to sparking the situation.

Moreover, significant positive potential in the process of conflict regulation had been accumulated for over 12 years of joint activities. Unlike Abkhazia, South Ossetia was not affected by wide-scale ethnic cleansing of the Georgian communities. All the way up to August 2008, Georgians and Ossetians maintained shared life, while the constitution of the self-declared republic of South Ossetia recognized Georgian as a language of the minority. In light of the ceased shooting incidents, blockades and provocations, relative peace had been achieved. Direct public transport connected Tbilisi and Tskhinvali while trade venues (e.g. the Ergneti market) were used jointly by Georgians and Ossetians, and the plate numbers of vehicles were mutually recognized. It is worth noting that under post-war conditions contraband was the core of the economy of the territory with 'a pending status' with both ethnic communities involved in smuggling. It was this shadowy economy that tightly linked South Ossetia to Georgia, contributing at the same time to confidence building between the conflicting communities through informal means.¹²

However, developments unfolding during Spring-Summer of 2004 in South Ossetia served as a watershed. On May 31, 2004 special forces of the Georgian MIA (300 persons) were sent in South Ossetia allegedly to combat smuggling without prior notification to the Joint Control Commission. Consequently, these actions were interpreted as an attempt of the Georgian authorities to restore order in its internationally recognized territory. Many commentators then and now tend to ask a pathetic question implying that 'Georgian authorities could not have acted differently' and 'nobody other than the Georgian government had the agency to restore order on their own territory'. However, one needs to be mindful of an important detail: while signing the ceasefire agreement in 1992, Georgia had agreed to yield a part of its sovereignty to the Joint Control Commission.

It was the Commission (with representatives of Georgian authorities together with Russian and South and North Ossetian counterparts as its members) which was authorized to exercise control on the 'demarcation corridor'. The content of the Agreement strictly prohibited all parties (including Tbilisi) from imposing economic sanctions or blockades, or impeding humanitarian activities or the return of refugees. Moreover, peacekeepers were authorized to 'take all measures to localize armed clashes and eliminate paramilitary groups in districts and villages of the territory of former South Ossetian Autonomous District beyond the

11 Markedonov, S.M. North Caucasus Map of Georgia. //Free Opinion. 2010. № 12. P. 45.

12 Kolstø P. Blakkisrud H. Living with Non-recognition: State- and Nation-building in South Caucasian Quasi-states //Europe-Asia Studies. 2008. № 60 (3). P. 483-509.

boundaries of conflict zone and the security corridor’.

The breach of this agreement (followed by ignorance of and tampering with all its terms) paved the way to ‘unfreezing the conflict’. The events of 2008 were just a logical finale of this process. Sadly, the international community had yet to adequately assess the process of ‘unfreezing’ (2004-2008) even though this very process accounts for Moscow’s adopting harsher and emotional attitude towards Abkhaz and South Ossetian issues. Finally, Moscow chose to recognize the two former autonomous entities. Since that time, this decision has served as an argument by the West, blaming Moscow for revisionism as well as unilateral support of separatists.

Direct military confrontation between Russia and Georgia leading to the complete destruction of the status quo ante, the recognition of Kosovo’s independence (for the first time after the collapse of the Socialist Federal Republic of Yugoslavia an autonomous rather than a unionist entity was recognized), as well as controversial interpretations of agreements, more specifically the Medvedev-Sarkozy agreement¹³ had pushed Russia to recognize Abkhaz and South Ossetian independence.

INDEPENDENCE FROM GEORGIA OR RUSSIAN PROTECTORATE?

Socio-political life in South Ossetia over the past seven years has been characterized by fundamental discrepancies between its declared independence and Russian’s strengthening military-political and social-economic positions in this partially recognized republic, while the secession of the latter from Georgia was firmly secured.

Thanks to Russia’s military support, South Ossetia has substantially improved its geopolitical condition. In 2008 Akhlagori (Leningor district) fell under the control of South Ossetian authorities. However, asserting control on the so called Liakhvi Corridor is the most significant achievement. The Liakhvi Corridor includes four villages of Kekhvi, Tamarasheni, Kurta and Achabeti. Previously by maintaining control over the corridor, Tbilisi managed to cut off the capital Tskhinvali from the Roki Tunnel and Java district (a direct pathway to Russia). On April 7, 2010 the Russian Federation and South Ossetia concluded an agreement on the integration of the Russian military based on South Ossetian territory.

Since Spring 2013 South Ossetia, with the support of the Russian Federation, has been installing signs and barbed wire fences on the line of divide with Georgia. In July 2015 as a result of the installation of new border signs on the line between Khurvaleti and Orchosani, a small section of the strategically important Baku-Supsa oil pipe happened to fall under the control of Tskhinvali.¹⁴

As of today scenarios similar to a ‘small war’ in Gali district (1998), raids in Kodori gorge (2001), deployment of internal troops and creating an administration loyal to Tbilisi (2006) or ‘freezing’ conflict in South Ossetia (2004-2008) seem practically infeasible.

Moreover, Moscow has been providing financial support for the rehabilitation of South Ossetia, and remains the major contributor to its budget. The volume of Russia’s financial support to South Ossetia in 2008-2013 amounts to 34 billion rubles (slightly above 1 billion US dollars).¹⁵ In 2014-2015 South Ossetia’s budget received 6.7 billion rubles from Russia while in 2015 Russia allocated 6.6 billion rubles for the same purpose. As of 2016 the South Ossetian budget is estimated 8.9 billion rubles. The share of the

¹³ The reference is made to a plan for peaceful regulation of the military conflict between Russia and Georgia signed on August 12, 2008 in Moscow. The original plan consisted of 6 points. However, consultations held with President Saakashvili of Georgia, the thesis envisaging discussion of the status of South Ossetia and Abkhazia at an international level was removed from the plan.

¹⁴ Гамцемлидзе Д. *Why Georgia is Disappointed with pro-Western Course?* Available at: <http://carnegie.ru/publications/?fa=60818> July 23, 2015.

¹⁵ Khloponin: The volume of Russia’s financial support to South Ossetia has been estimated 34 billion rubles since 2008. Available at: <http://www.newsru.com/finance/19jul2013/sosetiarumoney.html> July 19, 2013.

Republic's own revenues totals 8 per cent, with the rest coming from Russia. This was the case in previous years as well, when the share of the revenues of South Ossetia to its own budget ranged from six to eight per cent.¹⁶

Russian support has led to drastic changes to the role of the Georgian factor in South Ossetia's political life, with Georgia becoming a shadow. In the 1990s it would be more than enough to link any South Ossetian or Abkhaz politician to Georgia to put an end the latter's ambitions. Attacks on Eduard Kokoiti's rivals during 2001-2012 well illustrate this. As of today, playing out a Georgian card is not effective anymore as demonstrated by the presidential elections of 2011-2012 in South Ossetia while in Abkhazia scandals and black PR campaigns on this ground have been far more intense. However, all attempts to use a so called Georgian trace against Ala Jioeva failed, even though in the end Jioeva could not make it to the presidency. A precedent of peaceful change of the government in South Ossetia had nevertheless been created. Nor did the Georgian theme come to the fore during the parliamentary elections of 2014, which ended up with victory of United Ossetia party. On the contrary, political discussions revolved around defining South Ossetia's prospect under Russia's aegis. In the end, the party promoting the idea of South Ossetia's unification with North Ossetia and ultimately within a single subject under the Russian Federation managed to gain greater support.¹⁷

In 2012 the Georgian Dream Coalition led by Georgian billionaire Bidzina Ivanishvili ascended to power as a result of the parliamentary elections and a year later the coalition's candidate Giorgi Margvelashvili replaced Mikheil Saakashvili as the president of Georgia. New authorities have pledged to normalize bilateral relations with Moscow and already made first moves towards this direction. Georgia chose not to boycott the winter Olympics in Sochi. Georgian goods (wine and mineral water) has returned to Russian markets and since December 2012 representatives of Russia and Georgia (Gregory Karasin and Zurab Abashidze) have been holding regular direct negotiations. However, in spite of these developments, Russian authorities have repeatedly declared that they are not going to retract the recognition of Abkhazia and South Ossetia as a cost of normalizing relations with Tbilisi. Also, at his 'big press-conference' (held on December 17, 2015) Vladimir Putin did not completely exclude the possibility of an agreement between Georgia and the two partially recognized entities (Abkhazia and South Ossetia) based on a compromise.¹⁸ However, this verbal hypothesis of President Putin has nothing to do with the revision of the recognition of South Ossetia and Abkhazia. Nor does it imply any 'new reality in Transcaucasia as it is formulated in Russia's foreign policy concept.

At the same time, it would be extremely naïve to believe that abstract love for small nations of the Caucasus and their aspirations for self-determination lies in the core of Russia's political course. Moscow's logic is grounded in rigorous policies to uphold its own national interests. In his exclusive interview, the head of presidential administration of the Russian Federation Sergey Ivanov clearly and unambiguously voiced this priority: 'we have brought everything in compliance with rules and procedures of the Russian budgetary legislation. It is not a secret that we have been spending billions to support Abkhazia and South Ossetia. This is our tax money rather than a 'wishlist' of the republics' authorities and we are determined to have every ruble accounted for'.¹⁹

16 Incomes from Russia to the South Ossetian budget amounts to 92.2 per cent. Available at: <http://www.kavkaz-uzel.ru/articles/274855/> 23 December, 2015.

17 After collecting more than 44 per cent of votes, United Ossetia Party won 20 from 34 seats in the Parliament of South Ossetia and Anatoli Bibilov became the speaker of the Parliament. Available at: <http://south-osetia.kavkaz-uzel.ru/articles/243970/>

18 Annual press-conference of the President of Russia. Available at: <http://www.kremlin.ru/events/president/news/50971> December 17, 2015.

19 'I won't deny it – I tend to be sneaky from time to time'. Available at: http://www.gazeta.ru/politics/2013/09/30_a_5675153.shtml October 1, 2013.

RUSSIA'S INTEREST AND A CONTROVERSIAL PARTNERSHIP

So what has Moscow actually wanted, judging by his actions for the past seven years? Russia would have been interested in maintaining loyalty within its internal policies. In addition, there has been a clearly marked interest towards strategically important objects such as the railway and Ochamchire Black Sea coast in Abkhazia where a Russian military-naval base will be deployed and a resort complex built. On the other hand, South Ossetia without an entry to the sea is attractive in its own way. The republic is located in immediate proximity of Georgia's capital city Tbilisi. As of today Russian-South Ossetian checkpoint is located only within 450 m (!) of a highway of Trans-Caucasian importance, connecting Azerbaijan, Armenia and eastern Georgia with the latter's Black Sea ports and Turkey.²⁰

However, in order to maintain its outpost in the South Caucasus, Moscow has to resolve key problems facing the partially declared republic, or at least make a considerable progress in this direction. As of today low demographic potential in light of geographic and international isolation is one of the most significant challenges facing South Ossetia.

As a result of Georgian-Ossetian ethnopolitical conflict the population of South Ossetia has significantly shrunk. However, it would be extremely difficult to adequately assess the dynamics of these changes. The 2002 census of the Georgian population covered only those areas of the former South Ossetian Autonomous District which remained under the control of Tbilisi after armed confrontation came to an end in 1992. At that point of time 7730 residents were registered by the Georgian statisticians.²¹

From September 15 to 30, 2015 the first ever population census after the collapse of the Soviet Union was conducted in the Republic. The findings suggest that as of today, more than 51,000 people call South Ossetia home.²² According to the Office of the State Minister for Reconciliation and Civic Equality 'the region is practically depopulated. As of today the population of Tskhinvali Region/South Ossetia totals 15-20 thousand residents'.²³

Today's South Ossetia has been affected by a series of negative factors. Firstly, the rehabilitation of South Ossetia after the 'five-day war' is yet to be finalized and the provision of accommodation, heating and water still remains a challenge. Secondly, the Republic suffers from the lack of employment opportunities and an underdeveloped labor market. Thirdly, South Ossetia has been experiencing problems related to the production sector (in fact the industrial base maintained to this day in the republic was built in the Soviet era). Such business as transit trade between Russia and Georgia (with all its costs in the form of shadowy schemes) ceased as a result of 'unfreezing' the conflict during 2004-2008. The business has never been resumed even after 2008 because of ambivalent relations between Moscow and Tbilisi. As of today, prospects for resuming this kind of business seem highly unlikely. Consequently, it has become impossible to attract wide-scale investments (unrecognition of the republic at the international level also contributes to this problem). A series of challenges drastically increases the dependence on Russian funding, which cannot be secured even in the amount received in previous years considering a financial-economic crisis within Russia and increased expenses for the maintenance of Crimean infrastructure.²⁴ Director General of the Economic Expert Group Alexandr Andryakov argues that 'expenses on Crimea are record high and none of the North Caucasians republics has ever received such amounts from the Federal budget'.

To a considerable extent, it is this social-economic exhaustion and the risk of transforming into

20 Gamtsemlidze, D. Ibid.

21 Ethnic groups of major administrative-territorial units [of Georgia] Available at: http://upload.wikimedia.org/wikipedia/commons/9/92/Georgia_Census_2002_Ethnic_group_by_major_administrative-territorial_units.pdf

22 Census: More than 51.000 reside in South Ossetia. Available at: <http://ugosstat.ru/perepis-v-yuzhnoy-osetii-prozhivayut-bole-51-tysyachi-chelovek/> November 13, 2015.

23 Tskhinvali Region/South Ossetia. Available at: <http://new.smr.gov.ge/Detailspage.aspx?ID=42>

24 Hundred million will not suffice. Available at: <http://www.vedomosti.ru/newspaper/articles/2014/05/20/100-mlrd-ne-hvatit/#ixzz3Iqu5jG8P> May 20, 2014.

an administrative territory receiving budgetary allowances in light of the popular negativity of recognizing the legitimacy of the Georgian state, that pushes both politicians and the population of South Ossetia to fight for a ‘unifying idea’. Thus, a unified Ossetia within the Russian Federation is viewed as a project which promises a better future than Moscow’s military-political forepost in the Caucasian region. This is where a fundamental difference from the Abkhaz project lies. Abkhazia has focused on the construction of its own state (the feasibility of this idea to become a reality is a whole new question).

Signing agreements with Russia was the key event in the political life of Abkhazia and South Ossetia in the past two years. The Russian-Abkhaz agreement on alliance and strategic partnership was signed on November 24, 2014 while the Russian-South Ossetian agreement on alliance and integration was signed on March 18, 2015.

Together with shared characteristics, the two agreements are also different in their ways. The Abkhaz side craved for revising the document in such a way to safeguard their own preferences (for instance, Russia was not granted the right to Abkhaz citizenship and to the acquisition of property in Abkhazia and the word *integration* was taken away from the above document). The South Ossetian side, on the other hand, had a keen interest in becoming deeply integrated with Russia, even to the extent of joining the Federation (following Crimea’s example).

However, Moscow is not rushing to accelerate developments and multiply the Crimean case across the Caucasus. The breakdown in Russian-Ukrainian relations during 2013-2015 has not led to a total disruption of previously adopted approaches by the Russian Federation. These approaches continue to be tailored not to the universal scheme, but to individual positioning. When feeling threatened by looming changes to a status-quo favored by Russia (as happened in Abkhazia and South Ossetia in 2008 or in Crimea in 2014), the latter turns to escalation and resorts to revisionist instruments. On the other hand, if there is the hope to sustain the state of affairs (i.e. cases of Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia after 2008) Moscow plays it slow and does not rush to change the rules of the game. The total revision of borders within the post-Soviet space will lead to more aggravated sanctions and deepened confrontation with the West. In light of the economic crisis and already imposed pressure through sanctions, it is evident that incumbent Russian authorities are not willing to take additional risks.

Consequently, supporting the status quo under which South Ossetia remains a partially recognized entity being ‘more than a usual subject of the Russian Federation but less than an independent state’ is perceived by Moscow to be the best possible option. At the same time, Russia continues to fund South Ossetia’s budget and support its rehabilitation (even though the effectiveness of these measures begs questions even for official representatives of the Russian authorities),²⁵ Integration the defense system and security and will play the role of a broker in internal political processes (in particular, during elections). First and foremost, the control over South Ossetia allows Russia to establish itself as a key player across the Caucasus and set its own agenda without taking into account other players (the US and EU) and secondly, South Ossetia’s geographic proximity to Tbilisi and strategically important communications of Georgia, Armenia and Azerbaijan puts Russia in an advantageous position when it comes to potential risks (as it happened during unfreezing the conflict in 2004-2008) while it also tries to ‘insure’ against these risks. Thirdly, the undetermined status of South Ossetia serves as leverage on Georgia in case the latter’s Euro-Atlantic aspirations are reactivated.

Nevertheless, Russia is in need of a new agenda towards South Ossetia which would not necessarily be linked with wider geopolitics: it should not be focused on the *Georgian threat* (which is not topical at the moment), but rather on those challenges pertaining to the relations between Moscow and Tskhinvali, starting from the quality of budgetary spending all the way up to issues related to the republic’s rehabilitation

25 South Ossetia must advance to a new economic level – Surkov. Available at: <http://regnum.ru/news/polit/1740930.html> December 4, 2013

process. It is essential that a transition from a conflict and rehabilitation paradigm to a paradigm of development take place as soon as possible. At least new resources for the Republic's development are required.

Thus, putting together a well-informed formula for normalizing relations with Tbilisi is of utmost importance. Terrorist threats and challenges (posed in particular by the Islamic State which has already started infiltrating the North Caucasus and the Georgian border areas adjacent to them) can be responded to effectively only if there is cooperation between Moscow and Tbilisi, regardless of unresolved controversies over the status. However, every sign of the normalization of relations between the Russian Federation and Georgia is seen cautiously (if not negatively) in Tskhinvali. The question remains: how can cooperation with the partially recognized entities and normalization of Russian-Georgian relations be fused within a holistic system of these controversial relationships?