

# Taking Stock for the Future: the Southern Caucasus at a Crossroads

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## A time for decisions

The people of the Southern Caucasus are coming to a crossroads and a moment for choices.

Thirteen years after gaining independence from the Soviet Union, nearly half of the population of Armenia, Azerbaijan, and Georgia (collectively referred to as 'the Southern Caucasus' in this note) are still living below respective national poverty lines (World Bank, 2003).<sup>1</sup> The provision of basic services has virtually ground to a halt in some regions, unemployment is high, and for many it is hard to find even a day's work.

During the last 10 years, the enormous human and natural resources of the Southern Caucasus have been wasted by conflict and the collapse of social services. Despite relatively steady economic growth, benefits have been unfairly distributed between rich and poor people, with widespread corruption and the abuse of power leading to instability.

In 2000, the three countries signed up to the United Nations' Millennium Development Goals (MDGs) – international targets for reducing global poverty.<sup>2</sup> This commitment to poverty alleviation presents a major opportunity which must be seized in order to improve the lives of citizens. To do this, there is a need for the development of dependable and accountable institutions which will deliver reform.

Oxfam calls on national governments, the international community, and civil-society organisations to work together to make the best policy decisions and choices about public expenditure to improve the lives of poor and vulnerable people.

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<sup>1</sup> Percentage of population living below national poverty line: Armenia – 43 per cent; Azerbaijan – 50 per cent; Georgia – 55 per cent.

<sup>2</sup> International targets for the reduction of poverty, listed in full in the annex to this paper.

## Poverty in the Southern Caucasus

Oxfam has been working in the Southern Caucasus, responding to both humanitarian and development needs, since 1993. At that time, the region was embroiled in three armed conflicts: in Abkhazia, South Ossetia, and Nagorno-Karabakh. Ten years later, the Southern Caucasus remains home to more than 1.1 million refugees and internally displaced people (UNHCR 2002). They continue to live in a state of uncertainty, while the unresolved conflicts remain in political stalemate.

The turbulence of the 1990s not only uprooted large numbers of people but also disrupted their livelihoods. Trade ceased between Armenia and Azerbaijan, severing the natural links between the two countries. Local markets were forced to operate in isolation, and access to international markets remains limited. The stalemate also makes the region unattractive to foreign investors. Thus the potential for reviving historically viable and badly needed trade relations remains unrealised.

Before the regional conflicts began, the break-up of the Soviet Union had led to mass unemployment and the erosion of institutions which had previously delivered free social services for all. Millions of people were driven into abject poverty. Since then, some groups have become conspicuously rich, while others still struggle to survive.

The changes affected men and women in different ways. Women proved to be more resilient to the wholesale socio-economic changes that spread mass unemployment across the region. In many households, women took on the role of breadwinner (a role traditionally attributed to men); they engaged in small-scale production and trading, adapting to the crisis more easily than men, who found it difficult to accept that they were no longer the wage earners. As a result, household tensions led to domestic disputes, and to violence in the worst cases.

## What can be done?

Oxfam and other development agencies have witnessed situations in which poor people have proved capable of breaking the vicious cycle of poverty. For example, primary health-care projects, funded by Oxfam, have given people access to essential drugs and basic health care in places where health services previously provided by the State had collapsed. Up to 100 villages in Armenia now run community-based health schemes, which meet the basic needs of local villagers. Such schemes have proved feasible and effective, but they will need to be supported by the government if they are to benefit larger numbers of poor people in the country. A second example of community initiative is provided by Oxfam's micro-finance projects in the three countries of the region, offering loans and training to help poor people to engage in small businesses. These projects and those of other development agencies have shown that, with support, poor people can be creative, efficient, and successful in their business activities.

Both examples show that positive change is possible. In the first case, poor people benefited from access to affordable primary health care, while in the second case poor people made use of loans and skills-training to earn their own living. However, both examples also show that the impact of such successful initiatives will remain limited unless the national governments support or create accountable and transparent institutions to ensure that larger numbers of poor people can benefit from them.

Oxfam has encouraged partnership between local communities, civil-society organisations, governments, and donor agencies through its work on the development of Poverty Reduction Strategy Papers and budget monitoring. We believe that such partnerships are crucial to the establishment of the institutions that will deliver much-needed reforms.

## Now is the time for action

Oxfam believes there is huge potential within the region to achieve positive change. We want to see existing foundations used as the basis to start building a better future. The commitment of the three states to work towards achieving the Millennium Development Goals offers hope to people living in poverty in the Southern Caucasus. In the next ten years, the national governments, donor agencies, and civil-society organisations need to work together more energetically to develop new modes of partnership to rise to this challenge. They should begin by reaching consensus on the causes of poverty and agreeing on the obstacles that need to be overcome in order that the wealth of this rich region can be fairly shared by all. As a pre-requisite, it is essential to find and implement solutions to the destructive conflicts in Abkhazia, South Ossetia, and Nagorno-Karabakh.

Experience gained from 10 years of working in the Southern Caucasus has taught Oxfam that reducing poverty and achieving the Millennium Development Goals in the region will depend upon specific conditions:

- new economic opportunities for poor people, to ensure that wealth is not accumulated only in the hands of a few;
- access to basic, affordable services, particularly health care, for poor people;
- better governance and accountable and transparent institutions, delivering reforms to improve the lives of poor people.

These must be achieved to make the vision for a prosperous and secure region a reality for millions of poor people across the Southern Caucasus.

# Annex

## What are the Millennium Development Goals?

Commitments made at international conferences and world summits during the 1990s were summarised in the Millennium Declaration issued by world leaders in September 2000. Drawing on the declaration, the United Nations Development Programme (UNDP) worked with other UN departments, funds, and programmes, the World Bank, the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD) to produce a concise set of goals, numerical targets, and quantifiable indicators to assess progress towards the reduction of world poverty. The new set is known as the 'Millennium Development Goals', which include eight goals, 18 targets, and more than 40 indicators. The UN General Assembly has approved these as part of the Secretary-General's 'Millennium Roadmap'.

The Millennium Development Goals, to be achieved by 2015, include:

- halving extreme poverty and hunger
- achieving universal primary education
- promoting gender equality
- reducing under-five mortality by two-thirds
- reducing maternal mortality by three-quarters
- reversing the spread of HIV/AIDS, malaria, and TB
- ensuring environmental sustainability
- developing a global partnership for development, with targets for aid, trade, and debt relief.

(Source: UNDP)

### **More information about the MDGs can be found at:**

[www.oxfam.org.uk/what\\_you\\_can\\_do/campaign/mdg/index.htm](http://www.oxfam.org.uk/what_you_can_do/campaign/mdg/index.htm)  
[www.un.org/millenniumgoals/](http://www.un.org/millenniumgoals/)  
[www.meetingthemdgs.org/](http://www.meetingthemdgs.org/)  
[www.makepovertyhistory.org/home.html](http://www.makepovertyhistory.org/home.html)

## References

UNHCR (2002) 'UNHCR Statistical Yearbook', accessed 7 October 2004  
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