AZERBAIJAN'S SECURITY PERCEPTIONS:

Old Challenges with New Faces

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Security sector reforms have found a new impetus in Azerbaijan since 2013, leading to several important achievements; however, the worsening security situation in the South Caucasus has had a directl impact on the national security environment. Specifically, the non-resolution of the Nagorno-Karabakh conflict, coupled with regional threats, has forced Azerbaijan to re-consider its response mechanisms. In this regard, greater international co-operation is needed. **Azerbaijan's Security Perceptions: Old Challenges with New Faces** *assesses the threats and the scope for international co-operation, including the opportunity for the OSCE Minsk Group to re-start a genuine peace process with tangible results. Along with international support for peace negotiations, this would help to build trust in relation to one of the region's most pressing security challenges – the Nagorno-Karabakh conflict.*

New and Evolving Threats

Over the past decade, Azerbaijan's perception of security threats has been shaped by multiple factors. Old threats have gained new forms, as in the case of radical extremism evolving into a serious jihadi threat, and with the outbreak of serious military clashes in regard to the protracted Nagorno-Karabakh conflict. In addition, Baku has seen the emergence of new threats, such as cybersecurity.

Azerbaijan's willingness – at times eagerness – to neutralise and address the security threats it faces is shaped primarily by the positive as well as negative changes in the regional and international environment. One angle of transformation – essentially the result of the negative trends observed in the South Caucasus region as a whole – started with Russia's war with Georgia in 2008, which intensified and complicated regional security dynamics. Then Moscow's 2014 annexation of Ukraine's sovereign territory, Crimea,

KEY RECOMMENDATIONS

The **OSCE Minsk Group** needs to revive dedicated efforts towards a framework agreement to the Nagorno-Karabakh conflict, including adherence to the Madrid Principles based on the Helsinki Final Act, reducing the scope for manipulation and misinterpretations. Initial steps should be followed by confidence-building measures, including a prisoner swap between Armenia and Azerbaijan. The role of the **EU Special Representative to the South Caucasus and the crisis in Georgia** – to contribute to a peaceful settlement of conflicts in the region, including the crisis in Georgia and the Nagorno-Karabakh conflict – should be re-energised.

The **Azerbaijani government** needs to step up co-operation via regional and international frameworks, and to create a co-ordination body in the case of cybersecurity. **International co-operation in intelligence and information exchange** is needed to limit the number of Azerbaijanis going to fight for ISIS in Syria and Iraq, and in limiting the risk of terrorist actions by ISIS or Al-Qaeda-led cells in Azerbaijan.

NATO-based co-operation on critical energy infrastructure should be considered a top priority. The existing format of co-operation, staff-based training, should be upgraded to a new level so that not only Azerbaijan, but also Georgia, will benefit from enhanced security protections.

Independent media and civil society must be supported and strengthened, in order to increase their capacity to advocate for transparency and accountability of governance, and to be involved in policy reform.

increased antagonism between Russia and the West. Consequently, Russia's presence in the region has been strengthened while the West, in the shape of the US and EU, has become less involved.

The West has not offered an alternative security umbrella to protect countries such as Azerbaijan, which are seen as more delicate and uncertain investments than, say, Georgia, a country eager to move rapidly into the Western political-security sphere. Furthermore, Western engagement with Iran to halt its nuclear programme put official Baku in a politically tough spot, although the finalisation of the nuclear deal has been mutually beneficial. One source of tensions between Tehran and Baku was Azerbaijan's security co-operation with Israel – a country that violently opposed the Iran nuclear deal. While Baku-Tehran relations have turned positive since the deal, the sustainability of this trend is questionable. Furthermore, the wider security environment was also adversely affected by the fallout from the ongoing Syria crisis and attendant tensions between Russia and Turkey.

In this light, the emergence of new security threats and the transformation of old threats pose a number of capacity challenges, and require changes to strategic approaches. Azerbaijan's threat perception is set out in two strategic documents, the National Security Concept adopted in 2007 and the Military Doctrine, adopted in 2010. But neither of these two documents has been adjusted to reflect the changes in the regional security environment, or to address the emergence of new security challenges. The strategic documents need to be updated to address security vulnerabilities, and to allocate responsibilities among different national security institutions (in some cases, the allocation of responsibilities is not clearly defined).

Collaboration between the security forces and public institutions is also required, given the complex character of the threats, clearly illustrated by the case of jihadi extremism. The security forces are capable of preventing extremism, but other government institutions have failed to take practical action to eliminate the spread of religious extremism. Despite the replacement in July 2014 of the head of the State Committee for Work with Religious Organisations, nothing has changed. Leadership changes are insufficient when it comes to strengthening capacity. Instead, what is needed is the introduction of programmes and policies to better educate the population, as well as improved social welfare to prevent citizens from becoming alienated from society and turning to religious extremism.

Within the security forces, there has also been fragmentation. Until 2015, the police forces under the Ministry of Internal Affairs and Ministry of National Security were the main structures working against religious extremism and terrorism; however, their specific mandates are not clearly defined. There is a need for a single institution with a full mandate to deal with this issue.

Moreover, according to Kaspersky Lab's 2016 findings, "Azerbaijan is a country with high level of cyber threats".[1] In light of the information war with Armenia, the number of cyberattacks is increasing, with risks for e-governance activities. Although a March 2013 decree assures the activities of the Centre of Electronic Safety under the Ministry of Communication and Information Technologies, the centre does not have the resources to deal with a high-risk cybersecurity environment, and a better command structure is needed.

Current State of Security Services: Changes and Challenges

On the institutional level, major changes have taken place in two institutions in recent years, namely the Ministry of Defence (MoD) and the National Security Ministry. As well as replacing the leadership, structural changes have also been implemented. The new Minister of Defence, Zakir Hasanov, was appointed in October 2013, and structural changes at the MoD since his appointment are an important indicator of the state of defence reform. Specifically, they are a critical factor in the armed forces' ability to provide real offensive readiness in case of war, i.e. beyond rhetorical threats. Change was essential because, especially during 2011-2012, reports of corruption, together with non-combatant fatalities, damaged the image of the ministry. A public opinion poll by the

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1   *Kaspersky: Azerbaijan is a country with high level of cyber threats*, ABC News, 18 April 2016, http://abc.az/eng/news/95505.html

by Zaur Shiriyev

Caucasus Barometer showed that in 2011 44% of the population fully trusted the army,[2] down from 59% in 2010.[3] Therefore, at the end of 2013, the new Minister of Defence took action in two directions: staff redistribution and improvements in the quality of personnel; and increasing the capabilities of the armed forces through tactical trainings and more frequent military exercises with Azerbaijan's military ally, Turkey.

" *Within the framework of NATO's Partnership for Peace programme, the border security service was changed from a military structure to a law enforcement structure, and the authority of the Ministry of Defence and the General Staff must be separated in the future.* "

In terms of institutional changes, the shift in momentum took place at the structural level, especially among command structure staff.[4] It included the removal of a few generals, following an internal investigation into corruption – although the exact number of removals was not made public by the MoD. The aim was to end corruption, which was hindering military reform and international engagement, namely with NATO. Another goal was to improve the public image of the armed forces.

The second aspect entailed improvements in the scope of bilateral co-operation, especially with Turkey, to benefit more from military exercises. Turkey was already playing an integral role in staff training and education of Azerbaijani army personnel, but since 2013 there have been several changes. Previously, Azerbaijan-Turkey joint army exercises were enacted in response to similar army exercises by Armenia (with Russia or the Russia-led Collective Security Treaty Organization (CSTO)) close to the line of contact between the Azerbaijani and Armenian armed forces. However, this was a kind of political manoeuvre, rather than tactical, practical army unit training. In contrast, since 2014 the joint training with Turkey has expanded from land forces to include air forces and special forces training.

Within the framework of NATO's Partnership for Peace programme (PfP), a number of goals have been realised at the structural level. Notably, the border security service was changed from a military structure to a law enforcement structure and, to conform with NATO standards, the authority of the Ministry of Defence and the General Staff must be separated in the future. Azerbaijan's NATO Individual Partnership Action Plans (IPAPs) required these changes to build institutional capability in the defence sector. To date, the main challenge lies in the MoD's responsibility for implementing all the required reforms. While the reforms have been partially implemented, the MoD itself needs to be reformed. In the process of the withdrawal of the General Staff from the structure of the MoD, in the first state full authority should be invested in the MoD for the management of all armed forces. In the final stage, the General Staff would be transformed into a Joint Staff with operational control of all armed and security forces.[5]

The existence of paramilitary groups – armed elite units that answer to other Ministries, such as the Ministry of Internal Affairs, and the State Security Service – causes problems with co-ordination among national security structures, leading to fragmentation. Furthermore, the number of civilian staff in the Ministry needs to be increased, and the MoD needs to be made accountable to parliament; at present there is no mechanism for parliamentary oversight.

2   "Trust towards Army - Caucasus Barometer Azerbaijan", The Caucasus Research Resource Centers (2011), http://caucasusbarometer.org/en/cb2011az/TRUARMY/
3   "Trust toward Army - Caucasus Barometer Azerbaijan", The Caucasus Research Resource Centers (2010) http://caucasusbarometer.org/en/cb2010az/TRUARMY/
4   *Seven generals, including former Defence Minister Safar Abiyev, sent to reserve from the armed forces of Azerbaijan* (2014), APA Agency, http://en.apa.az/news/208426

5   *Azerbaijan: Defence Sector Management And Reform*, Policy Briefing, Europe Briefing N°50, 2008 (page 12), International Crisis Group, http://www.crisisgroup.org/~/media/Files/europe/b50_azerbaijan__defence_sector_management_and_reform.pdf

In December 2015, the National Security Ministry was split into two structures: the State Security Service and the Foreign Intelligence Service.[6] The latter's importance is evident with the emergence of the jihadi threat via recruitment of Azerbaijanis as foreign fighters in Syria and Iraq, a focus the state security service was lacking.

Despite these changes, the ministerial mandates still lack clarity. There is a need for international institutional support in capacity building and strengthening. Given the international nature of the security threats, Baku needs to step up co-operation via regional and international frameworks. Similarly, bilateral and multilateral co-operation increases effectiveness when it comes to trans-boundary issues such as drug trafficking. There are two major problems with Azerbaijan's various security institutions: one is the lack of co-operation between the institutions dealing with particular threats, which results in fragmentation. It would be prudent to create a co-ordination body, for example in the case of cybersecurity. The other problem is the lack of capacity of security institutions. The functionality of the structures and their ability to co-operate with international bodies both need to be improved.

Internal and External Security Challenges

Azerbaijan's internal and external security challenges are interlinked. The challenges and mechanisms for neutralising them have been outlined in doctrinal strategic documents, such as the National Security Concept and Military Doctrine adopted by the government.

The number one security challenge is the ongoing Nagorno-Karabakh conflict. According to the military doctrine, Armenia's continued occupation of Azerbaijan's territories is the chief threat. However, both strategic papers state that the risk of "acts of aggression against Azerbaijan by any state rather than Armenia at the current stage is low level".[7]

The intensity of the conflict between Azerbaijan and Armenia has been gradually escalating since the August 2014 clashes, increasing when an Armenian helicopter was shot down in November the same year. In this context, a "new normal" has emerged, where new skirmishes come as no surprise. The latest round of skirmishes in April 2016 was significantly more serious, with many more casualties. The number of military personnel and armaments involvement indicated a kind of "mini-war" between the conflict parties – the most serious since the 1994 ceasefire. The continued dearth of diplomatic negotiations – not least after April 2016 – might propel the government of Azerbaijan to intensify its military rhetoric accompanied by action along the line of contact in response to growing public dissatisfaction.

Separatism and religious extremism constitute another security challenge. The Military Doctrine describes this as the "continuation of stirring up by separatist forces of separatist tendencies in different regions of Azerbaijan".[8]

The threat of separatism dates back to the beginning of the Nagorno-Karabakh conflict in the 1990s, when separatism was fuelled by external powers, and separatist tendencies continue to pose a major threat, especially in the northern regions of Azerbaijan near the border with Russia. It is no secret that in the 1990s, Russian intelligence exacerbated this threat by supporting ethnic groups as a way of putting additional political pressure on Azerbaijan. However, this support has declined, replaced by a more subtle type of information warfare, whereby intelligence-backed civil society groups are deployed to give voice to the ethnic separatists.[9]

But religious extremism is a new phenomenon that has replaced separatist movements as a key threat over the past decade (alongside the prevailing security challenge of Nagorno-Karabakh). Some factions have committed terrorist activities inspired by Al-Qaeda, posing a risk to internal security.

Since 2011, a new face of religious extremism has emerged. The Syrian conflict has led to

6   *State Security, Foreign Intelligence services created in Azerbaijan*, Trend.Az, 14 December 2015, http://en.trend.az/azerbaijan/politics/2469304.html

7   *Military Doctrine of the Republic of Azerbaijan*, Ministry of Defence of the Republic of Azerbaijan, 2010, http://www.mod.gov.az/doktrina.htm

8   *Military Doctrine of the Republic of Azerbaijan*, "Doctrine" Journalists' Military Research Center, 2012, https://azdoctrine.wordpress.com/2012/11/03/military-doctrine-of-the-republic-of-azerbaijan/

9   *How an Ethnic Group in Azerbaijan Became the Center of Geopolitical Intrigue*, Jardine, B., & McCarrel, R., Muftah, 6 April 2015, http://muftah.org/geopolitical-ethnic-group-azerbaijan/#.V3q_5N969Y

by Zaur Shiriyev

the recruitment of foreign fighters from the Caucasus, though the number of Azerbaijanis that have joined Al-Qaeda-affiliated terrorist groups is less than 100. The number of Azerbaijanis fighters in Syria started increasing with the growing international prominence of ISIS. According to official data, up to 300 Azerbaijanis have joined ISIS, but the expert community believes the real number is far higher.[10]

In trying to prevent Azerbaijanis from joining the jihadi insurgency, changes to the criminal law were introduced in March 2014, as a result of which joining terrorist groups and participating in foreign military forces is punishable by imprisonment for up to 12 years. In December 2015, an amendment to the Law on Citizenship added "participation in a terrorist organisation" and "military training/fighting abroad" as grounds for automatically losing Azerbaijani citizenship.

From this perspective, it seems likely that in the coming years international co-operation/ support and better institutional engagement will be necessary to deter new threats, and the instability in the North Caucasus and Syria will remain a source of threats.

The external and internal threats to Azerbaijan's security are not limited to those mentioned above. Additional threats include the possibility of another regional conflict that could erupt into war, such as the Russia-Georgia conflict. Russia's militarisation activities in the Caspian Sea and the North Caucasus represent another source of concern. In the Caspian Sea, Moscow violated the Declaration of the Heads of States of the Caspian Littoral States. Under that declaration, the states agreed to make the Caspian Sea a non-military zone, but Russia used its Caspian flotilla in its intervention in Syria in 2015. Secondly, as NATO considers strengthening its military capability in order to better protect its members in Eastern Europe, Moscow has announced the deployment of new divisions in military districts close to the borders of Georgia and Azerbaijan, which will make both Baku and Tbilisi more vulnerable.[11]

Another less vivid, but still serious, internal security challenge for the government is internal stability. Economic decline, accelerated by the lower price of oil, and the resulting public dissatisfaction might lead to instability, compounding the concerns raised by the increase since 2014 in arrests of human rights campaigners, journalists, and opposition figures.

Challenges in the Economic, Energy and Human Security Dimensions

One of the clear challenges for Azerbaijan has been the global decline in oil prices, which led to the devaluation of the local currency. The country's economic development, based on the oil export model, has slowed. When oil prices dropped to below US$ 30 per barrel, it was catastrophic for the country. The need to improve infrastructure and available oil revenues resulted in the following growth model in Azerbaijan: financing (investment) was provided by the state, while the private sector implemented projects (acting as a client). However, as oil prices collapsed, the model became unsustainable.[12] The economic decline gives rise to security challenges in two regards. The first is liquidity, in terms of securing the development of ongoing gas projects, namely the Trans Anatolian Natural Gas Pipeline (TANAP) and Trans Adriatic Pipeline (TAP). As a result, post-devaluation Baku has been required to sell some shares to foreign companies.

The second challenge is the risk of public unrest if economic conditions continue to decline, which was visible when protests broke out in several regions of Azerbaijan during January-February 2015, a month after the currency devaluation.

Overcoming the economic decline requires reform and growth of the non-oil sector – which is the country's longer-term goal. In the short term, however, the country needs foreign investment. This means the government is prioritising the establishment of an attractive business environment – with

10 "ISIS Fighters Returning to Azerbaijan Seen Creating Serious Problems for Baku," Goble, P., *Windows on Eurasia*, 2015, http://windowoneurasia2.blogspot.com/2015/11/isis-fighters-returning-to-azerbaijan.html
11 *Russia warns of retaliation as NATO plans more deployments in Eastern Europe*, Solovyov, D. and Kelly, L., *Reuters*, 2016, http://www.reuters.com/article/us-russia-nato-divisions-idUSKCN0XV0TU
12 *Azerbaijan Economy: Act to Attract*, Hasanov, A. 2016, Tbilisi: Bank of Georgia, 2016, http://galtandtaggart.com/dw/downloadReport.php?fl=326

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tax breaks and reduced customs barriers for foreign companies. This could be achieved by adapting the model of Production Sharing Agreements (PSAs) reached with oil companies in the 1990s. Such a model could be applied to foreign investment in all sectors of the economy, and could reduce the damage wrought by economic decline by attracting foreign investment to improve the competitiveness of private sector development and to fuel long-term economic growth.

> " In order for Azerbaijan-NATO co-operation to move forward, Baku has voiced its desire for co-operation on critical energy infrastructure. "

In terms of the existing infrastructure in Azerbaijan, the most important is the critical energy infrastructure for multinational oil and gas projects. This infrastructure delivers Azerbaijan's Caspian oil and gas to European markets, and is potentially vulnerable to physical and cyber threats. The long-term concern is that the protection of energy infrastructure is the responsibility of each host country. For example, in regard to the Baku-Tbilisi-Ceyhan (BTC) pipeline, all three countries bear responsibility for security on their territories. Despite the fact that Azerbaijan, Georgia, and Turkey have tried to improve protections for energy infrastructure by making it a common goal, co-operation between the three states is limited to contingency planning in the case of neutralising possible industrial threats, and there is no contingency planning for terrorist attacks, or interventions or sabotage by foreign forces.

The security risks are open-ended in terms of protecting Azerbaijan's energy infrastructure. The primary issue is the limited capacity of the security services to protect offshore energy fields, crucial to energy production – such as the Sangachal Terminal. The other problem

is the extremely limited maritime domain awareness (MDA) in the Caspian Sea,[13] despite its improvement through maritime security co-operation with US government support since 2011. Furthermore, in regard to the ongoing Nagorno-Karabakh conflict, if war broke out between Azerbaijan and Armenia, Yerevan could potentially target ballistic missiles at energy infrastructure – with devastating results.

The BTC pipeline is also part of Azerbaijan's critical energy infrastructure, connecting the country with Georgia and Turkey. This pipeline entails clear security risks, having already been the target of a terrorist attack in 2008, when the section in Turkey was attacked by the PKK terrorist organisation, which repeated such attacks in 2015.[14] This shows both the necessity of a contingency plan to counter possible future damage to the BTC pipeline. Institutional support will be needed, preferably through increased NATO engagement in developing such a contingency plan. At present, there has been little NATO engagement since the 2006 pipeline security exercises known as "Eternity".

Beyond economic and energy security concerns, for Azerbaijan, human security has three dimensions that pose security risks. The first is the vulnerability that stems from the ongoing Nagorno-Karabakh conflict. The daily lives of both soldiers and residents living close to the line of contact are affected, and ceasefire violations cause casualties. In total, the number of soldier deaths since the 1994 ceasefire agreement is up to 1,000, with more than 1,200 wounded. Civilian casualties are up to 100 with more than 150 wounded.[15]

The second dimension is the threat to human development. The UN's 2015 report placed Azerbaijan in the high human development category – at 78 out of 188 countries.[16] Despite this ranking, there have been setbacks. Due

13 *Azerbaijan Military Naval Forces,* Globalsecurity.org, http://www.globalsecurity.org/military/world/azerbaijan/navy.htm
14 *PKK terrorists attack pipeline in Turkey's northeastern Kars province*, DailySabah, 24 August 2015, http://www.dailysabah.com/nation/2015/08/24/pkk-terrorists-attack-pipeline-in-turkeys-northeastern-kars-province
15 *More than 2000 injured or dead in Karabakh war,* Caspian Defence Studies Institute, 2016, https://caspiandefense.wordpress.com
16 *Briefing note for countries on the 2015 Human Development Report: Azerbaijan* (pages 1-2), United Nations Development Programme, 2015), http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/AZE.pdf

to the economic downturn, poverty has been increasing and, despite a decade of tangible improvements, the education and healthcare systems have not registered sufficient progress in meeting human development goals.

The third dimension of human security that raises concern is the increase in restrictions on freedom of speech since 2013. In general, the government is failing to uphold its democratic commitments, as highlighted in the following section.

Freedom of Expression and the Threat of Propaganda; Threats to Democratic Values and Civil Society

A major setback in domestic politics has been the weakening of the country's democratic credentials. This has seriously damaged the country's international image, resulting in new restrictions on relationships with Western countries and international institutions. Since 2013, the country's already poor democratic record has worsened with further restrictions on civil society. New legislative amendments placed restrictions on the ability of NGOs to operate in the country, and an increasing number of government critics were arrested and jailed. According to the Freedom House 2015 report, Azerbaijan has retained its not-free status, and over the past two years the country's scores in civil liberties and freedom of expression have further deteriorated.[17]

Furthermore, in 2015 the OSCE Mission office in Baku was closed down, along with the Radio Free Europe/Radio Liberty bureau. Prior to that, the bank accounts of US-funded NGOs, such as IREX and National Democratic Institute, and other international NGOs including Transparency International, were frozen.[18] The response of the EU and US to this crackdown has led to a new low in bilateral relations.

Media freedom and the ability of civil society to function is additional cause for alarm. The trend is one of total state control of the media. Independent media already had limited space to operate in the country, but in recent years even the more moderate critics have been silenced, leaving the country with an almost wholly pro-government media.

The scope for civil society activities has become severely limited. For a number of years, independent NGOs with sufficient Western funding played a role in stimulating civic projects that improved public life and discourse in various areas. This has disappeared since the laws on NGOs were tightened, starting in 2009, and became increasingly evident in 2013-2014. The government now sees Western-funded NGO's as "foreign agents" who want to support opposition groups[19] – a similar position to that taken by the authorities in Russia.

In December 2013, the parliament of Azerbaijan adopted changes to the NGO law that made it obligatory for foreign NGOs to appoint Azerbaijani citizens as deputy chiefs, including in branch offices. The authorities expected that this manoeuvre would result in independent NGOs reliant on Western funders avoiding criticism of the government. However, this "warning" was not sufficient, and it became clear that these NGOs would continue their work as usual. As a result, foreign NGOs were branded as "foreign agents", and the authorities moved to a policy of controlling who received resources form Western organisations. Several institutions were forced to close their local offices as a consequence.

Even earlier, the government planned to decrease the influence of foreign funders. This aspiration was described as a strategic goal in official strategic documents. Most recently, in the development concept, *Azerbaijan-2020: Outlook for the Future*, it was declared that "in order to develop civil society, it is important to stimulate the private sector's donor activity and achieve an institutional level in this sphere."[20]

17 *Country report: Azerbaijan/ Freedom in the World in 2015,* Freedom House, 2015, https://freedomhouse.org/report/freedom-world/2015/azerbaijan
18 *Baku Tightens Screws On Civil Society, Media*, Coalson, R., Radio Free Europe/Radio Liberty, 2014, http://www.rferl.org/content/azerbaijan-squeezes-civil-society-media/26574692.html

19 *Some NGOs try to change Azerbaijan's constitutional system through donor funding*, Trend.Az, 2014, http://en.trend.az/azerbaijan/politics/2334649.html
20 *Azerbaijan 2020: Outlook for the Future* (page 30), Official website of the President of the Republic of Azerbaijan, (2012), http://www.president.az/files/future_en.pdf

The launch of the EU's Eastern Partnership programme in 2009, and the EU-funded Eastern Partnership Civil Society Forum, was accompanied by EU financial support to NGOs for capacity building and development. However, the NGO law has erected a real barrier to further funding, and this has left the financial needs unmet.

The other problem is that independent media helped mitigate the impact of external propaganda in the country that reach the country from Iran and Russia-backed media channels. Since 2015, Russia has increased its presence by opening a local online media outlet called Sputnik Azerbaijan, along with a Sputnik radio station broadcasting on local airwaves. While Russian-led media outlets generally appear loyal to the Azerbaijan government, they often spread disinformation about Western institutions. This is a way of damaging public perceptions of the West. In this way, the impact of Russian propaganda in Azerbaijan has significantly increased, although the number of such media outlets remains fairly low.

From the beginning of 2016, a few positive developments occurred, namely the release through presidential pardons and court rulings of 15 people widely regarded as political prisoners, and the unfreezing of the bank accounts of some local NGOs. These positive steps need to continue because, during the past three years, the limitation on foreign financing of NGOs has also damaged the funding of educational projects, including projects in several private universities in Azerbaijan. It will be particularly important for EU funding to NGOs to be unblocked.

Enhanced Co-operation with NATO

Azerbaijan's co-operation with NATO has been instrumentalised on the basis of Baku's contribution to the Alliance's peacekeeping missions, particularly in Afghanistan. In return, as well as the Alliance's co-operation and support in the defence-security sector, Azerbaijan has enjoyed its symbolic political support for Azerbaijan's territorial integrity. This has been mentioned in NATO's summit declarations.

The deficiency of co-operation has been observed in Azerbaijan's waning enthusiasm and aspirations for defence sector reform, which had envisaged the upgrading of the armed forces to NATO standards. This was partly due to Baku's concerns about Russia's opposition to full-fledged co-operation, especially following the Russia-Georgia war. Additionally, at the technical level, the failure of defence reforms to fully conform to NATO standards, notwithstanding the partial reforms achieved, was due to mismanagement and corruption among the leadership of the armed forces. This changed following the appointment of a new Minister of Defence, Zakir Hasanov, in 2013.

The new momentum for NATO-backed defence reform that came with the new minister's appointment saw structural reforms in the MoD, especially among command structure staff. More responsibilities were given to NATO- and Turkish-trained staff, people who had previously held fairly junior positions. However, this momentum encountered political barriers.

The Ukraine crisis has caused new antagonism between Russia and the West, and Moscow's annexation of Crimea gave rise to worries in official Baku, leading it to take a low-profile stance with regard to its relations with NATO. The effects of this can be seen in the delaying of co-operation beyond defence reforms. After the end of NATO's International Security Assistance Force (ISAF) mission in Afghanistan, to which Azerbaijan had contributed a peacekeeping mission since 2002, a new mission was on the table. However, Baku delayed its response in the chaotic environment that surrounded the conflict in Ukraine, fearing that Baku's involvement with NATO would risk angering Moscow at a volatile time. Moscow regarded alignment with NATO as a mark of hostility towards Russia.

Russia was already mistrustful of NATO's engagement in the South Caucasus region, and this increased with the establishment of the NATO-Georgia Joint Training and Evaluation Centre, perceived by Russia as a step forward in the Alliance's engagement in the region in general, and in Georgia in particular. However, Azerbaijan's political leadership found an equilibrium moving forward: Baku's support for the Afghanistan mission could be justified, as Azerbaijan would not increase

by Zaur Shiriyev

the capacity of its peacekeeping mission. This entailed a continuation of the mission after 2014. Moreover, beyond the NATO angle, Baku was concerned with the security of its own borders and so was already co-operating with regard to anti-terror and drug-smuggling threats from Afghanistan. Due to Azerbaijan's strengthened role in civilian missions in Kabul, at the end of 2015 Baku officially joined NATO's Resolute Support Mission in Afghanistan by providing troops, multimodal transit, training, and financial assistance.[21]

However, in order for Azerbaijan-NATO co-operation to move forward, the parties need to find common ground for future engagement beyond the Afghanistan mission. In this respect, Baku has voiced its desire for co-operation on critical energy infrastructure on many platforms. Among NATO's partner countries, Azerbaijan is the only country dealing with this issue. Nonetheless, the Partnership for Peace programme does not cover such co-operation, although the Wales Summit declaration emphasised that "[the Alliance] will continue to consult on and further develop our capacity to contribute to energy security, concentrating on areas where NATO can add value".[22]

Common ground could be achieved by launching an Energy Security Centre of Excellence (ESCE). Beyond the political reaction of external actors, in particular Russia, the practicalities of establishing an ESCE should not pose major problems, notwithstanding the fact that to date these kinds of centres have been opened only in member countries as opposed to partner countries. But given the opening of the NATO-Georgia Joint Training and Evaluation Centre in Tbilisi, one solution could be to create an Energy Security Department at this training centre, administered and overseen by the authorities in Baku. Either way, this possibility would give Baku more visibility inside NATO on energy security issues, involving the sharing of some responsibilities.

In order to enhance what the PfP programme offers to Azerbaijan, two things are required.

21 Address by Mr. Elmar Mammadyarov, Minister of Foreign Affairs of the Republic of Azerbaijan, at the NATO RS Ministerial, Ministry of Foreign Affairs of the Republic of Azerbaijan, 2016, http://www.mfa.gov.az/en/news/881/3666
22 Wales Summit Declaration issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Wales, 2014, http://www.nato.int/cps/en/natohq/official_texts_112964.htm

First, while the PfP programme was a good starting point for co-operation, it is now out-dated with regard to today's challenges. The programme needs to be updated, or a new kind of programme should be introduced for all participating states, and programme capacity should be improved on a country-specific basis.

The second core issue is to increase Turkey's capacity or give it formal authority to support Azerbaijan's path to NATO standards in defence training. Based on past experience and considering current realities, giving Turkey - as an ally of Azerbaijan – the authority to lead on this under the NATO umbrella could be highly effective. This approach could stimulate progress in other areas; for example, NATO's expectation that Azerbaijan will adopt a Strategic Defence Review is moving slowly. This was also the case with the Military Doctrine and National Security Concept, which were delayed by several years.

As for NGOs' co-operation on security strategy, civil society has limited engagement in Azerbaijan on NATO issues, such as civil-military partnership. Civil society has no role in the reinforcement and questioning of military structures because, unlike in Georgia and Armenia, Azerbaijan has classified the IPAP documents. In addition, the government has restricted the functioning of the majority of civil society groups.

Perspectives for EU Integration

EU-Azerbaijan relations have worsened in recent years, and there has been a mismatch of mutual expectations vis-à-vis co-operation. The EU proposed a way of developing co-operation through the Eastern Partnership initiative, with the endpoint as the signing of an Association Agreement, including a Deep and Comprehensive Free Trade Area agreement, but from the outset the reception in Baku was cool. The Azerbaijani authorities wanted a special bilateral accord that envisaged points of agreement – such as the energy partnership – without elements on human rights and democratisation.

Meanwhile, the EU's expectation was that Azerbaijan could progress towards the Association Agreement while simultaneously developing the bilateral agreement, called

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the Strategic Partnership and Modernisation Agreement. Brussels saw these two developments as a single process, until the Eastern Partnership Riga Summit in 2015, where official Baku clarified its position. From Azerbaijan's side, there was an expectation that the EU would play a bigger role in resolution of the Nagorno-Karabakh conflict, especially in the wake of Russia's annexation of Crimea, when territorial integrity became an important element of Western support. Essentially, official Baku wanted the EU to take a strong stance on territorial integrity, and to abandon its previous position, which sought a balance in its relationships with Armenia and Azerbaijan.

Beyond the mismatch of expectations over the past few years, the fundamental problem that pushed relations into a tense period was, according to one Azerbaijani government expert, the reality that "disagreements in the areas of deep and sustainable democracy, human rights, and fundamental freedoms are at the core of the current dissatisfaction".[23] The dissonance became more pronounced. On the side of the government of Azerbaijan, the EU's calls for greater respect for human rights issues were ignored, or did not lead to a genuine dialogue. On the other side, the EU's language became harsher. Notably, a European Parliament resolution in September 2015 called on Azerbaijan's authorities to respect human rights and essential freedoms,[24] and threatened the possibility of sanctions. In response, Azerbaijan withdrew from the Euronest Parliamentary Assembly,[25] and from drafting legislation on a review of its Eastern Partnership programme, and postponed consultations on the bilateral agreement.

A gradual change has been observed with the release of a number of political prisoners, which has opened the way for a renewal of consultations and dialogue. The opening of the new dialogue was marked by the visit to Azerbaijan of Federica Mogherini, the EU's

High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission. She confirmed that the EU is not going to step back from its position on support for human rights and civil society, and reiterated that "engagement with civil society is a prominent feature of the EU's co-operation in Azerbaijan, at all levels".[26] If the authorities in Azerbaijan continue to curtail dialogue in response to criticism regarding human rights issues, progress on an agreement will remain elusive.

Priorities for National Governments and Civil Society

The core of the security challenge facing Azerbaijan is the ongoing Nagorno-Karabakh conflict, and the renewed military clashes and frozen diplomatic negotiations over the conflict. In April 2016, there was a short-lived outbreak of hostilities. With international pressure, this could have provided new momentum in diplomatic negotiations, but instead mutual enmity and national sentiments were further strengthened by the clashes. The OSCE Minsk Group, a mediation body for resolution of the Nagorno-Karabakh conflict, needs to take an active role in bringing the parties to the negotiating table. Official Baku is highly critical of the perceived inaction of the Minsk Group, and Azerbaijan is limited in its capacity to galvanise peace negotiations.[27]

Dedicated efforts towards a framework agreement should include adherence to the Madrid Principles in clearer terms, reducing the scope for manipulation and misinterpretations.[28] Only this can pave the way for a roadmap towards a full peace agreement. At this stage – following the April 2016 hostilities – any initial steps should be

23 *The EU-Azerbaijan Relationship: Current Status and Future Outlook*, Pashayeva, G., Eurasia Daily Monitor, Eurasia Daily Monitor Volume 12 Issue 207, 13 November 2015
24 *European Parliament resolution on Azerbaijan (2015/2840(RSP))*, European Parliament, 10 September 2015, http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2015-0316+0+DOC+PDF+V0//EN
25 Euronest, which was constituted in May 2011, is an inter-parliamentary forum comprising Members of the European Parliament together with Members of Parliament from the Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). For political reasons, to date Belarus does not take part in Euronest.

26 *Federica Mogherini visits Azerbaijan*, European External Action Service, 2016, http://eeas.europa.eu/top_stories/2016/010316_visits-azerbaijan_en.htm
27 The OSCE Minsk Group was created in 1992 to encourage a peaceful, negotiated resolution to the conflict over Nagorno-Karabakh. The Minsk Group is headed by a co-chairmanship consisting of France, Russia and the United States
28 The ministers of the Minsk Group co-Chairs, US, France, and Russia, presented a preliminary version of the Basic Principles for a settlement to Armenia and Azerbaijan in November 2007 in Madrid. The Basic Principles were used to propose an outline draft settlement to the Nagorno-Karabakh dispute, based on the Helsinki Final Act principles of Non-Use of Force, Territorial Integrity, and the Equal Rights and Self-Determination of Peoples.

by Zaur Shiriyev

followed by confidence-building measures, given the alarming lack of trust between parties. The prospect of return of even a few territories is not going to be possible outside the framework of a comprehensive agreement. The Azerbaijan government has sought the release of captives – including the two Azerbaijanis (Dilgam Asgarov and Shahbaz Guliyev) who have been in jail for more than two years, a source of significant public anger in Azerbaijan. The Azerbaijani side have repeatedly called for a prisoner swap to no effect.[29] This could be a useful confidence-building measure.

It should be taken into account that the military activity is a direct consequence of the lack of official negotiations between Azerbaijan and Armenia, stagnant since 2011. Between January 2012 January and November 2013, there was no official meeting between the presidents of the two countries. Subsequently, the two presidents met five times prior to May 2016. The strategy of the Azerbaijani government has been to resolve the conflict through diplomatic negotiations. In this respect, the responsibility lies with the Minsk Group co-Chairs to bring the sides to the negotiating table; however, other institutions, including the EU, should reinforce activity at new levels. The EU, while informally represented by France in the Minsk Group, is inactive despite having a Special Representative mandated to be involved in resolution of the Nagorno-Karabakh conflict resolution. Re-energising the role of the Special Representative in the process could have added value. To date, despite the mandate, the Special Representative has played a limited role in resolution of the conflict, often seeming more of a spokesperson than a hands-on potential mediator.

The second key challenge is the Azerbaijani government's engagement with international institutions fighting ISIS. To date, the coalitions offered to Baku have been either Saudi-led or Russian-enforced. As international platforms of co-operation intelligence and information exchange, they lack reliability and authenticity. International co-operation could be effective in preventing Azerbaijanis from joining the ISIS camp in the future, and in limiting the risk of terrorist actions by ISIS or Al-Qaeda-led cells in Azerbaijan.

The third priority area is the Azerbaijani government's co-operation with international institutions in protecting critical energy infrastructure. In this direction, co-operation with NATO and the US will be based on past experience. In this respect, two issues need urgent action. The first is maritime co-operation. During Azerbaijan's contribution to the ISAF mission, until 2014 the US made significant contributions to improving Baku's capacity in this respect. However, due to political problems between the two countries since 2014, the level of naval co-operation between the US and Azerbaijan has significantly decreased. On the other hand, Russia has improved its military capabilities in the Caspian Sea. The failure to take action to deter Russia has left other countries vulnerable, while Russia has increased its capacities. However, the political relationship between Baku and Moscow makes a military provocation by Russia unlikely. NATO-based co-operation on critical energy infrastructure should be considered a top priority. The existing format of co-operation, in place since 2006, is staff-based training. This should be upgraded to a new level so that not only Azerbaijan, but also Georgia, will benefit from enhanced security protections.

The operations of independent civil society organisations have been heavily restricted by the government.These organisations have lacked the capacity to provide effective oversight of government security policies for a long time. Therefore, substantive engagement of civil society in the security sector is not going to be on the table in the short- or medium-term.

29 *Azerbaijani hostages in Armenia will be able contact their families via Skype*, Report.az, 8 February 2016, http://report.az/en/nagorno-karabakh/azerbaijani-hostages-in-armenia-to-contact-their-families-via-skype/

The project benefits from the support through the EaP CSF Re-granting Scheme. Through its Re-granting Scheme, the Eastern Partnership Civil Society Forum (EaP CSF) supports projects of the EaP CSF members with a regional dimension that contribute to achieving the mission and objectives of the Forum.

The donors of the Re-granting Scheme are the European Union, National Endowment for Democracy and Czech Ministry of Foreign Affairs.

The overall amount for the 2016 call for proposals is 320.000 EUR. Grants are available for CSOs from the Eastern Partnership and EU countries.

Key areas of support are democracy and human rights, economic integration, environment and energy, contacts between people, social and labour policies.