

THINK INSTEAD OF TANKS

This article explores whether policy analysis by local think tanks can improve policymaking, strengthen democracy, and foster a wider enjoyment of the benefits of macroeconomic development in the Caucasus. As he outlines feasible roles for think tanks in these countries, the author points out challenges such as lack of incentive for change among those holding power, a deficit of democratic space, inaccurate statistics, and low appreciation for objective policy work in the societies. He suggests that think tanks carve themselves out clear agendas based on the local environment and their own strengths. Recommendations for donors, neighboring Turkey and the EU follow.

Goran Buldioski•

• Goran Buldioski is director of the regional Think Tank Fund of the Open Society Institute.
<http://www.soros.org/initiatives/hrggp/think>
The views expressed in this article are those of the author, and do not necessarily reflect the views of the Think Tank Fund or any other program of the Open Society Institute.

Scene 1

At a conference I recently attended in a country of the European neighborhood, a high ranking official reminded the participants several times that European Union offers its neighbors a variety of tools to choose from. Each of the neighboring countries is invited to choose from this list and engage only on those for which it has a clear political will. I looked around the conference hall and surprisingly did not see much democratic zeal on the faces of many governmental officials from this not so neighboring and not so democratic country. For a moment I felt, despite being a great believer in the integration approach of the European Union, as being in a ‘supermarket’ where EU runs a banner ‘take what you think suits you’. Does this ‘supermarket approach’ bring these, neighborhood and not so democratic, countries to a point where a sliver of the local elite enter the ‘store’ and stuff their basket with black caviar and expensive French wines? Simultaneously, the rest of the population would only peak into the abundant and glossy shelves to see that they cannot afford anything with the few manats, laris, drams, lei or hrvnas in their pocket. Instead they will walk down the road and spend their money in the ‘old soviet-style’ shop around the corner. This shop (un)surprisingly is still running a good business and thriving.

Scene 2

Recently I visited the office of one donor bilateral agency in the capital of a South Caucasus country. When a high ranking official learnt that I came from the Balkans, she almost screamed: “Oh, forget about using the instruments and the methods we used in the Balkans. We had so much more leverage there. In this region, even a powerful agency as ours is able to do little. Add the cultural aspects and public proneness to authoritarian governance style to that, and most of our efforts are next to trivial.” It was obvious that we cannot talk about thriving civil society. Moreover media space given to opposition and opportunities to express thoughts that are not in line with those of ruling elites ranges from limited to naught. ‘Galvanizing’ public support for different issues and promoting debate, staple features of pluralist and democratic society are (mis)taken as attempts to change or oppose government. What was not obvious is that even big agencies backed by the most influential democratic countries in the world cannot do much.

Instead of Introduction (based on scene 1 and 2 combined)

Using the ‘terminology from scene 1’, when one checks the log of the cash register at the exit of the ‘supermarket’, the turnover tends to range from quite good to impressive. Likewise, checking the GDP we see a similar picture in the three countries. Booming oil extraction helped Azerbaijan’s GDP real growth soar to the highest in the world¹, Armenia converted its ailing economy to become the South Caucasus tiger,² Georgia has been the one to open most for business and was praised as the biggest reformer in 2006. According to the 2007 Index of Economic Freedoms by the Wall Street Journal and the Heritage Foundation, Armenia is ranked 32nd and Georgia 35th in terms of free economy, obtaining the ‘mostly free’ status. The international financial institutions are full of praise for the economic development of these countries.

Then there are other types of indices, almost as numerous as the economic lists, where we find the three South Caucasus countries at the bottom, or middle at best, of the world rankings. For example,

¹ There is different data about Azerbaijani’s GDP growth. I indicate two figures just to illustrate the magnitude. Regardless of the figure used, the country’s GDP growth is among the highest in the world. The World Bank reports 26.4 percent in annual GDP growth in 2005, CIA World Fact Book uses the 34.50 percent in 2006.

² S. Mitra et al , *The Caucasus Tiger: Sustaining Economic Growth in Armenia* (The International Bank for Reconstruction and Development / The World Bank, 2006), title page.

the 2007 UN Human Development Index ranks Armenia at 83rd, Georgia at 96th and Azerbaijan 98th place. Freedom House in its Nations in Transit Report 2007³ ranks Georgia with 4.68⁴ as a transitional government or hybrid regime, Armenia with 5.21 is ranked among the semi-consolidated authoritarian regimes and Azerbaijan with 6.00 is ranked as a consolidated authoritarian regime. There are not many evaluations on the region and many are somewhat contradictory.

The purpose of this article is neither to discuss the European Neighborhood Policy of the European Union, nor the policies of other international institutions and networks, nor the headaches of many bilateral and international donor agencies and the general political circumstances of the region. Hitherto, there is no mention of the numerous 'frozen territorial conflicts' in the region. Analyzing them necessitates volumes. Volumes have indeed been produced. However, the conflicts are not the cause of every malaise in these societies, despite the vehement efforts of the leadership to convince its population of such a thesis. While the international community and different foreign experts and researchers have produced a commendable analysis on the conflicts and 'macro issues', local analysis and input from the locals has been very limited.⁵

This article will argue that there is a need for local actors – policy centers to undertake work on local issues. But they should do so under the rules of the games that exist in the three countries of the South Caucasus, not according to 'civil society romanticism in promoting democracy'.

“Democracy promoters keen to foster civil society development have generally given little thought to the relationship between particular forms of civil society and the socioeconomic conditions of the target countries. They like advocacy NGOs and assume that every country should support thousands of them. Through their funding programs they try to jumpstart the development of NGO sectors, fueling the proliferation of NGOs with little attention to the questions of when the society is likely to develop the resources to sustain and integrate them....they approach civil society development as a matter of getting certain institutional forms (advocacy NGOs) in place, elevating form over content, process, or underlying sociopolitical reality.”⁶

There is a lot that needs to be done in the entire civil society sector. Notwithstanding these broader needs, I put the emphasis on a small and potentially important piece in solving this puzzle –that of policy analysis. The main emerging question is whether and how policy centers could or could not support a policy making that stretches out of the narrow elitist circles? Moreover, can we hope for participative policy making and support pluralist democracy in countries where outside pressure brings few carrots and no stick? While skeptics could see the deficit of a democratic space as an impassable hindrance to the existence of independent policy centers, there is definitely a different modus operandi and role for these organizations in the South Caucasus. These centers, being on the fringes of both the civil society sector and partisan political space, could assume an even more crucial role than that which their peers in the democratic societies do. Two words of caution: First, these centers are far away from the Anglo-Saxon models of think tanks, and attempts to emulate them in this partly or greatly non-democratic spaces can be only counterproductive. Second, as you

³ Jeannette Goehring, (Ed.), *Freedom House- Nations in Transit 2007*, <http://www.freedomhouse.org>,

⁴ The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2007 ratings reflect the period January 1 through December 31, 2006.

⁵ For a comprehensive and relatively recent analysis see: 'The Caucasus: Challenge for Europe' by Svante E. Cornell and S. Frederick Starr from Central Asia-Caucasus Institute & Silk Road Studies Program – A Joint Transatlantic Research and Policy Center, www.silkroadstudies.org

⁶ Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve*, The Carnegie Endowment For International Peace, 3rd Edition, 2003, p. 248.

read the next pages consider that the frozen conflicts are also part of the picture, but for the moment let's place them in the background.

What to Do (Where to Intervene)

Technical intervention

The first challenge policy analysis efforts face is to find uncorrupted statistics and reliable data in the region. Once we move away from the conflict-related research topics there is less data, moreover the existing information is very often corrupted and outdated. There are multiple causes contributing to this situation, varying from absence of strong universities to presence of corrupted and servile state institutions, to international institutions pouring money in the sector but always being flexible enough in order to stay in good terms with host-governments. Difficulties taken into consideration, one very vital and relevant function for local policy centers will be either production of data (expensive, but important undertaking) or at least to watch-dog the state produced data. Hitherto international organizations have spent some funds for contracting or subcontracting few policy centers to support state services or produce statistical data. Some more creative use of funds for similar technical activities could be very effective and better than spending money on think tanks as a cheaper replacement of consultancy and surveying services. The Economic Research Center in Azerbaijan, which calculates alternative inflation rate to those proposed by the state, provides a very good example for this type of work.

The work of these centers should go beyond producing reliable data or interpreting it. They have to identify local issues, that are carefully hidden in the mist of the 'all-inclusiveness' of problems caused by one or more frozen conflicts. These centers have to unearth what troubles local communities, and what would continue to bother them even if frozen conflicts were solved. These are problems ranging from poverty, to essential infrastructure, to employment and health care services, access to quality education and more. Since another poverty reduction strategy accompanied by big governmental manifestos with laughable amounts of allocation in the state budget does not serve the purpose, the think tanks should resort to devising modest and workable policies. These policies would be limited to a region, to an issue, but would carry clear cost-benefit structure and once implemented would serve as a good practice. Unfortunately, there are not many policy centers that, for example, would couple with local development agencies and engage in this manner.

Many international observers, including influential international organizations, have been vocal in criticizing different policy choices over the past decade. In doing so, these critics typically used analytical categories and standards that come from their own countries' historical experiences, hardly pausing to ask how well such measures apply to the very different polities of the South Caucasus region. Kudos for many efforts the international experts and donor agencies have done. There is still a great role for them, but only as supporters and controllers. We have seen too many already tested concepts that have failed in the South Caucasus. Main designers should be those locals who have ideas and basic technical knowledge starting from research design, extending to approaching local polity. The overarching aim would be developing concrete policy options for local development or overhauling certain society sectors from the bottom line. More importantly, these local researcher and policy analysts should possess values and an ethical code that make them different from the local corrupted chieftains and gatekeepers. Despite all odds, these kinds of people still exist in the region. Some of those already contribute to the few think tanks. More have to be brought in and motivated to channel their intelligent thinking from private talks to articulate policy suggestions. Initially, this work should include issues that the local elite would perceive as harmless. This work, at later stage, would probably contradict some of the existing non-democratic practices and has to be supported and protected by the international community in these countries.

Political, not Partisan Intervention

For different reasons, the active centers work in tougher conditions than those only a few years ago. The space for inclusive policy making is shrinking by the hour, and the ruling elites see a hideous example in Russia where the ruling elite has tightened the grip. The Russian influence in this region is omnipresent. With the high prices of oil and Putin's building of 'strong Russia', suddenly everything we knew about the region's perspectives we do not know anymore. Armenia and Azerbaijan, and to some extent Georgia, saw the emergence of similar type of intertwined business and economic elites.⁷ Every potential reformer, apart from taking into consideration that the interests of Russia and the western world run athwart rather than parallel, should be aware of two additional traps they face at local turf. The first one is the triple facets of corruption: moral, political and economic. The second trap, less visible at the beginning of the reformer's road, may come from the instrumental treatment of democratic procedures, from a perspective that if the objective is noble, then any means to achieve it may be justified. The latter limits the political philosophy to paying lip service to universalistic values and nominally subscribing to democracy without practicing it. The reformist zeal of Mr. Saakashvili and his latest troubles in Georgia provide an excellent example of someone who has challenged and avoided the first trap only to practice a free fall in the second one.

In-depth analysis and homegrown models are missing to respond to challenges outlined above. Governments do not necessarily need to follow them, but simply suggesting policy alternatives on many sensitive issues could spark more debate and prevent a headlong rush with every single bill in the parliament.⁸ In these countries, part of the policy research tries to diversify and spice up the internal debates between the fractions or interest groups in the ruling political party and business elite(s). The policy centers such the International Center for Human Development (ICHD) in Armenia, for instance, takes this role of facilitator of such discussions behind closed doors and acts as a constructive partner to the government. Similar to ICHD, other centers are aware of the numerous deficiencies in how government deals with policy process, but still choose cooperation over confrontation.

The "sequencing fallacy"⁹ in this region, among governments and international organizations alike, is at best sidelining democratization until the rule of law and a well-functioning state including economic development are in place. Yet, this 'pact' is almost solely based on geostrategic considerations and analysis. The local policy center could instead fill in the gap in analysis of incentives of the different stakeholders and constituencies to change or keep existing policies. This analysis is not only about policy alternatives, this is about feasibility of change and potential of gradually introducing key components of political competition. The systems of power are not monolithic as they seem to be.

The challenge to tap into some of the increasing number of local oligarchs could be an interesting and uncommon point of entry to influence policy world. These people have amassed riches beyond belief in the past two decades. Most of them are still mainly preoccupied with mere political and economic maintenance and multiplication of their wealth. Yet, some may take the different examples of two Ukrainian oligarchs – one generously supported research organizations and the

⁷ This is an overgeneralization but is more or less relevant for the think tank scene in all three countries. In general, the three countries in South Caucasus differ substantially from each other and offer fewer similarities than it seems from distance.

⁸ It is also fair to mention that some policies and laws had to be developed and implemented swiftly in order to facilitate democratic changes.

⁹ Thomas Carothers, "The Sequencing Fallacy", *Journal of Democracy*, January 2007, p.17-25.

other financed creation of his own think tank. In the former Soviet region these issues still come with strings attached, but a bold think tank could envisage such a roadmap for in a few decades ahead. Naïve at first sight, dreaming of new emerging Eastern European Carnegies and Rockefellers is not a totally futile exercise. Rich people, throughout history, have proven to have tendencies to leave bigger legacies than money. What one should start early, and think tanks could be very instrumental in this respect, is the creation of such a culture. Later, support in the form of endowments could follow. Certainly support to think tanks and policy development will not be the first on the list, yet it should not be neglected as an option. Armenia, with its rich Diaspora could be the first to break ice in the years to come.

The administration's political and nepotistic appointments (not only to public posts, but also to positions in various quasi-nongovernmental organizations and wholly or partly state owned companies) are a reality across the region. This political class and the administration alike are very often void of ideology, narcissistically self-centered and impervious to the injunction to live with the truth. At best, they have a vague recognition of the need for public good. However, the little or no public trust and the need to cooperate with international organizations and other states lead to pockets of administration who seek to increase in competences. There are two points of entry for think tanks in this respect. The first and already flourishing is political leadership training programs. These competence building programs are well suited for training political leadership and civil servants (taking the regular change based on political alienation at all levels for granted). Likewise, think tanks could be formation grounds for new graduates. By offering practical experience and different perspectives for the brightest students, think tanks could expect that some will make it to the administration. As a second entry point, the think tanks have to identify a host of issues in which the government and ruling elite would see little detriment for themselves if reformed. Economic development is often the first policy area in which outsider's analysis is appreciated. Unfortunately, think tanks lack the skills and competence to link the macro-economic issues with social policies and to encourage microeconomic policy developments that will end up directly benefiting a larger part of the population.

Intervention on Socio-economic and Cultural Issues

While substantial parts of the public in these societies seem to be rejecting a democratic system of governance in favor of different type of sociopolitical regime, the public overall is poorly informed about what such a system entails. With the public sphere heavily populated by parties and businesses, all these countries are in need of a more genuine and more informed public debate on key issues of social, political, and economic development. The think tanks could not only cater to this need but could bring the public to demand this debate. This is one crucial role for the think tanks in the region. The Caucasus Institute for Peace, Democracy and Development and the Georgian Foundation for Strategic and International Studies have pioneered this role after the Rose Revolution. Initially, these small organizations humbly 'negotiated' terms with the local elites, eliminating politician's fears of hidden agendas and promoting themselves in junior partners in a long-term approach to state-building. Unfortunately, similar efforts and successes could be barely found in the rest of the region. Therefore, the education of political elites mentioned in the previous section should be done hand in hand with these efforts.

The masses in the region are dissatisfied with the low share they receive from the wealth accumulated in the region. Being coerced by the ruling elites or simply lethargic about any positive role the state could assume, the population is engaged in a struggle for daily survival. Add to this the heritage of the Soviet system and complete governmental control of electronic media in the region and the hardship to change public opinion is self-evident. Yet, little has been tried. The

policy centers should leave the capitals and engage in research of the provincial realities in order to find forms of participation suitable for local cultural patterns.¹⁰

Research and more research of local realities outside of capitals is the key function for local think tanks. A cursory search for a good paper on the second biggest towns in Georgia, Armenia and Azerbaijan leads a jaw-dropping discovery that nothing comprehensive has been written about the development of Kutaisi, Guimri, and Gandja respectively. The changes of the system and the effect of the societal transition, of the last 15 years have not been recorded and analyzed; unlike effects of the frozen conflicts. Recent capacity building efforts initiated by the European Stability Initiative, a small European think tank with similar undertakings in other regions of Europe, could shed some light in this respect.

Should We be Worried About the Future of Think Tanks in the South Caucasus¹¹

These countries do not have single path for their future development as they are currently influenced by the western world and Russian Federation simultaneously. The Soviet heritage is deep-rooted in all three societies. The well entrenched local political elites, especially in Armenia and Azerbaijan, have little incentive or leverage to open the policy processes. The education system has not changed significantly since Soviet days disempowering any more liberal thought to flourish. There is also limited or no independence of the media or open space for policy discussions, which hinders the work of think tanks that need these spaces to stimulate public debate. The polities are very passive very often to sell their votes for few dollars, as the only tangible outcome of the elections. Finally, given that most of the funds for think tanks come from western donors or international organizations, these organizations are at risk of being labeled “western agents”. It is up to think tanks to discover the fine balance of staying relevant and useful under these circumstances.

Scrutinizing different policy realities of the three countries, there is an evident need to support more teams of young researchers. While the thematic interventions needed differ from one country to the other, capacity building is a shared need. This capacity building could take place within the existing think tanks, but also beyond them. At the expense of initial beginner’s mistakes, young and talented researchers should be encouraged to think and suggest policy alternatives in different ways than their older colleagues.

The Main Challenges Faced by Think Tanks in the Countries of the South Caucasus

The think tanks in the region are heavily underdeveloped. Their potential is far bigger than what they are able to deliver now. The first and foremost drawback is their attempt to emulate their western European peers. Second is great financial and programmatic dependence on foreign donors and international institutions. The latter is particularly irritating since the policy agenda are lacking the input of the local think tanks. Finally, the competence for quality research and analytical work is very low. The following sections offers a list of basic questions that think tanks and their supporters alike should answer in order to see the big potential realized in the near future.

¹⁰ In this respect, I find it very difficult to pronounce myself on the efforts for reinforcing rule of law. Throughout the region, pressed by different foreign governments and donors, local governments engage in nominal exercise but in reality do little in easing the grip on politically dependent and servile legal system. The think tanks could contribute with proper analysis, but the incentives for change of the ruling elites are few and very hard to be used for initiation of a greater change.

¹¹ Goran Buldioski, “Musings On Think Tanking in Central and Eastern Europe”, *Ukrainian National Security and Defense Policy Journal*, No. 6., p.50-53.

Think Tanks Raison d'être

What is the *raison d'être* of a think tank? Who are its primary constituencies: politicians, media, other experts, public, state institutions, international donors or political parties? The think tanks in the South Caucasus are not alone in failing to answer these questions. Many think tanks in the broader CIS and CEE region, regardless of the millions they turn over or past achievements, also leave these questions unanswered. Others offer hasty answers such as “our center exists for the benefit of the country” and “advancement of the policy agendas and inclusion of all stakeholders”. It is crucially important for a think tank to take time to regularly and clearly answer this question. A cursory search of the web sites of the different think tanks in the South Caucasus reveals interesting observations. How many of them include a vision of where they would like to see their countries 10 years from now? How many have a clear vision of where they would like their center to be five years from now? How many of them undertake policy research and produce studies outside the donor's priorities? Quality answers to these questions would show the difference between a public policy think tank with clear vision and agenda from a consultancy firm.

Independence of Think Tanks

Think tanks can be nonpartisan, but they cannot be apolitical. This definitely makes them prone to attacks of ‘love and hate’ by political parties, government, state institutions and others who would be praised/criticized for existing policies. The independence of think tanks ends up being the art of survival and preservation of identity. Luckily, there are still a number of active donors, nascent public, individuals and other potential “clients” getting ready to pay for policy products. Even in their best days, think tanks should preserve balance between funds and influences they receive from donors and their own goals and identity. The clearer their own agenda is, the easier it will be to resist unwanted influences.

Policy Process: Behind Closed Doors or Open to Public – and How It Affects the Image of Think Tanks

Policy makers still keep most of the policies and their development behind closed doors far away from public eye. Some key experts and think tanks have access to these processes and top politicians occasionally consult them. Is the think tank tapping in the internal debates of the fractions in the ruling elite? While this practice is not necessarily wrong, the think tanks should reflect about their overall image. Does the rest of the work, which by default should be open to and for the benefit of the public, suffer? Does this proximity to some politicians jeopardize the overall image of the think tank? Is the main influence of a think tank limited to influencing political advisers or top politicians? If not, what is the qualitative difference of the policy advice produced by a think tank and those whispered in a politician's ear?

*The Dilemma of Undertaking Policy Research with In-House Capacity or Managing Policy Research and Processes*¹²

This is the ongoing question of many think tanks, especially those who operate in a small policy market such as in the South Caucasus. It is a double-edged sword. On one hand, think tanks cannot develop in-house expertise on many subjects as quickly as the market demands, while they can

¹² Managing policy research refers to the process where for instance a think tank would organize an entire process of policy development from needs assessment to organizing public participation, to delivering the final product. In this process, the think tank does not possess the in-house technical expertise but it commissions it from an outside expert. What the think tank possesses is the skill to organize the process and present the technical expertise in form understandable and acceptable to different stakeholders in the process.

successfully manage different outside experts. On the other hand, those think tanks that have in-house expertise are more appreciated and respected in the region. Some try to balance these two functions and in some areas are providers of top policy research and advice, while in others just conveyers and managers of policy work.

In the South Caucasus, similar to other ex-Soviet countries, becoming “an expert” is a very tiresome and challenging task. Many young researchers and centers they created became modern forms of Sisyphus in their attempts to become recognized as credible experts on a given subject. Another idiosyncrasy is that the process of “losing an expert status” is equally slow. Throughout the region, there are many “experts – usual suspects” in a number of disciplines who are consulted due to their status and past achievements. Unfortunately, for some of them their reputation and status is the only credible thing left, because they have not updated themselves and are far from the modern thinkers one would expect policy analysts to be. This has been a difficulty for the second wave of policy analysts emerging in other regions such as the Western Balkans for the last five to six years.

The think tanks in the South Caucasus could learn from experiences in similar regions. In the Western Balkans, confronted with the difficulty to be recognized as experts and the small size of policy markets, independent think tanks were faced with the choice either to continue to strive to be recognized as experts in given subjects or to become experts in managing policy processes. Some centers, realizing the limited expertise available in their countries on many subjects and the impossibility to hire well known experts on permanent basis, specialized in managing policy processes. This development has brought one more advantage – increase of the efficiency of this work and optimization of use of domestic expertise. In other words, by the proper management of entire policy cycles, these centers succeeded in squeezing the best and most constructive knowledge from individual experts, mediating it with the policy makers and finally instigating policy changes. A good example for this is the Jefferson Institute in Belgrade, Serbia and their policy work on the development of new doctrine of the Serbian Ministry of Defense. This small think tank did not possess in-house expertise on defense and military issues. Instead they designed mobilized local and international expertise, organized the needs assessment and gathered the input of different stakeholders, planned the stages for the development of the new doctrine, hired experts to draft the contents of the new doctrine and finally assisted the writing the final document. The result was a participatory policy process, inclusion of all relevant domestic experts and developing a final doctrine understandable to both military and the bodies in charge of the civil oversight.

Duality of Clients for Think Tanks's Products

The think tanks in the South Caucasus face a dual reality for their potential clients. On one hand, the international organizations and donors understand and undertake policy work according to certain standards. On the other hand, policy centers have to provide their policy products to local politicians who often are neither interested nor qualified to understand high quality policy papers. This duality call upon centers to develop their products to cater for both needs. If necessary this reality would necessitate production of two sets of policy products with the same aim.

Moving forward

For the Think Tanks

The sorts of questions raised in this text have to be answered by every think tank separately (and by donors of think tanks alike). Their leaders need to be aware not only about the environment in which they operate, but also about the existing alternatives and positive examples in other countries. Think tanks have to approach their development in a similar fashion as they (should) approach policy research. On the road of their internal development and sustainability, they should be (a)

evidence based, (b) participative, including their stakeholders, (c) aware of different alternatives, (d) clear about the cost-effectiveness of each alternative and (e) courageous in their decisions. Should they develop according to these criteria, it is likely the governments will be left with two choices: (1) to acknowledge them as credible partners or (2) recognize them as serious opponents. Either of the two is a positive outcome and would lead to further development of policies. Groups with such 'recognition' will be neither isolated nor pre-matured.

For Their Supporters

The South Caucasus is replete with serious challenges, which constitute a threat to the security of the region's populations and the wider region. The fundamental problem, without a doubt, of the Caucasus is the unresolved 'frozen conflicts' of the region. Long neglected by the international community, the conflicts that have torn apart the Caucasus and continue to do so are a major security threat in their own right. However, the conflicts are not the only causes for the region's stalemate. Deficit in governance and absence of more equitable distribution of the benefits from the economic development reinforce the widespread poverty. Regional stability could not be achieved only by internationally assisted negotiations and settlements of the 'frozen conflicts'. It takes more of local development envisioned by local forces and by taking in consideration local realities more genuinely.

The European Union should assume its role of super-power and engage beyond its 'supermarket approach'. Over the past decade and a half, the EU has gone from the role of a bystander to the affairs of the South Caucasus to that of an interested party with increasingly clearly defined interests in the region. A champion in systematic societal change and economic development, it should continue respect the governments in the region but also make use of the alternative forces. After all, it is a role model to parts of the population and definitely to most of progressive thinkers in these countries. By nurturing this sentiment and supporting the alternative ideas, EU would indeed support rapprochement of these countries without offering membership. The new EU approach indeed should reach beyond its current strategy of budget support and other instruments taken from the 'accession cookbook' but strictly aimed at stability and security of the region. It just needs to take one more step and that is to add governance to energy and security, their current working priorities for the region. Adding governance would also send a strong signal to the local elites that EU endorses their cooperation, but also does not take the local and current elites as the only partner. Cooperation with local think tanks, their support and development of locally designed models for development could be one small, but strategically important piece of this new EU support.

The United States has been a guarantor of the region's fragile balance since the mid 1990s. Like the EU, the U.S. administration focuses on security and energy related issues. With support programs such as the Millennium Challenge Account, the U.S. only superficially maintains its authority in the region. Bribing local elites and stashing the pockets of the corrupted elite by financing infrastructure building is hardly the right way to security and development, let alone opening for more democratic processes. While the importance and prospective benefit from such infrastructure programs could be enormous, it needs by far more oversight and monitoring. Indigenous think tanks could be the local gatekeepers and watchdogs of the MCA and other similar activities. For example, they need the door open in bodies such as the Steering Committee of MCA in Armenia, replacing the GONGO's representatives in the current Board.

Last, but not least Turkey, the partly asleep giant in the region, should rethink its foreign policy towards the region. The basis on which Turkey has calculated the blockade of Armenian border, the unspoken pact with Russia, and the low level of interest in advancing business are noteworthy in this framework. The Turkish Government, despite being busy with other important issues, could

slowly rethink its policy. Turkish think tanks could be at the forefront of exploring new policy alternatives.

Solving the region's problems will take a long time. It is a complex and complicated road.. The local think tanks are far from being the vehicle for this road. . What they could offer, and this is still not explored, is a different kind of a road map. While they are a small piece of the solution, their competitive advantage is offering a locally driven vision. It just will take a bit more effort for them and their supporters to become proper agents of change.