

Azerbaijan: Defence Sector Management and Reform

I. OVERVIEW

Azerbaijan wants to create a strong army to regain Nagorno-Karabakh and seven adjacent districts, either by improving its negotiating leverage with Armenia or going back to war. It has exponentially increased its military budget, though it has not so far gained clear superiority over Armenian forces. If the new military is to be not only stronger but also better governed, however, it needs deep reforms to make it less corrupt and personality driven, more transparent and better directed. So far there has been insufficient political will either to do the part that should involve increasing democratic and civilian control or to break the habit of treating the army as above all an instrument with which to protect elite interests.

A war in Nagorno-Karabakh is unlikely in the immediate term. But in the longer term fragmented, divided, accountable-to-no-one-but-the-president, un-transparent, corrupt and internally feuding armed forces could all too easily be sent off to fight to satisfy internal power struggles. A modern and efficient army, even if subject to democratic, civilian control, is not unproblematic while the Nagorno-Karabakh situation remains deeply resented in the polity. However, the ability to hold the leadership responsible for expenditures and policy priorities at least has the potential to make the system more responsible and predictable. NATO, which is helping with military reform, should enhance Azerbaijani knowledge of peacekeeping and laws of war, and when possible facilitate dialogue and contacts between the militaries of the two sides. The EU, U.S. and Russia should also reinvigorate efforts to push the parties to reach a peaceful resolution of the conflict.

The government's pledge to significantly reform the military is part of a stated goal of national modernisation and democratisation. Though the presidential election on 15 October 2008 was technically improved, it offered no genuine alternative to the incumbent. As democratisation has stalled, so too have crucial parts of military reform. Thus, parliament has failed to oversee military expenditure and has no authority to summon power ministers, including the defence minister, to report on their activities, but it is itself the product of flawed elections and far from a truly democratic

institution. Democratic improvements in the military can contribute to national democratisation, but they are unlikely to drive that process or advance in isolation. If Azerbaijan is committed to thorough reform of the military, it will need to change substantially in many other areas of government and society as well.

The defence reforms that have occurred have often been stimulated by cooperation with NATO. Azerbaijan was one of the first former Soviet countries to join the Partnership for Peace (PfP) program in 1994. Especially the 2005 and 2008 Individual Partnership Action Plans (IPAP) provide a blueprint for democratic control of the armed forces, defence planning and budgeting, interoperability with NATO and structural reorganisation according to NATO standards. Baku has often dragged its feet in implementing IPAP-recommended reforms, however, in part at least because it has no clear membership aspirations, due to a foreign policy which seeks to balance interests with the U.S., EU, Russia and Iran. Moscow's August military intervention in Georgia has further convinced it of the advantages of an ambiguous policy and made it less ready to push forward with NATO integration.

Defence sector reform in Azerbaijan is an understudied subject, about which little comprehensive analysis has been attempted. The bulk of research has been carried out by a handful of journalists. The defence sector remains one of the most secretive and non-transparent segments of the government. Crisis Group was restricted in its own field work by limited access to government sources, military personnel and installations. By improving the dissemination of information, the government could do more to dispel the doubts that arise regarding the impact of its increased military spending.

If it indeed wishes to pursue a more efficient, NATO-standard military, subject to more democratic civilian control and greater transparency and accountability, the government should:

- enhance the oversight capacities of the parliament, especially its standing committee for defence and security and the audit chamber and encourage parliamentarians to increase their knowledge about military reform by organising regular training, workshops and conferences;

- ❑ improve public information on and participation in security sector management by publishing the NATO IPAP documents, making it easier to access information on military matters, and setting up a regularly updated defence ministry website;
- ❑ increase civilian control in the defence ministry;
- ❑ complete elaboration of a military doctrine and conduct a strategic defence review;
- ❑ amend legislation and military regulations in line with its international human rights commitments, in particular by disallowing detention of service personnel without proper trial, adopting a new law on alternative service and creating a military ombudsman; and
- ❑ improve personnel management and training by establishing efficient systems for payment and compensation, officer rotation, reservist training and call-up systems, military education and merit-based promotion.

In the meantime, NATO should carefully review its strategic purpose in working with the militaries of Caucasus states, particularly with respect to unresolved conflicts. It should focus its military cooperation with Azerbaijan strictly on efforts to improve democratic, civilian control of the armed forces and not move beyond the IPAP while Nagorno-Karabakh remains unresolved. Especially the U.S. and the EU should at the same time move resolution of that simmering conflict much higher up their agendas and seek, in cooperation with Russia, to put pressure on both Azerbaijan and Armenia to compromise in line with the principles proposed by the Minsk Group of the Organization for Security and Co-operation in Europe (OSCE).

II. MANAGEMENT OF THE DEFENCE SECTOR

Until Ilham Aliyev became president in 2003, the Azerbaijani armed forces were under-resourced, lacked prestige and remained saddled with their defeat in the Nagorno-Karabakh conflict a decade earlier. Today, the domestic reputation of the armed forces has dramatically improved.¹ Aliyev's father, President Heydar Aliyev, had seen his two predecessors overthrown by military mutinies and chose to retain a weak military, led by loyal confidants. He considered the security

forces primarily political instruments to help him retain power. His son has invested more in the military but maintains a force that is still sufficiently fragmented to guarantee that no one power ministry can become a real threat. Nevertheless, Azerbaijan now claims to have the strongest army in the South Caucasus. Speaking in 2008 at the first military parade since 1992, the president declared: "The balance that once existed between Armenia and Azerbaijan no longer exists. Today the Azerbaijani army is the strongest in the region".²

Azerbaijan has increased its defence expenditures³ from \$135 million in 2003⁴ to \$1.85 billion in 2008.⁵ In October 2008 it announced a planned 10 per cent cut in defence spending in the 2009 state budget.⁶ If carried through, it would be the first reduction since 2003. However, a high level of defence spending is likely at least to be maintained until oil revenues begin to decline, either after the anticipated production peak around 2012 or because of a sustained deep reduction in the world price.⁷ In December 2005 a defence industry ministry responsible for military production was created. The army reportedly includes 66,740 person-

² Ilham Aliyev's speech at the military parade dedicated to the 90th anniversary of the Azerbaijani army, 26 June 2008, at www.yeniazərbaycan.com/print/6079.html.

³ In 2007 President Aliyev pledged to make Azerbaijan's military budget equal to Armenia's entire budget. See Crisis Group Report N°187, *Nagorno-Karabakh: Risking War*, 14 November 2007.

⁴ R. Rustamov, "There was no army before 1993" (in Russian), *Zerkalo*, 20 June 2008, Azerbaijan's total budget in 2003 was \$1.2 billion.

⁵ "About 7 billion will be spent in military expenditures" (in Azeri), Azerbaijan Telegraph Agency (Azertag), 17 October 2008. See also www.panarmenian.net/news/eng/?nid=27393. Not all of this money goes to the defence ministry. It is also shared with the national security and military industry ministries as well as the state border committee and the non-state Voluntary Military-Patriotic Technical Sports Society. The budget indicates only general outlays. See further below.

⁶ "Azerbaijan to cut military spending by 10% next year", Azeri Press Agency news agency, 20 October 2008. The final figure for defence expenditures in the 2008 budget was considerably higher than the figure initially indicated in October 2007; see Crisis Group Report, *Risking War*, op. cit.

⁷ See, Crisis Group Report, *Risking War*, op. cit., pp. 8-10. The decline in world oil prices since July 2008 shows the unpredictable volatility that could potentially affect government expenditures. The 2012 production peak estimate is based on the best information available in November 2007. BP, the operator of Azerbaijan's major offshore oil fields, has recently said it may be able to extend peak production further into the decade. "BP to extend peak production at Azerbaijan oil fields: executive", Agence France-Presse, 4 June 2008.

¹ A 2007 poll indicated 58.3 percent of Azerbaijanis "fully trust" and 24.5 per cent "somewhat trust" the army. Data Initiative November 2007, Caucasus Research Resource Centers (CRRC), at www.crrccenters.org/index.php/en/5/999/.

nel;⁸ with up to two thirds deployed along the Nagorno-Karabakh and Armenian-Azerbaijani front lines.⁹ But security structures are deeply divided. There are at least seven other militarised forces.¹⁰

Even while President Aliyev threatens war to retake Nagorno-Karabakh and seven adjacent districts, Azerbaijan engages in the OSCE's Minsk process to resolve the conflict peacefully. But Russian-Western differences over the causes and consequences of the August 2008 Georgian crisis impair that work, and though the foreign ministers of Azerbaijan and Armenia met on 26 September on the margins of the UN General Assembly in New York, perspectives for ending the conflict seem more distant than a year ago. Nevertheless, recent events have also made Azerbaijan less likely to try to regain its occupied territories militarily in the short term. Although Moscow formally rejected parallels between the Nagorno-Karabakh and the South Ossetia/Abkhazia conflicts, it also signalled to Baku that a new war with Armenia would prompt Russian retaliation.¹¹

⁸Of which 56,840 are in the ground forces; 2,000 in the navy; and 7,900 in the air force. *The Military Balance 2008*, "Europe", International Institute for Strategic Studies, p. 168. Others say that there are as many as 95,000 in the ground forces. Anatoly Tsyganok, "Power leverage of the states of the Greater Caucasus" (in Russian), Polit.ru, 3 January 2007, at www.polit.ru/analytics/2007/01/03/kavkaz.html

⁹C. Mammadov, "88 years on foot, 15 years facing the enemy" (in Azeri), *Ayna*, 17 June 2006. Three of the army's five corps are deployed on the Armenian-Azerbaijani frontline; one is in the Nakhichevan exclave. The fifth is in Baku and surroundings. "Power leverage of the states of the Greater Caucasus", op. cit.

¹⁰These include elements of the interior ministry and the state border service and special units of the national security, justice, emergency situations and defence industry ministries, as well as those of the special state protection service and the national guard, directly under the president. A local military expert estimated as many as an additional 100,000 may serve in these force structures, including between 30,000 and 40,000 in the interior ministry. Crisis Group interview, Baku, July 2008. An alternative estimate for the number of interior ministry troops is 12,000. "Power leverage of the states of the Greater Caucasus", op. cit.

¹¹Armenia but not Azerbaijan is a member of the Russian-led Collective Security Treaty Organisation (CSTO). Speaking to journalists on 4 September 2008, Foreign Minister Sergey Lavrov said Russia would consider CSTO principles (chief of them being collective defence) in connection with a Nagorno-Karabakh settlement. "Transcript of Remarks and Response to Media Questions by Russian Minister of Foreign Affairs Sergey Lavrov at Joint Press Conference of Foreign Ministers from CSTO Member States and of the CSTO Secretary General", Moscow, 4 September 2008, at www.in.mid.ru/brp_4.nsf/f68cd37b84711611c3256f6d00541094/bd5d9a388c582767c32574ba0059cc07?OpenDocument.

A. FORMATION OF THE ARMED FORCES

Azerbaijan began to build its armed forces in the early 1990s, while at war with neighbouring Armenian and Karabakh-Armenian troops. The first elements lacked central command and often were regarded more as a useful tool in domestic politics than as a true combat force. The first president, Ayaz Mutallibov in 1990-1991, did not even attempt to build an independent army, relying instead largely on Soviet troops.¹² He sought Moscow's support to quell the Karabakh-Armenians and secure his power domestically, but the Soviet Union's collapse and the resultant disarray among its military personnel in the region (who often served as mercenaries for both Armenians and Azeris) caused his policy to fail.

From 1991 to 1993, attempts to install a capable civilian leadership took precedence over army matters. Although in September 1991 the parliament decided to form a national army,¹³ infighting between the government and the opposition Popular Front impeded formation of a unified command. Political disputes led to the resignation or dismissal of five defence ministers between September 1991 and April 1992. In February 1992, after Azerbaijan lost Khojaly, in Nagorno-Karabakh, Mutallibov was himself forced to resign. Abulfaz Elchibey was elected president in June 1992 and adopted a diametrically opposite anti-Russian, pro-Western foreign policy, withdrawing Azerbaijan from the Commonwealth of Independent States (CIS) and expelling Russian troops.¹⁴ He strengthened the armed forces by incorporating large numbers of ethnic Azeri, former Soviet officers and inviting Turkish military instructors, and the early result was some successes in Nagorno-Karabakh.

Nevertheless, more political infighting was soon followed by further losses in the war, which in turn deepened the governmental crisis and impeded efforts to

¹²Mutallibov's policies were in sharp contrast to army-building efforts in Armenia, which moved to form paramilitary units as early as 1989 and incorporated these into the regular army after independence. See Alexei Zverev, "Ethnic Conflicts in the Caucasus: 1988-1994", in Bruno Coppieters (ed.), *Contested Borders in the Caucasus* (Brussels, 1996).

¹³Lieutenant-General Valeh Barshadli, a senior officer in the Soviet army, became the first defence minister. The parliament nationalised all weapons and property of the Soviet military in Azerbaijan and sought to stop the Russian/Soviet troops leaving the country from deliberately destroying them as they left the country.

¹⁴Azerbaijan was the first former Soviet republic to remove Soviet troops from its territory after the collapse of the Union.

build the army.¹⁵ Independent paramilitary units emerged in the west and south, led respectively by Colonel Surat Huseynov and Colonel Alikram Humbatov. In June 1993, following an unsuccessful attempt to disarm his forces, Huseynov started a rebellion in Ganje and marched to Baku. Fearing civil war, Elchibey invited the former Communist head of Soviet Azerbaijan and Politburo member, Heydar Aliyev, to the capital to quell tensions. He assumed leadership and secured his power by appointing Huseynov prime minister in a short-term tactical move, swiftly discredited the Popular Front and arrested Humbatov in December 1993.

The previous month, while the Nagorno-Karabakh conflict was still at its height, Aliyev initiated major army reforms. He created a defence council, giving him direct control over military affairs and limiting his prime-minister's powers, and disbanded and replaced local self-defence forces fighting in Nagorno-Karabakh with tens of thousands of young, untrained draftees.¹⁶ Although these measures initially produced greatly increased casualties, they eventually led to formation of a de-politicised regular army with a unified command structure and, in December 1993-February 1994, to some new successes in the war.

Aliyev reversed the Elchibey government's foreign policy, normalising relations with Russia, restoring CIS membership and laying the cornerstone of his "multi-vector foreign policy", based on the gradual enhancement of economic and political cooperation with the West, while carefully avoiding antagonising Moscow. In May 1994 he signed the Russian-brokered ceasefire with Armenia, which remains in force. In October, a month after signing contracts which created the Baku-Tbilisi-Ceyhan (BTC) pipeline, he suppressed a coup attempt by Huseynov, allegedly inspired by Russia. Five months later, in March 1995, he brutally quashed a rebellion organised by the OMON (special police force). For the remaining eight years of his life and reign, the elder Aliyev did little to strengthen the army, retaining the same defence chief, who is now the longest serving minister in an OSCE state.

¹⁵The Elchibey government, in consultation with Turkish instructors, reportedly planned more radical army reforms in 1992-1993, including a professional army and separation of the general staff from the defence ministry. But internal instability and deterioration of the situation in Nagorno-Karabakh put an end to this. Crisis Group interview, Panah Huseyn, parliamentarian and prime minister during the Elchibey government, Baku, July 2008.

¹⁶Aliyev reportedly disbanded some 10,000 local self-defence forces loyal to the Popular Front in 1993, at the height of the conflict in late 1993. Tom de Waal, *Black Garden: Armenia and Azerbaijan through Peace and War* (New York, 2003), pp. 225-226.

B. THE GOVERNMENT'S DEFENCE VISION

1. Boosting the army

Defence outlays, though traditionally the largest item in the national budget, remained virtually constant from 1992 (\$125 million)¹⁷ to 2003 (\$135 million).¹⁸ Though Azerbaijan was spending roughly twice what Armenia was on defence, Yerevan for a long time was able to preserve the military balance at that rate, at least in part because it could acquire arms on much better terms from Russia due to its membership in the CSTO¹⁹ and benefited from the upgrading of the Russian base on its soil.²⁰ The geography of the front line in and around Karabakh remains a key strategic advantage for Armenian forces.²¹

Upon assuming power at his father's incapacitation and then death in 2003, Ilham Aliyev has emphasised strengthening the army for the express purpose of restoring the country's territorial integrity.²² Benefiting from large oil revenues expected to total \$350-\$400

¹⁷"Country Study: Azerbaijan", U.S. Library of Congress, 1994, national security section, <http://lcweb2.loc.gov/frd/cs/aztoc.html>.

¹⁸Adalat Bargarar, "Azerbaijan boosts military", Institute for War and Peace Reporting (IWPR), 7 July 2005.

¹⁹Russia and Armenia are allied bilaterally as well as multilaterally in the CSTO, with Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. The CSTO envisages that member states can buy Russian arms at favourable prices.

²⁰In February 2007, when the commander-in-chief of Russia's air force declared that the Russian base would be re-equipped, the Armenian defence minister hinted that some weapons might be transferred. The deputy commander of the Russian air force has said Russia helped modernise Armenia's anti-aircraft capabilities in 2006, and Armenian specialists can now operate the Russian S-300 missile systems deployed there in the late 1990s. "Russia To Modernise Armenia Base", *Armenia Liberty*, 14 February 2007.

²¹Its forces hold all important heights, including the 4,000-ft Mrov mountain range on the north, as well as the Arax River border with Iran on the south. The single exposed stretch of 120km from north to south has been fortified since the 1994 ceasefire.

²²Speaking to officers on 3 June 2008, President Ilham Aliyev said, "the Armenia-Azerbaijan Nagorno-Karabakh conflict will be resolved only within the framework of Azerbaijan's territorial integrity. Let nobody have doubts about this. We will draw that day closer if we are stronger". *Azerbaijan* (newspaper), 4 June 2008. Speaking at a conference in Baku, Deputy Foreign Minister Araz Azimov said, "use of military build-up as a means of pressure on Armenia, is something that I would encourage". Crisis Group personal observation, Baku, April 2008.

billion over the next twenty years,²³ the government drastically increased annual defence spending, from \$660 million in 2006²⁴ (itself an almost fivefold increase from 2003), to the present year's \$1.85 billion.²⁵ This has initiated an arms race with Armenia.²⁶ Nevertheless, it remains in line with overall budget increases. Military spending has traditionally been around 11-14 per cent of total expenditures, and the 2008 figure is some 13.9 per cent of the overall \$14.3 billion budget.²⁷ Azerbaijan continues to spend a much smaller percentage of its gross domestic product (GDP) on the army than Armenia,²⁸ and it asserts that the size of the armed forces, proportional to population, territory and length of borders, remains less than Armenia's.²⁹

²³ Crisis Group telephone interview, Sabit Bagirov, local expert and former president of the state oil company, September 2008.

²⁴ "Another increase of \$60 million in defence expenses of state budget", *Today.az*, 26 May 2006.

²⁵ "About 7 billion will be spent in military expenditures", op. cit. See also "Azerbaijan Flexes Military Muscles", *IWPR*, 19 July 2007; and Crisis Group Report, *Risking War*, op. cit.

²⁶ For details, see Crisis Group Report, *Risking War*, op. cit., pp. 12-14.

²⁷ According to the May 2008 revision of the budget, expenditures will amount to 11.61 billion AZN (\$14.3 billion). In a March 2008 interview with a Russian news agency, President Aliyev complained Azerbaijan's military spending is looked at in isolation from the general budget and "this is not an honest approach", www.interfax.az/index.php?option=com_content&task=view&id=18570&Itemid=9.

²⁸ Armenia's military expenditures in 2007 were 6.5 per cent of GDP, the eighth highest rate in the world. Azerbaijan's were 62nd, at 2.6 per cent. "Military expenditures – percent of GDP > TOP 100", <http://indexmundi.com/g/r.aspx?t=100&v=132&l=en>.

²⁹ Crisis Group interviews, local military experts, Baku, July 2008. Also: "Azerbaijani MoD: 'Armenia armed, violating CFE provisions for years'" (in Russian), *Day.az*, 16 July 2008; "Araz Azimov: Armenia gets militarized more than Azerbaijan", *Azeri Press Agency*, 14 December 2007. Azerbaijan has a population of 8.2 million on a territory of 86,600 sq. km, including borders of 2,013km. Armenia has a population of just under 3 million on a territory of 29,743 sq. km, including borders of 1,254km. See, www.cia.gov/library/publications/the-world-factbook/geos/aj.html and www.cia.gov/library/publications/the-world-factbook/geos/am.html. Armenia announced a 2008 military budget of \$410 million. Emil Danilyan, "Armenian, Azeri FMs say satisfied with first meeting", *Armenia Liberty*, 7 May 2008. Armenia's army is generally given as 39,000 strong. "The Military Balance 2008, Europe", *International Institute for Strategic Studies*, p. 165. An alternative source gives a figure of 53,500. "Power leverage of the states of the Greater Caucasus", op. cit. Both Azerbaijan and Armenia include potential combat units in security forces other than the army, however, making a direct comparison of figures difficult.

Because NATO member states largely follow the non-binding arms embargoes on the two countries issued by the OSCE and the UN while the Karabakh war was raging, weapons are purchased mainly from Ukraine, Belarus and Russia.³⁰ Even Turkey, a strategic partner, provides only limited weapons and military equipment, due to its NATO commitments and the export restrictions of Western companies, which hold licences on most of its military production.³¹

2. National security concept

Azerbaijan is developing strategic documents on defence and security, as part of its cooperation with NATO and broader reform process. In 2007 it approved a national security concept, prepared in close consultations with NATO experts, but without input from civil society or parliament.³² The document calls "Armenian aggression" the "most serious threat", declares restoration of territorial integrity, "using all available means allowed under international law", the number one security priority and provides the framework for preparation of other strategic papers, including one on military doctrine. Unlike Yerevan's national security concept paper, which states "the Russian military presence in the Caucasus is an important factor for Armenia's security and for the preservation of the political and military balance in the region",³³ the Azerbaijani concept calls for the removal of all "foreign military forces" from the region.

The country's second most important security priority is "integration with the European and Euro-Atlantic structures". But unlike in neighbouring Georgia, the Azerbaijani concept does not explicitly declare NATO

³⁰ Crisis Group interviews, local experts, Baku, July 2008. Also see, R. Mirkadirov, "Azerbaijan again buys new old Russian weaponry" (in Russian), *Zerkalo*, 15 August 2007. In 1992 OSCE (then CSCE) and in 1993 the UN Security Council (Resolution 853) imposed non-mandatory arms embargoes on Armenia and Azerbaijan, urging states to "refrain from the supply of any weapons and munitions which might lead to an intensification of the conflict or the continued occupation of territory". Although no mechanisms for overseeing the embargoes were put in place, many Western countries have limited their arms exports. Throughout the 1990s, Azerbaijan was unable to receive U.S. military aid due to Section 907 of the Freedom Support Act (1992), which banned all government-to-government assistance. It was waived in 2001, following the 11 September events and Azerbaijan's decision to join the U.S.-led "war on terror".

³¹ Crisis Group interviews, local and international experts, July 2008.

³² Crisis Group interview, local lawmakers and NGOs, Baku, July 2008.

³³ Armenian National Security Concept, Article 1.3, at www.mil.am/eng/index.php?page=49.

or EU membership aspirations. Instead, it retains an emphasis on a “multi-vector balanced foreign policy”, defining relations with Russia as a “strategic partnership”, the same term used for relations with Turkey, Georgia, the U.S. and EU member states.³⁴ Officials generally avoid directly answering whether the country plans to join NATO, saying “time will show”.³⁵ “Because Azerbaijan doesn’t see Euro-Atlantic integration as a means for conflict resolution, the way Georgia does, it gives less weight to its dealings with NATO”, an international observer said.³⁶

The authorities try to maintain good relations with Iran as well as Russia by being less ambitious on Euro-Atlantic integration. According to Deputy Foreign Minister Araz Azimov, discussions on whether to join NATO or the EU are misplaced: “Realities are tougher and heavier; it is not simply an issue of membership”.³⁷ An opposition lawmaker agreed. “The U.S. is far away, and the West does not give clear [security] guarantees”.³⁸

3. Drive for self-sufficiency

Despite large increases in the military budget, capabilities have not necessarily improved proportionally. The army has more arms, but the vast majority are still Soviet-era leftovers. The June 2008 military parade, the first in sixteen years, was a grandiose show domestically but also demonstrated that much of the armament and other equipment is old.³⁹ At least until the early 2000s, Azerbaijan was unable to maintain part of its expensive military hardware and simply chose to write off what needed repair.⁴⁰ Maintenance and repair has now improved, however, and Azerbaijan is

keen to buy from the West but is still largely prevented by the embargoes.⁴¹

Overcoming initial doubts, the defence industry ministry, established in 2005 and led by Yaver Jamalov, a successful businessman and former head of the state-run oil firm “Azneft”,⁴² has become an effective producer of up to 29 different items of small arms and munitions. With a 66 million AZN (some \$78 million) budget, it seeks to expand to 80 items in 2008.⁴³ An agreement was reached with Turkey to manufacture armoured personnel carriers, infantry fighting vehicles and small calibre artillery guns.⁴⁴ Agreements were also concluded with Ukraine and Pakistan to build a military factory near Baku for tanks and armoured vehicles based on upgraded Soviet models.⁴⁵ Though domestic experts doubt it can develop competitive production and sophisticated hardware, including tanks and artillery, given its small domestic market and limits on its technological base, they acknowledge the need to expand capacity in small arms and repair.⁴⁶

III. CURRENT SITUATION IN THE ARMY

Insufficient social protection, endemic corruption, nepotism and hazing continue to undermine combat readiness. The army is a conscript one, in which all men between eighteen and 35 are required to serve.⁴⁷ Call-ups take place four times a year. Service is one year for those with higher education, eighteen months for

³⁴The document avoids characterising ties with Iran, stating simply that Azerbaijan “is interested in developing mutually beneficial relations”.

³⁵For example, Kamil Khasiyev, Azerbaijan’s ambassador to NATO, cited in E.Veliyev, “US wants to see Azerbaijan in NATO” (in Russian), *Zerkalo*, 26 June 2008.

³⁶Crisis Group interview, international observer, Baku, July 2008.

³⁷“Azerbaijan’s view of the security situation in the South Caucasus”, Security & Defence Agenda (SDA) Policy Spotlight, June 2008, p. 8, at www.securitydefenceagenda.org/Portals/7/Documents/Azerbaijan_27May.pdf.

³⁸He added: “In 1918 [when Azerbaijan experienced a brief period of independence], the British forces were in Baku, but they left and Russians came. Who guarantees the history will not repeat itself?...In present circumstances, any government [in Azerbaijan] is compelled to conduct a balanced foreign policy”. Crisis Group interview, member of parliament, July 2008.

³⁹Crisis Group interview, diplomat, Baku, July 2008.

⁴⁰The number of Azerbaijan’s tanks has decreased since the ceasefire; see table 15 at www.armscontrol.ru/pubs/eta-az-nkar-061121.pdf. In the absence of active hostilities, the explanation appears to be poor maintenance.

⁴¹Crisis Group interview, international observers, Baku and Brussels, July 2008.

⁴²The ministry was based on the state committee for special machinery, which was under the defence ministry. The Soviet-built factories and “scientific-production centres” under that ministry were largely non-functioning and were transferred to the new ministry. These included, among others, the “Alov”, “Aviaagregat”, “Azon”, “Iglim”, “Navigation systems”, “Peyk”, “Telemekhanika”, “Radiozavod” and “Ulduz” factories.

⁴³J. Mamedov, “What a 2 billion military budget promises us” (in Russian), *Zerkalo*, 26 April 2008

⁴⁴“Azerbaijan to start manufacturing arms, military hardware in 2008”, BBC Monitoring Service, Azeri Press Agency, 26 January 2008, at www.un-az.org/undp/bulnews55/en3.php.

⁴⁵“Tanks and armoured vehicles will be manufactured in Azerbaijan” (in Russian), 29 September 2007, at www.day.az/news/economy/93625.html.

⁴⁶Crisis Group interviews, local military experts, Baku, July 2008. Also: “Uzeyir Jafarov: ‘I do not share the optimism of those who already start discussing the brilliant prospects of the local military industry’” (in Russian), *Day.az*, 21 November 2007, www.day.az/news/economy/98746.html.

⁴⁷Law on Military Service, adopted on 3 November 1992, Article 3.

those with secondary education and not less than that for reserve officers.⁴⁸ There is for practical purposes no law to implement the constitutional right to perform alternative service, according to the government because of the ongoing Nagorno-Karabakh conflict.⁴⁹ Personnel may vote in elections and run for office but are forbidden to strike, engage in business activity or belong to a political party or professional union.⁵⁰

A. SOCIAL PROTECTION AND CORRUPTION

Officers' salaries have been increasing, including a 50 per cent raise in June 2008,⁵¹ bringing the monthly average to \$400-\$600.⁵² Although this is higher than the official average civilian salary (roughly \$291),⁵³ it is in most cases insufficient to support a family when there are no unofficial sources of supplemental income. Officers are entitled to other benefits, but too often these exist only on paper. For example, officers and their families have a right to housing or payments for rent. In reality, few housing opportunities exist, and compensation does not match market rates.⁵⁴ Food allowances are below the minimum consumer basket level.⁵⁵ Rights to vacation, recreation and retirement

are frequently violated.⁵⁶ Over 200 court decisions have been issued in favour of officers – mostly concerning unpaid compensation, and in some instances illegal dismissals from jobs or military school – but the defence ministry has ignored these for years without paying the fines.⁵⁷

The situation for officers in front-line units is particularly difficult, even though corruption tends to be lower, as those who serve there often lack funds to pay bribes. Front-line service is frequently used as a punishment for officers, while many of the conscripts who perform it are those too poor to escape the draft or arrange to be sent to other units.⁵⁸ No effective officer or military unit rotation system exists; consequently, some officers have served six years in the same front-line units, while others have never gone there.⁵⁹ Home leave opportunities are also insufficient. Due to difficult conditions, many young officers at the front cannot marry or are far from their families, and divorces are frequent.⁶⁰

To avoid front-line duty or the army in general, many pay bribes to serve in the internal troops or other paramilitary units.⁶¹ “This is an abnormal situation for a country which is in a state of war”, said a local expert.⁶² Inside the army itself, conscripts often pay to get more “comfortable” positions, such as personal drivers for commanders, documentation assistants, storage keepers or medical assistants.⁶³

Corruption is a problem in procurement and supply. A lack of transparency and parliamentary oversight of tenders for military construction and food and other purchases for the army allows inflated prices and proxy companies to receive preferential treatment.⁶⁴ The defence ministry responds that army procurement is a “state secret”. But a local expert asked: “Why shouldn't the public know how many potatoes the ministry of

⁴⁸ Ibid, Article 15.

⁴⁹ As a member of the Council of Europe, Azerbaijan committed to introduce alternative military service. See, “Bill on alternative military service to be passed only after Nagorno-Karabakh conflict settled”, Trend News Agency, 4 July 2008, at <http://news.trendaz.com/index.shtml?show=news&newsid=1238697&=EN>. A law on alternative service signed by President Elchibey in 1992 is still technically in force but is not implemented.

⁵⁰ Law on Military Servants' Status, adopted on 25 December 1991, Articles 6, 23.

⁵¹ Although from a low base, salaries of conscripts were increased 100 per cent, those of officers serving on a contractual basis by 50 percent and those of civilians serving in the army by 25 percent.

⁵² R. Rustamov, “Army's anniversary was congratulated” (in Russian), *Zerkalo*, 26 June 2008.

⁵³ As of December 2007; State Statistical Committee, www.azstat.org/statinfo/labour/az/025.shtml#s2.

⁵⁴ Officers' housing compensation reportedly is usually around 50AZN (\$62) per month, prices for rental apartments are at least four or five times higher. Crisis Group interviews, local military experts, Baku, July 2008.

⁵⁵ Following a double increase in June 2008, officers now receive 64AZN (\$80) for food, still below the official minimum consumer's basket of 70AZN (\$87). According to the Economic Research Centre (ERC), a Baku-based think tank, the real minimum consumer's basket in Azerbaijan as of May 2008 was approximately 118AZN (\$147). Crisis Group email communication, ERC, Baku, July 2008.

⁵⁶ By law, an officer has a right to retire after ten years, but many are not allowed to leave and are threatened with dismissal and loss of all benefits. Crisis Group interview, head of an NGO dealing with military issues, Baku, July 2008.

⁵⁷ Crisis Group interview, military expert, Baku, July 2008.

⁵⁸ Crisis Group interviews, local military experts, Baku, July-August 2008.

⁵⁹ Crisis Group interviews, former servicemen, Baku, August 2008.

⁶⁰ Crisis Group interviews, local military experts and members of parliament, Baku, July 2008.

⁶¹ Crisis Group interviews, local military experts and former conscripts, Baku, July-August 2008.

⁶² Crisis Group interview, military expert, Baku, July 2008.

⁶³ Crisis Group interviews, former conscripts, Baku, July-August 2008.

⁶⁴ Crisis Group interviews, local military experts, Baku, July-August 2008.

defence buys for the army and how much it pays for them? Why should this be a military secret?"⁶⁵

Lethal accidents in the armed forces due to technical malfunctions have led to speculation that due to corruption in procurement, outdated hardware is being purchased as new. Reportedly, some ten servicemen died in such accidents since early 2008.⁶⁶ Most recently, in September 2008, three servicemen died during military exercises in Nakhichevan, when a shell exploded inside a tank's turret.⁶⁷ In October, two more servicemen died in a fire inside their armoured vehicle during exercises in Shamkir, in western Azerbaijan.⁶⁸

Former servicemen interviewed stressed that at the unit level, the extent of corruption tends to depend on the character of individual commanders. There are still numerous reports of embezzlement. Overall, however, following the budget increases, the quality of food and uniforms has markedly improved.⁶⁹ Food is reportedly better for front-line than for rear units, because there officers and soldiers "eat from the same pot".⁷⁰

There have been several instances of officers arrested on corruption and embezzlement charges,⁷¹ but these tend to be brought selectively against those who have been critical of the regime. For example, Lieutenant-Colonel Rasim Muradov, former deputy commander of the Guard Brigade at the ministry, was accused of bribery and sentenced to eight years in October 2007, after he pub-

licised reports to the office of the military prosecutor on corruption in the peacekeeping units in Iraq.⁷²

B. MISTREATMENT

Much of the training at unit level is done by sergeants, who are not professionals, but are selected from the longer-serving conscripts. To maintain control, they often rely on their peers. This leads to non-statutory relations among them, as well as hazing (*dedovshina*), such as was common in the Soviet and Russian army. The defence ministry denies the existence of widespread hazing, despite numerous allegations.⁷³

According to Doktrina, a local military NGO, ten soldiers committed suicide and at least sixteen were killed in hazing in 2007.⁷⁴ According to the same study, out of 286 officially confirmed deaths between 2003 and May 2008, 164 (57 per cent) were unrelated to military action;⁷⁵ in other words more soldiers died because of internal mismanagement, accidents and poor discipline than open hostilities. The ministry does not report fully on casualties or other incidents. No unit commander has ever been criminally prosecuted for a non-combat-related death in his unit.⁷⁶ Civil activists and military experts call for more transparency regarding these casu-

⁶⁵ Crisis Group interview, local military expert, Baku, July 2008.

⁶⁶ R. Jafarov, "Three servicemen died" (in Russian), *Echo*, 15 October 2008.

⁶⁷ R. Rustamov, "Azerbaijan buys old tanks?" (in Russian), *Zerkalo*, 8 October 2008.

⁶⁸ R. Rustamov, "MoD deeply regrets" (in Russian), *Zerkalo*, 18 October 2008.

⁶⁹ Crisis Group interviews, local military experts and former conscripts, Baku, July-August 2008. Problems remain with food preservation and cooking. There was an unverified report of mass dysentery among the soldiers of the front-line Barda and Shamkir corps in July 2008, due to poor food storage. "Defence ministry keeps silence about the poisoned soldiers" (in Azeri), *Yeni Musavat*, 22 July 2008.

⁷⁰ Crisis Group interviews, former conscripts, August 2008.

⁷¹ For example, in September 2008, Captain Rovshan Babayev, deputy commander of a unit near Baku, was sentenced to four years on charges of bribery and misuse of power. "Former chief-of-staff of N military unit of the MoD arrested in the courtroom", ANSPress.com, 5 September 2008. In early 2007 some 30 servicemen, mostly officers, were reportedly arrested for corruption and embezzlement. J. Sumerinli, "Arrests in the Army continue" (in Azeri), *Ayna*, 6 February 2007.

⁷² "Lieutenant Colonel who publicised corruption facts in Azerbaijani peacekeeping company in Iraq is dismissed" (in Russian), *Day.az*, 11 October 2006; and "Lieutenant Colonel Rasim Muradov sentenced to 8 years prison term" (in Russian), *Day.az*, 22 October 2007. In July 2008 the appeals court decreased his term to five years. Crisis Group interview, Alekber Mamedov, civil activist, October 2008.

⁷³ In October 2008 two videos showing older soldiers bullying their younger mates were placed on YouTube, (www.youtube.com/watch?v=51OZpSKK6Es and www.youtube.com/watch?v=w3uTltGxU0w). Officials initially dismissed the first video as a pre-orchestrated "spectacle", but the local media subsequently reported the arrests of the apparent offenders. "Hazing in the Azerbaijani army?-Video" (in Russian), *Day.az*, 6 October 2008; "Another video on hazing in the Azerbaijani army appeared in the internet-Video" (in Russian), *Day.az*, 21 October 2008; "MoD recognised existence of hazing" (in Russian), *Zerkalo*, 23 October 2008.

⁷⁴ "Military casualties are increasing" (in Russian), *Zerkalo*, 31 May 2008.

⁷⁵ This includes 37 suicides, eighteen dead in car or aircraft accidents, 51 from non-statutory relations (hazing), 34 from "accidents", thirteen as a result of poison or illness, and eight in "mysterious circumstances". Figures from "Military casualties are increasing", Doktrina NGO.

⁷⁶ Crisis Group interview, human rights activist, Baku, July 2008.

alties, which have not decreased in 2008 despite the rising military budget.⁷⁷

In some instances soldiers complain that officers or sergeants ask them to purchase mobile phone credit – a form of currency in the army – or force them to bring money from home.⁷⁸ It is not rare for soldiers to be used as free labour to work for their commanders.⁷⁹ Few complain, because of their limited contacts with the outside world and “unwritten rules” from the Soviet era, according to which reporting mistreatment is considered cowardly.

The ombudsman’s office includes a department on protection of servicemen’s rights, but it is weak, dependent on executive authority and so has limited impact. The ombudsman cannot visit units without the ministry’s prior authorisation. “The ombudsman acts as a civilian person”, says a civil activist. “If we would have a military ombudsman, the problem of his independence would certainly not disappear, but at least the defence ministry would be stripped of its pretext of the need to be closed to civilian institutions”.⁸⁰ In the context of its comprehensive review to bring military regulations in line with NATO standards, the ministry is expected to remove Soviet-era provisions which allow officers to punish soldiers by confining them without trial for up to ten days.⁸¹

⁷⁷ Jasur Sumerinli, “Major aspects of the army-building” (in Russian), *Zerkalo*, 31 May 2008.

⁷⁸ Crisis Group interviews, local military experts and former conscripts, Baku, July-August 2008. Also: Maarif Chingizoglu, “Corruption in the army: a ‘tale’ or a reality?” (in Azeri), *Azadliq.org*, 18 July 2006; “Negative incidents in the army” (in Azeri), *Olaylar*, 19 December 2007; and “Trial of the sergeants which tortured soldiers started” (in Azeri), *Ayna*, 26 December 2007.

⁷⁹ In June 2008 an opposition newspaper published a story and pictures of a soldier grazing his commander’s sheep. Despite the evidence, the defence ministry issued a denial. See, “National army soldiers grazing sheep in Dashkesen” (in Azeri), *Bizim Yol*, 25 June 2008.

⁸⁰ Crisis Group interview, local military expert, Baku, August 2008.

⁸¹ Other expected amendments relate to organisation of the daily schedule, physical exercises, nutrition and the like.

C. TRAINING

Azerbaijan claims to be able to train its own officers in all fields.⁸² The bulk are educated in five major military schools.⁸³ Turkish instructors played a crucial role in setting up and teaching the curriculum, but since 2002 they have been largely replaced by Soviet-educated Azerbaijani officers.⁸⁴ Some local experts suggested the authorities deliberately sought to diminish the Turkish influence, because they feared the Turkish model of the military as guarantor of the country’s political system and constitution.⁸⁵ NATO teaching methods began to be introduced into the schools in 1997,⁸⁶ and officers taught according to NATO standards have been serving in the army since 2001.⁸⁷

Military institutes have the lowest admissions criteria of the country’s institutions of higher learning. For the last three years, applicants turned down by civilian universities have been allowed to apply directly to the military schools.⁸⁸ Unless the latter acquire more competitive admissions standards, raise their educational level and increase cadets’ stipends, the armed forces risk being staffed by low-quality officers, thus undermining capacity building and military reform. Solving

⁸² “Historical note on Heydar Aliyev’s speech dedicated to the first graduation of the Azerbaijan High Military School”, Baku, 25 August 2001, retrieved from <http://aliyevheritage.org/cgi-bin/e-cms/vis/vis.pl?s=001&p=0790&n=000004&g=>.

⁸³ These institutions, mostly based in Baku, are the Military Lyceum, named after Jamshid Nakhchivanski; the High Military School, named after Heydar Aliyev (in Baku and in Nakhchivan); the High Military Aviation School, High Military Naval School, the Military Academy and the Military Training Centre under the defence ministry.

⁸⁴ Reportedly, in 2002, soon after departure of the Turkish military instructors, most cadets of the High Military School, some 2,000, left school to protest deteriorating service conditions, corruption and a public insult from a senior general. Most returned after the general was temporarily dismissed, but some cadets suspected to have organised the protest were expelled and have been unable to continue their education, despite the fact that some of them won court decisions ordering their restoration in the High Military School. Crisis Group interview, Uzeyir Jafarov, military expert, Baku, July 2008. Also: “20 cadets will leave the military school” (in Azeri), *Bizim Yol*, 17 October 2007.

⁸⁵ Crisis Group interviews, military experts, Baku, July 2008.

⁸⁶ “Contemporary army building guarantees our security” (in Azeri), *Xalq Qazeti*, 3 December 2006.

⁸⁷ Mammadov, “88 years”, op. cit.

⁸⁸ Crisis Group interviews, local military expert, July 2008, Baku. Also see: “TQDK holds competition for the vacant places in the military schools” (in Azeri), 11 September 2007, at www.anspress.com/index.php?nid=30003; and Saadat Akifgizi, “Is there a need to fill in the vacant places during student admission?” (in Azeri), *Azadliq.az*, 21 August 2006.

this problem also requires increasing the military's prestige and improving service conditions.

Even less is done to prepare conscripts, who make up the bulk of the armed forces. They receive a bare minimum of combat training during the initial draft period. "In first three months [of training] I shot only once and only three bullets", said a former conscript who served on the front line.⁸⁹ The estimated 700,000-800,000 reservists receive no training.⁹⁰ Though the law provides for regular call-ups,⁹¹ the only such exercises have been for officers.

D. SOVIET AND NATO INFLUENCES

The Soviet legacy in the army and in particular among the general staff is a significant impediment to the reform process. The nomenklatura-type senior leadership is more concerned with preserving its power and privileges than constructive change. It employs pro-NATO rhetoric but is slower to implement that alliance's real standards.

On the other hand, a young generation of officers, trained according to those standards in Turkey or in domestic military schools with Turkish instructors, tends to be more energetic and open to reform.⁹² Its members often find it difficult to adapt to units in which Soviet-educated commanders still make most decisions, stalling initiative and causing frustration. The degrading treatment by higher-level, Soviet-educated officers, rampant corruption and low salaries discourage many, who leave the army to seek jobs in parallel power structures with the internal troops, border guards and emergency situations ministry, or in private security services.⁹³

The coexistence of NATO and Soviet standards in the army causes systemic tensions, reduces effectiveness and slows reform. An international observer pointed out: "If the system has two different standards, then the officers have to be trained twice, therefore running a risk of creating two armed forces".⁹⁴ Azerbaijan also needs to use its NATO-trained personnel more efficiently. Some highly trained officers, including one who gradu-

ated from Britain's prestigious Sandhurst Academy, are merely used as interpreters.⁹⁵ A more regular rotation system, with units serving six months on the front line at a time, for example, then being made available for training, would also speed up capacity building.

IV. REFORM CHALLENGES

Reforms have been driven by cooperation with NATO, but are hampered by Azerbaijan's lack of a comprehensive foreign and security policy. As described above, the country's policies are based on a multi-vector approach, which seeks to balance close relations with Euro-Atlantic structures and Russia. Similarly, its main strategic objective is to restore territorial integrity. This has not, however, led to adoption of a comprehensive security concept. There is no consensus on the choice of external friends and foes, the type of army the country wants to build or the steps it is willing to take to reform. The country's leadership has also failed to end corruption in the armed forces, to stop using them for protection of elite interests and to deepen democratic and civilian control over them.

While NATO programs and expertise have helped provide a framework for defence sector reform, Baku has not made the strategic decision to seek NATO membership, although the idea enjoys wide popular support.⁹⁶ It claims to be interested in cooperation with the alliance "up to the level of integrational partnership",⁹⁷ without specifying whether this could extend to eventual membership. The more Western-leaning elements of society would like to move faster on membership, viewing it as a security guarantee and way to restore territorial integrity. NATO's April 2008 Bucharest summit, which promised Georgia and Ukraine membership at some indefinite time, increased calls in Azerbaijan to make a definitive choice on NATO integration.⁹⁸ But events in Georgia in August 2008 and Moscow's warning to Ukraine about possible membership⁹⁹ have increased reluctance to express such an

⁸⁹ Crisis Group interview, Baku, August 2008.

⁹⁰ Crisis Group interview, local military expert, Baku, July 2008.

⁹¹ Law on Military Service, Article 22, and Statute on Military Service, Article 175. No incentive is provided for reservists, except a guarantee of retaining their jobs and a vague obligation on the employer to pay full salary during a call-up.

⁹² Crisis Group interviews, local military experts and international observers, Baku, July 2008.

⁹³ Crisis Group interview, local military expert, Baku, July 2008.

⁹⁴ Crisis Group interview, international observer, Brussels, August 2008.

⁹⁵ Crisis Group interview, international observer, Baku, July 2008.

⁹⁶ According to a poll conducted in 2007 by CRRC, 43.9 per cent of Azerbaijanis "fully support" and 26.2 per cent "somewhat support" NATO membership. Data Initiative November 2007, www.crrccenters.org/index.php/en/5/999/.

⁹⁷ www.mfa.gov.az/eng/international/organizations/nato.shtml.

⁹⁸ See for example, A.Rashidoglu, "Azerbaijan chooses NATO" (in Russian), *Zerkalo*, 5 April 2008.

⁹⁹ In September 2008 Russia's ambassador to the UK, Yury Fedotov, said NATO expansion was viewed by Russia as "a hostile action" and warned Ukraine: "Should this country become a Nato member ... it means that we should take some measures to protect ourselves, and this may have an impact

aspiration. Unlike in Georgia, NATO is rarely considered able to help the country guarantee its territorial integrity and security from outside threats (Russia or Iran, for example).

A. PARALLEL FORCE STRUCTURES AND ELITE POWER DYNAMICS

The security sector is fragmented and oversized. This can cause real problems for coordination and control in times of emergency and is costly and potentially destabilising. The problem is linked to the history of the Nagorno-Karabakh conflict, which promoted the establishment of parallel, combat-ready units (particularly the interior troops) to supplement the army. But it is also due to the nature of Azerbaijani governance and the intra-elite power balance. The country's top leadership, including the president, wants to prevent any single power structure from becoming strong enough to potentially challenge the government. The system is based on a sophisticated "divide-and-rule" approach, in which multiple power centres, including numerous parallel force structures, balance and compete with each other.

Government and decision-making processes in Azerbaijan, similar to many authoritarian or semi-authoritarian states, are highly personal. Promotion and preference are often based on personal loyalty, rather than merit. Two of the major power ministries have been ruled by the same person for over a decade.¹⁰⁰ The existing power balance and competition environment within the ruling elite maximises the strength of the president, but also renders the governance system inefficient and resistant to fundamental reform. Consequently, it is very difficult to achieve inter-agency cooperation in the security sector, or a non-partisan, pro-reform security and defence establishment.

While the elder Aliyev's regime had avoided developing a strong and unified armed force due to the country's experiences in the 1990s, it systematically upgraded the interior troops and other law enforcement agencies, whose primary role is to protect the ruling elite. "Today, the interior troops and border guards on the whole are better equipped than the army. Why are structures in charge of internal stability more capable than the structure charged with defending our lands?"

on this multitude of relations, ties and connections". See Anne Penketh, "Russia warns Ukraine it will retaliate over Nato", *The Independent*, 11 September 2008.

¹⁰⁰ Safar Abiyev (since 1995) is the longest-serving defence minister in an OSCE state. Ramil Usubov has been interior minister since 1994.

a local military expert asked.¹⁰¹ This reflects the ruling elite's greater fear of internal challenges, rather than external ones.¹⁰² President Ilham Aliyev has modified the policy, significantly increasing the military budget while also providing more funds to the national security, interior, emergency situations and defence industry ministries, as well as to the special state protection service and national guard. A fragmented security sector may appear less threatening politically to the authorities, though it potentially could prove somewhat less predictable and controllable.

B. THE LACK OF OVERALL REFORM VISION

As part of institutional reform commitments within the NATO IPAP, the government pledged to complete three security strategy documents: the national security concept, the military doctrine and, eventually, the strategic defence review (SDR). It has the first of these but not yet the second, which would define the role and tasks of the armed forces and set priorities for military reforms and development, even though the 1995 constitution tasked the president to submit it to the parliament for approval.¹⁰³ When President Aliyev signed the national security concept in May 2007, he instructed the working group to complete the military doctrine within three months.¹⁰⁴ However, though the authorities have claimed since 2006 that it was "almost ready",¹⁰⁵ discussion on it has not been included in the agenda of the fall 2008 parliamentary session.

An SDR would be the next important part of defence reform and modernisation under the IPAP,¹⁰⁶ but it is

¹⁰¹ Crisis Group interview, Baku, July 2008.

¹⁰² Crisis Group interviews, Baku, July-August 2008.

¹⁰³ The first references to the military doctrine concept appeared in 1991, in the Law on Armed Forces, and in 1993, in the Law on Defence. The Law on Armed Forces said the army's units of the army are to be located pursuant to the military doctrine (Article 8). The Law on Defence characterised preparation of the military doctrine as a primary element in organising the defence of the state (Article 2). Inherently, as a local military NGO activist pointed out, this "means that the president has not fulfilled his constitutional obligation". Crisis Group interview, local military NGO activist, Baku, July 2008.

¹⁰⁴ "Order of the President of Azerbaijan on approval of the national security concept", 23 May 2007, at www.e-qanun.az/viewdoc.aspx?id=13373&type=1&state=1&df=2.

¹⁰⁵ Liz Fuller, "Azerbaijan: Military has cash, but no security doctrine", RFE/RL, 2 February 2006; the most recent relevant government statement, from September 2008, is at www.today.az/news/politics/47647.html.

¹⁰⁶ SDR envisages aligning defence capabilities with expected risks, threats and national security commitments, based on the

dependent on both development of a military doctrine and the commitment of the military's top leadership. It should define the capabilities needed to meet the goals of the doctrine and most likely will require reorganisation of the army and defence ministry, increases in the proportion of professional (contractual) servicemen in the army and a new mobilisation and reserve system.¹⁰⁷ Delays in formulating a clear reform concept pursuant to the military doctrine and SDR hinder modernisation and effective management of allocated resources. "The more money you have, the more desperately you need SDR", an international observer commented.¹⁰⁸

Delays on these documents may be linked to the government's reluctance to identify priorities.¹⁰⁹ "Adoption of a military doctrine is primarily a political act", said a member of the parliament's standing committee for defence and security. "It should include clear statements on foreign policy inclinations and military allegiances". Another parliamentarian argued Azerbaijan does not need such a doctrine, given its rough neighbourhood: "A military doctrine will cause additional difficulties for a small country like Azerbaijan. The army can develop without a military doctrine".¹¹⁰ The fear of destabilisation from Russia (and Iran) in the absence of Western security guarantees has at least impeded the choice of strategic partners and hence development of clear conceptual documents. The Georgia crisis made Azerbaijan yet more reluctant to set clear military-political priorities, thus providing a further disincentive for adopting a military doctrine. In the meantime, however, it is hard to define and implement a reform agenda.

Decision-makers also disagree how far reforms should go when the country is officially at war, for example the degree of separation of competencies between the chief of staff and the defence minister and the move from a conscript-based to a professional army. Some experts argue Azerbaijan would be better off if the army was headed by a civilian and was smaller and better equipped under NATO standards. Many of the more conservative political forces argue against such an approach while the Nagorno-Karabakh conflict

remains unresolved, though their reluctance may well have as much to do with protecting their own interests. Comprehensive reforms would require more transparent and accountable governance, which would restrain a ruling elite that relies on the security structures to reinforce its power base and extract income.¹¹¹

Indeed, some proponents of the army's professionalisation argue that reforms are being avoided because they would force political elites to become more accountable.¹¹² "Moving to a professional army is related to human rights and more civilian control over the army", said the head of a local NGO that deals with military issues. "What does an ordinary conscript know about his rights? He is just a draftee who has to serve. But a professional [contract] soldier will demand all his rights ... this will reduce corruption".¹¹³ There may be logic in this, at least in the Azerbaijani situation, though many other countries have felt that a conscript quotient in the army helps to make the force and its employment more democratic.

C. LACK OF TRANSPARENCY AND ACCOUNTABILITY

1. Absence of parliamentary oversight

Increasing democratic control over the armed forces is a key priority of NATO reform. Azerbaijan has made little progress towards this goal. IPAP commitments envisage reorganising the defence ministry by increasing its civilian manning. This would include its transformation into a structure responsible for planning and supplying but not directing troops. Command and control over the armed forces would be separately vested under the general staff, which would be directly subordinate to the president. In later stages, the general staff would be transformed into a joint staff, with operational control of all armed and security forces. Some of the parallel force structures would eventually merge or be demilitarised.¹¹⁴

mid- and long-term findings, in order to obtain more efficient and interoperable armed forces.

¹⁰⁷ Crisis Group interviews, international observers, Baku, July 2008.

¹⁰⁸ Crisis Group interview, international observer, Baku, July 2008.

¹⁰⁹ Crisis Group interviews, local and international observers, Baku, July 2008.

¹¹⁰ Crisis Group interviews, members of parliament, Baku, July 2008.

¹¹¹ As described above, particularly the non-transparent tender, procurement and supply processes create favourable conditions for widespread misuse of government funds.

¹¹² Crisis Group interviews, members of parliament and civil society, Baku, July 2008.

¹¹³ Crisis Group interview, local military NGO activist, Baku, July 2008.

¹¹⁴ "The key is to make the [government] agencies work together on common objectives under NATO coordination. That way all military agencies will be integrated into one another eventually", said an international observer. Crisis Group interview, Brussels, July 2008.

President Aliyev, as commander-in-chief, is the only civilian who exercises effective control over the armed forces. He was re-elected on 15 October 2008 in a process that international observers said showed “considerable progress” but lacked true competition and vibrant political discourse.¹¹⁵ The Security Council, chaired by the president, is the single civilian-led body coordinating power ministry activities.¹¹⁶ While the defence law states that the Cabinet of Ministers, headed by the prime minister, “bears responsibility for the state of affairs in the armed forces”,¹¹⁷ and nominally the power ministries are doubly subordinate, to president and prime minister, the latter in practice has almost no direct role in the security sector.¹¹⁸

There is little concept of democratic control by parliament and its committees. In the centralised presidential system, parliament has little oversight or influence over other branches. The 2005 parliamentary elections, which did not satisfy OSCE commitments and international standards, failed to create a diverse, popularly accountable legislature.¹¹⁹ Lack of knowledge about the security sector and the weakness of the parliamentary opposition are further impediments to oversight.¹²⁰ The parliament’s legislative powers are weak: most laws are prepared by the executive branch and approved by the virtually rubber-stamp legislature after minimal debate.¹²¹ Most defence sector legislation, including military manuals, was adopted in the early 1990s, often simply

copied from Soviet-era documents¹²² and without reference to oversight. Officially parliament is important,¹²³ but most security decisions are adopted by executive order.¹²⁴ The legislature’s defence influence was actually downgraded in 2004-2005,¹²⁵ and, as noted, the president approved the national security concept without parliamentary deliberation.¹²⁶

Since the parliament approves only the prime minister, and other cabinet members are directly appointed by the president, its ability to summon ministers to report is limited.¹²⁷ It has never requested a power minister to testify.¹²⁸ Defence legislation, particularly the Law on Defence, should be amended to clearly oblige security sector ministers to report to the parliament annually or as requested.

¹¹⁵“Azerbaijan’s presidential poll marked considerable progress, but did not meet all election commitments”, International Election Observer Mission, press release, Baku, 16 October 2008, at www.osce.org/item/34400.html.

¹¹⁶It is an advisory and coordinating body composed of both power ministries and civilian leadership. It does not have a fixed composition, however; depending on a meeting’s agenda, it may include different senior officials, from the power ministries (defence, interior, national security) or the civilian leadership (head of the presidential apparatus, prime minister, foreign minister, etc.).

¹¹⁷Law on Defence, adopted on 26 November 1993, Article 6.

¹¹⁸Although the prime minister may issue regulations on financial and “material-technical provision of the armed forces, such as decisions on improving material well-being of the military personnel, ... this function has been always carried out directly by the president”. Crisis Group interviews, members of parliament, Baku, July 2008.

¹¹⁹“Republic of Azerbaijan Parliamentary Elections 6 November 2005”, OSCE/ODIHR, final report, 2 February 2006, p. 2. See also Crisis Group Europe Briefing N°40, *Azerbaijan’s 2005 Elections: Lost Opportunity*, 21 November 2005.

¹²⁰“Deputies lack knowledge, competence and professional staff to draft laws”, said a lawmaker. Crisis Group interview, member of parliament, Baku, July 2008.

¹²¹Crisis Group interviews, members of parliament and civil society, Baku, July 2008.

¹²²Important legislation regulating the defence sector included the Law on Armed Forces (1991, amended 1992 and 1993), Law on Military Servants’ Status (1991), Law on Military Service (1992), Law on the Basics of Drafting (1992) and Law on Defence (1993).

¹²³It should pass laws and regulations concerning defence and military service; approve military doctrine presented by the president; approve the president’s decisions on declarations of war, martial law, emergency situations and troops mobilisation and ratify international agreements. Azerbaijan Constitution, Chapter V (Legislative Power) and Law on Defence, Article 4. It also is mandated to approve the budget, including military expenditures, submitted by the president and controls its implementation.

¹²⁴Crisis Group interview, local military NGO activist, Baku, July 2008.

¹²⁵For example, 2004 amendments to the Law on Defence removed parliament’s authority to define the structure and size of the armed forces; independently initiate a declaration of war (in cases stemming from treaty-based obligations); agree to the appointment and dismissal of the defence minister and bestow the highest military rank of army general. These powers became the sole prerogative of the president. Similar amendments were made in 2005 to the Law on Armed Forces.

¹²⁶Unlike military doctrine, the defence law does not cite the security document among those to be approved by parliament; “however, the concept stipulates it is a framework document for subsequent preparation of the military doctrine, and hence should have undergone parliamentary approval”, a domestic civil activist and military activist told Crisis Group, Baku, July 2008.

¹²⁷Although the law provides for annual parliamentary hearings of the whole cabinet (Constitutional Law on Vote of Confidence to the Cabinet of Ministers, 2002), in practice only the prime minister and ministers dealing with social and economic issues report to parliament.

¹²⁸Crisis Group interview, members of parliament, July-August 2008. In contrast, in Georgia and Armenia top security sector leaders, including the defence minister, are regularly called to testify.

Parliament plays virtually no role in preparing the defence budget and has never amended it. “Parliament approves the budget as a notary office”, a member confided.¹²⁹ Deputies receive only general information under the category of “defence expenditures”. This money is basically divided among four ministries – defence, national security, military industry and state border service – with a small portion for the non-state Voluntary Military-Patriotic Technical Sports Society.¹³⁰ The budget contains no further details on proposed expenditures, such as allocations between personnel costs and maintenance of combat efficiency.¹³¹ Thus, in 2008 the legislature approved a \$2 billion expenditure with little knowledge of how it is to be spent. Its audit chamber, responsible for controlling the budget,¹³² similarly has never reviewed any power ministry.¹³³

Deputies from the tiny opposition have tried to summon the defence minister, called for the audit chamber to inspect the military budget and asked for more information about military tenders, but they are always ignored. “Now we do not even send inquiries”, said one.¹³⁴

Deputies need regular access to classified information on the army.¹³⁵ There is no “trust group” in the parliament, similar to what exists in Georgia, with access to classified security-related information for the exercise of parliamentary control over defence expenditures. The standing committee for defence and security has limited powers and issues only non-binding opinions on draft laws. Members have not even been shown the NATO IPAP.¹³⁶

The lack of meaningful parliamentary oversight leads to a lack of transparency and accountability in the security sector. “Nobody knows where the money is being spent”, said a member of the standing committee.¹³⁷ A local activist seconded him: “Parliament exercises no oversight, and civil society does not have this opportunity at all. Naturally, this provokes suspicions on possible misuse of the funds and corruption”.¹³⁸ “We are not asking for disclosing secret information; we just want the government to give us information that they actually disclose to international organisations”, another opposition lawmaker said.¹³⁹

The defence ministry is preparing amendments to laws regulating the defence sector to meet the IPAP commitments for increased democratic control over the armed forces. So far, however, the parliament, including the standing committee on defence and security, has been largely outside this process.¹⁴⁰ The government should as a priority amend legislation, including the Law on Defence as noted above, to include clear references to parliamentary oversight powers, particularly by enhancing the involvement of the standing committee and the audit chamber.

The defence ministry itself has made no significant progress in bringing in civilian officials.¹⁴¹ Its reorganisation into a primarily civilian body would require a fundamental shift in the thinking of the political and military leadership, as well as a pool of civil servants capable of managing defence responsibilities. The biggest impediments are the vested interests of the top military leaders, who fear loss of their positions and privileges.¹⁴²

2. Limited opportunities for civil society involvement

Similarly the government has done little to increase public knowledge and understanding of military- and defence-related issues, either through the media, NGOs, educational institutions or other channels. The resulting

¹²⁹ Crisis Group interview, member of parliament, Baku, July 2008.

¹³⁰ The latter maintains some youth patriotic camps and occasionally organises competitions aimed at “patriotic upbringing of youth”, but is better known for offering driving lessons.

¹³¹ Azerbaijan’s state budget for 2008, see http://respublica.news.az/wp-content/uploads/2007/12/dovlet_budcesi.rtf.

¹³² Internal Regulation of the Chamber of Accounts of the Azerbaijan Republic, Article 19.

¹³³ Crisis Group interviews, members of parliament, Baku, July 2008.

¹³⁴ Crisis Group interview, member of parliament, Baku, July 2008.

¹³⁵ The Law on State Secrets defines security expenditures as classified (Article 5) and contains no provision for parliamentarians’ access. Article 4 provides only that parliament approves the funds for protection of state secrets and determines the competencies of the unelected members of its administrative organ (the Apparatus), in guarding those state secrets, thus in effect denying elected parliamentarians, including the members of the standing committee for defence and security, a right to independent access to classified information.

¹³⁶ Crisis Group interviews, members of parliament, Baku, July-August 2008. A government representative claimed that

parliamentarians never asked to see it. Crisis Group interview, Brussels, September 2008.

¹³⁷ Crisis Group interview, member of parliament, Baku, July 2008.

¹³⁸ Crisis Group interview, military expert, Baku, July 2008.

¹³⁹ Crisis Group interview, member of parliament, Baku, July 2008.

¹⁴⁰ Crisis Group interviews, members of parliament, Baku, July-August 2008.

¹⁴¹ Crisis Group interview, international observer, Brussels, July 2008.

¹⁴² Crisis Group interviews, national and international experts, July 2008.

lack of information undermines public trust in the army and its legitimacy.

All key national and international strategy documents relating to defence sector management and reform have been prepared and adopted behind closed doors, without public discussion. Doctrinal debates occur in complete secrecy. The government has not disclosed the contents of the 2005 and 2007 IPAPs, though Armenia and Georgia have both published their IPAP national objectives online, as well as the specific measures they plan to achieve them.¹⁴³ This makes the government appear less committed to reform. Analysts argue that “Azerbaijan is severely behind [its IPAP] schedule, years behind....The authorities do not want large-scale public debate, because they are afraid of domestic pressure to move faster”, a diplomat said.¹⁴⁴ “The government is afraid of public activism”, a local military expert claimed. “They know that if they disclose [the] IPAP, civil society will start asking for concrete results”.¹⁴⁵ “Officials talk about Azerbaijan’s successful fulfilment of the IPAP, but how we can judge if we have not seen the actual document?” another activist asked.¹⁴⁶

Azerbaijan lacks a public information strategy on defence sector reform. Journalists rarely visit military installations, though independent civil activists and other journalists complain that pro-government reporters and NGOs have better access to military units, because they write what they are told to write.¹⁴⁷ The defence ministry does not have a website.¹⁴⁸ It does publish an official newspaper, *Azerbaijan Ordusu* (Azerbaijani Army), which resembles a Soviet-era periodical, with much praise and almost no critical analysis. Within the context of its cooperation with NATO, the government pledged to raise awareness about defence reforms to

increase public support, and it has been holding regular press conferences since November 2007. However, journalists say they get only stock statements and little real information.¹⁴⁹

Nevertheless, a degree of increased media and civil society interest in defence and security reform issues has become visible. The government and NATO jointly established a NATO information office (Euro-Atlantic Centre) in Baku in 2006, and NATO itself has raised public awareness and debate by sponsoring monthly inserts on army and defence reforms in two popular local newspapers, *Zerkalo* (in Russian) and *Ayna* (in Azeri). A group of local NGOs focusing on military issues established an online news website dedicated to defence reforms – *milaz.info* – which has quickly become a popular source of information.

The defence ministry does not release full information about military casualties from ceasefire violations or other incidents. It similarly does not publicise results of investigations into negative incidents. For example, in June 2008 Rafael Agayev, an Azerbaijani soldier serving in Iraq, died “while carrying out his duties”.¹⁵⁰ There were rumours that he was killed by his colleagues, but no details have been made public.¹⁵¹ Similarly, the mysterious deaths of three more soldiers have been reported in the media since July 2008, but with no further information.¹⁵²

The lack of effective communication between the defence sector and the public contributes to civil society’s overall ignorance and apathy towards defence issues. Few NGOs have experience in this field; most which do are led by former military officers. Little funding is available for defence-related NGO projects.¹⁵³

¹⁴³ Parts of the Armenian and Georgian IPAPs were put on their respective defence ministry websites, www.mil.am/eng/index.php?page=50 and www.mod.gov.ge/i.php?l=E&m=4&sm=1.

¹⁴⁴ Crisis Group interview, international observer, Baku, May 2008.

¹⁴⁵ Crisis Group interview, military expert, Baku, July 2008.

¹⁴⁶ Crisis Group interview, Uzeyir Jafarov, civil activist and military expert, Baku, July 2008.

¹⁴⁷ *Ibid.* This does not mean loyal journalists can access the military units when they want, but rather that when the ministry wants to organise a tour, they invite the reporters and NGOs they consider reliable.

¹⁴⁸ The Law on Obtaining Information (2005) requires every governmental body to have a regularly updated website providing access to all public records of its activity. The national security, interior and defence industry ministries have regularly updated websites (www.mns.gov.az, www.mia.gov.az and www.mdi.gov.az). The national border service and emergency situations ministries do not have websites.

¹⁴⁹ Crisis Group interviews, civil activists and journalists, Baku, July 2008.

¹⁵⁰ “Iraq-based Azerbaijani peacekeeper dies”, *Trend News Agency*, 28 June 2008.

¹⁵¹ Crisis Group interview, Uzeyir Jafarov, civil activist and military expert. Also: “Uzeyir Jafarov: ‘The soldier killed in Iraq was shot by his fellow soldiers’” (in Russian), *Day.az*, 2 July 2008.

¹⁵² Sabael Mamedov reportedly committed suicide in early July 2008; Ilham Ahmedov died due to “mishandling of the rifle” in August 2008; Abdulahad Shahbazov was “accidentally” killed by a fellow soldier. See, M. Mamedov, “Soldier’s parents do not believe their son’s suicide” (in Russian), *Zerkalo*, 5 July 2008; “Azerbaijani army soldier died” (in Russian), *Day.az*, 22 August 2008; and “Azerbaijani army soldier killed by his comrade-in-arms” (in Russian), *Day.az*, 16 October 2008.

¹⁵³ Crisis Group interview, head of an NGO dealing with military issues, Baku, July 2008.

D. NATO COOPERATION¹⁵⁴

Azerbaijan builds its relations with NATO within two major frameworks. First, it is a member of the Euro-Atlantic Partnership Council (EAPC), which serves as a regular forum for political dialogue and consultations between member and partner states on political and security-related issues.¹⁵⁵ Azerbaijani military, officials, parliamentarians and civil society regularly attend seminars, workshops and conferences held within the EAPC rubric. Delegations led by the defence minister, chief of staff and deputy foreign minister also regularly conduct security talks with NATO in a 26+1 format.

Most practical cooperation takes place within NATO's Partnership for Peace (PfP) program, which includes mechanisms tailored to individual needs and implemented at the level and pace chosen by each participating government.¹⁵⁶ The military and relevant civil agencies cooperate with NATO to increase interoperability. Azerbaijan participates in several action plans: the Individual Partnership Program (IPP), the Planning and Review Process (PARP), and IPAP (which covers the whole security sector), as well as the Partnership Action Plan on Terrorism (PAP-T), which involves the national security ministry and border guards. The IPP offers a broad menu of activity in which Azerbaijan has expressed interest, ranging from military training, workshops and exercises to language courses in NATO centres. Over 1,000 servicemen take part in some 250 IPP events annually.¹⁵⁷

¹⁵⁴ An inter-agency Governmental Commission on Cooperation with NATO and a working group were established. The former was created by presidential decree in 1997; another presidential decree in 2005 tasked it to oversee IPAP implementation. Chaired by Deputy Prime Minister Yagub Eyyubov, it includes a number of power ministries and civilian agencies, meets twice a year and reports to the president. The working group of experts from the relevant state bodies led by Deputy Foreign Minister Azimov facilitates the commission's operations and meets at least monthly. It is helped by international advisers, as recommended by NATO (including from the U.S., Germany and Turkey).

¹⁵⁵ Originally established in December 1991 as the North Atlantic Cooperation Council (NACC), the EAPC brings together the 26 NATO members and twenty partner countries from Eastern Europe and the former Soviet bloc. Azerbaijan joined in March 1992.

¹⁵⁶ Through its PfP Trust Fund, NATO also assists demilitarisation projects, in particular clearance and destruction of unexploded ordnance at a former Soviet military warehouse in Saloglu village, Agstafa district in western Azerbaijan, and disposal of hazardous liquid rocket fuel left from the Soviet period.

¹⁵⁷ Crisis Group interviews, local military experts, Baku, July 2008.

The level of Azerbaijan's activity in NATO PfP training courses is high, but because of a lack of wide English proficiency, the number of participants who benefit is relatively small. The establishment of a language centre and specialised language courses for higher ranks in the military academy represents some progress, but to involve more officers, NATO would need to begin its courses with elementary English language instruction. Better selection and employment of trained individuals would also be helpful.

PARP, which Azerbaijan joined in 1997, aims to improve the interoperability of forces earmarked for participation in NATO operations. While that process can also help adapt a partner nation's defence planning to NATO standards, Azerbaijan has limited its involvement to improving the inter-operability of its peacekeeping units. PARP was instrumental in preparing the country's contributions to NATO-led operations in Kosovo (1999-2008), Afghanistan (since 2002) and the U.S.-led coalition in Iraq (since 2003). A peacekeeping battalion interoperable with NATO forces has been established, and a mobile brigade is being formed. As it enhances the armed forces' peacekeeping capacity, NATO should also encourage greater knowledge about the rules of war and post-conflict peacebuilding and reconstruction.

The IPAP is a qualitatively more intensive stage in bilateral cooperation, incorporating PARP and OCC mechanisms and including political reforms intended to establish democratic, civilian control over the armed forces and improve overall state governance. Azerbaijan signed a two-year IPAP in 2005 and a second, in 2008, which will be in force until 2010 or possibly 2012, depending on the speed of implementation. Many goals in the first IPAP were repeated in 2008, as they had yet to be met. Azerbaijan's IPAP extends only to battalion- and brigade-sized units, whereas that of Georgia, which explicitly seeks NATO membership, covers the entire army.¹⁵⁸ Nevertheless, Azerbaijan has committed to review its chain of command structures and has completed NATO-standard reforms of command and control structures within units up to the level of army corps. The old command structures, left over from the Soviet period, remain only within the ministry and at army corps level.¹⁵⁹

¹⁵⁸ Crisis Group interview, international observer, Brussels, July 2008.

¹⁵⁹ Crisis Group interview, Jasur Sumerinli, military expert, Baku, July 2008. Unlike the NATO structure, in which a commander has one deputy, the chief of staff, a commander in the Soviet structure had a chief of staff and several deputies responsible for training, logistics and procurement. Corps are

The conflict with Armenia casts shadows on any regional initiatives, including regional cooperation within NATO. In September 2004 NATO had to cancel planned peace-keeping exercises in Azerbaijan, "NATO Cooperative Best Effort 2004", due to Azerbaijan's refusal to accept Armenian participation.¹⁶⁰ In February 2004, during NATO-conducted English language training in Budapest, an Azerbaijani army officer, Ramil Safarov, hacked to death an Armenian fellow participant, Gurgun Markaryan, in a dormitory used by PFP trainees. Safarov was sentenced to life imprisonment in Hungary, but at home he was depicted virtually as a hero.¹⁶¹ After this incident NATO stopped bringing Armenian and Azerbaijani army officers together for such training, instead preferring to rotate their participation each year.

Individual NATO members, particularly the U.S., Turkey and the UK, also assist Azerbaijan bilaterally. U.S. help has mainly been aimed at improving maritime and border security in the Caspian by upgrading the naval forces, border guards and an airbase (Nasosnaya) and setting up mobile radar systems to prevent arms proliferation and drug trafficking. Turkey has provided extensive support in training as well as modernising barracks and has been the NATO "contact point" for over sixteen years. The UK prepares some 30-40 officers a year for peacekeeping operations and gives English language training.¹⁶²

While some combat and command and control training is done, the ongoing Nagorno-Karabakh conflicts serves to limit the military assistance. In particular, due to the OSCE and UN embargoes, most bilateral military-to-military aid is aimed at enhancing defence and peacekeeping, not offensive capabilities. No train-and-equip assistance has been offered to Azerbaijan, for example, as it was to Georgia starting in 2001. Those restrictions remain prudent. The present level of cooperation is justified if it focuses on the kind of reforms that have a chance to make an increasingly capable Azerbaijan military more accountable and predictable. Such limited assistance might even contribute modestly to the broader goal of democratisation within the state and society. It would also be useful to encourage regional meetings, training and exercises that bring Azerbaijani and Armenian officers together.

formed in Azerbaijan's army by brigades, not, as in many other militaries, by divisions.

¹⁶⁰ Azerbaijan refused to participate in a similar exercise in Armenia in 2003.

¹⁶¹ "Hungary jails Azerbaijani killer", BBC News, 13 April 2006, at <http://news.bbc.co.uk/2/hi/europe/4907552.stm>.

¹⁶² Crisis Group interviews, international observers, Baku, July 2008.

NATO and its member states which work with Baku's increasingly well-resourced military will also need to keep in mind, however, the fine line between providing that kind of targeted assistance and helping to make a more powerful army that political leaders may be tempted to use recklessly to force a favourable conclusion to the Nagorno-Karabakh conflict. The time of greatest risk may come as soon as 2011-2012, when Azerbaijan's oil production and revenues are expected to plateau and then decrease, and when even a more democratic government could be tempted to believe that the expensive armed forces built up over a decade should be brought into play in some fashion before they began to suffer from likely budget cuts.¹⁶³ It is vital, therefore, that working with other key players, including the EU and Russia, they give priority to pushing both Azerbaijan and Armenia to reach a Nagorno-Karabakh settlement.¹⁶⁴

V. CONCLUSION

Every indication is that Azerbaijan will continue to pour very large amounts of oil money into its military build-up over the next several years. The policy is a popular one, because of the unresolved Nagorno-Karabakh conflict and concerns about regional instability. Criticism by international watchdogs of the rapidly rising military budget and its lack of transparency does not resonate widely.¹⁶⁵ At the same time, the wider society is interested not just in the accumulation of new weaponry but also in reforms that could make the army more effective to be sure, but also more accountable and less corrupt. Ultimately such reforms could likewise make it more stable and predictable.

Democracy remains a challenge in Azerbaijan, where elections do not meet commitments undertaken to the OSCE and other international standards, and fundamental freedoms and human rights are curtailed. It would be naïve to anticipate that democracy can be led by defence sector reform, but there is a correlation between efforts to increase openness and civilian control in that sector and in the wider society. For these

¹⁶³ For more on this, see Crisis Group Report, *Risking War*, op. cit. World oil prices, as well as oil production, may also figure in such a calculation.

¹⁶⁴ For discussion of the settlement principles developed by the OSCE's Minsk Group and additional conflict resolution ideas, see *ibid* and Crisis Group Reports N°167, *Nagorno-Karabakh: A Plan for Peace*, 11 October 2005; and N°166, *Nagorno-Karabakh: Viewing the Conflict from the Ground*, 14 September 2005.

¹⁶⁵ Crisis Group interviews, members of parliament, Baku, July-August 2008.

reasons, it makes sense both for Azerbaijan to pursue the kind of deep reforms of structures, laws and procedures necessary to build a truly excellent military and for NATO and other democratic states to provide a degree of assistance. But all this needs to be done with eyes open and a prudent sense of priorities.

The arms race set off by Baku's rapidly expanding military budget is dangerous. Nagorno-Karabakh is a simmering conflict – all Azerbaijanis are determined to restore the country's territorial integrity – not a deep-

frozen one. It has the potential to destabilise a sensitive region at some point in the next few years far more than the August 2008 events in Georgia. The fundamental need is for all who profess an interest in stability in these areas to take the initiative to ensure that it is diplomacy, not war, that provides the answer to the Nagorno-Karabakh conflict.

Baku/Tbilisi/Brussels, 29 October 2008

APPENDIX A

MAP OF AZERBAIJAN





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