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**The Role of External Allies in the Public Administration Performance Post-Conflict: The
Comparative Case of Armenia and Georgia**

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Introduction

Georgia and Armenia have several common characteristics (size, geography, historical context, conflicts and no significant natural resources) for comparative examination to test and uncover the reasons behind the variance in public administration performance across time. The preliminary data shows that Armenia has had overall weaker outcomes in key PA indicator performance than Georgia, which has shown a more resilient and effective PA performance overall, albeit both countries also showing fluctuations over time. The puzzle of this research project is that, in the context of multiple similarity in terms key state characteristics, a noticeable variance in PA performance after independence is observed.

Hence, the paper explores following research question: despite significant similarities, what are the factors leading to variance in public administration performance in Armenia and Georgia post conflict across time?

The working hypothesis is that a choice of an external partner affects a small country's ability to mobilize its resources for effective governance. If a small country maintains an external partner which is a normative actor, it manages to mobilize resources for effective governance, whereas if it chooses a partner which is uninterested in normative outcomes, effective governance is either not achieved or achieved on the margins.

The paper will draw on qualitative and quantitative data measuring public governance performance, drawing on the world governance indicators for each country (Kaufmann and Kraay 2023). In terms of major external state/institutional partner, the paper will identify major trends in Armenia and Georgia's foreign policy orientation, showing that Georgia mostly relied for its development on European and Euro-Atlantic countries and institutions (EU and NATO), while Armenia mostly relied on Russia and has joined Russia dominated regional institutions (CSTO, Eurasian Economic Union).

The paper will draw on a case study model called method of difference developed by John Stuart Mill to identify causal relationships that explain the outcome. This method seeks to find a causal factor by comparing instances where the phenomenon being studied occurs with instances where it does not occur, with all other conditions being the same (Mill 2011, 450–479). Hence, we are interested in establishing causal factors for effective public administration performance in small states by observing Armenia and Georgia's performance across time, whereas in case of Georgia, for the most part high public administration performance takes place and in case of Armenia it does not. The necessary condition for justification of a choice of a case is establishing similarities in all the pertinent conditions and dissimilarity in one major condition, which then can be identified as the cause of the effect.

However, it must be recognized that performance in terms of key PA indicators is not uniform across time. There are instances of variance in each case across time. If the main causal factor is correct, within case variance across time must mean that there is an antecedent condition at play that is the necessary condition for the independent variable to have a predicted effect on the dependent variable (Van Evera, 1997). In order to uncover the antecedent conditions or the condition variable, the paper will employ a within case variance study to reveal the antecedent variable that explains variance in the dependent variable – that is the high or low PA performance within each case. The same antecedent condition must be at play in both cases (and in any other similar cases) for the causality to be proven. Uncovering antecedent conditions provides a strong test for the hypothesis as it uncovers an indispensable part of the cause, something that is necessary to increase or decrease the value of the phenomenon under study – the PA performance (Van Evera 1997, 86).

Definition of key concepts in the hypothesis

This paper defines small states as those sovereign nations that are characterized by their relatively small geographical size, population, and economy and have to rely on larger states and international organizations to increase their resilience and survival on the global stage. In terms of size threshold ranges from one million to 30 million (Thorhallsson 2019, 31). Small states due to their limited political influence often struggle to assert their interests on the international stage compared to larger nations and have to navigate complex diplomatic relationships, relying on strategic alliances and international organizations to amplify their voices and protect their interests. Despite their size, small states can thrive by leveraging their agility, innovativeness, and ability to adapt quickly to changing global dynamics (Baldacchino & Wivel, 2020; Thorhallsson 2019; Archer & Nugent 2006).

For the purposes of this paper, we define normative actor as an actor that pursues milieu goals instead of possession goals. According to Wolfers, when „a nation is aiming at the enhancement or the preservation of one or more of the things to which it attaches value“ it is oriented at „possession goals“. Conversely, when actor pursues milieu goals they are out „not

to defend or increase possessions they hold to the exclusion of others, but aim instead at shaping conditions beyond their national boundaries“ (Wolfers 1962 73). Tocci builds on this classic definition stating that „normative foreign policy goals are those that aim to shape the milieu by regulating it through international regimes, organisations and law“ (Tocci 2008, 7).

Based on these definitions, we may qualify Georgia and Armenia’s external actors as either interested in milieu goals and using regimes, organizations and law to promote normative outcomes (democracy and good governance) or not interested in milieu goals and using power and coercion to preserve and increase its possessions (exclusive sphere of influence over Georgia and Armenia).

Theoretical Framework

The paper’s aim is to find causal explanation as to what makes small state public administrations more effective and resilient post-crises, with that attempting to contribute to the body of literature on PA performance in post-conflict situations.

For a theoretical framework, the paper uses “theory of shelter” (Thorhallsson 2019). According to Thorhallsson, small states specifically are thought to be in need of a shelter in crisis and post-crisis situations for three main reasons: to reduce the risks from the impending crisis, to be able to better absorb shocks during the crisis and to rely on assistance after the crisis (2019). States are in need of an Alliance due to their limited domestic market capacity, relatively concentrated production, inability to achieve economies of scale, limited means to defend themselves and a small public administration (2019). The theory articulates that by securing their forms of shelter, small states enhance their resilience and mitigate the vulnerabilities that come with having a small geographic size, population, or economy. These strategic partnerships help small states navigate the complexities of international relations, where their limited size could otherwise leave them vulnerable and with little influence.

According to Thorhallsson, shelter can be sought for political (diplomatic, military and domestic institutional capacity), economic (direct assistance and markets) and societal (technological, educational, and cultural ideas and practices) reasons (2019, 43-65). Moreover, since small state relations with big states are not always beneficial, authors differentiate a theory of shelter from other forms of dominating interrelationships between small and greater states and define shelter “as composed of those external relations which are favorable to the small entity” (2019, 21). There are two specific factors that are important for the validity of the theory. First, as there is no universally good or universally bad external relationship, analytically what matters is the proportion of benefits to cost. Second, as society consists of different interest groups and diversity of interests and while most often the prevailing policy choices rest with the ruling elites, outcomes do not always respond to the interests of the wider

society (2019, 21). Thus, for a shelter theory to be valid, an act or an event stemming from foreign influence should benefit the majority of people (2019, 21).

Since this study is focused on public administration performance, we are specifically looking at how seeking shelter helps compensate for small administrative capacity. According to thematic literature, small states seek the expertise of larger state and institutions on „niche issues on which they share preferences“ to compensate shortcomings of their small administration (Thorhallsson & Steinsson 2017, 10). Number of authors have even argued, that small states attempt to overcome structural challenges, such as small military power and lack of self-defense capabilities in an anarchic world, by undertaking massive administrative reforms to defend themselves from adjacent aggressors (for example, see Teorell and Rothstein 2015; Koyama, Moriguchi, and Sng 2015). Small states can make domestic arrangements to protect against their external vulnerabilities by “buffering from within”, meaning good economic management and administrative competence which are key factors contributing to effective public administration performance and have been prominent factors contributing to the success of PA performance in Georgia and Armenia.

Since we are interested in domestic governance performance, some domestic variable must also be at play for effective governance to take place. For a small state shelter to be effective a domestic variable should serve as a necessary antecedent condition for the „shelter“ to be effective in producing its projected outcome: greater resilience and augmented administrative capacity. For our working hypothesis, we identify the will of the political elites to comply with the external partner conditions as the necessary antecedent condition for the independent variable (choice of external partner) to affect the outcome (effective governance or ineffective governance). The paper assumes that if a partner has value based conditionality it affects the outcome positively and if an external partner has only the possession goals, it affects the outcome negatively.

The role of political will of the elites in domestic reform success is a crucial factor that can determine the outcome and effectiveness of various reform efforts. Political will of the elites refers to the determination and commitment of those in positions of power and influence to initiate and drive forward meaningful reforms (Jibao & Prichard, 2013). The political will is important because it can help overcome resistance from powerful interest groups, who may be opposed to certain reforms. Furthermore, the political will of the elites can shape the emergence of effective reform leadership. These leaders can mobilize resources, build alliances, and overcome obstacles to ensure the successful implementation and sustainability of reforms. Additionally, the relationship between political and economic elites, as well as the relationship between local and central political parties, can influence the extent of political will for reforms. Furthermore, the presence of strong political will from elites is necessary, but not sufficient, for successful reform. Political commitment needs to be accompanied by well-designed reform strategies and measures that match institutional capacity. Ultimately, political will of the elites

is necessary but not a guarantee for successful domestic reform (Kvashilava, 2019). New research on donor assistance suggests that without proper political will to deliver public goods, external assistance may even contribute to the persistence of government failures (Devarajan & Khemani 2016).

Literature attests the importance of external actors in addressing domestic political challenges (Krasner & Weinstein, 2014) but domestic political will is a crucial antecedent condition for good policies and reforms. Bueno de Mesquita et al., argue that politicians prioritize their own survival above all else as they make decisions based on this fundamental goal (2003). Authors claim that leaders want to keep power and privileges, therefore, political dynamics are multifaceted with many factors influencing the decision-making process at the top echelons of power. “The size of the winning coalition determines whether policies have a public or private focus” (Bueno De Mesquita et al. 2003, 104). Level of democracy affects regime behavior, whereas regimes that depended on large coalitions promote economically productive activities, whereas the small coalitions of authoritarian governments promote kleptocracy. Governmental survival of those regimes, that depend on small coalitions, means that “good policy is bad politics and bad policy is good politics” (Bueno De Mesquita et al. 2003, 302). The best outcome for the people is achieved when: “the political transition from a society ruled by an exclusive group to one with a broad, inclusive coalition structure appears” (Bueno De Mesquita et al. 2003, 485).

Domestic political factor is an indispensable precondition for another reason as well: securing a shelter can be costly in number of ways, especially if it is based on conditionality. This paper maintains that once locating a shelter, political elites must be willing to pay the price to keep achieved positions in place. In case of normative external partners the „price“ is alignment with normative norms and values both in domestic and foreign policy and in case a shelter is a non-normative power, the „price“ is alignment with those internal and external policy choices that benefits the shelter and governing elites instead of the wider publics. According to the theory, such relationships provide a sense of false shelter and should rather be characterized as a dominating interrelationship between the bigger and smaller power.

Establishing Similarities

In terms of size, Armenian territory is 29,743 sq. km. and has a population of 2,780,469 (World Bank, 2022).¹ Georgia’s size is 69,700 sq. km. with a population of 3,712,502 (World Bank, 2022a).² In addition, having relatively small military and economy, both are considered as small states.

¹ <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=AM>

² <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=GE>

Geographically they are from the same region – South Caucasus. Historically - both of them lost independence to Bolshevik Russia in the early 1920s, each of them were made the members of the Union of Socialist Soviet Republics (USSR) in 1922 (before 1936 - Georgia and Armenia were the members of Transcaucasian Socialist Federative Soviet Republic; after 1936 - TSFSR was dissolved and Georgian Soviet Socialist Republic and Armenian Soviet Socialist Republic became individual members of the USSR), both of them regained sovereignty in 1991, right before the collapse and the dissolution of the Soviet Union and both of them were dragged into the conflicts that defined the fate of both nations in the coming decades.

Since independence both have experienced continued conflict and post-conflict situations with spikes of armed clashes accompanied with loss of life and internal domestic instability. Georgia experienced various types of intra and interstate armed clashes in 1991, 1992, 1993, 2004 and 2008 (UCDP/PRIO, 2023). Armenia experienced interstate or intra state clashes in the following years: 1991, 1992, 1993, 1997, 1998, 2005, 2008, 2012, 2014, 2015, 2016, 2017, 2020, 2021 and 2022 (UCDP/PRIO, 2023). Their conflicts (in the Armenian case – Nagorno-Karabakh conflict and in the Georgian case – conflicts in the regions of Abkhazia and Tskhinvali and war with Russia in 2008) and outcomes of these military debacles were heavily influenced by the Soviet Union (before the dissolution) and by the Russian Federation (after the collapse of the USSR).

Identifying Differences – One region, different shelters

Despite common characteristics, Georgia and Armenia, have chosen diametrically divergent paths in terms of their foreign policy and alignment with an external state/institutional partner. The different choices are explained below.

Armenia predominantly sheltered by Russia

Conflict between Azerbaijan and Armenia because of Nagorno-Karabakh region started well before the dissolution of the Soviet Union. In 1921 Bolshevik Caucasus Bureau determined Nagorno-Karabakh as the territory of Azerbaijan and by 1923 it was proclaimed as Autonomous Region of Azerbaijan. Armenian protested the decision but nothing could be done because of the authoritarian character of the Soviet Regime in Moscow. Nagorno-Karabakh was made into an autonomous oblast within the Socialist Soviet Republic of Azerbaijan (Companjen 2010). In 1980s, especially after the public policy of Glasnost and Perestroika, the sentiments of nationalism reached its peak which was translated into the massive demonstrations and upheavals culminating into the full-scale confrontation in 1988 (Companjen 2010). Key event that defined the beginning of the conflict took place in February

of 1988 when the Assembly of Nagorno-Karabakh requested from Moscow to be unified within the Armenian Soviet Socialist Republic. Request was not granted but the fact triggered massive clashes resulting in expulsion of Azerbaijanis from Nagorno-Karabakh region on the one hand and Armenians bullied and repressed in the cities of Azerbaijan on the other (Companjen 2010).

In August of 1991, after the declaration of independence by the Republic of Azerbaijan, so-called Republic of Artsakh (or Nagorno-Karabakh) conducted the referendum about independence, which was proclaimed as illegal by Azerbaijan and the international organizations. Irrespective of international non-recognition, the so-called Republic of Nagorno-Karabakh declared independence in December 1991. These events culminated in another wave of dramatic violence among Armenia and Azerbaijan, denoted by a Khojaly Massacre on February 26, 1992, when more than a hundred ethnically Azerbaijani settlers of Nagorno-Karabakh were killed – the highest casualty on a single day in an entire war (Companjen 2010).

Major military activities ceased in 1994 when ceasefire was brokered with the lead of Organization for Security and Co-operation in Europe (OSCE) Minsk Group that left the Artsakh Republic de-facto independent and fully controlled by the Armenian side. Despite the fact that there were localized clashes with numerous casualties on both sides (in 1997, 1998, 2005, etc.), this ceasefire ensured relative peace at least until 2016 (less than 100 casualties before 2016 (Statista Research Department, 2023)).

Throughout the conflict and after the signature of the peace treaty (so-called Bishkek Protocol), there would be no bilateral cooperation between Azerbaijan and Armenia: borders were closed from both sides with no cross-border movement or trade. Turkey, the key partner and ally of Azerbaijan followed the lead of Baku and implemented same border-policy, leaving Armenia practically isolated with Georgia serving as its only rout for connections with both Russia and Europe.

Since this period, Armenian political establishment made the initial foreign policy moves defining its strategy in terms of its international relations and external partners. Armenia's choices were limited: they were isolated from Turkey and Azerbaijan and if they wanted this blockade lifted they would have to compromise on Nagorno-Karabakh. There was limited chance of the negotiated settlement on the topic as voters at home, in the atmosphere of the tense nationalism, would have perceived this as a sign of weakness leading to the end for the government. This scenario was manifested in 1998 when the conciliatory leader Ter-Petrosyan was ousted from the government ("Armenia: president falls victim to Nagorno Karabakh dispute", 1998). The corrupt interdependence of the Armenian political elite on Russia made it even more impossible to break this closed circle.

Due to these circumstances, Yerevan chose the only viable option to ensure both: its own security and keeping the control on Nagorno-Karabakh – close cooperation with the Russian Federation. Furthermore, Armenia was fully dependent on Russia in several other areas. Armenia's energy infrastructure was (and currently - is) fully controlled by Russian state-owned companies, and it has monopoly on the supply of the natural gas. Armenia is also a member of Collective Security Treaty Organization (CSTO) – Russian-dominated military alliance with the aim to prevent further NATO or western enlargement into the South Caucasus or the Central Asia. Furthermore Russia has large military presence in Armenia – 102nd military base with 5000 personnel is located in Gyumri (lease was extended by Armenia until 2049), and 3624th air base is located in Yerevan. In terms of military dependence, another important factor should be highlighted - since 1990s Armenia has been heavily dependent on weapon supplies from Russia. While it is the member of CSTO, Armenia has been receiving Russian weaponry at discounted price.

Another leverage in the hands of Moscow to control the Armenian government and its actions is the Armenian diaspora in Russia. This leverage was used by the Russian government against Georgia in 2005 when thousands of Georgian citizens were thrown out in order to punish Georgian government for its pro-western inclinations. This leverage can be explained in threefold: 1. Russia can create problems in terms of sending remittances; 2. it can block migration process and further destabilize the domestic political-social environment in Armenia; 3. Moscow can encourage Armenian diaspora in Russia to pressure their relatives in order to have a change in potentially pro-western foreign policy of the Armenian government.

Special attention should be paid to the actions of the Armenian government in 2013, when President of Armenia Serzh Sargsyan rejected the opportunity to sign the Association Agreement with the European Union in favor of Eurasian Economic Union – Russian-sponsored organization with the central objective to forge stable and well-structured economic connections with its allies and not to allow further influence of the European Union. In that regard, Armenia bowed to the Russian pressure when Moscow raised gas prices, introduced \$1 billion worth military armament deal with Azerbaijan and threatened with additional negative consequences (Kuchins et al. 2016).

Despite the above-mentioned and total subordination of the Armenian foreign policy to the Russian needs and necessities, Armenia maintained several links with the Western states and organizations. For example, United States Agency for International Development (USAID) especially since the beginning of the 2000s, played important role in building progressive social and economic environment in Armenia, provided funding for Armenian institutions through various channels and programs. Furthermore the United States has been engaged in providing

non-lethal means for the Armenian Armed Forces through their Foreign Military Funding (FMF) and International Military Education Training (IMET) (Kuchins et al. 2016).

Armenia has been further engaged with its cooperative moves with the European Union and NATO. Yerevan was the part of European Neighborhood Policy since 2004 and joined Eastern Partnership Program in 2009. In terms of NATO, Armenia had the contact within the context of Individual Partnership Action Plan (IPAP) and contributed to dozen international military missions – The Kosovo Force (KFOR) and the International Security Assistance Force (ISAF) in Afghanistan. Hence, it should be highlighted that none of these moves were in principle opposition of the Russian interests while Armenia was not declaring about its intention to be the member of either European Union or NATO (Kuchins et al. 2016).

On May 8, 2018 the Parliament of the Republic of Armenia elected new Prime-Minister – Nikol Pashinyan, after the resignation of Serzh Sargsyan who was criticized by his opponents for many things, among them the use of the Putin's tactics for maintaining the power. Pashinyan's central promises were the end of corruption and ensuring rule of law for every citizen. In terms of foreign policy, in the beginning, he was still declaring Russia as the strong ally of Armenia, despite the fact that Foreign Minister of Russia, Sergey Lavrov was demonstrating uneasiness towards the new government, openly stating that Pashinyan was politically motivated in the context of imprisonment of former government officials (Ishkanian, 2018).

While Armenia was fully submissive to the Russian needs and necessities until 2020, latest losses in the Nagorno-Karabakh campaign could mean the new beginning to its foreign policy. In 2020 during the second full-scale Nagorno-Karabakh war, Armenia lost control of 5 key cities, hundreds of villages and casualties neared 4000 in terms of military servicemen and women. Further, in 2023 during Azerbaijani offensive it lost control over the remaining areas of Nagorno-Karabakh – with an ultimate consequence that so-called Artsakh Republic ceased to exist ("Nagorno-Karabakh will 'cease to exist' as separate state on January 1", 2023).

Surprising for many pro-Russian politicians and voices in Armenia, the Russian Federation rejected the possibility to intervene militarily in the conflict. Despite the fact that Armenia and Russia were in the same military alliance – CSTO, Moscow did not use its military and had not helped Armenian side on the battlefield. These events produced immense shift in the domestic policy of Armenia – reformist leader Nikol Pashinyan was not ousted against all the expectations and meetings with the Western leaders, especially with French President Emmanuel Macron, practically became monthly occurrence.

Main mechanism of the EU-Armenia cooperation is EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA), which was signed on November 24, 2017 and

entered into force on March 31, 2021. CEPA replaced the EU-Armenia Partnership and Cooperation Agreement (1999) and represents key basis for the domestic reform agenda. Furthermore, it should be highlighted that main task for CEPA is to bolster political and trade dialogue between EU and Armenia and in this respect it is compatible with Armenia's obligations to the Eurasian Economic Union (Press and Information Team of the Delegation to Armenia, 2021).

Russia still has energy, economic and even political (domestic or foreign) leverages to pressure Armenia but it is evident that since Pashinyan election to power and especially after the capitulation on the issue of Nagorno-Karabakh, Armenia is more open to linkages with the west.

To summarize, in terms of political shelter, since independence, Armenia has sought political support from Russia. It has been a member of the Collective Security Treaty Organization (CSTO) and has had close political ties with Russia for security guarantees and diplomatic support. Armenia did sign the Partnership and Cooperation Agreement (PCA) with EU in 1999 and is part of the Eastern Partnership (EaP) since 2009, however Armenia dropped planned signing of the Association Agreement with the EU in 2013. Instead, Armenia joined the Eurasian Economic Union in 2014, which negatively impacted its pursuit of economic shelter with the EU, demonstrating further the complex balance between different shelter relationships it attempted to pursue. However, as Russian shelter proved increasingly elusive, Armenia negotiated a Comprehensive and Enhanced Partnership Agreement (CEPA) with the EU, signed in November 2017 and entering into force in March 2021. CEPA seeks to deepen political and economic relations with the EU, reflecting ongoing efforts for economic and political shelter by Armenia, away from its traditional dominating external partner - Russia, despite Armenia's ongoing membership in the Eurasian Economic Union. These key dates and agreements showcase Armenia's pursuit of shelter in its nuanced relationship with the EU, balancing its alliances and policy alignment within the broader geopolitical context. In terms of societal shelter, Armenia remained mostly dependent on Moscow, having big Armenian diaspora (according to the Embassy of the Republic of Armenia there are more than a million Armenians in the Russian Federation in 2024) and 89 % of the population uses Russian as the most widely spoken second language (n. a. Translators without borders).

Georgia predominantly sheltered by the West (USA, EU, Euro-Atlantic countries)

In comparison with Armenia, Georgian case is much more difficult to fathom. The main reason for this is heterogeneity of the conflicts that included practically all parts of Georgia in the end of the 80s and the beginning of 90s. Mainly three conflicts should be highlighted – (a) conflict in Tskhinvali Region (so-called South Ossetia), (b) civil war erupting in the capital Tbilisi and then spilling-over to other regions; and (c) conflict in the Region of Abkhazia.

Like Armenia, Georgia had been dragged into the conflicts before the official restoration of independence on April 9, 1991. First conflict started well-before the restoration of independence in the region of Tskhinvali where the Ossetian ethnic group began the process of the mobilization in 1989 with the first casualties occurring in November of the same year. In September, 1990 South Ossetian Soviet Democratic Republic was declared an act met with utter hostility from the newly-elected Parliament which abolished autonomous status of South Ossetia on December 11 and declared the state of emergency in the region of Tskhinvali that was followed by fighting in the streets of the city of Tskhinvali. The military debacle was concluded on June 29, 1992 when Dagomys Treaty was signed between Eduard Shevardnadze and Boris Yeltsin, then President of Russia. Russia still formalized itself as a mediator despite the numerous reports that Russian helicopters and tanks were attacking Georgian positions throughout the conflict (De Waal, 2010, 143).

A parallel conflict broke out in the capital of the country in December 1991, when democratically elected president of Georgia, Zviad Gamsakhurdia was overthrown. Conflict then spilled-over to the different regions of Georgia, transforming into the full-scale civil war. Upheavals, instability, inactivity of the government institutions triggered destruction of the country's economy and plunged it into chaos and misery – according to the World Bank estimates Georgian GDP was declining 26,9 % annually in 1990-1995 and modest recovery started only in 1995 (Baev, 2003).

Like in case of Tskhinvali region, the seeds of the actual war in Abkhazia have been planted in 1989 when the so-called Abkhazian People's Forum called for separation of Abkhazia from the Georgian Soviet Socialist Republic. It was met by fierce opposition from Tbilisi with frequent demonstrations but until 1992 relative peace was maintained. Full-scale war started on August 14, 1992 just after month and a half of the signature of Dagomys Treaty. After almost a year of fighting, ceasefire agreement was signed on July 27, 1993 with the Russian mediation, according which all types of heavy weaponry should have been removed from the surroundings of the center of Abkhazia, Sokhumi. But in violation of the treaty, on September 27, 1993 Sokhumi has fallen, Georgia lost control of the whole of Abkhazia region with the exception of Kodori George. Majority of ethnic Georgians were cleansed from Abkhazia and became refugees in their own country (De Waal 2010, 163).

Due to Russia's heavy-handed involvement in both conflict to the detriment of territorial integrity and sovereignty of Georgia, Georgia started to form its independent foreign policy from 1993 as an act of balancing against Russia.

After the defeat and eventual capitulation in Abkhazia, Georgia was left with its economy in shambles; hundreds of thousands of refugees and IDPs and has failed government institutions. Georgia was forced to concede to Moscow's pressure and became the member of the

Commonwealth of Independent States (CIS) which was considered as a reincarnation of the Soviet Union. But slowly and steadily after that, Shevardnadze's government shows the willingness and motivation to balance Russia with the West. First sign appeared with Georgia's consent to participate in Transport corridor of Europe-Caucasus-Asia (TRACECA) founded in Brussels, Belgium in 1993.

With that Georgia became a point of interest for energy projects. In 1996 presidents of Azerbaijan, Heydar Aliyev and President of Georgia Eduard Shevardnadze signed the agreement regarding the first massive energy project in the South Caucasus region – Baku-Supsa Oil Pipeline. Construction of the pipeline concluded in 1998 and opening ceremony was held on April 17, 1999. Total Cost of the pipeline hit to US\$600 million (Supsa Terminal and Pipeline, 2024). Baku-Supsa Pipeline paved the way for other ambitious projects - Baku-Tbilisi-Ceyhan (BTC) oil pipeline (commissioned in 2006) and Baku-Tbilisi-Erzurum Gas pipeline (South Caucasus Pipeline) – started operating in 2006. Both of them cost up to US\$6 billion (Georgian Oil & Gas Corporation, 2024; British Petroleum Company, 2024).

Special attention should be paid to the Istanbul Summit of Organization for Security and Co-operation (OSCE) in November, 1999. According to the final document, Russia should have withdrawn its military bases from the Georgian territory by July 1, 2001. The conditions of the document were not respected by the Russian Federation but the fact itself that Georgian Government was adamant about the withdrawal of the Russian bases, shows growing balancing against Russian influence in Georgia (Sokov, 2005).

In 1999 Georgia became a member of the Council of Europe (CoE) and the chairman of Parliament of Georgia, Zurab Zhvania famously stated during the plenary– “I am Georgian, therefore I am European” - a longstanding manifestation of Georgia's pro-European foreign policy. Even before the construction of BTC, Georgia openly declared about its intentions to become member of NATO in 2000. Shevardnadze openly stated in 1999 during his presidential campaign that if he was re-elected, Georgia would make moves for the actual NATO membership. And finally it happened during NATO summit in Prague in 2002, which was proclaimed as a turning point in terms of foreign policy aspirations. Trend accelerated since 2003, after the peaceful Rose Revolution. Since then Georgia starkly demonstrated its willingness to become part of NATO and the European Union (EU) (National Security Council of Georgia, 2005).

Since 2004 Georgia became the first partner country of NATO to which Individual Partnership Action Plan (IPAP) was introduced. Georgia had taken several key obligations in the context of IPAP. Since 2006 at informal foreign minister's ministerial in New York, decision was made to open Intensified Dialogue (ID) with Georgia. But the most important for Georgian Euro-

Atlantic aspiration was 2008 when during the Bucharest Summit, NATO openly declared that Georgia would become the member of the organization (Bucharest Summit Declaration, 2008).

Since then, NATO communiqués permanently reiterate the decision while concrete timeline for the membership is not set yet. In 2014 in terms of NATO partnership another milestone was achieved during the Wales Summit while Georgia received Substantial NATO-Georgia Package (SNGP) which aims at strengthening Georgia's defense capabilities, enhancing its interoperability with NATO and advancing its preparations for membership (Wales Summit Declaration, 2014).

Since independence, one of the main strategic partners that support Georgia in its intention to get away from the Russian zone of influence is the United States. Cooperation with the US started in 1992 when the diplomatic relations has been kick-started and then, in 1993 the US Embassy in Georgia was opened. USAID played instrumental role in the improvement of social and economic environment in Georgia, spent in total up to US\$2 billion. Cooperation with the US included military element as well – US started Georgia Training and Equip Program (GTEP) in 2002, which was followed by Georgia Sustainment and Stability Programs. Several mechanisms of the cooperation were introduced since then, among them key were Georgia Defense Readiness Program (GDRP) and Georgia Defense and Deterrence Enhancement Initiative (GDDEI). Bright demonstration of Georgia's pro-American foreign policy was the visit of the US president, George W. Bush to Georgia in 2005.

Manifestation of Georgia's course towards the Western organizations was the participation in the international peacekeeping missions – Kosovo Force (KFOR) since 2003; Multi-National Force Iraq since 2003; International Security Assistance Force (ISAF) in Afghanistan since 2004 and Resolute Support Mission (RSM) in Afghanistan since 2015; European Union Military Operation in the Central African Republic (EUFOR RCA) since 2015; European Training Mission in Mali (EUTM Mali) since 2016 (Ministry of Defense of Georgia, 2024). With these contributions, Georgia was reiterating its readiness to demonstrate itself as provider of security.

Georgia's pro-western course had several setbacks, mainly orchestrated by the Russian Federation. In August of 2008, after Bucharest Summit's open declaration about the Georgian membership in NATO, Moscow started full-scale war against Georgia. After several days of fighting, truce was signed with the French mediation. With the violation of the treaty the Russian Armed Forces has not returned to their pre-war conditions and on August 26 of the same year, recognized the independence of Abkhazia and South Ossetia ("Russia recognizes Georgian rebels", 2008).

Despite the damaging war, Georgia continued its path towards Euro-Atlantic organizations. Stated foreign policy goals have not been changed. Serious progress was achieved in cooperation with European Union during the following years and especially after the democratic transition of government in 2012. EU and Georgia signed Association Agreement in 2014 which went into force in 2016. The Deep and Comprehensive Free Trade Area (DCFTA) was integral part of the treaty that aimed at reducing obstacles for the economic cooperation. In 2017 Georgia was granted visa-free regime with Schengen countries. In 2022 Georgia was given European Perspective after Georgia's membership application and finally, in 2023 the European Council granted candidate status to Georgia.

To summarize, in terms of political shelter, since 2000s Georgia sought political support through alignment with Western institutions such as the European Union and NATO. It officially declared its intention to become a member of NATO in 2002, has signed the PCA agreement with the EU in 1999 and became an active member of the European Neighborhood Policy in 2004, with that also commencing active domestic coordination to further integrate into the European Union (Dolidze et. al., 2024). Georgia has aspired to integrate more closely with Western political structures to enhance its security, especially after the 2008 war with Russia. Georgia has withdrawn from CIS in 2009 and has been an active and frontrunning member of the EaP since 2009, achieving high reform scores in its Association Agreement implementation process since 2017 to 2022. On June 23, 2022, the European Council recognized Georgia's "European perspective", expressing readiness to grant the candidate status to Georgia once the 12 priorities would be met (European Commission 2022). While only 3 of the 12 priorities were satisfied, EU, recognizing the geopolitical imperative in the face of Russian aggression against Ukraine, granted the candidate status to Georgia on December 14, 2023 alongside an explicit understanding that the implementation of nine steps would take place prior to opening of accession talks (European Council 2024).

In terms of economic shelter, Georgia has signed an Association Agreement with the EU in 2014, which includes a Deep and Comprehensive Free Trade Area opening the prospect for Georgia to enjoy some benefits of EU's single market before joining the EU. Overall, Georgia has sought to become an economic hub in the region for the transit of goods and energy from West to East. Georgia has also actively worked to establish free trade agreements with other countries and attract foreign investments to stimulate its economy, refraining strictly from joining Russian led Eurasian Economic Union.

In terms of societal shelter, EU integration processes came with educational, cultural, and societal opportunities for Georgia. Programs like Erasmus+ and Horizon have enabled wide societal exchanges among youths, scientists and vocational professionals, fostering closer ties between Georgia and EU member states and widening exchange of ideas and innovations as well as culture. Most notably, on March 28, 2017 Georgia was granted visa-free travel to the

Schengen area, with that strengthening both the societal and political ties, greatly helping to solidify Georgia's standing as a European country, strengthening its independence and resilience, and creating a more favorable environment for its long-term development and security amidst a challenging regional context.

WGI indicators for Georgia and Armenia (1996–2022) - a cumulative overview of governance performance:

World governance indicators uses six aggregate indicators for over 200 countries and territories over the period 1996–2022 and it is produced by the World Bank. WGI uses credible data from more than 30 think tanks, international organizations, nongovernmental organizations, and private firms across the world and it updates it regularly (Kaufmann and Kraay 2023).

Out of the six indicators, this paper will draw on three specific ones that have direct meaning for the quality and performance of public administration: government effectiveness, regulatory quality and control of corruption.

According to the World Bank „Government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies“. The Regulatory quality „captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development“. As for the control of corruption this indicator „captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests“ (Kaufmann and Kraay 2023).

Testing the hypothesis

This paper uses process tracing as its method of qualitative research. In that respect we want to test validity of our hypothesis. In process tracing there are four major types of tests. „Straw-in-the-wind tests provide neither a necessary nor a sufficient criterion for accepting or rejecting a hypothesis, and they only slightly weaken rival hypotheses“ (Collier 2011). Since we are not testing a rival hypothesis here, it is more relevant to use the hoop test. „Hoop tests do not confirm a hypothesis, but they can eliminate it“ (Collier 2011). Passing of a hoop test affirms the hypothesis relevance while failing it entirely eliminates the hypothesis. The passing of the hoop test also weakens a rival hypothesis (Bennett 2010, 210; Van Evera 1997, 31–32).

In the description above, we have established that from 2002 Georgia has sought shelter in the European and Euro-Atlantic institutions and countries and from 2004 to 2019 made significant

strides in this regard, so inferring from the theoretical framework, we assume it was sheltered by the West in terms of politics, economics and social purposes. From 2020 to 2022 signs of weakening democracy and worsened diplomatic language have appeared, but without major or visible changes in foreign policy orientation.

As for Armenia, it has sought political support from Russia and politically, economically and socially has been mostly tied to Russia. Armenia's foreign policy did start bifurcation in 2017 (signing of CEPA) and continued to do so under the new Prime Minister. The trend was reinforced as Armenia noticed the signs of false sheltering (when it does not benefit majority of its people) from Russia and reinforced ties with the EU and European countries since 2018 but rather strongly since 2020.

Since the working hypothesis is that a choice of an external partner affects a small country's ability to mobilize its resources for effective governance and if a small country maintains an external partner which is a normative actor, it manages to mobilize resources for effective governance, whereas if it chooses a partner which is uninterested in normative outcomes, effective governance is achieved on the margins. For this hypothesis to pass a hoop test, we must see the following:

1. Main inference is that the WGI indicators for PA performance in Georgia must be higher than that of Armenia from 2004 to 2022 and conversely.

To account for the within case variance and reveal the antecedent variable that explains variance in the dependent variable we must see the following:

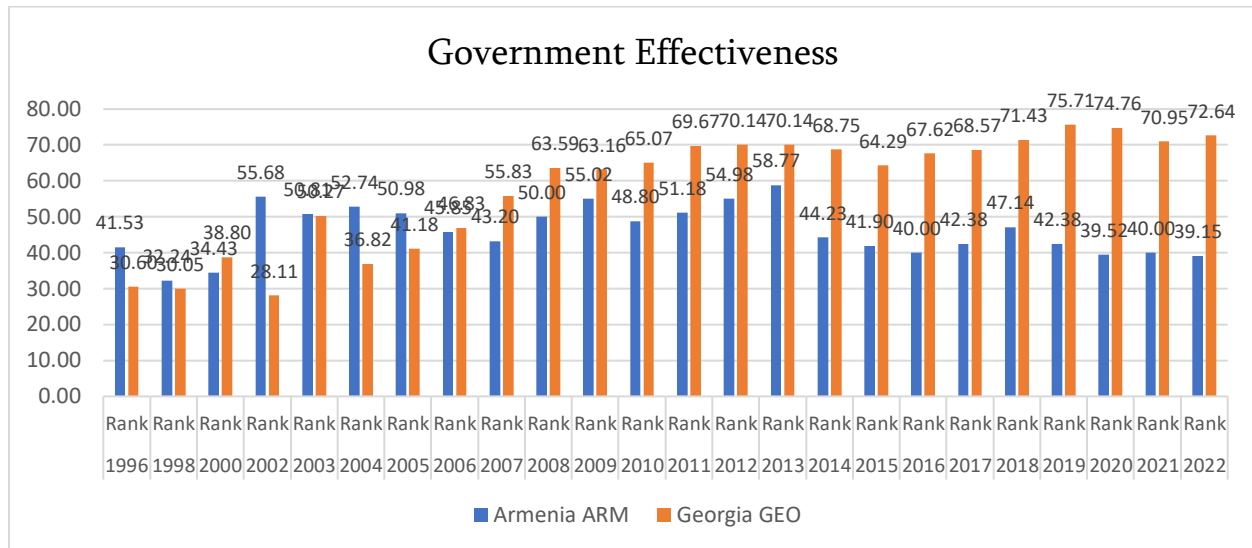
2. WGI indicators for Armenia must show trends of increase from 2018 onwards
3. WGI indicators for Georgia must show trends of decline from 2020 to 2022.

Government Effectiveness

With the advent of democratic reforms in Georgia in 2004, GE rank grew from 31 in 2003 to 75 in 2019 with slight declines since, repeating the same positive correlation with democratization. In contrast, Armenia held low GE ranks throughout, not showing signs of stable and noticeable increase. In contrast, high income non-OECD countries in the same time period averaged at 75-74. Overall, Georgia's average from 1996 to 2022 was 58,12 and Armenia's was 45,96, showing a difference of more than 12 between them. That confirms the main inference from the hypothesis.

In terms of 2nd inference, Armenia only shows a significant increase since the previous year in 2018 (jump from 42 to 47) but consecutive declines since then. That means the hypothesis does not pass the second inference or that some other intervening variable at play.

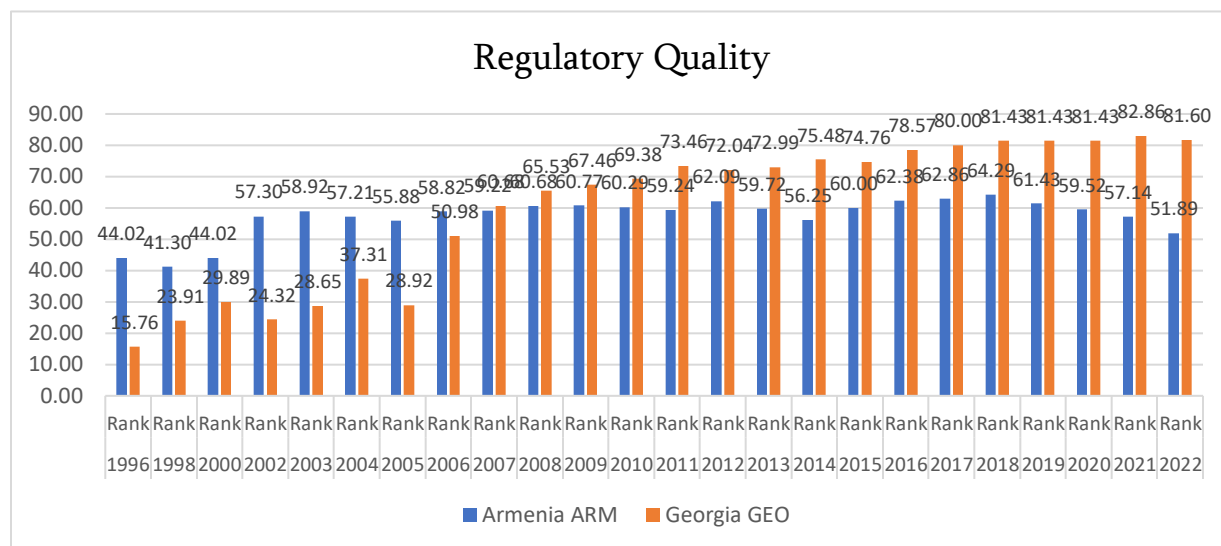
In terms of 3rd inference, Georgia shows decline in 2020 (74,76) again in 2021 (70,95) and a small rebound in 2022 (72,64). Therefore, hypothesis passes the 3rd inference.



Regulatory Quality

Regulatory quality for Georgia started to grow consecutively from 2004 onwards, picking up from 28 in 2003 to 81.6 in 2022. Armenia used to rank higher than Georgia from 1996 to 2006 and since held almost unchanged low ranks, ranging from 58 to 64, going down to 51 in 2022 (In contrast, high income non-OECD countries in the same time period averaged at 76-75). That confirms the 1st inference from the hypothesis for the regulatory quality as well.

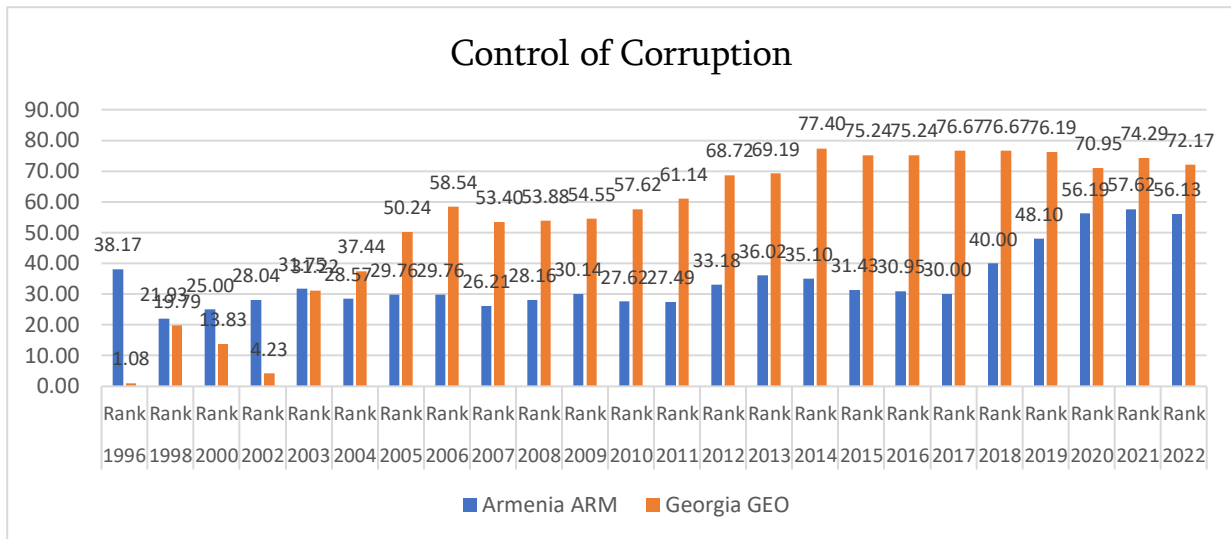
In terms of 2nd inference, Armenia only shows small decrease since 2018 with consecutive declines since then. That means the hypothesis does not pass the second inference or that some other intervening variable is at play.



In terms of 3rd inference, Georgia shows only a small change since 2020, with no change in 2020 from the previous year, a small rebound in 2021, small decrease in 2022. Therefore, hypothesis is inconclusive for the 3rd inference.

Control of Corruption

Control of corruption strongly correlates with democratization process in both countries. CC improved in Georgia consecutively since 2004, ranging from 23 in 2003 to 76 in 2019 but showing some decline since 2020, rebounding in 2021 but declining again in 2022. In Armenia, the CC picked up from 40 since 2018 onwards, correlating with the general trend of liberalization in the country. Overall, CC strongly and positively correlates with the advent of democratization in both countries: since 2004 in Georgia and since 2018 in Armenia. Therefore, the main inference and the 2nd and 3rd inferences are confirmed for the control of corruption indicators for both countries.



Conclusions

The aim of this paper was to explore why was there a variance in public administration performance in Armenia and Georgia post conflict across time despite significant similarities between them in terms of size, geography, historical context, conflicts and no significant natural resources?

The working hypothesis developed was that a choice of an external partner affects a small country's ability to mobilize its resources for effective governance. If a small country maintains an external partner which is a normative actor, it manages to mobilize resources for effective governance, whereas if it chooses a partner which is uninterested in normative outcomes, effective governance is either not achieved or achieved on the margins.

The paper drew on qualitative and quantitative data measuring public governance performance, drawing on the world governance indicators for each country (Kaufmann and Kraay 2023). In terms of major external state/institutional partner, the paper showed that Georgia mostly relied for its development on European and Euro-Atlantic countries and institutions (EU and NATO), while Armenia mostly relied on Russia and has joined Russia dominated regional institutions (CSTO, Eurasian Economic Union).

To test this hypothesis with a comparative case study design, the paper has focused on a case study model called method of difference developed by John Stuart Mill to identify causal relationships that explain the outcome. However, the data also showed that Armenia has had overall weaker outcomes in key PA indicator performance then Georgia, both countries have also shown fluctuations over time.

Therefore, a case study design was reinforced with a within case variance across time to reveal an antecedent condition at play without which a causality would not be strong. Hence, an addition to the hypothesis was made and the political will was identified as the necessary antecedent condition for the independent variable (choice of external partner) to positively affect the outcome (effective governance).

For the main hypothesis we relied on the “theory of shelter” (Thorhallsson 2019) which posits that small states seek shelter in crisis and post-crisis situations for three main reasons: to reduce the risks from the impending crisis, to be able to better absorb shocks during the crisis and to rely on assistance after the crisis (2019). Based on descriptive process tracing we identified Armenia as mainly sheltered by Russia and its regional institutions and Georgia as mainly sheltered by European and Euro-Atlantic states and institutions.

For the antecedent variable paper drew on the work of various authors, include Bueno de Mesquita et al., which argued that politicians prioritize their own survival above all else as they make decisions based on this fundamental goal (2003). For those reasons, depending on the mode of government sometimes “good policy is bad politics and bad policy is good politics” (Bueno De Mesquita et al. 2003, 302). Moreover, since securing a shelter can be costly in number of ways, especially if it is based on conditionality, domestic political will of the elites determines when local elites pay the price for shelter (with milieu external partners it is delivering democratic reforms and with possessions external actors it is maintaining unwavering strategic alignment with no strings attached in terms of domestic reforms). Hence, the changing will of the domestic political actors was correlated with the evidence in order to account for the variance within cases.

The testing of hypothesis was conducted based on three WGI indicators, directly relevant for PA performance. The evidence confirmed with a hoop test that the role of and type of external shelter is the cause for the specific PA outcomes in a sheltered small state. In terms of antecedent variable, there was partial confirmation but more research is need across time (beyond this research paper study period) to ascertain causality.

Overall, the paper confirmed that post-conflict PA performance is most effective in small countries if they choose and maintain external partners which care about normative outcomes on the world stage, versus those external partners who only care for maintaining the strategic spheres of influence. The paper also underscored the interplay between domestic politics and the nature of political elites in determining the positive outcomes of a process of sheltering to the benefit of greater public.

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