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Regional & Local Field Offices
Crisis Group also operates out
of some 20 different locations in
Africa, Asia, Europe, the Middle East and Latin America: See www.crisisgroup.org for details.

annual report
2005 review of 2004 plans for 2005

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annual report 2005

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Cover photo: Somali gunman, Reuters/Antony Njuguna Design by Impacto.be

From the Co-Chairs

From the President

Crisis Group

Leslie H. Gelb

Though I have only recently joined the International Crisis Group, I am no stranger to conflict resolution. I have spent time in and out of government toiling here, with notable lack of success. That never comes easily in conflict resolution, with almost every achievement matched by a failure elsewhere, particularly in Africa. And the record of the last decade has been especially bad in dealing with proliferation of weapons of mass destruction. But for me and for my colleagues at Crisis Group, failure anywhere is not a tolerable option.

What can be done? Failures in conflict resolution have powerful fathers. The bad guys invariably have far more control than the good guys. The bad guys count on others being preoccupied elsewhere and on being unwilling to get involved in messy situations. Equally obvious is the lack of capacity of international institutions to intervene early and hard. Less obvious is that those who want to do the right thing have not mastered the art of doing so.

It is hard to have a better record than Crisis Group at analysing problem areas and offering sensible guidelines for action. Crisis Group studies rank at the top. Like all practitioners in this area, however, we can still do better. We have to completely understand not only the dynamics of every conflict, but who are the stakeholders inside and outside it, exactly what carrots and sticks they can bring to bear, when and how. Getting the advocacy right with those stakeholders is the biggest challenge of all, and will be a central focus for us in the period ahead.

Lord Patten of Barnes

I have just spent five interesting years as the European Union's Commissioner for External Affairs trying to practise conflict prevention from the Balkans, to Colombia, to the Congo. My constant companions during those years, from one airport terminal to another, were Crisis Group reports. "Is there anything by the International Crisis Group on this place that I should read?" I would invariably enquire before heading off to some new crisis-threatened destination.

So as an enthusiastic client and consumer of the product – informed. objective, well written, action-oriented - when asked to join the Board as Co-Chair I did not need five minutes to agree. Indeed, I said "Yes" straight away.

What Crisis Group does is to fill the need that policy-makers in national governments have for smart, honest analysis and practical proposals for preventing disaster, or at least mitigating its consequences. We often find ourselves saying the things that governments would like to say but find too difficult.

Without vulgarising or compromising our work we have to continue broadening the base of support for our policy recommendations. Working in support of a first class professional team, that is one thing I hope I can help achieve in the coming years.

2005 is the International Crisis Group's tenth anniversary. We have come a long way since, in a plane flying out of warravaged Sarajevo in 1993, a conversation between Morton Abramowitz and Mark Malloch Brown struck the initial spark. And since a remarkable gathering of international figures endorsed Mort's vision of a new global organisation in January 1995. And since a shoestring two-person office in London, and a fact finding mission to Sierra Leone, began by the end of 1995 to make it all happen.

Crisis Group today – with its 110 full-time staff spread across some 25 locations on five continents, working simultaneously on around 50 areas of actual and potential conflict, and with an annual operating budget of nearly \$12 million - is universally regarded not only as a serious player in the policy debate on just about every major conflict prevention and resolution issue, but as probably now the world's leading independent, non-government source of information, analysis and advice to governments and international organisations on conflict issues.

Over the last decade Crisis Group has made its mark over and again - in the peace processes for Congo, Burundi, Sudan, Sierra Leone and Liberia; in the tumultuous series of crises, and painful and protracted business of peacebuilding, throughout the Balkans; in the post-9/11 analysis of terrorist threats, and the roots of Islamist violence, from Indonesia to Pakistan to the Gulf; in identifying in credible detail before anyone else the elements of an achievable settlement to the Arab-Israeli conflict; in generating new international pressures on authoritarian regimes in Central Asia; in identifying new strategies for movement out of the morass in Colombia; and in articulating clear strategies for resolving the nuclear standoffs in North Korea and Iran, and the cross-Strait tension between China and Taiwan.

Policy-makers, journalists and academic and other analysts constantly remark on how productive Crisis Group is for its size (publishing over 80 substantial reports and briefings a year), how consistently high a standard of analysis and realistic advice is maintained from report to report, and how useful a day-to-day information resource our monthly *CrisisWatch* has become.

If Crisis Group has been successful, that is overwhelmingly the product of the enormously competent and committed staff team that makes up this organisation – the finest, most dedicated group of men and women with whom I have ever worked. And we have been supported by an extraordinary Board, full of highly expert, experienced and globally well known figures from government and business, that has been both willing to give that team a largely free rein, but also to support it constantly with thoughtful advice and helpful hands-on advocacy.

While we can do better still in sharpening the research and advocacy tools we already have, and in finding a wider public audience and support base for the work we do, 2004 showed us just how potent those tools can be. As the pages of this report document, Crisis Group played a significant role in shaping policy toward and within a host of countries. For example:

- In **Sudan**, our long-standing push for a comprehensive peace agreement between the Sudanese government and Southern SPLA rebels saw that finally signed in Naivasha, Kenya, on 9 January 2005;
- In Darfur, in western Sudan, we played a central role in focusing global attention on the atrocity crimes committed by the government and the militias it mobilised, although there is still real distance to go in moving the UN and its member states to a fully
- In the **Democratic Republic of Congo**, our persistent advocacy produced a new awareness in the UN Security Council about the risk of another war and the need to strengthen both MONUC's mandate and its military capabilities;
- In Indonesia, Crisis Group's work on Jemaah Islamiyah and radical Islam continued to be considered the best open-source material available, with usually better and more detailed information than that generated by the leading national intelligence agencies;
- In **Uzbekistan**, Crisis Group was a leading voice in the successful campaign for the U.S. to cut aid to the Uzbek government because of human rights abuses;
- In **Kosovo**, Crisis Group's April report, *Collapse in Kosovo*, provided the international community with what one senior UN official termed "a bible" to understanding the causes of the deadly March riots and the failure of the international security presence, and our wider advocacy forced attention on the critical need for urgent moves toward a resolution of Kosovo's final status.

Crisis Group has steadily grown in size and influence for the last ten years. We don't need now to grow any bigger to do effectively the job we want to do. But we do have to work hard to maintain the support necessary, year after year, to sustain us at the size we are. All of us at Crisis Group are deeply grateful to our donors - governments and foundations, private individuals and public corporations - for their great generosity, and even greater commitment to the cause of peace.



Leslie H. Gelb Co-Chair New York, 7 March 2005

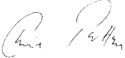
Leslie H. Gelb is President Emeritus of the Council on Foreign Relations, U.S. He has been Co-Chair of Crisis Group since



Lord Patten of Barnes Co-Chair

London, 7 March 2005

Lord Patten of Barnes is the former European Commissioner for External Relations, UK. He has been Co-Chair of Crisis Group since November 2004.





Hon Gareth Evans AO QC **President and CEO**

Brussels, 7 March 2005

Gareth Evans served as Australian Foreign Minister from 1988 to 1996. He has been President of Crisis Group since 2000.

Mission Method





Crisis Group was established in 1995 by a group of prominent international citizens and foreign policy specialists who were appalled by the international community's failure to act effectively in response to the crises in Somalia, Bosnia and Rwanda. Their aim was to create a new organisation, wholly independent of any government, which would help governments, international organisations and the world community at large prevent or at least contain deadly conflict — and, if and when prevention failed, try to resolve it.

Our primary goal is prevention — to persuade those capable of altering the course of events to act in ways that reduce tensions and meet grievances, rather than letting them fester and explode into violent conflict.

Crisis Group's approach has three main elements:

Expert field research and analysis: Crisis Group's credibility is founded on its field-based research. Teams of Crisis Group analysts are permanently based in or near many of the world's trouble spots, where there is concern about the possible outbreak of conflict, its escalation, or its recurrence. Their main task is to find out what is happening and why. They identify the underlying political, social and economic factors creating the conditions for conflict as well as the more immediate causes of tension. They find the people that matter, and discover what or who influences them. They study the factors outside the country that may be contributing to the conflict. And they consider the actual and potential role for other countries and international organisations to help defuse the crisis. That knowledge then has to be converted into succinct, timely and readable reports and briefing papers.

Practical, imaginative, policy prescriptions: Crisis Group's role is not merely to understand conflict but to prevent, contain and resolve it. That means identifying the levers that can be pulled and those who can pull them. There are many different tools in the conflict prevention and resolution toolbox: diplomatic and political; legal; financial and economic; and ultimately, military. Some of these tools are applicable in-country, requiring action by the national government or local actors: others require the commitment of other governments or international organisations to be effective. Some need to be applied in the short-term; for others the lead time is longer. Some will be within the current market place of received ideas; others will be over the horizon, too far away for many to be able or willing to reach but nonetheless the right way forward. But in every case the need is the same: to identify policy responses that are within the capacity of policy makers to apply and that, if applied, will help to prevent or resolve deadly conflict.

Effective advocacy: Identifying the problem and the appropriate response is still only part of the story. Often the risk or reality of conflict will be known, and the policies that need to be applied to address the situation will also be reasonably well understood. The missing ingredient will be the "political will" to take the necessary action. Crisis Group's task is not to lament its absence but to work out how to mobilise it. That means persuading policy-makers directly or through others who influence them, not least the media. That in turn means having the right arguments: moral, political, legal or financial. And it means having the ability to effectively deploy those arguments, rationally or emotionally as the case may require, with people of the right credibility and capacity.

How does Crisis Group go about implementing its mission? What did the organisation do in 2004 to advance it?

Deciding on projects

Four basic criteria are applied – How serious is the actual or potential conflict? Can Crisis Group add value to international understanding and response in preventing and resolving it? Do we have, or can we raise, the necessary resources to employ new field staff? And do we have, or can we get, the necessary central resources to ensure high quality final reporting and effective follow-through advocacy?

In 2004 Crisis Group opened new offices in Pretoria, to cover both Southern Africa and continent-wide conflict-policy issues, and Seoul, to give us a field base for our North East Asian coverage. A new Haiti project was established to focus on peacebuilding efforts in that country. Coverage in the South Caucasus and the Gulf was expanded, while that in the Balkans was cut back.

Operating in the field

Crisis Group's field analysts are experienced former diplomats, journalists, academics and NGO staff, often leading world experts in their fields. Of 110 full-time staff by the end of 2004, 70 worked in the field, from seventeen major locations and a number of smaller ones: the others worked from our Brussels headquarters, and major-city advocacy offices. Between them, Crisis Group staff had 41 nationalities and 51 languages.

Based full-time on the ground in crisis areas, field staff develop, to the extent possible, important relationships with government and opposition sources, public servants, military and paramilitary leaders, municipal officials, academics, journalists and leaders of civil society. Security is often an issue – requiring, for example, the relocation in 2004 of our Colombia/Andes project from Bogota to Quito, and in some areas operating on a non-disclosed basis. And being expelled – as was South East Project Director Sidney Jones from Indonesia in 2004 – is a recurring occupational hazard.

Determining policy

In the initial drafting of reports and briefing papers, field analysts work with Crisis Group's capital-based regional program directors.

A research team in Brussels also provides input, especially on EU and NATO developments, while our Washington and New York advocacy offices assist with U.S. and UN perspectives.

The policy prescriptions attached to nearly all Crisis Group reports are settled by the President with input from field and senior staff, program directors, Board members, and consultation with governments, intergovernmental organisations, academic specialists, think-tanks and other NGOs. The object is always to produce recommendations that are relevant, dispassionate, candid, sharply focused and capable of practical implementation, even if beyond current limits of political acceptability.

Getting the story out

Strong advocacy means disseminating the product as widely and effectively as possible, making sure that policy-makers hear the message and then persuading them to take action. In 2004, basic distribution continued to expand: by direct mail to nearly 4,000 senior policy-makers and those who influence them; by email notification or attachment of reports and papers to over 14,000 targeted "influentials", and over another 16,000 recipients subscribing through the Crisis Group website. All our publications were posted on our website, www.crisisgroup.org, which in 2004 received nearly 2 million visitors, with the same number of reports being downloaded during the course of the year.

Media exposure is important for Crisis Group's effectiveness and has increased significantly each year since 2000. Monitored mentions in major international print and electronic media of Crisis Group reports rose significantly in 2004 to 3,200 (or nearly 5,500 if repeats of the same story are counted). In addition, there were 105 Crisis Group tag-lined comment and opinion pieces in major national and international newspapers in 2004 (up from 63 in 2003).

High level advocacy

Much of Crisis Group's most successful advocacy is done behind closed doors. Our major advocacy offices, in Brussels, Washington DC and New York, continued to ensure Crisis Group had the access and influence at the highest levels of the U.S. and European governments, the UN, EU and NATO; our Moscow office improved our access to Russian decision-makers; and our London office continued to strengthen Crisis Group's high profile and influence in the UK. All Crisis Group offices, both advocacy and field, receive a regular flow of senior political and official visitors.

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Operations

Crisis Group

London. UK

Established 2002: coordinates fundraising with government and major foundations; advocacy base for visiting Crisis Group staff

New York, U.S.

Established 2001: advocacy with the UN Secretariat, diplomatic corps and media, liaison with the philanthropic community, and policy input

Washington DC, U.S.

Established 1997: advocacy with the Administration, Capitol Hill and the U.S. media, and policy input

Haiti

Field office: Port-au-Prince Established 2004: focuses on Haiti's longstanding economic, social, and political challenges

Colombia / Andes

Regional office: Quito

Established 2001: covers Bolivia, Colombia, Ecuador, Peru and Venezuela, focusing on ending the conflict in Colombia and containing its regional impact

West Africa

Regional office: Dakar

Established 1995 in Sierra Leone: covers Côte d'Ivoire, Guinea, Liberia,

Central Africa

Regional office: Nairobi

Established 1998: covers Burundi the Democratic Republic of Congo, Rwanda and Uganda

Brussels, Belgium (HQ)

Established 1997: coordinates all Crisis Group field operations, research, report production and distribution, media relations, and European and international advocacy

Moscow. Russia

Established 2003: liaison with Russian policy-makers and advocacy base for visiting Crisis Group staff

Balkans

Field offices: Belgrade, Pristina, Sarajevo, Skopje

Established 1996: covers Albania, Bosnia, Kosovo, Macedonia and Serbia

Moldova

Established 2003: addresses the Transdniestria conflict and governance issues

Caucasus

Regional office: Tbilisi

Established 2003: focuses on security and governance in Armenia, Azerbaijan (including the Nagorno-Karabakh region) and Georgia

Central Asia

Regional office: Bishkek Field office: Dushanbe

Established 2000: addresses governance issues, Islamic radicalism and the possibility of political transition in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan

South Asia

Regional office: Islamabad Field office: Kabul

Established 2001: focuses on security and governance in Pakistan and Nepal; peacebuilding in Afghanistan; and the Kashmir conflict

North East Asia

Regional office: Seoul

Established 2002: covers the relation ship between Taiwan and mainland China, and the crisis surrounding North Korea's nuclear program

South East Asia

Regional office: Jakarta

Established 2000: focuses on separatist and communal violence, governance issues, and the sources of terrorism in Indonesia, Myanmar/ Burma, the Philippines and Thailand

Sierra Leone and the Sahel region

Horn of Africa

Regional office: Nairobi

Established 2001 in Sudan: focuses on Darfur and the north-south conflict, Somalia, and the Ethiopia/ Eritrea situation

Southern Africa

Regional office: Pretoria Established 2001 in Zimbabwe: expanded to cover southern Africa in 2003, with Pretoria office opening in 2004

Egypt / North Africa

Regional office: Cairo

Established 1998 in Algeria: monitors developments in Egypt and across North Africa, with a focus on understanding variants of Islamism and strategies for peaceful political transition

Arab-Israeli Conflict

Regional office: Amman

Established 2001: addresses the situation in Israel, the Occupied Territories, Syria and Lebanon, focusing on new and more comprehensive strategies to achieve sustainable peace

Iran / Iraq / Gulf

Regional office: Amman

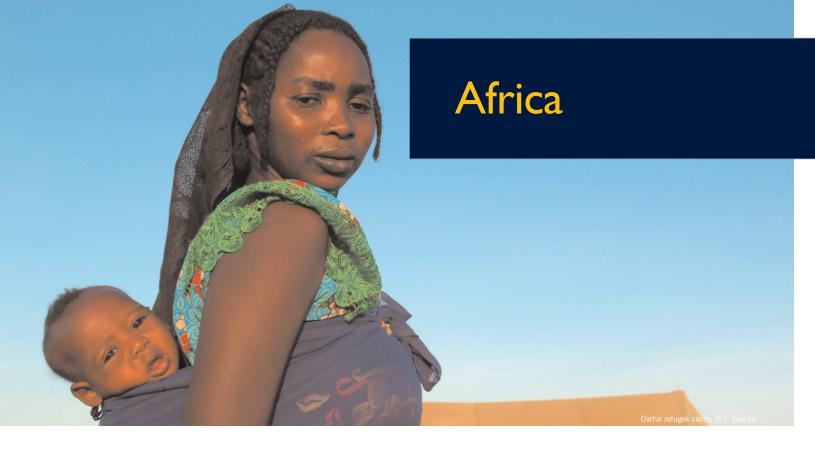
Established 2002: addresses governance and security in Iraq and Iran, Islamism and reform in Saudi Arabia, domestic issues in the Gulf states, and sources of terrorism











Africa's trouble spots remained on edge in 2004. The Democratic Republic of Congo's fragile transition destabilised the Great Lakes region, Côte d'Ivoire experienced renewed violence, and in Sudan, the end of the North-South civil war was overshadowed by the continued disaster in Darfur.

Central Africa

The **Democratic Republic of Congo's** political transition made little progress in 2004, with elections unlikely to be held on schedule by June 2005. President Joseph Kabila failed to forge a national army capable of asserting nation-wide control, and open conflict continued in the volatile eastern provinces of North and South Kivu. Troops from the former Rwanda-backed Congolese Rally for Democracy (RCD-Goma) continued to resist integration into the FARDC, the new army, fearing for their safety. Fighting among the FARDC, the RCD-Goma, Mai-Mai and others flared in May/June and again in November/December. In November, **Rwanda**, citing failure to disarm Congo-based Rwandan Hutu rebels, threatened to re-invade eastern Congo, before backing off in December.

In **Uganda** talks to end the 18-year Lord's Resistance Army (LRA) rebellion, which has displaced some 1 million people, made some progress, with the participation of senior LRA commanders. Meanwhile, **Burundi's** transition stayed more or less on course. After failing to meet the 31 October deadline for a new constitution and elections, President Domitien Ndayizeye's transitional government set new ballot dates, culminating in presidential elections in April 2005. The creation of a new national army from existing armed forces and rebels finally began, as did the demobilisation of those unwilling to join it.

Crisis Group impact. Crisis Group's advocacy on the Democratic Republic of Congo raised awareness of the risks to peace and the need to re-formulate international policy toward the DRC, and influenced debate on strengthening MONUC's mandate and capabilities. We wrote to UN Security Council members calling for urgent action following the August massacre of Congolese refugees in Burundi, in the face of ineffectiveness in Kinshasa and invasion threats from Kigali. The letter received wide media coverage and a response from U.S. Secretary of State Colin Powell, affirming U.S. commitment to the peace process and strengthening of MONUC. MONUC expanded in September – though by less than Crisis Group and the UN Secretary-General had hoped. In December, MONUC demonstrated a more proactive role, establishing a humanitarian security zone. Crisis Group's Back to the Brink in Congo (December) emphasised the imperative to remove Rwandan Hutu rebels as a regional casus belli

Crisis Group briefed Security Council members on DRC, **Uganda**, **Burundi** and **Rwanda** before their 17-18 November trip to the Great Lakes, helping frame their view of the situation. In Burundi, our reporting was well-received as fair and our recommendations seen as workable. Though Arusha deadlines have been pushed back, most of the recommendations in Crisis Group's *End of the Transition in Burundi: The Home Stretch* (July) were broadly implemented. Our December briefing, *Elections in Burundi: The Peace Wager*, called for political will to carry the peace process forward. In **Uganda**,

Crisis Group

eight months after Crisis Group recommended the government establish a single authoritative team for negotiations with the Lord's Resistance Army (LRA) – *Northern Uganda: Understanding and Resolving the Conflict* (April) – President Museveni named his internal affairs minister to head such a team.

Some topics for consideration in 2005

Burundi:

- Review of the electoral process and challenges ahead in the political process
- Transitional justice and how to deal with impunity
- Report card on security sector reform

DRC:

- The significance of North and South Kivu provinces in the peace process and transition
- The role of security sector reform in a successful political transition

Uganda:

- Bringing Northern Uganda and the Acholi community into the Ugandan mainstream
- Run-up to 2006 elections and a potential Museveni third term

Rwanda:

- Report card on the gacaca or traditional courts in dealing with genocide suspects
- Political participation and Rwanda's "no ethnicity" policy

Horn of Africa

Sudan was rocked by atrocities and fighting in Darfur, with smaller insurgencies elsewhere. The U.S designated Khartoum's actions in Darfur "genocide", but no further significant pressure was applied internationally. The UN Security Council was paralysed by division, the Arab League was not helpful and the African Union lacked leverage to press a more proactive agenda focused on protecting Darfurians. Khartoum largely discounted incentives offered it and continued to violate commitments made to the AU and UN. At year-end, even with the signing of a comprehensive peace agreement between the government and southern SPLA rebels, Khartoum remained unaccountable for its actions in Darfur, ugly violence continued, and the misery of the more than 2 million displaced remained unabated.

In **Somalia**, after two years' discussion, a Transitional Federal Government (TFG) headed by Colonel Yusuf formed in October, including prominent faction leaders. Yusuf's links to Ethiopia

implied a role for Addis Ababa as godfather to the peace process rather than spoiler, but his Ethiopian connections, together with his past as warlord and standard-bearer for his clan, remain controversial domestically. His call for a multinational "protection force" marked a further point of disagreement within the government. The **Ethiopia-Eritrea** border dispute remained stalemated, with Ethiopia refusing to accept an April 2002 border ruling and Eritrea insisting it was final. In late 2004, Ethiopian Prime Minister Zenawi agreed to accept the ruling "in principle" and proposed a five-point peace plan, which Eritrea promptly dismissed.



Crisis Group impact. Crisis Group played a central and critical role in bringing the atrocities in **Darfur** to the attention of the international community. Through the media, congressional testimony, speeches, over 30 major newspaper opinion pieces, as well as in-depth reporting, we constantly called for international action. According to the African Union, Crisis Group's March report, *Darfur Rising: Sudan's New Crisis*, largely shaped the AU's subsequent actions, including its decision to deploy observers to Darfur. Simultaneously, our long-standing push, and backroom support, for a comprehensive peace between Sudan's government and southern SPLA rebels, was rewarded by the agreement finally signed in Naivasha on 9 January 2005.

"...civil conflicts, like financial crises, are hard to predict with any certainty...In the financial world, you can consult a credit-rating agency or an investment bank. In the political world, you can read the excellent reports from the International Crisis Group."

- Sebastian Mallaby,

The Washington Post, 5 July 2004

Africa



Crisis Group



Crisis Group became an authoritative voice on **Somalia**, inside and outside the country. May's *Biting the Somali Bullet* called for the resolution of regional differences. According to Nairobi-based diplomats, the report not only was tabled at, but set the tone for, the IGAD ministerial meeting the same month. Ethiopia and Djibouti subsequently set aside their differences and worked to steer the conference to a settlement in October. Crisis Group's critique of the Transitional Federal Government, *Continuation of War by Other Means* (December), which emphasised risks and challenges in the peace process, was widely cited regionally and internationally, and its recommendations on AU deployments were reproduced almost verbatim by AU military planners. The prime minister expressed displeasure at Crisis Group's criticism at a meeting – but admitted many of the report's recommendations were valid and would be taken on board.

Some topics for consideration in 2005

Sudan:

- Challenges of implementing the IGAD agreement
- The evolving security situation in Darfur and political process
- The situation in the East
- Links to Northern Uganda

Somalia:

- Islamist and Jihadist groups
- Somaliland's democratisation process
- The deployment of an AU/IGAD peace support mission

Ethiopia/Eritrea:

- The evolving state of play
- Proposals for resolving the crisis

Regional issues:

Counter-terrorism

Southern Africa

While democratic elections took place in South Africa, Namibia and Mozambique and peace consolidated in Angola, tensions escalated in Zimbabwe and Swaziland.

In **Zimbabwe**, there was little confidence that the March 2005 elections would be free and fair. The government endorsed South African Development Community guidelines for their conduct, but

an electoral amendment law was seen as too little, too late. A restrictive NGO law risked neutering civil society while increased activity of Zanu-PF youth militias, activists and war veterans suggested the government intends to run a harassment campaign. However, Zanu-PF emerged badly divided from an internal power struggle over the appointment of vice-president, raising a question mark over its future.

In **South Africa**, land reform continued slowly. Externally, the country took a leading role in African peacemaking and peacekeeping. But despite support for AU, UN and regional initiatives, South Africa did not fulfil hopes it would use its full leverage to help resolve Zimbabwe's crisis. In **Angola**, progress continued toward elections promised no later than September 2006. But political violence, autocratic structures, landmines, restrictive laws and refugee resettlement all put free and fair elections at risk. Meanwhile, in oil-rich Cabinda province separatists united in a forum for dialogue, hoping to engage the government in peace talks.

Crisis Group impact. Crisis Group's two **Zimbabwe** reports – *In* Search of a New Strategy (April) and Another Election Chance (November) - and sustained advocacy helped direct attention to Zimbabwe's March 2005 elections as an opportunity to help resolve the country's crisis. The November report was widely discussed at the Movement for Democratic Change's December 2004 conference, while Zimbabwe's mission to South Africa asked Crisis Group for a meeting to discuss the report's recommendations. We followed up extensive media coverage with consultations with diplomatic staff in Pretoria. On land reform in **Zimbabwe** and **South Africa**. Crisis Group's book-length Blood and Soil: Land, Politics and Conflict Prevention in Zimbabwe and South Africa (September) received wide international and local coverage, helping touch off a sustained public debate. The report's recommendation that reform be accelerated became the subject of a public hearing in a South African parliamentary committee. Other recommendations were adopted by the Council of Provinces' Committee.

Some topics for consideration in 2005

Zimbabwe:

- Regional response to the Zimbabwean crisis
- Post-election strategy

South Africa:

South Africa and peacekeeping

Angola:

- Completing the transition
- A chance for peace in Cabinda?

Swaziland:

Reforming the monarchy

African Union:

• The AU and peacekeeping

West Africa

Côte d'Ivoire suffered three major outbreaks of violence in 2004. In March, security forces and loyalist youth militias brutally suppressed an opposition demonstration; in June, an internecine battle within the Forces Nouvelles killed 120; and in November, over 100 died in fighting begun by loyalist aerial attacks on Bouake and Korhogo. When Ivorian planes bombed French barracks, killing nine French soldiers and an American, the French retaliated, destroying the Ivorian army's two fighter jets and five helicopters. Some 60 Ivorians died in the violence.

In **Guinea**, the situation, though dire, did not fully erupt. A steady pattern of local uprisings marked the internal situation's gradual deterioration. President Conté's health, much commented-upon in the past, held steady. Meanwhile, **Liberia's** path back to health remained hazardous. Disarmament, demobilisation and reintegration (DDR) resumed after a December 2003 false start, ending in November. Some 102,000 ex-combatants were officially demobilised, but only a quarter handed in weapons. The majority are not yet reintegrated. With no DDR money left, thousands are idle and restless: the risk they pose was amply demonstrated when a mundane land dispute exploded into large-scale violence and looting in October.

Crisis Group impact. Crisis Group's West Africa office moved in 2004 from Freetown to Dakar, reflecting the winding-down of Sierra Leone's conflict and an increasing focus on Guinea and Côte d'Ivoire. Over the year, Crisis Group had a major impact in Côte d'Ivoire and Liberia. Our Liberia report, Rebuilding Liberia: Prospects and Perils (January), was credited along with its predecessors with giving momentum to regional approaches. One UN expert said of our suggestions in Liberia and Sierra Leone: Rebuilding Failed States (December) for longer-term engagement

and possible trusteeship for revenue collection: "I can't congratulate you enough on this. It touched on everything we have held dear as ideas on Liberia, but went much further than our fuzzy thinking in actually spelling out detailed remedies".

The UN Force Commander in **Côte d'Ivoire** and others told Crisis Group that our reports here were excellent, and used in UN planning. Another stated, "EU ambassadors are still talking about the July report [*Côte d'Ivoire: No Peace in Sight*] and regard it as their reference". Crisis Group twice briefed members of the UN Security Council. After proposing a broad range of steps, including an arms embargo and targeted sanctions, on 4 November, and backing these suggestions with a further memo a week later, all our points were included in UNSC Resolution 1572, passed on 15 November 2004.



Some topics for consideration in 2005

Guinea:

Guinea's Forest Region

Côte d'Ivoire:

- The road ahead after UN Security Council Resolution 1572
- Elections for October 2005: a fading possibility?

Liberia:

- A national conference: prerequisite to a clean election?
- Post-election analysis
- The Taylor dossier

Sierra Leone:

• Continuing peacebuilding and development efforts

Sahelian Region:

• Islamism in the Sahel: fact or fiction?



In 2004, Asia saw landmark elections in Afghanistan and Indonesia, but continued authoritarianism in Pakistan and Central Asia, insurgencies in Nepal and across South East Asia, and the continuing nuclear stalemate with North Korea.

Central Asia

Central Asia's ageing and authoritarian leaders faced increasing challenges to their domination of politics, and stepped up pressure on opposition members, NGOs, and the media.

In **Kyrgyzstan**, parliamentary and presidential elections due in 2005 offer a chance for Central Asia's first peaceful transfer of power since independence, but President Akaev's regime looked unwilling to give up power, and increasingly concerned about a Ukraine or Georgia-type scenario. In **Uzbekistan**, opposition candidates were banned from parliamentary elections in December, and the situation remained tense, with two major terrorist attacks in 2004, apparently by a previously unknown Islamist group. Underground radical groups such as Hizb ut-Tahrir continued to gain members, attracted more by their opposition to the repressive regime of President Karimov than by their ideology. Increased social protests – provoked by the failing economy – began to turn violent.

The compromises of **Tajikistan**'s peace process looked increasingly shaky. Although the economy improved somewhat, high-level corruption, narcotics trafficking, and rural poverty continued to undermine development. **Turkmenistan** ignored international protests over its human rights abuses and the government-inspired destruction of the education system. The country has the potential to collapse into chaos in the event of President Niyazov's death.

Crisis Group impact. Shortly after the release of *The Failure of Reform in Uzbekistan: Ways Forward for the International Community* (March), the European Bank for Reconstruction and Development suspended public sector lending to **Uzbekistan** on the grounds that its government had failed to meet human rights and democratisation benchmarks. This followed a concerted advocacy effort including numerous meetings with the Bank president and other officials. Through sustained activity in Washington, including testimony to Congress, Crisis Group was also a leading voice in the successful campaign for the U.S. to cut aid to Uzbekistan. Our analysis of the situation and potential instability there has now been broadly accepted by diplomats and international organisations – and increasingly, by Moscow (if in private) – a shift from their previously overly positive views.

Crisis Group's reporting on the political situation in **Kyrgyzstan** and forthcoming elections in 2005 was well-timed to influence donors, and assisted those trying to gain political support for programs to promote free and fair elections in 2005. *Political Transition in Kyrgyzstan: Problems and Prospects* (August) was widely read in the Kyrgyz elite, and followed up with frequent contributions to conferences, seminars and the local media. A controversial May briefing on the political situation in **Tajikistan**, *Tajikistan's Politics: Confrontation or Consolidation?*, had considerable impact on the international community,

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which in general has been unwilling to criticise the regime of President Rakhmonov.

Crisis Group was also one of the few organisations to provide consistent and independent reporting on the repression and potential instability in **Turkmenistan**, e.g. in *Repression and Regression in Turkmenistan: A New International Strategy* (November). Calls for more action from the international community remain largely unfulfilled, although a more critical stance is emerging, not only among Western states, but also from Russia, where Turkmenistan was a regular target of our advocacy.

Some topics for consideration in 2005

- Terrorism in Central Asia
- The cotton industry's contribution to political authoritarianism, economic stagnation and environmental degradation
- Central Asia's geopolitics
- The Tajik-Afghan border and the drugs trade

North East Asia

North East Asia remained a potential conflict flashpoint. The North Korea nuclear crisis deepened and relations between China and Taiwan continued to be very fragile.

On the **Korean Peninsula**, three rounds of multilateral talks failed to make headway toward any agreement dismantling the North's nuclear programs, and a fourth failed to materialise due to North Korea's intransigence. **North Korea** now has enough nuclear material to produce at least eight nuclear bombs, posing a threat not only to its neighbours but also to the international community should the North try to sell its fissile material or technology.

After a year of stormy rhetoric across the **Taiwan Strait**, December elections in Taiwan eased relations somewhat, as the opposition Nationalist party and its allies won a majority in the legislative Yuan, forcing President Chen Shui-bian to rethink his pro-independence policies.

Crisis Group impact. Crisis Group's North East Asia project grew significantly in 2004 with the opening in August of an office in Seoul. Despite world-wide interest and extensive international press coverage of the North Korean nuclear standoff and China-Taiwan tensions, we are the only international organisation conducting research or advocacy on these issues with a base in North East Asia.

Our February report, the last in a four-part series, *Taiwan Strait IV:* How an Ultimate Political Settlement Might Look, was seen as introducing some new and possibly significant elements into thinking about longer-term prospects for the cross-Strait relationship.

Crisis Group has already emerged as a significant policy player in the region, with the publication of two reports on **North Korea** – the first, *Where Next for the Nuclear Talks?* (November), outlining a strategy for resolving the nuclear crisis, and the second, in December, examining South Koreans' attitudes to their "Brother from Another Planet" – and regular meetings with policy-makers, active participation in international conferences, and numerous interviews with the international press.



Some topics for consideration in 2005

- The refugee crisis and the response of the international community
- North Korea and humanitarian relief
- North Korea and Japan
- Taiwan Strait update

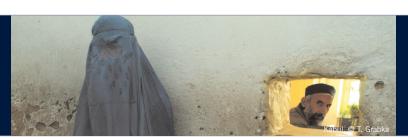
South Asia

2004 witnessed some progress in Afghanistan and Kashmir, but continued military rule in Pakistan and a worsening insurgency in Nepal.

The normalisation process between India and Pakistan resumed, but talks made little immediate progress on differences over **Kashmir**. A ceasefire along the Line of Control eased bilateral tensions, though violence continued within Jammu and Kashmir, with cross-border infiltration by militants, albeit on a reduced scale.

Prospects for stabilisation in **Afghanistan** were far more promising after a successful presidential election in October, the first direct elections in the country's history. But militant attacks on government

Asia



Crisis Group



and Coalition forces continued throughout the year, undermining the pace of political and economic reconstruction. A weak international presence, a slow DDR process, widespread drug production and factional infighting among warlords also hampered the government's ability to expand its authority and presence countrywide.

The military in **Pakistan** continued to resist domestic pressures to transfer power to civilian hands. Backed by the Bush administration and others as an indispensable ally in the war on terror, Pakistan's military rulers had little incentive to return to the barracks, and failed to crack down on home grown Islamic extremism, including sectarian terrorism. In **Nepal**, the security environment continued to deteriorate. Although the induction of a coalition government raised hopes of a revived peace process, the Palace, backed by the army, remained averse to a dialogue with the opposition. Caught in the crossfire between the security agencies and the Maoist insurgents, Nepal's citizens continued to suffer.

"Your analysis of the situation [in Nepal] and suggestions for action closely correspond to our own thinking here at the United Nations... As we intensify our efforts, your valuable recommendations will be of considerable help."

- Kofi Annan,

UN Secretary-General, 28 February 2005



Crisis Group impact. Following Crisis Group calls for a strong security umbrella beyond Kabul, NATO agreed, in principle, to expand the presence of the International Security Assistance Force to both the north and the west, although the second phase of ISAF expansion failed to materialise. Crisis Group's emphasis on the need for timely, free and fair parliamentary elections was strongly endorsed in a *New York Times* editorial. Meanwhile, Crisis Group's exposure and criticism of a U.S. plan to fund aerial spraying of areas

of **Afghanistan** used for drug cultivation – *Afghanistan: From Presidential to Parliamentary Elections* (November) – stimulated a fierce debate in the U.S. Congress, which blocked the necessary funding until the Administration agreed to withdraw the proposal.

Pakistan's military rulers' misplaced priorities were highlighted in four Crisis Group reports – on extremism (January), devolution (March), education reform (October), and the need for judicial independence (November). Crisis Group's advice was echoed by influential publications like the *Washington Post*, which, in its December editorial, "Another Pass for Pakistan", called upon the U.S. to reconcile its short-term interest "in working with a de facto military dictator with its long-term interest in democracy". A June report on Kashmir – *India/Pakistan Relations and Kashmir: Steps toward Peace* – called for incremental steps to widen the peace process and make it more sustainable. And Crisis Group's February briefing paper on Nepal, *Dangerous Plans for Village Militias*, was instrumental in causing Kathmandu to apparently shelve its plan to create local civilian militias.

Some topics for consideration in 2005

Afghanistan:

- Disarming, demobilising and reintegrating (DDR) militias
- The parliamentary, provincial and district elections process
- The Afghan drug industry and its security impact

Pakistan:

- Sectarian terrorism and its links to regional and international networks
- Political parties and the stalled democratic transition
- The conflict in the Federally Administered Tribal Agencies

Nepal:

- Avenues to constitutional change
- Political party reform
- Security sector reform

Kashmir.

• Kashmir update and state of play of India-Pakistan talks

South East Asia

In September, **Indonesia** selected a new president by direct popular vote for the first time ever. Soesilo Bambang Yudhoyono's decisive victory gave him a mandate for change, even as it furthered the country's sometimes painful transition from an authoritarian past. That old mindsets linger on was shown by the decision to expel Crisis Group foreign staff in June, a situation still not redressed by year's end.

In Aceh, the Yudhoyono government renewed the state of emergency, but promised attention to non-military solutions. In Papua, it promised to move quickly to create a council for the protection of Papuan culture and values, mandated by a 2001 autonomy law but never established. A controversial court decision in November upheld the creation of the province of West Irian Jaya, even as it rejected the law that divided Papua in the first place. And there was a major outbreak of communal violence in April in Ambon, and sporadic assassinations and bombings in and around Poso, Central Sulawesi.

Terrorism continued to be a major issue in the region. On 27 February, more than 100 people died in the **Philippines'** worst terror attack, after the Abu Sayyaf Group bombed a ferry in Manila Bay. On 9 September, a huge bomb exploded outside the Australian Embassy in Jakarta, Indonesia, killing eleven Indonesians. Members of Jemaah Islamiyah (JI) and other Indonesian jihadist groups continued to hide and train in Mindanao. A major concern at year's end was whether these groups would try to exploit the growing violence in southern Thailand.



In **Thailand**, the government's heavy-handed response to apparent insurgent attacks, and the deaths of 87 Muslims after a demonstration in October, inflamed local sentiment against the Thaksin government and threatened to generate new support for old insurgencies and new jihadist groups. In the Philippines, the government continued to support negotiations with the MILF but talks remained stalled.

Crisis Group impact. Crisis Group's work on JI and radical Islam in **Indonesia** continued to be considered the best open-source material available, with often better and more detailed information than that from leading national intelligence agencies. Crisis Group gave briefings on JI to intelligence and security officials from Japan, Australia, the U.S., Singapore, New Zealand, and the EU, and our

reports (e.g. February's *Jihad in Central Sulawesi*) were considered required reading for anyone working on terrorism in South East Asia. Crisis Group helped steer several governments in the region to look more closely at the historical roots of JI to understand how jihadist alliances were shaped.

Project director Sidney Jones was in demand as a commentator in both the print and broadcast media following the Australian Embassy bombing, helping to provide some balance and perspective to more sensationalist views of what the attack revealed about the strength and motivations of JI. Why Salafism and Terrorism Mostly Don't Mix (September) helped dispel the simplistic notion that Saudi-style religious teachings produced terrorists by showing that the most strict-minded among Indonesians trained in Saudi Arabia and Yemen were also deeply opposed to JI.

A small team on the ground in Indonesia meant that ability to produce high-quality reports was unaffected by the temporary relocation to Singapore in June of senior staff.

"For four years, the Jakarta branch of the International Crisis Group has provided one of the clearest windows into the troubled state of Indonesia...ICG's mission is to use research to help prevent violent conflict, and it has been in the right place at a turbulent time."

-Time Asia,

7 June 2004

Some topics for consideration in 2005

Indonesia:

- The Darul Islam movement and the Australian Embassy bombing
- Decentralisation and radical Islam in Central Sulawesi
- Tension over the Timor border

Thailand:

The conflict in the South

hilippines:

Understanding the Balik Islam movement



2004 saw mixed progress in the Balkans, while in the Caucasus, Georgia's attempts to rein in its troubled regions brought success in Ajara, but backfired in South Ossetia.

Balkans

Two days of **Kosovo**-wide rioting in mid-March revealed the ill-preparedness of international security forces and the fragility of Kosovo's status quo. The Albanian community's rampage against Serbs and the UN mission (UNMIK) left 19 dead, nearly 900 wounded, and over 700 homes and 30 churches damaged or destroyed. From August, new UNMIK chief Soren Jessen-Petersen signaled his intent to unblock processes frozen after the riots – including the transfer of administration to the provisional institutions and final status issues. But the situation remained tense, with a Kosovo Serb boycott of October's general election and the appointment as prime minister of Ramush Haradinaj, leader of the KLA successor party the Alliance for Kosova's Future, despite his possible indictment for war crimes by the International Criminal Tribunal on the Former Yugoslavia (ICTY).

Serbia stepped back from further international integration, electing a distinctly nationalist and anti-Western parliament. Led by Vojislav Kostunica, the minority government presented itself as progressive, but chose to rely on Slobodan Milosevic's Socialist Party of Serbia as coalition partner, and entered into silent partnership with the Serbian Radical Party. The internal situation steadily deteriorated, with halted reforms and a rise in attacks on minorities in Vojvodina. The government effectively ceased cooperation with the ICTY, and proved inflexible on cooperation with the international community over Kosovo, as often propagandistic media stories kept emotions

high. Serbs responded to Kosovo's March riots by torching two mosques inside Serbia.

Bosnia and Herzegovina continued its creeping progress toward viable statehood, with the creation of a single defence ministry and intelligence service, and with the important symbolism of the reopening of the Old Bridge in Mostar. But despite the Bosnian Serb government's admission of responsibility for the Srebrenica massacre, indicted war criminal Radovan Karadzic still eluded capture by NATO.

The **Macedonian** political system withstood two shocks in 2004: in February, when President Trajkovski died in a plane crash, and in March, when riots broke out in neighbouring Kosovo. The political process proved sufficiently stable to elect a new president with minimum fuss and to ensure little spillover of violence from the north. In July, the leaders of the two main ethnic groups reached a compromise over local government reform, the key remaining plank of the 2001 Ohrid peace agreement – and a November referendum to block the deal failed.

"...the International Crisis Group has become the leading non-governmental organisation in the field of analysing conflict situations."

- Joschka Fische

German Federal Minister for Foreign Affairs, 22 August 2004

Crisis Group

Crisis Group impact. Crisis Group's April report, *Collapse in Kosovo* – our most heavily downloaded report in 2004 – provided what one senior UN official termed "a Bible" to understanding the causes of the March riots, and what actually happened – revealing the extent of the international security presence's failure. Our Kosovo advocacy focused on the need for more operational and strategic decision-making to be devolved from the UN Secretariat to the incoming UNMIK chief, and for the international community to clarify the link between the majority community's desired independence and its performance on minority accommodation and governance.

Long a lone voice warning of **Serbia's** deteriorating situation and urging the international community to get tough on Belgrade's non-compliance with the ICTY, Crisis Group's analysis gained wide acceptance in 2004. Our reports and advocacy were highly influential in persuading policy-makers to implement rigorous conditionality, with the U.S. cutting all aid to Serbia in late 2004, and the EU toughening its line on compliance in the context of European integration.

Crisis Group's report on the EU peacekeeping force in **Bosnia**, *EUFOR: Changing Bosnia's Security Arrangements* (June), entered the policy debate precisely at the moment discussions began on arrangements for the handover of security from NATO to the EU. A number of our warnings – about the need to avoid overlap and confusion between different components of the mission, and the importance of tackling Bosnia's real problems rather than the agendas of Western officials – were heeded by the international community.



In **Macedonia**, our August report, *Macedonia: Make or Break*, emphasised the importance of local government reform for future stability, and, though published too early to predict the referendum, was picked up and used by domestic and international participants in the debate. When the referendum became a live issue at the end

of August, Crisis Group launched an advocacy push the immediate result of which was the extension of the EU police mission's mandate for another year. The recognition of Macedonia's name by the U.S. came with wide acknowledgement that we had been right to push this issue in our December 2001 report on that subject.



Some topics for consideration in 2005

Kosovo:

- Kosovo final status: how to get there
- A political solution for Kosovo's Serb-dominated north
- A security structure for a "post-status" Kosovo

Serbia:

- Sandzak and Vojvodina ethnic instability
- Presevo Valley
- Serbia's backward drift

Bosnia and Herzegovina:

- Police reform
- Dayton ten years on

Macedonia:

- Consolidating after the referendum
- Macedonia's EU prospects

Caucasus

17

In the three countries of the South Caucasus, 2004 saw newly-elected governments consolidate their power bases. After gaining 96 per cent of the popular vote in January, **Georgia's** President Saakashvili oversaw the implementation of reforms, including, controversially, increasing executive authority. In May, after months of tension, Saakashvili ousted Aslan Abashidze, long-time leader of the Ajara region on Georgia's southern Black Sea coast. He then turned his attention to Georgia's two other troubled regions.

Europe



Crisis Group



He was not as successful in South Ossetia, where Tbilisi's strategy to reassert central control through an anti-smuggling and humanitarian operation backfired, remilitarising the conflict and losing the trust of Ossetians. Over two dozen Georgians and Ossetians were killed, and sporadic exchanges of fire continued despite a tenuous ceasefire. In Abkhazia, "presidential" elections were held in October, but triggered a crisis when the results were disputed. Russia ultimately brokered a deal between the two main candidates, Sergei Bagapsh and Raul Khajimba, to "freeze" the results and participate in a new January 2005 poll on a common ticket.

Little progress was made in resolving the Nagorno-Karabakh conflict, though the presidents of **Azerbaijan** and **Armenia** met once, and their foreign ministers repeatedly, in what became known as the Prague Process. In Azerbaijan, Ilham Aliyev made few changes in the government or policies he inherited from his father. Municipal elections held in December were not considered by foreign observers to have met democratic standards. Armenia's opposition organised protests in April calling for a referendum on the legitimacy of the 2003 presidential election, but these were quickly quelled.

"...when I served as Deputy Secretary of State, I benefited greatly from [Crisis Group] products. Their first-hand field reports and analyses regularly contained information available nowhere else...Unsurprisingly, Crisis Group recommendations often found their way into our final policy decisions."

- Strobe Talbot,

Former U.S. Deputy Secretary of State, 28 February 2005

Crisis Group impact. 2004 was Crisis Group's first full year on the ground in the South Caucasus. The project published several detailed background reports – on Azerbaijan, Armenia, and the Georgian regions of Ajara and South Ossetia. Crisis Group's work was increasingly recognised over the year, and our analysts gained high-level access to Georgian government officials and international representatives. The EU Representative to the South Caucasus, Heikki Talvitie, consistently turned to the Tbilisi office for advice and information when traveling to the region.

The report on **Georgia's** Ajara – *Saakashvili's Ajara Success:* Repeatable Elsewhere in Georgia? (August) – predicted the risks if

Tbilisi applied a similar strategy for reasserting central authority to South Ossetia. Although Georgian authorities did not heed Crisis Group's warnings, local activists and representatives of international organisations echoed the report's analysis. Following Avoiding War in South Ossetia (November), which called for a stepby-step demilitarisation of the conflict zone and specific confidence-building measures, President Saakashvili unveiled a major peace initiative reflecting our proposals. National Security Council member Gela Bezhvashvili told us "many of your recommendations are included in the president's peace initiative...your work was very important to us". Decision-makers outside as well as inside Georgia viewed the report as essential background, rich and detailed, where no such analysis in English existed before. (It, like others for the region, was also translated into Russian.) The report's recommendations and summary were reprinted in full in Georgia's premier English-language



In Armenia and Azerbaijan, Crisis Group provided information and analysis to several local NGOs, and in the fall, the project director traveled to Baku to discuss Azeri-Armenian relations with high-level officials in several ministries and the presidency. In Moscow, Crisis Group raised awareness of its work through advocacy at the Duma, the ministry of foreign affairs and with the business community. Our analysis of the Ajara situation was discussed in an extended February briefing with vice-minister of foreign affairs Trubnikov. Major Crisis Group reports on Nagorno-Karabakh are planned for 2005, and we hope they will help kickstart what has to date been a fruitless peace process.

Some topics for consideration in 2005

Georgia:

- Abkhazia background report
- South Ossetia update brief

Nagorno-Karabakh:

- The situation on the ground
- The international negotiation process

Azerbaijan:

· Pre-election policy brief

Moldova

Moldovan politics remained dominated by reverberations from the collapse of Russia's attempt to settle the Transdniestrian conflict in 2003. Tensions markedly increased over the course of the year, with the Moldovan government becoming increasing hostile towards Russia's role in the peace process, and the Transdniestrians responding by closing Romanian-language schools and an orphanage on their territory. By the end of the year the five-sided negotiations had completely stalled.

Crisis Group impact. Crisis Group produced one report on Moldova in 2004, *Moldova: Regional Tensions over Transdniestria* (June), and two newspaper opinion pieces. The analysis in both the 2004 report and especially the earlier August 2003 report, *Moldova: No Quick Fix*, has become a baseline for the international community in trying to deal with the problem, but the hardening positions of the local players have meant that few of Crisis Group's specific recommendations have been implemented.

Some topics for consideration in 2005

• Democracy on both sides of the Dniester







Colombia's halting progress toward peace continued in 2004, but Venezuela and much of the Andean region remained polarised, while violence and instability returned to Haiti.

Colombia/Andes

In **Colombia**, President Alvaro Uribe's administration was criticised for demobilising parts of the paramilitary AUC without an appropriate legal framework or clear reintegration strategy. A major anti-FARC offensive had mixed results, while Uribe's ratings slipped for the first time since 2002. Hopes for a prisoner exchange were damaged by FARC's failure to respond in kind to the release of 23 FARC prisoners in December. No advances were made in preliminary talks with ELN insurgents.

Hugo Chavez and the opposition continued to divide **Venezuela**, with violent clashes and an unsuccessful presidential recall



referendum. Extreme polarisation subsided somewhat only after the internationally-monitored August referendum and October elections. **Ecuador's** President Lucio Gutierrez narrowly escaped opposition attempts to impeach and overthrow him. Gutierrez countered this by sacking 27 Supreme Court judges – deepening Ecuador's political crisis and prompting conservatives, the Church and others to demand he step down. In **Bolivia**, President Carlos Mesa faced down street violence, strikes, political infighting and divisions between the executive, legislature and judiciary. A successful natural gas referendum in July failed to appease indigenous populations, with continuing political tension.

Crisis Group impact. In **Colombia**, Crisis Group's March briefing, *Hostages for Prisoners: A Way to Peace in Colombia*, recommended prisoner exchanges between the FARC and the government. Four months later, in a policy turnaround, the administration proposed just such an exchange. Despite the failure of a December initiative, the issue remains firmly on the table.

Demobilising the Paramilitaries in Colombia: An Achievable Goal? (August) was discussed with Colombian Vice-President Santos, political leaders and representatives of the international community, including the UN Secretary-General's envoy to Colombia and the resident representative of UNDP. Emphasising the need to establish a proper legal framework for demobilisation, Crisis Group assisted

Crisis Group

with a Colombian parliamentary proposal to toughen penalties for war criminals and establish a truth commission. *Colombia's Borders: The Weak Link in Uribe's Security Policy* (September) received wide media attention, and contributed to a more substantial policy dialogue on border integration and security.

Crisis Group's Colombia/Andes project director discussed our analysis of the controversial natural gas issue in **Bolivia** in a long private conversation with President Mesa, highlighting the importance of establishing a broad political consensus on the use and ownership of Bolivia's natural gas and on the new hydrocarbons bill. He restated these points during an address to the Andean Parliament (in Quito) and in talks with indigenous opposition leader Evo Morales, representatives of the trade unions, the private sector and political parties. Weeks after these conversations, the administration took decisive steps to overcome dissent on the hydrocarbons bill in parliament and in civic associations in Santa Cruz and Tarija.

Some topics for consideration in 2005

Colombia:

- Moving the FARC and the Uribe administration toward negotiations
- The prospects and problems of President Uribe's re-election

Bolivia:

- The Bolivian Constituent Assembly of August 2005
- Indigenous movements and democracy in Bolivia and Ecuador

Haiti

2004 marked a return to unrest in **Haiti**. President Aristide's departure in February did not bring peace, sparking instead a dangerous reconfiguration of Haiti's political landscape. The UN Security Council authorised a stabilisation mission in February and a peacekeeping mission, MINUSTAH, from June. However, MINUSTAH's slow deployment created a security vacuum exploited by the former military and armed supporters of Aristide. A more proactive MINUSTAH strategy only emerged in November; the first major joint operation with Haitian police, to reassert control over a Port-au-Prince slum, was launched in mid-December.

Gérard Latortue's technocratic transitional government was stymied by the lack of a comprehensive political agreement. Faced with a combination of failing basic services, rampant crime, political polarisation, economic stagnation and an ongoing humanitarian crisis, many feared Haiti could explode again.



Crisis Group impact. Crisis Group's Haiti project, established in July 2004, became fully operational in mid-August. *A New Chance for Haiti* (November) emphasised the need for strengthened security and a more inclusive political transition. Its resonance within the UN was clear, helping to re-shape and toughen MINUSTAH's stance, while helping the government stake out a stronger position on armed groups and ex-soldiers. One of the report's key concepts – "rethinking the transition" – was widely popularised. The leader of the Group of 184, Haiti's most powerful lobby group, supported the report's recommendations. Feedback from embassies, the Organisation of American States and the Caribbean Community was positive. Think tanks of different political orientations also reacted positively – a testimony to the report's balance. The Haiti Democracy Project termed it "the best synthesis of post-Aristide yet produced".

Some topics for consideration in 2005

- Security, disarmament and development
- National dialogue and the electoral process

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2004 was largely a year of frustrating immobility in the Middle East and North Africa, though with some hopes raised by year-end. In Iraq, the security situation remained dire, there was no progress between Israel and the Palestinians, and Iran's nuclear activities continued to arouse suspicion.

Arab-Israeli Conflict

Continued U.S. disengagement in 2004 reinforced the dangerous downward trend in the **Israeli-Palestinian** peace process. The Roadmap, once heralded as the way out of the stalemate, instead became a fig leaf for international inaction. The Sharon government's announced intention to withdraw from the Gaza Strip in 2005, while welcome, did little to allay Palestinian fears that Israel was digging in further in the West Bank, with continued settlement and road construction. Violent Palestinian resistance against this and the military occupation continued undiminished, though the year-end saw a tapering off of suicide attacks against Israeli civilians.

The death of Yasir Arafat in November, Mahmoud Abbas' election, the new government forged by Ariel Sharon and Shimon Peres and indications of renewed U.S. activism and interest promised to open a new chapter in Palestinian-Israeli relations. While initial indications are positive, questions remain about the sustainability of the process in the absence of a clearer vision of where it is heading.

Meanwhile, **Syria** was subjected to strong criticism – particularly, but not only, from the U.S. – for harbouring radical Palestinian groups, supporting Hizbollah, maintaining troops in Lebanon, and allowing fighters to join the ranks of Iraqi insurgents.

Crisis Group impact. Crisis Group reporting on the Arab-Israeli conflict was widely read in 2004, as Crisis Group has confirmed itself as an established and respected voice on the domestic politics of the Arab-Israeli conflict as well as the wider foreign policy context. Its principal impact was in promoting the need for a break from the incremental, step-by-step approach of the past, and instead, a more comprehensive approach to the conflict along the lines of Crisis Group's definitive *Middle East Endgame* report of July 2002, and the Geneva Initiative of 2003.

Most of our attention was devoted to **Palestinian** issues. *Dealing with Hamas* (January) argued that the best way to break the cycle



Crisis Group

of violence is to mobilise pressure on Hamas to cease its deadly attacks, close its military wing and join the mainstream by simultaneously pursuing a comprehensive negotiated ceasefire and integrating Hamas in the political process, which would necessitate a new internal Palestinian consensus that accepts the two-state solution. In *Who Governs the West Bank? Palestinian Administration Under Israeli Occupation* (September), Crisis Group warned that the Palestinian Authority was facing its most acute crisis since the Oslo process began, and called for elections and a new Palestinian political consensus to put the Palestinian house in order. The death of Arafat opened the door to elections but, as argued in *After Arafat? Challenges and Prospects* (December), the process will be delicate, dictating prudent and judicious diplomacy up to and beyond early 2005 elections.

Rob Malley, Middle East and North Africa program director, was a leading commentator on how the region would be affected by the death of Yasir Arafat in November. His analysis was widely reported – on al-Jazeera, BBC and LCI among others – and accompanied by opinion pieces in a number of international newspapers, including *Le Monde*, the *Washington Post*, and the *Financial Times*.

"I cannot tell you how pleased I am with your report on 'Iraq: Can Local Governance Save Central Government?'...Your thought provoking report was extremely useful to us as we plan our interventions at the state and local governance levels..."

- Annie Demirjian,

UNDP Iraq, 27 October 2004

Crisis Group's twin reports on **Syria** – Foreign Policy Challenges and Domestic Challenges (February) – predicted a flagging economy would gradually undercut the regime's legitimacy and support, and recommended Syria match economic reform with political liberalisation to strengthen the domestic consensus. This in turn would enable Syria to play a more effective regional role, and possibly help break the U.S.-Syria deadlock. We also argued for a more comprehensive approach to U.S.-Syrian relations in which both sides would seek to address their respective concerns – regarding the Syrian-Israeli peace process, Iraq, and support for violent groups.

Some topics for consideration in 2005

Arab-Israeli conflict:

- Gaza politics in the context of disengagement
- Israel: Likud politics under Sharon
- Changes in Jerusalem ahead of final status talks

Syria

- U.S. relations with Syria
- Promoting reform in Syria

Iran/Iraq/Gulf

Initial euphoria in **Iraq** over Saddam Hussein's removal dimmed appreciably in 2004 as security deteriorated, basic services remained absent and the political transition faced repeated reversals. A nominally sovereign government took charge in June but remained dependent for security on increasingly harried U.S. forces, compelled to use massive firepower to recapture insurgent sanctuaries of Falluja and elsewhere toward the end of 2004 – with mixed results. Elections in January 2005 held out the promise of governing institutions that, unlike their predecessors, will enjoy legitimacy, but the exclusion of Sunni Arabs presents a threat to these same institutions and raises the spectre of inter-communal strife.



The situation in **Iran** became more complex in 2004, as hardliners achieved the upper hand domestically and fears over suspected nuclear weapons programs grew – despite an interim agreement with the EU in November. Washington's wait-and-see attitude – acquiescing in the deal but not believing in it, and threatening Iran but offering no incentives to change behaviour – undercut hopes for a negotiation that would either yield an agreement by Iran to forsake its military program or help unite the international community in containing it.

Middle East & North Africa



Crisis Group



Meanwhile, a series of insurgent attacks against Western targets in **Saudi Arabia** raised fears of the country's growing destabilisation.

Crisis Group impact. Starved of quality information and research coming out of **Iraq**, many Western policy-makers – including UN officials, German and British foreign ministry officials – told Crisis Group that our five Iraq reports of 2004 were highly valuable sources, if not their sole source, for policy assessments.

In *Iraq's Transition: On a Knife Edge* (April), Crisis Group recommended the "fiction" of a genuine transfer of sovereignty in June be abandoned, lest the very idea of sovereignty sustain lasting damage in Iraqi eyes. Subsequent events gave credence to the notion that, without addressing basic grievances and widening political participation, violence would increase, not diminish. Other Crisis Group reports re-enforced this view. By December, limited U.S. options led Crisis Group to argue, in *What Can the U.S. Do in Iraq?*, that Washington should work to enable the emergence of a stable government viewed by Iraqis as a credible national representative and that this would necessitate distancing Iraqi institutions from the U.S.-led occupation.



Reconstructing Iraq (September) was widely cited in the U.S. and used in the U.S. presidential election campaign. This, along with other Iraq reports, was well-received as a comprehensive and critical appraisal of reconstruction efforts in Iraq; building on the report's initial impact, Crisis Group was invited to conduct a number of briefings of policy-makers and legislators. In particular, we were asked to brief the UK parliament's foreign relations committee before they questioned British Foreign Minister Jack Straw; and also prepared a detailed comment on the Iraq National Development Strategy for the European Commission before a major donor conference: that Strategy, published in September, strongly reflected the arguments made in Reconstructing Iraq, particularly on corruption issues. The report also prompted an invitation by the Dutch Clingendael Institute for Crisis Group to hold a training workshop for Iraqi officials on economic reform.

Some topics for consideration in 2005

Iraq:

- Iran's influence in Iraq
- The growing crisis in Kirkuk
- Challenges facing the constitutional process

Iran:

- Domestic developments
- The challenge of ethnic minorities

"...I would like to extend to you my admiration for the work of your esteemed think tank. Your valuable reports are always forwarded to the relevant departments at the Ministry of Foreign Affairs in Cairo, in addition to the various political research centres in Egypt."

- Soliman Awaad.

Egyptian Ambassador to the EU, 17 September 2004

Egypt/North Africa

2004 witnessed mixed results for reform and conflict resolution across North Africa. In **Morocco**, politics were dominated by debate over reform of the Mudawana (the family and personal status law). Similar reforms are now under debate in **Algeria**. This followed President Abdelaziz Bouteflika's emphatic April re-election, signifying the presidency's victory over the army commanders in a conflict at the core of Algeria's crisis since 1992. However, authoritarian aspects of Bouteflika's regime, and the weakness of political parties, mean substantive democratisation is unlikely in the short term.

Low-intensity violence continued in Algeria. Moves by the armed Salafi Group for Preaching and Combat to extend its activity to the Sahara caused alarm, but the June killings of its leader, Nabil Sahraoui (who pledged allegiance to Al-Qaeda in 2003), and his lieutenants scotched the prospect of a development of the Al-Qaeda connection. Little progress was made toward resolving the issues behind earlier unrest in the Berber-speaking Kabylia region.

In **Egypt**, President Mubarak appointed a new government in July, handing key portfolios to younger reformers associated with his son, Gamal Mubarak. Economic reform is now on the agenda and has begun, but only modest and mainly cosmetic gestures towards political reform are in prospect.

Progress in conflict resolution has been noticeably slower across the region, the main event being **Libya's** spectacular fence-mending with the U.S. and UK in the spring. Meanwhile, **Algerian-Moroccan** relations continued to be strained over the unresolved **Western Sahara** question. Egypt's Gaza security initiative seemed stalled, while the October Taba bombing, the first terrorist incident since 1997, cast a shadow.

Crisis Group impact. In 2004 Crisis Group focused its work in North Africa on the nature, variety and role of Islamist movements across the region. Our analyses of North African Islamism have been innovative, charting and documenting the considerable evolution and differentiation within Islamist movements, and, in particular, the recovery of the "Islamic-modernist" outlook, in opposition to fundamentalist viewpoints, within political Islamism in North Africa.



Crisis Group's reports have also developed a number of important policy positions which have begun to inform government policies in the region. Important recommendations made on **Algeria** in *Islamism, Violence and Reform in Algeria: Turning the Page* (July) have already been acted on, notably those concerning the need to curb large-scale smuggling and other illicit commercial flows which finance armed groups, the need to reinforce police and customs services, the need for more effective political and economic integration of the populations of the Algerian Sahara, and the importance of non-military approaches to ending the insurgency of those armed groups which remain. In **Egypt**, the authorities are yet to accept Crisis Group's recommendation in *Egypt's Opportunity* (April) that the Muslim Brothers be accorded legal recognition as an association, but have announced their intention to liberalise the law on political parties, a key recommendation.

Crisis Group has established its credentials as a source of pioneering as well as scrupulous analysis in the region. Our first two 2004 briefings – *Egypt's Opportunity* and *The Legacies of History* (April)

– launched at a seminar at the Al-Ahram Center for Political and Strategic Studies in Cairo, were extremely well received, prompting Western journalists and academics visiting Cairo to contact our Cairo office for discussion and advice on the region as a matter of routine. Crisis Group has also regularly been invited to brief Western governments and international institutions, notably in presentations at the U.S. State Department, British Foreign Office, and Institute for Security Studies of the EU, as well as in meetings with government officials and ambassadors in the region.

Some topics for consideration in 2005

Islamism:

- A briefing on Mauritania
- A report on Morocco
- A report on Islamism worldwide

Algeria:

 The implications of reinforced presidential rule for reform and conflict resolution

Egypt:

Political parties and issues of political and constitutional reform

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 The voluntary sector (associations, unions and the like) and reform of the NGO law



CrisisWatch is a monthly bulletin designed to provide busy readers in the policy community, the media and the business world, as well as the interested general public, with a regular update on the state of play in all the most significant current and potential conflicts around the world.

CrisisWatch is one of Crisis Group's most widely read products, and many politicians, diplomats and their advisers regard it as an indispensable resource for its succinct and timely reporting.

Your organisation has created a decidedly practical, high-value information tool...We expect that this constructive new resource will serve as a timely and relevant window on conflict situations internationally."

- Bill Graham

Canadian Foreign Minister, April 2004 on CrisisWatch

CrisisWatch & Thematic Issues

Thematic Issues

In addition to country or region-specific reports, Crisis Group also produces from time to time reports on thematic issues, combining the resources of our field staff and capital-based research teams. In 2004 we published a series of reports on the role of Islamist movements in Muslim societies and the relationship between Islamism, violence and political reform pressures. Work continued on the European Union's crisis response mechanisms and capabilities, HIV/AIDS as a security issue and conflict prevention methodology.

Islamism

Crisis Group's reports frequently deal with the role of Islamist movements in Muslim societies and the relationship between Islam, Islamism, violent conflict and pressure for reform. Far from being homogenous, Islamism (or Islamic activism) is the subject of internal debate in the Muslim world and takes a variety of different forms with a variety of different agendas – political, missionary and jihadist, only a few elements violent and justifying a confrontational response. Crisis Group's reports assess these differences, putting current highly visible Islamic activism into political, social and historical context.

Guide to conflict prevention tools

Work continued in 2004 on a guide surveying the range of political/diplomatic, legal, economic and military measures, both long- and short-term and coercive and non-coercive in character, that are potentially available and effective in crisis situations. The guide is targeted for publication in 2005 as a Crisis Group tenth anniversary report.

HIV/AIDS as a security issue

In 2004, Crisis Group continued its work on HIV/AIDS in a specifically security context, with a particular focus on consequences of the pandemic in the conflict areas of Africa where Crisis Group is working. A report, HIV/AIDS as a Security Issue in Africa: Lessons from Uganda (April), was published on the impact of HIV/AIDS in the Great Lakes war zone, with evidence drawn from Uganda especially, and a briefing on HIV/AIDS policy in Myanmar, Myanmar: Update on HIV/AIDS Policy, was published in December.



Crisis Group's presence in the media dramatically expanded in 2004, in both major national and international media outlets.

The number of Crisis Group mentions in significant print and electronic media worldwide rose over 25 per cent from 2003, to 5,419 mentions (including reprints, e.g. of wire copy). An even more significant increase was seen in the number of opinion pieces and commentary articles published by Crisis Group staff and Board Members: from 63 in 2003, to 105 in 2004, an increase of 67 per cent. Crisis Group published pieces in all the major newspapers around the world: The New York Times, Washington Post, Wall Street Journal, International Herald Tribune, Financial Times, Washington Times, Los Angeles Times, Boston Globe, Chicago Tribune, Christian Science Monitor, Observer, Le Monde, Le Figaro, Libération, Al Hayat, Asharq Al Awsat, Frankfurter Allgemeine Zeitung, Corriere della Sera, South China Morning Post, just to name a few.

We have also developed long-term relationships with the editorial boards and prominent commentators at these newspapers and others, and we have thus helped to guide their own editorials on a significant number of occasions. Although we try to avoid 'talking-head' instant commentary not directly related to our reports, our staff and board members appeared frequently on broadcast interviews in 2004 for ABC (U.S.), ABC (Australia), Al Arabiya Al Jazeera, BBC World Service Radio, BBC World TV, BBC Radio 4 (domestic), BBC 1 (domestic), CBC Radio (domestic), CBC TV (domestic), CBS (including a long feature with Crisis Group on 60 Minutes), CNN, CNN International, Deutsche Welle, NBC, Radio Canada International, Radio France Internationale, Radio Netherlands, TV1 (France), TV5 (France) and many others.

Crisis Group in the news...

• "well-respected"

The Economist

"independent"

The New York Times

"prestigious"

The Independent

• "influential conflict resolution body"

"internationally acclaimed"

Radio Netherlands

"leading political think tank"

UN Integrated Regional Information Networks

"the institutional home for leading discussants of hot spots"

The Christian Science Monitor

"shames the international community for its lack of political will"
 Financial Times

"independent monitor of trouble spots across the globe"
 BusinessWeek

"globally recognised conflict policy institute"

The Australian

"highly respected institution"

The Globe and Mail



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Crisis Group

Africa

Central Africa

- Northern Uganda: Understanding and Solving the Conflict Africa Report N°77, 14 April 2004
- HIV/AIDS as a Security Issue in Africa: Lessons from Uganda

Issues Report N°3, 16 April 2004

- End of Transition in Burundi: The Home Stretch
- Africa Report №1, 5 July 2004 (also available in French)

 Pulling Back from the Brink in the
- Congo
 Africa Briefing №18, 7 July 2004
 (also available in French)
- Maintaining Momentum in the Congo: The Ituri Problem
- Africa Report N°84, 26 August 2004
- Elections in Burundi: The Peace Wager
 Africa Briefing N°20, 9 December 2004
 (also available in French)
- Back to the Brink in the Congo
 Africa Briefing N°21, 17 December 2004

Horn of Africa

- Darfur Rising: Sudan's New Crisis
 Africa Report N°76, 25 March 2004
 (also available in Arabic)
- Biting the Somali Bullet
 Africa Report N°79, 4 May 2004
- Sudan: Now or Never in Darfur
 Africa Report N°80, 23 May 2004
 (also available in Arabic)
- Darfur Deadline: A New International
 Action Plan

 Africa Papart Nº22, 22 August 2004

Africa Report N°83, 23 August 2004 (also available in Arabic and French)

- Sudan's Dual Crises: Refocusing on IGAD
- Africa Briefing N°19, 5 October 2004
- Somalia: Continuation of War by Other Means?

Africa Report N°88, 21 December 2004

Southern Africa

- Zimbabwe: In Search of a New Strategy Africa Report N°78, 19 April 2004
- Blood and Soil: Land, Politics and Conflict Prevention in Zimbabwe and South Africa
- Africa Report N°85, 17 September 2004
- Zimbabwe: Another Election Chance Africa Report N°86, 30 November 2004

West Africa

- Rebuilding Liberia: Prospects and Perils Africa Report N°75, 30 January 2004
- Côte d'Ivoire: No Peace in Sight
 Africa Report N°82, 12 July 2004
 (also available in French)
- Liberia and Sierra Leone: Rebuilding Failed States

Africa Report N°87, 8 December 2004

Asia Central Asia

The Failure of Reform in Uzbekistan: Ways Forward for the International Community

- Asia Report N°76, 11 March 2004
- Tajikistan's Politics: Confrontation or Consolidation?
- Asia Briefing N°33, 19 May 2004
- Political Transition in Kyrgyzstan: Problems and Prospects
 Asia Report N°81, 11 August 2004
- Repression and Regression in Turkmenistan: A New International Strategy

Asia Report N°85, 4 November 2004 (also available in Russian)

North East Asia

- Taiwan Strait IV: How an Ultimate Political Settlement Might Look
 Asia Report N°75. 26 February 2004
- North Korea: Where Next for the Nuclear Talks?

Asia Report N°87, 15 November 2004 (also available in Korean and Russian)

• Korea Backgrounder: How the South Views its Brother from Another Planet Asia Report N°89, 14 December 2004 (also available in Korean and Russian)

South Asia

- Unfulfilled Promises: Pakistan's Failure to Tackle Extremism
- Asia Report N°73, 16 January 2004
- Nepal: Dangerous Plans for Village Militias

Asia Briefing N°30, 17 February 2004 (also available in Nepali)

- Devolution in Pakistan: Reform or Regression?
- Asia Report N°77, 22 March 2004
 *Elections and Security in Afghanistan*Asia Briefing N°31, 30 March 2004

- India/Pakistan Relations and Kashmir: Steps toward Peace
- Asia Report N°79, 24 June 2004
- Pakistan: Reforming the Education Sector
 Asia Report N°84, 7 October 2004
- Building Judicial Independence in Pakistan
- Asia Report N°86, 10 November 2004
 Afghanistan: From Presidential to

Parliamentary Elections
Asia Report N°88, 23 November 2004

South East Asia

- Indonesia Backgrounder: Jihad in Central Sulawesi
- Asia Report N°74, 3 February 2004
- Myanmar: Sanctions, Engagement or Another Way Forward?
- Asia Report N°78, 26 April 2004
- Indonesia: Violence Erupts Again in Ambon

Asia Briefing N°32, 17 May 2004

- Southern Philippines Backgrounder: Terrorism and the Peace Process Asia Report N°80, 13 July 2004 (also available in Bahasa)
- Myanmar: Aid to the Border Areas
 Asia Report N°82, 9 September 2004
- Indonesia Backgrounder: Why Salafism and Terrorism Mostly Don't Mix
 Asia Report N°83, 13 September 2004
- Burma/Myanmar: Update on HIV/AIDS
 policy
- Asia Briefing N°34, 16 December 2004
- Indonesia: Rethinking Internal Security Strategy

Asia Report N°90, 20 December 2004

Europe Balkans

- Monitoring the Northern Ireland Ceasefires: Lessons from the Balkans Europe Briefing N°30, 23 January 2004
- Pan-Albanianism: How Big a Threat to Balkan Stability? Europe Report N°153, 25 February 2004
- (also available in Albanian and Serbian)
 Serbia's U-Turn
- Europe Report N°I54, 26 March 2004 *Collapse in Kosovo*
- Europe Report N°155, 22 April 2004 (also available in Serbian and Albanian)
- EUFOR: Changing Bosnia's Security Arrangements

Europe Briefing N°31, 29 June 2004 (also available in Bosnian)

- Serbia's Changing Political Landscape
 Europe Briefing N°32, 22 July 2004
- Macedonia: Make or Break
 Europe Briefing N°33, 3 August 2004

Caucasus

- Azerbaijan: Turning Over A New Leaf?
 Europe Report N°156, 13 May 2004
 (also available in Russian)
- Saakashvili's Ajara Success: Repeatable Elsewhere in Georgia?

 Europe Briefing N°34, 18 August 2004 (also available in Russian)
- Armenia: Internal Instability Ahead
 Europe Report N°158, 18 October 2004
 (also available in Russian)
- Georgia: Avoiding War in South Ossetia Europe Report N°159, 26 November 2004 (also available in Russian)

Moldova

 Moldova: Regional Tensions over Transdniestria

Europe Report Nº 157, 17 June 2004

Latin America/Caribbean

- Hostages for Prisoners: A Way to Peace in Colombia?
 Latin America Briefing N°4, 8 March 2004
- (also available in Spanish)
 Venezuela: Headed Toward Civil War?
- Latin America Briefing №5, 10 May 2004 (also available in Spanish)

 Increasing Europe's Stake in the Andes
- Latin America Briefing N°6, 15 June 2004 (also available in Spanish)

 Bolivia's Divisions: Too Deep to Heal?
 Latin America Report N°7, 6 July 2004 (also
- available in Spanish)

 Demobilising the Paramilitaries in
 Colombia: An Achievable Goal?
- Colombia: An Achievable Goal?
 Latin America Report N°8, 5 August 2004
 (also available in Spanish)

 Colombia's Borders: The Weak Link in
- Uribe's Security Policy
 Latin America Report N°9, 23 September
 2004 (also available in Spanish)

Haiti

• A New Chance for Haiti?

Latin America/Caribbean Report N°10, 17 November 2004 (also available in French)

Middle East & North Africa Arab-Israeli Conflict

• Dealing With Hamas

- Middle East Report N°21, 26 January 2004 (also available in Arabic)
- Palestinian Refugees and the Politics of Peacemaking
- Middle East Report N°22, 5 February 2004
- Syria under Bashar (I): Foreign Policy Challenges Middle East Report N°23, 11 February 2004
- (also available in Arabic)Syria under Bashar (II): Domestic Policy Challenges
- Middle East Report N°24, 11 February 2004
- (also available in Arabic)

 Identity Crisis: Israel and its Arab
 Citizens
- Middle East Report N°25. 4 March 2004
- The Broader Middle East and North Africa Initiative: Imperilled at Birth Middle East Briefing №13, 7 June 2004
- Who Governs the West Bank? Palestinian Administration under Israeli Occupation Middle East Report N°32, 28 September 2004 (also available in Arabic and Hebrew)
- After Arafat? Challenges and Prospects
 Middle East Briefing N°16, 23 December
 2004 (also available in Arabic)

Egypt/North Africa

- Islamism in North Africa I: The Legacies of History
- Middle East/North Africa Briefing №12, 20 April 2004
- Islamism in North Africa II: Egypt's Opportunity
- Middle East/North Africa Briefing №13, 20 April 2004
- Islamism, Violence and Reform in Algeria: Turning the Page Middle East/North Africa Report №29, 30 July 2004

(also available in Arabic and French)

Iraq/Iran/Gulf

- Iraq's Kurds: Toward an Historic Compromise?
- Middle East Report N°26, 8 April 2004 (also available in Arabic)
- Iraq's Transition: On a Knife Edge
 Middle East Report N°27, 27 April 2004
 (also available in Arabic)
- Can Saudi Arabia Reform Itself?
 Middle East Report N°28, 14 July 2004
 (also available in Arabic)

- · Reconstructing Iraq
- Middle East Report N°30, 2 September 2004 (also available in Arabic)
- Saudi Arabia Backgrounder: Who are the Islamists?

 Middle East Report N°31, 21 September
- 2004 (also available in Arabic) *Iraq: Can Local Governance Save Central*
- **Government?**Middle East Report N°33, 27 October 2004
- (also available in Arabic)

 Iran: Where Next on the Nuclear
- Middle East Briefing N°15, 24 November 2004

Middle East Report N°34, 22 December

2004 (also available in Arabic)

Thematic Issues Reports

What Can the U.S. Do in Iraq?

- HIV/AIDS
 HIV/AIDS as a Security Issue in Africa:
- Lessons from Uganda Issues Report N°3. 16 April 2004
- Burma/Myanmar: Update on HIV/AIDS
 Policy

Asia Briefing N°34, 16 December 2004

CrisisWatch

Standoff?

• January – December 2004: Nos. 5 – 16 CrisisWatch is a 12-page monthly bulletin providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world. It is published on the first day of each month.



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Measuring the progress of an organisation such as Crisis Group – whose mission is to help prevent and contain deadly conflict – is inevitably an inexact science.

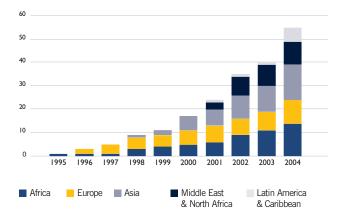
Quantitative measures provide some sense of the level of activity of the organisation, and of others' response, but have their limitations. Qualitative judgements are necessarily subjective: it is difficult for anyone to establish a close causal relationship between any given argument and outcome, particularly if the desired outcome is for something – here, conflict – not to happen.

Nevertheless, judgements do have to be made. What indicators are available, and what do they tell us about Crisis Group's progress in 2004?

Operations

2004 was a year of continued growth for Crisis Group's programs: by the end of the year we had field coverage in over 50 areas of actual or potential conflict worldwide. We opened a new office in Pretoria to enable us to more effectively target South African policymakers, and to enhance our continental advocacy generally. A new office in Seoul gave us a regional base for Korean Peninsula and Taiwan Strait coverage. In Europe, the Caucasus project was expanded to cover Azerbaijan and Armenia, while the Balkans project was further wound back with the closure of our Sarajevo office — the end of an era. A new Haiti project was established, and for logistical and security reasons our Colombia/Andes project office was moved from Bogotá to Quito. Our presence in the Middle East was expanded, with our first reports on Saudi Arabia. Core full-time positions increased to 110, with staff having between them 41 nationalities and speaking 51 different languages.

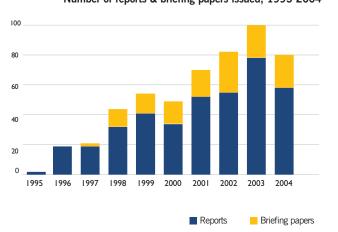




Output

Crisis Group published 80 reports and briefing papers in 2004, down from 100 in 2003 but reflecting a deliberate decision to produce fewer reports, with comparatively greater organisational resources devoted to follow-up advocacy. (In addition, Crisis Group publishes translations of its reports into relevant languages, including Arabic, Bahasa Indonesia, Bosnian/Croatian/Serbian, French, Russian and Spanish.) Briefing papers, generally 8-15 pages in length, and reports, 15-50 pages, are sent out in printed form to some 3,900 policy-makers and those who influence them. A further 14,200 targeted recipients are sent our publications by email notification or attachment, while another 16,400 have subscribed directly through our website. All Crisis Group publications are posted on our website: 1.9 million copies of reports and briefing papers were downloaded from www.crisisgroup.org in 2004.

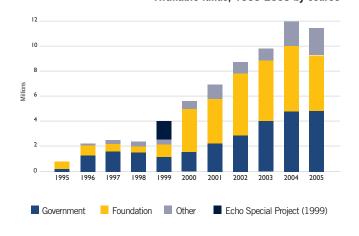
Number of reports & briefing papers issued, 1995-2004



Media exposure

Crisis Group's reports and analysts are widely used as sources of information and comment by major national and international media outlets. The number of comments, interviews, and other Crisis Group media citations rose to 3,166 in 2004 (up from 2,503 in 2003 and 1,832 in 2002): to 5,419 if republications are included. Local press, radio and TV are also extremely important in advancing Crisis Group's policy ideas, with new Crisis Group reports on a country usually treated there as a significant news story, and our field analysts often asked for interviews. Crisis Group staff and Board members also regularly write opinion pieces (op-eds) in the editorial pages of major national and international newspapers – 105 were published in 2004 (up from 63 in 2003).

Available funds, 1995-2005 by source



Support

Crisis Group's income rose in 2004 by some 21.9 per cent to U.S. \$11.96m, compared with \$9.81m in 2003: with expenditure for 2004 finishing at \$11.15m, this enabled a much-needed addition of \$810,000 to Crisis Group's emergency reserves. Most of this funding boost came from the proceeds of Crisis Group's first major fundraising dinner in New York. Donations from governments saw a 19 per cent increase in 2004: 20 governments supported Crisis Group in 2004 (3 more than in 2003) and collectively, they provided \$4.8m, or 40 per cent of available funds. Foundations contributed \$5.21m in 2004 (up slightly from \$4.81m in 2003), or 43 per cent of the total. Other sources – mainly private individuals and family trusts, and a small number of companies – made up the balance, contributing \$1.95m in 2004 (up from \$964,000 in 2003), just over 16 per cent of the total.

In 2004, some 64 per cent of all available income was unrestricted, while 36 per cent was earmarked for specific projects. In 2005, with a number of currency and other cost increases, the financial situation is less secure: income of \$11.9m (\$500,000 short of funds presently available) will be needed to cover expenditures, based on a continuation of operations at prior year levels.

Outcomes

Crisis Group tabulates and tracks as best it can the fate of its policy recommendations. The pattern continued of some 30-40 per cent of our recommendations being achieved, in whole or in part, within a year: some examples are set out in the geographical sections of this report. But causality is obviously a matter of judgement in each case, and we acknowledge that Crisis Group's voice is often only one of many. Moreover, there may be many reasons other than wrongheadedness why policy prescriptions are not implemented: they may be overtaken by events, not yet timely, be accepted but meet a resource constraint or, while not being accepted, play a major role in stimulating rethinking of an important issue. To judge how well we do our job, Crisis Group relies heavily on feedback from the policy-makers at whom our publications are targeted: in 2004 that feedback continued to be extremely positive.

Judgements

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Anecdotal evidence abounds – some of it reflected in the quotations throughout this report – that Crisis Group's reporting is highly regarded by policy-makers, the media and other analysts. We continue to explore ways in which feedback – both solicited and unsolicited, and from both donors and our main target audiences – can be more systematically evaluated. More specifically, Crisis Group uses an internal assessment process, in which field personnel, program directors and Crisis Group leadership work together to produce analytical memoranda and address the following criteria:

- the fit between Crisis Group activities and conflict prevention goals
 relevance and utility of reports in the policy cycle for
- different actors
- impact of advocacy of specific Crisis Group recommendations on policy
- impact of policy changes we achieve on conflict prevention/ containment

These memoranda form the basis for systematic annual management and Board assessment, through candid roundtable discussion, of what is being done right, what needs to be improved, and what should have greater or lesser emphasis.

Crisis Group's Website

www.crisisgroup.org - a critical advocacy tool

Crisis Group's website is one of our most important advocacy tools. In 2004 we had 1.85m visits to the website (up 57 per cent from 1.18m in 2003), during which some 1.9m reports were downloaded (up from 1.35m in 2003).

All Crisis Group's reports and briefing papers are available on the website, and are free to download. While visitors to our website are predominantly interested in our publications, in 2004 we added a number of features to the website to make it a much more useful resource — with the aim of turning it into the leading internet resource on conflict around the world. The new features include:

- **Priority advocacy pages**, highlighting conflicts we have selected for particular advocacy attention such as Darfur, the Democratic Republic of Congo, and Afghanistan. The pages contain a wealth of information, including Crisis Group reporting and comment pieces, maps and statistics, relevant news sources, important documents and information on what people can do to help resolve the conflict.
- **Conflict histories database**, providing a brief but detailed historical overview of some 50 conflicts covered by our analysts.
- CrisisWatch database, which complements the Conflict histories database by providing a month-by-month report of developments

in current or potential conflict situations around the world. Users can search, by country or keyword, all monthly *CrisisWatch* bulletins since the series started in September 2003.

- **Maps database**, providing quick and easy access to all Crisis Group country maps.
- Downloads to Palm or other handheld computers, allowing users to download the executive summaries and recommendations of Crisis Group's ten most recent reports to their Palm or other handheld computer. Users can also download summaries of the last four *CrisisWatch* bulletins, and the last ten opinion pieces published by Crisis Group staff in major newspapers.

Facts and figures

- 1,852,000 visits* during 2004 (up from 1,175,000 in 2003)
- 1,887,000 reports downloaded during 2004 (up from 1,345,000 in 2003)
- 154,300 visits on average per month in 2004 (up from 97,900 in 2003)
- 13:18 minutes average length of visit
- * Visit: an individual user session, made up of a varying number of "hits", depending on how many text, graphics or link elements the user requests. In 2004, the website had almost 46 million hits.

Average number of visitors per month*



Financial Statements

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Statement of Activities

For financial years ended 30 June 2003 and June 2004 (in U.S. dollars)

Full audited financial statements are available on request, and accessible on Crisis Group's website www.crisisgroup.org

	Year ended	Year ende
	30 June 2004	30 June 200
Revenues and other support :		
Contributions	11,773,366	11,131,35
Investment income	94,753	55,44
Miscellaneous income	201	1,41
Total-Revenues and other support	11,868,320	11,188,21
Expenses:		
Africa Program	717.050	670.00
Central Africa	717,353	672,86
Horn of Africa	324,191	298,32
South Africa	131,564	119,71
West Africa	373,004	375,23
Total-Africa Program	1,546,112	1,466,12
Asia Program		
Myanmar/Burma	73,071	82,45
Central Asia	631,220	637,18
Indonesia	398,320	415,33
North East Asia	29,249	67,46
Pakistan/Afghanistan	488,921	452,99
Nepal	170,885	
Total-Asia Program	1,791,666	1,655,43
Europe Program		
Albania	-	60,12
Bosnia	170,882	335,43
Caucasus	232,960	28,76
Macedonia	102,131	208,48
Moldova	30,243	5,29
Montenegro	-	24,50
Kosovo	346,907	317,93
Serbia	297,693	234,56
Total-Europe Program	1,180,816	1,215,10
Middle East/N. Africa Program		
Iran/Iraq/Gulf	556,018	540,49
Egypt/N. Africa	237,605	158,86
Israel/Palestine Conflict	523,222	671,46
Total-Middle East/N. Africa Program	1,316,845	1,370,83
Latin America Program		· ·
Colombia	293,228	344,16
Thematic Research	16,849	, ,
Total-Program Expenses	6,145,516	6,051,65
•		<u> </u>
Advocacy	3,046,941	2,510,92
Administration		
Fundraising	615,347	529,64
Administration	977,265	785,8
Other	(433,351)	(228,35
Total-Administration	1,159,261	1,087,14
Total expenses	10,351,718	9,649,72
Changes in net assets	1,516,602	1 520 40
Net assets at beginning of the year	1,516,602 8,977,645	1,538,48 7,439,10
The acceptance of the year		7,753,10
Net assets at end of the year	10,494,247	8,977,64

Crisis Group's Funding

Crisis Group

Maintaining a strong and diverse financial base is crucial to preserving Crisis Group's independence and credibility. In 2004, 40 per cent of Crisis Group's funds came from governments, 43 per cent came from foundations, and just over 16 per cent came from private individuals and corporations.

Of all those funds, around 64 per cent were available for spending on an unrestricted basis, providing welcome flexibility, while 36 per cent were earmarked for particular programs or projects.

Overall, Crisis Group raised some U.S.\$11.96m in 2004, compared with \$9.81m in 2003, an increase of 21.9 per cent, with much of the increase coming from individuals and members of family trusts and companies who attended Crisis Group's first major fundraising dinner in New York in late 2003 (proceeds of which counted as income for 2004). There was a 16 per cent increase in donations from governments as well as a more modest increase from foundations.

Crisis Group gratefully acknowledges and thanks the 20 governments and 20 major charitable foundations who supported us in 2004, and whose names are listed below. We are also profoundly grateful to the International Advisory Board members, also listed below, who were major benefactors in 2004, and to the Patrons, Contributors and Donors listed below. New supporters are extremely welcome: Crisis Group's membership categories, and the benefits associated with each, are set out below.

Governments

- Agence Intergouvernementale de la francophonie
- Australia (Agency for International Development)
- Austria (Federal Ministry of Foreign Affairs)
- Belgium (Ministry of Foreign Affairs)
- Canada (Department of Foreign Affairs and International Trade; International Development Agency)
- Czech Republic (Ministry of Foreign Affairs)
- Denmark (Ministry of Foreign Affairs)
- Finland (Ministry of Foreign Affairs)
- France (Ministry of Foreign Affairs)
- Germany (Foreign Office)

- Ireland (Department of Foreign Affairs)
- Luxembourg (Ministry of Foreign Affairs)
- Netherlands (Ministry of Foreign Affairs)
- New Zealand (Agency for International Development)
- Norway (Ministry of Foreign Affairs)
- Sweden (Ministry for Foreign Affairs)
- Switzerland (Federal Department of Foreign Affairs)
- Republic of China (Taiwan) (Ministry of Foreign Affairs)
- United Kingdom (Foreign and Commonwealth Office; Department for International Development)
- United States (U.S. Agency for International Development)

Foundations

- Atlantic Philanthropies
- Bill and Melinda Gates Foundation
- Carnegie Corporation of New York
- Charles Stewart Mott Foundation
- David and Lucille Packard Foundation
- Ford Foundation
- Fundação Oriente
- Henry Luce Foundation
- John D. and Catherine T. MacArthur Foundation
- Korea Foundation

- Moriah Fund
- Open Society Institute
- Ploughshares Fund
- Pro Democratia Stiftung
- Rockefeller Foundation
- Sarlo Foundation of the Jewish Community Endowment Fund
- Sigrid Rausing Trust
- Smith Richardson Foundation
- United States Institute of Peace
- William and Flora Hewlett Foundation

Becoming a Crisis Group Supporter

International Advisory Board Member

Supporters who contribute more that U.S.\$25,000 p.a. are offered International Advisory Board membership, in which capacity they are invited to join the Board of Trustees as observers at its twice yearly meetings. They also receive private policy briefings by visiting experts from Crisis Group field offices, have direct access to staff and analysts, are invited to roundtable dinner discussions, fundraising and promotional events and field trips, and are sent all Crisis Group publications.

- Rita E. Hauser. (Chair)
- Marc Abramowitz
- Anglo American PLC
- John Chapman Chester
- Peter Corcoran
- Credit Suisse Group/Credit Suisse First Boston

events and are sent all Crisis Group publications.

- Iohn Fha
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- Baron Ullens de Schooten
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- Westfield Group
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Rita E. Hauser

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How to Help?

Donations to Crisis Group can be made online through our website, www.crisisgroup.org. Alternatively, if you are in the U.S. and would like to discuss making a donation with our staff, please contact Amy Hunter, Director of Development (Individuals and Corporate) in New York (ahunter@crisisgroup.org). Please note that, in the United States, all donations to Crisis Group are fully tax-deductible to the extent allowed by law. Prospective donors from the rest of the world should direct all enquiries to Charles Radcliffe, Vice-President (Finance and Government Relations) in London (cradcliffe@crisisgroup.org). Further contact details for their offices are on the back cover of this report.

Supporters who contribute from \$5,000 up to \$10,000 p.a. are invited to policy briefings, roundtable dinner discussions, fundraising and promotional events and receive notification of all Crisis Group publications.

Donor

Supporters who contribute up to \$5,000 p.a. receive notification of all Crisis Group publications and recognition as Donors in Crisis Group's Annual Report or website or both.

Supporters who contribute from \$10,000 up to \$25,000 p.a. have

access to private policy briefings by staff and analysts, are invited

to roundtable dinner discussions, fundraising and promotional

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Marc Abramowitz, Mort Abramowitz, Anglo American PLC, Mary Boies, Andrew Brimmer, Fondazione del Ceresio, Wes Clark, Faith & Peter Corcoran, Credit Suisse Group/Credit Suisse First Boston, Richard & Barbara Debs, John Ehara, Sean Fieler, Martin Flumenbaum, Lynn Forester de Rothschild Fund, Frankel Family Foundation, Robert Gelbard, Marianne Gimon, Peter Hangartner, The Hauser Foundation, Hess Foundation, Carla A. Hills (Hills & Company), Hunt Alternatives Fund, Thomas Johnson, Angelina Jolie, Pierre Keller, George Kellner, Trifun Kostovski, Jeannette & H. Peter Kriendler Charitable Trust, Elliott Kulick, George Loening, Lostand Foundation (Jonathan Rose), Douglas Sperry Makepeace, Medley Global Advisors, Pierre Mirabaud, James Mossman, JP Morgan Global Foreign Exchange & Commodities, Guy Nordenson, Yves Oltramare, Nicholas Paumgarten, Frank Petito, Victor Pinchuk, Renaissance Capital, Joseph M. Rinaldi, Michael Riordan, Richard Ruble, Doug Schoen, Select Equity Group, Adele Simmons, Steve Solarz, Soros Fund Management, Leila & Melville Strauss, Stuart Sundlun, William O. Taylor, Tilleke & Gibbins International Ltd., Marjorie Van Dercook, Vanguard Charitable Endowment Program, Enzo Viscusi, Westfield Limited, The Whitehead Foundation, Yasuo Yamazaki, Sunny Yoon.

^{*} For space reasons, only donations of U.S. \$1,000 or more are listed here; our website lists all gifts received. Crisis Group also receives donations from individuals who wish to remain anonymous.

Acknowledgements & Thanks

Pro Bono Services

Crisis Group very gratefully thanks our primary pro bono counsel for their enormous pro bono commitment to providing legal services during 2004:

Shearman & Sterling

White & Case

We are also very grateful to Anomaly (Carl Johnson, Andrew Kibble and Ernest Lupinacci) and Brunswick Group for their advice and assistance in managing the identity change from 'ICG' to 'Crisis Group' in 2004.

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Special Thanks

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Senior Advisers

Crisis Group gratefully thanks our Senior Advisers, who as former members of the Board of Trustees (and not currently occupying executive public office) were willingly available to offer counsel and support:

- Oscar Arias
- Zainab Bangura
- Christoph Bertram
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- Jorge Castañeda
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- Marika Fahlen

Alain Destexhe

- Max Jakobson
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 - Simone Veil
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Consultants and Former Staff

Crisis Group warmly thanks all the following:

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