

The struggle for democratic environmental governance around energy projects in post-communist countries: the role of civil society groups and multilateral development banks

by

Alda Kokallaj

A thesis submitted to the Faculty of Graduate and Postdoctoral Affairs in partial fulfillment of the requirements for the degree of

Doctor of Philosophy

in

Political Science

Carleton University
Ottawa, Ontario

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Alda Kokallaj

Abstract

This dissertation focuses on the struggle for democratic environmental governance around energy projects in post-communist countries. What do conflicts over environmental implications of these projects and inclusiveness reveal about the prospects for democratic environmental governance in this region? This work is centred on two case studies, the Baku-Tbilisi-Ceyhan oil pipeline and the Vlora Industrial and Energy Park. These are large energy projects supported by the governments of Azerbaijan, Georgia and Albania, and by powerful international players such as oil businesses, multilateral development banks (MDBs), the European Union and the United States. Analysis of these cases is based on interviews with representatives of these actors and civil society groups, narratives by investigative journalists, as well as the relevant academic literature. I argue that the environmental governance of energy projects in the post-communist context is conditioned by the interplay of actors with divergent visions about what constitutes progressive development. Those actors initiating energy projects are shown to generally have the upper hand in defining environmental governance outcomes which align with their material interests. However, the cases also reveal that the interaction between civil society and MDBs creates opportunities for society at large, and for non-government organizations who seek to represent them, to have a greater say in governance outcomes – even to the point of stopping some elements of proposed projects. To unpack the interplay of forces, this dissertation employs an integrated frame drawing on the theories of Gramsci, Polanyi, and Keck and Sikkink. The neo-Gramscian notion of hegemony (including ‘common sense’ and ‘material capabilities’, ‘institutional

arrangements' and justificatory 'discourses' that underpin it) helps to understand the power configurations that hinder democratic dialogue. Polanyi's concepts of society-nature relations, Keck and Sikkink's boomerang model of politics, and Gramsci's notion of civil society as a site of consent and contestation, together help discern the ways in which resistance to energy projects can serve as a starting ground for democratizing environmental governance.

Acknowledgements

It is my firm belief that no major accomplishment in life can be achieved alone. My experience in doctoral studies confirmed this belief. A work of such magnitude could not have been accomplished without the help received from many other individuals. In this regard I have been lucky to have the right people around me to provide me with support.

I first and foremost thank my thesis supervisor professor, Peter Andrée. An enthusiastic researcher and a gifted teacher, he saw the worthiness of my initial ideas for this thesis, and with rigour and patience helped me to develop them as this work progressed. His professionalism, guidance and enthusiasm for research combined with his sunny disposition gave me encouragement and allowed me enough latitude to make this an idiosyncratic work.

I was privileged to have professor Robert Paehlke and professor James Maedowcroft as external reviewers of my thesis. I am thankful to other members of my thesis committee, professor Randall Germain and professor Jeff Sahadeo who provided valuable advice and inspiring discussions. The final product has benefited greatly from the resulting synergy.

I am equally grateful to other professors for providing me with intellectual stimulation, critique and ultimate support. For this I specifically thank prof. Ozay Mehmet, prof. Piotr Dutkiewicz, prof. Brian Schmidt, prof. Arian Novruzi, prof. Osman Yilmaz, prof. Hannes Lacher and prof. Erol Kaymak.

The people who were interviewed for this thesis are worthy of my applause. I would like to especially thank the participants for their positive attitudes throughout the interview process and for being willing to share their experiences with me. I am especially grateful to the Georgian families living along the pipeline route for inviting me to their homes and for sharing with me their stories. The collaboration of all participants from Washington DC, London UK, Georgia, Azerbaijan and Albania made the interview process an eye-opening and invaluable experience that made me see the contrasts and the nuances between different worlds and helped me reflect on my theoretical constructs. I was fortunate to receive a travel/research grant provided by funding from the European Commission and Carleton University's Faculty of Graduate Studies and Research, administered by the Center for European Studies at Carleton University, and funding from my thesis supervisor. Both of these greatly facilitated the conduct of the field work for this study.

I have met many wonderful and brilliant people throughout this journey, and I am especially grateful to the members of my cohort, and the members of Critical Social Research Collaborative, for the intellectual exchanges and for sharing research experiences. I also thank numerous friends for their support throughout this work, who listened to me talk about my research and thesis writing. Special thanks go to Ellie Kerr, Karen Mehmet, Sharon Kerr, Peggy and George Chiha for their immense support and for

providing me with a home away from home, for all the years that I was pursuing my doctoral studies. Along all these years they shared with me their love, care, honesty and trust. I am thankful to Shano and Nusret Bejkosalaj for their encouragement and continuous care. I am thankful to my all-time friend Eriola Pema for the countless conversations about this research and for reading and commenting from the very early drafts of this work to the recent ones, to my close friend Dr. Kerim Kollu for his exceptional insights and for the long conversations about environmental politics, to Kelly Pritchard, Erol Ozbakir, Ahmed Khalid, Ying Ling Lin, Odette Brown and Besa Selimaj for their friendship and caring attitudes throughout these years. I am thankful to Myles Hulme for his feedback on parts of this work and for teaching me that sometimes the most important thing you have to rely on when your world falls apart is your own strength, tenacity and faith.

Finally, I am thankful to my family for their limitless support throughout my journey of pursuing post-secondary education from North Cyprus to Canada: my father and first teacher who imparted to me his thirst for education and who nurtured my curiosity for asking questions and for always trusting in me, my mother for her constant succour for getting this work completed and for her unconditional and inspirational love, my brother for his encouragement and for offering me a positive viewpoint every time I stumbled.

It is to my father Bako, my mother Qafle and my brother Arber that I dedicate this thesis.

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List of Abbreviations

ACCC (Aarhus Convention Compliance Committee)
ACG (Azeri - Chirag - Guneshli)
AIOC (Azerbaijan International Operating Company)
AMBO (Albania-Macedonia-Bulgaria)
APC/KESH (Albanian Power Corporation/Korporata Elektro-energjitike Shqiptare)
ARMO (Albanian Refining and Marketing Oil)
BIC (Bank Information Center)
BOO (Build - Own - Operate)
BOT (Built - Operate - Transfer)
BP (British Petroleum)
BTC (Baku-Tbilisi-Ceyhan)
BTE (Baku-Tbilisi-Erzurum)
CAPBV (Civic Alliance for the Protection of the Bay of Vlora)
CEE (Central and Eastern Europe)
CEO (Chief Executive Officer)
CIA (Central Intelligence Agency)
CIS (Commonwealth of Independent States)
COIWRP (Committee for the Protection of Oil Industry Workers' Rights)
CPE (Critical Political Economy)
CRE (Compliance Review Expert)
CSD (Commission on Sustainable Development)
CSO (Civil Society Organization)
CSR (Corporate Social Responsibility)
CTRRA (Council for Territory Regulation of the Republic of Albania)
EBRD (European Bank for Reconstruction and Development)
EA (Environment Assessment)
ECA (Export Credit Agencies)
EIA (Environmental Impact Assessment)
EIB (European Investment Bank)
ENGO (Environmental Non-governmental Organizations)
Enough (Mjaft - civil society organization)
ENP (European Neighbourhood Policy)
EPFI (Equator Principles Financial Institutions)
ESD (Environment and Sustainability Department)
ESIA (Environmental and Social Impact Assessment)
EU (European Union)
FDI (Foreign Direct Investment)
FFM (Fact Finding Mission)
GEF (Global Environmental Facility)
GDR (German Democratic Republic)
GDP (Gross Domestic Product)
GPB (Gramsci-Polanyi-Boomerang model of politics)
GYLA (Georgian Young Lawyers' Association)

HGA (Host Government Agreements)
IBRD (International Bank for Reconstruction and Development)
IDA (International Development Association)
IEA (International Energy Agency)
IEP (Industry and Energy Park)
IFC (International Finance Corporation)
IFI (International Financial Institutions)
IGA (Intergovernmental Agreement)
IMF (International Monetary Fund)
INOGATE (Interstate Oil and Gas Transport to Europe)
IP (Inspection Panel)
IRM (Independent Resource Mechanism)
KESH/APC (Korporata Elektro-Energjitike Shqiptare/Albanian Power Corporation)
LNG (Liquefied Natural Gas)
MDB (Multilateral Development Banks)
MEA (Multilateral Environmental Agreements)
MEP (The sponsor group of BTC Crude Oil Pipeline Project (11 sponsors))
MIGA (Multilateral Investment Guarantee Agency)
NGO (Non-Governmental Organization)
OECD (Organization for Economic Co-operation and Development)
OPEC (Organization of Petroleum and Oil Producing Countries)
OPIC (Overseas Private Investment Corporation)
PCA (Partnership and Cooperation Agreement)
PKK (Kurdistan Workers Party)
PSA (Production Sharing Agreement)
SOCAR (State Oil Company of Azerbaijan Republic)
TAP (Trans-Adriatic Pipeline)
TDA (Trade and Development Agency)
TNC (Transnational Corporations)
TPP (Thermo Power Plant)
UNDP (United Nations Development Programme)
UNECE (United Nations Economic Commission for Europe)
UNEP (United Nations Environment Programme)
USSR (Union of Soviet Socialist Republics)
WB (World Bank)
WCED (World Commission on Environment and Development)
WTO (World Trade Organization)
WWF (World Wildlife Fund)
WWII (World War II)

Chapter 1: Introduction

This dissertation analyzes the struggle for democratic environmental governance around energy projects in the post-communist transition countries of Albania, Azerbaijan and Georgia. It looks at how environmental governance ‘works’: how is it organized, who its main agents are, and how it reflects the social/economic/political context that envelopes it. The analysis is carried out with the aid of an integrated theoretical frame that draws on concepts introduced by Gramsci (1971) and Polanyi (2001), as well as Keck and Sikkink's (1998) ‘boomerang model of politics’.

Environmental politics are closely connected to developmental and energy politics. Through energy politics, the environment becomes an important battleground, the study of which tells us much about what is happening in the post-communist period. At the same time, the reality of environmental impacts of energy projects also tells us about the darker 'transformations' that are occurring in the post-communist setting, with real (human and non-human) winners and losers.

In some post-communist countries the energy sector has emerged as important for two main reasons. First, the development of energy sector attracts foreign direct investment and helps to boost a country's international status. Second, these countries use their resource potential in order to connect to international markets. Countries like Russia, Kazakhstan, Turkmenistan and Azerbaijan have explored their oil resources and connections with the western market in order to fuel their economies, and to achieve the shift to market-driven economies. Others such as Ukraine, Georgia, Poland, Romania, Macedonia, and Albania have used their geographical position to engage as transit

countries in the energy and oil/ natural gas pipeline grid. All of these choices are also enabled by the need for energy security of Western countries. Russian and Caspian Sea oil resources have emerged as important for western energy security and regional stability. These oil reserves also contribute in the geopolitical game that involves the post-communist states and other geopolitical actors such as the United States, European Union, China, Turkey, and Iran (Karm 2008; Marten 2007; Bradshaw 2005a).

Eclipsed by the geo-strategic importance of the development of energy projects, the environmental risks associated with them is an issue that is not addressed adequately in post-communist countries. Pipelines, power plants and oil storage facilities by nature involve trade-offs for the environment. Their construction and operation brings about soil erosion, deforestation, water and air pollution, and the risk of oil spills is always present. These environmental risks are not only physical problems. They also affect society's connection with nature and its social-cultural reproduction. Given the importance of energy development to the transition of post-communist countries to market economy, and given the environmental risks associated with them, the discussion of the environmental impacts – including questions of who is included in decision making, and who bears the cost as opposed to those who benefit – need to all be part of an analysis of post-communist transformations. Also the scholarship on environmental politics as part of understanding post-communist transformations needs to mature in order to meet the needs of actual developments.

In post-communist countries, beyond Central and Eastern Europe, environmental degradation and risks remain not tackled. This also remains an issue that is not

consistently addressed by scholarly research. Environmental concerns remain principally the focus of international institutions, national governments, businesses, international and local civil society groups. Their actions or reports provide a window into how environmental politics unfolds in the post-communist period and who has a say and who is impacted by the results.

The fall of communist system across the former eastern bloc brought increased expectations among the post-communist societies about the protection of the environment and the increased possibilities for society's participation and inclusion in decision-making processes regarding development paths to be followed by their countries. However, it appears as if these expectations may not have been met. The puzzle that this dissertation addresses concerns the apparent discrepancy between the expectation that democratic forms of governance would ensure that the environment is better protected than what happened under communism, and what is actually taking place in the post-communist reality. Has the transition to “democracy” brought improved environmental governance? And if not, why not?

Two case studies around large scale energy projects were selected. These energy projects with potentially long-term environmental implications in post-communist countries are supported by national governments, oil businesses and financed by Multilateral Development Banks (MDBs). The experience around these case studies shows that there is limited input from local people and little consideration of environmental implications locally and regionally. The first case study is about the construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the second case study is

about the construction of an Industry and Energy Park (IEP) on the coast of Vlora, Albania. In both cases I examine the opposing visions on what constitutes progressive development and the struggle to increase inclusiveness in decision-making, including public deliberation about the environmental and social risks associated with these projects.

1.1 Theory and research questions

This research is guided by two sets of questions: one substantive and the other theoretical. Substantively, this project asks: What are the relations of power that condition environmental governance around the extraction, storage and transportation of hydrocarbon resources in the post-communist context? What is the role of civil society actors in the processes of contestation with other actors such as national governments and oil businesses? How have multilateral development banks dealt with the conflicting parties and how have they influenced the outcome of the conflict? What do conflicts around environmental implications and inclusion in decision making reveal about the prospects for democratic environmental governance in these post-communist countries?

Theoretically, it asks: are the dominant perspectives on environmental governance - such as neoliberal institutionalism - sufficiently comprehensive to help us understand what actors and forces shape the outcome of environmental conflicts around resource extractive industries in post-communist settings? What does an alternative frame drawing on critical political economy - Gramsci and Polanyi in particular - and Keck and Sikkink's boomerang model of politics contribute to our understanding of the actors and forces that shape the outcome of environmental conflicts?

In response to the substantive questions, this dissertation argues that strategies of energy development in post-communist countries, where oil companies, supported by the state, pursue exploration, exploitation and transportation of oil resources, tend to obstruct the creation of conditions favourable for a democratic environmental governance. However, the mobilization of contesting civil society groups, augmented by the involvement of MDBs, does engender conditions and a space for contestation that is favourable for increasingly democratic forms of environmental governance.

Theoretically, I argue that an alternative toolkit drawing on the critical political economy (CPE) tradition, along with network theory, helps us to understand the struggle for democratic environmental governance in more depth. The frame that I develop is especially useful for arriving at a more comprehensive analysis of the links between energy development strategies, sustainable development and democracy in post-communist settings. From Gramsci I borrow the concepts of civil society, hegemony, common sense and material, discursive and institutional capabilities that underpin hegemony. From Polanyi, I borrow the concepts of commodification and disembedding as they relate to society-nature relations. From Keck and Sikkink (1998), I take the idea of the 'boomerang model' of politics and the variety of tactics that it suggests that are followed by civil society networks in order to break their isolation under conditions of limited access to their home government. All of these notions combined constitute a toolkit which helps to tease out the struggle for democratic environmental governance. Finally, the elements of the frame allow us to read the outcome of environmental governance processes in terms of the ideal of ecological democracy, which is used here as

a kind of normative yardstick against which the notion of democratic environmental governance is measured.

1.1.1 Definitions

In this section I explain a number of concepts that I use throughout this dissertation.

1.1.1.1 Civil society and state

A general understanding of civil society (CS) is that it constitutes the arena beyond the individual and the state. This arena brings together all kinds of associations, organizations, voluntary groups, pressure groups, trades unions, political parties not in power, religious organizations, and media organizations. As a term civil society originates from the early modern period, as it was closely linked to ideas about individual rights and a society governed by law. In this meaning civil society is contrasted to the ‘state of nature’. Hegel used civil society as a realm that was distinct from the state and the private realm of the family (Kaldor 2003). In mainstream political science, civil society constitutes an important element of democratic political systems, where informed citizens hold governments accountable through voting choices and participation in politics (Almond and Verba, 1989; Putnam 2000).

The presentation of civil society as a group of actors characterized by voluntary association that promote their causes in the realm between the public life and that of the private life (as exemplified by the family), is an example of “liberal constructions of civil society” (Germain and Kenny 2005: p.6).

In this dissertation I look at civil society from the vantage point of critical political economic theory, which sees civil society as providing the basis for a democratic

public sphere (Jensen 2006). The definition of civil society that I use derives from Gramsci, who sees it as a “sphere in which a dominant social group organizes consent and hegemony . . . it is also a sphere where the dominated social groups may organize their opposition and where an alternative hegemony can be constructed” (Forgacs 2000: 420). Thus for the purposes of this study the most important attribute of civil society is that of being simultaneously a site of consent and contestation.

In a Gramscian perspective, civil society is never fully separable from the activities of the state. State rule often happens through elements of civil society, such as schools, universities, churches and activist groups that are monitored, sponsored or run by the state. Civil society is often juxtaposed to the state, which is defined as a complex network of institutions, including the government, military and bureaucracy that has official control and authority over the territory.

A large part of this dissertation looks at civil society as a site that holds agency for change. Agency is defined as the “capacity for purposive action, or the exercise of power” (Dunne, Kurki and Smith 2010: 342).

1.1.1.2 Environment

In this dissertation I refer to the term *environment* in the broadest sense. The term “environment” today implies more than just pollution. Issues like resource use, energy production and conservation, habitats for species biodiversity, and the very long array of economic and social activities that have an impact on ecosystems are considered within the category of “environment”.

Environmental problems by nature are interconnected, multidimensional and

complex. As a result, their complexity affects especially their solutions. As Dryzek puts it,

environmental problems by definition are found at the intersection of ecosystems and human social systems, and thus are doubly complex. . . . Environmental issues do not present themselves in well-defined boxes labelled radiation, national parks, pandas, coral reefs, rainforest, heavy metal pollution, and the like. Instead, they are interconnected in all kinds of ways. For example, issues of global climate change due to buildup of carbon dioxide in the atmosphere from burning fossil fuels relate to air pollution in more local contexts, and so to issues of transportation policy. These issues are also related to destruction of the ecosystems (such as tropical forests), which act as carbon sinks, absorbing carbon dioxide from the atmosphere; and to issues of fossil fuel reliance and exhaustion (Dryzek 2013:8-9).

The industrial development has brought prosperity and improvement to human lives, but it is also characterized by an ever increasing need for the use of natural resources in order to fuel economic growth and the increased consumption. These practices have led to increased impacts on nature in terms of depletion of resources and pollution. In recognition of these impacts the notion of sustainable development was crafted in 1980s and has become a dominant term in environmental politics (Meadowcroft, 2005a). 'Sustainable development' is defined as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development 1987:8). The concept of sustainable development also necessitates a governance structure that would facilitate the implementation of the requirements of sustainable development.

The definition of 'environmental governance' that is followed here is that provided by Levy and Newell (2005) who define it as:

[...] the broad range of political, economic, and social structures and processes that shape and constrain actors' behaviour towards the environment (Levy and Newell 2005:2).

This definition suggests going beyond focusing exclusively on institutions to understand relationships that occur among a vast number of actors and structures when addressing environmental concerns. It helps to understand not only the norms and structures that are in place regarding environmental governance, but also to identify who determines them and the processes whereby those norms come about and how they unfold in different settings. Additionally, it focuses on social structures and processes that shape and constrain actors' behaviour, and helps in scrutinizing circumstances in which the forces and actors involved differ in their nature and magnitude. This then enables one to explore how environmental governance unfolds under specific historical and geographical settings. Moreover this definition allows us to connect global concerns with the events on a local scale (Adkin 2009, Levy and Newell 2005, Newell 2003, Egan 2001, Egan and Levy 2001, Braithwaite and Drahos 2000, Helleiner 1996).

In this dissertation environmental resistance is understood in terms of environmental justice, which is not strictly limited to nature, but it is understood in its broadest sense as a complex system that is related to nature, the relation of society with nature, potential health concerns and issues of social justice that raise from altering or utilizing nature or an element of nature. As Dunne, Kurki and Smith (2010) point out,

environmental justice advocates seek to reduce ecological risks and also prevent their unfair externalization and displacement through space and time onto innocent third parties. Green theorists have approached this challenge by exploring new and more extensive forms of democratic accountability by risk generators and move extensive forms of representation and participation by classes and communities

(including non-human species and ecosystems) affected by ecological risks, irrespective of their nationality, social class and geographic location (Dunne, Kurki and Smith, 2010: 345).

Environmental justice has emerged as an important frame in environmental politics for understanding battles regarding environmental conditions of indigenous communities, first nations, rural communities and more broadly of people who are removed from decision-making processes regarding environmental or development policies, but that are directly impacted by environmental risks that are associated with these policies (Schlosberg and Carruthers 2010; Schlosberg 2013).

Ecological democracy is a concept introduced by Green theorists as an attempt to explore a more extensive and deeper form of democratic accountability. Eckersley (2004) defines 'ecological democracy' as a situation where “all those potentially affected by a risk should have some meaningful opportunity to participate or otherwise be represented in the making of the policies and decisions that generate the risks” (111). This term connotes a normative aspect related to ecological democracy, related to how environmental governance 'should be'. This term is further developed on chapter 3.

1.1.1.3 Post-communist transitions

Post-communist transition is a process that involves a shift from central planning that characterized the economic organizations under the communist regime to a market economy and pluralistic political system. Market economy entails marketization, privatization, and internationalization, which in turn have resulted in the restructuring of economic and social landscapes of formerly communist countries (Lynn, 1999). In this dissertation, this process is seen as a transformation that includes areas of state building,

economic liberalization, identity formation, class formation, and reformulation of each of the states' position in the international arena (Ekiert, 1991; Terry, 1993; Bunce, 1995; Bunce, 1999).

1.2 Case studies and the development of an integrated frame based on Gramsci-Polanyi-Boomerang model of politics

The construction of large energy projects in post-communist societies that is the focus of this dissertation (Albania, Azerbaijan and Georgia) were presented by the governments and the oil businesses as a step towards development and attracting foreign direct investment in the country. The construction of these projects, was also characterized by resistance and activism calling for greater inclusiveness in the decision making processes of affected communities and of the NGOs representing them, in order to have their own visions of development and environmental concerns to be taken in consideration.

The construction of BTC oil pipeline brought together a wide range of actors including governments of countries like Azerbaijan, Georgia, Turkey, European Union, the United States as well as business and oil companies, such as British Petroleum, Statoil of Norway, Eni of Italy, SOCAR of Azerbaijan, and other smaller businesses such as water exportation. Other actors were civil society organizations based in post-communist countries and international ones based in the United Kingdom, Italy, the United States and Eastern Europe. MDBs were also important actors with a complex range of interests. Actors involved in this project are organized in two conflicting alliances, which have different perspectives on the issue of pipeline construction and oil development.

The case of Vlora IEP represented an environmental conflict that is about two different visions of development. On one side, there are actors that push forward a vision

of attracting investments that can operate at low costs for constructing an Industrial and Energy Park (IEP) in Vlora, in the name of pursuing economic growth and energy security. On the other side there are actors that stress Vlora's potential to pursue a development that is more in harmony with the nature and the cultural background of the city, and that takes into consideration the perspectives of the affected communities and the residents of the city from the early stages of project development.

The aim of this dissertation is ultimately to explain how the conflicts developed and what we can learn from them about the struggle for democratic environmental governance in post-communist transition to market economy. Both case studies chosen represent conflicts among actors in post-communist countries with 'young' democracies. These projects are supported by big business and states, which typically do not allow much room for opinion and interests of society as a whole. On the surface, it thus appears as if these projects developed in a way that allowed for maximizing the interests of businesses and governments on the one hand, while posing negative impacts on nature and simultaneously on the interests of some social groups that are connected and even dependent on nature.

However, focusing only on the actors that are part of this dynamic does not provide a comprehensive analysis of how elements within the same side (e.g. those in favour of the developments, or those against) cooperate with one other, what the power dynamics that might condition their involvement are, or what enabled a particular group to be more or less successful in shaping environmental governance outcomes.

In order to analyze these cases I develop an integrated frame that ties together the thoughts of Gramsci, Polanyi (and their followers), as well as the boomerang model of politics. I arrive at the integrated frame after an assessment of dominant perspectives that deal with the issue of the environment such as neoliberal institutionalist, social constructivism and critical political economy. CPE allows for probing deeper to understand the weight as well as material interests and institutions that underpin these ideas and norms of each actor involved in environmental governance. Constructivism, with its focus on ideas and norms can help us understand the position of actors in the multiplicity that characterizes environmental governance. Social constructivism focuses primarily on the role of ideas, discourse, education and persuasion as important elements in shaping environmental politics. Additionally, notions from environmental justice literature, on ecological democracy and remoteness, can help us to understand how far these norms have been distributed through channels employed by civil society and other institutions.

How does the integrated frame work? The frame consists of elements which comprise actors like states, oil businesses, international organizations (especially MDBs) and civil society groups, as well as the forces that glue some actors together and others that resist the dominant interests. The dynamics of the frame is explained by using tools from Gramsci, Polanyi and the boomerang model of politics. The tools provided by the GPB frame allow us to detect the concert of actors and forces that push forward the energy projects. This is done by drawing on Gramsci's notions of hegemony, and the material, institutional and discursive strategies that underpin hegemony. Second, the

frame helps us understand the resistance that is provoked in attempts to establish hegemony by relying on the notion of society as an actor and site of resistance, informed by Polanyi's and Gramsci's concepts, and augmented by the tactics suggested by Keck and Sikkink's boomerang model of politics. In this model civil society groups, finding the path to their goal blocked within their own state seek international networks to apply pressure within other more democratic states which, in turn, apply pressure to the reluctant state.

The attempt to establish hegemony implies the activation of resistance. The processes that are launched by the forces seeking to establish hegemony in the energy economies of a neoliberal global order are also steps that cause the commodification and separation of economy from nature and society. This process of disembedding is explained with theoretical tools provided by Polanyi, which look at the link of society with nature and the potential for resistance when nature is commodified. This dimension could help to explain how the conflict between opposing actors is sparked.

In a context where communication between antagonistic groups is broken, Keck and Sikkink's boomerang model of politics helps us to understand how different actors come to socialize and communicate with each other at the international level. The boomerang model of politics provides a lens for looking at the start of an organized resistance in an environmental conflict situated in the context where the channels of communications between society and the state are weak.

The case studies presented in this dissertation are explicated with the aid of Gramsci's concepts of hegemony, civil society and common sense coupled with Polanyi's

concept of commodification of nature and the disembeddedness of the economy. It is proposed here that these concepts help to provide a more nuanced understanding of the situation than would be provided by neoliberal institutionalists. These tools are intended to make sense of a complex situation that involves both local and global dimensions, for discerning how different forces align, what tensions and frictions arise, and how material capabilities, norms and discourse all come to play a role in defining environmental governance outcomes.

1.3 Methodology

I pursue the questions I presented at the beginning of this chapter by providing an historical account, accompanied by explanatory analysis, of the ways in which the interactions among different actors and forces have played out in the struggle for democratic environmental governance around energy projects in the post-communist context. To date, little research has been done on the topic of energy projects and environmental governance in the post-communist transition context, which means this work is a tentative step into new territory.

It attempts to provide a comprehensive account of all aspects of the subject represented by the substantive and theoretical questions. By exploring these questions, I aim to accomplish two things. The first is to document the political activity of businesses, civil society groups, states and MDBs in the arena of environmental politics, especially around energy projects. I do this by gathering information that already exists on the topic and by presenting findings of primary research conducted for this dissertation. Second, I make sense of that political activity through a new theoretical framework, that of an

integrated Gramsci-Polanyi-boomerang politics frame. This frame is intended to produce a more comprehensive understanding of environmental politics as it relates to energy projects in post-communist settings. Moreover, these theoretical tools are herein exposed to a new setting to see what can be learned, theoretically, from their use in the post-communist context.

The research design that I follow in this thesis is a case study design. Because I explore the struggle for democratic environmental governance and the role of civil society and MDBs in the post-communist context, a phenomenological case study is an appropriate research design. A phenomenological case study is a combination of a case study with phenomenology. Phenomenology has to do with “the study of the “experience” from the perspective of the individual...” (Lunenburg and Irby, 2008:90).

The two cases selected for analyzing the struggle for democratic environmental governance, involve similar phenomena and as such they have been purposeful selections. Both case studies represent phenomena that are typical for post-communist countries undergoing a slow transition process, such as slow progress towards completing the economic, political and institutional reforms that are necessary for the shift to market economy and liberal democratic regimes. They also share the negative impacts that the long transition period has inflicted upon nature resulting in environmental conflicts. The two projects differ with regard to their significance for the energy security of Western markets, involvement of big oil firms and of MDBs, which are elements that justify the selection of the cases studies.

The two projects that constitute the case studies are linked by the quest of civil

society groups to be involved and have greater say in environmental governance from the start of energy/large infrastructure projects. In both cases we can see how they try to increase their influence regarding questionable development projects. Moreover, in both cases civil society groups have sought the support of MDBs in order to bring about, in their respective countries, policies and decision-making processes that are inclusive and that ensure the participation of civil society, affected communities and those who would be negatively impacted by environmental risks.

When seen through the lens of Western context, the civil society in the post-communist countries on which this study focuses, is seen as undeveloped and having a limited impact in decision-making processes. In comparison to the Central and Eastern European region countries and the Baltic states, the transition literature for the Western Balkans and South Caucasus indicates that civil society is apathetic, characterized by paucity and lack of engagement (Geremek 1992, Bernhard 1993, Cornell 2001, Howard 2002, Fagan 2003, Ekiert and Kubik 2014). Expert evaluations, such as Freedom House studies, back up the picture of differences in civil society across the post-communist region. In its study of *Nations in Transit 2013* Freedom House, which measures the strength of civil society on a scale of 1 to 7, with 1 being strongest, assigns new EU member states an average score of 1.95 on civil society ratings. For the Balkans the average varies from 3.32 in 2004 to 3.04 in 2013. For Eurasian states this rating varies from an average of 4.92 in 2004 to 5.25 in 2013 (Freedom House 2013). Yet the two cases studies share a commonality that is the increased civil society resistance against hydrocarbon energy projects with potentially negative impacts on the environment.

Therefore analyzing environmental conflicts facilitates the understanding of resistance and identification of sites and agency for progressive change.

Both projects are taking place in the settings on post-communist transition, where the aim of increased economic growth takes priority over environmental risks. Both projects have been seen by the respective governments as a way of increasing their countries' importance in the 'international arena'. To achieve their goals the governments employed several strategies, including intimidation. Therefore the case studies help us to assess the democratic commitments of these post-communist countries and to draw lessons for other countries in similar circumstances.

The choice of these case studies helps us to primarily understand the struggle for democratic change in post-communist countries. Second, because most of neighbouring countries to those involved in both case studies share similarities regarding the transition process, the results deriving from this research based on case studies may be extended to understanding similar dynamics around projects in neighbouring countries. Third, because energy projects are at the heart of economic activities and involve a multitude of actors, including governments, businesses and different civil society groups, they serve as a samples for understanding who is winning and who is losing from the confrontation of competing visions of development. Finally, the relations of power around determining the appropriate development path, does not only tell us about the internal political dynamics in each of these countries, but it can also be extended to other setting beyond the post-communist contexts (including the Western ones) where a particular vision of development comes to conflicts with nature and the communities that are negatively

impacted by the specific developments.

The methodology followed in this dissertation is qualitative. Among other things this work tells a story. Reliance on narratives expressed in the newspapers by investigative journalists, as well as interviews with experts and civil society representatives about how they experienced the events around these projects and the chronological representation of events, clearly stamps the methodology as qualitative.

Two primary research methods have been used in this dissertation. The first is a review of secondary literature on the subject of environmental governance around energy projects and natural resource use in the post-communist context. That literature is limited, however, and for that reason I have relied on primary research in order to rectify the lacking literature. The primary research was in the form of a review of documents generated by relevant actors, such as the governments involved, MDBs, businesses and civil society actors. These documents included reports and monitoring of websites of BP oil company, national and international NGOs, the correspondence between NGOs and MDBs and materials from the international print and local newspapers in Azerbaijan, Georgia and Albania. The reliance on documents has been supplemented by interviews with key representatives of oil companies, the local NGO representatives, international NGO representatives, International Finance Corporation (IFC) representatives directly involved with the project, European Bank for Reconstruction and Development (EBRD) representatives involved in environmental and social assessment of the projects, World Bank and EBRD country representatives and project task managers.

This work included visits to Azerbaijan, Georgia, Albania, Washington D.C. and

London, UK. I conducted 44 interviews for this study, during the period April-July 2010. My initial attempt to contact interviewees was made by e-mail, and I followed up by phone calls in cases when I did not receive a response to my emails. I was able to arrange twenty-five interviews when I undertook the field research. They were with all the different actors. When I was in the field, the interviewees also provided me with further contacts of key people that I interviewed.

On average the interviews I conducted with civil society organizations lasted longer than those I conducted with MDBs, business and government representatives. In the case of civil society representatives the interviews lasted between 1.5 to 2 hours, while with the MDB representatives and government representatives they lasted between 45 minutes to 1 hour. This may have been because they wanted to make sure that their opinions were shared with the world through my research.

Tesch (1990) points out eight important steps to be considered in the analysis of unstructured interviews. They are as follows: getting a sense of the whole; looking for the underlying meaning of a few transcriptions; clustering together similar topics; abbreviating the topics into codes; turning the topics into categories; alphabetizing the codes; assembling the data and performing preliminary analysis; and recode the data if necessary (Tesch, 1990:142-145).

As was mentioned earlier this dissertation is a tentative step into a new territory with regard to research on environmental governance. As such, given the lack of information that I faced, the interviews served as banks for firsthand information and as personal narratives of the events. Because of that, I used the eight steps suggested by

Tesch (1990) selectively. First, I read through all the transcriptions carefully comparing each of them to the previous one I had read. Second, I reread them while thinking of the underlying meaning of each of them. Third, I made a list of topics that came up in addition to the topics that I had addressed in the interview questions. Next, I merged all the interview questions with the additional themes that had come up in the course of my interviews. In this way I created a broader understanding of themes. The topics that I ultimately chose to discuss in my dissertation were those that the interviewees had connected to their efforts of improving environmental governance as it related to the projects and their engagement with other actors. In addressing each piece of the research questions, I reviewed each participant's response, and selected quotes that were representative of the various dimensions of each theme. I also included representative quotes from the interviews whenever I found that the story from the interview would add a deeper dimension to the issue discussed, or when it would compensate for material that I could not have accessed otherwise. I did this for both civil society groups, representatives of MDBs, and businesses. I then examined the resulting information in relation to the conceptual tools that emerged from my examination of the theoretical literature. In this way, the theoretical framework for this study emerged out of a dialogue between the data and the existing literature on post-communist transition, environment, energy governance and the role of MDBs.

1.4 Chapter breakdown

This thesis consists of six chapters. The first part of Chapter 2 provides an overview of the main theories that study the transition from authoritarian rule to democratic regime.

This is done in order to better understand the context where dynamics of the case studies happen and to identify the actors that shape the outcomes of transition. Given their importance to my two case studies, and indeed to the post-communist transformation process in general, the second part takes a closer look at MDBs, their environmental policies and engagement in the process of transition. It focuses exclusively on the World Bank and the European Bank for Reconstruction and Development (EBRD) with respect to two phenomena: the transition to market economy and the reforms that they have undertaken towards the inclusion of civil society actors and the development of mechanisms that address issues of sustainable development in their project financing

Chapter 3 starts with a review of the debates on global environmental governance. It aims to contextualize environmental governance as an issue area in global governance and to problematize the mainstream presentation through international regimes. It maintains that traditional perspectives on environmental governance such as liberal institutionalism and constructivism are useful but not fully suited to explain and understand situations in which the democratic process around environmental and resource governance is severely hampered, such as in the post-communist setting. In contrast, the normative ecological democracy literature provides guidance for what deeper forms of democratic environmental governance might look like. This literature argues that democratization of environmental governance should come about through inclusion, participation and deliberation of those affected and at risk, future generations and the natural world.

In this chapter, I argue that a CPE perspective, augmented with elements from

network theory version of social constructivism and from environmental justice literature, provides clues about what to look for in order to understand complex circumstances that may hinder democratic environmental governance. Moreover, in this chapter I narrow down specific thinkers within CPE in order to develop a frame that can be useful to assess the case studies that are the focus of this dissertation. I argue that an integrated frame based on Gramsci, Polanyi and constructivists' Keck and Sikkink's boomerang model of politics may be helpful for analyzing the attempts for democratic environmental governance around environmental conflicts, in post-communist settings.

Chapter 4 introduces the first case study of this dissertation. It examines how civil society groups mobilized to stop the public funding, the construction, and later to change the route of the BTC oil pipeline. It shows the (albeit limited) impact this contestation had on the practice of environmental governance in these post-communist countries. It discusses the national, international as well as environmental, political and social-economic issues, related to the approval and the construction of the BTC oil pipeline, in post-communist countries of South Caucasus, particularly in Azerbaijan and Georgia.

The construction of BTC oil pipeline brought together a wide range of actors including governments of countries like Azerbaijan, Georgia, Turkey, European Union, the United States as well as business and oil companies, such as British Petroleum, Statoil of Norway, Eni of Italy, SOCAR of Azerbaijan, and other smaller businesses such as water exportation. Other actors were civil society organizations based in post-communist countries and international ones based in the United Kingdom, Italy, the United States and Eastern Europe. MDBs were also important actors with a complex range of interests.

Actors involved in this project are organized in two conflicting alliances, which have different perspectives on the issue of pipeline construction and oil development. By looking at these different perspectives and especially at the material and ideational interest that motivate them, we arrive at an understanding how environmental governance unfolds in the post-soviet context.

I tell the story of the BTC oil pipeline through the elements of the integrated frame. The first part explains the formation of a pro-project alliance. I present in detail the key actors involved with the BTC oil pipeline by analyzing the material interests that brought these actors together and by investigating the justificatory discursive and organizational strategies that the actors who were interested in developing the energy projects used in order to push forward their interests. In the second part of the chapter I focus on the organized resistance. In response to their moves a large group of contesting groups organized a resistance towards the construction of the BTC oil pipeline.

The BTC case study demonstrates that geopolitical concerns represent only one dimension of energy development and the governance structures that crystallize around it. The material interests of energy development, strategies of oil corporations, and the responses of lay people, farmers and NGOs, are also important in defining the way that post-communist societies govern nature as the latter gets affected by energy development projects. Still, geopolitical concerns, as they relate to energy security, are important and need to be examined in the context of larger patterns of governance. But these concerns need to be situated and understood as discourses that are often pursued in order to build consent among groups in society, who are suspicious of the direction taken by leaders of

a hegemonic formation. One peculiar feature of hegemonic formation in this context is that the state, the host governments of Azerbaijan and Georgia, come to initiate the push towards the formation of hegemony, because they are in need of capital.

Chapter 5 focuses on an environmental conflict around Industry and Energy Park (IEP) project taking place in another post-communist country, Albania. On one side, there are actors that push forward a vision of attracting investments that can operate at low costs for constructing an Industrial and Energy Park (IEP) in Vlora, in the name of pursuing economic growth and energy security. On the other side there are actors that stress Vlora's potential to pursue a development that is more in harmony with the nature and the cultural background of the city, and that takes into consideration the perspectives of the affected communities and the residents of the city from the early stages of project development. The questions that rise from this environmental conflict are: what power dynamics have conditioned the outcome of the struggle for democratic environment governance around the storage and transportation of hydrocarbon resources in the city of Vlora? What role have civil society actors played in the process of contestation with other actors such as the government of Albania and oil firms such as 'La Petrolifera'? How did MDBs deal with the conflicting parties and how did they influence the environmental governance around Vlora IEP project? In this chapter too, the integrated GPB frame is used to trace how the conflict around IEP started and how it developed. It first focuses on the material interests, discursive and institutional strategies employed by the pro-project alliance as they try to push forward their own visions. Next it analyzes the resistance against the construction of the Vlora IEP.

Chapter 6 focuses on reflections from case studies and answers of substantial and theoretical questions. It compares the two case studies to each other in the context of different theoretical approaches, first introduced in chapter 3, in order to draw out similarities and differences between them. It concludes that an integrated frame based on Gramsci, Polanyi and Keck and Sikkink's boomerang model of politics does provide a compact toolkit to understand deeply the dynamics around energy projects in these three post-communist countries. In this concluding chapter I revisit the integrated frame in order to consider in more general terms its value, with the intention to use it in future studies.

Chapter 2: A critical assessment of post-communist transformation: MDBs' involvement and the prospect for sustainable development

More than twenty years after the fall of communist regimes in Eastern Europe and former Soviet Union has shown that the transition process is a complex one, and the degrees of success of post-communist transition countries have been relative. The goals of transition countries were defined as liberalization of the economy, macroeconomic stability and creation of institutions that would support the market system.

In order to cope with the challenges caused by the collapse of the centralized economy, some transition countries opted for the construction of large-scale infrastructure projects, where energy projects were one example. The political elites of countries where these projects were built pushed them forward for generating economic growth and increasing the geopolitical importance of these countries and ultimately advanced them as solutions to transition goals. At the same time, these developments raised questions among some groups in society about the involvement of citizens in decision-making process and the impacts that these projects would have on nature and around the right use of natural resources in these countries. These conflicting visions about what is considered 'progressive' development regarding large-scale infrastructure projects have given rise to environmental conflicts.

This dissertation aims to study environmental conflicts and the prospect for more democratic forms of environmental governance in the post-communist context. In relation to the overall aim, this chapter serves two goals. First, it provides an overview of the main theories that study post-communist transition. This is done in order to better

understand the context where dynamics of our case studies (chapter 4, 5) happen and to identify the actors that shape the outcomes of transition. An overview of post-communist transition literature indicates that some approaches focus on specific areas of transition with the aim of providing solutions for these countries in order to achieve political, economic and social transformations. Other approaches, focus on the consequences and implications of the post-communist period on societies as they trace systemic transformations that these countries have had to endure since the collapse of communism.

Second, after having established the significance of Multilateral Development Banks (MDBs) for the process of post-communist transformation, this chapter aims to contextualize their role in three respects: transition, environmental reform, and engagement with civil society. I look at the implication of the transition process for environmental democracy by taking into account the crucial role played by IFIs. Looking at transition through a frame that includes MDBs as actors is important because the IMF, the World Bank and EBRD are institutions that monitor and evaluate the transition process. MDBs provide funds for projects that are developed in these countries and the IMF keeps track of their macroeconomic performance. As such, it would be incomplete to study ‘transition’ without its architects. I then consider the relationship between civil society and MDBs because of the argument I will make (beginning in chapter 3) that a deep reading of democracy is required for a fulsome analysis of these transition processes in relation to environmental conflicts. This reading should reflect the requirements of all of those groups and individuals potentially impacted by neoliberal policies introduced as part of the transition process.

Environmental degradation played an important part in the shift from authoritarian to pluralistic political order, especially in CEE and Baltic countries. Conflict over the environment continues to be useful for understanding the democratic model that is built in the post-communist context. The study of environmental conflicts in post-communist settings, especially around large energy projects promoted by the west, allows us to gauge just how real the commitments to 'democratic' transitions really are. These types of conflicts allow us to see that fundamental inequalities often remain and may even be exacerbated, thereby challenging assumptions of justice, equity, democracy and even 'progress' implicit in the transition discourses.

This chapter first addresses the question: who are the actors that shaped the post-communist period and what has the transition period meant for the environment/nature-society relationship? In order to address this question, the chapter begins with an overview of how post-communist transition is understood in policy circles and in academia. It then moves on to an examination of the MDBs involved in the post-communist process, and their environmental policies, including recent reforms. It ends with a discussion of the relationship between MDBs and civil society in the context of environmental governance.

This chapter reviews much of the existing scholarship on the post-communist transition. In so doing, it also shows that there remain important gaps when it comes to understanding how deep 'democratic' transitions have gone, and that context-specific case studies of specific environmental conflicts may offer important entry points for further analysis of this issue.

2.1 Overview of post-communist transition approaches

The phenomenon of transition from communism was never witnessed before and this was reflected in the lack of academic literature and scholarly studies immediately after the fall of communism. Since then there has been a rich body of academic literature that has developed and that deals with various aspects of this phenomenon. In this chapter I do not aim to discuss or qualify the richness of these theories. Instead, I intend to provide sufficient background of the process that helps me to set up the political, economic and social context for the case studies that are the focus of my dissertation to identify the important players and explain why environmental conflicts are significant for a deeper reading of democracy in these countries.

Conventionally, 'transition' signifies a specific phase or a temporal period where a change is taking place from one state or condition to another. 'Transition' refers to the period in which the post-communist countries were to move from state-planned economies to free-market economies. The term 'transition' was introduced by IFIs when faced with the breakdown of communist system in the soviet bloc.

'Transformation', on the other hand, entails a marked change in form, nature or appearance. In the -post-communist context it means that there is a holistic change that is taking place as opposed to a linear shift from one point to another.

Throughout the dissertation, I use the term 'transition' as it is used by governments, MDBs and business actors involved in this study and as used in the documents referring them. I employ the term 'transformation' when I analyze the full implications of post-communist changes as they unfold in the case studies.

2.1.1 Mainstream definition of post-communist 'transition'

The demise of the Soviet Union and the emergence of post-communist states left a significant number of countries in economic hardship and political chaos. It was commonly understood that one of the reasons that brought about the demise of the soviet style communism was the heavy 'state apparatus' that owned practically all enterprises. This led to an inefficient system, loss of productivity and stagnation.

The term 'transition' situates post-communist countries in a category that distinguishes them from the developing and developed countries. These states were distinguished from developing countries by the fact that post-communist countries had gone through a modernization process that provided infrastructure development, welfare institutions, high educational levels and egalitarian social integration. Yet they remained economically and politically behind countries that are members of the Organization for Economic Co-operation and Development (OECD). The reason for that was unsustainable economic growth and lack of democratic participation in political life, which in turn contributed to suppression of civil society (IMF 1999a:124.; IMF 2000b:153).

The post-communist transformations presented a peculiar situation. Never before was it experienced "a transition from one type of highly industrialized economy to a different type of highly industrialized economy" (Gilpin, 2001:334). Because this phenomenon was not witnessed before, different visions of development gave rise to various policy choices as well as scholarly research on the issue. Two major contending visions were 'gradualism' versus 'shock therapy' (Havrylyshyn, 2007). The solution to this problem was seen in neoliberal policies, involving structural economic, political, and

institutional reforms. Neoliberal policies¹ were employed in these countries as part of a 'rescue package'. The proponents of these policies saw them as key for addressing economic hardship quickly and for establishing enduring political systems and a functioning market economy.

Aslund (2007) argues that the radical reform program was dominated by three powerful groups. The first group consisted of Western, mostly American macro economists, such as Jeffrey Sachs, Stanley Fischer, David Lipton. The second group included the best economists of the former Eastern bloc such as Leszek Balcerowicz, in Poland, Vaclav Klaus in Czechoslovakia and Yegor Gaidar in Russia. They were also joined by politicians with economic insights. The third group of supporters included IFIs and major Western governments primarily their ministries of finance and central banks (Aslund, 2007).

Efficiency in the reform process was considered to be a priority for the IFIs and the success of transition. The 'new' market economy had to be built on the ruins of the previous system. Ties with the previous system were viewed as interfering with the reform process. All these reforms were to take place in a rapid manner that would avoid gradualism. In the words of Michel Camdessus, the Managing Director of the IMF,

At first glance, of course, it may appear to be the prudent approach. In practice, however, [gradualism] carries considerable risks, because it makes it possible for mechanisms and methods of the old system to remain in place and because it can impede the working of the new forces ... I think that a better principle is to seize every opportunity to make progress. Such bold pragmatism is what leads most rapidly to

¹Neoliberal policies had already been applied in the United States and Great Britain during the Reagan-Thatcher era. Post-communist countries provided an excellent opportunity for the further application of these policies, as they presented the very problem which these policies were designed to solve (Aslund, 2007).

success, thereby shortening the period of greatest suffering for the people (Camdessus, 1994).

Academically, the post-communist conditions gave rise to different streams of thought. Economists grappled with issues of privatization and the creation of smooth running market institutions. They argued that the shortest way to achieve the biggest gains was to reform the economy and political reform would follow (Hoshi, Balcerowicz and Balcerowicz, 2003; Woo, Wing, Parker and Sach, 1998, Szekely and Newbery, 1993). Political scientists dealt with the building of political institutions, party systems, the challenge posed to democracy by authoritarianism, state building and broader issues about political liberalization. The main contention for political scientist was to find the right balance for the construction of political institutions that would thereafter facilitate the proper operation of the free-market.

In political science scholarship several approaches have tackled the transformations that took place in the former Soviet bloc. These include the socio-economic and socio-cultural approach (Lipset, Seong and Torres 1993; Huntington 1991), the rational choice approach (Przeworski 1991), the political constructivist approach (Roeder 2001; Fish 1994; Fish 1999) and the transition paradigm (O'Donnell 1996; Schmitter and Karl, 1994; Linz and Stepan 1996). These approaches share three main features. First, they focus essentially on political aspects of transition and procedural dimension of democracy and regime change. Second, they address the establishment of democracy, which is the transfer from authoritarian regime to a democratic one. Third, they tend to treat the post-communist countries either as a homogenous group or in comparison to other regions i.e. Southern Europe or Latin America.

These approaches argue in favour of establishing representative democracy, a version of liberal democracy, which emphasizes the form of participation – rather than the quality and degree – of civic participation in a country’s political life. In this view, democracy is understood as the ability of people to choose and change their government. The public intervenes through elections in order to decide the party in which state power should be entrusted. Political parties are the driving agents of governance and the media, as well as principles such as freedom of press and speech, free elections and contestation, act as auxiliaries to democracy (Held 2006; Held 1995).

During the period of state-led communism, civil society did not exist in the sense that individuals and groups would be free to form organizations that were independent from the state and that could perform a mediator role between the society and the state. Thus, once in the transition phase, the creation of organizations that were independent from the state was considered a positive objective (Wedel 1994: 323). At the day-to-day operations level, the development of civil society and with it of democracy was understood in quantitative terms. If a country like Albania in the early 1990s had few NGOs, this meant less democracy. If a country had larger number of NGOs, such as Poland, it meant more democracy. On the qualitative aspect the aim was to make NGOs effective, transparent and autonomous (Sampson 1996).

Petrova argues that political science scholarship of the early transition years demonstrated pessimism about the growth and functioning of civil society. That position was based on several studies, which had shown that individuals in the post-communist period were distrustful, uninterested in public matters, and did not show a great

willingness to work on shared goals. In other words, the communist legacy had resulted in distrust and atomization in post-communist societies (Petrova 2007:1280). In a similar vein Bideleux, in a review essay about political science literature on the early transition, shows that this literature was dominated by the view that because civil society was weak, the ruling-elites in post-communist countries enjoyed an autonomy. As a result their autonomy would facilitate the transition to democracy (Bideleux 2009).

In sum, the post-communist period was characterized by uncertainty in terms of policy directions and scholarly research. The majority of works at the time focused on providing solutions and directions, primarily for economic and political reforms. For these approaches the post-communist period was a transitive one that would lead to pluralistic political systems and market economy. Another characteristic of these approaches was that they were advocating models, such neoliberal policies, that would apply in the same way to all countries that emerged from communism.

2.1.2 A critical understanding of post-communist period

Mainstream approaches that provided solutions to the post-communist period were criticized for presenting a unilinear solution to all countries emerging from communism. Moreover, these were solutions that originated from a different context. In response to these perceived short-comings, critical approaches focused more on the consequences of the post-communist period and its implication for the societies that were undergoing this transformation. They tended to give more attention to the complexities, challenges, and uncertainties that characterized the post-communist period. In what follows I give an overview of these approaches and I argue that a critical study of energy projects in this

process of transformation must include the role played by MDBs and consider the changing relationship of society with nature.

As noted above, mainstream approaches within political science have been criticized for seeing transition as a unilinear experience involving a whole region. Several scholars argue that a teleological understanding of transition is unlikely to address the complexities of these countries and that the post-communist case introduces problems that were not previously recognized, thus they call for a different treatment. The post-communist transition is contrasted to the shifts from authoritarianism to pluralistic regimes that took place in Southern Europe or Latin America (Ekiert 1991; Ekiert 2003; Terry 1993; Bunce 1995; Bunce 1999; Kuzio 2001; Petsinis 2010).

Taking a different tact, sociologists and anthropologists looked at the impact of political transition on the society and what that process means for the formation of civil society and for groups that emerged as marginalized in the transition process (Sampson, 1996; Humphrey, 2002; Hann, 2002; Mandel and Humphrey, 2002; Shevchenko, 2009).

Mainstream approaches were also criticized for using the concept of 'transition' in a way that depicts the post-communist period without any preconceived notion of a possible endpoint (Wooden and Stefes 2009: 5). For example, Wydra (2007) criticizes the transitology perspective on the basis that it analyzes the transition to democracy and its consolidation through top-down approaches that are mechanistic. Moreover, these approaches originate from different contexts and are imposed *a priori* in the post-communist context (Wydra 2007:37-44).

In assessing the factors that condition post-communist transition processes, Rose (2009) has also added the aspect of geographical proximity to Europe or Russia, coupled with historical and social circumstances. In the countries emerging from the Soviet Union, for instance, presently there are multiple trajectories of transformation at work, involving pre-Soviet, Soviet, and post-Soviet differences. The reality of transition reveals that these countries did not all follow the same path. All of these trajectories have produced varying impacts on societies (Wooden, Aitienva and Epkenhans 2009).

Scholarship that follows a political economy approach takes an even more holistic view, looking at the bigger picture with a multidisciplinary lens (Pickles and Smith 1998; Smith 1999; Burawoy 2001; Henry 2010). Through multidisciplinary lens they question the way that the post-communist period has unfolded and they follow the impact of neoliberal policies on workers, gender, minority groups and natural resources. What these works share is an assessment of this period as a transformative one that has had various impacts on post-communist societies and nature. The main purpose of these approaches has been to shed light on the specificities that characterize each of the societies that have undergone the reforms associated with the shift from communism to market economy.

From this review of post-communist transition scholarship it can be said that the phenomenon of 'transition' is a complex process, which needs to be studied in a specific way that takes in consideration the context in each post-communist country. In this regard I suggest that there is value in going beyond political science to incorporate other disciplinary lenses in a way that is done by political economy theorists. In the following chapter I pursue these issues more carefully by assessing more fully political economy

and other approaches that can be useful in analyzing environmental conflicts in different contexts. In the sections that follow I look at the involvement of MDBs in the post-communist transformation, environmental conflicts, and how they were regarded at the beginning of post-communist period.

2.1.2.1 International institutions and post-communist transformation

The post-communist period is not a closed national process. On the contrary, it is related in complex ways with international actors who have important roles and who condition the process. The post-soviet states came onto the world stage at a time when global and local interaction was going through change as the process of neoliberal globalization and the internationalization of finance was expanding. The impact of globalization limited the ability of these states to shape their own transitions (Bova 1991; Smith 1999; Brown 2000; Gans-Morse 2004).

Immediately after the fall of the Soviet Union, the new countries were isolated in the world scene, with economies almost in ruins. Most sought the support of the United Nations agencies and the IFIs. These international institutions played a strong role in 'leading' the post-communist countries to the market economy and liberal democracy by exporting social structures to their societies (Epstein, 2006). IFIs in particular, provided transition countries with a set of conditions that were thought to prepare the ground for the shift from central-planning to liberal democratic capitalism. The western model, particularly neoliberal policies, were seen as the best way to approach one of the biggest socio-political transformations of the twentieth century. These policies included the construction of a market economy based on private ownership, rolling-back of the state as

collective owner and provider, and in the political sphere on free elections, democratic constitutions, and the rule of law (Bhole, Radice and Shields, 2007; Shields 2004; Shields 2006; Petrova 2007). These shifts have allowed some critics of the post-communist period to argue that the transition process has benefited global capitalism and local agents like oligarchs and plutocrats (Aslund 2007; Ramet 2007).

Some soviet-sphere countries, such as CEE, have succeeded with reaching the goals of transition. Other countries of the Western Balkans and post-Soviet states are still in the early transition phase. In the latter group of countries, IFIs still play a significant role. As it relates to this study, MDBs assist countries of Western Balkans and South Caucasus with the aim of achieving development. The MDBs also assist the countries of the Western Balkans towards EU membership and the countries of the south Caucasus within the framework of EU's Neighbourhood policy.

Transition countries are expected to perform according to a set of expectations, but they do not determine these expectations themselves. In this process, transition countries are on the receiving end of expertise, technical assistance as well as financial assistance, and MDBs provide this expertise. MDBs issue country reports and transition reports in order to assess the situation and determine the goals for these countries².

In general, international organizations are known in the international realm for their technical expertise. Through such expertise they can influence the capabilities and interests of states, while at the same time socializing these states in a new set of norms and practices. In the case of transition countries these are the market liberal norms and

²The World Bank, for instance, builds its country strategy on the basis of that country's national strategy. On the other hand, each ministry holds consultations with the World Bank and EBRD. A country's national strategy is developed in a way that addresses transition expectations (Aslund, 2007).

liberal democracy. This position of MDBs as holding a monopoly on knowledge has given them an upper hand in the countries where they operate (Ruckert, 2006). In the 1990s this position of the World Bank is well-illustrated as it was referred as “Knowledge Bank” (Cammack 2004; Mehta 2001).

Woods (2006), for instance, argues that in Russia and the former Soviet republics, both the IMF and the World Bank were deployed to foster transition from centrally planned to market-oriented economies. In this sense, the IFIs played a very important role in shaping the views of the political elites in these countries. The World Bank and IMF had persuasive power over these countries, since they served as main sites for knowledge and research related to economic policy (Broome 2008; Woods 2006; Costi 2002).

The transition period shows the influence of IFIs over post-communist countries and their elites. Such a heavy involvement with a vast process leads to asking whether their experience in transition countries has had an impact on IFIs in terms of reform. Vetterlein (2007a) for instance argues, that the World Bank has changed over the years, which allows it to be an institution that can easily accommodate innovation and where change can happen bottom-up due to external factors. Have the processes around environmental conflicts in post-communist transition had an impact on how MDBs conduct their policies? This is one lacuna that this study aims to address.

2.1.3 Transition and environmental conflicts

An important aspect of the transition process that is helpful for reading the prospects for deeper democratic governance is that of environmental conflict. Environmental destruction has accompanied the twenty years of post-communist period. By looking at

environmental conflicts we can see how democratic these societies are becoming. Moreover, environmental conflicts allow us to see the broader range of actors and forces that need to be considered in an analysis of post-communist transformation, because environmental conflicts involve many spheres like the economy, political institutions and society at large.

Unfortunately, a comprehensive literature that examines environmental politics in the transition context is missing. The main reason for the lack of developed scholarship has been the political context of reduced funding for environmental research, because environment as an issue area is not considered politically important. Even if there is a focus on environmental issues, that is an ad-hoc interest on what are considered hot topics (Wooden, Aitienva and Epkenhans 2009).

The role of international actors in these countries has also conditioned the research interests of local scholars. Scholars of most post-communist countries, especially in those that are the focus of this dissertation, depend on donors and international NGOs for funds that support their research. As a result, the works produced in these countries lack the indigenous perspectives, as the research is conditioned by the topics supported by donors.

Wooden, Aitienva and Epkenhans (2009) provide an elaborate summary of the state of the sub-field of environmental studies in the Eurasian region. They argue that developments in this sub-field have been conditioned by the changing political conditions that result in short-lived scholarly interest. They identified different phases of scholarly involvement with environmental politics.

The first phase was marked by the Chernobyl accident, which resulted not only in the opening up and self-criticism from within the system, but it was later combined with the aim of self-determination and definition of nationalities. These sentiments characterized the scholarship on environmental politics in the 1990s.

Then the studies entered into a second phase, which is still persistent, focusing mostly on “hot topics”, such as the Aral Sea disaster, water security for the region and the politics of hydroelectricity. They contend that the extent of climate change will increasingly affect the scholarly coverage of environmental repercussions deriving from the energy sector. Even though Wooden, Aitienva and Epkenhans (2009) outline these prospects for scholarly research they maintain that the pursuit of 'hot topics' research has hindered theoretical and methodological developments in environmental politics (Wooden, Aitienva and Epkenhans 2009:52-53).

Because the aim of this dissertation is to see the prospects for democratic environmental governance in the case-study chapters, in the next section I complement this review of literature with some examples from CEE countries where environmental issues and social resistance about these issues have played a role in shaping countries' political developments.

2.1.3.1 Environmental politics in the ‘Eastern Bloc’: communist and early post-communist transition period

Environmental degradation during the communist and post-communist period suggest that in order to grasp the dynamic of environmental problems in these countries, one needs to look at a complex picture. Such a perspective helps in understanding the way

that transition period unfolded in these countries and how their environmental concerns were addressed.

There is a general agreement in the academic literature that the environmental conditions in Eastern bloc were quite poor during the communist period³. Several of these problems were related to levels of industrial pollution that in many places threatened human health; widespread land and water degradation (particularly in the former Soviet Union); and the persistent neglect of nuclear safety and nuclear waste management (OECD Observer 1999).

The most salient explanation put forward to account for the environmental degradation in the Eastern bloc links environmental degradation with the ideology that was followed by these countries, which emphasized economic growth and industrialization. According to this view, “[n]ature and the natural world were seen as obstacles to technical progress, to be overcome through scientific and technical advancements. While differing in emphasis, this ideology holds much in common with Enlightenment thinking in the West, a dominant ideology which was important in shaping the development of Western capitalism” (Baker 1996: 139).

During the years of state socialism many of the environmental problems were very visible⁴ (DeBardeleben 1991; Dalby 1991). The firsthand experience with environmental degradation combined with general awareness about the global side of

³It is important to point out that each country in the former eastern bloc represents a different case. However, because they all share the experience of central planning, they are usually seen as inheriting similar environmental problems.

⁴Examples included the following: acid rain had major effects on European forests, especially in East Germany, Czechoslovakia, and Poland; the reliance on brown coal as a source of energy meant the expansion of strip-mining; beaches were closed to swimming, fish kills became more frequent, and more green areas were taken over by “development”. Further, the increase in personal automobile ownership resulted in urban air becoming unsuitable for human respiration (DeBardeleben, 1991; Dalby, 1993).

environmental problems, such as depletion of the ozone layer, climate change, and the ubiquitous presence of harmful chemicals in the food chain and environment, resulted in environmental activism in areas such as the former GDR, Hungary, Czechoslovakia, and Poland. Indeed, as DeBardeleben (1991) asserts, an ecological movement in Eastern Europe and former USSR could be seen as early as the 1960s. It was during these years that the mentality of 'big is beautiful' came to be seen with scepticism in the Eastern bloc (DeBardeleben 1991: 4).

Environmental degradation resulting from the communist period fuelled movements for democracy and in some cases the environmental movement served as a harbinger for broader calls for democracy and national awakening. In the Baltic states environmental protests were organized in opposition to the development of oil shale mining in Estonia, the erection of new hydroelectric dams in Latvia, and nuclear power plant expansion in Lithuania (Agarin 2009). Environmental degradation was a high concern especially for homogenous national groups that saw the deteriorating environmental conditions as deliberate. This sentiment was particularly salient in the Baltic republics, and Nagorno-Karabakh where environmental grievances were mostly expressed by ethnic Armenians (Geukjian 2007). Thus in the late Soviet period deteriorating ecological conditions give rise to ecological movements, which served as proxies for the expression of general public discontent (Dawson 1996).

During the communist period the conflict existed between the society and nature, although it had not surfaced as a conflict between social groups. The early transition period accelerated the conflict with nature further as post-communist states' capacity to

act in terms of its material capability and the institutional ability to generate legislation and regulations that protected the environment diminished under the impact of neoliberal policies. The complexity between democratic rights and environmental concerns during the years of state socialism became even more obvious in the early years of the post-communist period, which contradicted the commonly held belief in the post-communist societies that the transition to market economy would improve democratic rights. The important role played by environmental mobilization prior to the 1989 revolutions did not prove to be very successful in the post-1990s period. Indeed, as Jehlicka and Tickle state, “[w]ithin two years of the fall of the old regime, relatively strong green parties disappeared almost without trace” (Jehlicka and Tickle 2004: 83-84).

The early post-communist period was characterized by neoliberal policies where matters of privatization of state enterprises and decreased state regulations were given priority. Under the principles of neoliberal approach to transition, environmental concerns did not acquire a crucial position in the governments' agenda (Pavlinek and Pickles 2005; Gille 2000; Hochstetler 2012).

The beliefs, especially in the Eastern Europe, that ushering a new system would mark the beginning of a period where environmental concerns could be taken more seriously, achieving in this way economic prosperity and environmental security at the same time, were vanished by the introduction of neoliberal reform.

The experience of most CEE countries with environmental conflicts reveals the close connection between society and nature. The analysis of the society-nature relation in this context is important because it shows how concerned voices in society react when

they need an addressing of their worries about environmental degradation. While much literature exists in the CEE countries there is a lacunae that exists for South Caucasus and the Western Balkans. This study is a step in that direction of filling this lacunae.

2.2 MDBs: their policies concerning the environment and their engagement with civil society groups

Many post-communist countries looked at development, storage and transportation of hydrocarbon resources as a path to fuel their economic growth. Environmental politics are closely connected to developmental and energy politics. Through energy politics the environment becomes an important battleground, the study of which tells us much about what is happening in transition. At the same time, the reality of environmental impacts of energy projects also tells us about the darker 'transformations' that are occurring in the post-communist setting, with real (human and non-human) winners and losers (especially losers).

In the sections above, I maintained that post-communist period cannot be understood in isolation from the impact of IFIs, and the broader shifts in the global political economy. This section takes a closer look at MDBs, their environmental policies and engagement in the process of 'transition', by focusing exclusively on the World Bank and the European Bank for Reconstruction and Development (EBRD) with respect to the role that they play in shaping environmental governance. The analysis of MDBs involvement in environment issues is important as the they are key actors for change. O'Brien, Goetz, Scholte and Williams (2000) suggest that a study of the linkages between the Bank and environmental movements shows not only the importance of international organizations as actors in international relations, but also their role in

assisting change through creation of global norms (O'Brien et al.,2000: 157).

This section first examines the role of MDBs in the post-communist process. It then looks at the process of 'greening' of the MDBs and the impact of civil society groups on these reforms. It presents an overview of some of the major reforms that have resulted in the establishment of rules and grievance mechanisms about the inclusiveness of civil society and environmental issues. Along the way, I show that there remain gaps in our knowledge on MDBs and the environment in the context of the transformation of post-communist states. These gaps include: the role that MDBs play in environmental conflicts, their interplay with civil society actors, and the impact of concerns emerging from 'small' countries on 'greening' reforms of MDBs.

2.2.1 The greening of World Bank and EBRD: the role of civil society groups

This section reviews the literature on the greening of MDBs with a focus on their relationship with civil society organizations in the countries where they are active. It looks at the campaign and the projects that influenced the 'greening' of policies of the IFC and the mandate of the EBRD with regard to greater accountability and transparency.

The history of the World Bank is replete with financing projects that have indirect environmental impacts (Kapur, Lewis and Webb 1997; Goldman 2001). As Rich (1995) maintains, the energy sector has been World Bank's "largest or second largest lending area in recent years – accounting for between 14.3 and 18.6 percent of annual lending in the period 1990-1993" (Rich 1995: 169). Rich argues that for the first part of the 1990s, the cost of large-scale energy projects increased in most developing countries, which meant that scarce capital from health, education and conservation was diverted to the

energy sector. Well into the new millennium the situation has not changed significantly. In 2010, the Energy and Mining sector was the second on the list of all IBRD and IDA lending by sector. Also, in the time period 2003-2010, World Bank lending in Oil, Gas and Coal combined with Thermal Power generation oscillated between 24-45 % (The World Bank Annual Report, 2010). EBRD on the other hand in 2010 invested 1 billion euro in 21 power and energy projects in 13 transition countries (EBRD Power and Energy, March 2010).

The fact that such strong involvement of MDBs with the energy sector has implications for the environment guides the following section. It looks at two specific MDBs in more detail, the World Bank and EBRD, given the prominent role these MDBs play in the cases discussed in this dissertation. The literature on these MDBs illustrates the efforts made by these institutions to change their environmental policies and in what areas they can serve as agents of change. This literature also suggests some limits to the environmental reforms these MDBs have initiated.

2.2.1.1 The World Bank

Over the last decade the World Bank⁵ has undergone several reforms and is one of the first multilateral international institutions that, in the face of external and internal

⁵The World Bank was created in 1954 by the Bretton Woods Agreements and it is constituted by four main bodies. The International Bank for Reconstruction and Development (IBRD) has 187 member countries and makes loans at commercial rates, with 5 or 10 year grace periods on repayment of principal, to finance projects and programs of member governments. The International Development Association (IDA) was established in 1959 and it has 170 members. The International Finance Corporation (IFC) was established in 1956 to finance and insure corporate investment in developing countries and has 182 members. In 1988 a Multilateral Investment Guarantee Agency (MIGA) was created to promote foreign investment in poor countries by 'mitigating non-commercial risk' to investors through insurance and policy dialogue with member governments and it has 175 member countries. IBRD and IDA are governed by a shared Board of Governors and Board of Executive Directors. Governors, one per member country, meet annually in order to address certain aspects of World Bank governance. Each new member country of the Bank is allotted 250 votes plus one additional vote for each share it holds in the Bank's capital stock (The World Bank Group, Boards of Directors).

criticism, made a shift from the so-called ‘Washington Consensus’ to the ‘Post-Washington Consensus’. The term ‘Washington Consensus’ was coined by John Williamson in 1989 to encapsulate the neoliberal policies that were followed by the World Bank, IMF and US governments (all based in Washington) at the end of the Cold War (Williamson, 1989). These were economic policies, which involved deregulation, privatization of state owned enterprises and market liberalization. They were adopted first and foremost by these institutions as a condition to provide financial and development assistance (Stone and Wright 2007; Clark, Fox and Treacle 2003; Gutner 2002; Woods, 2006; Park 2008; Keck and Sikkink 1998; Vetterlein 2007b).

The failure of rigid economic measures to deliver ‘capitalism with a human face’ resulted in increased internal and external criticism towards the World Bank. The Washington Consensus was criticized on several grounds. The first criticism was directed at the size of the government. The state was reduced to a minimal role, due to the belief that government intervention would lead to imperfect functioning of the market. The second criticism was directed at the role of institutions in development. Institutions were needed with regard to creating a lawful environment and establishment of contracts for the smooth operation of the market. The third criticism was directed at its ahistorical approach and the failure to recognize the circumstances of the countries in which this approach was applied. Thus historical, cultural and social conditions of countries that would receive advice were not evaluated specifically. A fourth criticism was directed at the ‘trade-offs’ of development. Policies prescribed to countries under ‘Washington Consensus’ ignored the close relation of the economy to the natural environment, access

to education and culture, participation of citizens in the policy-making process, and other non-economic factors (Toth 2007: 253-254).

As a result of the criticism and leadership change, the World Bank made its shift to the 'Post-Washington Consensus', which became salient in late 1990s (Stiglitz 1998). The term refers to a more complex and holistic view of development rather than just an economic one. In this view, development encompasses social, political as well as cultural dimensions. A country's economic growth needs to be accompanied by sustainable, democratic and equitable development. In this way it does not only refer to macroeconomic stability, but also to a transformational process that affects society as a whole. This holistic view acknowledges that development requires expertise that draws on local and technical knowledge, and in addition to the field of economics it requires involving expertise that derives from fields like anthropology, sociology and ecology.

Also under President Wolfensohn (1995-2005), the World Bank adopted numerous new initiatives and policies, responding to NGO critique that questioned the development impacts of Bank's financing. In response to '50 years is enough' campaign, Wolfensohn shifted the focus of the Bank towards 'development effectiveness' and 'accountability', while prioritizing economic, social and environmental policies (Vetterlein, 2007a: 126-128).

According to the Bank's 2011 World Development Report, issues of security and state building can be addressed with increased transparency, NGO involvement and more citizen involvement (World Development Report Consultation, June 2011).

In the spirit of reformation, the attitude towards nature/environment has been one

of the World Bank's aspects that has received significant attention. The change in World Bank's focus on environmental projects came as a result of the struggle between the Bank and its environmental critics. A general overview of academic works on IFIs reveals that studies about the reform of the IFIs focus mainly on the role of the movements, elites or governments of the countries that have the highest shares in these institutions or on the role of the movements, elites and governments of large countries. This tendency is particularly striking with regard to environmental reforms. The cases of Brazil, India, and China are seen as deterministic as far as environmental reform of the World Bank is concerned (Wade 1997; Woods 2006; O'Brien et al. 2000; Scholte and Schnabel 2002). There is a gap in the literature with regard to the contribution of 'smaller' cases or countries from the global south regarding the role played by the World Bank in environmental governance in these countries and also the impact of these countries on further environmental reform in World Bank.

Pressure from environmental organizations who presented case studies, and media coverage, made visible the Bank's conduct of lending and policy making. The pressure from these organizations combined with support of the US Congress and resistance by many borrowing governments resulted in the institutionalization of environmental policies. More specifically, a new environmental division was created within the World Bank, and the elaboration of an environmental impact assessment process became an essential requirement for many loans provided by the Bank. This reform within the World Bank has been interpreted as “[seizing] the opportunity by seeking to assert leadership in efforts to address global environmental issues” (Nelson 1995: 32).

The World Bank has now emerged as the largest lender for environmental projects in the developing world and environmental assessment⁶ (EA) is a requirement for each of the projects that need to be funded (Park 2007: 175). In the Bank's operational policy, an environmental impact is defined as an estimate or judgement about the effects on the physical, biological, social or economic settings of a particular project. The World Bank does not carry out the environmental impact assessment. Instead, the Bank is involved in the advisory capacity prior and after environmental assessment has been administrated⁷.

Upon completion, the Bank reviews the environmental assessment and may even require further steps such as public consultations and disclosure of the information. The World Bank's advisory role is of significant importance for environmental governance. In its present capacity the World Bank has emerged as an important agent, since it possesses significant resources, expertise, and regulatory initiative, which is able to deploy with some degree of international autonomy (Levy and Egan 1998, Stone and Wright 2007; Woods 2006; Wade 1997; Leader and Ong 2011).

Although the tendency for the World Bank has been one of change and adaptation, especially with regard to environment, there has been unevenness that can be dedicated to the "balance of power between pro-sustainable development forces between

⁶The projects are divided into three categories, based on environmental impact assessment. 'Category A', includes projects that pose high-risk environmental impacts, while 'category B' projects have serious impacts but that are considered to be mitigated in the future. 'Category C' projects have negligible impacts on the environment (Park 2007: 175).

⁷As specified in its operational policy: The borrower is responsible for carrying out the Environmental Assessment (EA). For Category A projects, the borrower retains independent EA experts not affiliated with the project to carry out the EA. For Category A projects that are highly risky or contentious or that involve serious and multidimensional environmental concerns, the borrower should normally also engage an advisory panel of independent, internationally recognized environmental specialists to advise on all aspects of the project relevant to the EA. The role of the advisory panel depends on the degree to which project preparation has progressed, and on the extent and quality of any EA work completed, at the time the Bank begins to consider the project (Operational Manual, Environmental Assessment, 1999:para.4).

and within three different kinds of actors: civil societies, nation-states, and the bank itself. This balance of power is not fixed or predetermined...” (Fox 2003: xvi). This is particularly important as the dynamics that develop between and within those groups cannot be understood as fixed. They need to be conceptualized as fluid where contestation is inherent. The politics of contestation help us to understand change and how change can occur.

In sum the literature suggests that the World Bank has undergone significant reforms in terms of norms and established institutions regarding environmental protection around project financing. Additionally the literature also suggests that there is a gap regarding the impact of cases outside the 'big' countries in the global south that have had an impact on environmental and social reforms of the World Bank. It also suggests that the success of sustainable development practices is conditioned by a balance of forces among actors involving civil society groups, the different states where the Bank invests and the policies of the World Bank itself. An exploration of these two aspects in the post-communist context will help to fill the gap in the literature about World Bank.

2.2.1.2 The European Bank for Reconstruction and Development (EBRD)

Compared to the World Bank, the European Bank for Reconstruction and Development (EBRD) presents a different dynamic regarding its creation and its environmental mandate. The EBRD is related to the World Bank in terms of its mission. The World Bank was a product of the Bretton Woods system and part of the recovery and development plan after World War II. Similarly, EBRD was envisaged in late 1980s and founded in 1991, with the purpose of helping the transition of post-communist countries

from command economies to market oriented economies. The EBRD was part and parcel of the idea that the CEE and other post-communist countries should be offered a similar plan such as the Marshall Plan that was offered to the Western Europe at the end of WWII. As such, EBRD was part of the institutional inventions that took place at the end of the Cold War as well as of the institutional expansion that was aimed at integrating the post-communist world into the global economy. At its inception the aim was for EBRD to be placed horizontally with the other IFIs such as IMF and World Bank.

In some ways EBRD was similar to these IFIs, while at the same time its mandate proved unique. With the existing IFIs it shared the focus on investing in environments that were characterized by macroeconomic stability and it promoted a competitive environment as a key to sustained economic growth in post-communist countries. In terms of its role regarding environmental impact assessment, EBRD like the World Bank, does not carry out environmental assessments of the projects. Instead each client (government or private actors) that aim to develop a project should undertake an environmental assessment⁸.

The mandate of EBRD is unique in terms of its scope and some of its aims.

⁸ According to EBRD's Environmental and Social Requirements each 'Category A' project must go through the following steps,

...the Environmental and Social Impact Assessment submitted by the client must be reviewed by ESD [Environment and Sustainability Department] specialists to determine whether it covers the appropriate range of issues in a sufficient level of detail so as to facilitate meaningful and informed comment(s) from external stakeholders. At least two people in ESD must agree that the documents are ready to begin the consultation process, and in the case of a Social Impact Assessment or where a Resettlement Action Plan or Indigenous Peoples' Development Plan is required, one of the people clearing the documents for release must be the social expert assigned to the project. If the documents are missing information on critical issues, or lack the necessary information for meaningful comments to be made by the public, then the documents will not be accepted by the EBRD and this may affect the validity of the associated consultation process (EBRD, Environmental and Social Procedures, 2010: 16).

Unlike the World Bank, EBRD was conceived to be a European Bank, with a focus on Europe. Also it would focus on specific projects rather than major development and policy projects. As Weber (1994) stresses “in its special capacity, EBRD would support the development of strategies for infrastructure investment on the continent that would balance carefully between projects aimed at international linkages that would serve integration, and projects aimed primarily at domestic transport and telecommunication needs- a rationale not central to the World Bank” (Weber, 1994: p.27).

Another feature that distinguishes EBRD from the World Bank is its mandate in environmentally sustainable economic growth. While the World Bank adopted and developed its environmental policy under pressure from NGOs and the funding governments, “[the] EBRD [was] the first MDB to be born with an environmental mandate, which is seen by NGO’s as a strongly positive move... An NGO campaign was also launched to encourage the new Bank’s charter to include an environmental mandate, and its efforts fell on receptive ears” (Gutner, 2002: 62).

Additionally, EBRD’s environmental focus was motivated by seriousness of the environmental issues in the post-communist countries (Bronstone 1999). The experience and the critique directed at the World Bank’s controversial environmental record had a strong impact in determining EBRD's environmental mandate right from its inception.

2.2.1.3 MDBs and civil society organizations

The demand for environmental reform at the World Bank and the EBRD was associated with an increased role of civil society. The idea of civil society participation is a new element in the discourse of World Bank, in particular. The role that NGOs played in

including environmental concerns was different for the two MDBs, certainly the case of ‘greening’ the World Bank was and still remains by far a harder task. As Gutner (2002) states, “lobbying by NGO’s certainly helped promote the environmental issue in the EBRD negotiations, ...unlike the case of the World Bank, [where] they did not play a seminal role in putting the issue on the table” (Gutner, 2002: pp.63).

Similar to the case of environmental reform, the inclusion of civil society is an attempt to invite to the table the affected communities in order to address the criticism of neoliberal policies (Ruckert, 2006). In three decades the World Bank has incorporated different groups starting with community-based organizations, NGOs, social movements, labour unions, faith-based groups, professional associations and universities. Civil Society Organisations (CSOs) are considered by the Bank as stakeholders and essential for the performance of development projects. They are considered to contribute with local knowledge, providing technical expertise, and leveraging social capital. Further, CSOs are seen as able to bring innovative ideas and solutions, as well as participatory approaches, to solving local problems.

While for the EBRD the importance of civil society was stipulated at its foundation, the World Bank has realized over the years that civil society fulfils several important functions that are important for a country’s development. This demonstrates that the pressure from CSOs for inclusiveness, transparency and deeper democracy on MDBs' project financing processes has softened the MDBs position to the point of self-reformation.

Since the 1980s the World Bank started to open up to CSOs, but it was in 1990s

that the civil society department at the Bank was expanded and specialists were hired to work in Bank's offices worldwide. The World Bank has adopted a definition of civil society⁹ developed by a number of leading research centers as:

the term civil society to refer to the wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organizations (CSOs) therefore refer to a wide array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations (The World Bank, Civil Society).

According to the World Bank the engagement of civil society in project financing has resulted in several benefits. Civil society engagement leads to the opportunity to involve poor and marginalized populations – and help ensure that their views are factored into policy and program decisions, along with enhancing transparency and accountability. It promotes public sector transparency and accountability as well as contributing to the enabling environment for good governance. It encourages public consensus and local ownership for reforms, national poverty reduction, and development strategies by building common ground for understanding and encouraging public-private cooperation. It allows for innovative ideas and solutions, as well as participatory approaches to solve local problems. It strengthens development programs by providing local knowledge, targeting assistance, and generating social capital at the community level. And finally it provides professional expertise and increasing capacity for effective service delivery, especially in environments with weak public sector capacity or in post-conflict contexts

⁹This definition of civil society is appropriate for the purposes of this chapter. In the relevant section in chapter 3 I will different view points for the civil society and will highlight the differences and similarities with this one.

(The World Bank, Civil Society).

Civil society engagement with the World Bank and EBRD has contributed into a performance shift with regard to environment and transparency policy. Civil society organizations are considered to be stakeholders in MDB projects (Florini, 2003). Furthermore, the phenomenon of corruption in many countries of the global south has resulted in a reduction of trust in national governments. This has raised the expectations that the of MDBs will result in higher transparency from national governments (Rose-Ackerman 1999, Williams and Young 1994).

But how can the power of civil society groups be brought into fruition of a democratic ecological governance in post-communist countries? This is one of the questions that this review of the MDBs and the environment raises. The case studies which this dissertation focuses on explores the actions of the World Bank and EBRD in relation to two energy projects in three different transition countries. These projects allow us to examine in detail the role of MDBs in relation to environmental politics, including their responsiveness to CSOs in the context of post-communist transition, which this review shows to be a clear lacuna in the existing body of academic research.

2.3 Conclusion

In this chapter I have reviewed the context of post-communist transition and theories that explain it, I explored the relationship between transition and environment, and examined the role of MDBs in relation to post-communist transition, the environment, and engagement with civil society.

A reading of this literature shows that a developed field of environmental politics that clearly identifies the actors and forces that contribute to environmental governance in the post-communist context is missing. This gap in the literature suggests that a deeper understanding of the position of various local actors, such as states, businesses and civil society groups around environmental conflicts in this context is required.

The other question I explore in this chapter is the role played by MDBs in terms of the transformations taking place in the post-communist context, especially with regard to environmental politics, since it is precisely in this realm that we can really get at questions of deeper democratic engagement. Given MDBs position as holding a central role in knowledge production, when it comes to the constitution of market economy as well as their immense power in terms of material capabilities, they are shown to hold a pivotal role with regards to shaping environmental governance in post-communist context around infrastructure projects in which they are involved. These insights suggest specific elements to be included in a theoretical framework for analyzing post-communist transformations, as outlined in the chapter which follows. This analysis of the literature on the role of MDBs also reveals gaps and the need further analysis. These gaps give rise to questions such as: To what extent have their reforms on environmental policies and civil society inclusion come to fruition in the countries they invest? What do case studies that explore the role of MDBs in relation to civil society engagement in energy projects tell us about the depth of democracy that has been realized in specific post-communist transition processes?

Latter chapters of this thesis address these questions directly through specific case studies. The goal of the next chapter is to build a theoretical toolkit to help us do this work. It begins by setting up this project in relation to the international relations theories of environmental governance.

Chapter 3: An analytical integrated frame

The aim of this chapter is to develop an integrated frame consisting of various tools that can be used to analyze the case studies that are the focus of this dissertation. This analytical frame serves to identify the key elements, and sites of change, for making sense of the struggles for more democratic governance in environmental conflicts taking place in post-communist countries. The integrated frame I propose here draws, in particular, on Gramsci's and Polanyi's theoretical concepts complemented by Keck and Sikkink's 'boomerang model of politics' (Keck and Sikkink, 1999).

In chapter 2, I pointed out that there are gaps in the literature about the significance of the post-communist period for the prospects of sustainable development. There is also a limited view of democratization that pays insufficient attention to the complex international dynamics involved in environmental politics. The case studies that are the focus of this dissertation call for more complex frameworks of understanding. I propose a framework that draws together elements from critical political economy and constructivism to give a clearer picture of the struggle for environmental governance in this context. Out of the plethora of critical thinkers, I choose to focus on Gramsci, Polanyi and Keck and Sikkink's boomerang politics for addressing some of the identified gaps.

Gramsci and Polanyi, although their thought shares several commonalities (Cox and Hettne, 1995; Bernard, 1997), the two thinkers are seldom considered together. Burawoy (2003), one of the few authors linking Gramsci's and Polanyi's thought, does this in order to argue for a sociological Marxism (Burawoy, 2003).

My own contribution in this respect is that I link all of them in the light of environmental politics. Whereas attempts have been made by scholars to situate Gramsci's and Polanyi's thought (independently) in environmental politics, or use their concepts to make sense of environmental movements, it is interesting to see how they complete each other particularly in relation to capitalism's effect on nature and socio-political responses to that effect. Additionally, with respect to Gramsci's tools, in the use of the integrated frame I differ from the typical neo-Gramscian studies in environmental politics (Newell and Levy, 2005; Andree, 2007) with regard to my focus. My focus is on the resistance that is generated by the attempts to establish hegemony, instead of an in-depth assessment of the hegemonic formation. Hegemony, and the social forces that underpin it, are used in this dissertation in order to understand the forces against which the resistance is organized. I then use concepts from Gramsci, Polanyi together with Keck and Sikkink's boomerang politics in order to complete the view of how resistance gains momentum.

This integrated frame helps to analyze the engagement of two unequal groups in an environmental conflict, the alliance of forces seeking to establish hegemony and the resisting groups involved in energy projects. The tools provided by the frame are useful, because first, they allow us to detect the concert of actors and forces that push forward the energy project. This could be done by mainly drawing on neo-Gramscian notions of hegemony, and material, institutional and discursive strategies that underpin hegemony. Second, the frame would allow us to understand the resistance that is provoked via the attempts to establish hegemony by relying on social resistance, informed by Polanyi's and

Gramsci's thought and augmented by the tactics that the boomerang politics suggests. I maintain that drawing on Gramsci, Polanyi and Keck and Sikkink's boomerang model of politics provides a comprehensive answer to the question of how the struggle for democratic environmental governance unfolds in the energy sector in post-communist settings.

How does the integrated frame work? The frame consists of elements which comprise actors, like states, oil businesses, international organizations (especially MDBs) and civil society groups, and forces that glue some actors together and others that resist the dominant interests. The dynamics of the frame is explained by using tools from Gramsci, Polanyi and boomerang model of politics. The Gramscian part looks at how material, discursive and institutional forces come together to further a project. This attempt to establish hegemony implies the activation of resistance. The processes that are launched by the forces seeking to establish hegemony are also steps that cause the commodification and separation of economy from nature and society. This process of disembedding could be explained with the theoretical tools provided by Polanyi, which look at the link of society with nature and the potential for resistance when nature is commodified. This dimension could help to explain how the conflict between opposing actors is sparked.

In a context where communication between antagonistic groups is broken, Keck and Sikkink's boomerang model of politics helps us to understand how different actors come to socialize and communicate with each other at the international level. The boomerang model of politics provides a lens for looking at the start of an organized

resistance in an environmental conflict situated in the context where the channels of communications between society and the state are weak.

Gramsci's concepts of hegemony, civil society and common sense coupled with Polanyi's concept of commodification of nature and the disembeddedness of the economy, provide a nuanced understanding of the situation. These are useful tools to make sense of a complex situation and to discern how different forces align, what tensions and frictions arise and how material capabilities, norms and discourse come to play a role in the alignment of these forces.

The integrated frame proposed here emerges out of a critical assessment of mainstream approaches to environmental governance. Because this dissertation focuses on projects that have regional environmental and economic impacts, linking neighbouring countries and involving international actors, ranging from international oil companies and MDBs to international NGOs, a logical starting point for studying these cases would appear to be the International Relations literature on the environment and sustainable development. As a result, this chapter begins with assessing the state of the IR literature on environmental governance. However, due to the limitations of this literature that I elucidate below, the chapter moves on to other bodies of theory, including the field of critical political economy, in order to build a theoretical frame suited to the task at hand.

This chapter is organized as follows. First, I give an overview of contending theoretical approaches to environmental governance. I argue that traditional perspectives on environmental governance in IR, such as liberal institutionalism and constructivism, are useful but not comprehensive in explaining and understanding complex circumstances

that impact environmental governance around resource extraction. I then show that critical political economy (CPE) offers a perspective suitable to be adopted for concerns that originate globally, but manifest themselves locally. A perspective which holds that material capabilities (seen as material interests, material gain and the power associated with them) of different actors can be foundational in determining the shape of environmental governance. For these reasons a CPE perspective seems particularly salient to use with regard to the energy projects that this dissertation focuses on.

In the second section, I explore the question of environmental governance from the point of view of democratization, thus setting some clear objectives against which to measure efforts to engage citizens in environmental decision-making. Drawing on the environmental justice and ecological democracy literature, I argue that that the democratization of environmental governance can be gauged by assessing inclusion, participation and deliberation of those affected and at risk, future generations and the natural world. In the third section I present my integrated frame in detail, pointing out its implications for democratic environmental governance and what it means for the analysis of my case studies in Chapters 4 through 6.

3.1 Contending theoretical approaches to environmental governance

In political science the issue of environmental politics has been addressed by different streams like public policy, resource management and the international relations literature. Well before the field of international relations picked up on the issue of environment, those other fields have played a significant role in assessing environmental degradations and environmental risks and national and local levels. As Steinberg and VanDeveer

(2012) contend, only recently another body of literature that links domestic environmental politics with processes that condition global environmental politics has begun to emerge as the field of ‘comparative environmental politics’.

For the purpose of this chapter and by recognizing the international nature of the projects that are the focus of this dissertation I focus on the international relations literature. In line with the disciplinary tradition, I begin by discussing theories of governance in general, and environmental governance in particular, as they are seen in the international relations literature. I then identify areas where these theories could be augmented to reflect the local issues that are the focus of this study. The concept of 'governance' originates from debates about forms of governing that are not hierarchic and originating from state activity. Governance implies that policy can be initiated and implemented by a multiplicity of actors, such as society in the form of community initiatives, businesses, local and national governments and cooperation among these actors. The term differs from the classic understanding of government in the sense that it goes beyond institutional concerns to encompass the involvement of civil society in the process of governance and an understanding of how lay people and civil society create new identities and new forms of self-and co-governance in order to expand their autonomy and understanding as members of a political community (Newman 2001; Bang 2003; Jessop 2002).

In International Relations (IR) literature the most common definition of governance is by Rosenau (1992). He holds that governance is not only more encompassing than government, but it is also more about practices and processes of

governing than the institutions involved in governing. In this respect there is a qualitative difference between the two that involves approval and acceptance. In Rosenau's assessment, a government can govern even when faced with opposition, while governance requires a much stronger and wider acceptance (Rosenau 1992).

Most IR scholars understand that governance is decentralized and involving a multiplicity of actors, starting with states, non-state actors, international organizations and businesses (Finkelstein 1995; Rosenau and Czempiel 2000:4-5; Wilkinson 2002; Knight and Keating 2010). Environment is no different in this regard. There is a general agreement, for example, that sustainable development requires multilateral governance, because without well-defined rules and expectations most countries are incapable of unilaterally protecting themselves from trans-boundary and global environmental risks (Haas, 2002).

In sum, governance has become a key term in environmental and resource politics. The issue of the environment has traditionally been approached from an institutional angle in international politics, but the concept of governance helps to show how broader global political forces and trends shape environmental politics. Environmental governance describes world politics that go beyond states as actors to include other actors such as multinational corporations, international organizations, civil society groups and networks of experts and local communities. The concept of global environmental governance allows us to capture this multiplicity of actors, but the process of global environmental governance is not a uniform political process. On the contrary, as

a practice global environmental governance remains ill defined and variance and fragmentation can be identified as its main characteristics.

In what follows I discuss some contending approaches to theorizing processes of environmental governance to see what each of them brings to the table. Moreover, I consider what each offers for analyzing the case studies that are the focus of this dissertation.

3.1.1 Neoliberal Institutionalism

Environment as an issue area has been mainly approached by inter-state affairs.

Neoliberal institutionalism is the first perspective that sees environmental issues to be addressed beyond the realm of states into the international agenda. Considering that environmental issues are a menace to all, the neoliberal institutionalist perspective holds that they can be solved through strong institutions and norms that would protect the common good (Paterson, 2005; Vogler, 1995; Haas, Koehane and Ley, 1993; Hurrell and Kingsbury, 1992; Young, 1989).

Scholars in this tradition focus on the institutions and processes that enable global governance mechanisms to emerge, including how environmental issues can be addressed alongside issues of economic growth, technology, foreign investment and the building of institutions. Examples of the outcomes of these governance processes can be seen in the documents released by international institutions such as the United Nations (Clapp and Dauvergne, 2011: 7). These documents place emphasis on the notion of sustainable development as the basis for global cooperation around the issue of the environment.

Global institutions combined with cooperative norms can enhance the capacity of states around the environment.

In this perspective particular importance is placed on interstate environmental conferences as originators of institutional and norm building. These conferences are expected to fulfil several main functions, starting with setting global agendas, facilitating ‘joined-up’ thinking on environment and development, endorsing common principles, providing global leadership for national and local governments, building institutional capacity, and legitimizing global governance by making the process more inclusive (Seyfang 2003: 225).

According to the neoliberal institutionalists, the initiative to cooperate on the issue of environment must ultimately come from states, which are seen as self-interested and rational actors. The basic principle is that because environmental degradation is not in the self-interest of any state and because states are rational actors, it is in the common interest of all states to address issues of environmental degradation in a cooperative manner. However, a common interest does not necessarily assure cooperation. Failure to cooperate can arise due to lack of information, or a state’s perception that cooperation will lead to situations where it could be taken advantage of, such as in cases where the free rider phenomenon exists (Sterling-Folker 2010:120-125).

For neoliberal institutionalists, states are key in addressing shared environmental problems, but state cooperation can be achieved successfully only with the help of international institutions. Institutions are defined as “persistent and connected sets of

rules and practices that prescribe behavioural rules, constrain activity, and shape expectations” (Levy, Haas and Keohane 1992: 13).

A defining feature of environmental governance originating from this perspective is the creation of international regimes, which refers to a thick layer of internationally-established treaties, norms and institutions which govern the environment. Krasner defines a regime as a set of “implicit or explicit principles, norms, rules, and decision-making procedures around which actors’ expectations converge in a given area of international relations” (Krasner 1982:1). Regimes focusing on the environment expanded particularly towards the end of the twentieth century, from a few to hundreds in the last decades of the twentieth century (Murphy 2002: 793). The network of regimes at the global level is also enhanced by the negotiation of sub-regimes, for instance on the oceans, atmosphere, the diversity of species and also on the regional level among neighbouring states (Stoett 2012).

The evolution of debates around environmental governance is intimately related to the notion of sustainable development. The 1972 United Nations Conference on Human Environment defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development (WCED), 1987:43). The definition of sustainable development considers the world and life as a system, which means that decisions made in one realm will affect the outcome in another area. For example, the decisions made about agriculture or the hydrocarbon resource development in one part of the world will translate as water or air pollution elsewhere.

There are other more nuanced perspectives on why states actually comply with regimes. Peter Haas (1997), for instance, argues that coercion, public opinion, and anticipation of benefits do not fully explain the extent of compliance, so he adds the dimension of epistemic communities. He argues that the success of the Mediterranean Pollution Control Plan was due to the introduction of new actors who influenced national behaviour and contributed to the development of coordinated and convergent policy-making in the Mediterranean states. This indicates that unlike the traditional understanding of regime theory, it is not solely the self-interested and rational state actors that will make a regime work. In order for a regime to succeed it would need the contribution of well-educated experts and scientists, which he names epistemic communities (Haas 1997: 297).

Epistemic communities as actors in global environmental governance are groups of global policy networks and organized transnational scientific networks. This is an important element in the discussion of environmental governance, because expertise and scientific knowledge comes to play a crucial role in the negotiations between powerful and less powerful actors in any struggle for more democratic environmental governance. According to Haas (2004), this group of experts, while acting on behalf of the institutions that they represent, can act independently of the wishes of the dominant member states. Epistemic communities include, for example, UNEP, the World Bank since 1987, the European Court of Justice, and possibly the EU Commission (Haas, 2004:2).

3.1.1.1 Limitations of the neoliberal institutionalist approach

Many scholars have questioned the state-centricity of neoliberal institutionalism. Since the lack of global solidarity about resources and environmental issues is more about disagreements on the nature and seriousness of environmental threats, it is insufficient to focus on a system where the states are considered to be primary actors (Vogler, 2003: 36-37; Hurrell, 1994:165; Young, 2002). Additionally, scholars have criticized the positivistic approach followed by this perspective, arguing that such emphasis has resulted in deviating from its origins of seeing principles, norms, rules and decision-making procedures as socially constructed.

There are other limitations of this perspective that make it narrow for addressing complex environmental situations that do not involve only states.

First, with regard to environmental degradation neoliberal institutionalism favours problem solving primarily through state cooperation. Instead of questioning and challenging the causes of environmental problems, it seeks to find answers within the status quo (Eckersley 2010:266; Ford 2003). This was illustrated clearly in all intergovernmental conferences that were undertaken in order to address environmental degradation in a global scale starting with the Stockholm Declaration till the Copenhagen Accords. Environmental problems call for more than just problem solving as they pose profound questions that are intertwined with every facet like the political, social and economical organization.

Second, neoliberal institutionalism is a perspective that assumes scientific expertise over environmental issues. As a result, neoliberal institutionalists may not capture the picture completely, especially with regard to broader issues related to

environmental degradation. In some occasions, experts may not be familiar with the circumstances that lead to environmental risks. By privileging scientific knowledge this perspective overlooks local knowledge emerging from communities that struggle with environmental degradation in their daily lives. While experts would be useful in the negotiation of a regime and its eventual success, such as the pollution of the sea, the ozone depletion or climate change, other kinds of knowledge and expertise are needed in projects that have local scale effect. By focusing on a global scale a neoliberal institutionalist perspective misses out on the local scale. A global lens may be appropriate for understanding issues of climate change, protection of biodiversity, reduction in pollution of international waters and other similar issues, but it is insufficient for understanding environmental and social dynamics at a local level. As Vandana Shiva (1993) contends the 'local' does not appear as much in environmental concerns and it appears as if only the 'global' aspect of environmental problems exists and therefore it is taken as a given that the solution of environmental problems needs to derive from the global scale. The exclusion of the local scale from the global environmental discourse, may result in the inability to capture the voices of local communities and it also creates an opportunity of eschewing responsibilities of global actors that operate locally. For instance, nuclear and chemical industries that operate globally and pollute locally or energy companies that have a global reach but cause environmental destruction at a local level.

A third important limitation of the neoliberal institutionalist view of environmental governance is the lack of focus on material capabilities. This perspective

seems to focus more on the political aspect of environmental governance. For instance, it focuses on the increased number of international organizations that have an environment mandate, but it fails to account for organizations that have economic mandates, but that have an impact on the environment. Organizations like the WTO, IMF, and the World Bank have a significant impact on the environment due to their economic, trade, investment and development mandates. These institutions need to be evaluated for their material capabilities as they possess immense power and ability to determine the life of a project in countries where they operate (Kutting 2004; Elliot 2002).

A fourth limitation of neoliberal institutionalism relates to its terminology. By focusing on state cooperation, it is restricted to the terminology related to regimes. The environmental governance that we witness today is a combination of public and private forms of authority. In some areas states and organizations mandated by states have developed high environmental standards, while in others businesses/companies and civil society groups take charge of environmental governance. As a result environmental governance is shaped by a multiplicity of actors such as states, international institutions, firms, markets, communities and individuals. Because the term governance encompasses a broad range of actors, some scholars have argued for a replacement of the term 'regimes' with that of 'governance' (O'Brien, Gotez, Scholte and Williams 2000).

A fifth limitation is the lack of focus on norms, rules and ideas that impact environmental governance. As Najam, Papa and Taiyab state, environmental governance is “the sum of organizations, policy instruments, financing mechanisms, rules, procedures and norms that regulate the processes of global environmental protection” (Najam, Papa

and Taiyab 2006 : 3). State cooperation certainly plays a crucial role, but other actors such as international institutions, non-governmental organizations and community based civil society groups, along with norms and procedures, shape environmental governance. Additionally, the concept of environmental governance equips us with an analytical category through which we can examine those multiple and overlapping organizational, institutional, and epistemological systems that determine how access to natural resources is structured, negotiated and determined (Himley 2008: 235).

In sum, the neoliberal institutionalist perspective gives insufficient attention to the role of other actors in international level, such as Non-Governmental Organizations (NGOs), Transnational Corporations (TNCs), other smaller scale businesses, and the role of international organizations such as Multilateral Development Banks (MDBs) that have emerged as experts particularly with regard to environment. Also, by taking the concept of rationality and self-interest as given on the side of the states, this approach closes off an analysis of how the interests are constituted, eschewing the role of socialization, discourse and of norms and principles in the constitution of interests. Finally, it privileges scientific voices over lay and local knowledge, prioritizing in this way global scale over local one. The aspect of scale, too, is closely connected to the dimension of local knowledge.

I now turn to other perspectives of environmental governance to see what tools they offer for the case studies in this thesis. I look at two approaches, constructivism and critical political economy, and explore what each of them adds to our understanding of environmental governance.

3.1.2 Constructivism

In contrast to neo-liberal institutionalist perspectives that prioritize institutions and agreements between states, constructivism (aka ‘social constructivism’) focuses primarily on the role of ideas in shaping governance.

Constructivists focus on what ideas are, how they operate and how they interact and change through communications. By focusing on ideas and their transformation through various intersubjective processes, constructivists try to understand institutional and policy change as well as shifts in perceptions about international agendas. They focus on processes of socialization, education, persuasion, discourse, and imprinted norms to understand the ways in which international governance develops. They maintain that the identities and interests are not fixed, but constantly influenced by prevailing social ideas. (Gabler 2010; Hoffmann 2005; Barnett and Finnemore 2004; Haas 2002; Bernstein 2001; Wendt 1999; Finnemore and Sikkink 1998).

As Ruggie (1998) argues, constructivism focuses primarily on the “intersubjective dimension of human action”. He further states that,

constructivism is about human consciousness and its role in international life . . . Constructivists hold the view that the building blocks of international reality are ideational as well as material; that ideational factors have normative as well as instrumental dimensions; that they express not only individual but also collective intentionality; and that the meaning and significance of ideational factors are not independent of time and place (Ruggie 1998: 33).

From a constructivist perspective, global governance is determined by the international distribution of ideas. As Finnemore and Sikkink (1998) state:

[s]hared ideas, expectations, and beliefs about appropriate behaviour are what give the world structure, order, and stability. . . . In an

ideational international structure, idea shifts and norm shifts are the main vehicles for system transformation. (894).

Constructivists argue that norms and ideas matter and people's ideas of how the world 'should be', can be translated in political realities (Finnemore and Sikkink, 1998). Through the lens of social constructivism we can grasp a clearer picture of global governance. We can understand how international institutions and other non-state actors (NGOs, communities, businesses) help to construct norms and shape outcomes by moving in a multiplicity of directions as opposed to a direction determined by the states. Vogler (2003), argues it is more important to understand how to change human behaviour towards nature and how that behaviour can be kept as such that we secure sustainability, rather than looking for order in the international sphere (Vogler 2003: 36). UN environmental conferences, have especially performed the role of shift in norms "through educating governmental elites, exposing them to new agendas and discourse, and providing them with added resources to pursue sustainable development" (Haas 2002:88). The focus on norms, ideas and discourse constitutes a key difference with neoliberal institutionalist theory that is based on state-centricity and rational choice theory.

3.1.2.1 Network theory - boomerang model of politics

One version of constructivism that is helpful in dissecting changes in environmental governance is network theory. In this perspective transformation becomes possible through a variety of actors that practice networking at the international level. While establishing networks, these actors push to change the normative understandings on a

particular issue. As Keck and Sikkink (1998) have argued, the power of networks rests on their ability to search and open up new channels of communication. They state,

[W]here the powerful impose forgetfulness; networks can provide alternative channels of communication. Voices that are suppressed in their societies may find that networks can project and amplify their concerns into an international arena, which in turn can echo back into their countries. . . . These voices argue, persuade, strategize, document, lobby, pressure, and complain. The multiplication of voices is imperfect and selective – for every voice that is amplified, many others are ignored – but in a world where the voices of states have predominated, networks open channels for bringing alternative visions and information into international debate (Keck and Sikkink, 1998:x).

The network theory version of constructivism, in particular, is important in understanding environmental governance, because it helps to understand the socialization of actors that are disconnected or detached from having a voice in environmental governance. The process of socialization that can take place between institutions, international organizations, states, businesses and civil society networks facilitates and in some cases strengthens the diffusion of norms (Bernstein 2001).

Keck and Sikkink (1998) introduced the concept of 'boomerang' politics, in which civil society groups, finding the path to their goal blocked within their own state, activate transnational civil society and NGO networks to apply pressure within other more democratic states which, in turn, apply pressure to the reluctant state. In this way popular pressure “boomerangs” back on its target through an indirect way (Keck and Sikkink 1998: 12-13). A scheme of the classic boomerang model of politics is presented in the Illustration 3.1.

The ‘boomerang’ model of politics is particularly effective in circumstances where the governments do not respect the rights of domestic based groups or when these rights are not well-institutionalized. In those cases domestic based groups can find support internationally with partners in the developed world or in countries with a slightly more responsive government..

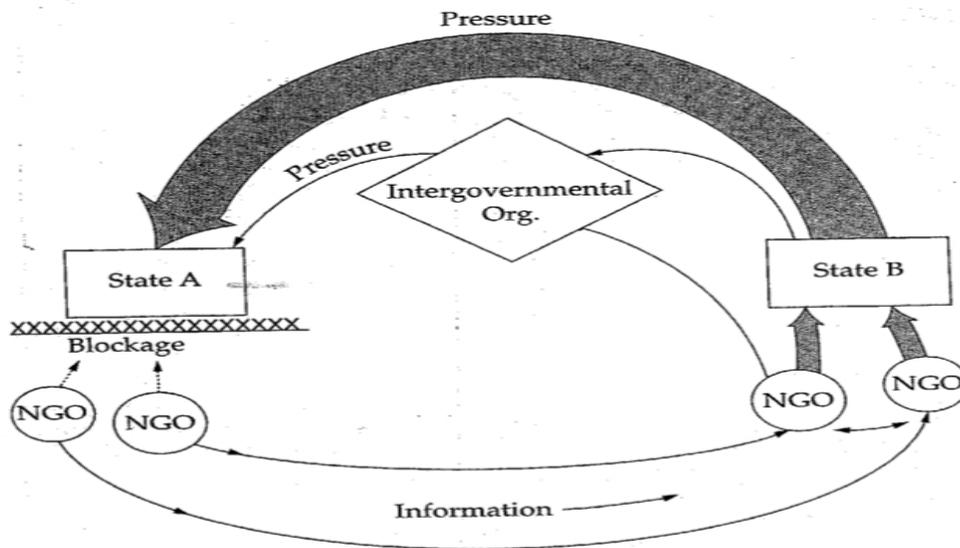


Illustration 3.1: A view of Keck and Sikkink boomerang model of politics. Source: Keck and Sikkink, 1998

The ‘boomerang’ model of politics is based on the concept of socialization, which can be defined as a process where “agents internalize norms that constitute the social structure in which they exist” (Park 2010: 8). Socialization is a direct or indirect process of constant interaction between agents and structures. Direct socialization involves the direct actions of advocacy networks or civil society organizations to change the norms of an institution or of a process. Indirect socialization, involves using other more powerful actors to put pressure on the institution or change the norms of a process (Park 2010:8).

The main agents of socialization in this model are *transnational advocacy networks*, which are “distinguishable largely by the centrality of principled ideas or values in motivating their formation” (Keck and Sikkink, 1999: 89). These networks are unique in their ability to “mobilize information strategically to help create new issues and categories, and to persuade, pressurize, and gain leverage over much powerful organizations and governments. Activists in networks try to influence policy outcomes and to transform the terms and nature of the debate. [Advocacy networks organize] to promote causes, principled ideas and norms, and often involve individuals advocating policy changes that cannot be easily linked to their ‘interests’” (Keck and Sikkink 1999: 90, 91).

The notion of networks is useful when trying to understand local politics and tensions that have international implications or when the tensions are expressed locally but originate from the international realm. Advocacy networks have been particularly successful in raising issues about the environment, human rights, indigenous people, women rights and infant health. According to Keck and Sikkink (1998) these networks can include “international and domestic NGOs, research and advocacy organizations; local social movements; foundations; the media; churches, trade unions, consumer organizations, intellectuals; parts of regional and international intergovernmental organizations; parts of the executive and/or parliamentary branches of the governments” (Keck and Sikkink 1999: 91-92).

Boomerang politics is the result of the activity of advocacy networks. But how do advocacy networks work? Keck and Sikkink (1999) identify four ways that are used by networks in order to effectively carry out their goals,

information politics, or the ability to move politically usable information quickly and credibly to where it will have the most impact; *symbolic politics*, or the ability to call upon symbols or stories that make sense of a situation or claim for an audience that is frequently far away; *leverage politics*, or the ability to call upon powerful actors to affect a situation where weaker members of a network are unlikely to have influenced; and *accountability politics*, or the effort to oblige more powerful actors to act on vaguer policies or principles they formally endorsed (Keck and Sikkink, 1999: 95).

Social constructivism is useful in addressing one aspect of neoliberal institutionalism that is the lack of focus on how norms and socialization shape interests. Another important element is the focus on discourse and language in shaping interests and changing outcomes. Also a constructivist understanding of the governance is useful in explaining the mobilization of civil society around environmental issues and putting pressure on the governments (Bradshaw 2007). More specifically, Keck and Sikkink's boomerang politics brings some useful tools to the study of environmental governance. Its primary contribution is the emphasis on ideas and values as they diffuse through the socialization of advocacy networks. Additionally, the focus on civil society as a significant agent of change constitutes another strength of this model, to be employed in studies that seek to locate the agency for progressive change in an environmental conflict.

One area which can be explained and understood particularly through this perspective is the role played by international networks in shaping ideas about environmental governance within, starting with the World Bank. With the local realm

being silent, the layer of global civil society that is routinely presented in the configuration of global governance usually mobilizes around visible disasters, such as an oil spill or other environmental disasters. Even in that case NGOs organize in key states such as the United States and United Kingdom and look for a broader support base in other countries including those with weak civil society organizations. This kind of organization is then expected to lead to pressure and demands on other actors such as states and international organizations to contrast a regime around the issue (Braithwaite and Drahos, 2000).

However, the boomerang perspective also has some limitations that do not allow it to capture fully environmental conflicts around resource extraction where the understanding of nature goes beyond its intrinsic value, into the material and economic use of nature.

In this model Keck and Sikkink tend to place transnational advocacy networks at the centre as the actors with the most agency, but this positioning does not tell us much about coalitions that emerge among different factions of the transnational advocacy networks. It also fails to provide substantial explanations on material capabilities and structures that might accompany or even underpin the shift in norms and interests.

Additionally, it tends to look at the state as a reified entity, focusing more on the institutional arrangements than on the material capabilities underpinning the state. As a result, the starting point of this model of politics is the disconnected channels of communications between domestic groups and the state. This is a valid starting point, but it does not help to unpack the power dynamics between different actors that reside with

the state and those that oppose it. While ideas of actors play a significant role in determining the outcome and changing perceptions, in order to have a more complete picture of the process, it is essential to consider material capabilities and institutions that in coordination with ideas help to shape outcomes. For this reason I now turn to the critical political economy perspective.

3.1.3 Critical political economy and environmental governance

Political economy can be defined as “the study of the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources” (Mosco 2009: 2). Political economy has several connotations, but in this study it is used in the sense suggested by Kratke and Underhill as an inter-discipline that recognizes “the importance of economic issues and, in particular, of the political nature allegedly of 'economic' facts, structures, and processes” (Kratke and Underhill 2006: 25). When this interdisciplinary lens of political economy is used as a form of analysis that questions the status-quo and dominant power relations, in the literature it has been referred as critical political economy.

In international relations literature, critical international political economy includes approaches that question the conceptualization of the nation-state as the central actor of international relations. Instead of actors, these approaches focus on economic, social and ideological structures that play out in the configuration of international relations. Moreover, these approaches contest the separation between state and civil society which is a major tenet of liberal thought (Honke and Lederer 2011:785). One of the concerns that is raised by these approaches about the implications of the centrality of

the nation-state in IR for global environmental politics has been the ineffective policy responses to environmental issues. Peter Newell for instance, argues that in order to understand the complex relationship between global political economy and patterns of environmental change instead of looking at states, it is crucial to look at “shifting patterns of trade, production, and finance [which] will tell us much about the sources and drivers of environmental change” (Newell 2005: 188). Thus critical political economy is a broad approach that may acquire specificities on the basis of the issue area for which is used as a form of analysis. With relevance to this study I will use it as it applies to the use of natural resources and environmental governance.

In political economy, environmental governance is understood as being closely related to economic development. Critical approaches, especially those with roots in neo-Gramscian scholarship, seek to identify the shape that global governance has taken in relation to the development of capitalism (Honke and Lederer 2011; Christoff and Eckersley 2013). From this perspective environmental governance at the global level is seen as closely linked to the contemporary globalization process. Contemporary globalization is enabled by neoliberal governance through the pursuit of liberalization, privatization and the shrinking of public authority (Weiner, 2001; Evans, Richard and Shields, 2005), but it is also a process that involves elements that are not simply 'neoliberal governance' (Beck 2000; Scholte 2002).

Neoliberal governance has particularly affected environmental decision making, preservation and degradation. This type of governance has two effects: first, it entails the shift of the responsibility from the government to a multiplicity of actors, which can be

public or private. Second, the effect of neoliberal governance is the creation of a type of governance involving a mix of private and public organizations, which shape the norms and establish rules and standards about the environment (Himley 2008). The mix involves international organizations like the United Nations, WTO, the World Bank, and other regional development banks, but also the G7, and transnational corporations (TNCs) with their standards about the environment. In addition to these actors there is also a vast number of NGOs and other civil society groups engaging in this form of governance, or resisting it by constantly attempting to change the norms and values that underpin it. Many (but not all – see discussion of civil society below) of these actors hold values that entail responsibilities towards future generations, excluded communities, accountability and so on. They engage with each other at the local, state and/or global levels with the aim of affecting and shaping environmental governance to suit their vision of the future (Clapp and Dauvergne 2005; Clapp and Dauvergne 2011; Paterson, Humphreys and Pettiford 2003).

Neoliberal governance is typically criticised or singled out due to the qualification of reduced influence of public authority. The neoliberal forms of environmental governance are seen as undemocratic, because they are exercised by non-elected bodies (Himley 2008; Logan and Wekerle 2008; Low, 2004; Peck and Tickell 2002). This pattern has become apparent in conservation projects as well as pipeline and energy development projects in the developing world.

Newell (2012) develops a critical political economy approach to environmental governance. He argues that such approach is more apt for “an understanding and

explanation of the relationship between the economic structures and agents responsible for the production of environmental harm and those actors, coalitions and networks engaged in the construction of environmental governance in the contemporary global political economy” (Newell 2012:41). The kind of critical political economy for which he argues places the relationship between states, markets and civil society at the centre and it pays attention to the material, organizational and discursive elements of power. He proposes that a critical political economy perspective would also look for embedding institutions within global economic processes and it would have a critical view of environmental harm. This would mean to view environmental problems “not as discrete issues manageable in their own terms, but as products of existing patterns of political and social power” (Newell 2012:55). He emphasizes that by understanding the patterns of environmental governance as they develop in the context of neoliberal globalization “we are better placed to understand why environmental politics take the form they do and the likely barrier to attempted reforms” (58).

In sum, critical political economy is a pluralistic field that identifies alternative arrangements and links them together through interdisciplinary lenses to see the connection of the global scale to the local one and vice-versa. It sees environmental governance through economic, political and social structures and processes that highlight losers and winners emerging from different configurations of environmental governance.

The next section introduces Gramsci and Polanyi as two key theorists who have been very influential on the field of critical political economy. These theorists bring useful concepts to the table especially regarding the identification of sites of resistance in

the struggle for democratic engagement in environmental governance around energy projects in the post-communist context.

3.1.3.1 Karl Polanyi's contributions

Polanyi wrote about the development of modern market economies and the processes of transformation that accompanied it. The growth and expansion of industrial capitalism from the 18th to 20th century was a multifaceted process. It delivered wealth for some and pushed others to poverty. Part of this process was also the damage on cultures and people pushed out of their natural living matrix that we commonly call “environment”. The transformation it brought about was the change in institutions as well as human nature. Moreover, it gave rise to a market society where distribution would happen on the basis of price instead of traditional redistribution or reciprocity (Polanyi, 2001). Polanyi argues that to see the world and everything in it in terms of commodification is a utopian vision, which means it is both idealistic and ultimately unrealistic. Instead of this ideal coming to fruition, once land, labour and money are separated from the social fabric, ‘society’ can be expected to react. This reaction, for him, is a movement of self-preservation on the side of society as it tries to protect itself from the negative effects of market advancement.

Polanyi argued that to see the world in a commodified way is not 'natural', unlike what the followers of classical economists like Adam Smith and David Ricardo would maintain. For Polanyi, commodification was a political project, that challenged the more 'natural' way of things that can be expressed through the notion of 'embeddedness'. In his analysis of the social transformations taking place in England during the 19th century, he

maintained that the embeddedness of the economy in the politics, religion and broader social relations was the usual way of things which came to be undone by the ideas of liberal economists (Block, 2001). Thus, for Polanyi, 'embeddedness' is a particular 'state of being' for the society and 'commodification' is an action that causes disembedding of the land and labour from broader social relations.

In order to understand the forces that cause disembedding and those that attempt re-embedding, Polanyi introduces the notion of double-movement. This refers to the reaction of the society in order to push back the forces of the market and gain more space where human values are appreciated. Polanyi theorized a context in which forces of the market are advancing to the extent that society's safety nets are challenged and even destroyed. One movement is that of economic liberalism, which aims the establishment of a free market, having the support of trading classes, and using liberal free trade as its methods. The other is the movement of social protection, which aims at the protection of humanity, nature and productive organization, by using a regime of protective laws and restrictive associations as its methods (Polanyi, 2001:132).

Faced with this destructive potential of the institutions of industrial capitalism, or market society as we witness it nowadays, Polanyi predicted the development of a "countermovement" of the society (Block, 2001: xxvii). The countermovement entails a variety of institutional support for human life and the environment. Block (2001) contends that for Polanyi disembedding is never a fully realizable project, due to the resistance originating from the 'society' that seeks to keep the values of labour and land embedded in social relations. However, it is not certain that a democratic order will

emerge as a result of a countermovement. Despotic and authoritarian social order that can prove even more harmful could also be the outcome (Polanyi, 2001).

Polanyi goes to the heart of what shapes the contemporary debates on how to deal with humanity's relation to nature and vice versa. For him,

Man and nature are practically one in the cultural sphere. [While] markets for labor, land, and money are easy to distinguish; ... it is not easy to distinguish those parts of a culture, the nucleus of which is formed by human beings, their natural surroundings, and productive organizations, respectively (Polanyi, 2001 : 169-170).

Although Polanyi's theory refers to the early years of WWII, the transformation of which he wrote continues. The 1970s saw the market reassert itself through Thatcher and Reagan's policies, through which the state regulation drifted into another wave of marketization (Burawoy, 2010). The renewed faith in the market resulted in a reality of capitalism expressed in the form of a global market economy, which were represented by Washington Consensus, structural adjustment, and the reform and collapse of soviet style communism.

Burawoy (2010) argues that if we follow Polanyi's explanation of history we are now witnessing a third wave of marketization where, "increasingly, exploitation is a privilege rather than a curse, especially in the South but also in the North with growing unemployment and underemployment. The fall of communism in 1989 and 1991, and the financial crisis in Latin America, Asia and finally reaching the shores of the US in 2008 have only consolidated third-wave marketization" (Burawoy 2010: 308). This wave of marketization is also the case with regard to nature, especially in the South where expropriation of land is also accompanied by commodification.

Market system is introduced to several aspects of ecosystem, from fish to carbon and water (Heynen and Robbins 2005). This is particularly the case in one of the most important environmental issues today, anthropogenic climate change, where the solution is proposed to be found in the market system (i.e. carbon credits). As Polanyian-inspired environmental economist Larry Lohmann contends, global warming, in this example, is treated primarily as a business and public relations problem instead of a social and environmental one (Lohmann 2006:89). By turning the issue to the market it seems like there is a re-embedding of nature. However, this is not the kind of re-embedding that Polanyi's work suggests. For him re-embedding of nature and of the market would happen through the democratic involvement of society and through mechanisms that would see all three (nature, markets and society) as part of one whole rather than atomized from one another.

Resistance to the commodification of nature is tightly linked with survival in many societies. This is illustrated by movements against coal mining, oil and natural gas drilling, industrial use of water, and other threats to local resources. Many of these movements are initiated by indigenous groups, first nations, or rural communities, and are a direct response to threats of their capacity to survive materially and culturally (Schlosberg and Carruthers 2010). The neoliberal surge and extensive marketization has given rise to works that lead Polanyi-inspired analyses in the fields of finance, labour food politics and ecology (Chin and Mittleman 2000; Krippner 2004; Guthman 2007; Bugra and Agartan 2007; Hann and Hart 2009; Germain 2010; Sandbrook 2013; Smith 2013; Prudham 2013; Andree 2014; Zerbe 2014).

Polanyi's thought is also useful in the context of post-communist transitions where institutions of market society are introduced as part of the shaping of a free market economy, a process that has impacted labour as well as nature (Aslund 2007).

The key concepts that I borrow from Polanyi are commodification of nature, disembedding of nature resulting from commodification and the social resistance associated with it. In the 'Great Transformation', Polanyi used the concept of separation of the economy from society (also referred to as disembedding by Polanyi scholars) under very specific circumstances - that is as the negative effect of the advancement of market liberalism (Dale 2010). This concept was also taken up by neo-Polanyians to illustrate the commodification of nature (i.e. water and land) and its disembedding as an effect of neoliberal globalization (McCarthy 2007; Watts 2007).

The way I use Polanyi's concept of commodification of nature is by looking at the international trade of hydrocarbon resources. As Polanyi would have us think, participating in the international trade of natural resources is a direct way of commodification of land and its mobilization, from an area where these resources are in abundance towards the industrial core of the market. However, Polanyi would suggest that this mobilization (transfer of resources from one place to the next for economic gain) of land is bound to provoke resistance by the affected communities. The reason for the resistance would be due to the fact that the economic value is only one dimension of the land/nature. For Polanyi land also serves as humanity's site of habitation, condition of physical safety, its landscape and seasons (Polanyi 2001:187). Around this land communities organize and build material and non-material connections and

communications, which they could not repeat in the same way elsewhere (even if they had a chance to be mobile as a community, but due to the territorial constraints of the state this is not possible according to Polanyi).

Moreover, the trade of hydrocarbon resources in particular is associated with potential risks, such as soil and water pollution, soil erosion and climate change, which in addition to the physical impact on nature, also set constraints for the cultural reproduction of the society. Under all of these pressures originating from participating in the market economy through the sale of hydrocarbon resources, we are likely to witness social resistance - even if the resistance is diverse, spontaneous, and self-organized events - in order to ensure that measures are taken against the impact of the commodification of nature.

The resistance is demonstrative of the utopian vision behind the idea of making land a part of the market. For Polanyi, the economic function of the land is only one of its vital functions. He stresses the cultural and existential qualities that tie communities to the land and its qualities which they could not repeat elsewhere. All the social activities material and non-material, the improvements made to the land and socio-cultural communications established around the land tie a human community to the locality where they are.

For Polanyi the utopian vision of subjugating land to the market forces can also be expanded to include other physical qualities of the land, which in turn undermine the cultural reproduction of communities tied to that land. As he states, “the abundance of food supplies, the amount and characters of defence material, even the climate of the

country which might suffer from the denudation of forests, from erosions and dust bowls, all of which, ultimately depend upon the factor land, yet none of which respond to the supply –and - demand mechanism of the market” (Polanyi 2001:193). All of these reasons push the affected communities towards mechanisms or measures that ensure a protection of common interests against the free-market system.

For Polanyi disembedding is not realizable, but some scholars drawing on Polanyi argue that we should be able to identify circumstances not of full disembedding (since that is not possible), but of the degree and nature of disembedding (Andree, 2014). Similarly, Zerbe (2014) for instance uses this same notion of 'degrees of disembedding' with regard to local food movements. He argues that the degree and character of market embeddedness also determines the difference between capitalist and non-capitalist system as seen by Polanyi. In order to qualify different degrees of embeddedness of the market he draws on 'low and high instrumentalism' and 'low and high marketness'. A situation of high instrumentalism and high marketness signifies a high degree of disembeddedness where price mechanisms and self-interest play a central role. Low instrumentalism and low marketness denotes non-market relations, where price does not play a key role and this is a system fully embedded in the broader social relations (Zerbe 2014).

I will draw on these notions of commodification of nature and disembedding to assess the responses to the commodification of elements of nature as part of the construction of energy projects. What would the use of land and sea for hydrocarbon projects mean for the local communities? How does that connect to their culture and identity and how do they express their connection to nature? These questions will be

looked at in order to understand the degrees of 'disembedding' in the context of my case studies.

3.1.3.2 Antonio Gramsci's contributions

Gramsci's main contributions are the notions of hegemony, civil society, and relations of force. These concepts have been employed to explain world order and to understand neoliberal forms of governance by a succession of theorists in recent years (who are often termed 'neo-Gramscians' for bringing his ideas into new contexts).

Gramsci's focus on the interactions between various social forces, and the state of flux that characterizes these relations, make his notions powerful to employ in order to understand complex situations beyond the time and place in which he wrote (Buttigieg 1986).

Relations of force are exhibited at different levels. One level that determines different configurations of 'relations of force' is the material forces around a level of development. This level determines a fundamental configuration in society. Another level of relations of force is the political forces where groups become aware and question their homogeneity. At this level one way relations of force are demonstrated is when one realizes that "one's corporate interests, in their present and future development, transcend the corporate limits of the merely economic group, and can and must become the interests of other subordinate groups" (Forgacs 2000:205).

Civil society should not be understood as monolithic or as fully supporting or rejecting a point of view or an event. Instead, the realm of civil society is one where politics happens. It is at the same time the realm of contestation as it is one of consent.

The vibrant and fluid nature of Gramsci's concept of civil society makes it a compelling tool to be employed in analyses of resistance (Buttigieg 1995; Forgacs 2000; Cox and Schechter 2002).

The notion of hegemony is closely related to the notion of civil society. Neo-Gramscians focus on analyzing three sets of 'relations of force', the material, the institutional and the ideational. They see how these forces play out simultaneously in the realm of civil society, the State and world order to enable the establishment of hegemony by this particular configuration of forces (Andree 2007).

In IR the work of Gramsci is employed to explain world order. Mainstream theories of international relations explain world order based on the system of states. In this understanding the most dominant state, with material and ideational power, is considered to be the hegemon. Robert Cox, broadened this notion of hegemony, prevailing in mainstream international theories, by building on Gramsci's notion of hegemony. For Cox (1987) hegemony is constituted through a combination of material capabilities, ideas and institutional arrangements, which are first and foremost developed and have acquired a leading role within a state, and then this combination of social forces is projected onto the world stage. As he puts it,

hegemony is a structure of values and understandings about the nature of the order that permeates a whole system of states and non-state entities. In a hegemonic order these values and understandings are relatively stable and unquestioned. They appear to most actors as the natural order. Such a structure of meanings is underpinned by a structure of power, in which most probably one state is dominant, but that state's dominance is not sufficient to create hegemony. Hegemony derives from the dominant strata of the dominant states in so far as these ways of doing and thinking have acquired the acquiescence of the dominant social strata of other states (Cox 1990 quoted in Gill 1993:42)

Scholars that have developed Gramsci's notions see hegemony more connected with the civil society as a site of consent, than with what is achieved through a nation state (Gill and Law 1988; Cox 1997; Murphy 1994). Gill contends that the establishment of the hegemony is an unstable process, as different institutional arrangements and counterhegemonic forces will come to challenge the hegemony. Because the maintenance of hegemony is closely linked to civil society, the lack of an international society and no single world state, makes the achievement of hegemony difficult (Gill 1991).

Germain and Kenny (1998) have warned that Gramsci's concepts should be used with caution outside the Western context. In response to these criticisms Morton (2007) acknowledges that any reading of Gramsci is unlikely to present a 'correct' representation due to specific interests and interpretations of the reader. However, he contends that Gramsci's work and conceptions can be used to understand contemporary phenomena and in settings outside the Western context by "thinking in a Gramscian way" (18). As he contends, understanding of present day transformative politics

entails *thinking in a Gramscian way* about the history of ideas and present-day problems rather than simplistically believing that Gramsci has the answers or holds the key to particular problems. Thinking in a Gramscian way also requires one to do one's own work when asking questions about different social conditions. It also pushes one to consider what might be historically *limited* in a theoretical and practical translation of a Gramscian way of thinking about alternative conditions. . . . Rather than literally or mechanically applying Gramsci's concepts, questions can then be promoted about hegemony and the complexity of state-civil society relations, in a Gramscian way, about different circumstances from that in which they were formed (Morton, 2007: 18, emphasis in original).

Gramsci's notions and his platform for analyzing political action has also been used in environmental politics. An understanding of 'Nature' is found in his text, even though he did not write as a political ecologist. In the section 'What is Man?' Gramsci writes that 'man' cannot be understood in isolation but through relationships. For Gramsci,

The humanity, which is reflected in each individuality is composed of various elements: 1. the individual; 2. other men; 3. natural world. But the latter two elements are not as simple as they might appear. The individual does not enter into relations with other men by juxtaposition, but organically, in as much, that is, as he belongs to organic entities which range from the simplest to the most complex. Thus Man does not enter into relations with the natural world just by being himself part of the natural world, but actively, by means of work and technique (Gramsci SPN, 1971: 352).

Although Gramsci discusses nature, that alone does not provide a blueprint for environmental politics today. It has been argued that the way that Gramsci sees the relationship between 'man and nature' provides the bases for understanding the integral connection that exists in the society-nature complex (Ekers, Loftus and Mann 2009; Asher and Ojeda 2009; Karriem 2009; Loftus 1996; Fontana 1996).

In environmental politics the notions of Gramsci have proven useful to explain environmental policies and negotiations at the international level. Levy and Egan (2003) for instance, show how Gramsci's ideas are useful for the study of corporate behaviour in a particular issue area. They focus on the behaviour of business actors towards climate change negotiations in the US oil business. Expanding further on this Levy and Newell (2005), stresses how Gramsci's notions are useful to help us understand that the nature of hegemony is contested.

Andree (2007) uses Gramsci's terms to study the global politics of agricultural biotechnology and argues that "the Cartagena Protocol on Biosafety was enabled by, and further embedded, an emergent discourse of precaution in the field of agriculture biotechnology at the international level in the late 1990s and early 2000s" (Andree 2007:10). He employs Gramsci's notion of hegemony and historical bloc to shed light on relationships that crystallized among the technology industry, governments and civil society that were established around the biotechnology revolution in North America. Moreover, Andree (2007), through the notion of hegemony and historic bloc, traces the levels on which these relationships were developed in order to achieve success.

Levy and Newell (2005) provide a definition of environmental governance with its roots in neo-Gramscian theory. For them, environmental governance entails:

[...] the broad range of political, economic, and social structures and processes that shape and constrain actors' behavior towards the environment" (Levy and Newell, 2005:2).

This definition suggests going beyond focusing exclusively on institutions and the number of environmental regimes to understand relationships that occur among a vast number of actors and structures when addressing environmental concerns. It stresses the norms and structures that are in place regarding environmental governance. Moreover it asks analysts to identify who determines the norms and structures and the multiple and overlapping processes whereby those norms come about, as well as how they unfold in different settings.

Additionally, the focus on social structures and processes that shape and constrain actors' behaviour helps in scrutinizing circumstances in which the forces and actors

involved differ in their nature and magnitude. This enables one to explore how environmental governance unfolds under specific historical and geographical settings. This definition of environmental governance also recognizes the role played by businesses (and material interests more generally), and suggests the possibility of connecting global concerns with events on a local scale (Adkin 2009; Levy and Newell 2005; Newell 2003; Egan and Levy 2001; Braithwaite and Drahos 2000; Helleiner 1996).

In contrast to neoliberal institutionalism this Gramscian reading of environmental governance is helpful for explaining contemporary tensions – and not just cooperation – in environmental politics. One direct political implication of the Gramscian reading of environmental governance is the increased number of channels through which participation can take place, in other words the points through which the public can put pressure in order to pursue their expectations are increased. This frame allows us to look for and find a variety of interests and identities, from public interests to private, corporate and more group and individual expectations.

In sum, this literature review has shown how both constructivism, as exemplified by the work of Keck and Sicking, and CPE (with a focus on the ideas of Polanyi and Gramsci) contribute to a more comprehensive theorizing of environmental governance, one that acknowledges a broad multiplicity of actors, and how their interaction on multiple fronts shapes environmental governance outcomes. In comparison to a neoliberal institutionalist perspective, CPE offers a more complete view as it addresses environmental issues not only in terms of breadth but also in depth. It is also more suitable to be adopted for concerns that might originate globally, but manifest themselves

more saliently locally. Moreover, a CPE perspective incorporates norms and ideas, but emphasizes even more the role of material capabilities. A CPE perspective shows that material capabilities of different actors can be foundational in determining the shape of environmental governance. This attribute of CPE allows us to engage with phenomena at a local scale more effectively.

However, constructivism and CPE emphasize different ontologies. For constructivism, it is the power of ideas and the shift in norms and socialization that explain variations in the constitution of environmental governance. For critical political economy, the emphasis is on material capabilities and how they play out in challenging or balancing out the interests/material capabilities of other actors. The focus on these relationships marked by cooperation and contestation among different actors gives us an understanding of why environmental governance can take different forms under different historiographical circumstances.

The CPE and constructivist perspectives help us understand the forces that shape environmental governance. Now I turn to examining normative approaches to democratic environmental governance in order to understand the status of the debate about what democratic environmental governance could look like. In the next section I present the concepts of ecological democracy and environmental justice, and discuss how these concepts allow us to look for deeper processes of democratization than those implied in the transition literature reviewed in Chapter 2.

3.2 A review of environmental justice and democratic environmental governance literature

In Chapter 2, it was argued that environmental conflicts in the post-communist context push us to look for deeper readings of democracy. If we were to look for deeper democratic engagement in environmental governance processes, what do we need to look for? To answer this, I turn to the increasingly abundant literature in environmental justice that grapples with issues of democratization with regard to the environment.

The environmental justice literature is a combination of political and historical treatments of ecology. Environmental justice literature grapples with issues such as society-nature relation as closely connected to ecological democracy (deliberative democracy). Scholars in this field draw attention to the absence of the voice of future generations in environmental deliberations, inter-generation justice, intra-generation justice as well as global and domestic social justice. Works of Eckersley (1995, 2002 and 2004) and Dryzek (1987 and 1997) have been important attempts to link international relation discourses to environment. Another foundational issue in this literature is the acknowledgement that (non-human) nature is excluded from deliberation, and ecological democracy offers a theoretical site in which ideas about non-human nature inclusion are debated (Dryzek and Schlosberg, 2005).

As Paehlke (2005) asserts, ecological movement from its early origins is characterized by the recognition that decision-making should be characterized by effectiveness and it should include not only experts but also people who are affected by the decision of the experts. Thus, environmental concerns are of such nature that they affect many people, several generations, and the non-human nature.

Eckersly (2004) defines ecological democracy as a situation where “all those potentially affected by a risk should have some meaningful opportunity to participate or otherwise be represented in the making of the policies and decisions that generate the risks” (111). This definition of ecological democracy is inclusive and apt for addressing especially the problem of ‘remoteness’. ‘Remoteness’ is a term coined by Val Plumwood (2005), which relates to a situation where some groups of people are removed from participating in decisions that might have adverse ecological consequences for them. Thus, remoteness can have direct effects where those in positions of power make decisions, which would pass on environmental risks to those who are in a disadvantaged position. More importantly, ‘remoteness’ can take a communicative and epistemological form, where the subjects to be affected are remote from the news or the knowledge of consequences. The perfect case of ‘remoteness’ can be seen in dealing with non-human nature, as a non-vocal and unrepresented element in decision making. People living in that nature would be affected. ‘Remoteness’ works both ways; first, it can be that people who live in a particular area are disempowered and removed from participation in decision making regarding a particular project, hence they cannot voice the issues concerning the natural space they live in i.e. aboriginal communities, rural communities, disadvantaged ethnic groups (Bullard 1993; Agbola and Alabi 2003). Second, it can be that because there is no system that ensures the ‘voice’ of nature to be considered. Nature is seen from a utilitarian perspective and as a result people associated with that nature will have to face environmental risks (Dryzek 2005: 614).

Ecological democracy is the appropriate concept for addressing issues that are likely to be neglected by liberal democracy, as their *modus operandi* is different. As Dryzek maintains, a liberal democracy operates in terms of fairness and efficiency, while an ecological democracy operates in terms of “effectiveness in communication that transcends the boundary of the human world. As it enters human systems...ecological communication needs to be interpreted. However, unlike the situation in liberal democracy...this communication does not have to be mediated by the material interests of particular actors” (Dryzek 2005: 641).

Other perspectives of the environmental justice stream point out cases where the negative impacts of development projects have fallen on the poor, the disadvantaged and the under/un-represented (LaDuke 1999; Shiva 2000; Guha and Martinez-Alier 1997; Fisher 1993; Bullard 1994). Hence, environmental justice literature can be helpful with regard to discussing models of democracy that can lead to effective involvement of future generations and non-human nature especially in contexts where democratic principles are not well-enforced and that are characterized by social inequality.

In sum, the main aim of ecological democracy is the inclusion of people affected by environmental degradation and also the future generations and non-human nature in the decision-making processes. This is by no means a process that can easily be completed. It is rather an ongoing process that may never be finalized. This concept of ecological democracy differs from the kind of democracy that was supported by transition theories and that is applied in the post-communist context. The kind of democracy that is developed in that context is liberal democracy (though not fully

functional), where the power of decision-making is delegated to elected representatives. While liberal democracy provides for freedom of speech, freedom of association and some degree of deliberation, such as referendums, it does not entail direct inclusiveness and participation of affected communities in decision-making. Moreover it does not provide deliberative spaces where the concerns of future generations and non-human nature are taken into consideration when reaching decisions.

Having ecological democracy rather than liberal democracy as a kind of 'yardstick' against which to evaluate the unfolding of events in my case studies is a useful dimension that can augment a study around environmental conflicts in the post-communist context.

3.3 Integrated frame: a Gramsci-Polanyi-Boomerang approach

Up to this point, this chapter has discussed in broad strokes the perspectives of constructivism, CPE that can help to understand the shaping of environmental governance in post-communist settings. I also presented a discussion on environmental justice literature, built around the notion of ecological democracy, in order to inform this framework with clear normative goals of inclusion and public participation in governance processes.

The aim of this dissertation is ultimately to explain how conflicts develop and what we can learn from them about the struggle for democratic environmental governance in post-communist transition. Both case studies chosen represent environmental conflicts among various actors in post-communist countries with young democracies. These projects are supported by big business and states, which typically do

not allow much room for opinion and interests of society as a whole. On the surface, it thus appears as if these projects developed in a way that allowed for maximizing the interests of businesses and governments on the one hand, while posing negative impacts on nature and simultaneously on the interests of some social groups that are connected and even dependent on nature.

However, focusing only on the actors that are part of this dynamic does not provide a comprehensive analysis of how elements within the same bloc (e.g. those in favour of the developments, or those against) cooperate with one other, what the power dynamics that might condition their involvement are, or what enabled a particular group to be more or less successful in shaping environmental governance outcomes.

The aim of this section is to pull together the various thinkers, tools and models that will then be employed and consulted in order to analyse the case studies that are the focus of this dissertation. Building on the work presented above, this section ties together the thoughts of Polanyi, Gramsci (and their followers), the boomerang model of politics, as well as environmental justice, into a single integrated frame. Constructivism, with its focus on ideas and norms can help us understand the position of actors in the multiplicity that characterizes environmental governance. CPE allows for probing deeper to understand the weight as well as material interests and institutions that underpin these ideas and norms of each actor involved in environmental governance. Additionally, notions from environmental justice literature, on ecological democracy and remoteness, can help us to understand how far these norms have been distributed through channels employed by civil society and other institutions.

Gramsci's notions of hegemony, historic bloc and civil society have been used extensively in the field of environmental politics (Levy and Newell, 2002; Levy and Newell 2005; Andree 2007). Other works have focused on the elements of resistance and the shaping up of a counter-movement, yet a Gramscian political ecology as a body has not been developed. It has been argued that a lack of Gramscian political ecology is mainly because Gramsci's writings do not explicitly "express an ecological awareness or specifically be concerned with environmental problems" (Fontana 1996: 3; Foster 2009). Similarly Polanyi, despite his discussion of society's reaction to the commodification of nature, does not develop a social thought directed specifically to the environmental problems of the time. Boomerang politics has been more directly linked to environmental politics, but not explicitly on issues that involve a material aspect. It has mostly been used to identify the shift of ideas and socialization of national movements with broader international ones. Thus, I suggest that it is more theoretically enriching and politically fruitful if we focus on an integrated frame, especially for the case studies at hand.

3.3.1 The elements of the integrated frame

In this section I present the elements of my integrated frame and I discuss their role in environmental politics in the light of different theoretical perspectives. The integrated frame is constituted by key actors and social forces that are present in the interactions among these actors. The elements that will be presented in this section should be seen as constitutive blocks of the integrated frame, but also as theoretical constructs that come to play a role in shaping environmental governance. Each of these elements will be seen through the lens of Gramsci, Polanyi and boomerang politics integrated frame. In the

context of case studies, I will see how these elements get aligned around specific environmental conflicts.

3.3.1.1 States

The first element of the integrated frame is the state. States continue to play a significant role in shaping environmental governance, even though they are not the principal actors. As Clapp and Dauvergne (2005) argue, states are still the primary unit of international politics and holders of sovereignty-understood generally as supreme authority within a territory. One of the defining features of the states is territory. Since issues surrounding environmental degradation reveal themselves primarily in the natural realm, it is inevitable that there will be tensions between states and their natural system. In other words, the very existence and definition of the state system is in tension with the natural world. Water and air pollution are perhaps the most obvious kinds of environmental degradation that would involve states and the issue of climate change is the one that reaches global levels. But water and air pollution also lead to other environmental and social problems that might manifest themselves as local but have regional and international implications and can lead to tensions between and among states (Hurrell 1994; Clapp and Dauvergne 2005; Eckersley 2004; Meadowcroft 2012).

A neoliberal institutionalist perspective tells us that states with similar interests often cooperate in terms of the environment. However, there are circumstances in which states, despite shared borders, do not have the same perspective regarding the environment. Viewing the states as having similar attitudes towards environmental degradation and willing to cooperate equally at the international level, as neoliberal

institutionalist perspective encourages one to do, is a misleading basis for understanding the politics of environmental governance.

Instead, a perspective that allows us to look inside the state is necessary. From a CPE perspective, the state, as a theoretical construct as well as an institution, can be unpacked in order to understand its connection to economic forces and arrangements that constitute the state and its relations to capital formation, which in return facilitates certain forms of the state. In the context of the case studies of this dissertation, the relation between state and capital (fossil fuel) management and control is particularly significant because it could be determining the shape of the state. The form of the states in the post-communist context is then directly connected to explaining the potentially problematic relationship with regard to environment. This perspective not only helps to understand inter-state relations, but also the relation of states with different actors, such as firms.

From a Polanyian angle, the state is an institution that is directly linked to the advancement of the market society. In the name of economic growth the state creates new sites and facilitates the advancement of market forces. In addressing the commodification of biodiversity as an element of globalization, Gorg and Brand (2000) stress that although market forces are essential in determining commodification, it cannot be understood apolitically. So questions about access and rights to resources are closely linked to questions about “benefits and benefit sharing from this use” (Gorg and Brand 2000: 381; Brand and Gorg 2010).

For Gramsci the state is understood as a social relation. The state is not a separate institution, or an entity on its own, but it is a form of social relations that assists in the

maintenance of hegemony. In Gramscian terms, the state is not a simple organ of domination. Instead, the state is an integral entity that performs both functions of coercion and of consent. This entity is constituted by the apparatuses of government and the judiciary and the various voluntary and private associations as well as para-political institutions that make up civil society (Forgacs 2000). For Gramsci then,

the general notion of the state includes elements which need to be referred back to the notion of civil society (in the sense that one might say that state = political society + civil society, in other words hegemony protected by the armour of coercion) (Gramsci, 1971:263).

This way of understanding the state is crucial especially with regard to environmental governance where the state is caught between two contradictory goals. On the one hand the state aims to generate economic growth, prosperity and employment, while on the other as an institution in control of a territory and population it is expected to protect the public good, to which the environment/nature belongs. By seeing the state as a social relation is helpful to understand how the alignment of different forces determines which role is followed by the state.

For instance, in assessing the politics of climate change, from a neo-Gramscian perspective, Newell and Paterson (2010) argue that, "...the role of the state in maintaining the conditions for capital accumulation, combined with the centrality of fossil energy in twentieth - century capital accumulation, and the particularities of the availability of fossil energy in different countries, helps explain countries' bargaining positions in global climate negotiations, and the dynamics of their climate change policy" (Newell and

Paterson, 2010: 544). Thus, the interests of fossil fuel companies are aligned with those of capital in general because capital accumulation is closely linked to energy use.

3.3.1.2 International organizations

As significant players in environmental governance, international organizations constitute another important element of my integrated frame. Clapp and Dauvergne (2005) argue that since Stockholm Conference on Human Environment (1972), global institutions have become increasingly responsible for global environmental protection. Institutions in this category can be called international organizations for the environment, where we can include the United Nations Environmental Programme (UNEP), the Commission on Sustainable Development (CSD), the Global Environmental Facility (GEF), and the secretariats to various multilateral environmental agreements (MEAs) (Kaasa 2007; Ivanova 2010).

Parallel to this increase in institutions that deal with environmental protection, there is also an increase in institutions that do not have a direct mandate on the environment, but that are involved in activities that result in environmental risks with short-term or long-term effects, for instance WTO trade policies, and the World Bank's support for extractive industries. While WTO does not have a direct connection to environmental protection, increasingly the trade governance cannot be separated from environmental governance (Najam, Christopoulou and Moomaw, 2004; Barkin 2005; Biermann and Bauer, 2005). The World Bank and the United Nations Development Programme (UNDP) are directly involved in environmental governance through their

linkage to the GEF, while at the same time they have an impact on the environment through their development projects.

Different perspectives stress the importance of international institutions in environmental governance. With relevance to this study I will briefly discuss the way that social constructivism with the focus on ideas and norms and neo-Gramscian and Polanyian perspectives that look at ideas too, but prioritize the material power of these institutions. This discussion will focus primarily on MDBs as key players in financing development projects that also have negative environmental impacts. Out of all MDBs the World Bank has been the one that has been the focus of numerous studies. This could be due to the 'modeling' role that World Bank has had for regional development banks. As discussed in chapter 2, the World Bank has come to play a role in environmental governance due to the greening reform that it has undergone since the 1980s. The process of greening was also intensified due to the shift to post-Washington consensus, which critiqued the structural adjustment policies and replaced them with a new idea of development that stressed among other things, transparency, civil society participation and ensuring environmental and human sustainability (Stiglitz, 2002). But how have these reforms been viewed in the literature?

For neo-Gramscians the main role of the reforms is just one way to disguise their principal aim of facilitating the spread of neoliberal hegemony. Paul Cammack, for instance, argues that commitments to poverty reduction, or environmental and gender issues are real, but are secondary to the main goal of World Bank which is to aid a “systemic transformation of social relations and institutions in the developing world, in

order to generalise . . . capitalist accumulation on a global scale, and build specifically capitalist hegemony through the promotion of legitimizing schemes of community participation” (Cammack, 2004:190).

Toby Carroll, another critic of World Bank's inclusiveness and environmental policies also makes an argument anchored in neo-Gramscian approach. He argues that such policies of the World Bank constitute a different version of neoliberalism that he calls “socio-institutional” (Carroll, 2010:2). For Carroll, the World Bank changed its model of development to include participatory approaches and new project instruments in order to establish market societies in places they were not existent or fully-operational. Although these practices appear to increase participation and inclusiveness in decision-making processes, the end result is the establishment of market society and the narrowing of the political process. As he contends, this is achieved in practice by using techniques like “co-option, consensus building opposition marginalization and via maintaining monopoly on what constitutes 'knowledge’” (Carroll, 2010:4). Instead of appearing to achieve what they set out to do, they have a reverse effect that is the “attempt to narrow and constrain politics in the interests of establishing market society . . . In short, the Bank promotes illiberal policies in its promotion of liberal economics (Carroll, 2010:4). This undertaking places the World Bank in a “contradictory undertaking” that seeks to build regulated market societies by participatory methods that bring to confrontation antagonistic social interests (Carroll, 2010:4).

Other scholars have seen the World Bank's participatory policies as 'inclusive' neoliberalism (Craig and Porter, 2006; Ruckert, 2006). Craig and Porter (2006) follow a

Polanyi analysis of the World Bank's inclusiveness policies. They argue that such policies are the result of social resistance against policies of structural adjustment programs. For Craig and Porter (2006) 'inclusive' neoliberalism “while retaining core conservative neoliberal macroeconomic and pro-market policy settings, [it emphasizes] . . . 'empowerment' to enable participation (and ensure 'inclusion') of countries and people in global and local markets” (12). In addition to institution building these also include empowering through participatory practices. Craig and Porter (2006) hold that such version of neoliberalism with inclusive characteristics is a manifestation of efforts of re-embedding the market.

Social constructivist accounts of World Bank reform criticize neo-Gramscian analysis for missing out on the policy variations, especially towards environmental reform. Instead they focus on the role of ideas in shaping behaviour and see the role of civil society groups in shaping the policies of the World Bank (Park and Vetterlein, 2010:13). Social constructivist perspective encourages us to see MDBs in more positive light. They are seen as sites that generate a change in ideas, perceptions, diffusion of norms and as holders of expertise and knowledge. This understanding is also extended to other international institutions, as they see organizational reforms, global environmental norms and treaties in support of ongoing improvements in public participation and transparency. For example, the 1998 Aarhus Convention¹⁰ on Access to Information,

¹⁰ The Aarhus convention is formally known as the United Nations Economic Commission for Europe Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters. It was adopted on 25th June 1998 in the Danish city of Aarhus. The Aarhus Convention has emerged as a primary environmental agreement especially because it gives more voice to the communities. With that goal in mind the Convention “links environmental rights and human rights; acknowledges that we owe an obligation to future generations; establishes that sustainable development can be achieved only through the involvement of all stakeholders; links government accountability and environmental protection; focuses on interactions between public and public authorities in a democratic

Public Participation in Decision-making and Access to Justice in Environmental Matters formalizes norms resulting from Rio Declaration. The norm that this convention formalizes is that of transparency and participation¹¹ at the international as well as national level (Bernstein, 2005). The institutional innovation of the Aarhus Convention lies in the broad definition it gives to each of these issues. Access to information for instance, relates to the obligation that the public authorities have under this Convention to respond to any request from the public regarding any concern about certain projects, as well as the obligation it has on the collection of information, updating the public and disseminating the information as broadly as possible. The same standard applies to the definition of what constitutes “environmental information”. That term includes a broad list of elements of the environment such as air, water, soil - all factors and activities that affect those elements. But it broadens this definition further by including the effect on human health and safety, conditions of life, cultural sites and built structures, to the extent that these are or may be affected by the aforementioned elements, factors, activities or measures (Wates, 2005). The subject of the convention is not only about the environment but it also speaks to the relation of nature to society as well as the relationship between people and authority or government. It is concerned with government accountability, transparency and responsiveness with regard to environmental concerns¹².

context”(UNECE, Environmental Policy). The Convention began in force on 30 October 2001, after relatively rapid progress was made in obtaining ratifications by sixteen of the Signatories” (UNECE, Environmental Policy).

¹¹Article 1 of the Aarhus Convention calls on parties “to guarantee rights of access to information, public participation in decision-making and access to justice in environmental matters. It also refers to the goal of protecting the right of every person, of present and future generations to live in an environment adequate to health and well-being” (Wates, 2005). Moreover, the Aarhus Convention sets minimum standards to be met by parties adhering it and encourages the adaptation of higher environmental standards, especially in increasing access to information, public participation, and/or access to justice.

¹²An innovative aspect of the Aarhus Convention was that NGOs have been involved with the Convention

Some scholars have argued that the environmental reforms within the World Bank are dedicated to the growth of civil society (Reimann, 2006; Florini, 2003), but social constructivists would argue that the change is also dedicated to the openness of institutions to receive new ideas. For instance the World Bank is singled out as an institution that is more receptive of civil society concerns for participation as opposed to IMF that has been more closed (Martin and Simmons 2012). Regarding the MDBs and their socialization of civil society actors, Park argues that transnational advocacy networks have had an impact in bringing about change within the IFC through direct and indirect participation strategies, which resulted in IFC becoming a sustainable lender (Park 2005). In sum this approach suggests that MDBs in particular because of the nature of the projects that they finance, which impact communities directly, have the capacity to contribute to distribution of norms that are compatible with practices of sustainable development, such as participation of affected communities. In fact scholars of social constructivism would go even further to suggest, in contrast to neo-Gramscians, these institutions are also opened to the criticism and the demands of civil society groups, precisely because they can reform their policies in response to outside criticism (Sikkink 2004; Lardone 2010).

This overview shows that seen from different perspectives the role of the MDBs and other international institutions in environmental governance is not straight forward.

from its inception, have also proposed the idea of developing a UNECE convention. Initially the idea was not welcomed by the governments but it was the insistence of the civil society groups and the support of the progressive government in Denmark that facilitated its realization. Although the Convention is an important milestone in the protection and strengthening of the environmental rights throughout the Eastern and Central Europe, it has been argued that due to the role that the NGOs have and its compliance mechanism “make it an extremely valuable laboratory for assessing the effectiveness of a more participatory and transparent approach to the implementation of international environmental agreements” (Morgera, 2005).

In the case study chapters I will look more closely to the role played by MDBs and I aim to shed more light on their performance in the post-communist context and to understand what character they exhibit as players in the energy projects that are the focus of this study.

3.3.1.3 Businesses

Firms, Multinational Corporations (MNCs) and other profit making organizations are also key actors in my integrated frame. Businesses are involved in the production of goods, the energy and the services that are consumed by individuals (Clapp and Dauvergne 2005; Haas 2004; Najam et al. 2004; Haufler 2001). As such, firms create as many direct as indirect impacts on the environment, the economy and the political and social systems at the global, regional and local levels. Firms have also played a role in lobbying and in setting up a standard for monitoring environmental protection around projects at the national and international level (Bled 2009; Levy and Kaplan 2008; Vogel 2008; Levy and Prakash 2003).

Market based initiatives that are developed alongside state-based initiatives for addressing environmental concerns reflect the direct interest that businesses have in capital generation and thus in maintaining their social legitimacy to do this. Since the 1992 Earth Summit, industries have taken charge of setting environmental rules themselves rather than having the state provide them with the environmental standards that they need to follow (Clapp 2005; Bernstein Clapp and Hoffman 2009). The growth in industry's self-regulation is considered to be a new source of global environmental governance, addressing transnational issues even in the absence of government

interference. As Vogel (2008) states, the MNCs that originate in North America and Europe have developed their own code of conduct in terms of social responsibility and the environment. They also adhere to at least one voluntary business regulation. Additionally, MNCs have staff that engage with issues of corporate social responsibility (CSR) and issue regular reports on their social and environmental practices (Vogel 2008:268-269).

The adoption of environmental and social responsibility regulations by MNCs has been influenced by the pressure placed on them by activists and consumers. Many civil society activities have been successful in using market inspired tools to push firms towards social and environmental regulations. These strategies have involved “name and shame” campaigns as well as using consumerism as a political tool. The latter involves raising awareness among consumers, who in turn can put political pressure on business actors who are not willing to respond to other forms of pressure (Bartley, 2005; Bendell, 2004; Sasser, Prakash, Cashore and Auld 2006; O’Rourke, 2005; Micheletti, Follesdal and Stolle 2004).

Another reason for developing CSR has been that firms also have come to regard CSR in line with their business objectives (Vogel, 2005; Esty and Winston, 2006). The voluntary environmental codes developed by firms are mainly in sectors concerned with energy, minerals and mining, forestry, chemicals and electronics. Equator Principles for the banks to the Forestry Stewardship Council for sustainable forestry practices to the Responsible Care program in the chemical industry are just a few examples out of a multiplicity of such institutions and codes of conduct which are privately based

mechanisms aimed at guiding the behaviour of corporations (MacLeod and Park, 2011). Some of these codes, particularly for firms working on natural resources, address human rights practices and labour practices (Vogel, 2008). An interesting analysis of this is provided by Braithwaite and Drahos (2000), who show that businesses who have adopted high environmental standards in their home country (i.e. Germany or the United Kingdom) push their respective states to lead in the implementation of environmental technologies. This would cause these businesses to have comparative advantage in environmental protection.

Similarly Levy and Prakash (2003) find that MNCs are not always after lowering regulatory standards, on the contrary they sometimes push to improve domestic governments' capacities to establish stricter environmental regulations. This view counters the traditional belief that since the 1980s, because of globalization, businesses prefer places with lower environmental standards. While that is still the case in many instances, there is also the aspect where private companies are in charge of environmental regulation. British Petroleum, for instance, provided its own environmental assessment prior to the construction of the Baku-Tbilisi-Ceyhan pipeline (see chapter 4). The company was upheld for its high environmental standards and was praised by national governments as well as the World Bank. Similarly, La Petrolifera, the company that constructed the oil container at the Bay of Vlora provided its own environmental appraisal (see chapter 5).

Some scholars have argued that another element that explains the willingness of firms to address social and environmental concerns is a shift in norms and values

(Haufler, 2006; Ruggie, 2004; Dashwood, 2004, Haufler, 1999). From the perspective of the Gramscian inspired scholarship CSR is seen as a move by businesses for avoiding radical alternatives of doing business. This perspective suggests that by adopting CSR practices, business elites are trying to generate acceptance for their practices and to influence the agenda of institutional reform with regard to environmental governance (Levy 1997; Utting 2005). Other proponents of CSR have drawn on Polanyi, to argue that the voluntary approaches represent steps towards 'embedded liberalism' (Ruggie 2001; Ruggie 2002). It has been argued that such developments are a response to the growing demand that transnational corporations need to take responsibility for their operations. Such form of governance without the influence of the public institutions such as the state, but strictly conducted on the voluntary basis through the businesses themselves are seen as ways to address the social and environmental 'externalities' of their operations (Macleod and Park 2011; Prechel and Zheng 2011; Lo 2010). While this shift towards private regulation may be an example of embedding governance in broader global frameworks, critics remain sceptical of market initiatives to deliver on moral issues given the interests of businesses to maximize profits (Lipschutz and Fogel 2002). By tracing the involvement of businesses in the energy projects that are the focus of this dissertation, I will see what role businesses and their CSR practices have come to play around these environmental conflicts.

3.3.1.4 Civil society

Civil society constitutes another central element in my integrated frame. Civil society's participation in environmental governance can take different forms. It can be through

institutionalized Nongovernmental Organizations (NGOs), broader social movements, ad-hoc organizations of local communities and through media campaigns targeted at raising awareness. NGOs, one element of civil society, are organizations that are autonomous from governments, and are generally non-profit. There is a growing demand by the NGO's and grassroots movements to involve the voices of the poor, indigenous peoples and women, particularly in developing countries. Although these groups are more often directly affected by environmental degradation, they are rarely directly involved in decision-making processes (Wapner 1995; Wapner 2002; Elliot 2002; Lipschutz 2005; Lipschutz and Rowe 2005).

Public concern can be turned into a direct contributor of change in environmental governance through people's capacity as consumers. This could take the form of a boycott of products that are harmful for the environment (Najam, Christopoulou and Moomaw, 2004; Dauvergne 2008; Paterson 2000). Civil society groups have been instrumental in the reforms¹³ undertaken regarding environmental issues. Their push for reform has resulted in the creation of major international environmental organizations such as UNEP, GEF and Commission on Sustainable Development (CSD) (Vogler 2005).

Civil society groups have acquired an important role in environmental governance in areas of monitoring, implementing, drafting national strategies and regulations and serving as technical advisers to the governments (Najam et al., 2004; Clapp and Dauvergne 2005; Wapner 2005).

¹³My aim in this section is to highlight the agency of civil society in terms of its actors and as a sphere of progressive change. For that reason I focus on the reforms that in the literature about environmental governance are dedicated to the role played by civil society groups. It is also important to note, as neo-Gramscians point out, that alongside the civil society groups that call for reforms there are others who are supporters of the status quo and work hard to maintain it. These groups could also hold regressive views on environmental and other social justice issues.

The presentation of civil society as a group of actors characterized by voluntary association that promote their causes in the realm between the public life and that of the private life (as exemplified by the family), is an example of “liberal constructions of civil society” (Germain and Kenny 2005: p.6). Such understanding also informs the definitions of civil society as adopted by international organizations. An example that is directly relevant to this study, is the definition of civil society that is adopted by the World Bank and discussed in chapter 2. Moreover, the conception of civil society in terms of actors dominates different perspectives in IR literature such as neoliberal institutionalism and constructivism.

I would argue that mostly in adaptations of this notion of civil society as a tool to understand and analyze change we run the risk of presenting civil society as a unified bloc, as a set of institutions or as a 'romanticised' space that furthers a common cause, such as environmental preservation.

The understanding of civil society that I use as an element of the integrated frame draws on Gramsci's concept of this term. In this understanding civil society is seen as a sphere of contestation and consent , in contrast to the previous views which see civil society as agents. For Gramsci, civil society includes a wide range of actors and interactions defined as,

the sum of social activities and institutions which are not directly part of the government, the judiciary or the repressive bodies (police, armed forces). Trade unions and other voluntary associations, as well as church organizations and political parties, when the latter do not form part of the government, are all part of civil society. Civil society is the sphere in which a dominant social group organizes consent and hegemony, as opposed to political society where it rules by coercion and direct domination. It is also a sphere where the dominated social

groups may organize their opposition and where an alternative hegemony may be constructed (Forgacs, 2000: 420).

As Germain and Kenny (2005) argue, this understanding of civil society “represents the key terrain upon which collective subjectivity is formed through quasi-voluntary acts of association outside the structures of both market relations and state power” (7). Moreover the significance of Gramscian understanding of civil society is not simply dedicated to the actors it includes or its positioning towards the state or the market. The arena of civil society is situated between the state and market relations, even though some of these boundaries can be blurred as the definition by Gramsci suggests.

Polanyi, too, sees in ‘society’ a site that has agency for change. He concludes *'The Great Transformation'* by upholding society as the guardian of freedom, but Polanyi's notion of 'society' appears to be a monolithic and totalizing understanding, which is very different from Gramsci's notion of 'civil society'. In recognizing this shortcoming in Polanyi's notion of 'society' Burawoy (2003) argues that in order to qualify this rigid understanding of 'society' by Polanyi, it would be better to consider it as 'active society'. For Burawoy (2003) this implies that as capitalist expansion threatens society, the society becomes active and imposes restrictions on market expansion. Burawoy is one the few scholars that link Gramsci's and Polanyi's thought on the basis of 'society' as a site of progressive change. He suggests that Gramsci's insight on civil society as the terrain for challenging capitalist hegemony and potentially moving beyond would be helpful in augmenting Polanyi's monolithic understanding of 'society'. For the integrated frame I build on Burawoy's suggestion by linking Polanyi's notion of 'society' with Gramsci's

notion of civil society in light of environmental politics. They could be seen as complementary to each other with regard to analyzing sites that serve as agency for change.

The different notions of civil society as seen by social constructivist as focusing on civil society actors, Polanyi that sees the whole society as an agent of change, and Gramsci that sees civil society as an arena will be discussed more fully when presenting the integrated frame.

3.3.1.5 Relations of force and hegemony formation

In addition to actors there are also forces of interaction between them. Hegemony is one of these forces that is embedded in the discourses, institutions, and relations of material production that are constituted by specific actors. Hegemony is a significant contribution of Gramsci. As Pratt (2004) contends, for Gramsci 'hegemony' is a “relational concept of power”, which is exercised through a consensus generated within the realm of civil society (318).

The notion of hegemony is closely related to that of 'historical bloc', which is defined as “an alliance of social groups around a set of material practices and justificatory discourses for which they seek to establish widespread acceptance” (Andree, 2011:176). Hegemony is exercised through a combination of forces that are rooted in the economic realm, coupled with the bureaucratic authority of the state and other institutions that find support and legitimacy in the civil society. This legitimacy is facilitated by the justificatory discourses that are presented by actors with common material interests. Hegemony is not dependent on coercive control of a small elite, but rather rests on

coalitions and compromises that provide a measure of political and material accommodation with other groups, and on ideologies that convey mutuality of interest (Levy and Newell 2005). Hegemony is useful for explaining social order (Levy and Newell 2005), but also to understand different configurations of environmental governance.

Although 'hegemony' connotes a situation of power and subordination of some groups through their own consent, Gramsci "was also interested in how the 'subaltern classes' could overturn the hegemony of capitalism" (Pratt 2004: 318). Just like civil society serves as a realm where consent for hegemony is generated, it also serves as the terrain where resistance to hegemony is developed and articulated through acts of contestation. These contesting groups aim to question the 'naturalness' of the hegemony and to present an alternative vision other than what is presented through the ideas of hegemony. This alternative visions are considered to be counter-hegemonic. Gramsci, did not use the term 'counter hegemony,' instead he saw the struggle of subaltern classes as a war of position that was led in the economic, social and cultural aspects of society (Adkin 2009). The success of the subaltern groups depends on a continuous struggle that involves offensive as well as defensive tactics. As Adkin (2009) puts it, " [although] strategy and leadership are important, the "war" can be won only by the efforts of countless individuals who sacrifice, plan, and work for every advance" (13).

Just as hegemony is maintained and a hegemonic vision is considered natural through the use of common sense, in the same way resistance to hegemony is articulated

as a contestation of material interests of a few that are presented as common sense and beneficial to all of the society.

Hegemony is never absolute. The maintenance of hegemony is constantly under pressure by the contesting groups in the civil society as well as by splits within the historical bloc itself. This means that in the face of contestation the historical bloc needs to constantly reconfigure itself in order to maintain hegemony. This relative state of hegemony also means that the realm of civil society can serve as a battleground, where contesting voices can forge an alternative hegemony based on their own vision (Karriem, 2008). Because the hegemony is not absolute, we need to pay attention “to the processes of resistance and accommodation to which it is continuously subjected, and which may eventually lead to its downfall or reconstitution” (Andree 2011:176).

The main focus of this dissertation is to unpack the struggle for democratic environmental governance, hence an analysis of resistance constitutes a key element that will be explored in depth in chapters 4 through 6. The advancement of the interests of the dominant group as common sense and as interests of all of the society, 'common sense' constitutes a powerful tool in the formation and maintenance of hegemony. As pointed out above, common sense also plays a role in the contestation of hegemony.

3.3.1.6 Common sense and discourse

Gramsci warns to be cautious with regard to critical assessment and plain common sense. For Gramsci, 'common sense' constitutes a hindrance to critical engagement with reality and development of a philosophy that reveals itself in reality. He views common sense as “unconscious, dogmatic, anti-dialectical and crudely neophobe and conservative”

(Gramsci 1971: 423). Common sense is crucial in explaining the role of civil society. Hence, in this way consideration turns to how intersubjective meanings shape reality. In the Gramscian sense “reality is not only the physical environment of human action but also the institutional, moral and ideological context that shapes thoughts and actions” (Cox 1997:252).

For Gramsci, 'common sense' is also an amalgam of different knowledge and experiences. Hence, “everyone, has a number of conceptions of the world, which often tend to be in contradiction with one another and therefore form an incoherent whole. Many of these conceptions are imposed and absorbed passively from outside, or from the past, and are accepted and lived uncritically. . . many elements in popular common sense contribute to people's subordination by making situations of inequality and oppression appear to them as natural and unchangable” (Forgacs 2000: 421).

The use of 'common sense' is particularly important in environmental politics, especially when it comes to the differentiation of knowledge and expertise in determining the power to make decisions. Common sense can also be complicit in accepting that everything exists naturally, contributing in this way to the reification of institutions. The notion of common sense is closely linked to intersubjectivities, symbols and language and it stresses the importance of culture, ideology, consciousness and language in shaping transformations in society (McAdam, McCarthy and Zald 1996).

Discourse and symbols are powerful tools to understand how common sense is achieved. Dryzek (2013) defines discourse as,

a shared way of apprehending the world. Embedded in language, it enables those who subscribe to it to interpret bits of information and

put them together into coherent stories or accounts. Discourses construct meanings and relationships, helping to define common sense and legitimate knowledge (Dryzek, 2013:9).

Some theorists see discourses as tightly linked to political power. They recognize that the discourse used in defining the terms of a debate is a sign of power (Dunne, Kurki and Smith 2010). Discourse, symbols and cultural references are powerful tools in both Gramsci and boomerang model, that cement the interests of different actors. However, they are employed differently in each perspective. For Gramsci, discourse is a strategy, a tool that is used in order to advance or maintain hegemony. For boomerang model of politics, discourse is an element that glues together the advocacy networks.

3.3.2 An outline of the integrated frame

How might all of these elements, and their interaction, be brought together to analyze energy projects and environmental governance in the post-communist context?

Gramscian scholarship would suggest that we start by looking at the proponents of hydrocarbon energy projects. Given the potential of fossil fuels to cause negative impacts on the environment, who leads these projects, and what have they done to build the hegemonic conditions necessary in order to push forward their vision? Hegemony necessitates a material, institutional and ideational convergence of forces, and so an analysis could start with unpacking the overall relations of force around the issue on each of these three levels. The very attempt to establish hegemony implies that there is also resistance, which in the case of energy projects likely comes from the environmental movement (though the frame also suggests we look for other civil society actors, both for and against the project, who may play significant roles). Unpacking this resistance allows

us to begin addressing the issue of how the political dynamics of environmental movements, shaped in the context of post-communist transition, affect politics around the energy projects, and what the implications for environmental governance are in this context.

Because hegemony is never absolute, the constellation of forces that seek the establishment of hegemony is in constant move to diminish the resistance that it itself generates within civil society. As part of these efforts, neo-Gramscian scholarship would suggest that actors, like businesses and states deploy discursive strategies to try and generate more and more consent within the civil society. Hegemony would be achieved more easily, when the interests of a few are seen as the interests of all. For neo-Gramscians this would be achieved through the use of common sense and as 'just the way things are'. Moreover, institutional strategies initiated by businesses, as well as the power of the state as an institution in control of coercive power, become crucial in the advancement of hegemony and diminishing of resistance.

If neo-Gramscian scholarship suggests that it is the efforts to establish hegemony that cause the first acts of resistance, Polanyi would suggest that we seek to understand this resistance by examining how the energy projects contribute to the commodification of elements of nature, which in turn are seen by the society as acts of disembedding of nature. Faced with the imminent danger of disembedding of nature thinking in a Polanyian way would suggest that the resistance (already provoked by the attempts to establish hegemony) would gain further momentum as the initiatives of commodification

of land and sea that cause the disembedding of nature became more tangible. Thus Polanyian terms would help to explain the deepening of the resistance.

Polanyian scholarship would suggest that any act of disembedding of nature will inevitably result in resistance from social groups that consider themselves culturally and economically embedded in that part of nature. Seen from a Polanyi perspective, the analysis of environmental resistance around energy projects would indicate that because of the close connection to nature the probability for a strong response from the society is high. This scholarship would suggest that resistance could be directed towards the actors that cause the disembedding of nature, it could be a reaction towards the state as an institution where attempts for re-embedding would be sought, or it could be a move taken by the social groups themselves as acts of self-preservation from the disembedding of nature. While Polanyi elaborates extensively the reaction of ‘society’ to the disembeddedness of the three elements, labour, nature, money, he does not discuss where in the society the agency of change lies. Polanyi does not delve into exploring the elements that constitute society and how different groups in society connect into forming a resistance to the disembedding of nature.

Neo-Gramscian scholarship would suggest that society is more likely to be divided into a multiplicity of voices, some supporting the vision that results in the disembedding of nature and others that reject it. Thus, although society would be equally exposed to the disembedding from nature, there may be groups that would be accommodated by the hegemonic forces, aiming to minimize the resistance. Gramsci’s concept of civil society as an arena where consent and contestation of the hegemony is

generated could help to unpack the monolithic way in which Polanyi presents 'society'. In this way we could discern voices within the society that contest the hegemonic vision that causes the disembedding of nature, while others within the society work towards the realization of the vision that seeks hegemony.

Once the resistance of contesting voices to hegemony and disembedding of nature has unfolded, it is at this point that Keck and Sikkink's (1999) boomerang model of politics could be consulted. This model could explain the dynamics within the contesting civil society, how they try to express their concerns, and the methods they employ in order to engage other levels of contesting voices within the society that might share a common goal with those preoccupied with environmental issues. Moreover, boomerang model of politics is especially useful for situations when the channels of communication between the state and contesting civil society groups are broken or weak. The 'boomerang' model of politics is based on the concept of socialization and formation of networks at the regional and international level with NGOs, and other civil society organizations (Park, 2010). These networks increase their influence by using the tactics of information politics, symbolic politics, leverage politics, and accountability politics (Keck and Sikkink, 1999: 95). These tactics could prove key in how resistance – to alliance that seeks to establish hegemony, and disembedding of nature - could gain strength in order to be manifested as a force that tries to challenge the formation of hegemony. The boomerang model of politics also suggests that under circumstances when channels of communication between contesting groups and actors such as states and businesses are closed, international organizations gain significance. According to this

model (and in contrast to neo-Gramscian perspective on IFIs, which are seen as agents in establishing hegemony), IFIs which have material capabilities and grievance mechanisms in place could be approached by contesting groups in order to put pressure on the states and businesses for fulfilling the demands of the contesting groups.

All together the elements of the integrated frame seen through the combined lens of GPB would provide useful in analyzing the struggle for democratic environmental governance in the post-communist context. Drawing on three different theoretical backgrounds would allow us to analyze multiple developments around energy projects, how an energy project is advanced and how the resistance to it is organized. The following section discusses the contributions of this integrated frame towards better understanding of the prospects for democratic environmental governance.

3.3.3 Integrated frame and ecological democracy

Carrying out research in post-communist countries where civil society is moderately thin, raises the challenge of how to capture the existing voices of resistance without dismissing them as insufficiently vocal as well as how to encourage further participation and dialogue that would lead to thickening of civil society. This can be addressed by the integrated Gramsci-Polanyi-boomerang politics frame, which allows for capturing the layers of civil society that are weakly (or not fully) crystallized. The boomerang model of politics is more straightforward with respect to democracy, since it is developed on the basis of enhancing democracy or bringing about transparency when the channels of communication between the society and the state are blocked.

Gramsci and Polanyi provide us with theoretical tools that can be used to make sense and analyze struggles for democracy. They see politics happening as an outcome of contestation and resistance and as a combination of several factors (Devine, 2008). Moreover, the idea of change is at the centre of their thought and they are among the scholars that provide an analysis of how social change could happen. In this respect events are not understood in isolation. A given event informs, and is in turn informed, by the power configuration of the historical moment. This understanding allows for concepts that are not fixed but continuously in flux, thus making them useful for understanding practical problems. Both theorists see collective agency as creating structures and that these two forces of agency and structure are involved in a constant interactive change with each other (Cox and Hettne, 1995; Bernard, 1997).

Although neither of the two thinkers developed a theory of democracy *per se* (Golding, 1992), together they present all the necessary concepts for us to discern their vision for a democracy that is not hierarchical, but participatory and socially centred. Gramsci and Polanyi make important contributions in providing a vision of democracy and through the notions of contending civil society and reacting society they start us thinking about democratic environmental governance.

Focusing on transformative action that is socially driven also sheds light to the constructivist element in Gramsci's thought and his focus on intersubjectivities. For Gramsci then, much like for Polanyi, society is an active entity that reacts on the basis of intersubjectivities, rather than an abstract entity (Gramsci, 1971:199, Q 3 par. 48; Robinson, 2005: 469-481). Through Polanyi's conception of man-nature relation it is

possible to augment the lacking humanity-nature relation in Gramsci's thought. And by relying on Gramsci's notion of civil society as an arena of consent and contestation we are able to unpack Polanyi's very agent of the double - movement by making it more historically, culturally and spatially identifiable.

By using the notion of contesting groups, we open up theoretical and political space to include individuals/groups in society that are not necessarily organized at all times but that possess local knowledge and are concerned with the environmental and health effects of development projects. The significance of this mobilization for environmental politics is that the drawbacks of environmental degradation or health concerns are not exclusively the realm of trained experts. Instead, the knowledge and perspectives of lay people who have lived there and have experienced the ecosystem have as much of an important contribution to make.

Local knowledge and participation are crucial elements of democratic environmental governance. As Lipschutz argues, what distinguishes environmental change and degradation is that they mostly take place at the micro-level. Moreover, the decisions made at the local level are important in the practical and political sense as decisions made at the supra-local level would not reflect the local conditions (Lipschutz, 1997). An integrated Polanyi-Gramscian-boomerang politics approach is useful precisely for dealing with such situations for it allows for research that probes deeper in settings where civil society is shaped differently, but certainly *is not* inexistent.

3.4 Conclusion

This chapter presents an integrated frame as a tool to analyze environmental conflicts in post-communist context, and to identify the sites for change and agency for democracy. Given the centrality of issues of power, wealth, legitimacy, and authority to questions of environmental change, a CPE perspective coupled with ideas from constructivism and environmental justice literature can be fruitful in addressing the struggle for environmental governance.

While providing an overview of contending theoretical approaches to environmental governance, I argued that the dominant perspective on environmental governance in IR, neoliberal institutionalism, contains some useful elements, but is not comprehensive enough in explaining and understanding complex circumstances that impact environmental governance around resource exploitation.

As a means to understand the conditions and agents that call for democratic environmental governance, I presented an integrated frame based on Gramsci, Polanyi and Keck and Sikkink's boomerang model of politics. This frame will be used to organize and analyze the facts I have about the energy projects in the case studies. Theoretical insights presented here suggest that the actors in the environmental conflict will be divided into two groups. Pro-project forces that seek to establish hegemony and push forward their visions, and resisting groups that try to oppose the projects and stop them altogether. These theoretical insights also suggest that states, businesses and MDBs will all be part of the actors seeking hegemony, which in the process cause the disembedding of nature. Part of the society and local communities will seek partners to counter the formation of hegemony. They are also likely to act on the basis of their material interests

and will use discourses that reflects norms of a different kind than those presented by the alliance seeking to establish hegemony. In the chapters 4 and 5 I will see the kind of configuration that emerges between the different actors and forces, and what does that configuration say for environmental governance in the post-communist context and more broadly in similar circumstances.

The integrated frame, with its roots in CPE and constructivist perspective, incorporates norms and ideas as part of discursive practices employed by different actors but suggests that material capabilities of different actors can be foundational in determining the shape of environmental governance. Environmental justice literature suggests that democratization of environmental governance should come about through inclusion, participation and deliberation of affected communities and at risk, future generations and the natural world. This understanding of democracy along with the integrated frame presented in this chapter will be used to assess the struggle around energy projects presented in the case studies.

Chapter 4: The case of Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the struggle for democratic environmental governance

4.1 Introduction

The BTC oil pipeline is a large-scale energy project designed to transport oil from the Caspian Sea to the Mediterranean port of Ceyhan in Turkey. It starts at Baku, Azerbaijan and then crosses Georgia's and Turkey's territory before it reaches its end point in the Mediterranean Sea (see Illustration 4.1).

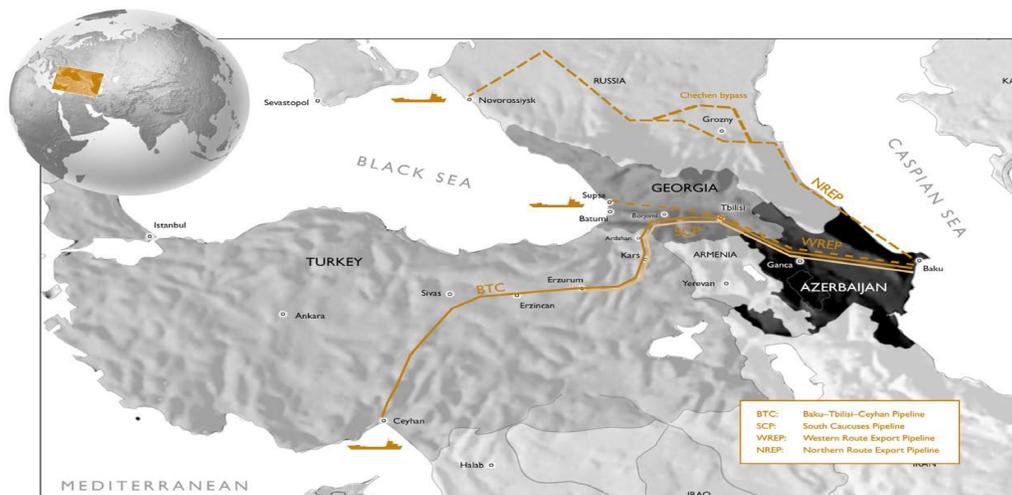


Illustration 4.1: Map of BTC oil pipeline. Source: Baku-Ceyhan Campaign, 2003

The construction of BTC oil pipeline brought together a wide range of actors including governments of countries like Azerbaijan, Georgia, Turkey, European Union, the United States, oil companies, such as British Petroleum, Statoil of Norway, Eni of Italy, SOCAR of Azerbaijan, and other smaller businesses such as water exportation. Other actors were civil society groups based in post-communist countries and international ones based in the United Kingdom, Italy, the United States and Eastern

Europe, such as Friends of the Earth, WWF, CEE Bankwatch, Green Alternative, Platform, The Corner House, Kurdish Human Rights Project, Bank Information Center, Caucasus Environmental NGO Network, Center for Pluralism “Inam”, Azerbaijan, Caucasus NGO Confederation. Multilateral Development Banks (MDBs) were also important actors with a wide range of interests. Each of the actors mentioned above had different perspectives on the issue of pipeline construction and oil development.

This chapter examines the mobilization and the struggle of civil society groups to stop the public funding and halt the construction of the BTC oil pipeline, with the aim of ensuring that the affected communities could influence decision-making. It looks at the impact that this contestation had on the rules and practices of environmental governance in the BTC oil pipeline host countries. To this end I put forward the following questions. What power dynamics have conditioned the outcome of the struggle for democratic environment governance around the extraction and transportation of Caspian oil via BTC oil pipeline? What role have civil society actors played in the process of contestation with other actors such as the governments of Georgia and Azerbaijan and BP? How did MDBs deal with the conflicting parties and how did they influence the environmental governance around BTC construction?

To address these questions I rely on the integrated GPB frame. First, I rely on neo-Gramscian notions of material capabilities, institutional and justificatory discursive strategies to analyze the key actors interested in developing this energy project and how they pushed forward their interests by attempting to establish a hegemonic position (Andree, 2007). Also as Gramscian scholarship would suggest the consolidation of

hegemony provokes resistance. I analyze this resistance by relying on Polanyi's notion of commodification and disembedding of nature, coupled with Gramsci's notion of civil society as a site of consent and contestation and Keck and Sikkink's boomerang politics. My analysis investigates each of the actors around the BTC project, in order to bring forward the struggle within the realm of civil society, with actors that push this project forward and the role of MDBs in this struggle. This is done in order to identify sites where progressive change can come about and democracy can be generated.

There are a few circumstances that condition the dynamics of the BTC, including the break-up of the Soviet Union and the emergence of the post-Soviet states, the increased demand for energy (mainly gas and oil) to fuel the world economy, the role of the states - those with increased demands for oil and those that have supply of oil to secure their energy flows by geopolitical and geo-economic means. The territorial and identity conflicts in the Caspian basin are also important to consider in relation to oil development in the region, because many of the themes that have impacted the politics among different actors such as civil society groups and governments have been influenced by the general attitude towards these conflicts.

This case study demonstrates that geopolitical concerns represent only one dimension of energy development and the governance structures that crystallize around it. The material interests of energy development, strategies of oil corporations, and the responses of lay people, farmers and Non-Governmental Organizations (NGOs), are all important in defining the way that post-communist societies govern nature as the latter gets affected by energy development projects. In this case, geopolitical concerns, as they

relate to energy security, are particularly important in the context of larger patterns of governance. However, concerns over ‘energy security’ need to be situated and understood as discourses that are often pursued in order to build consent among groups in society, who may be suspicious of the direction taken by leaders of a hegemonic formation. One peculiar feature of a hegemonic formation in this context is that the states, the host governments of Azerbaijan and Georgia, came to initiate the push towards an hegemonic alliance.

The chapter is organized as follows. I begin with a discussion of energy security and geopolitical issues, which provide a good starting point for this story, as it speaks to material structures that enable or constrain civil society to function and to be shaped in the first place. Because the pipeline under consideration exports Caspian Sea oil to western markets, I next present an overview of the post-communist countries of the Caspian Basin and the Southern Caucasus. The first part follows a neo-Gramscian view, where I look at the material foundations and intersecting discursive as well and institutional forces that come to play a role in pushing forward this energy project as a hegemonic project.

In the second part I draw on Gramsci, Polanyi and Keck and Sikkink's boomerang politics to explain the moves of the contesting groups, the local communities and national and international NGOs, as they engage with the hegemonic formation by trying to gain more representation for their concerns with the goal of subverting the project altogether. With respect to the contesting groups, Polanyi's notion of commodification and disembedding of nature and Keck and Sikkink's concept of boomerang politics are useful

for unpacking the civil society response to the development of the BTC oil pipeline. I also explore the complex role played by the MDBs that facilitated the formation of hegemony of the pro-BTC alliance, while also accommodating some of the concerns of the contesting groups.

Before I delve into the BTC project and an analysis thereof, I present some definitions of terms used throughout the chapter, starting with energy security. I then present a summary of the conflicts in the South Caucasus that are most relevant to this thesis.

The International Energy Agency describes 'energy security' as “the uninterrupted physical availability [of energy] at a price which is affordable, while respecting environment concern” (Energy Security, International Energy Agency). At the state level, there are different concepts of energy security depending on the state and its needs for energy. Very few states are energy self-sufficient let alone independent. For energy exporting states, 'energy security' means continuous demand for their exports i.e. 'security of demand'. The states that depend on importing oil gas and other sources of energy regard energy security as the abundant and uninterrupted supply of oil and gas that is not prone to manipulation. Certainly states that are involved in transit way of energy depend on the demand and supply of energy to generate income for fuelling their own economies. Thus energy security has many facets when considered from the states' perspective (Yergin, 2006).

Despite its straightforward definition 'energy security' could also be used as discourse strategy to shape decision-making. Given that energy is vital to the functioning

of the economic life in a country, energy projects that aim to contribute to this function are easily presented as the most natural path to follow and a common sense solution. In framing such discourse, the groups that push forward these projects come to determine other decisions related to the project, such as protection of environment, human rights, corruption, etc., which in turn may be seen as secondary to the security of energy and the cost efficiency related to the production of this energy security.

The regulation of energy remains the realm of national governments and multilateral arrangements. Examples of such arrangements are the Organization of Petroleum and Oil Producing Countries (OPEC), the International Energy Agency (IEA). While the former is quite explicit with regard to its membership, the latter only consists of twenty eight members from OECD countries. OPEC tries to control the supply of oil, whereas (IEA) tries to coordinate between demand and supply and push its members to have oil reserves in order to ensure resilience in the case of a market failure.

4.2 Regional context around BTC oil pipeline

In order to get a better grasp of the terminology and the actors that will be mentioned in the rest of the chapter, it is necessary to present a brief historical account of the process that led to the formation of the states discussed in this chapter, as well as their conflicts and aspirations.

The Soviet Union was based on a system that put central planning at its core. A vast project of social engineering was undertaken with the aim of modernizing and 'sovietising' the people and territories that were part of the Soviet Union. Its main social goals were to increase literacy rates, emancipation of women, secularization, provision of

universal health care and other social policies. In order to achieve such reforms, different measures for development were undertaken in order to generate income and also provide employment.

Planning was one way to achieve this, but abundance also played a crucial role. Central planning meant specialization, thus depending on the resource abundance, some republics specialized in agriculture, some in heavy industry, and others in resource generation. In the case of Turkmenistan, for instance, people that were considered to be nomadic were settled down and employed in agricultural jobs. Eventually, Turkmenistan became well known for production of cotton that was used throughout Soviet Union. Azerbaijan, on the other hand, given that it had also been an important hub of oil generation in Russian Empire, continued to specialize in the production of oil and maintained its central role for the Soviet Union. Azerbaijan preserved this position until other oil fields were discovered and developed elsewhere in the territory of Soviet Union (Ebel and Menon 2000).

From the dissolution of the Soviet Union, in 1991, emerged fifteen independent states. Four of these states surrounded the Caspian Sea, namely the Russian Federation, Kazakhstan, Turkmenistan and Azerbaijan. As a result of independence, all of the states that emerged from the Soviet Union, had to complete at the same time a process that seems of linear nature, that is the consolidation of sovereignty, the formation of national identity, the construction of stable and democratic political system, and the creation of market economies (Ebel and Menon 2000:4). All of these elements came to play a significant role in the political economy of energy development in this region. Energy

development, in turn, influenced these aspects of transition. The creation of market economies required material capabilities that in most cases could not be readily generated endogenously. Towards that end the formation of national identity and the construction of stable political institutions came to play a role in shaping the leading discourse as well as embedding it in institutions that made the energy development seem like the only alternative in pursuing the path of post-communist transition.

Before I delve into the assessment of how different forces came together and what strategies they chose to either push forward the BTC oil pipeline or resist it, I will provide a brief overview of the two countries that host BTC, Azerbaijan and Georgia.

4.2.1 Azerbaijan and Georgia

Azerbaijan is a landlocked country located in the South Caucasus that borders the Caspian Sea, Russia, Iran, Georgia and Armenia. Azerbaijan emerged from the dissolution of the Soviet Union by becoming independent in 1991, although it had previously been independent from 1918 to 1920. Presently, one of the political issues that dominates the discourse for Azerbaijan is the Nagorno-Karabakh conflict, which started between Azerbaijan and Armenia in 1988. The status of this territory was disputed between Armenia and Azerbaijan in 1920 as well, but was eventually settled by the Soviet Union, which recognized the territory as belonging to Soviet Azerbaijan.

The dissolution of the Soviet Union, among other national and territorial conflicts, brought to the surface the conflict over the Nagorno-Karabakh as one that was yet unresolved. The conflict culminated in a war between Azerbaijan and Armenia until a ceasefire was reached in 1994. At the moment of the cease-fire, ethnic Armenian forces

held Nagorno-Karabakh and seven other provinces in the internationally recognized Azerbaijani territory that surrounded the region (Azerbaijan, The World Factbook, Central Intelligence Agency).

The war had a major impact on Azerbaijan's transition and socio-economic progress, as it led to a major displacement of persons and the loss of productive capacity and especially land (Muharremov 2010). In this war Armenia was backed by Russia, Iran and the United States. In fact the United States Congress passed Section 907 of Freedom Support Act, which put a stop to aid given to Azerbaijan (Muttitt and Marriott 2010). This conflict remains one of the most politically sensitive topics in the country and in some instances people who speak against the government are considered to be agents serving the Armenian interests. This discursive element associated with the territorial integrity of Azerbaijan came to play a significant role in the public engagement during the planning, and the construction phase of the BTC pipeline. Later, in the process of energy development, the presence of the United States in the region would be considered helpful to resolve the Nagorno-Karabakh problem as well as to keep an eye on other flash points in the area such as South Ossetia and Abkhazia that struggle for independence from Georgia. Moreover, the United States and oil companies based in the United States came to play a significant role for material capabilities that pushed forward the energy projects.

Georgia was occupied by Soviet Russia in 1921, becoming the Georgian Soviet Socialist Republic and part of the Soviet Union. Georgia gained its independence in 1991, following the breakup of the Soviet Union, with the promise of swift economic and democratic reform. After independence, post-communist Georgia suffered from civil

unrest and economic crisis for most of the 1990s. Economic collapse, secessionist challenges, civil war and the failure to escape the legacy of Soviet rule characterise a two-decade struggle to establish democratic institutions and consolidate statehood. A regime change took place in 2003 in the so-called Rose Revolution. The Rose Revolution marked a turning point for the political climate in Georgia (Companjen 2010). A new promising government came to power aiming to fight corruption, promote democracy, rule of law, good governance and a market economy. It fought corruption and during 2002-2005 Georgia reached the highest levels of fight against corruption among countries in transition. However, the conflict in Abkhazia and South Ossetia contributed to a climate of instability in the country and worsened political and economic ties with Russia. In spite of that, the Georgian government aimed to get closer to international partners like the EU and NATO.

The Georgian economy has shown signs of progress with an increased GDP. Construction and manufacturing account for most of the growth as well as the agricultural sector (European Commission 2007). Given its strategic geographical position Georgian economy has benefited from oil and gas pipeline projects that pass through its territory where these projects have had a 'spillover effect' in other sectors of the economy. At the same time, however, high poverty levels characterise the society accompanied with disparities in living standards of different regions (European Commission 2007).

Compared to other post-Soviet states in the region, Georgia is distinguished for its vibrant society. In Georgia, the post-soviet ruling elite did not interfere much with the

society and exercised a weak kleptocracy, allowing in this way, more freedom of speech or information (Wheatley, 2005). This attitude resulted in the emergence of an independent media that was less constrained and the emergence of a large number of NGOs. These NGOs were developed on the bases of donations from foreign donors rather than the state. They mostly including young members of intelligentsia and did not represent a large part of Georgian society. However, they developed important ties with segments in the political elite which later influenced Georgian political life, such as the Rose Revolution. Moreover, as a result of lobbying by several members of NGO sector including the Georgian Young Lawyers' Association (GYLA), the League for the Defence of the Georgian Constitution and ISAR-Georgia a Civil Code was adopted in 1997, which established a simple procedure for the registration of the NGOs (Wheatley 2005).

In Azerbaijan on the other hand, as a traditional oil producer, the revenue from oil has helped to solidify the strong hold of clans in the society rather than contributing to a democratic spirit that vocally demands to share into the country's wealth (Cheterian 2010). This feature is in line with scholarship that suggests that oil dependence impedes democracy (Ross 2001). Civil society involvement in Azerbaijan had been present in relation to oil development projects such as the construction of the Baku-Supsa pipeline and the Baku-Novoryssisk oil pipeline. However, the civil society involvement was characterized by a domestic focus dealing with issues such as land compensations, oil worker rights and raising the issue of corruption in the oil sector (Interview 21, consenting groups representative, Baku 2010). These differences in the nature of the civil society involvement in Georgia and Azerbaijan, in turn conditioned the response and the

constellation of forces questioning the BTC oil pipeline, with Tbilisi-based organizations coming to play a bigger role. These features of civil society will be explored in depth in the second part of this chapter. The next section looks at the BTC oil pipeline.

4.3 BTC oil pipeline project

A production sharing agreement¹⁴ was signed in September 1994, between the government of Azerbaijan and a consortium of international oil companies headed by British Petroleum (BP), in order to explore the Azeri-Chirag-Guneshli oil field complex. This agreement also called for the construction of a pipeline as an infrastructure project that would facilitate the transportation of Azerbaijani oil into the international market. It was the Ankara Declaration in 1998 that gave the green light for further development of this project. This plan was realized in 2006 when the Baku-Tbilisi-Ceyhan (BTC) pipeline became operational (Sagheb and Javadi, 1994).

On August 1st 2002 oil executives and government official from Azerbaijan, Georgia and Turkey met in London for the signing ceremony that founded the Baku-Tbilisi-Ceyhan Pipeline Co (BTC Co.). Contracts for the construction of the pipeline in Azerbaijan were awarded to US-based Bechtel as well as companies from Greece and France. The Turkish state-owned crude oil and natural gas pipelines company, BOTAS,

¹⁴Production sharing agreements are “contracts between a country's government and the company that will exploit the hydrocarbon resources. They determine how oil revenues will be divided between the oil company and the country where oil and gas extraction takes place. A distinguishing element of production sharing agreements is the ownership of mineral resources that remain with the state (Johnston 1994: 22). Production sharing agreements are beneficial for countries in transition for three reasons. First, the agreements ensure investment flows, which are important for the socio-economic development of the country as well as national security. Second, by allowing the investor to develop the hydrocarbon resources the state itself does not have to invest in equipment that is necessary for exploration and extraction. Third, the agreements provide a higher degree of certainty and predictability in terms of growth and revenue, while at the same time avoiding the uncertainty that comes with tax collection. Instead of collecting taxes the state receives a fixed part of the product (Paliashvili 1998).

was to help oversee construction of the Turkish sector (Eurasianet, 2002). When completed, the pipeline was one of the longest of its kind on the world at 1760 km long, crossing three countries and designed with a working life of approximately 40 years. The pipeline starts at the Caspian port of Baku in Azerbaijan, passes through Tbilisi in Georgia and ends at the Mediterranean port of Ceyhan, in Turkey. It reaches an altitude of 2,800 meters as it passes across the Caucasus Mountains and passes through 17,700 parcels of land and 515 villages with a collective population of more than one million people living within two kilometres (Sovacool, 2010). The finished pipeline cost US\$4.6 billion.

As a large infrastructure project, the BTC's construction required 28,000 workers and more than 150,000 pipe sections had to be welded and buried. The pipeline corridor crosses more than 1,500 waterways, 3,000 roads and transport corridors, and necessitates eight pumping stations and two terminals. One of the widest points is the Ceyhan River in Turkey, which is 5.2m deep and over 500m wide. A natural gas pipeline, the South Caucasus Pipeline, was later built along the same corridor (Sovacool, 2010: 491). It passes through 176 widely varied and sensitive terrains, while crossing the politically unstable Caucasus region. Additionally, much of the area is seismically active and the route passes through three active geological faults in Azerbaijan, four in Georgia and seven in Turkey (Baku-Tbilisi-Ceyhan pipeline and Caspian Pipeline, Hydrocarbon-Technology).

The construction of BTC pipeline was concluded in May 2005 and the first tanker of oil pumped through BTC left Ceyhan in May 2006. According to the date provided by

IFC, the capacity of this pipeline is one million barrels of crude oil per day. It is the first direct transport link for exporting crude oil between the land-locked, but hydrocarbon rich Caspian Sea, and the Mediterranean (Lessons Learned, The BTC Pipeline IFC 2006).

The pipeline has been developed by a consortium of companies. British Petroleum is the managing company of this consortium and it also has the largest shares (34.76%). The other members of the consortium include: Unocal (8.9%), Statoil (8.71%), Turkish Petroleum (6.86%), ENI(5%), TotalFinaElf (5%), Itochu (3,4%), Delta Hess (2.36 and Azerbaijan State Oil Company (SOCAR) (25%) (BTC Oil Pipeline Project EBRD; Muttitt and Marriott, 2010: 54).

The BTC is considered to break the isolation of newly independent post-soviet states such as Azerbaijan and Georgia from Russia and help them forge ties internationally with states like the United States, Western European countries and Japan. Additionally, this pipeline is considered to have important implications for the realization of transition goals of these post-communist countries like Georgia and Azerbaijan. Economic transition goals for these countries are to achieve higher levels of economic growth, employment opportunities, Foreign Direct Investment, and encouragement of small and medium size enterprises ('Early Transition Countries Initiative', EBRD).

Prior to the construction of this pipeline, Azerbaijan, which had oil reserves that exceed its domestic requirements, relied on shorter pipelines, rail and shipping to export oil to world markets. The Bosphorus served as a passage for most of these exports, posing an increasing environmental and public safety risk to the city of Istanbul and surrounding areas. Thus the BTC offered a safer means of transporting oil over long

distances and relieves further congestion through the Bosphorus (Lessons Learned, The BTC Pipeline IFC 2006).

Because this large infrastructure is significant on many grounds, it was accompanied by worries related to transparency, inclusiveness of the society in the decision-making process, security and environmental risks. The issues associated with the inception, approval, and the construction of the BTC as well as its security and environmental externalizes drew the attention of different actors. Some of these actors were present from the beginning such as governments, corporate actors and MDBs, like International Finance Corporation (the private investment branch of the World Bank Group) and European Bank for Reconstruction and Development. Other actors such as Non-Governmental Organizations and local communities entered into the picture as the project grew more complex. For instance, a campaign against the construction of this pipeline emerged and was crystallized into a coalition of international Non-Governmental Organizations (NGOs) and local NGOs. As the number of actors involved increased, the politics around the BTC became more complex.

The power dynamics among these actors and the process of interaction with one another are significant in telling the story of environmental governance in this part of the world. The controversy that emerged from the building of this pipeline will be looked at for the implications it had in activating civil society involvement in such grand scale development/political project.

The rest of the chapter looks at the BTC oil pipeline through a GPB integrated frame of analysis. It first looks at the alliances that were formed in order to push forward

the vision of oil development. The alliances between different state interests and national and international oil companies are explored in order to highlight the justificatory discourses and regulatory strategies that helped the formation of hegemony. I refer to this alliance as the ‘pro-BTC alliance’¹⁵. The second part of this chapter looks at the constellation of forces that emerged to resist the development of an oil pipeline. The bulk of this part focuses on the strategies used by this constellation of forces to resist the hegemony of the ‘pro-BTC alliance’.

The Gramscian part of the integrated frame will look at the attempts to push forward the BTC oil pipeline and the elements that brought together the pro-BTC alliance, in the making of hegemony. However, as Gramscian scholarship would suggest, this formation of hegemony also implies resistance. In order to understand this resistance and its implication for democratic environmental governance I rely on Polanyi's notion of disembedding of nature and Keck and Sikkink's boomerang politics as well as the notion of civil society as informed by Gramsci. This is done in the second part of the chapter. Table 4.1 presents the important events of BTC oil pipeline, from its conception to the completion of its construction, the institutional and discursive strategies that the pro-BTC alliance actors used for pushing forward their vision, the manoeuvres that were undertaken by those actors that had reservations about the project and the outcome of these strategies.

Table 4.1: Important events around BTC pipeline project

Date	Pro-BTC alliance action: institutional and discursive strategies	Contesting groups: institutional and discursive	Outcome
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¹⁵In chapter 6, based on evidence from case study chapters, I will discuss and examine the relative success of the pro-project alliances and see whether they could be considered as constituting a 'historic bloc', as suggested by neo-Gramscian scholarship.

		strategies	
Sept. 1994	Contract of the century is signed		The first product sharing contract between Azerbaijan and BP consortium, which marked the beginning of laying down the institutional matrix that would facilitate the construction of the BTC oil pipeline
Oct. 1996	INOGATE: I nterstate O il and G as T ransportation to E urope		An institutional bedrock for international energy co-operation between the European Union (EU), the littoral states of the Black and Caspian sea and their neighbouring countries
1996	EU-Azerbaijan Partnership and Cooperation Agreement (PCA) is signed		Another institutional bedrock. which provided the legal framework for EU-Azerbaijan bilateral relations in the areas of political dialogue, trade, investment, economic, legislative, and cultural cooperation
Oct. 1998	Signing of Ankara Declaration National independence and regional stability		A cornerstone in institutional security, where the Heads of States declared their commitment to a free, democratic and more integrated OSCE area, where participating states are at peace with each other. The construction of the BTC pipeline was considered as a step towards this commitment
1999	PCA with EU enters into force for Georgia and Azerbaijan		It continues in the pattern of solidifying the institutional requirements among the states and further strengthening of the pro-BTC alliance
Nov. 1999	Intergovernmental Agreement for the construction of BTC		Another institutional cornerstone which draws the support of each of countries involved in the development, construction and operation of the BTC Pipeline across their territory This agreement is an institutional strategy that further consolidates the pro-BTC alliance . It is also a key step because it makes sure to create predictable behaviour by the states involved in terms of fiscal, technical and legal regime to support the BTC Project
2000	Host Government Agreements (HGAs) are signed between the BTC Consortium and each host country		This agreement takes the pro-BTC alliance onto another level. Up to this point the institutional grid is created to between the western governments represented by the EU, with the presence of representatives from the USA and only Azerbaijan's government had signed an agreement with the BP which was the production sharing agreement. From this point onwards institutionally the pro-BTC alliance becomes more crystallized as the oil businesses also

	<p>Along these institutional steps the pro-BTC alliance used a set of discursive strategies that backed the moving forward with the institutional matrix</p> <p>In these years the most dominant discourse was that of national independence, economic growth and development</p>		<p>join the alliance in a formal way.</p> <p>The HGAs stipulate the technical, legal, and fiscal regime under which BTC Co. would construct and operate the BTC oil pipeline in each of the three countries involved</p> <p>These discourses proved powerful since the contestation of these steps was not visible or not recorded.</p> <p>Added to this was that the institutional steps undertaken were also kept within diplomatic circles, hence reducing the possibility of civil society to provide input</p>
August 2001- May 2002	BTC Co. hires Environmental Resource Mechanisms (ERM) consultancy to conduct ESIA and public consultations	Some NGOs that eventually become vocal about their criticisms appear on the documents as consulted by the ERM in both Georgia and Azerbaijan	
May-June 2002	ESIA disclosure starts	Critics to BTC question the accuracy of the information presented in the ESIA	
Spring 2002		<p>NGOs critical to BTC send letters to MDBs and other banks informing them about their concerns regarding the conduct of ESIA. They ask the banks to make their funding conditional to improved ESIA</p> <p>Critical NGOs create linkages with international and regional NGOs and conduct the first Fact Finding Mission 1</p>	Contestation of hegemony and beginning of struggle to stop the project becomes more institutionalized
Sept. 2002	<p>BTC oil pipeline construction begins in Azerbaijan</p> <p>Several discourses are either strengthened or launched by the pro-BTC alliance in order to continue generating consent in the society and to counter the emerging contesting voices.</p> <p>Economic growth and development</p> <p>Sustainable development and normativity</p>	<p>Contesting groups become more vocal in their concerns</p> <p>Emphasized links of national identity and cultural to natural resorts and cultural sites to emphasize the links to nature either as a material base or as an aesthetic value</p> <p>Brought to light stories from local communities that had not been part of the decision-making process or have not benefited from the project. They presented alternative models of development</p> <p>Stressed the lack of transparency in the decision-making about the pipeline and questioned the nature of HGAs being above national laws</p>	<p>Contesting voices gained some support in the society as the construction proceeds the local communities become more affected by the pipeline construction and come to realize that the promises made by the pro-BTC alliance were not kept</p> <p>The ability to question the way the construction was conducted and the approval of the pipeline provided contesting groups with more legitimacy to continue the struggle and expand their support locally and internationally</p> <p>Created conditions for debate between opposing groups, giving contesting groups more visibility</p>

	Corporate social responsibility: high environmental, technological and business standards	For contesting groups the fight against corruption was a means to reduce resistance by intimidation and condemnation that they were hindering progress in the country	The discursive strategies solidified the pro-BTC alliance by gaining the consent of businesses and some local NGOs. The presentation of alternative outcomes by the contesting groups gave them a basis to contact MDBs and seek solutions through them and to expand their struggle for broader democracy and to stop them financing the project
Dec. 2002	BTC consortium gets approval for ESIA for Georgia HGA gives the right to BTC consortium to override certain national laws in environmental area. On this basis BTC prepared ESIA, which opened the way for starting the construction of the pipeline. There is also talk that MDBs will be part of the project through their financing	The ESIA was contested by civil society groups and sparked a wave of resistance from them	The approval of ESIA marks a further step towards solidifying the position of the pro-BTC alliance As the construction of the BTC has materialized and the hegemony becomes more complete the first signs of contestation start to be articulated by the environmental and human rights groups The approval also shows that society is now split in consenting and contesting voices, where the contesting ones are still in minority at this stage
Dec. 2002		Contesting NGOs contact MDBs about the pressure exerted on Georgia's Environmental Minister for issuing ESIA permit	Contesting groups vocalize further themselves as resistance actors
Spring 2003		Fact Finding Mission 2	Further institutionalization of contesting groups to counter the strategies of the pro-BTC alliance
July 2003	Pressure and intimidation towards the local groups that contest the pipeline	Green Alternative (GA) files lawsuit against BP. The lawsuit alleges that Georgian government and foreign oil companies pressured the environment minister into approving the pipeline without an adequate assessment of the environmental impact of the project, or public hearings. Green Alternative claims the pipeline will damage the Borjomi-Kharaguali National Park	Contesting groups try to utilize national institutions to voice their concerns and to find solutions within their own state Intimidation techniques do not prove successful for the groups originally engaged in the contestation, but may have had an effect regarding the expanding of their base more broadly Intimidation and pressure differentiates even more between contesting and consenting groups
Fall 2003	IFC, EBRD approve funding for BTC oil pipeline construction	Strong engagement of contesting groups for stopping the funding and the construction BTC oil pipeline. By using the results from fact finding missions and the leverage they created with international and regional NGO they expressed their concerns in peaceful demonstrations, made aware the public at large about environmental risks associated with the pipeline. They pointed out several shortcomings of BTC project regarding employment	By using boomerang politics the contesting groups raised their concerns nationally and internationally. Through socialization with international NGOs the local NGOs managed to face pressure and intimidation The pro-BTC alliance proved strong and contesting groups requests towards

		<p>and accountability</p> <p>Their campaign against of funding approval was also launched in London, UK.</p> <p>After the funding by MDBs was approved they engaged in accountability politics to ensure that the process was done according to MDBs' standards</p>	<p>the MBDs were met with a discourse reassuring them that all the parameters about the projects were fulfilled according to the MDBs' standards</p> <p>Contesting groups ensured that the project standards were kept at a higher level than they would be without their resistance</p>
March 2004	Green Alternative lawsuit denied	<p>Local communities in Georgia protest as they experience the effects of the pipeline construction more directly nearby their homes and properties</p> <p>They raise the issue with local authorities as well as MDBs</p>	<p>Pro-BTC alliance prevails</p> <p>The court case was denied and this move had no impact on the BTC construction</p> <p>GA as one representative of the contesting groups did not achieve their aim.</p> <p>The refusal shows the institutional strength of the pro-BTC alliance and the use of state institutions to certify that the process was conducted in accordance with expectations, even if they were contested by some groups</p> <p>MDB representatives meet with local communities regarding their concerns,</p>
2004	<p>Signature of Baku Initiative.</p> <p>It is a policy dialogue on energy and transport cooperation between the European Union and the littoral states of the Black Sea, Caspian Sea and their neighbours. It extends INOGATE programme to oil, gas, electricity, renewable energy and energy efficiency</p>		<p>Despite contestation the commitment of the pro-BTC alliance continues through further institutionalization, showing that they achieved hegemony and that this may most likely be an enduring one.</p>
Fall 2004, Fall 2005		<p>Contesting groups (local and international) continue to engage and question the way that the construction of the pipeline is unfolding and document the impacts on affected communities through Fact Finding Mission 3 and Fact Finding Mission 4</p> <p>Their campaign shifted from one aimed at stopping the public financing of the BTC oil project to holding accountable BP and MDBs</p>	<p>Contesting groups expand their base within local communities and become a significant group that can now be compared to the consenting groups.</p> <p>The splits within the civil society are more visible as the struggle has meant that there are consenting civil society groups and contesting ones, but also within the contesting groups more nuances are articulated</p> <p>The consenting groups more readily distinguish themselves from the contesting groups</p>
May 2005	BTC oil pipeline construction ends		<p>Contesting groups did not reach their initial goal of stopping the project and of halting the public financing of the project</p>

			They started a broad social dialogue about democratic environmental governance
2006	European Neighbourhood Policy (ENP), is an initiative of the EU's willingness to extend its cooperation with Azerbaijan and Georgia beyond what is provided for under the existing framework of the PCA.	Some contesting groups continue their criticism against oil industry. Other contesting groups use the energy projects critically to participate in monitoring process and to continue the fight for more inclusiveness, transparency and less corruption. They aim for a bottom up reform process.	These agreements can be seen as steps of further consolidation of a broader alliance focusing on oil-exploration and transportation, confirming that the hegemony of the pro-BTC alliance was achieved and some of the resistance was co-opted
2011	Joint declaration on gas delivery for Europe		Even most of the contesting groups continue to be involved in these projects, although in a critical manner.
2007-2013	Country strategy paper	The contesting groups contribute in the discourse of development and economic growth as presented by the governments without recommending changes within the status-quo, but letting the reforms to be mostly top-down.	The positive outcome for the contesting groups resulting from the contestation of the BTC pipeline was that they managed to become part of the dialogue

4.4 Pro-BTC Alliance

Since their emergence as new states, the main objectives of Azerbaijan and Georgia have been territorial integrity, increased economic growth, consolidation of sovereignty and political institutions. These objectives were partly met through the material capabilities generated by exploration, development and transportation of hydrocarbon resources abundantly found in the Caspian region.

In what follows I will discuss how was the 'pro-BTC alliance' formed in this case, what material interests brought this bloc together, and what discourse and institutional strategies they employed to push forward the hydrocarbon extraction and transportation from the shores of the Caspian into the international markets. While I deal with these sets of strategies sequentially, it is important to keep in mind that they are closely intertwined, and not easily separated from each other. This characteristic will become more prevalent in the examples that will be used to demonstrate the strategies.

4.4.1 Material foundations of the pro-BTC alliance

The governments of countries involved in the BTC project, Azerbaijan, Georgia, Turkey,

United States, European Union, had several material interests in common. Among these were energy security and the search for opportunities to invest. The post-communist countries in this picture, Azerbaijan and Georgia also had to strive for the completion of liberalization and privatization policies as a step of meeting transition goals of establishing a market economy. The local governments also had political interests of staying in power and saw the energy projects and the other interests associated with them as an opportunity to continue to remain in the government. A final material interest of these newly formed post-communist countries was the maintaining of territorial integrity as newly independent states.

This section looks into how these material interests converged among these actors. The material interests that will be discussed in this section are economic and territorial. While economic interests lands itself clearly into the GPB frame of material interests, the territorial one is closely connected to the economic interests, because the control of these territories in the form of independent as well as Western friendly states meant economic benefits.

4.4.1.1 Azerbaijan

I begin by looking at Azerbaijan's material interests as they were presented by this country's political elite. Azerbaijan emerged from the break-up of the Soviet Union with a weak economy. The suffering economy of the early transition years was further damaged by the war with Armenia. As estimated by International Monetary Fund (IMF) Azerbaijan's GDP was US \$12.7 billion in 1995, which was a direct reflection of the war on country's economic performance. That reflects the economic legacy of the war with

Armenia. The initial phase of transition from 1991 until 1995 was associated with a decline in real wages, a decrease in government funding, high unemployment and depletion of foreign exchange reserves. The severity of the economic decline can be seen in the precipitous fall in GDP. Azerbaijan's GDP fell significantly between 1991 and 1994. In 1994, it was only 44 percent of its 1990 level (Muharremov, 2010).

Between 1991 and 1994, Azerbaijan faced the dilemma of asserting itself as an independent state. The assertion of statehood had to be achieved in the face of several forces that were international and domestic in nature. International forces were the war with Armenia, and the necessity of consolidating itself on the international stage by diversifying its international relations. The pursuit of diversification was necessary, given that the war with Armenia had left Azerbaijan isolated. Since the election of Heydar Aliyev as President of Azerbaijan, and later with the coming to power of his son Ilham Aliyev, Azerbaijan firmly pursued a foreign policy whereby relations with the West are integrated while relations with Russia are kept cordial (Kjaernet, 2010).

In order to come to grips with these post-Soviet transition issues, the political elite in Azerbaijan pursued energy development. This strategy was crafted so as to provide Azerbaijan with the assets to diversify its international relations, simultaneously attracting and creating outreach to the West, especially the EU and USA. As Mark Graille, co-ordinator for a region-wide EU-funded project to improve transport and communication put it, “we have to be honest, oil is what will help us set up other markets. Oil and oil-products will be the main export from the region” (*Quoted in Financial Times*, 2002).

From 1996, Azerbaijan managed to make socio-economic progress. Foreign Direct Investment (FDI), especially in the petroleum exploration industries, played a significant role. In 2005 and 2006 foreign direct investment into the oil industry was US\$3.5 billion (Muharremov, 2010). The FDI that fuelled economic growth after 1995 followed the signing of a production sharing agreement between Azerbaijan and a consortium of foreign oil companies. Since 2004 Azerbaijan has signed thirty production sharing agreements¹⁶. The first production sharing contract was called 'the Contract of the Century,' and it arranged for development of the Azeri-Chirag-Guneshli complex. The consortium is headed by British Petroleum, which now holds a 34.1 percent stake in Azerbaijan International Oil Company, and which is the operator for the three-field complex (Roberts, 2008). The agreement called for an investment of \$7.4 billion over thirty years. According to "the Contract of the Century" Azerbaijan's government would receive approximately 80% of the total profits. This includes the royalties and the shares of State Oil Company of Azerbaijan Republic (SOCAR), which held 25% stakes in this oil development. Only the remaining 20% of profits would be divided among the consortium members (Sagheb and Javadi, 1994; Babali, 2006). The most direct material interest that the government of Azerbaijan derives from the oil development is economic benefits through the generation of royalty and tax revenues. Other governments of countries through which the pipeline passes, such as Georgia and Turkey, gain financial benefits through transit fees. International Finance Corporation (IFC) estimated that the

¹⁶The most recent contract envisages the exploration and development of Shafag and Asiman gas structures in the Azerbaijani section of the Caspian Sea. This contract was signed between SOCAR and BP in October 2010 and was ratified by the Azerbaijan Parliament in May 2011 (British Petroleum Press Release. Azerbaijani Parliament Ratifies Shafag-Asmian PSA. May 10, 2011)

BTC oil pipeline would contribute to direct economic benefits like transit fees, royalty and tax revenue as well as direct deposits due to oil sales. Other benefits would be employment opportunities in the service sector, the purchase of local goods and services, and specific programs designed to encourage the development of small and medium size enterprises. All these aspects were seen by IFC as potentially contributing to economic stability, regional integration and interdependence in countries the BTC would cross (Lessons Learned, The BTC Pipeline IFC 2006:2).

Oil development¹⁷ is upheld by international institutions as the primary contributor in economic growth for Azerbaijan especially after the year 2006. Due to increased oil exports starting in 2006-08 Azerbaijan experienced a high economic growth. In 2009, Azerbaijan's economic growth¹⁸ remained above 9% while in 2010, it slowed to 3.7%.

The political elite of Azerbaijan has been able to use the wealth derived from the energy sector in enhancing regional partnerships in addition to the partnership with the West. Georgia has proved to be a significant player in the energy development by acquiring the role of a transit country for the oil extracted from the Caspian. In 2007 following the announcement of Gazprom to raise the price of natural gas sold to CIS countries, Azerbaijan decided to cut gas imports from Russia and provided Georgia with natural gas at US\$120 per 1000 bcm (Radio Free Europe/Radio Liberty, 2007).

Due to the territorial conflict of Nagorno-Karabakh, the political elites of Armenia

¹⁷As of 1994, Azerbaijan reserves are estimated at 4 billion barrels of oil

¹⁸The BTC pipeline in particular has played an important contribution to the economic growth, although construction sector, banking and real estate have also played a role (World Economic Outlook Database, IMF September 2011; Azerbaijan The World Factbook, CIA)

have not been able to take advantage of the energy wealth of Azerbaijan.

4.4.1.2 Georgia

Georgia emerged as an independent state in 1991 after the dissolution of the Soviet Union. Eduard Shevardnadze who was president since 1995, resigned in 2003 over accusations of manipulating elections. New elections held in 2004 brought to power Mikheil Saakashvili and this was known as Georgia's Rose Revolution. Mikhail Saakashvili came to power on the basis of a platform that would not only bring more democracy to Georgia, but it would also direct the country towards the West and divert it from its dependence on Russia. Saakashvili aimed openly to place the country outside of the Russian geopolitical orbit. By reforming the economy, cutting taxes, fighting corruption, and attracting Foreign Direct Investment, Georgia has managed to reduce its dependence on Russia (The World Factbook. Georgia, CIA). One important aspect that Saakashvili inherited from his predecessor was the approach of exploiting Georgia's geographic position as a transit route for energy to the Western markets.

Georgia has traditionally depended on Russia for energy and this has been a source of tensions between the two countries. In 2007 for instance the Russian gas monopoly 'doubled prices for Georgia to \$110 per thousand cubic meters and proposes a further rise to \$230 at the start of 2007- the highest for the former Soviet Union Republics' (Indans, 2007). For Georgia and Azerbaijan the BTC meant the “not-Russia-pipeline” through which Azerbaijan would have security of demand in the Western market and Georgia could benefit by cementing its role as a key energy corridor (De Waal, 2010). This aspect was also employed as a discursive strategy for pushing forward

the project (see section 5.4.2).

Georgia's location as a gateway linking the Caspian Sea to the Black Sea makes it vital for the control of hydrocarbon resources found in Central Asia. From the early days of Georgia's independence, the Clinton Administration envisaged it as a key country in the transportation of Caspian energy resources to the European market. These territorial interests were reflected in both the Clinton and the Bush administrations, as they devoted political and financial resources to allow Georgia to develop into a stable and democratic nation (Areshidze, 2007). After September 11, 2001 the interest of the United States in Georgia was enhanced further as Washington began to see the Caucasus as an indispensable gateway to Central Asia and Afghanistan, and an important corridor to the broader Middle East (King, 2004). The United States has been Georgia's largest bilateral aid donor. From 1992 till 2010 the aid provided by the United States amounted to \$3.37 billion placing Georgia at the top of the list of countries receiving aid from the United States (Nichol, 2012)

In addition to the material interests of Georgia's ruling elites and the combined interests of Azerbaijan's ruling elite and two different presidential administrations in the United States, Georgia was also highly encouraged by international institutions to take advantage of its position as a transit state. In 2001 the World Bank intervened by pushing Georgia to negotiate for a higher transit fee for the Baku-Tbilisi-Erzurum (BTE) gas pipeline. In a letter directed to the then President of Georgia Eduard Shevardnadze the World Bank's director for Georgia stated, 'this failure to heed the advice that has been provided will also call into question the justification for future support to Georgia from

institutions such as the World Bank' (Judy M. O'Connor, the World Bank Director for Georgia, quoted in Frantz, 2001). Under Shevardnadze Georgia relied heavily on support from multilateral financial institutions, which saw in the transit state role an opportunity to increase Georgia's revenue.

The construction of the BTC oil pipeline and the parallel BTE gas pipeline were efforts to strengthen Georgia's role as a transit state on energy routes that export Caspian oil and gas to Western markets (Kandiyoti, 2008). In addition to the geopolitical benefits of being a key energy corridor and the attraction of more Foreign Direct Investment (FDI), Georgia stood to benefit from pipeline transit fees as well. BP's forecast revenue for the government of Georgia from the BTC project for the period 2005 till 2024 is estimated to be \$900 million.¹⁹ Regarding revenues from the parallel Baku-Tbilisi-Erzurum gas pipeline Georgian authorities agreed under Host Government Agreement that instead of cash, they will receive in-kind payment for gas transit²⁰. The rationale for this choice is that more gas supply would contribute to a diversification of Georgia's energy sources (BTC Overview. British Petroleum).

Although all the pipelines are buried underground they have above ground facilities, such as pump stations and gas metering stations. As pointed out by BP representatives that I interviewed, the foremost function of BP in Georgia is technical operation of the pipeline on the day to day basis. According to BP office in Georgia, the

¹⁹In 2005 Georgia received US \$6.8 million in transit revenues from both BTC and BTE, which constituted 0.12 percent of its GDP. By 2011 IMF projected that transit revenues for Georgia would be US \$86.8 million, which constituted 1.07 percent of GDP. On average Georgia receives \$45 million annually in transit revenue (BTC Overview. British Petroleum).

²⁰Moreover, the achievement of the role as an energy corridor meant that international oil companies would be present in Georgia. Their presence is associated with the opportunities for small businesses and technical expertise. British Petroleum (BP), for instance, operates three pipelines: the Baku-Supsa oil pipeline; the BTC oil pipeline and the BTE gas pipeline that runs parallel to BTC.

pipeline grid necessitated technical maintenance and other services, which presented opportunities for the employment of local communities. Additionally, employment opportunities for experts from Georgia were created as, according to BP representatives, these local experts could participate in teams that look after environmental issues, social issues and cultural heritage issues that come up along the pipeline as well as human resources and transport (Interview 23, BP representative, Georgia 2010).

What were the material interests of actors beyond the region? What explains the involvement of the European Union, the United States of America and international oil companies in Caspian energy developments?

4.4.1.3 European Union

The material interests of international actors, especially the Western governments, were related to safe sources of energy supply for Western countries. In this sense BTC signified a successful diversification strategy away from Russian, Middle Eastern and OPEC energy resource markets, which had become politicized and volatile and thus less attractive to Western governments. The European Union had an overarching goal which was energy security but it manifested different strategies as it dealt with each of the countries involved in the pipeline.

Europe is a large consumer of energy. Since the resources of the North Sea have been exploited beyond their peak, Europe depends on its energy supply from non-EU countries. Some of these regions are economically insecure such as Russia and Middle-East²¹ (Geopolitics of EU energy supply, 2007).

²¹In 2007, in terms of oil, the EU got 45 percent of its oil imports from Middle East. For gas, Russia, Algeria and Norway provided 45 per cent, 30 percent and 25 percent of gas imports, respectively. By 2030 more than 60 percent of EU gas imports are expected to come from Russia (Geopolitics of EU energy

The fact that Azerbaijan was a newly independent country, undergoing transition as well as eager to develop its hydrocarbon potential, provided the EU with an opportunity to encourage political stability in a country that would be turned into a reliable source of energy supply. The trade relations between EU and Azerbaijan were intensified especially after 2003. As a result, in 2010 the EU27 was Azerbaijan's first import and export partner with 25 percent of its imports coming from the EU and 48 percent of its exports going to the EU. This constituted 1.2 billion Euros and 7.6 billion Euros respectively.²² (Azerbaijan. EU bilateral trade and trade with the world. DG Trade Statistics. 2012, 10 January).

According to data provided by BP, Azerbaijan remains a lucrative energy provider possessing 7 billion barrels of oil reserves and 1.3 trillion cubic meters of natural gas reserves. In 2010 Azerbaijan's oil production reached 1 billion barrels per day and 15 billion cubic meters of gas per day (British Petroleum Statistical Review of World Energy. June 2011). Thus the EU is an important player in the 'pro-BTC alliance', as in order to accomplish the material interests of security of supply it is able to deploy a series of institutional and discursive strategies that in turn facilitate and work to secure the material interests.

4.4.1.4 United States

In this section I explain the material interests of the United States as part of the pro-BTC

supply, 2007).

²²Azerbaijan on the other hand in 2010 ranked as the 29th partner for EU in terms of imports and the 56th in terms of exports. Out of the total exports from Azerbaijan to the EU in 2010, 99 percent consisted of mineral fuels, lubricants and related materials (Azerbaijan. EU bilateral trade and trade with the world. DG Trade Statistics. 2012, 10 January).

alliance and in playing a role in strengthening the alliance between oil companies and the states involved in the pro-BTC alliance.

The Caspian Sea had traditionally been split between Russia/Soviet Union and Persia/Iran, but the end of the twentieth century increased the number of state players. In addition to the newly independent post-Soviet states, the United States of America entered the scene as an important player.

The Cold War had shaped the interests of the United States in the region. In the framework of the Cold War the United States had looked at balancing the expansion of the Soviet Union. Moreover, the Cold War meant that the Caspian oil riches were off limits for U.S. based oil companies. It was only with the initiation of Gorbachev's reforms in the late 1980s, that the possibility of Western access to the Caspian Sea's riches became an option. These reforms made possible the entry of some Western firms, of which the U.S. oil company Chevron was the first to enter the Caspian scene through a contract that allowed it to develop the Tengiz oil field in Kazakhstan (Ottaway and Morgan,1998).

However, in the post-Cold War period, the interests of the United States in the region were re-framed. Both, the George Bush and Clinton administrations had three main interests in the Caspian region: a geostrategic interest, an economic interest, and socio-political one. The last one is closely related to the first two as the ability of these post-communist states to achieve economic growth would help them fund their economic and social policies and also to acquire independence in terms of their foreign policy. A way of access into the Caspian hydrocarbon resources was an integral component of

these grand interests.

Access to Caspian oil and gas would help to diversify energy sources as a noticeable alternative to oil from the Persian Gulf. After the 1979 OPEC crisis all the U.S. administrations regardless of their political affiliation had continually worked to diversify the US' energy sources. Richard Morningstar (who was the Special Advisor to the US President and Secretary of State for Caspian Basin Energy Diplomacy), assessed the contribution of Caspian oil as follows,

[although], not much of the actual oil itself [that] will be drilled in the Caspian will get to the United States... what the Caspian will do will increase the overall world supply and it will be a significant portion of the new oil that will be developed in the world over the next several years and therefore will be a significant percentage related to increased demands, and so by increasing the world's supply that's going to enhance the overall energy security of the United States as well as other nations.(Interview of Richard Morningstar Centre for Defence Information, USA 1998).

The diversification of hydrocarbon sources and energy security were so central to the U.S administration policy that the plans to tap into the Caspian hydrocarbon resources moved forward even in face of scepticism regarding the potential oil and gas reserves in the Caspian Sea²³. Different institutions and people within the United States government, especially as part of Clinton Administration, played a key role in pushing forward the interests of the U.S. oil companies in the Caspian region²⁴. For example,

²³According to some estimates of 1998 and 1999 the Caspian's oil reserves amounted to less than five percent of world's total reserves. According to this view the Caspian oil would not add much to the Western energy security. In an interview from 1998 Patrick Clawson the Director of Research at Washington Institute for Near East policy expresses his scepticism as follows, "It is unlikely that the United States would import much of any oil directed from the Caspian, so it is a question of what the Caspian adds to the world oil supplies. And there the most optimistic forecast for Caspian production in about fifteen years from now, would have the Caspian adding something like three to four percent to world oil supplies which is nice but by no means essential" (Interview of Patrick Clawson Centre for Defence Information 1998).

²⁴Some of these institutions and central figures of U.S foreign policy that pressed on these plans were:

Zbigniew Brzezinski, the U.S. National Security Adviser during the Carter Administration (1977-1981), and later a paid consultant of the U.S oil company Amoco. Amoco was one of the principal contenders, seeking access to the oilfields offshore of Azerbaijan. Brzezinski (1997) saw Azerbaijan's location on the Caspian shores to have crucial geopolitical implications. He describes it as, "the vitally important "cork" controlling access to the "bottle" that contains the riches of the Caspian Sea basin and Central Asia. An independent Turkic-speaking Azerbaijan, with pipelines running from it to the ethnically related and politically supportive Turkey, would prevent Russia from exercising a monopoly on access to the region and would thus also deprive Russia of decisive political leverage over the policies of the new Central Asian states (Brzezinski, 1997: 129)

In addition to these central players and institutions of the U.S government, in the case of the BTC, other government agencies also played a role. Financing for the BTC was provided by governmental agencies, such as Overseas Private Investment Corporation (OPIC), the U.S. Export-Import Development Bank, and US Trade Development Agency. These institutions mobilize private capital, but are closely attached to forwarding US foreign policy goals. Richard Morningstar summarized these interests in one of his addresses maintaining that,

Once these and other financing options were in place, BPAmoco and the other countries of the Azerbaijan International Oil Consortium broke ground on the BTC pipeline in September 2002. In the post-September 11 search for improved energy security . . . [the BTC]

President Clinton, his National Security adviser, Anthony Lake (1993-1997), Richard Morningstar, Secretary of State for Caspian Basin Energy Diplomacy; Jan Kalicki, counsler at the Commerce Department and administrator ombudsman for energy and commercial cooperation in the Newly Independent States;

pipeline promises not only to contribute to the international energy balance, but also to collective security and interdependence of the countries of the region and –if managed properly- to the development of civil society in these countries” (Morningstar, 2003).

4.4.1.5 Oil companies

The above mentioned geo-economic interests on the side of national actors also congregated with interests of international oil companies to tap into the Caspian energy resources.

In late twentieth century the U.S. and other European oil firms had been exploring the Caspian Sea and had already spent billions of dollars²⁵. The companies were interested in having access to the Caspian oil reserves, as well as to emerging markets that would contribute to the expansion of profits. A distinguishing feature of these post-communist emerging markets was also that the companies could also help to shape the markets, but these were markets that they could also help to shape.

The U.S. based oil companies²⁶ tried to get the backing of the USA government agencies in exploring the oil riches of the Caspian basin. As early as 1996, T. Don Stacy, the director of Eurasian operations of the Amoco Corporation, tried to persuade the White House of the strategic importance of Azerbaijan's oil deposits. Stacy's enthusiasm was met by President Clinton's awareness of the region's geopolitical importance (Antelava, 2003).

²⁵Some of these oil companies interested in the Caspian Sea oil reserves and the BTC oil pipeline were: BP, Amoco Statoil, SOCAR, Unocal, Turkish Petroleum, Eni, TotalFinaElf, Delta Hess, Itochu.

²⁶Other Western oil companies (in addition to Chevron US oil company signed the contract for the exploration of the Tengiz oil field in Kazakhstan) had eyed the other giant gas reserves field in Kazakhstan, the Karachaganak field also discovered, but not exploited completely by the Soviet Union. British Gas and Eni of Italy were the two companies most interested in this field, and in 1992 they gained the rights to negotiate a contract to develop it. A production sharing agreement for this field was concluded in 1997. The companies that shared this production sharing agreement were British Gas (UK), Eni (Italy), Texaco(U.S) and LUKoil (Russia) (Ottaway and Morgan, 1998).

Similar interest by Western oil firms was expressed towards oil and gas reserves in Azerbaijan. Specific oil sector liberalization policies put in place by Azerbaijan's President also contributed to raising the interests of oil companies. Azerbaijan followed a semi-liberal policy towards its hydrocarbon resources. This contrasted those of its hydrocarbon rich neighbours, Kazakhstan and Turkmenistan. Kazakhstan fully liberalized this sector and gave way to international companies to develop its oil riches. Turkmenistan kept this sector fully nationalized, with the international companies being allowed to purchase their oil and gas only at the border. Azerbaijan's government kept its hands on the hydrocarbon resources considering it as a national asset, but invited international companies to explore, develop and transport its hydrocarbon resources (Hoffman, 2000).

In what follows, I present a brief history of the involvement of oil companies in the Caspian Sea and events that led to the signing of the so-called 'contract of the century'. This section reveals the close ties that traditionally existed between oil companies in the West and respective state institutions, but also how these ties served to forge an alliance with the political elites of the newly independent post-communist states.

The Caspian oil reserves had been of interest to oil businesses from the United States as early as the 1885 when W.H. Libby, the top business-diplomat and ambassador-at-large, initiated talks with the Nobels in St. Petersburg, who in turn dominated the distribution of oil within Russian Empire, in particular the northern route. The Nobels were not interested in the deal and that led to a decade long competition over the price of oil between the Nobels, the Rothschilds, Standard Oil and other Russian oil producers.

This competition was known as the “Oil Wars” which seemed to have been concluded on March 14, 1895, when Standard Oil “signed the long-sought grand alliance with the Rothschilds and the Nobels on "behalf of the petroleum industry of the U.S" and "on behalf of the petroleum industry of Russia"” (Yergin, 1991: 56).

The Bolshevik Revolution put an end to Western firms’ access to the Caspian Sea riches. The Bolsheviks took control of the area in 1920 and the famous World War II battle of Stalingrad was fought to stop the German troops from accessing Caspian oil (Yergin, 1991). It was only with the initiation of Gorbachev's reforms in the late 1980s, that the possibility of Western access to the Caspian Sea's riches became an option. In the 1990s the Caspian Sea was believed to have the third largest hydrocarbon reserves in the world after Persian Gulf and Siberia. Estimations from 1994 assessed the Caspian Sea oil reserves to constitute 16 percent of world proven oil reserves and 53 percent of natural gas proven reserves in the world (Namazi, 2000). This estimate brought about an increased interest in the Caspian Sea by international (mainly Western), oil companies because Caspian oil and gas provided an opportunity for business. For some Western governments and in particular the United States this meant an increase in world energy supply.

The U.S. oil company Chevron was the first to enter the Caspian scene after Gorbachev had introduced perestroika and glasnost in the Soviet Union. Chevron was interested in a giant oil field that had been discovered in Kazakhstan in 1979, the Tengiz field. Chevron initially entered into discussions with Soviet authorities in late 1980s. In 1993 the TengizChevroil partnership was formed and Chevron pledged to invest US\$20

billion over a period of 40 years (Ottaway and Morgan, 1998).

Additionally, interest was expressed by the international oil companies, in the offshore oil fields of Azerbaijan. But how did the oil companies get a hold of Azeri oil fields? What institutions and tactics facilitated their entry?

The road to the oil riches of Azerbaijan entailed a fierce rivalry between Western oil companies. This competition was coupled with their moves to get the support of respective home-government institutions that would in turn facilitate their entry in the oil fields. All of these strategies contributed to solidifying the pro-BTC alliance.

In 1989 Stephen E. Remp, the then long time head of United Kingdom independent oil company Ramco, arrived in Baku. He was eventually hired in 1990 by the State Oil Company of Azerbaijan to find Western oil companies who were interested in developing the hydrocarbon resources in Absheron peninsula. Remp contacted British Petroleum (BP) as a potential oil company to explore these hydrocarbon resources (Ottaway and Morgan, 1998).

At the beginning of 1990s the BP was known as the ‘two-pipeline company’. It had two sources of oil, one was the North Sea and the other was Alaska. Under such conditions the company was under threat to be phased out by Shell and Exxon, if it did not push into some other areas of exploration and production. The company “...desperately needed to take risk and develop new areas. One of those areas was Colombia and the other was Azerbaijan. It was a big calculated risk for them to go to Azerbaijan, but they did it with the heavy backing of the British State. It was very interesting that the first office of the British Embassy in Azerbaijan when it first started in

Baku was in BP's office” (Interview 10, contesting groups representative , UK 2010).

By October 1990, a consortium of BP, Ramco and the Norwegian state oil company, which had been a long term partner of BP in oil explorations in the North Sea had had an informal promise to develop the oil fields in Azerbaijan (Ottaway and Morgan, 1998).

In 1991 another oil firm came into the picture, Amoco, a U.S. oil company. The role of intellectuals in facilitating the access of U.S. oil companies to the Azeri oil fields proved important. The way that Amoco entered into the picture is an excellent example how the state interests and business material interests get intertwined or facilitated by the input of intellectuals.

An academic from Georgetown University named Rob Sobhani, assisted in getting American companies an entry point into the Azeri oil fields. Sobhani was a political science professor, originally from Azerbaijan. During his visit he met with the Communist Party boss in Azerbaijan, Ayaz Mutalibov, who shared with Sobhani the eagerness for building an American style democracy in post-Soviet Azerbaijan, and the plans to allow the BP led consortium to explore the Azeri oil fields. Sobhani's reply was that “you can't do this with BP. There's only one America and only one true superpower and you've got to work with it” (Rob Sobhani, quoted in (Ottaway and Morgan, 1998). Sobhani recommended Amoco as a highly praised American oil company. As a result, the exclusive deal given to BP was cancelled and the American company was also given the opportunity to explore the Azeri oil fields (Ottaway and Morgan, 1998).

This provided the opportunity for the Azerbaijan state government (still with the

Communist Party in power) to play Amoco and BP against each other in order to get the best terms in the contract. In the summer of that year, Azerbaijan gained independence from the Soviet Union and earlier tensions with Armenia resurfaced. This conflict rendered the process of contract negotiations difficult. It was in the midst of this conflict that BP played out its power and gained direct access to the Azerbaijani shares of Caspian oil riches. "In September 1992, BP pulled off a coup that unnerved its competitors and appeared to put the British firm back on top. Former British Prime Minister Margaret Thatcher arrived in Baku and handed the Azerbaijani government two BP checks totalling \$30 million. The money was a down payment for a proven field called Chirag and for an unproven bloc called Shah-Deniz. To Azerbaijani officials, a deal with BP was tantamount to a deal with the British government; not only did visiting British officials lobby relentlessly for the company, but for months Britain's diplomatic mission to Azerbaijan had operated out of the BP offices" (Ottaway and Morgan, 1998). For a country immersed in war, a deal with the British government was a move in the right direction.

In November 1992 State Oil Company of Azerbaijan Republic (SOCAR), Botas (of Turkey), BP, Pennzoil and Amoco signed an agreement to finance studies of three pipeline options from Baku: to Supsa, to Novorossiysk and to Ceyhan. The Ceyhan route could pass through either Iran or Georgia. Soon after this agreement in the spring of 1993 Turkey and Azerbaijan signed a protocol to develop the Baku-Ceyhan option. In the same year the then president of Azerbaijan Abulfaz Elchibey signed a deal with a consortium of BP, Statoil, Amoco, TPAO, Unocal, McDermott and Pennzoil to develop the Azeri field.

The deal proved to be unsuccessful at the beginning as the still in flux political institutions in the newly independent Azerbaijan interfered. In the summer of 1993 Abulfaz Elchibey was swept out of power through a military coup. The new president Heydar Aliyev, cancelled the contract signed with the oil consortium as one of his first actions when he took office. This action was considered by Western oil companies as a coup engineered by Russia in order to prevent the deal of Azerbaijan with Western oil companies. This proved to be the opposite as Aliyev was a good negotiator and a politician who understood petro-politics (Ottaway and Morgan, 1998).

The interplay between different actors of the pro-BTC alliance, such as the EU, the United States, the host governments, oil companies and organic intellectuals, culminated in the signing of what is known as the 'Contract of the Century', which allowed the companies to develop the huge Azeri- Chirag- Guneshli (ACG) fields. In 1994 a production sharing agreement was signed between SOCAR and European, U.S., Russian, Turkish, Japanese and Saudi Arabian companies (Ebel and Menon, 2000). Then in 1996 another deal was signed involving SOCAR, BP, Statoil (Norway), LUKoil (Russia), Elf (France) and the Turkish State Petroleum Company, for developing the Shah Deniz oil field located offshore of Baku. This field's "potential recoverable reserves . . . were estimated [at] 250-500 billion barrels of oil, and 2-4 trillion cubic feet of gas" (Akiner, 2004: 9). John Browne, who was then the Managing Director of BP Exploration, talked about this agreement as opening the door to huge opportunities. Eventually, the BTC pipeline was developed by this consortium of companies with British Petroleum (BP) as the managing company of the consortium holding also the largest shares, 34.76%

(Host Government Agreement Between and Among the Government of Georgia and the MEP Participants. British Petroleum, Legal Documents, 2000).

The governments involved played a significant role in shaping the material interests of the pro-BTC alliance. Although the oil companies had their material and ideational concerns, their involvement was also heavily backed and at times even pushed by the host governments as well as Western ones with interests in the Caspian region. During 1998-1999 the United States government joined by the government of Turkey and the government of Azerbaijan put heavy pressure on Azerbaijan International Operating Company (AIOC, the consortium of oil companies led by BP, developing the ACG fields), to support the Baku-Ceyhan oil pipeline.

The governments of Turkey and Azerbaijan helped to form a working group with oil companies to draft a construction plan for Baku-Ceyhan pipeline (Reference CEE Bankwatch BTC Timeline). The case of Georgian approval of the construction of the BTC pipeline was another illustration of how the government and oil business watched out for their mutual interests. The Georgian Environment Minister at the time had expressed concerns about the environmental implications of a pipeline that would cross one of Georgia's national parks. The approval came after intense negotiations. “Georgian Environment Minister Nino Chkhobadze was called to the State Chancellery three hours after midnight on December 2 and reportedly gave up her opposition three hours later. Azerbaijan and BP- which deems Borjomi route the most economic one possible – had earlier warned Georgia that if Tbilisi failed to approve the project by the end of November, the construction schedule might stall for at least 18 months” (van der Schriek,

2002).

The long process of signing the 'contract of the century' and BTC pipeline development was also marked by internal disagreements, but ultimately driven by the strong material interests of energy security and economic benefits. As early as spring 1999, BP, as the leading company of the AIOC consortium said that the pipeline was not economically viable, even though Turkey had offered significant incentives. Later, in the Fall of the same year, the President of BP Azerbaijan and AIOC David Woodward, expressed his view that the development of Azeri-Chirag-Guneshli fields may be held up because of the lack of an economical export route. This statement led to a public argument between Woodward and James Wolf, the United States envoy to the Caspian, who accused BP of blocking progress (CEE Bankwatch, BTC Timeline).

4.4.2 Discursive strategies of the pro-BTC alliance

Andree (2011) contends that hegemony is a state of being that crystallizes around an alliance of social groups that share material interests and practices as well as the deployment of justificatory discourses that help to arrive at an extensive acceptance of these material interests in the society more broadly. The advancement of the interests of the dominant group as common sense and as interests of all is a powerful tool in the formation and maintenance of hegemony.

For Gramsci 'common sense' is a mixture of different knowledge and experiences. These shared experiences and popular knowledge can contribute to accepting as indisputable situations of inequality and oppression, rendering them as 'simply the way things are' (Forgacs, 2000). The notion of common sense is linked to culture,

consciousness, language and inter-subjectivities. All these elements become important in a study of environmental conflicts as we can see how the forces trying to push forward a project use elements of common sense to present their point of view as normal, and how resisting groups engage with these views.

In the case of BTC the material interests of specific groups were presented as the interests of all the society through the use of particular discursive strategies. Several discursive strategies were used by the pro-BTC alliance to establish its project of oil development as common sense. The most prevailing discourses were attempts to situate energy development such as oil and gas extraction and transportation within the powerful discourses of transition, economic growth, and progress. Additionally, in addressing environmental and social concerns the BTC was presented as an environmentally friendly project meeting the expectations of “sustainable development”. Common sense and normativity (here this is understood as use of language in a way that acknowledges that what is promised 'should be done') were used as complementary strategies. Oil exploitation and pipeline development was presented as common sense when the project had to absolutely move forward. But when they did not intend to go through with their promises presented they flagged language of normativity, as something that ‘should be done’. Like the goals of sustainable development, for instance, these are goals that 'should be met' but the practices contradict the expectations of the goals.

4.4.2.1 National independence

A prominent discursive strategy was the emphasis on the role of the pipeline development in securing a connection with the West for the countries of the south Caucasus and for

cementing their status as independent states. The pro-BTC alliance also presented the project as a tool towards enhancing regional partnerships. In what follows, I will assess how these views were presented.

In the case of Azerbaijan the discursive strategy of linking independence with national pride proved very effective in solidifying the advancement of oil development. By linking oil exploitation to the 1800s, when the Nobel Brothers first worked on oil development in Azerbaijan, a strong tie was established with the early history of the nation. In that line the exploration of hydrocarbon resources was closely linked to the very identity of the country and it was presented as the only obvious way to achieve progress.

In Georgia an interview respondent speaking to these issues emphasized, 'For the Georgian government it looked like it [BTC] was political and economic. The first part was that Georgia took the transit country role. This was like an East to West energy corridor' (Interview 24, contesting groups representative, Tbilisi 2010). The construction of the BTC was the largest FDI in Georgia. No other investment of the same scale had taken place in the past and '...a whole chain of businesses that were linked to the BTC, the sub-contractors, and environmental aspects. Politically it was sold by the leadership as the project of the century. For Georgia this was key! It was considered to bring stability to the region and for Georgia more or less once and forever to get the foot in the world' (Interview 25, World Bank representative, Tbilisi 2010).

BTC oil pipeline also was presented as contributing to shaping regional alliances and forging regional stability. Discussions about the Trans-Caspian oil pipeline also

indicated a closer relation with Kazakhstan and Turkmenistan as Azerbaijan would serve as a transit route for the direction of hydrocarbon resources from Kazakhstan and Turkmenistan westwards via the BTC. The presence of BTC oil pipeline also facilitated the relations between Kazakhstan and Turkmenistan²⁷(Hasanov, 2010). With Turkey too, Azerbaijan has had a strategic partnership. The position of the two countries on regional and international issues is very close and the two states support each other in international organizations (Ministry of Foreign Affairs Republic of Azerbaijan. Bilateral Relations). Their strategic partnership is enhanced further given Turkey's role as an energy corridor to the West. The construction of the BTC and BTE pipeline as well as the approval of the TransAdriatic gaz pipeline are examples of this partnership (Babali, 2006).

The discourse of national independence found particular support among some civil society organizations illustrating in this way the crucial role of civil society as the realm of generating consent.

This was particularly the case in Azerbaijan and less so in Georgia. In Azerbaijan, a coalition of pro-BTC civil society coalition was created. As a member of this coalition admitted when interviewed,

about 200 organizations from Georgia, Turkey and Azerbaijan established a coalition against that one [the BTC contesting bloc]. Our coalition was not pro-government, but we had the same interest with the government. [This project] was important for us, civil society, because it was urgent to strengthen the independence of the country. In another way the pipeline was going to pass through Russia, but for us, we were appreciating our independence and we wanted it to pass through this route (the current route). That was a common national

²⁷Azerbaijan has already had negotiations with Kazakhstan about the terms of transporting the Kazakh oil through the BTC. Tanker traffic transporting Kazakh oil across the Caspian Sea is an indication of the increased oil volumes exported via the BTC. The two countries share common interests in international affairs as well as in the diversification of energy exports. Azerbaijan considers friendly relations with Turkmenistan not only fruitful for the two countries, but also for the entire region (Hasanov 2010).

cause. We got together with the BTC itself and we fought against these campaigns who were not supporting (Interview 30, contesting groups representative, Baku 2010).

In Georgia, too, a group of consenting NGOs were quite involved. This came as a response to the contesting groups of civil society, who had claimed that “all of Georgia’s society was against the BTC”. As a representative of International Information Center of Social Reform maintained,

We are defenders, but not blind defenders; we are real experts who want to monitor this pipeline according to World Bank’s and EBRD’s rules and policies. You know they had their own policies according to which BP implement these projects. That’s why we started this monitoring together with experts and NGOs to ensure that this project would be implemented correctly. Our coalition had representatives from regions especially from Eastern Georgia where this pipeline passes (Interview 26, Green Alternative representative, Tbilisi 2010).

4.4.2.2 Economic growth and development

A second common discursive strategy that was used by the pro-BTC alliance was predominantly related to overcoming of 'transition', opening the way to more investments and generating economic growth. In the case of Azerbaijan it was said that BTC was a major energy infrastructure project which was important for the government of Azerbaijan on several grounds, including geopolitical, economic, socio-environmental and political. President Ilham Aliyev said that oil development and revenues would help in eradicating poverty and in creating enough jobs for everybody. Economic growth would in turn help address other social phenomena such as younger members of the population gravitating towards radicalism, anger, and disillusionment in the face of poverty, savings for future generations and investment on education and rural parts of the country (Sovacool 2010: 498-499).

Similarly in Georgia President Eduard Shevardnadze praised BTC in a radio broadcast on September 23, 2002. He pointed out the economic and political benefits associated with the BTC. In that statement he said that the construction of the BTC would increase the country's Gross Domestic Product by 10 percent. In addition it was expected to create 10,000 new jobs and increase the inflow of foreign investments bringing “Georgia into the focus of global interests” thus “becoming the guarantee of our country's sovereignty and integrity” (quoted in Environmental News Service, 2002). The government of Georgia showed its keen interest in securing a place as an energy transit corridor making great efforts to emphasize its ability to provide security. When the first pipeline in Georgia, Baku-Supsa pipeline, became operational in 1999, army units were stationed along the pipeline, and Georgia also entered military cooperation agreement with Azerbaijan (Environmental News Service, 2002).

Resonating the material interests of the 'pro-BTC alliance' in the construction of the pipeline Steven Mann, the U.S. Senior Advisor for Caspian Energy Diplomacy, focused on the importance of the project for Georgia. He said that the project was of crucial importance for Georgia because it would bring economic benefits through transit fees and cheaper gas tariffs. But more importantly the BTC project would serve as a statement to the world that Georgia offers a safe climate for investment.

In addition, the economic benefits he pointed out the geopolitical benefits that this project offers, which would be the affirmation of Georgia as a sovereign country that is now linked to Western interests as part of an energy corridor that is important for the West. This in turn would assure the country's future well-being. In the same line with

Mann, as to reassure the alliance between the government of Georgia and that of the United States as significant players, Gia Chanturia, Georgian International Oil Corporation chief, assured that the Georgian government would take its own share of responsibility to ensure that all risks caused by men would be managed and reduced. He maintained that the pipeline is made to survive earthquakes of up to 12 on Richter scale and that the government of Georgia in coordination with the BTC consortium would guarantee the safety of pipeline (van der Schriek 2002).

4.4.2.3 The discourse of sustainable development and normativity

The discourse of sustainable development was also employed to push forward the development and transportation of energy resources. The language of sustainable development and the need to avoid environmental hazards related to oil transportation was presented by the pro-BTC alliance as a justification for building an oil pipeline.

For starters, the construction of an oil pipeline was presented as vital in resolving the pollution and the potential oil spills that could be caused by the transportation of Caspian oil through the Bosphorus straight. Traditionally, one of the challenges related to Caspian oil was the difficulty of transporting it to the global markets²⁸ (Elkind 2005).

In relation to this, the BTC was presented as a masterpiece of engineering, which would not only solve the transportation of the Caspian oil to the Western markets, but it would also be done in accordance with the highest environmental standards. In line with

²⁸The conventional routes of transportation – the port of Novorossiysk, the prime southern Russian oil route, as well as routes using the Georgian Black Sea ports of Batumi and Supsa, and the Ukrainian port of Odessa, required tanker transits through the Bosphorus Straits. The Bosphorus Straits passes through the center of Istanbul, which is designated by UNESCO as a World Heritage Site. The increased number of tankers of oil that transited the Bosphorus daily had become a constant concern for the Turkish public and Turkish governments (Elkind, 2005).

this, a powerful discursive strategy of the pro-BTC alliance was also that of linking the construction of the BTC oil pipeline to high technological standards and progress. In this way, when faced with opposition regarding environmental issues, the answer was that the solution was embedded in the project itself and therefore there was no need for modifications or further improvements on the project.

Frederick Starr, the Chairman of the Central Asia-Caucasus Institute and Silk Road Studies Program opens the assessment of the BTC oil pipeline in this way, not that the Baku-Tbilisi-Ceyhan (BTC) Pipeline is anything less than a grand achievement of engineering. Extending for 1760 kilometres across extremely rugged terrain, it traverses wildly divergent climatic and geological zones, many of them notable for their seismic instability. Techniques and chemical coatings that worked perfectly in one region had to be modified to suit others. Pumping stations have to lift the oil hundreds of meters and then control its descent once more at sea level (Starr 2005:7).

The discourse of sustainable development is also incorporated in policies of governments in both countries, Azerbaijan and Georgia, which are members of the United Nations sustainable knowledge platform. The United Nations Conference on Sustainable Development (Rio + 20) concluded in June 2012, confirmed that participating governments had a “strong political commitment to sustainable development and to promote integration and coherence of policies and the implementation of actions in the social, economic and environmental areas” (About the Division for Sustainable Development. UN Economic and Social Development). The language of commitment to the principles of sustainable development is also present in the discourse on hydrocarbon

resources, which demonstrates that this discourse is a powerful tool used by governments in order to push forward their development agendas without having to adjust the development model that would be followed.

According to the Ministry of Ecology and Natural Resources of Azerbaijan Republic, the main objective of the country's environmental policy is “to ensure sustainable development through protection of available ecological systems and economic capacity and efficient use of natural resources in order to meet the needs of existing and future generations”. This objective rests on several principles. The first principle refers to conducting decision-making processes with short and long term economic, ecological and social consequences and expected complications in mind and considering alternatives as part of this process. The second principle refers to the increased number of representatives from the public and non-governmental organizations in decision-making processes that have to do with environmental protection. The third refers to prevention of activities that could cause environmental degradation. The other three principles refer to increasing public awareness regarding environmental protection and increased cooperation with international institutions and developed countries that could assist in the protection of the environment (Ministry of Ecology and Natural Resources of Azerbaijan Republic).

Based on the language used by this ministry, Azerbaijan appears to be in line with the requirements of sustainable development (Azerbaijan, Inter-Governmental Process UN Sustainable Development Knowledge Platform). A prominent feature of the language used on government websites and documentations is the element of pointing out 'what

should be done'. The language is framed in a way that acknowledges the existing problems, but the language implies that the addressing of the problem is postponed. As such the discourse is more about what should be done, than what has already been done. This was a powerful tool used in engaging with the forces that opposed the construction of the oil pipeline.

In the case of Georgia, one of its distinguishing characteristics is its reliance on water and forests as the main natural resources. The right to live in a healthy environment is protected under the Georgian constitution. The goal of sustainable development is seen as crucial by the Ministry of Environment Protection of Georgia. It is the role of the Ministry to elaborate and implement state policy and target programs for sustainable development. It elaborates national environmental action programs and management plans in the field of environmental protection and natural resources. This Ministry is also in charge of following Georgian legislation in the field of environmental protection and to implement the international commitments within its competence. It is the role of this Ministry to also carry out the institutionalized process of society-nature relations. Hence it provides public access to environmental information; it is supposed to ensure that the public is involved in environmental decision-making and also to support development of environmental education and raising environmental awareness (Ministry of Environment Protection of Georgia).

In a similar fashion as in neighbouring Azerbaijan, the language used in these documents is more normative and speaks in terms of setting goals for the future. How much of these principles were actually implemented is a point that will be taken up in the

latter part of this chapter.

4.4.2.4 The discourse of corporate social responsibility

Discursive strategies of governments were also coupled with those of the oil business.

They were interested in improving their image, especially British Petroleum and for showcasing the best corporate social responsibility (Interview 29, BP representative, Baku 2010).

The main shareholder in BTC development, BP had to consider carefully its image especially after the impact that experience in other oil development projects had had on the company. Particularly, experience in Cambodia and Angola had negatively affected the image of British Petroleum. In Cambodia, BP was accused of supporting military actions against individuals and groups opposed to oil operations, while in Angola it had been assumed that BP was involved in providing intelligence and arms that were then used in the civil war (BBC News 2001). Therefore, taking a leading role on BTC oil pipeline was seen by BP as a golden opportunity to demonstrate its corporate responsibility socially and environmentally.

BP deployed a discourse that would recognize the drawbacks of conducting business in the post-Soviet context. They emphasized the lack of technology, lack of institutions and pervasive corruption. Thus for BP, entering this market would mean working in countries that had just emerged from the disintegration of the Soviet Union, with fragile democracy. Under these circumstances BP presented the situation as mutually beneficial for the company as well as host governments as BP's involvement in the project would contribute to the state of law and order. As a BP representative stated when

interviewed BP “was not involved just to develop, produce, and sell hydrocarbons, [but also] to bring substantial benefits to the communities involved, help the government of Azerbaijan to establish the rule of law, help democratic development, help boost economic development” (Interview 29, BP representative, Baku 2010). This strategy was to persuade that as an experienced company in oil development projects they would be of assistance to the governments involved as well as the population in these countries to gain from the exploitation of hydrocarbon resources (British Petroleum, BTC pipeline project). As it will be discussed in the next section of this chapter any disagreement by the civil society organizations would meet with the response of this strong discursive strategy.

The promise of high environmental, technological, and business standards by BP was another powerful discursive strategy that allowed it to showcase its corporate social responsibility. This was a discursive strategy on the side of the oil companies to ensure that any concerns about social and environmental issues that would surface by such a grand scale project would be met with the respective technique. This strategy was also embedded in BP's strategies as it outlined the areas where the involvement of such company was not ultimately only in the interest of the oil companies, but it would bring substantial benefits to the post-Soviet countries involved. While framing these issues as challenges that the oil business faced in that particular context, it also meant that BP's involvement would resolve these issues, or at the very least, would start tackling them. Thus, the presence of BP in Azerbaijan and Georgia was cast in a way that depicted BP as as having paved the way for improving environmental governance. This perspective can

be noticed in the language of BP's representatives.

When interviewed, the BP representatives in Georgia upheld their presence in Georgia for introducing high business standards and putting into effect corporate social responsibility. One of the representatives stated,

Our main goal is to ensure safe transportation of hydrocarbons through the territory of Georgia. We are responsible for social aspects, . . . prior to starting construction of any of the pipelines, any of the project in Georgia, is the requirement requested by the Georgian legislation but also is the requirement, in BTC's case, is the requirement of the World Bank and IFC and EBRD the project lenders, and BP's internal requirement to do the thorough analysis of environmental, social aspects of the projects. So, when we did, prior to starting the construction of the pipelines we also did the Environmental and Social Impact Assessment (ESIA) study and then we got it approved by the governments of the three countries which were participants of the projects. So only after we had approved ESIA we got the construction permit and only after that we started construction taking into consideration those recommendations and those main aspects that were highlighted in the ESIA (Interview 22, BP representative, Tbilisi 2010).

In line with this discursive strategy BP presented the issues related to the project as challenging, while at the same time they provided solutions to those challenges. This move raised the reputation of BP as a company that had ready solutions.

The first challenge that BP had identified with the construction of BTC was that the BTC pipeline was a difficult engineering project, and again the expertise provided by BP would turn this major infrastructure project into a successful piece of engineering, while at the same time following the highest standards in corporate social and environmental responsibility. Indeed, the off-shore platforms in Azerbaijan were upheld by the pro-BTC alliance as state-of-the-art technology and a living contrast from the legacy of oil development during the Soviet times. Hence modern engineering

techniques, investment, and business practices would make possible the exploitation of the hydrocarbon resources, while not resulting in environmental devastation.

The second challenge was the lack of established environmental and social standards in the post-communist states of the Caspian basin. While addressing this, BP emphasized its reputation by contrasting it to the poor performance of Russian oil companies. As a Georgian citizen and BP representative boasting BP's work on the pipeline commented,

I truly believe there is always room for improvement, but the first, the largest international investment in Georgia this [the BTC] was very successful. Let me remind that this was the largest investment in the country since the collapse of Soviet Union and it was probably the first project implemented with the full range of past environmental negative experiences (Interview 22, BP representative, Tbilisi, 2010).

The contrast with the Soviet era²⁹, was another tactic that aimed at presenting the BTC oil pipeline as a common sense project, especially regarding its environmental and social implications. Environmental destruction that had resulted from the development of oil resources during the Soviet era was used to justify and normalize the work of international oil companies as one adhering to the highest standards of oil engineering. As one proponent commented, “Sangachal and the off-shore platforms serve as a reminder to the people of Azerbaijan that modern engineering, investment, and environmental protection practices can significantly decrease the extent of environmental impact that is associated with the country's most important economic activity” (Elkind 2005: 53).

These strategies helped the pro-BTC alliance to successfully tie the future of the

²⁹As it was seen in chapter 2 the Soviet era resulted in several environmental problems

country and the region to energy resources and render them as the most obvious path to be taken. More importantly such tactics effectively hindered the opportunity to think of other ways of development even if that meant a different path of oil development altogether. This was done not only for Azerbaijan as a country hosting all these oil riches, but it echoed across the region as common sense. When opposing voices raised issues about this, other discursive tactics were deployed by the pro-BTC alliance, particularly some that linked the opposing groups to activities that would result in the disintegration of the country, the hindrance of development casting them as 'enemies of the people' (Interview 28, contesting groups representative, Tbilisi 2010). This tactic was deployed in all three countries where the BTC oil pipeline passes and will be elaborated more in the second half of this chapter.

A third challenge that BP presented was that the land rights were not established and the governments were highly corrupt and difficult to conduct business with (Interview 22 and 23, BP representatives, Georgia 2010). This was an aspect that was considered a challenge by the BP representatives, but it was one that could be governed through the introduction of transparency rules. Thus, BP presented as its main contribution to the transparency process the NGO monitoring processes as well as the publication of the major framework agreements and documents that underlie the BTC. The production sharing agreement (PSA) for the Azeri-Chirag-Gunesli oil field, the main source of oil that will feed the BTC oil pipeline, was made available online. Along with PSA were inter-governmental agreement for the BTC signed between Azerbaijan, Georgia and Turkey, the host government agreements between the BTC Co. and the three

governments, the environmental and social impact assessments (ESIAs) for each phase of BTC and other documents regarding critical reviews and assessments for the BTC and the routing report (Elkind 2005).

To be noted here is that transparency was presented as an aim that was implicit in the business conduct of BP. The fight against corruption and the lack of transparency, turned into a discursive strategy on its own that helped frame the development of hydrocarbon resources as the common sense and the most efficient way in dealing with corruption. This in turn served in the maintenance of hegemonic ideas that the development of energy resources was the only way forward for economic and social progress.

4.4.3 Institutional strategies of the pro-BTC alliance

In this section I delve into the institutional practices that helped the constitution of the pro-BTC alliance and facilitated its work to successfully carry out the construction of the BTC oil pipeline and to ensure its security in providing oil to western markets and optimizing their returns.

It will be shown that states were at the forefront of organizing institutional strategies. Their position as the main players in setting up the regulatory framework for the advancement of the BTC oil pipeline were backed by geo-strategic and economic growth discourses. However, as the example of the Host Government Agreements (HGAs) show, the interests of oil companies remained of primary importance. The HGAs were ratified by the parliaments of the host countries and became practically above the national laws for a period of 40 years. Given the centrality of regional governments in

this bloc, it was already an embedded strategy that alliances between governments of participating countries and those with interests in hydrocarbon resources would constitute the core of this bloc.

The pro-BTC alliance employed a variety of institutional strategies not only to solidify its position, but also to maintain support in the face of criticism. After the signing of the 'contract of the century' in September 1994 by BTC consortium and the government of Azerbaijan, which was the first act of institutionalization the beginning of the BTC oil pipeline, a series of other regulatory practices followed. Most important, in 1994 consensus-building discussions took place through the diplomatic circles, resulting in the signing, in 1998, of the Ankara Declaration by Azerbaijan's Heydar Aliyev, Georgia's Eduard Shevardnadze, Kazakhstan's Nursultan Nazarbayev, Turkey's Suleyman Demirel and Uzbekistan's Islam Karimov. This signing was witnessed by U.S. Energy Secretary at the time, Bill Richardson. After one year of negotiations, which also included the positive response of oil companies, the Intergovernmental Agreement between the three countries, Azerbaijan, Georgia and Turkey, in support of the BTC pipeline, was signed on November 18, 1999. This agreement was signed during the Istanbul Summit Organization for Security and Cooperation in Europe, an organization that has energy security as one of its major economic activities.

The signing of the Intergovernmental Agreement on the BTC oil pipeline was simultaneous with the entering into force in 1999 of the EU-Azerbaijan Partnership and Cooperation Agreement (PCA), which was signed in 1996, when EU-Azerbaijan relations were first established.

In addition to the Intergovernmental Agreement, there were also the HGAs, which were between each of the countries and the BTC consortium, signed in 2000. The presence of President Clinton, who considered the signing of the agreements as “his most important foreign policy achievements of 1999” in this summit illustrates the strong backing that this project received by Clinton Administration (U.S. President Bill Clinton quoted in Baran 2005: 107).

A variety of other transnational organizational strategies were targeted at building an environment that would facilitate the governing of hydrocarbon resources from the Caspian region. The Baku Initiative taken in November 2004 at the Energy Ministerial Conference held in Baku, also resulted in expanding the scope and the objectives of the Interstate Oil and Gas Transport to Europe (INOGATE) Programme. The cooperation framework of this program covers the areas of oil and gas, electricity, renewable energy and energy efficiency³⁰.

The INOGATE Programme, operational since 1996, also is an institutional arrangement that precedes the construction of the BTC oil pipeline and that has provided the basis for creating alliances for energy security. This programme, initiated by the European Union, provided the regulatory framework through which relations with the littoral states of the Black Sea and Caspian Sea and their neighbours were governed.

INOGATE programme continued to provide the institutional communications

³⁰The programme's main objectives are: converging energy markets on the basis of the principles of the EU internal energy market; enhancement of energy security of supply by looking after supply diversification, energy transit and energy demand; supporting sustainable energy development and attracting investment towards energy projects of common and regional interest. The activities of this programme include information, increased communication, networking and technical support from the EU to the partner countries (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan) (INOGATE, Energy Portal, Energy Cooperation between the EU, Eastern Europe, the Caucasus and Central Asia).

between the South Caucasus countries and the EU, until it was incorporated in the European Neighbourhood Policy (ENP), signed in 2006. The latter is an instrument of EU foreign policy employed to forge closer ties with countries to the south and east of the European territory, and was used for the South Caucasus. Some of the regulatory practices were embedded in the relations between the EU and the two South Caucasus countries, Azerbaijan and Georgia. For EU the main objective for energy cooperation, is “to develop an increasingly close relationship, going beyond past levels of cooperation to gradual economic integration and deeper political cooperation, principally in the framework of the Partnership and Cooperation Agreement and the more recent European Neighbourhood Policy” (European Commission. (2007). European Neighbourhood and Partnership Instrument: Azerbaijan Country Strategy Paper, 2007-2013). As a result, Azerbaijan and the EU have both agreed to deepen and broaden their relations³¹ and Azerbaijan has continuously confirmed its commitment to play a significant role in the EU's energy security (European Commission (2010). Implementation of the European Neighbourhood Policy in 2009. Progress report: Azerbaijan).

In 2011, the cooperation in the field of energy was strengthened further as the government of Azerbaijan confirmed that the EU remains its priority destination regarding its energy exports, even though diversification of exports is also pursued. This cooperation was further strengthened by the signing of a Joint Declaration on gas delivery for Europe, signed by the Commission President Barroso and President Aliyev in

³¹In accordance with the Partnership and Cooperation Agreement (1999) and EU-Azerbaijan ENP Action Plan (2006) three areas are prioritized: democratic development and good governance ; socio-economic reform with emphasis on regulatory approximation with the EU (acquis), fight against poverty and administrative capacity building; support for legislative and economic reforms in the transport, energy and environment sectors.

January 2011 (European Commission and High Representative of the European Union for Foreign Affairs and Security Policy (2011). Country report: Azerbaijan).

The regulatory strategies that were used in the case of Georgia were similar to those used in the case of Azerbaijan. The Partnership and Cooperation Agreement (PCA) is the main regulatory document that governs the EU-Georgia relations. The country Strategy Paper 2007-2013, outlines the main objectives of cooperation between these two entities. The partnership is intended to help Georgia overcome transition to a liberal democracy and market economy. In relation to energy security, while Georgia emerged as an important transit country for oil and gas from the Caspian, the transition goals were closely related to reassuring security and diversification of energy supply.

The institutional strategy was embedded in ideas of good governance, democratic institutions, transparency and greater respect for human rights and were linked to the process of development and provision of regional stability and security, which in turn facilitates not only increased investment, but more importantly the security of energy supply (Georgia, Country Strategy Paper 2007-2013, European Neighbourhood and Partnership Instrument, European Commission).

These regulatory strategies - which go beyond the two countries dealt with in this dissertation - served to cement the commitment of security of energy supply and demand. My interest here is focusing only on Azerbaijan and Georgia, but it is important to notice that the material interests of energy security on the side of Western economies were tied together with discursive strategies of achieving transition goals of liberal democracy and market economy. The EU provided the instruments in terms of regulatory practices where

these material interests and discursive practices could converge and be reinforced once articulated in terms of EU policies and adopted as objectives of the countries involved.

The preparation of the regulatory practices that supported the construction of the BTC oil pipeline was dominated by the governments of each country and the policies and institutions of the EU, particularly the Commission. At first glance this might seem at odds with the way that hegemony formation had been approached in literature (Andree, 2008; Levy and Newell, 2005), where the industry typically contributes more openly or is the first to push for regulatory practices. In the case of BTC the role of oil businesses led by BP, was prevalent in the delineation of material interests and the discursive strategies that were used to push forward those interests. With regard to institutional strategies their role was more in the background.

The EU-host government alliance led the preparation of the regulatory bedrock on which the hydrocarbon resources could be extracted and then transported. The role played by the governments that backed the project throws light on the special relationship that exists between oil business and the states in this post-communist context. The ruling elites in Azerbaijan and Georgia in cooperation with the EU, and by utilizing specific discursive strategies, created the conditions and institutional arrangements that would reassure that oil extraction and transportation remained uninterrupted.

Host Government Agreements provided a strong regulatory institution in favour of the pro-BTC alliance and served to solidify its stance in moving ahead with the project. This institutional cornerstone proved very useful in engagement with the contesting civil society groups, as any concern that occurred during the construction of

the BTC could not be properly addressed as the governments had their hands tied by the HGAs, which were ratified by the national assembly of each country. The occasion of the resistance by the Georgian Minister of the Environment to issue the environmental permit for the BTC oil pipeline, illustrates the power of this regulatory feature in the hands of the pro-BTC alliance (this aspect will be discussed in more detail in the second part of this chapter). The following paragraphs are excerpts from each Host Government Agreement³²,

the Intergovernmental Agreement shall become effective as law of the Azerbaijan Republic [Republic of Georgia, Republic of Turkey] and (with respect to the subject matter thereof) prevailing over all other Azerbaijan Law (other than the Constitution) and the terms of such agreement shall be binding obligation of the Azerbaijan Republic under international law; this Agreement shall be made effective under the Constitution as the prevailing legal regime respecting the Project under Azerbaijan's domestic laws; and any other Project Agreements shall be binding instruments, enforceable in accordance with their respective terms” (Host Government Agreement 17 October, 2000: 2).

The implication of this paragraph is that any domestic law passed by these states is subordinate to these agreements that govern the BTC oil pipeline. If any of these states chose to enforce existing national laws, or to pass stricter environmental, human rights or social laws in order to regulate the regions where the pipeline passes the zones crossed by the pipeline as well as BP will be exempt from this law, except in extraordinary

³²The Host Government Agreement with the Republic of Georgia states, “The International Agreement and attached form of this Agreement shall become effective (with respect to the subject matter thereof) as the prevailing legal regime of Georgia (other than the Constitution) and the terms of such agreement shall be the binding obligation of Georgia under international law and shall be made effective under the Constitution as the prevailing legal regime respecting the Project under Georgia's domestic law; and this Agreement and any other Project Agreements, once executed, shall be binding instruments, enforceable in accordance with their respective terms” (Host Government Agreement Between and Among the Government of Georgia and [The MEP Participants], 28 April 2000: 2).

circumstances. Additionally only BP and its consortium can terminate the HGA³³ (The Guardian, 2002).

4.5 Multilateral Development Banks

MDBs represent institutions with powerful financial capabilities and discursive strategies that emphasize the inclusiveness of the affected communities, allowing them to accommodate antagonist actors around BTC oil pipeline development. As discussed in chapter 2, MDBs have introduced several mechanisms regarding the greening and inclusiveness in project financing. The fact that they are partakers in the BTC project along with their greening/inclusiveness reform posits them in a unique position with regard to addressing civil society concerns about the BTC project. At the same time MDBs are also actors/members of the pro-BTC alliance, with material interests. It is from this angle that I will discuss the MDBs in this section.

MDBs' involved with BTC were World Bank (WB) and European Bank for Reconstruction and Development (EBRD). The MDBs played a special role in the power dynamics around the BTC project. They became involved in the BTC project driven by their material and ideational interests, but also by the demand of other actors of the pro-BTC alliance who needed the MDBs in order to provide legitimacy and secure funding

³³Nino Chkobodze, the former Minister of the Environment who issued the environmental permit for the Georgian section of the BTC, when asked about the laws and institutions regarding environmental protection that were in place in Georgia she said that the Georgian law at the time had specific procedures, which contradicted the HGAs. According to the HGAs, the BTC consortium was required to conduct public disclosure of the project on its own. The environmental regulation in Georgia required the Ministry of the Environment to carry out this task, but the HGAs deprived the Ministry from this duty. Additionally, the duration of the disclosure process was shortened. Similar situations took place in Azerbaijan and Turkey, as HGAs took precedence over local environmental regulations. As Chobadze points out, “why the whole government was overlooking the law of the environmental permit? Because the Host Government Agreement was ratified by the Georgian parliament and if parliament ratifies it is above all others laws” (Interview 24, co-chairman of Green Alternative, Tbilisi, June 2010).

for the project. The involvement of MDBs was desired by oil resource development companies and host governments, since this provided assurance for the United States' ongoing commitment to this project. On November 4, 2003, the Board of the IFC approved lending to the BTC pipeline and the Azeri-Chirag-Gunashli (ACG) Phase 1 oil field. IFC support for the BTC pipeline was based on it serving as an additional route of transporting oil from Azerbaijan bypassing the environmentally sensitive Black Sea and the Bosphorus Straits. IFC's investment in these projects consists of a \$310 million with half of it for its own account and the other half in commercial syndication (BTC Project, International Finance Corporation 2006). Also in 2003, EBRD approved a USD 250 million in A and B loans. In the end the construction of the project that cost US\$2.9 billion, the MDBs (IFC and EBRD), various Export Credit Agencies (ECAs), and private banks provided 70 percent of the funds and approximately 30 percent was provided by the BTC Corporation³⁴.

Like other actors of the pro-BTC alliance, MDBs too had their material interests, which were returns on loan, lending on other infrastructural projects, and the possibility of opening up a market for providing future credit in the area of privatization and liberalization. They were also driven by ideational concerns which involved steps to improve their image, demonstrating the reforms with respect to environment and civil society involvement, and democracy promotion.

The involvement of the IFC with the BTC pipeline is related to the World Bank Group's broader interests of investing in oil exploration and production infrastructure and

³⁴The total project cost that includes loan interest during the construction and other costs of BTC was approximately US\$3.6 billion (British Petroleum-Georgia, Baku-Tbilisi-Ceyhan (BTC) Pipeline. Spanning three countries from Caspian Sea to Mediterranean Coast).

as a tool for promoting good governance. Good governance is based on the pillars of property rights, which the World Bank helps to create, protect, and enforce; pro-market regulatory systems; macroeconomic policy that displays a strong preference for the private provision of infrastructure and overall liberalization; and the absence of corruption that can subvert the goals of policy and undermine the legitimacy of markets and the institutions that support them (Wolfowitz, 2006).

For EBRD the project was an important investment to unlock the economic potential of the Caspian Sea. The pipeline would contribute to strengthen competition among oil and gas transportation routes and ultimately it would increase shares in revenues paid to host governments. Because EBRD was established to assist post-communist countries with their transition, its lending is pegged to conditionality of overcoming transition in the countries where it invests, and poverty reduction and good governance. Additionally the EBRD was founded on a mandate that set environment as a priority on infrastructural projects and has tried to maintain its role as a standard setter in this area (Sovacool 2010: 489-511; Sovacool 2011).

World Bank policies towards large-scale infrastructure projects had been criticized for lack of due diligence with regard to social and environmental safeguards in Chad-Cameroon, Indonesia, Peru, and the Mekong River Delta. Some of these criticisms resulted in changes to WB's environmental policies and civil society involvement. In this respect, the BTC provided the opportunity to showcase the changes that had taken place within this organization regarding environmental and social impact assessment as well as involvement of civil society. As an International Development Agency (IDA)

representative in Georgia stated,

because of the complexity, the BTC required to make sure that all technical engineering solutions were first of all in compliance with the local regulation, in compliance with the best practice, for example there was an issue, which standard to use to build the BTC pipeline. At that time, the only existing standard was the former Soviet Union standard which was probably outdated then, not really acceptable, but not easily comprehensible to the international contractors (Interview 25, IDA representative, Tbilisi 2010).

In addition to the MDBs interests, the governments and the corporate actors, which were part of the pro-BTC alliance, were keen in having the MDBs as part of the project. For instance, the BTC consortium that included all the shareholders with BP as the operating company, approached the international banks including IFC and EBRD. Although it was suggested that the project could be funded with money raised from internal sources, the BTC consortium decided to seek outside lending from MDBs and Export Credit Agencies (ECAs). The reason for this determination was that seeking international donors would secure the pipeline and make it less politically risky and more transparent. As a BP representative states,

[with] the pipeline passing through three countries, potential conflicts around or along the pipeline, all land acquisition issues, there were thousands and thousands of community members involved, changing the route because of the archaeological excavations. All of these things definitely laid the basis for some of the reasons to go to the Banks, and make sure there was enough outside scrutiny into this process to make it transparent' (Interview 29, BP Public Relations Representative, Azerbaijan, 2010).

The inclusion of the Banks in the pro-BTC alliance was essential for the BTC consortium, as their involvement provided the construction of the oil pipeline with more legitimacy. As the IFC was about to release the loan and as it came under pressure from

civil society organizations, the concerns expressed by the World Bank president, speak to the intricate position in which the MDBs were. The president of the World Bank, Jim Wolfenson, and the executive directors of the World Bank came under enormous pressure not to finance the pipeline. John Browne, the then CEO of BP, described his conversation with Wolfenson in this way:

He called me one evening at my London apartment. He was agitated: 'We cannot get this through.' He was worried that he could not carry his board because of the intense lobbying by various NGOs. My response was predictable: 'We need to get this done. In the end we need to say what we are doing is right. We should not be scared off by people, some of whom are making things up.' What else could I say?... Jim Wolfensohn and I were long-standing friends but the intensity of the negotiations nearly made us fall out (quoted in Marriott and Minio-Paluello 2012)

The role of the World Bank was vital for the oil companies, but also for the governments since the former could act as a mediator between government and investors and also provide the governments with financial, social and environmental expertise.

As an integral part of the pro-BTC alliance, the MDBs echoed the discourse of other actors of the bloc. They saw the importance of this project on many grounds: it would solidify post-Soviet countries' independence through improving their economies; increase transparency and by implication citizens' involvement with the project; set new standards for business conduct and environmental standards while at the same time avoiding an environmentally hazardous area such as the Bosphorus Straits. They upheld the project for the application of the highest international environmental and technical standards, highest health and safety standards, international principles of good corporate

governance and respect for human rights³⁵. Especially when the construction of the project was completed, the EBRD praised it for setting new standards of transparency through the disclosure of payments made to the relevant governments and of project documents, such as the Host Government Agreements and Production Sharing Agreements (Baku-Tbilisi-Ceyhan (BTC) Pipeline, Project Summary Documents. EBRD).

In addition to their material interests and justificatory discourses that they employ, MDBs serve as institutional frameworks for the other members of the pro-project alliance as well as their critics. Although they are not directly involved in environmental and social impacts assessments of the projects that they finance, they are equipped with their own codes of conduct regarding these issues, which they can deploy as conditionality for the provision of their funding.

In the case of the BTC oil pipeline their environmental and social safeguard policies came to play a significant role especially in shaping the communication between the pro-BTC actors (including MDBs themselves) and the critics of the BTC oil pipeline. Although MDBs are pro-BTC, institutionally they have mechanisms designed to absorb the criticisms and in this process they play the role of 'good fellows negotiating in good faith', while facilitating the communication between antagonistic groups. Their position as part of the pro-BTC alliance is demonstrated in their interest to optimize their material interests while seeing the project succeed and the criticism being reduced or accommodated. This character will be further unfolded in the next section as I document

³⁵I will present more on this issues in the next section, when the contesting groups and their relation with MDBs will be unfolded

the moves of BTC critics in their struggle to halt the funding by MDBs and to subvert the negative impacts of the project.

4.6 Contesting groups and the shaping of the resistance

As the 'pro-BTC alliance' was preparing to take the BTC towards construction, another group emerged, which I refer as the contesting groups. They were composed of different civil society groups such as, non-governmental organizations, national and international, advocacy groups and local communities. From the moment that this group entered the scene, we can assess the power dynamics that unfolded between the two main forces, the pro-BTC alliance and the contesting groups, and how their interaction was mediated by the involvement of the MDBs. The interplay between all of these forces, their discursive strategies and the use of institutional strategies, came to play a significant role in determining the shape of environmental governance around the BTC project.

The Gramscian notion of civil society allows us to see the nuances that characterize the nature of social involvement in a post-communist transition setting. For Gramsci, civil society is a realm of consent and contestation involving social activities and institutions that fall between state and market and outside of the private sphere of family and friendship. As such, it is not a static domain. Instead, the realm of civil society is one where politics takes place and is constantly fluid. In this sense, the struggle of the contesting civil society groups with the pro-BTC alliance is significant in telling the story of governance in the post-communist context.

The construction of the BTC pipeline was approved on September 2002, following the permission for ESIA. By the beginning of December 2002, the BTC

consortium had completed all environmental and social impact assessments which had also been approved. The negotiation of the pipeline construction pro-BTC alliance had been successfully kept within the diplomatic circles and away from the public awareness, through the discourse of national independence and geostrategic interest. According to BP documentation work for BTC's ESIA had started as early as August 2001 and it was concluded in May 2002. The study was conducted by a subcontracted consultancy firm Environmental Resources Management (ERM) and it provided information about the consultations of different stakeholders at the national and local level (BTC Project ESIA, Public Consultation and Disclosure Plan). Although Gramscian scholarship would suggest that the preparation of hegemony would spark the resistance, in the case of BTC oil pipeline there is no documented sign of resistance prior to Spring 2002. The contestation of the pipeline became vocal especially during the public disclosure period, May-June 2002 (See Illustration 4.2). Some of the NGOs that eventually became part of the contesting groups appear on the list of organizations that were consulted as part of the ESIA. The ESIA document does not discuss the criticism that may have come from participants in the consultation process. Instead the document presents the process as successfully completed and with ready solutions for any potential risks.

The lack of visible contestation that could be easily documented on the side of contesting civil society groups could be explained by factors such as the effectively used discursive strategies, praising the prospect of national independence, promising employment opportunities, economic growth, prosperity and other forms of

compensation, which in turn meant that this was 'common sense' way of bringing about development and difficult to contest. Another factor could have been the inexperienced civil society groups, which although they might have seen problems, they did not act at this early stage. Yet another reason for the lack of visible public contestation at this stage could have been that the groups that were sceptical were seeking to get answers from the meetings with the consulting company.

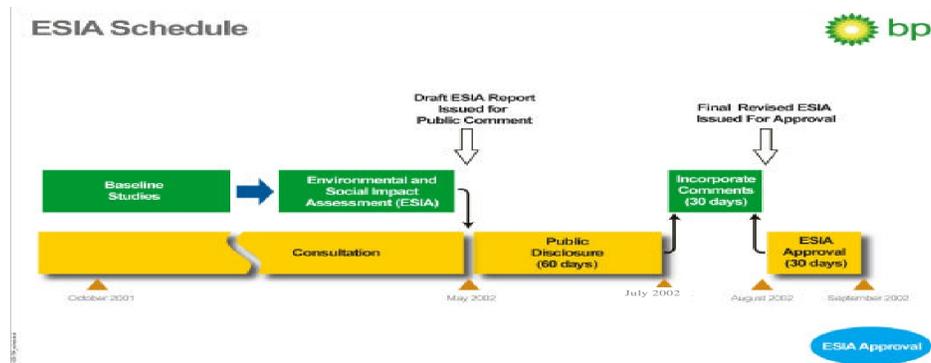


Illustration 4.2: BTC ESIA schedule for Georgia. Source: BTC Project ESIA, November 2002

As early as May 2002 - a date that coincides with the conclusion of public consultation period for the ESIA and the opening of the public disclosure period – a large group of national and international NGOs sent a letter to the IFC as a representative of the IFIs that would partly fund the construction of the BTC oil pipeline. In this letter they expressed their criticism and concerns about the BTC oil pipeline and urged the IFC and other financial institutions to make the loan approval approval conditional at the earliest possible stage of project appraisal. The letter stated,

we believe that the long-term development benefits of current oil and gas development in the region are questionable. We are therefore

writing to express our grave concerns about the social, developmental, human rights, environmental and security impacts of regional oil and gas development in general and of the BTC in particular (NGOs letter to IFIs regarding the BTC oil pipeline, May 2002).

The IFC welcomed the letter by the NGO group and in July 19, 2002 responded saying that their questions will take some time to be answered.

Moreover, on June 2002 representatives of six national and international NGOs visited Azerbaijan, Georgia, and Turkey to conduct a survey of villages that would be affected by the BTC pipeline. They identified several weaknesses in the ESIA conducted in each country, including inadequate consultation and information of the affected communities, and inadequate consideration for the potential impacts on the environment (International fact finding mission, July 2002). From May 2002 and onwards the contestation of the BTC oil pipeline was made visible and several institutions starting at the local level and the international one were approached. These moves by the critics of the BTC project will be discussed below.

On August 1, 2002 the Baku-Ceyhan Campaign was formed in the same way as the boomerang model of politics suggests that networks are formed. This campaign was created to enhance public awareness of the social problems, human rights abuses and environmental damage that could potentially be caused by the Baku-Tbilisi-Ceyhan oil pipeline. The anti-BTC campaign brought together some international and local NGOs like Friends of the Earth, WWF, CEE Bankwatch, Green Alternative, Platform, The Corner House, Kurdish Human Rights Project, Bank Information Center, Caucasus Environmental NGO Network, Center for Civic Initiative in Azerbaijan. As the

construction of the pipeline progressed and the potential risks became more evident, more groups and affected local communities started to express their concerns regarding the risks associated with the the BTC project. I refer to the civil society groups that were part of the Baku-Ceyhan Campaign along with the affected communities, as the 'contesting groups'.

The contesting groups came together as a network that raised a variety of issues regarding the inception, construction, democratic and environmental implications of the BTC oil pipeline. They pointed at the lack of transparency in the decisions for the BTC, corruption that characterizes the transition countries involved in the project, the uncertainty of this project for the further development of these countries, and the pipeline's environmental, health and social impacts. They also complained that macro-level agreements regarding the effect of BTC for the region were not made available and that the long term climate implications of the BTC were not assessed.

The contesting groups had their material interests and also used different ways to counter the discursive strategies of the pro-BTC alliance. Some of the causes that guided the anti-BTC campaign were the desire to share into the benefits of the project, development that is beneficial to all the society, future generations and the environment, the consolidation of civil society as a watchdog, rising funds from donors, networking, consulting, expert knowledge, democracy, accountability, transparency, anti-corruption³⁶.

The experience with the BTC pipeline highlights three layers of contesting

³⁶It is important to mention that these were some of the concerns that remained unchanged throughout the struggle. However, as the project progressed the priorities of the contesting groups also changed as did their composition. New groups entered the scene, in Azerbaijan for instance this was more common phenomenon like the case of Oil Workers Rights Association.

groups, with the first two being easily identifiable and the other being not well-organized. These layers are identified on the basis of how they became involved in the conflict and how their awareness changed, reflecting the boomerang politics and the notion of disembedding drawn from Polanyi. At first, awareness was higher among local and international NGOs. The reason being that these NGOs were directly looking after human rights and environmental issues arising from large infrastructure projects and similar developments. Local communities became more directly involved when the effects of the pipeline construction started to be felt directly in their villages as it impacted land, water supply and other properties.

The first layer consists of international NGOs, Friends of the Earth, WWF, Greenpeace, Bank Information Center, who worked closely with local NGOs. As a respondent from Bank Information Center (BiC) in Washington identified, the links are mutually important, sometimes it is the international NGOs that expedite the countries with projects funded by the MDBs and they get in touch with local-NGOs, but in other cases it is local NGOs who seek out support from BiC. Local NGOs seek '...to influence their failed governments through international instruments and it doesn't really matter if it is World Bank or EBRD or any other institutions. . . . in settings where the voices are not heard by the government, they turn to groups like us or try to kind of influence the government by working with the WB so it's easier for them to ask to release documents from the WB than ... [home] government' (Interview 1 and 2, civil society representatives, Washington D.C. 2010). This assessment was confirmed by a Tbilisi-based NGO representatives (Interview 26, 27 and 28 contesting groups representatives ,

Tbilisi 2010).

The second layer was constituted by national coalitions, Green Alternative, Georgian Young Lawyers Association (GYLA), Azeri Oil Workers, Society for Democratic Reform, Center for Civic Initiatives opposing the construction of the pipeline. These groups considered their relationship with each other and international NGOs to be a horizontal one because by sharing information they all have more leverage. They used the leverage they had with the network to put pressure on the pro-BTC alliance, especially by holding the actors accountable to their own principles of due-diligence, transparency and socio-environmental accountability. From the beginning, the local NGOs coalition against the BTC argued that the project would not contribute to poverty reduction and economic growth. When the NGOs did not succeed in stopping BTC pipeline construction and in addressing their issues by engaging local institutions, they approached MDBs. Regarding this, a Tbilisi NGO representative said,

this is not really [a] stable region . . . and we thought that negative impacts of the project are much more important than the benefits this project can bring. So we have been advocating that Banks do not finance this project and oil companies take their own risk if they really want to have this project in place. But we didn't succeed in this so Banks have financed the project. But then if they took this responsibility they have to be responsible for whatever is happening in the project. . . . The problem here was that our legislation and procedures are much weaker than the standards of the Banks. So from the one side it was good that Banks were involved because of public participation procedures and disclosure policy, they are much stronger than the local one. In this way maybe locals benefited better (Interview 28, contesting groups representative, Tbilisi 2010).

The third layer included the large group of unheard masses who were unorganized, but not unconcerned. In post-communist countries this layer can go

unnoticed. However with regard to the BTC project, this allegedly reticent layer of civil society was mobilized when the risk of environmental degradation and potential effects to their daily survival came to light during the construction phase of the pipeline. They joined the network in order to secure what had been promised to them and to fix the problems caused during the construction phase. Until then the pipeline had been understood as a vital political project that would bring the countries hosting the BTC closer to NATO, the United States and as a result economic benefits were expected to trickle down to the people.

The communities from the affected areas first tried to forge ties with community based associations, such as teachers associations, which in turn put them in touch with national-based-NGOs. Thus even at the national level linkages were mutually constituted. The reaction of local communities provided more legitimacy for the organized layers of civil society, as the latter along with international NGOs demanded pro-BTC alliance actors to respect their own regulation. As a representative of Tbilisi-NGO stated,

We worked with the communities and we were teaching them how to use their rights. But we didn't really push them, although they employed these types of instruments, closing the roads, closing the pipeline routes, and stopping the construction works, they were doing this themselves we didn't teach them this' (Interview 26, Green Alternative representative , Tbilisi 2010).

The mobilization of civil society that is depicted in this section shows a depth of civil society and community activism similar to what is seen in the West, therefore undermining the assumption that the former communist countries do not see public reaction especially when it is about environmental concerns. How was the dissatisfaction

of contesting groups manifested and what significance did it have? The next section responds to this question.

4.6.1 Acts of resistance and institutional strategies of contesting groups

The contesting groups employed several strategies in order to raise issues of environmental governance. In what follows I analyze the resistance by following the GPB integrated frame. When faced with the disembedding from nature the resistance gains strength. Using the socialization with international and local NGOs the resistance grows in scope. Through Gramsci's notion of civil society, it can be seen that the position of the larger society is split between consenting groups and the contesting ones. The nuances between and within each larger group will be made clear in the following sections where I demonstrate how consent is generated among the different groups in the society, and how the contesting groups use different techniques in order to carve a space for democratic environmental governance.

The resistance of the contesting groups was twofold. On the one hand they responded to the discourse presented by the pro-BTC alliance, which was explained in the first part of this chapter. On the other hand, their resistance was framed on the basis of potential long-term environmental and social impacts associated with such a large infrastructure projects such as the BTC oil pipeline. In this vein the contesting groups pushed for an operation on the basis of precautionary principle. This aspect of the resistance reflects the Polanyi angle of the integrated frame, which suggests that resistance is organized on the basis of disembedding from nature. Such disembedding can

be manifested locally as the affected communities feel the short and long-term losses from not being able to rely on the natural environment for their subsistence like the land and water use and the running of cultural tourism. The disembedding from nature is also manifested internationally as environmental advocacy networks question the impact of oil development industry for the ecosystem and climate change more broadly.

Polanyi's concept of disembedding of society from nature is an integral concept of the GPB integrated frame. In the *Great Transformation*, Polanyi used this concept under very specific circumstances - that is the negative of the advancement of market liberalism. This concept was also taken up by neo-Polanyians to illustrate the commodification of nature (i.e. water and land) and its disembedding as an effect of neoliberal globalization (McCarthy 2007; Watts 2007).

I use Polanyi's notion of disembedding more broadly to indicate that when nature is disfigured or reduced in its grandiosity, for instance by the pipelines crossing forests or by potential pollution of land and rivers, people who used to live with nature experience a cultural loss. This is a disembedding from nature as their cultural reproduction does not continue as before. This aspect is more in line with a strict reading of Polanyi, or what Dale (2010) calls 'hard' Polanyi, as a critic of market society. However, because of the context of contemporary capitalism, it is not often that we find relationships that are not mediated through a market value. This is particularly uncommon with regard to land, water and forests, where Polanyi's principle of 'reciprocity' with regard to nature rarely takes hold.

In the post-communist context different forms of utilization for nature exist.

Hence in this context, it would be useful to qualify the concept of disembedding and instead speak of different degrees of disembedding (Zerbe, 2014). Local communities, especially those that I refer as the affected communities by the BTC pipeline, rely on nature for their daily subsistence, especially through advertising it for touristic purposes. Although this could be seen as a form of commodification, it is still less disembedded as when taken up for profit-generating oil transportation businesses. For instance, although communities are not formal owners of the land or other resources, such as water, forests and air, the process of disembedding occurs as their business or activities on which they base their living depend on what the surrounding nature offers. Georgian and Azerbaijani communities earned their living on the basis of the cultural heritage that the nearby sites would offer, and on the physical qualities of nature surrounding them, such as the scenery, the quality of water, the characteristic food products of the zone and other touristic values. The degrees of disembedding from nature, through reducing its broader cultural and economic importance, applies even to the properties in the vicinity of the pipeline. Villagers, whose land was located just outside the area covered by the BTC oil pipeline, were not compensated and they faced a reduced potential of their land due to the risk posed by oil spills.

In this process, a full disembedding occurred as well, in cases when some of the villagers received compensation for their land that was within the trace of the BTC pipeline. This compensation proved as a tool to reduce resistance and generate provisional consent among some the poor local communities.

Hence, it is through a multiple lens equipped with tools from Gramsci, Polanyi

and boomerang model of politics that I assess the contestation of the BTC by some civil society groups. This lens allows us to see how resistance is generated at first place and who are the actors and forces that spark it, how resistance grows in concert with national and international groups, what are the relations of forces between different actors and what strategies they employed to advance their vision. Ultimately, the lens allows us to identify the sites where progressive change may occur, who provokes it and how it helps to promote democratic environmental governance.

The BTC oil pipeline route was considered feasible in order to avoid the polluted Bosphorus Strait, yet the pipeline passes through highly sensitive ecosystems. In Azerbaijan, the BTC pipeline crosses six rivers, the Garayaz Aquifer and through areas that are prone to land-slides. In Georgia the pipeline crosses through Lake Tsalka, the National Park of Borjomy and twelve rivers, it passes through a wide range of land-use types impacting over 17,700 parcels of land utilized by local households in 515 villages. In Turkey the pipeline passes sensitive groundwater areas such as Pasinler Plain, the Erzincan Aquifer, the Coksun Plain, the Adana-Ceyhan Plain and two sites protected under national legislation, including a wildlife protection area for a globally threatened species (Bosshard, Bruil, Horta, Lawrence, and Welch 2003).³⁷

What environmental risks did the BTC oil pipeline present? Oil pipeline construction and operation is associated with various potential environmental issues. To begin with is the obvious potential of land and water contamination from oil and gas or salt water releases (spills). Other potential impacts include: loss and fragmentation of

³⁷Turkey is excluded from the analysis because in this dissertation I focus only on post-communist countries

wildlife habitat; loss of and fragmentation of natural vegetation - prairie, mountain, forest, wetland, parkland, rare species, loss of soils through mixing or erosion, soil compaction, reduced land capability and productivity in agricultural, prairie and forested areas, loss of historical resources i.e. archaeological sites, increase in weeds or undesirable plants, greater access for public and off-road vehicles to natural areas, increased exposure of wildlife to humans; stream sedimentation; impairment of fish habitat.

Other potential risks with eco-social implications involve human accidents related to explosion. Corrosion, mechanical and material failures that lead to fractures and leaks in pipelines are some other major causes of pipeline accidents. Routine maintenance and investment in high quality coating material are necessary to prevent accidents from taking place. Pipeline maintenance can be costly and designers and pipeline developers can only attempt to minimize the negative implications on the environment and reduce the possibility of accidents (Kandiyoti, 2008). The risk and potential environmental destruction that can be caused by oil industries and the cost associated with it can be illustrated by the oil spill of 2010 in the Gulf of Mexico, which has cost BP \$38bn and has been a long process. In the summer of 2006 BP was also reminded that reduced maintenance could cost the company more in the long-term. Fixing the oil spill in Alaska, due to pipeline internal corrosion cost BP \$8 million (Milmo, 2012).

4.6.1.1 Tourism, environment and culture/identity

The first action of resistance by contesting groups was to respond to pro-BTC alliance's discourse about job creation and economic benefits associated with the development and

transportation of hydrocarbon resources. In order to make the impacts of oil more tangible, the contesting groups tied these developments to the impacts that they would have on tourism as a viable economy sector for the present, but also for its potential development in the future. Development of tourism was moreover tied to the cultural heritage and identity of each of the South Caucasus countries involved in the BTC pipeline. Their acts of resistance are in accordance with Polanyi's notion of disembedding from nature (or as a much deeper disembedding of nature, if we see this process on a continuum as discussed above), as communities along the BTC pipeline saw their businesses vanishing and value of properties diminished as the surrounding nature was disfigured and devalued by the construction of the pipeline and the potential risk of oil spills.

In the case of Georgia, for instance, the fact that the BTC pipeline would cross in the vicinity of the Borjomi mineral water springs, and the Borjomi-Kharagauli Natural Park, meant a direct impact on the tourism of this area. These facts allowed the contesting groups to use them in the engagement with the pro-BTC alliance. The civil society groups in Georgia, in particular, played a very strong role to bring to the attention of international NGOs the threat that the construction of an oil pipeline would cause to the park. In fact the contestation of the oil pipeline in Georgia started on the basis of two premises: first, that the oil pipeline would be a threat to the biodiversity and the potential for further development of tourism. Second, they wanted to secure transparency by the government and the company building the pipeline.

They stressed that Borjomi was an area closely connected to Georgia's national

pride, also connected to economic benefits. In this way the contesting groups, used the national symbols in order to raise awareness and to get support for their cause. During the time when Georgia was part of the Soviet Union, Borjomi served as an essential touristic area for the rest of the Soviet republics and is known nationally and internationally for its mineral water, fresh air and water springs with therapeutic features. Borjomi is home to a population of about 16,000 inhabitants who rely not only economically, but are also socially and culturally attached to this resort. The proposed oil pipeline was seen as troublesome not only for its potential economic implications, but also for the very way of life of Borjomi's residents. Georgia's economic crisis from its independence onwards have also contributed to the halting of tourism in the Borjomi area and the closing down of many spas and resort buildings. Thus Borjomi for all its qualities, legacy and its rich ecology constitutes one of Georgia's main touristic resorts, with the potential for economic returns.

The area is known for its rich biodiversity and the bottling industry of the Borjomi mineral water is one of the main sources of employment in the region. The factory is owned by the Georgian Glass and Mineral Water Company. The two bottling factories in Borjomi and a glass production factory in Khasuri (30 km away from Borjomi), employ 750 people and has an annual turnover of about \$60 million (FFM Report, Georgia 2002, p.25-31).

The construction phase impinged on people's livelihoods and businesses were affected. When asked about the effect of the BTC one community member said,

the BTC was created near our springs, called “Nine Springs”, it crosses the spring. Because of that the water became contaminated.

This is a villa [resort] place and because of the filthy water we lost tourism. . . We did not receive compensation. They just only cleaned the water and repaired the damage at the water pump. . . . In order to take attention we barred the road. People barred the road in order to react and to complain about the water (Interview 31, contesting groups representative Georgia 2010).

The position of contesting groups, regarding Borjomi, was that given the potential impact of the pipeline on tourism and the mineral water industry, the environmental impact assessment should be done for the whole Borjomi area instead of a piecemeal process, where only the area where the pipeline is passing through is studied. It is important to notice that the perspective of the contesting groups was that the environmental study should consist of a holistic study, which is closer to the standards of ecological democracy (Eckersley 2004).

In a fashion suitable to environmental advocacy networks, the contesting civil society groups in Georgia used the language of the park being a national asset in order to raise awareness for broader support in the society locally, and advocacy groups internationally and to put pressure on the national government. They problematized the fact that the pipeline route crosses the Kharagauli National Park area as well as its support zone. They stressed that Borjomi National park is the first national park in the Caucasus.

The local NGOs cited Georgian experts who had stated that the potential pollution of underground waters was inevitable in case of a leakage from the oil pipeline. Such occurrence would have a harmful impact on the underground waters of the Bakuriani plateau that is the drinking water source for villages of the Borjomi-Bakuriani resort group and Borjomi town, as well as existing mineral water sources, including Borjomi

brand mineral waters. In the case of Azerbaijan too, an environmental NGO highlighted the Tavos region, where there is much underground water which would be damaged by any spill. Another concern that was raised by the contesting groups was about the impact of the BTC on the cultural site of Gobustan. This is an important cultural site in Azerbaijan with values for tourism. The site is located in the proximity of Baku and 20 km south of Sangachal terminal and it is considered to be “a unique source of knowledge for the period from 10,000 B.C. to the Middle Ages in the fields of history, culture, art and archaeology and it contains petroglyphs (cave paintings) dating back more than 10,000 years over 20 caves in the region.” (FFM Report, 2002: 18).

Environmental concerns are also very closely connected to the land. These concerns were raised by Baku –based NGOs that were more familiar with the legacy of oil development in Azerbaijan on land, but also by subsistence farmers who were worried about the agricultural quality of the land after the pipeline would be put in place. BP's promise to the residents was that in order to preserve agricultural productivity the topsoil would be removed to be replaced after the construction had been completed³⁸.

4.6.1.2 Lack of economic and social development impact

The pro-BTC alliance upheld the economic benefits of oil development as one of the important contributions of the project. In response to this strategy of the contesting groups employed two strategies. First they tried to vocalize as many voices from the affected communities as possible, such as stories from the rural areas where the pipeline

³⁸Another matter with environmental repercussions was the decommissioning of the pipeline. The project contracts specify the life of the project for forty years and after that the pipeline will be given to the government for decommissioning. This resulted in NGOs being concerned about the lack of plans for decommissioning.

crosses and experiences of the oil workers. Second, they made available to the public at large alternative models of development which would result in more long-term benefits for the countries hosting the BTC. In doing this they questioned the benefits of the whole project as it was presented by the pro-BTC alliance, with the objective of stopping the construction of the BTC oil pipeline or to modify the project holistically so that its potential environmental, social and economic issues could be addressed.

In Georgia, local communities did not think that they would benefit at the local level from the transit fees that the Georgian government would receive from project sponsors. They were of the opinion that since the management of social programmes would be centralized at a national level, programme expenditures will not be decided and implemented by each community at a local level (Fact Finding mission report Georgia Section, 2002).

The dissatisfaction was also present among the local population in the villages where the pipeline would pass. Previous to the construction of the pipeline, the residents along the pipeline route were promised thousands of jobs and that the pipeline construction would lead to improvements in their immediate environment. During my field research in Georgia in June 2010, members of rural communities that I interviewed expressed dissatisfaction with the employment opportunities that were promised but were not delivered and the development of their area in general. They were mostly concerned about their inadequate economic situation and often lumped together representatives of oil companies, multilateral development banks and international non-governmental organizations. This statement from one of the villagers that I interviewed illustrates their

attitude. When I asked about communications with the representatives of the oil company one community member said “Yes, yes all came, English, American, German all came. But our situation is still the same (as she pointed her finger at the unconstructed main road of the village and the worn down roof-tops of the houses around her)” (Interview 31, contesting groups representative, Georgia 2010).

The general concerns of the villagers along the pipeline route, as I found during my field research, were of a more immediate energy security at the household and community level. They were concerned with the improve of the infrastructure that links the villages to the rest of the country, with the improvement of water supply and the provision of gas supply, that would in turn lead to development of tourism on which they depend for their income in the mountainous areas in Georgia. Thus while for the government of Georgia, the transit fees and access to cheaper gas deals from Azerbaijan was advocated as an important contribution of this project, for the residents along the pipeline scepticism dominated the likelihood of the revenue received at the central level to actually trickle down to them in the remote villages.

In response to the governments' alleged benefits of this pipeline Friends of the Earth spokesperson, Carol Welch, stated “The company [BP] is fairly clear that no oil and gas will go for domestic use, but makes reference to work with the [Georgian] government to assist with the provision of energy through other means. . . It seems mostly governments are promising the moon but BP doesn't correct them vigorously” (quoted in Applebaum, 2002).

The civil society groups, moreover, emphasized that not only were the

opportunities for jobs scarce, in contrast to what was promised by the pro-BTC alliance, but even in those case where there were jobs available, the jobs prioritized foreign contractors. In Azerbaijan, COIWRP, an independent labour union, was concerned with the tendency that international oil companies to favour subcontractors from abroad instead of those from Azerbaijan. According to the workers union,

the terms of reference for tenders are often weighted in favour of foreign companies, and Azerbaijani companies sometimes struggle even to obtain copies of the terms of reference for tenders. . . . For the few people who do get a job with the oil companies, there is great insecurity. Since 1997, 1,400 oil industry workers have been laid off by foreign companies and employment contracts offer little or no protection. Some contracts are written only in English, which Azerbaijani speakers have to sign even when they don't understand them (Fact Finding mission report Azerbaijan Section, 2002:20).

In Azerbaijan too, many citizens were sceptical about the contribution that would result by the development of the oil sector in Azerbaijan. They were concerned that in long run the country will suffer from 'Dutch disease', wherein the country's economy is strangled rather than boosted by oil development, and the non-oil sectors actually go into decline. The government's focus on oil exploration and exploitation meant that the country's full capacity was not fully used (Interview 20, contesting groups representative, Baku 2010).

The civil society groups stressed that Azerbaijan had the potential to focus on another model of development of oil which would encourage the refining of oil. This, according to the contesting groups, would provide Azerbaijan with more long-term economic growth and expertise. They argued that, Azerbaijan's role as part of the Soviet Union added to that potential as,

[It] used to have a greater refining industry exporting processed oil products to Russia, but this had now contracted. Refining provided skilled jobs for Azerbaijanis, which are not available if the oil is exported as crude. Azerbaijan still has the people trained to work in refining, and continues to turn out highly educated petroleum engineers from its University. But with the high level of unemployment, especially in skilled jobs, thousands of highly-educated Azerbaijanis have already left the country for the Former Soviet Union, the Middle East, or for the West (Fact Finding mission report Azerbaijan Section, 2002:20).

4.6.1.3 Responding to the discourse of accountability and environmental governance

In order to counter the language presented by the pro-BTC alliance that the BTC was undertaken under the best standards of accountability, the contesting groups shed light on instances and processes around the BTC that lacked accountability and meaningful participation in environmental governance. Their emphasis on the lack of accountability was directed at the national level of the governments, but also towards the lenders. The following illustrates how their actions were deployed.

They stressed in particular the poor conditions under which the project was concluded had further implications for democracy in these South Caucasus countries. A report by Environmental Defense, Friends of the Earth and International Rivers Network pointed out that governance in the transition countries which BTC crosses was characterized by authoritarian elements, with Azerbaijan and Georgia ranking very low on the list of Transparency International. The report pointed out that the mayor of Borjomi, was ousted by appointees of the Georgian President due to expressed concerns about the routing of the BTC (Bosshard, Bruil, Horta, Lawrence, and Welch 2003).

Moreover, they threw light on the nature of legal agreements that govern the project, Host Government Agreements. In accordance with this agreement none of the

three countries (Azerbaijan, Georgia or Turkey) is allowed to establish new environmental or public health laws that might have the potential to affect the financial return of the pipeline for the next 40-60 years. The only exception would be through compensation of the project consortium (Host Government Agreement 2000).

The contesting groups maintained that the lack of accountability was so stark that it would not be acceptable in settings where there was a democratic involvement of the citizens. As chairman of the Dutch commission that evaluated BP's analysis of the pipeline route, Dick de Zeeuw stated, a pipeline that would cross a water-producing region 'would not be acceptable for Western Europe . . . We were astonished that no other alternatives were taken into account. From the beginning BP just focussed on the central corridor...' (De Zeeuw, Dick. Chairman of Dutch Commission for Environmental and Social Impact Assessment quoted in Antelova, 2003)

The lack of accountability was packaged together with the lack of meaningful participation not only in the decision-making process about the pipeline, but also in its implementation. They stressed that for a project that had the potential to affect people for sixty years, the views of the local communities as well as those of local scientists, experts and other stakeholders in the affected regions were not sought. The decision-making process was instead carried out as a one-way process where, (non)democratically elected politicians and in coordination with diplomats and international oil companies decided the “future” of the country and the region.

The lack of inclusiveness persisted even at the stage of implementation of the project, when the project was about to be buried under their farm lands and when the

heavy trucks were about to start passing at their door steps of the already flimsy houses. Even businesses with a vital interest in the environmental impact assessment were left out of the consultations of the project companies, such as the Borjomi mineral water company. Jacques Fleury, the company's managing director for the Georgian Glass and Mineral Water Company, responded that his concern with the decision of building a the pipeline through Borjomi valley was that he was not told about this decision in time. He had learned about the route when the construction of the pipeline was to begin, even though the Georgian Glass and Mineral Water Company is directly affected by such developments. He stated that court action would follow if the decision to on the pipeline route was not changed (van der Schriek, 2002).

The contesting groups linked the absence of participation in the consultations about environmental impact and social assessment to the inadequate information campaign that was conducted regarding the BTC project. The contesting groups, Baku-Ceyhan Campaign, stressed the contrast between what the pro-BTC alliance had said about information of the public. Unlike what the oil companies and the governments claimed, the communities that would be affected by the pipeline construction were not all informed.

Lack of information was expressed in a way that the consultation process lacked key aspects that further compromised the process of informing and consultations as a whole, even though the pro-BTC alliance representatives said that they had followed all the regulations and procedures. As a result, consultations turned out to be more of a procedural kind, rather than deliberative. The civil society groups argued that the lack of

substantive consultations and proper information of the public was an organized effort by the proponents of the BTC project in order to keep the costs low and to move ahead with the building of the pipeline without any delays. The following example, illustrates the lack of complete information. “In one village (inhabited by ethnic Azeris), questionnaires were available only in Russian – although some of those surveyed did not speak Russian. [According to the villagers] companies gave no notice to villagers about their visit so that in many cases interviewers either went door-to-door around the village to look for people to interview, or interviewed people in the street. . . . Interviewees were not given the opportunity to check that their responses had been recorded correctly. At the end of the interview no copy of the filled-in questionnaire was left with people interviewed. Nor was a blank copy of the questionnaire filed with the local administration office” (Fact finding mission report Azerbaijan Section, 2002: 22).

The drive to spell out the link between lack of involvement and lack of extensive information of the public, informed the engagement with the lenders group. In the Fall of 2003 as the lenders were deciding on the loans for the BTC pipeline, the contesting civil society groups engaged in the discourse of the lack of accountability trying to hold them responsible to their own commitments. Contrary to what was said by the pro-BTC alliance that BTC lenders and companies operated to the best accountability and governance standards, the contesting civil society groups proved that this process was characterized by lack of transparency and lack of inclusiveness. These civil society groups the lack of accountability meant that if they did not get involved, then the process would move ahead with the least accountability expectations.

In early December 2003 the ABN Amro would decide on its lending too. The preparation for a decision by the ABN Amro bank was met with a response by the civil society groups campaigning for transparency and better environmental governance of this project. The contesting civil society organizations challenged the decision of ABN Amro bank on the basis that their support of the BTC pipeline clashes with their commitment to Equator Principles. In fact, as Greg Muttitt, a representative of the campaign group Platform stated, “Our research makes it clear that financing is not consistent with the Equator Principles³⁹” (*quoted* in Balch, 2003).

The global head of finance at ABN Amro responded to the concerns expressed by the civil society groups by saying that “There is a huge discrepancy between the feedback we're getting from environmental experts, who are telling us that kind of work being done by BP and the other lead companies on the BTC project represents best practice in the industry, and what NGOs are saying”. Moreover, he stated that “there will always be dissenters for a project of this magnitude, but what we've given them is a transparent set of benchmarks against which we can be judged” (Mr. Burrett quoted in Oliver Balch, 2003).

The civil society groups responded to this by reminding the ABN Amro of its signing of the Equator Principles. Out of the fifteen commercial banks involved in the BTC project, eight of them are signatories of Equator Principles such as Citigroup, ING,

³⁹These principles are “a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making”. Moreover, “Equator Principles Financial Institutions (EPFIs) commit to implementing the EP in their internal environmental and social policies, procedures and standards for financing projects and will not provide Project Finance or Project-related Corporate Loans to projects where the client will not, or is unable to, comply with the EP” (About the Equator Principles, Equator Principles).

WestLB and Credit Agricole. This act of civil society groups was a message to all the lenders of the BTC pipeline, about honouring the accountability mechanisms that they had adopted. When the contesting civil society groups could not influence the decisions of the governments and oil companies, they worked towards convincing lenders and to reassure their due diligence by relying on institutions and norms of environmental governance. In this respect they called upon voluntary principles of environmental governance such as the Equator Principles, adopted by commercial banks, but also on other mechanisms of governance such as the process of due-diligence and requirements for inclusiveness adopted by MDBs.

4.6.1.4 The issue of corruption as enabler and barrier to resistance

In response to the pro-BTC alliance discourse that the construction of the BTC oil pipeline would contribute to the fight against corruption in the host countries, the contesting civil society groups adopted a strategy that drew on stories and narratives from the affected communities. They showed that contrary to what was said by the pro-BTC alliance, corruption and bribery were so pervasive that they served to actually help the pro-BTC alliance succeed in its endeavours to push forward the BTC construction.

Corrupt practices distorted even those rights that were secured in the host governments agreements regarding employment opportunities. Connections to the government officials were often the basis to acquire a job, rather than an independent assessment on the basis of skills. For instance, while the government of Azerbaijan upheld this particular project and the oil industry as providing high employment the citizens interviewed in Baku by the representatives of the civil society network, pointed out that

to get a job in an oil company one has to know or be related to someone in the recruitment department. In the village of Umid, . . . few local people had been given jobs in the expansion of BP's Sangachal terminal, but local people claimed that family members of the mudir [head of the village] had already received jobs (Fact Finding Mission Report Azerbaijan Section, 2002: 2).

So influential was the role of corruption in presenting the BTC project as a successful one that the government representatives, in exchange for benefits for themselves and their relatives, would even interfere to distort the consultations between the NGOs and the community members. As this excerpt from a NGO report illustrates, “At Umid [village] the fact-finding mission (FFM) was . . . greeted on arrival by the mudir [head of the village] who told the FFM that people are happy about the project because they get jobs and are treated well by the employers. People began to gather and several began to shout that the mudir is lying and tried to engage the FFM. The mudir's assistants attempted to calm the dissenters and move them out of earshot of the FFM but they continued to come back. As the FFM was leaving, a very heated and emotional argument broke out between a local woman and the mudir. The FFM was told by the mudir's staff not to listen to the dissenters because they are “liars and alcoholics” (Fact Finding Mission Report Azerbaijan Section, 2002:10).

The pervasive corruption served as a powerful tool to generate some consent within the society and strengthen the position of pro-BTC alliance. This was mainly achieved by providing favours, such as employment opportunities and key administrative positions to individuals who were connected to government officials. This pattern was further reflected at the level of local communities, as even the hiring for positions such as working in a kitchen that provided food for the BTC workers, or as a labour in preparing

the ground for the pipeline construction was made possible through connections to local officials.

At the same time the perception of corruption, and a discourse of continued corruption through the BTC, served to generate resistance. The BTC experience was used by contesting groups as an opportunity to reveal further instances of corruption and to call for fairness, equal opportunities and transparency from the use of revenues from oil development and transportation all the way down to the employment opportunities along the pipeline route.

4.6.1.5 Human rights violations and the contesting groups

According to the contesting civil society groups, a country like Azerbaijan criticized by human rights organizations for its record, the construction of the BTC pipeline and the development of oil industry only added to this record. Critics of the government have been subject to arbitrary arrest and detention. In an interview, Ms. Mirvarie Gahramanly, co-chair and one of the founders of the COIWRP independent oil workers' union, stated that “she has been subject to repeated intimidation. . . she has been arrested three times, the first time in 1998 after she criticised the State Oil Company of the Azerbaijan Republic (SOCAR) Vice-President Ilham Aliyev. She was arrested again in January 1999 after she made a statement against SOCAR corruption. When she visited the USA in March 2002 to meet with United States Congress members and talk to media about oil industry workers condition in Azerbaijan, she was first demoted in her job at SOCAR, then fired, and then arrested again on her return” (FFM Report, 2002, p.11).

The constant watching of representatives of the central government contributed to

a limited ability to develop dialogue among the contesting groups, especially in Azerbaijan. This control in turn fed into the government mistrust and the hesitation to express opinions that would contradict government's line. This had been a continuous pattern in the meetings between the NGOs and affected communities, which in turn led the contesting groups to question the whole consultations process led by the BTC consortium itself. They maintained that the heavy government involvement in their meetings, would have been inevitable in consultations conducted by the pro-BTC alliance itself. Even if people would have been present, in the face of corruption and government control they would not have had the ability to freely express their concerns, due to fears that they would lose employment opportunities or other interests elsewhere.

4.6.1.6 Institutional strategies of contesting groups

What institutions did the contesting groups engage in order to push forward their views about the BTC oil pipeline? Contesting civil society groups first approached the national governments and oil companies. When this was unsuccessful they approached MDBs by holding them accountable to their own principles of due-diligence, participation in decision-making, and principles of sustainable development. Moreover, they organized peaceful protests in trying to have their voice heard and their concerns be addressed. In fact, the hallmark of their activities was this combination of engagement with the local institutions and simultaneously creating linkages with international NGOs and advocacy groups, as well as through socialization with the MDBs as lenders of the project. It was through this combination that they tried to influence the process of the implementation of the BTC.

To begin with, they took an active role in conducting several fact-finding missions (FFMs) along the pipeline route, with the aim of presenting as many stories from the affected communities as possible. The very first of these was conducted when the construction of the pipeline was about to start, and when the affected communities mobilized as they started to feel the effects of such large scale project that would be built near their residences. These FFMs were led by the Baku-Ceyhan Campaign, which undertook four fact-finding missions along the pipeline route in each of the three countries participating in the pipeline. The first fact-finding mission was undertaken in June 2002 with other follow-up FFMs taking place in March-May 2003, September-October 2004, and September 2005. During these missions, the campaign was able to gather more information about communities' expectations and opinions about the pipeline project, about the project's impacts and how BP's consultation and land expropriation had been carried out.

The reports that were derived from these FFMs were in turn used as the basis to engage different institutions in their endeavours to stop the funding for the construction of the pipeline, but also to bring more accountability and justice to the whole process around this energy project. In order to achieve these goals they engaged national institutions, and when those were not responsive, they contacted the MDBs.

An institution that was approached in order to help with an independent assessment regarding the environmental impact of an oil pipeline in Georgia was the Netherlands Commission for Environmental Impact Assessment. The assessment from this institution would come to play a role in supporting the claims made by the contesting

civil society groups in their anti- BTC campaign. The review had been requested by the Environment Ministry of Georgia⁴⁰ (Interview 24, contesting groups representatives, Tbilisi 2010). On 19 July, 2002 this Commission published a review of Environmental and Social Impact Assessment (ESIA) about the Georgian section of the BTC oil pipeline and South Caucasus gas pipeline. The review particularly criticized the ESIA for not gathering enough information for selecting a project route that crosses several environmentally sensitive areas, for having incomplete environmental mitigation measures, and for not addressing compensation and other social issues (van der Schriek 2002).

In Georgia the demands of the contesting civil society groups were mainly on environmental basis. They demanded British Petroleum develop an Environmental and Social Impact Assessment for the BTC oil pipeline in accordance with the European Union Environmental Impact Assessment Directive, as well as standards defined under the Host Government Agreement and policies of the World Bank Group and the EBRD. These groups asked for an assessment of all possible alternatives to pipeline routes that would avoid the sensitive areas of Borjomi and Tsalka. They also asked BP to make publicly available all studies that that were consulted prior to the selection of the pipeline route, such as 1997 study by Flour Daniel for the Azerbaijan International Operating Company, the 1998 Flour Daniel study for Shell, GeoEngineering's study for the

⁴⁰ It is important to remark that the former Minister of the Environment in Georgia, later on joined the NGO groups in the campaign of monitoring the BTC oil pipeline and other infrastructure projects being built in Georgia. In accordance with Gramsci's notion of consenting and contestation groups, this instance shows that just as there were individuals that were co-opted by the hegemonic forces, there were also others who joined the contesting groups like the case of this former minister reveals, and another instance of another state officials that had joined the NGO Green Alternative, a powerful player in Georgia in the anti-BTC campaign.

Georgian Gas International Corporation, and others. Finally, the environmental groups asked that BP include all management and monitoring plans in the ESIA as “required under the best international practice” and “give possibility to the public to comment on them” (Environment News Service 2002).

In Fall 2002 when the BTC consortium submitted the final version of the ESIA to the Georgian Ministry of the Environment, the latter had expressed reservations. In order to ask for further clarifications, in November 12, 2002 the ministry asked the BTC Co. to address 32 questions and comments. BTC Co., replied to the enquiry and submitted the final ESIA report on Nov. 28, 2002. On December 1st, 2002, the Georgian Ministry of the environment issued the environmental permit. The BTC response to the 32 questions posed by the Ministry of the Environment was not made public for review. It was this incident that led the contesting civil society groups to question the manner in which the ESIA was approved. For them the haste that characterized the approval of this document casts doubts on how seriously and cautiously the ministry reviewed the answers of the BTC consortium (Lomsadze, 2003). Following this occurrence the BTC critics engaged in the strategy of leverage by trying to socialize the MDBs to their concerns and informing them about the pressure on Georgian government for issuing the environmental permit for the construction of the pipeline. Via this letter they urged MDBs (IFC and EBRD) to consider the process through which the BTC construction was approved, which according to them was not in line with principles of good governance as expected by the MDBs (Letter to Presidents of EBRD and IFC by contesting NGOs, December 19, 2002). Both MDBs welcomed the letter in January 2003 and reassured the

addressing NGOs that they would consider the concerns raised. Given that the MDBs were in the process of appraising the documentation provided to them by the BTC Co, this move by critics of the BTC shows their institutional engagement with international actors in order to create a boomerang effect on the democratic standards followed with the BTC approval. By raising their concerns with the MDBs they were hoping to increase the conditionality linked to funding for the BTC construction, in order to improve the process in terms of democracy and transparency.

Later on in July, 2003, eight months after the ESIA for the BTC Co approved and after continuous requests by the NGOs to revise this process had not proven successful, the Green Alternative, a local Georgian NGO, filed a lawsuit against the BTC Co. They asked that the construction of BTC oil pipeline be stopped and for the consultation period to be repeated. Their request was based on the assertion that the BTC Co. had not followed the proper consultation procedures before the Georgian government gave its approval for the start of construction. The Green Alternative maintained that proper consultation had not been followed. They contended that the BTC consortium did not make public its response to questions that had been raised by Georgia's Ministry of the Environment during the 120-day period for public consultation⁴¹ (Lomsadze, 2003).

Green Alternative's lawsuit was met with resistance by the BTC consortium and

⁴¹According to Keti Gujaraidze, Program Coordinator at Green Alternative, "Georgian society was denied its constitutional right to have access to the information related to protecting the environment. BTC Co., replied to the remarks and comments of the ESIA made during initial public discussions in a document that has never become the subject of public discussion. This is illegal" (Keti Gujaraidze quoted in Georgi Lomsadze, BTC faces court case, Caspian Business News July 7, 2003). For Green Alternative "the host government agreement, gives the Ministry of Environment 30 days to grant the permit after the final ESIA report was submitted. During this period, the ministry should have ensured civic engagement in the scrutiny of the document to the maximum possible . . . But the ministry opted to issue the permit in two days, that is, almost 30 days earlier than it had to. We, as representatives of society, were therefore deprived of our legal rights to participate fully in the decision-making process to issue the environmental permit", the Green alternative lawsuit stated (Lomsadze, 2003).

the government of Georgia. In an interview with Caspian Business News, William Townsend, BTC Commercial and Reputation Assurance Manager, maintained that BTC Consortium had followed all the requirements as stated by the HGAs while conducting the public consultation process. He stated that “We provided all the documents required and distributed 27,500 copies of the ESIA . . . We met with every community concerned during the disclosure period” (William Townsend, BTC Commercial and Reputation Assurance Manager quoted in Lomsadze, 2003).

The allegations of the BTC critics were met with equal resistance by the ministry officials who dismissed them as groundless. According to the ministry, the 120-day period required for public consultation, was held before the ESIA was submitted to the ministry. They pointed out that the final version was reviewed by experts within the ministry⁴².

In March 2004 the court denied the lawsuit filed by Green Alternative against the Ministry of Environment and Natural Resources, the Ministry of Foreign Affairs, and the Georgian parliament regarding the Baku-Tbilisi-Ceyhan pipeline (Novosti-Gruzia Information Agency, 2004). The Green Alternative representative called this a “kangaroo court”. The meaning of this phrase as used by the Green Alternative representative was that the court did not take the lawsuit seriously. As this representative maintained the lack of transparency in the justice system would work in favour of the governments rather

⁴²According to Gia Zhorzholiani, the Head of Environmental Permission and State Ecological Expertise Department of the Environment Ministry, all necessary documents were in place. “Time was pressing. If it had not approved the document within 30 days, BTC would have started operations with or without our approval. Such a provision is included in the HGAs. Thus we had to act swiftly. But the final paper was made available for public viewing before environmental permit was issued. Everything is logged and checked by the Control Chamber [Georgia's supreme auditing body] and these accusations are therefore unfounded” (Gia Zhorzholiani quoted in Lomsadze, 2003).

than civil society (Interview 28, contesting groups representatives, Tbilisi 2010).

As the contesting civil society groups were trying to reach transparency of the process through the national institutions, the resistance of the affected communities came later when they felt the direct impacts of the pipeline construction.

By Spring 2003, the decision of the EBRD to finance BTC oil pipeline was not reached yet. The NGOs campaigned heavily before that decision was taken. On March 25, 2003, representatives of NGOs voiced their concerns to EBRD which was to vote soon. A similar action took place in London, UK. The protesters in Tbilisi stated that the appeal to the EBRD concerned insufficient public consultations in the regions; a lack of alternate route supplied (as required by national legislation and EBRD environmental policy); deficiencies in the ESIA analysis; and the insufficient transparency. They asked that the funding by EBRD should be made conditional on the use of independent national and international experts to revise and monitor the ESIA; implementation of a well-developed public consultation plan; creation of mechanisms for monitoring the accountability of oil revenue disbursement and prioritizing the employment of local people and companies; and the preparation of a regional development plan to ensure benefits to the local population⁴³.

When asked about the decision to approach the MDBs a civil society representative in Georgia responded that as lenders MDBs had a lot of power regarding the development of BTC. Faced with non-transparent governments the interviewed

⁴³Protector, Lasha Chkhartishvili from the Union of Protecting Environment and Animal's Rights "LOBO" stated, "we are against the pipeline, we are against the risk it carries while passing through those regions of Georgia, namely Borjomi, which is rich in mineral waters, as the risk exists of polluting the environment, and such damage could not be compensated" (quoted in The Messenger, 2003).

representative of contesting groups asserted that,

since government was corrupt and they just didn't want to hear us, [our] strategy was also to influence, to bring changes through the Banks. From the beginning we didn't want Banks to finance this project actually because we thought and we believe that this project will not contribute to poverty reduction and economic growth. This is not really stable region, Georgia, Azerbaijan and Turkey. We thought that negative impacts of the project are much more important than the benefits this project can bring. So we have been advocating that Banks do not finance this project and oil companies take their own risk if they really want to have this project in place. But we didn't succeed in this, so Banks have financed the project in 2003. But then if they took this responsibility they have to be responsible whatever is happening in the project right? They have to follow BP and the consortium. So the problem here was that our legislation and procedures are much weaker than the standards of the Banks. So from the one side it was good that Banks were involved because of public participation procedures and disclosure policy, they are much stronger than the local one. In this way maybe locals benefited better" (Interview 26, Green Alternative representative, Tbilisi 2010).

Both MDBs approved the loan for the BTC oil pipeline in November 2003. The loan approval meant that the construction of the BTC oil pipeline would continue as planned. Faced with a 'fait accompli' situation the critics shaped their contestation differently especially by following how the construction was unfolding and monitoring closely the impacts of construction on affected communities. They continued to engage MDBs and BP by holding them accountable to their own policies and promises about land compensation, employment opportunities, and economic development. Moreover, as the construction of the BTC continued the contestation also acquired different dimensions through the direct and visible involvement of affected communities. As the environmental risks became more tangible for the communities along the pipeline route it sparked the reaction of the local communities where the pipeline would pass. They

became more active with their demands and resistance against the BTC oil pipeline. For example, in January 2004 when the people in Rustavi, Georgia, learned for the first time exactly how close the pipeline would come to their homes⁴⁴. After learning about the proximity of the pipeline, the Rustavi residents tried to engage in dialogue with different local authorities, such as the mayor of Rustavi, local representatives of BTC Co and even took the case to the Georgian parliament. The responses they received provided them with the same line that had been used even before the construction began, that the pipeline will comply with the highest western standards. It was after the dismissal of their appeals by the local authorities, the lack of information and prolonged uncertainty, the residents appealed to the IFC⁴⁵.

The discussion between MDBs and contesting civil society groups with regard to environmental concerns and accountability of BP for the BTC project, became difficult and complex also from the overlapping of local regulations, to which NGOs refer, and HGAs regulations which are above local regulations and to which BP and MDBs refer. This difficulty led to contradicting views between MDBs and contesting groups. In an interview with the EBRD representative, who had also been continuously involved with the BTC oil pipeline he maintained that the two MDBs received the ESIA document for

⁴⁴This fact became clear when heavy construction equipment and pipeline workers arrived without warning about the start of the construction. They pointed out that in the documentations that they had seen was indicated that the pipeline would pass at a distance of 500 metres, which would serve as the security zone for the pipeline. When the construction was about to start, the residents became aware of a closer proximity such as 250 meters. Their concern was that with such proximity the pipeline would run along the nearby Mtkvari River, affecting homes and the 700 families living there (“Georgians demand action to save their homes from oil pipeline. Official complaint to IFC reveals shocking BTC negligence”, CEE Bankwatch Network, March 16 2004).

⁴⁵As one of the residents said, “We are told to shut up, stop wasting the company's time and trust the high standards of the project promoters. Yet local people have been kept completely in the dark about the pipeline. How can we start trusting now?” (Merabi Vacheishvili quoted in CEE Bankwatch Network, 2004).

review prior to their decision for financing the project. The policy of the MDBs is that the ESIA goes to them after it has been approved by the home governments. In the case of the BTC, the ESIA was completed by BTC Co, and approved by the host governments in December 2002.

Because the BTC was categorized as an A level project (with serious environmental and social impacts) the requirement of the MDBs was to verify that due-diligence had been followed with this projects and that public consultations had taken place in accordance with the standards of the World Bank and EBRD. A representative of EBRD stated that the environmental and social impact assessment developed by the BTC Co followed the standards of MDBs. However, the lender's group (IFC, EBRD and other credit agencies) held several meeting in order to clarify points that the lender's group had towards the project design of the pipeline.

The result of these meetings and the BTC Co. was a series of questions that required clarification. The response to these questions led to another document that met the requirements of lenders. The lender group did not start the public consultations until the original ESIA document was added to the rest of the form. Another document that was brought out was the Routing Report. This document came out as a result of complaints made regarding the crossing of the pipeline through the Borjomi area. As an EBRD representative speaking to these issues maintains,

There was a good story to tell there, which satisfied the lenders, however there wasn't enough information in the public domain to make the point in the original ESIA. So the lenders required BTC to put together this document called Routing Report, and that in itself is thousands of pages and maps. So that was another document that we required in addition to the supplements of the ESIA. So through our

period of due diligence I think the disclosure started the second or third week of December 2002. So we worked between September and December to get all the documents to allow the lender public consultation period to start (Interview 17, EBRD representative, London, UK 2010).

The discussion with representatives of the MDBs that I interviewed was dominated by examples that highlighted the 'superb' regulations that had been applied during the construction of the BTC oil pipeline. They recognized the fact that the MDBs had been involved in the process quite late, as the project had already been designed and thought out, but they upheld the standards followed by BTC consortium as very good standards. The same language had also dominated the discussions with the contesting groups and affected communities. Most of the meetings between the NGOs and the affected communities had been to collect information about how to improve the process in the future, or to explain to the contesting groups the measures that had already been taken by the lender group and the BTC consortium regarding the construction of the pipeline (Interview 6, representative of the IFC, Washington DC 2010).

As is shown in this section, the contesting groups sought to engage with different institutions at the local and international level in order to counter those of the pro-BTC alliance, but the institutional strategies employed by the pro-BTC alliance were powerful and constrained the possibilities of the contesting groups to achieve their original goals. Instead, the contesting groups voiced their concerns and broadened the scope of their anti-BTC campaign to demand transparency, participation of the contesting voices in the decision-making processes, and broader social and environmental justice. The access to MDBs was seen by contesting groups as an opportunity for pushing the home

governments to pay more attention to the contesting voices within civil society.

4.6.2 Implications of the resistance to the construction of BTC oil pipeline for democratic environmental governance in the post-communist context

The experience around the construction of BTC oil pipeline shows how civil society groups struggled to achieve inclusiveness by making civil society and affected communities actors on equal footing in the decisions about the BTC oil pipeline starting from the planning phases. Some of them argued that if the process of the construction of the pipeline was not reversed in order to address environmental and human rights implications of such project and to include the affected communities their struggle would shift to stopping the construction of BTC oil pipeline.

The BTC oil pipeline was completed as originally planned. This constituted a success for all the actors that advocated this project. The resistance of civil society to BTC oil pipeline did not stop the construction of BTC pipeline, nor did it reverse the process of environmental and social impact assessment in order to ensure the inclusiveness of civil society and affected communities in decision-making about the BTC oil pipeline.

The goal of stopping or reversing the ESIA process was a huge task, given the power of the pro-BTC alliance and the lack of transparent governments. However, the anti-BTC campaign acquires importance due to the implications it had for the democratic environmental governance and for the justice and democracy in host countries.

The anti-BTC campaign forged links between the local and regional NGOs with international NGOs, which helped in the shift of ideas and norms and raised awareness

among the affected communities that any large infrastructure project with potential environmental impacts requires their involvement from the early stages, in order to preempt its negative impacts. The strategies used by the pro-BTC alliance coupled with the underdeveloped legal institutions and the lack of transparency in these post-communist countries made it difficult for voices that are 'remote' from decision making to express the concerns they had regarding the pipeline construction. Val Plumwood argues that in “oligarchical and authoritarian regimes there is a fatal lack of ecological correctiveness in part because the quality of decision-making suffers from forms of remoteness that dissociate decision-makers very strongly from consequent ecological damage” (Plumwood 2005: 613). For Plumwood remoteness is not only about decision-makers ability to not be affected by ecological harm, but it is also “communicative and epistemological . . . in which they are remote from news or knowledge of these consequences. This kind of remoteness can involve communicative barriers or compartmentalization both between decision-makers and damage to non-human nature, and also between decision-makers and those human beings associated with damaged nature” (Plumwood 2005:614).

In the case of the BTC the problem of remoteness from decision-making process was addressed through the 'boomerang model of politics' (Keck and Sikkink 1998). One of the elements on which this model is based is the creation of linkages in networking. The less powerful domestic NGOs benefit because they gain access, and material and ideational leverage. For international NGOs the connection with domestic NGOs emphasizes their cause and provides credibility that these groups are struggling together.

This model was employed effectively by civil society groups involved in the BTC campaign.

Struggles around BTC pipeline contributed to the development of a network of groups across the region. Regional cooperation among the civil society groups provided local NGOs with more power *vis-a-vis* their own government. Additionally, the network helped them emerge as another political force in the region. In an interview with a representative from Oil Worker's Rights Protection Organization in Azerbaijan, the respondent stated:

It is BTC that made us developed. It was a lesson for us, they [the experiences] improved us, and they developed us. Using these policies we make Azerbaijan's government to be accountable (Interview 30, contesting groups representative, Baku 2010).

A common theme among the civil society resistance of this energy project was that if the group was only locally focused they would have not attracted as much attention from the government as they did in this case. Being critical made the government aware that,

even one group who is critical to the project can do something and because we had support from other groups from Europe and US. They were taking us seriously otherwise if we didn't have support from the other groups, [and] also local partners, then the government wouldn't take us such seriously. We learned a lot. We've been talking to people to the local communities, we learned from communication with Banks, with officials of the Banks, with BP also. It was a huge experience (Interview 26, Green Alternative representative, Tbilisi 2010).

The contestation of the BTC helped to strengthen existing organizations, and more importantly encouraged the creation of other civil society groups, which in turn helped to

enhance local governance. When asked about the impact of BTC experience on civil society one interview respondent in Georgia answered,

a lot of NGOs in the region, grassroots NGOs, were established. After that they implemented a lot of projects without us city based NGOs. We provided training workshops for them and we raised their capacity in eco-governance. After that, they could implement other projects, like Save the Children, Care for Georgia. They have implemented some projects without us on environmental and social issues. This was huge progress! (Interview 19, consenting groups representative, Tbilisi 2010).

The links that were created between international, regional, local and affected communities facilitated the diffusion of ideas between these groups, which in turn created positive conditions for the crystallization of ideas for democratic environmental governance became apparent. As it was maintained by some of the local NGO representatives that I interviewed, this struggle around the BTC showed that environmental concerns and human rights issues around resource extraction were raised strongly in Georgia and Azerbaijan, for the first time in the post-communist period. A civil society representative who had participated in the campaign against the BTC oil pipeline stated,

I think that one of our greatest victories is that while there is no existent environmental movement in the country, the Green Alternative is one of the top NGOs in the country who have the real influence on decision making and we are collaborating with major groups like Transparency International, GYLA, we really can have some influence. Our advocacy is directed to the decision makers which is our strength (Interview 28, contesting groups representative, Tbilisi 2010).

The struggle for inclusiveness of the contesting groups was done under conditions of intimidation and central government's interference. A common theme of all interviews

that I conducted with contesting civil society representatives was that they had been dismissed as anti-development or enemy of the state anytime they raised questions about the BTC pipeline. Those representatives of contesting groups that I interviewed considered their campaign a success, precisely because they had been able to defy and survive the intimidation they experienced during their resistance. As pointed out in chapter 2, the post-communist transition countries are singled out for their weak democracy and not robust civil society. Therefore, the above mentioned developments constitute important steps toward the consolidation and growing of civil society, like in the Western countries. The phenomenon of intimidation was particularly the case during the period prior to the approval of the BTC by the host governments as well as prior to the loan approval by the MDBs. Furthermore, the pro-BTC alliance projected its power over the contesting groups even by spreading scepticism about the position of the contesting groups towards the construction of the BTC was extended towards international NGOs that were part of the contesting groups. As one commentator stated, “the NGO coalition is itself engaged in a campaign of pressure that some in the region see as amounting to a form of “environmentalist imperialism.” The inclusion of token, though vocal, local groups opposed to the pipeline does not change the basic fact that the major support for the anti-BTC campaign comes from outside the region” (Suleymanov, 2003). The intimidation techniques are very important to study and this is where the other elements of the integrated frame gain further importance. Gramsci helps us to explore further and to discern why the intimidation techniques were used. When the justificatory discourse of the pro-BTC alliance, would not be fully successful, then the intimidation

techniques are used to reduce the resistance. The use of intimidation techniques also speaks to the power of the state as a coercive apparatus and an important player in securing the interests of the pro-BTC alliance as a whole. The intimidation techniques and the mediatory role offered by MDBs via their 'inclusive' brand of neoliberalism, is an explanation of how more consent was generated within the society. This is illustrated by the position of most of the contesting voices which at the end saw MDBs as positive contributors in promoting freedom of expression and more democratic decision making practices in these post-communist countries.

One representative from Georgia, maintained that because the language of the government had been quite powerful in promising prosperity and peace for the country and the region at large, it appeared absurd to question a project which was based on prosperity and partnership with the United States, even though the questions raised by the contesting groups were related to democratic-decision making. This is how this representative speaks about the intimidation techniques employed during the campaign,

there were a lot of articles in the Georgian newspapers saying that we are spies of Russia and spies of Armenia, at the same time, I don't know how it worked together that we are spies of everybody, but that was written in the newspapers. Our phones were listened, and the car was all the time in front of our office somebody was sitting just checking who is coming to our office and who is leaving (Interview 26, Green Alternative representative, Tbilisi 2010).

In Azerbaijan the pressure from the central government went even beyond the national sphere. Speaking about the experience with the BTC, a civil society representatives in Azerbaijan, Mayis Gulayev, pointed out at the challenges faced by the groups that were questioning the construction of the BTC pipeline in Azerbaijan⁴⁶. He

⁴⁶Gulayev's involvement was with the Center for Civic Initiatives, an organization critical to the

maintained that the construction of the pipeline was strongly intertwined with material and ideational interests not only for Azerbaijan, but with the United States and the European Union. He asserted that because of the closely intertwined interests between oil, energy security and the government of Azerbaijan, questioning the BTC pipeline meant being against the United States and EU's foreign policy. He said,

there was twice difficulties for me when compared with other NGOs' or political party's persons who were in this struggle. As they were from US or EU, but I was from Azerbaijan where I had risk to lose any opportunity to have job in the future. There was very big risk for NGO (Center for Civic Initiatives) where I worked about being without any financial supports from these countries and Azerbaijan government. After 2006 Center for Civic Initiatives lost all its financial supporters and was forced to stop its activity (Interview 20, contesting groups representative, Baku 2010).

Being against the project entirely, in the case of this interviewee, resulted in isolation and appearance on TV was not even possible. As the interviewee stated “We had very limited means to struggle, i.e. meetings with IFIs staff, meetings with local population on their rights, press conferences, distribution of leaflets, rarely interviews on radio. I could not use TV or Azerbaijan radios on this subject. It was prohibited for me” (Interview 20, contesting groups representative, Baku 2010).

The BTC experience revealed that the civil society engagement was characterized by those providing consent for the views of the pro-BTC alliance and others that contested the interests of the pro-BTC alliance. Gramsci's notion of civil society as a site of consent and contestation helps us the identify agency for change. On the other hand the notion of hegemony explains even further the split within civil society and how far

government of Azerbaijan.

contestation can go. The forces that attempt to establish hegemony make constant efforts to reduce the resistance. As part of these efforts some radical voices in the contesting groups are softened, while those with moderate positions can be co-opted within the consenting forces. Substantially, the dynamic within the contesting groups sheds light on the organized constraints that exist for a democratic environmental governance to emerge in the post-communist context. Theoretically, the BTC case confirms that civil society is a site of consent and contestation and that under the pressure of the forces that are seeking hegemony, civil society is a fluid domain where the shift from radical contesting voices to moderate ones, from consenting to contesting groups and vice-versa, happens constantly.

For instance, shift of water businesses threatened by the oil development especially in touristic areas such as Borjomi showed that they have more in common with the local community and civil society critics than they do with oil businesses. Within the contesting groups themselves, there were groups that took a moderate position, while some other groups stood out to have a more radical position. Organizations like Open Society Foundation, Oxfam, Eurasia Foundation were involved with the contestation bloc in order to support their activities through organizing conferences and financial assistance. However, the contestation was acceptable and possible within some parameters. These positions are illustrated by one of the NGO representatives that I interviewed, who stated that,

there were groups that considered the pipeline to be problematic, but still tried to improve the conditions of its construction ... NGOs from US and EU, even Georgia were not aiming to stop the construction of BTC. They focused more on diminishing the negative impacts of this

project. As a result they directed their struggle towards IFIs and they demanding from IFIs to push BP and Azerbaijan government to follow signed contracts, [HGAs, IGA and EIA and respect for human rights]. They believed to change negative impacts of BTC by IFIs. But I did not believe that IFIs and some donor organizations that financed some NGOs to work with IFIs and local population to diminish negative impacts of BTC (Interview 20, contesting groups representative, Baku 2010).

One of the principles that guided the resisting groups was to broaden the democratic debate in countries of South Caucasus. The civil society groups that took a leading role in the contesting groups gripped MDBs principles of good governance in order to turn the contestation in their favour and to push their concerns high on the political agenda of the day. In this process, the NGOs that were involved with the BTC oil pipeline tried to distinguish themselves from experiences that the MDBs and particularly the World Bank had in other contexts. As such they highlighted the particularities that characterized the struggle around environmental conflicts, oil development projects and governance more broadly in the post-communist settings.

In an interview with one of the representatives of Green Alternative in Georgia, mentioned to me that in these countries political debate is open but not democratic, so the connection with the MDBs is important, because while trying to hold them accountable to their promises they could generate some dialogue and open debate with the government. Their slogan with MDBs was “to address poverty in the country and bring democracy to the country”, which was a missing element in Georgia even after Rose Revolution. She then continues to contrast the experience of NGO involvement in South Caucasus with elsewhere,

if you go to countries like India or South East Asia, the NGOs there do

not request the Banks to put some conditions to the government. They think that “bad independent government is better than good dependent government”, which is absolutely different from our concern. We think that if Multilateral Development Banks are giving the money to the country and they condition the country, is not really bad. There are different types of conditions, but unconditional support, which is now World Bank and all the others are doing, we do not think it is the way out, at least for Post-Soviet countries. For Post-Soviet countries that method doesn't work because governments here are absolutely unaccountable, so if it would be much less accountable to the donor community, it would be much more difficult for us to struggle and address the existing deficiencies in the country (Interview 28, contesting groups representative, Tbilisi 2010).

Similarly, another representative of contesting groups maintained that on the face of a non-cooperative government that would not push the companies to fulfil their promises in terms of delivering on the environmental protection front, but also in terms of social and human rights. Thus faced with the lack of accountability in the justice system the only options they had left was either protesting to the local government or going via the MDBs way. As stated by an NGO representative, for these groups the engagement with MDBs had a twofold aim,

when Banks are involved we have better opportunities to influence projects. But when these projects are finished the general situation in the country is not improved. [Some] improvements are only project related and they do not contribute to the overall improvement of the system. You can push for some policies and project with Banks, but again this donor-funded project is another issue which is directed at improving governance and they have their own difficulties. But I think the best way will be to strengthen civil society, and civil society should struggle actually for better structures in the country, so it should be somehow driven from bottom and not from the Banks, so the best way I think is to strengthen civil society and they will find their way (Interview 26, Green Alternative representative, Tbilisi, 2010).

The position of MDBs in this experience proved to be Janus-faced. On the one

face, they were approached by oil businesses and governments as important additional entities that could provide legitimacy to the process, while MDBs had their own interests in supporting the BTC oil pipeline. On the other face they emerged as key actors to which the civil society network turned in order to put pressure on government and corporate actors for more accountability, transparency and fair compensation for people who were affected by the project. Regarding this a Georgian NGO representative states,

I don't like the model of democracy which MDBs are pushing, but what I really like [is that]. . . they have transparency and safeguards. I want to have those safeguards in this country. As a country we have environmental standards lower than the World Bank. If you have nothing, this gives you at least possibility to speak. Like it was the case in BTC, we could say the BTC does not comply with best international standard neither from technical, environmental or social points of view (Interview 28, contesting civil society representative, Tbilisi 2010).

4.7 Conclusion

The construction of the BTC oil pipeline shows that the struggle for democratic environmental governance as it relates to energy projects in post-communist countries is likely to take on international dimensions, indicating that sites for progressive change in this respect are generated in coordinated efforts between local and international actors. In the case of the BTC, right from the beginning, the pro-BTC alliance had an international character, defined primarily by the actors, their interests and justificatory discourses and institutions who sought to attain hegemony. I refer to this hegemonic formation as 'pro-BTC alliance', which is a coalition between states and oil businesses with strong geopolitical and social-economic interests, whose existence is facilitated by the use of justificatory discourses and regulatory institutions. The completion of the BTC oil

pipeline marked a success for all the actors advocating this project. They pushed this project forward also by soliciting the support of MDBs, consenting civil society groups, and by using several effective discursive and institutional strategies.

The crystallization of hegemony around BTC pipeline led to a resistance that came mainly from local and international groups concerned with its environmental and human rights implications. In accordance with Polanyi's notion of disembedding of society from nature, the resistance gained more ground as communities started to feel the threat that BTC oil pipeline posed to their immediate support system, such as their traditional reliance on nature. I use Polanyi's notion of disembedding to indicate that when nature is disfigured or reduced in its grandiosity, for instance by the pipelines crossing forests or by potential pollution of land and rivers, people who used to live with nature experience a cultural loss. This is a degree of disembedding from nature as their cultural reproduction or earnings for subsistence does not continue as before.

The organization of contesting civil society groups into an international force is explained through the Keck and Sikkink's boomerang model of politics. They responded to the international nature of the pro-BTC alliance and the threat of disembedding from nature, by forming a network of international and local NGOs. Very much in line with the boomerang model of politics, the local NGOs became part of an international network of NGOs, and together with local communities formed a large group of contesting groups. They engaged successfully in politics of leverage, advocacy, symbolic politics and accountability politics. At the heart of the resistance against the BTC project was the campaign led by the NGO network and the affected communities by the development of

the pipeline. The anti-BTC campaign brought together organizations like Friends of the Earth, WWF, CEE Bankwatch, Green Alternative, Kurdish Human Rights project. They formed an alliance that had a broader focus on justice. In addition to raising concerns about the environmental implications of the BTC they sought to push for democracy and justice in a broader understanding.

The role that MDBs played in this project was complex. They were in the position to promote a level of environmental democracy by socializing civil society groups, and eventually accommodating their requests, while at the same time facilitating the hegemony of the pro-BTC alliance. In this project the MDBs appear outside of the pro-BTC alliance but they perform the role of institutions that are not fully placed within the pro-BTC alliance.

The MDBs helped the pro-BTC alliance by providing legitimacy, risk assurance, financing part of the project and looking after the economic efficiency and environmental and human rights dimension of the project.

In this type of configuration, MDBs potential for serving as sites for facilitating dialogue between civil society groups and governments cannot be overlooked. Their inclusive neoliberalism proved successful in the case of BTC oil pipeline as the contesting groups were given more room within the policies of MDBs. The role of MDBs, with regard to this project, was also originally seen with optimism by consenting groups. Later as the project progressed even the contesting groups within civil society turned to the mechanisms provided by the MDBs and socialized them in order to bring about some degree of democratic environmental governance. However, the grievances

around the BTC highlighted the pitfalls of MDBs greening and their transparency mechanisms, which are accessible to civil society only after projects have been approved and under construction. The inability of the MDBs to side with the contesting groups, and their continuous efforts to instead co-opt some of the groups within the contesting groups revealed they were part and parcel in the process of solidifying the position of the pro-BTC alliance.

The cohesion of pro-BTC alliance around the BTC oil pipeline and strong MDB principles of inclusiveness, coupled with weak democracy co-opt some of the contesting voices as it was shown by the move of radical contesting groups towards more moderate positions. The position of different civil society groups towards MDBs, in particular shows the split of civil society as suggested by Gramsci's notion of civil society as a site of consent and contestation. On the other side this shows the force of institutional strategies of pro-BTC alliance. While keeping standing the coercive apparatus of the state on the one hand and MDBs inclusive mechanisms on the other, the contesting civil society groups were forced to soften their position and to reach dialogue through MDBs and at the very minimum to manifest their concerns.

The next chapter deals with Vlora Industrial and Energy Park (IEP) and the struggle of contesting civil society groups to stop the development of the park on the basis of potential environmental risks and due to the lack of transparency and inclusiveness in the decision making process. This case is similar to the case of BTC oil pipeline with respect to the actors involved, their interests and the strategies they used to

advance their visions. The Vlora case will be examined by following the same steps as with BTC oil pipeline based on the GPB integrated frame.

Chapter 5: Vlora Industrial and Energy Park and the crystallizing of struggle for democratic environmental governance

5.1 Introduction

This chapter concerns an environmental conflict about two different visions of development in another post-communist country, Albania, regarding an energy project in the city of Vlora. On one side, there are actors that push forward a vision of attracting investments that can operate at low costs for constructing an Industrial and Energy Park (IEP) in Vlora, in the name of pursuing economic growth and energy security. On the other side there are actors that stress Vlora's potential to pursue a development that is more in harmony with the nature and the cultural background of the city, and that takes into consideration the perspectives of the affected communities and the residents of the city from the early stages of project development. The questions that rise from this environmental conflict are: what power dynamics have conditioned the outcome of the struggle for democratic environment governance around the storage and transportation of hydrocarbon resources in the city of Vlora? What role have civil society actors played in the process of contestation with other actors such as the government of Albania and oil firms such as 'La Petrolifera'? How did MDBs deal with the conflicting parties and how did they influence the environmental governance around Vlora IEP project?

Vlora IEP consisted of five elements with a total capacity of 2000MW. Out of these, only two elements were eventually constructed and the others were stopped. Even out of the two constructed, one of them, Vlora Thermo Power Plant (TPP), has not been put in use since its completion in June 2009.

In order to analyze this case study I rely on elements of the GPB integrated frame. First, I examine the actors that pushed for the construction of IEP by assessing their material interests, justificatory discourses and institutional arrangements, which they used in an attempt to pursue their own vision of the construction of the Vlora IEP, beginning in 2003. In line with neo-Gramscian notion of hegemony (Andree, 2007; Levy and Newell, 2005), I refer to this group of actors as the pro-IEP alliance. This group of actors sought to achieve hegemony in pursuing its vision of development and for fulfilling their material interests. The opposing groups, which I refer to as 'contesting groups', in response used a variety of techniques to counter the justificatory discourse of the pro-IEP alliance in order to halt the construction of the park. They led their resistance to the construction of IEP on the basis of environmental implications and the lack of inclusiveness of citizens in the decision-making process. I analyze their struggle by relying on Gramsci's understanding of civil society as a realm where consent and contestation is generated. In order to understand how resistance is further magnified I rely on Polanyi's notion of commodification and disembedding of nature and Keck and Sikkink's boomerang politics.

In this chapter I argue that the environmental conflict around Vlora IEP energy project served as an opportunity for contesting civil society groups to engage with the government, businesses with a direct impact in this environmental conflict, consenting groups in the society and international institutions in order to create opportunities for more democratic environmental governance.

I use the integrated GPB frame, as introduced in chapter 3, in order to discern the

material interests, discursive and institutional strategies employed by the actors that seek to establish hegemony as a successful path towards accomplishing the project. I show that in this case an environmental conflict gave rise to a resistance that does not allow for the full establishment of the hegemony by the pro-project alliance – an alliance which is interested in pushing forward a project that potentially harms nature and the prospects of touristic and urban development. A combination of Gramsci's notion of hegemony, civil society as a site of consent and contestation, and common sense, with Polanyi's notions of commodification and disembedding of nature, and Keck and Sikkink's boomerang model of politics helps us to understand more about the process of engagement that leads to openings for better environmental governance.

The chapter is organized as follows. First, I give a brief overview of Albania's economic and political performance to date and an overview of the Vlora IEP as a project that brought to a confrontation two different views on what constitutes progressive development. Second, I introduce the pro-IEP alliance by discussing their material interests and discursive and institutional strategies that were used to push forward these interests. Third, I discuss the contesting groups, their concerns and the institutional strategies that they used in order to counter the discursive and institutional strategies of pro-IEP actors. Here in particular, I pay attention to the way the critics called upon the MDBs and Aarhus Convention, as institutions that increased the agency of contesting civil society groups. Fourth, I focus on the role of MDBs. Their involvement illustrates the coming together of the conflicting forces and the institutional effects that this environmental conflict has engendered, particularly as it takes on an international

dimension by utilizing international mechanisms. Finally, I look at the theoretical implications of the struggle of contesting civil society actors in this case.

Below is a table (Table 5.1) summarizing all the major moves of Vlora IEP actors and the institutional and discursive strategies they used, as well as their outcomes. Each of these moves is examined in greater detail as the chapter progresses.

Table 5.1: A summary of major events related to Vlora IEP

Date	Pro-project alliance action: institutional and discursive moves	Contesting groups: countering discourse and institutional moves	Outcome
2002	In order to promote and generate acceptance about the Vlora IEP they used economic growth and other discursive strategies about the site and the impact of Vlora IEP as common sense		There is general acceptance for the project and no signs of contestation can be readily identified at this point, which speaks to the success of the early discursive strategies
Jan. 2003	National Assembly of Albania passes law regarding EIA requirement for large infrastructure projects Use of complex language, in English/Italian, with no document representing the project integrally		At this point there is no formal engagement of civil society groups with the project The use of complex language limited the access to information to some specialists such as engineers of different specializations that were affiliated with the Vlora municipality. The lack of involvement of Vlora citizens is reflected in the EIA list of participants with only two NGO representatives supporting the project
Feb. 2003	CTRRA approves Vlora IEP project		Increasing concerns of Vlora citizens about the environmental impacts of Vlora IEP
May 2003	Albanian Council of Ministers gives to 'La Petrolifera' concessionary rights to operate in the coastal zone of Vlora		Another element of the Vlora IEP at this point is further institutionalized, which made the construction of the park to be closer to construction
Oct. 2003	Montgomery Watson Harza consulting completes EIA for phase one of the TPP		Up to this point these institutional steps undertaken by pro-project alliance confirm their commitment to the completion of

			the Vlora IEP
2004	Credit Agreement of APC with WB, EBRD and EIB	Resistance starts from informed citizens and professionals	Public awareness raises about the potential environmental risks of IEP. In accordance with Polanyi notion of resistance the need for an organized resistance becomes imminent as the construction of Vlora IEP risks a disembedding of nature
2004	Memorandum of understanding between Albania, Macedonia and Bulgaria for AMBO pipeline Energy security and transit position		Further steps are taken for a third element of the Vlora IEP
2004		EcoLevizja (EcoMovement), an alliance of NGOs with environmental focus is created	The first local NGO to contest Vlora IEP. This constitutes the articulation of the contestation of the Vlora IEP. In accordance with Gramsci's notion of civil society there is a split between consenting and contesting groups
April 2005		CAPBV starts its activity and certifies its establishment act in Vlora It raised awareness by organizing public lectures, writing newspapers articles and using counter-discursive strategies about water, forests, oil impact, fishing and tourism	It holds meetings with students and affected communities which contributed to the increase of contesting groups This NGO played an important role in informing the public and increasing awareness about the environmental risks that IEP presented
April 2005		CAPBV together with EcoLovizja contacts ACCC	
May 2005		EcoLevizja sends a letter to Ministry of Environment of Albania, asking information about Vlora IEP.	No answer was provided by this ministry, showing the negligence towards groups that could question the project
2005		Contesting civil society groups create connection with Soros Open Society, CEE Bankwatch and other regional NGOs from Croatia, Macedonia and Turkey	In accordance with boomerang politics, local NGO create links with international NGOs and strengthen their action
2005	Prime Minister Sali Berisha promises to change the site of the project. He praises private environmental governance and high standards of private companies	Linking nature to city identity and cultural reproduction. Raised the issue of technical language of documents Lack of public information and inclusiveness in decisionmaking	Most Vlora citizens were sceptical about the promises of PM Berisha. This led to further cleavages in the society as some continued to support the projects

2005		Request for local referendum by CAPBV	The request for a democratic means to decide on the future of Vlora drew more support for the contesting groups among the citizens
May 2005		43 representatives of Vlora write letter to the Speaker of Parliament calling for a referendum	
Oct. 2005	Deputy Prime Minister Ilir Rusmaili states that TPP site will not change due to high costs it will bring		
November 2005	The request for referendum is rejected Central Electoral Committee. Intimidation and pressure towards critics of IEP activist is used	CAPBV asks for a referendum, so citizens of Vlora express their position for the construction of IEP	The rejection of the referendum confirmed the concerns about the IEP and raised awareness further across Albania citizens for the risks of IEP, and strengthened the position of the resistance of contesting groups
2006	Prime Minister Berisha declares “Albania 1 Euro” initiative, aiming to attract foreign investors and make IEP more attractable to the large public		Most of Vlora and Albania citizens were sceptical about the positive outcomes of this initiative, which could open the door to corrupt practices. These concerns caused more voices to shift towards contesting rather than supporting the project. The scepticism about this policy was a demonstration of the lack of trust towards the government and its lack of transparency
2006	Government representatives of Albania, Macedonia and Bulgaria sign the entry and exist points of AMBO pipeline		
2006	Mayor of Vlora praises the economic advantages of the IEP		
2007		ACCC decision is made public. Aarhus CCC finds Albanian government at fault for not complying with Aarhus principles of access to information and public participation in decision making	This marks an important success for the contesting groups. Their claims turned out to be true, which put them in a stronger position in negotiations with the Albanian government
Feb. 2007	Albanian Minister of Economy signs a contract with Tecnimont executives for the construction of the first Vlora TPP		
Apr. 2007		CAPBV submits complaint to World Bank Inspection Panel	Demonstration of accountability tactic of boomerang model of politics
2007	Representatives of Albania,	25 small business	

	Macedonia and Bulgaria sign the agreement for the construction, operation and maintenance of AMBO	representatives in Vlora pretest to WB representatives	
May 2007	The name of Vlora IEP is changed to Industrial Park		This strategy did not convince the contesting civil society groups that the project will really change. They continued the resistance
2007	Construction of Vlora IEP Phase I and III begins (see table 5.2)		Local resistance is intensified into civil disobedience. Coercive measures and intimidation techniques are used by the government to control and discourage the resistance
Oct. 2007		CEE Bankwatch led Fact Finding Mission	Further consolidation of practices of contesting groups as they created international leverage
Apr. 2008		EBRD's IRM releases their conclusions and acknowledge that EBRD failed to ensure that the people affected by the Vlora TPP were given enough opportunities to express their views regarding the location of the project	
2009	Vlora IEP Phase I is completed. It is not yet operational due to high operational costs Vlora IEP Phase III is completed. It is operational since 2009		Vlora IEP was constructed only partially, and only part of it is operational. This marked a success of contesting civil society groups. Pro-IEP groups sought to establish hegemony, but could not attain it
Oct. 2009		World Bank Inspection Panel released their conclusions finding significant shortcomings in WB's compliance with its consultation policy requirements for the affected communities	The results of grievance mechanisms of both MDBs confirmed the importance of contesting voices in civil society as a significant actor in discussions about environmental governance This also serves as an important ground for future involvements of civil society and steps towards democratic environmental governance

5.2 A brief overview of post-communist economic performance of Albania

Albania is a country in South Eastern Europe bordered by Montenegro to the north, Kosovo to the north east, Macedonia to the east and Greece to the south-east. It has a coastline running from the northwest to the southwest bordering the Adriatic and Ionian Seas. These deep Mediterranean waters are widely considered an asset for Albania.

In 1991, forty-seven years of communist rule came to an end. Albania has undergone major changes in the last twenty-four years since the collapse of Communism. The transformation from a centrally planned economy to a market economy meant that the country faced enormous difficulties that continue until today. In 1991, the first democratic elections were held in the country, which also marked the transition to a market economy and the beginning of a process of transformation that impacted every aspect of the society.

Immediately after the collapse of communism, Albania asked financial help from global financial institutions such as World Bank, International Monetary Fund, International Development Agency and others. With help from these institutions, Albania “managed to halt the economic collapse of the early transition years and to initiate a strong recovery that lasted until 1996” (IMF Country Report, 1999 p, 3). However, after an apparent boom in the economy which was caused by the informal pyramid schemes that started in 1995, the country faced a major economic collapse when those pyramid schemes declared bankruptcy by late 1996 and early 1997⁴⁷. The collapse of the pyramid schemes caused not only an economic crisis, but also a major political crisis where more

⁴⁷The phenomenon of pyramid schemes is not unknown in Eastern Europe; it has occurred in countries such as Russia and Romania.

than 2000 people were killed and the country plunged into chaos. The city of Vlora was the main site of this social and political turmoil. The legacy of these events came to play a key role in how the resistance against the Vlora IEP engaged with the Albanian government.

The subsequent government that took power in 1997 implemented strong adjustment policies which “were the key to Albania’s rapid recovery from the 1997 crisis” (IMF Country Report 1999 :3). The government implemented these adjustment policies with the help of IMF and WB, that helped curb inflation and ensured macroeconomic stability (IMF Country Report, 2000: 6).

The IMF depicts three major phases in Albania’s economic development since the collapse of Communism: (i) the post-transition slump and restoration of macroeconomic stability (1991-95); (ii) a period of faltering policies and a severe economic fallout from the collapse of the pyramid schemes (1996-mid 1997); and (iii) a period of post-conflict stabilization and renewed reform (mid 1998-2004) (IMF Country Report, 2005). In 2005, with a new government in power, efforts to stabilize the economy continued and were evident through a reduction in poverty and a 6 percent growth rate (World Bank Group Partnership Program Snapshot, 2014). Despite apparent economic growth, the Albanian public debt has continued to increase since 2008. IMF estimated that in 2012, the debt-GDP ratio had reached 60 percent and categorized it as “the highest in the region” (IMF Public Information Notice, 2013). The IMF recommended tighter fiscal policies such as “modest increases in tax rates, as well as trimming current spending” in order to manage increasing public debt (IMF Country report, 2013).

Regarding the path toward building a democratic regime Albania is seen as having made progress especially with the transfer of power through elections that meet international standards (Freedom House 2013).

Corruption remains the major obstacle to democratic reform and for the effective functioning of the justice system. Civil society organizations are seen as fragmented and dependent on foreign donors. Their role in decision-making remains limited, even though they have had determining role in some key projects such as Vlora IEP and the rejection of the dismantling of Syrian chemical weapons in Albania in 2013. With respect to environmental policy making the lack of implementation of the environmental legislation continues to be a major problem. The conduct of environmental impact assessments does not take place systematically. Even in those cases when they are followed it is after the infrastructure project has been launched and public access to information and participation in decision making is not properly ensured (European Commission 2013).

The beginning of the transition period and the end of communism was accompanied by increased demand for energy (power) by industries, services and households in Albania. This demand side coupled with traditional reliance on hydro-power, climate variations, uncontrolled population movement, and the lack of proper system for collection of power usage fees, resulted in continuous power cuts in Albania, especially after 2000. In light of these concerns the government of Albania envisaged an 'Industrial and Energy Park' that would be based in the coastal city of Vlora in the south-west of the country. In order to face the energy needs, which were rapidly growing as a consequence of increased demand in the post-communist period, the government of

Albania decided to build an industrial and energy park in Vlora. Vlora was chosen particularly due to its deep waters.

5.3 Vlora Industrial Energy Park and institutional strategies of pro-IEP alliance

In February 2003 the Council for Territory Regulation of the Republic of Albania (CTRRA) approved the site and its territorial boundaries for the construction of an IEP in the city of Vlora. The Park would be built north of the city. Its southern edge would border the city of Vlora. In the west it would face the seaside, in the east it would have the national road known as Vlore-Fier, and in the north it would border the Narta Lagoon⁴⁸.

This decision was signed by the Albanian Prime Minister at the time, Fatos Nano, who was simultaneously the head of the CTRRA according to Albanian legislation (Decision by Council for Territory Regulation of the Republic of Albania, February 19, 2003). The technical and economic study for this IEP indicated that it would include three Thermal-Power Plants, two Hydrocarbons storages - one of which would store Liquefied Natural Gas (LNG), the outlet for the strategic project Albania-Macedonia-Bulgaria oil (AMBO) pipeline and other industrial and energy projects that would serve as infrastructural auxiliaries for the main elements of the IEP.

Vlora IEP consisted of five elements (summarized in Table 5.2). In what follows I will provide a description of all the elements that were expected to be built in this site and the institutional steps that the pro-IEP alliance took to facilitate the construction of the

⁴⁸The CTRRA decision specifies that the IEP would be outside of the protected zone of Narta Lagoon. It is important to specify that as a project with significant material interest for the government of Albania, this park would be carefully positioned close to major infrastructural connections like the national road, Vlore-Fier as well as the port of Vlora.

park.

Table 5.2: Elements of Vlora IEP

Elements	Description of the element	Present day: reality check
I	TPP, with a total of 2000MW, to be built in three phases: 1) 300-400MW. Started construction in 2007 2) 2x200MW 3) 3x400MW	Phase 1) started construction in 2007. Completed in 2009, built but not operational due to high operational costs Phase 2) and 3) not built
II	AMBO oil pipeline	Project signed and financed. Construction pending
III	Hydrocarbons storage (Petrolifera Italo Rumena).	Started construction in 2007. Construction completed in 2009, and since then it is in operation
IV	Storage Center of Liquefied Natural Gas	Not built
V	Albanian Refining and Marketing Oil (ARMO) deposits and pier	Not built

Below is a map (Illustration 5.1) that shows the area of the IEP, where the red line indicates the boundary of the IEP, while the brown coloured surface is the area already studied for the construction of the TPP and La Petrolifera oil terminal.

The first element of the Vlora IEP would be three different TPPs, with an accumulative capacity of 2000MW, the first of which had been approved by the World Bank, the EBRD and European Investment Bank in July 2004. These plants would each have several units. The plan presented by the Albanian Ministry of Industry and Economy included six units of Thermal Power Plants. This first one would have one unit and the other two would have two and three units respectively. This is important element came to play a significant role in the conversations with the contesting actors of the IEP.

The thermal power plants would be constructed in three different phases. The first phase was the construction of the Vlora TPP, which would be built in an area of 14 hectares, with a capacity of 300-400MW. This plan proved unattainable after the

technical and economic assessments were undertaken. These assessments showed that the TPP could be built at an optimum capacity of 135MW.

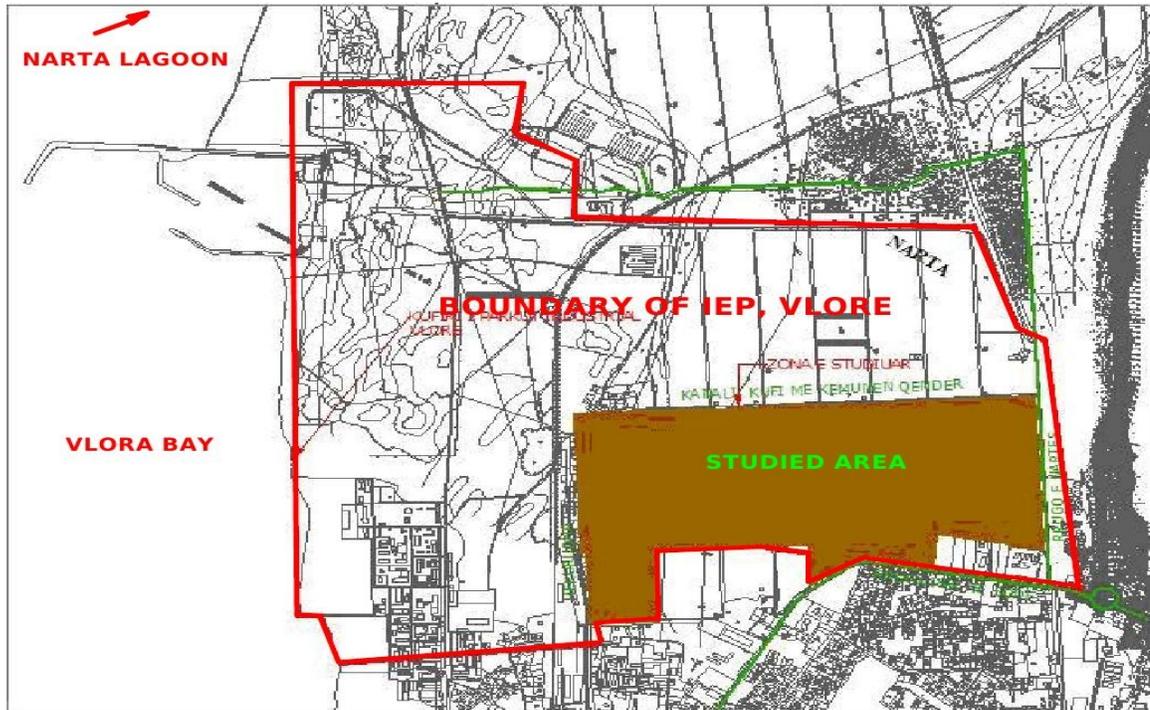


Illustration 5.1: A map of Vlores IEP. Source: CTRRA

An Environmental Impact Assessment (EIA) was also conducted for this TPP and the combined cycle turbine technology fulfilled the expectations of the Albanian legislation as well as those of the World Bank and EBRD. A United States based consulting firm, Montgomery Watson Harza conducted the consulting for the EIA (Executive Summary, EIA MWH Consulting). The involvement of different companies for consulting is an indication that the business interests in the IEP go beyond the oil businesses to include other companies that have an auxiliary role in facilitating the work of the oil companies. It was decided that many of the emissions would be two to five

times lower than what is normally allowed by the World Bank and EBRD standards (Keshilli i Rregulimit te Territorit te Bashkise Vlore, 2004, 'Study of Delimitation of the Territory of IEP' Council for Territory Regulation of Vlora).

The second step to be taken to complete the first element of the project was to consider other offers to build the additional power plants. The additional power plants were linked to material interests of the government. As the government document reads,

the favourable climate that is created in the energy sector, the efforts to reduce technical losses of energy, the increased prices of electrical energy and the increased demand for energy in Albania, has resulted in the submission of proposals for building of electrical power generating plants by several strategic investors (Vendimi i Keshillit te Bashkise Vlore, 2004 p:15; *Decision by Vlora Municipality*).

There were two proposals made for two other TPPs to be built with the Vlora IEP. Both of them were put forward by two USA based companies: Ascot/Onyx and General Electric-Cosmo. The former was to build a TPP of 400MW while the latter would build a TPP of 1200MW.

The proposal that was put forward by Ascot/Onyx was presented to the Albanian Ministry of Industry and Economy in December 2003, and it entailed the construction of a TPP with a capacity of 400MW, which would be split into two units, each with a capacity of 200MW⁴⁹. The technical and economic benefits of this investment were conducted by the U.S. based company and funded by the US Trade and Development

⁴⁹One of the biggest challenges envisaged by the working group of experts on behalf of the Ministry of Industry and Economy was that the investing company required a contract signed by the Albanian government, which ensured that 80 % of the energy produced by this power plant would then be purchased by the Albanian government. This conditionality was also closely linked to the requirements of Banks (read EBRD and World Bank), in order to support the loan needed for carrying out this investment. Another challenge was that if the government agreed to sign the contract of purchasing 80 percent of the energy produced by this TPP, the government would have to make other investments in the energy transmission system.

Agency (TDA). This power plant would be built near the already approved Vlora TPP, requiring an additional 14 hectares of land (Keshilli i Rregulimit te Territorit te Bashkise Vlore, 2004; 'Study of Delimitation of the Territory of IEP' Council for Territory Regulation of Vlora).

The proposal that was presented by the other U.S. based company, General Electric-Cosmo, which entailed building an additional power plant, bigger than the previous two with a capacity 1200MW⁵⁰. The idea for this TPP was based on the interest in exporting energy first and as its secondary aim to supply the national Albanian market. The biggest risk foreseen by experts representing the Ministry of Industry and Energy, was that given the magnitude of this project as well as the other four constituting elements that characterized it, would increase the cost of energy this power plant would produce, which would in turn mean that the Albanian Power Corporation (APC) would have to purchase energy at higher prices.

The second element of the IEP was the Albanian-Macedonian-Bulgarian Oil Corporation (AMBO) pipeline. The CTRRA approved the route for this pipeline in February 2003. The government of Albania committed itself to undertake all the necessary steps that were needed to make AMBO a successful project. These steps included the following: determining the route of AMBO within Albanian territory, approving where AMBO deposits would be allocated within the Vlora IEP, supporting the

⁵⁰Such a powerful energy project had different requirements than the previous ones. First, because this power plant would work with Liquefied Natural Gas (LNG) it required a center where the LNG could be stocked and the gasification would take place. Second was the Thermo Power Plant itself, which would consist of three units at 400MW each of them. Third, as this TPP would be built for exporting purposes, building an underwater transmission line that would link it to the Italian market was necessary. Fourth was linking this TPP to the Albanian electro-energetic system since the secondary aim of this TPP was to supply the local market. The area that was required by this project was 25-30 hectares, in addition to what was allocated to the other two TPPs.

US companies and other oil companies with documentations that would be necessary to raise funds for building this pipeline, and negotiating international agreements with the other involved governments, not only for the construction of the AMBO oil pipeline, but for a long term operation with secured energy supply from the Caspian Sea.

In December 2004, government representatives from Albania, Bulgaria and Macedonia signed a 'memorandum of understanding', signalling not merely the interest of these governments but also giving the green light to further developments on this oil pipeline. Two years later, in 2006, these countries signed separate protocols determining the entry and exit points of the pipeline from each of these countries. In 2007, representatives of the three countries signed an agreement on the construction, operation and maintenance of the AMBO pipeline (Stojanovska, 2007). The length of the pipeline would be 900 kilometres and was intended to serve as an alternative route for the Russian and Caspian oil and natural gas to Western markets. Caspian oil would be shipped by tankers over the Black Sea and then transferred, via this pipeline to the Mediterranean coast of Vlora, crossing Bulgaria and Macedonia (BBC World News, 28 December, 2004).

A third element of the Vlora IEP was the project for hydrocarbons storage (mainly oil and other by-products). Regarding this element the Albanian Ministry of Industry and Economy received a request for investment by an Italian company, “La Petrolifera Italo Rumena”⁵¹. In May 2003 via a decision made by the Albanian Council of Ministers, this company received the concessionary rights to operate in the coastal zone of Vlora,

⁵¹This company would build a terminal for oil and other oil by-products and a pier that would go further out into the Adriatic Sea where oil tankers would discharge the oil into the coastal terminal.

formerly known as PVC Soda, via the building of oil deposits. The deposits would be developed through a Built-Operate-Transfer (BOT) contract, while the pier would be governed by a BOO (Build-Own-Operate) contract (The Concession Agreement, 2004 p. 2877).

The fourth element of the Vlora IEP was a storage centre of Liquefied Natural Gas (LNG). The proposal of the Dutch company, Trans-European Company B.V., included LNG deposits, a project for a natural gas pipeline that would pass through Albania, and the underwater pipeline for transferring LNG from Vlora to Brindisi, Italy. This company would also assess the possible route for a natural gas pipeline that would pass through Albania. The LNG deposits would bring 4 billion cubic meters per year and would have the capacity to store 170,000 cubic meters natural gas in liquid form. The official document does not specify the origin of the natural gas pipeline or the source of the natural gas. However, this fourth element of the Vlora IEP was considered a significant investment for the Albanian economy by the Ministry of Industry and Economy.

The fifth element of this IEP was the ARMO oil deposits and pier. The World Bank had committed to invest USD 3-4 million for rebuilding the existing ARMO oil deposits and pier. The reason for this terminal was to improve and increase its capacity in order to serve better the oil tankers that would supply the TPP with oil input (Keshilli i Rregullimit të Territorit të Bashkisë Vlore, 2004 p: 14-25; 'Study of Delimitation of the Territory of IEP' Council for Territory Regulation of Vlora).

5.3.1 Present day: reality check

What elements of Vlora IEP are operating at present? In 2007 the name 'Industrial

and Energy Park' was changed to 'Industrial Park'. In the same year the construction of the first Vlora TPP began, with a capacity between 94MW and 135MW. The hydrocarbons storage also began its construction in the same year. Both projects were concluded in June 2009. The first Vlora TPP was considered finished in June 2009, although it was expected to produce energy after September 2009 (agjencia.info, 2009). Statements from the Albanian Ministry of Energy, Trade and Economy officials suggest that the high price for electricity generated by the plant as well as increased oil prices will mean that the plant will be kept for reserve purposes only.

In November 2009 it was made public by Dritan Prifti, the former Albanian Minister of Economy, Trade and Energy, that the price for the cost of energy generated by the plant would be 2.5 times higher than imported electricity (Lajme Sot, 2009). In August 2010, after regular testing was done, the authorities stated that the first Vlora TPP would not produce energy for an additional year, postponing its activities to 2011. The reason for that was the low quality of the cooling system (Top Channel, 11 August 2010). The recent developments show that it will not produce energy even for the 2012-2014 period (Gazeta TemA, 5 June, 2014; World Bank Group Partnership Program Snapshot, 2014).

The hydrocarbons storage began operations at the end of June 2009, although this was only the first phase of construction. The Concession Agreement stipulates that the construction of the overall facility would expand, depending on the medium-long term trend of oil products consumption in Albania (La Petrolifera Italo-Albanese sh.a).

In the rest of this chapter I focus on how an ambitious project such as IEP of 2000

MW became restricted to only one TPP of around 135 MW and one hydrocarbon storage facility. By relying on the GPB integrated frame I analyze the effects of pro-IEP alliance attempts to establish hegemony.

5.4 Pro-IEP alliance

For Gramsci, the notion of hegemony is useful in explaining social order. For neo-Gramscians the maintenance of hegemony is related to the creation of a 'historical bloc', which is defined as "an alliance of social groups around a set of material practices and justificatory discourses for which they seek to establish widespread acceptance" (Andree, 2011). This alliance serves to push forward a particular agenda or vision of social relations and the ways of production (Andree, 2011).

Following this approach, I study the Vlora IEP pro-project alliance by first analyzing their material interests for pushing forward the project and the discursive and institutional strategies that they employed to facilitate the success of the project.

In this case the pro-project actors formed an alliance and sought to establish hegemony for their vision of development. These actors were the different governments of Albania that came to power during the period 2002 till 2007, the Albanian Power Corporation (APC/KESH), international oil business that were interested in the construction and operation of the elements of IEP, other related businesses that would benefit from the construction, monitoring, security provision of these projects, and MDBs.

The most interesting feature of this alliance seeking to establish hegemonic conditions was that international oil business did not play a prominent role in relation to

the society. Instead, the institutions of the Albanian state were used heavily to push forward this particular vision of development in Vlora Bay. The Albanian state institutions, like the Ministry of Economy and Industry, Central Electoral Committee, local governments, and the coercive branches of the state were deployed when needed. The main role was played by the government of Albania, which created the opportunities for such investment. Two institutions were more prominent in this process: the Ministry of Economy and Industry, and the Albanian Power Corporation (APC)⁵².

The Ministry of Industry and Economy was particularly supportive of IEP and justified it on the basis that natural gas is an important source of energy, and the construction of a natural gas pipeline would serve not only the needs of the Albanian consumers but would also connect Albania to its neighbouring countries and serve as an alternative transit corridor for natural gas that could be transferred from the Caspian Sea to Turkey, Greece, Albania and Italy (Keshilli i Rregullimit te Territorit te Bashkise Vlore, 2004 p: 14-25; 'Study of Delimitation of the Territory of IEP' Council for Territory Regulation of Vlora).

From the businesses side, the company La Petrolifera Italo -Rumena and APC played an important role as they stressed on the fulfilling the country's need for investments and their ability to introduce high technical standards.

In this section I will focus mainly on material interests, discursive, and institutional strategies used by the pro-IEP actors to push forward this project. I will also look at the

⁵²APC/KESH is a state joint stock trading company and has the leading role as the key producer of energy in Albania. Currently, KESH operates as a state-owned joint stock company, under the Establishment Act, dated 17.10. 1995. The Corporation oversees the Albanian energy sector, aiming to ensure stable and low cost supply for tariff customers alongside with its efforts to render operational new sources and the improvement of existing ones (Albanian Power Corporation).

strategies employed by business and will only touch upon those of MDBs as they become relevant. A separate section regarding MDBs' role will appear later in this chapter.

5.4.1 Material foundations

The material interests that resulted in the approval of an energy project in the coastal city of Vlora were connected to the economic realities that were presented by the post-communist period in Albania. The material interests presented by the government of Albania were the need for foreign investments to generate economic growth, addressing the energy crisis that was facing the country, and serving geopolitical interests. Oil businesses were interested in the storage and transportation of hydrocarbon resources in the coast of Albania, because it offered deep waters, which allows for the anchorage of big oil tankers. In this way the business would be more efficient. More importantly they were interested to enter into a new market, such as Albania and the surrounding Balkan countries and Western markets. Their positioning in Vlora was crucial in attaining this goal, because its geographical position allowed them to easily operate within Albania, while at the same time reaching the Western markets such as Italy and beyond. Albania provided this opportunity at a relatively low cost.

As discussed in chapter 2, neoliberal policies, such as privatization and liberalization and cost efficiency and are some underlying principles of transition goals. This common interest of Albanian government to attract foreign investment to the country and the willingness of oil companies to invest at low cost emerged as the main material interest that would hold together the pro-IEP alliance. This interest in cost efficiency and keenness to attract foreign investors in the country, gave rise to a notorious

initiative “Albania 1 euro”, initiated by the Albanian government in 2006.

Regarding this initiative PM Berisha declared, “[w]e will continue to change Albania towards the best and the cheapest [country] for foreign and local investors. We will offer land for 1 euro, we will offer the qualification of workers for 1 euro, other services all for 1 euro, business registration for 1 euro, entry to Albania for 1 euro” (BBCAlbanian.co, 20 September 2006). This initiative was executed in the contract signed with La Petrolifera Italo-Rumena for the construction of the oil coastal terminal (The Concession Agreement, Fletorja Zyrtare e Republikes se Shqiperise Nr. 40, 21 Qershor, 2004 p. 2877). The area of 183,000 square meters was all sold with a total value of 1 euro (Tirana Notary House, Nr. 1784, 2007, p.4).

Another material interest concerned more directly the oil companies and other affiliated firms that would conduct their business in Albania. Because Albania was a new market it provided them with an opportunity to control the price of oil that would be sold in the domestic market. Moreover, due to Albania's position as a hub in the Balkans with easy geographical access to Western Europe, these companies could increase further their market share in the business of transportation and storage of hydrocarbon resources. In this way they could deposit hydrocarbon products at low cost in Albania, while also provide their services to the Balkan region, Italy and Greece.

Attached to the interest of attracting foreign investments at low cost were other interests that appeared more benevolent, such as the need to meet the local needs for energy, and to export energy in the region and towards Italy. In terms of economic growth the completion of the IEP would bring in foreign investment amounting to more than 1.5

billion USD for ten years to Vlora, beginning in 2004.

Additionally, the government upheld that the construction of the IEP would result in 6000-8000 new jobs. These jobs included positions for experts as well as labour. The direct employment benefits would be supplemented by numerous opportunities for jobs expected to be created in the services sector and that of hostelry and tourism. Such sectors would flourish as they would have to provide services to the “army of internal and external workers” that would contribute in the construction of the IEP (Council for the Regulation of Territory of Vlora, 2004: 25).

The first element of the IEP, Vlora TPP, was promoted by the government of Albania as represented by the APC. According to the APC, the construction of this Plant was necessary for increasing the productive resources, especially thermal resources in order to balance out the production of hydro plants. Until then APC had relied on hydro-power plants in order to provide energy for the domestic market. Hence the Vlora TPP constituted an important project that would help improve the energy system through meeting the increasing demand for energy. The addition of a thermal power plant meant that the energy produced by hydro power plants could be used more effectively without additional stress.

The presence of the AMBO outlet in the IEP was connected to geopolitical interests of the Albanian governments in power. These interests were to connect Albania to the energy grid that provides oil and natural gas to European markets and to secure a position as an energy transit country. The AMBO pipeline was one way to achieve that status. It would also bring economic benefits because Albania was expecting to benefit

from transit fees and low oil prices for itself. The construction of a powerful TPP that would export energy, and the construction of hydrocarbons storage that would then serve to regional trade of hydrocarbon products were other ways that would serve the geopolitical interests of Albania to become a regional exporter of energy (Council of Ministers Press Release, 2004).

In 2007 several companies offered bids for the construction of the Vlora TPPs, including General Electric, BHEL, Siemens and Tecnimont. Tecnimont, an Italian company, won the contract and the formal signing of the contract took place in Tirana in February 2007, in the presence of the Albanian Minister for Economy, Market and Energy, the General Director of APC, the Italian Ambassador, government officials and Tecnimont executives. At the time the Vlora project was the first big infrastructure project in the power sector in Albania in 20 years (Albanian Power Corporation, 2011).

In 2007, hydrocarbons terminal, an additional project of the IEP began construction. The reason for this had to do again with the increase demand for oil products and Albania's dependence on imported oil products. Because the increased demand could not be met by local refineries production, the construction of this terminal would reduce the dependence on oil by-products imported from Greece, Italy and Russia and would minimize environmental risks associated with the transportation by road of these oil by-products. The importance of material interests led to it being considered a national priority of strategic importance (Malaj, 2004).

In sum, the material interests of oil companies and other businesses associated with them for expanding their market operations and for establishing control over the

transportation and sales of oil and its byproducts, coupled with the interests of operating at low costs were matched by the interests of the government to attract foreign investments at any cost, even at '1 euro'. The government that approved the IEP presented these projects as important for the development of the country and consequently, as projects that were in the interest of all the society. The same applies to the government on the opposite side of the political spectrum, which oversaw the construction of these elements of the IEP.

In the next section I look at justificatory discursive strategies that were used by the governments in order to push forward their vision that the IEP was an important investment.

5.4.2 Discursive and institutional strategies

While the material interests were already pinned down by taking advantage of the favourable situation presented by post-communist transition, the next task for the political class in power, as well as the businesses interested in using the territory of Albania for developing and storing hydrocarbon resources, was to institutionalize the project through different official agreements and to present these moves as the right moves for the country and the common sense solution for overcoming transition and the energy crisis.

In the previous section where I discussed the IEP project, I also outlined some institutional moves by the pro-IEP alliance that grounded their interests into an institutional framework. The institutional strategies took place between 2002 and 2007 and were mostly associated with different discursive strategies. I present these discursive strategies in this section in chronological order.

The material interests of the proponents of these energy projects were pushed forward through the use of several discursive strategies⁵³. Two different phases of the IEP, its approval and its construction, saw the rotation of power between two main political parties on opposite sides of the political spectrum. In spring 2005 the centre right Democratic Party of Albania, took the governing role, replacing the centre-left Socialist Party. The change in leadership was also reflected in the discursive strategies that were used by each of these governments.

Right off the bat in 2002, when ideas about the IEP were being evaluated and eventually approved by the Albanian Council of Territorial Adjustment, the discourse cast these as essential investments for the economy of the country. The most dominant discourse was to present the project in the Bay of Vlora as a common sense path to be followed, and beneficial to all of the society. The language was framed in a way to show that the park would commence a series of larger investments in Albania, which in turn would contribute to the economic growth of the country. Moreover, it would help to overcome transition goals, of increased employment opportunities, institutionalization of market economy and liberal democracy.

One discursive strategy used at this early stage was to justify the elements of IEP on the basis that natural gas has a reduced impact on the environment. By promoting natural gas as clean energy the pro-IEP alliance was able to pre-empt most of the concerns about the environmental implications that could be raised by Vlora residents. A clear link to the material interests of the government, as presented at the time, was that

⁵³It is important to note that the very definition of material interests can be seen as a discursive strategy in itself on the side of the government to get as much support for these projects as it could.

having supplies of natural gas would facilitate the work of the three TPPs that would be built in Vlora IEP. Moreover, natural gas would also serve for the development of other industries such as the existing industry of chemical fertilizers etc. This discursive strategy effectively linked to material interests. In addition to tying the natural gas pipeline and the LNG coastal terminal to economic benefits for the Albanian people, it was also tied to the broader geopolitical interests of Albania. In order to gain legitimacy and consent for the project, a month prior to the decision taken for the IEP, in January 2003, the National Assembly passed a law regarding environmental impact assessment for large scale infrastructure projects⁵⁴. This was an institutionalization of the justificatory discourses on the side of the pro-IEP alliance. This law determines the procedures, the time-line, the rights and obligations in order to identify the direct and indirect impact of the project as well as its impact on the environment where it will operate. It also specifies procedures and rules in order to assess the advantages and drawbacks of a project that is proposed as a possible alternative regarding the site of the project or the size and capacity of the project (Law Nr. 8990 January 23, 2003).

Another discursive strategy that was used was to cast any development in Albania in the energy direction as gaining the credibility for the country in the eyes of international institutions. Hence, if MDBs were interested in being involved in a project, this was then presented as a good sign that the country was taking the right steps, and there was no room for scepticism, as the very fact of World Banks' involvement ensured

⁵⁴The objective of this law is to assure "a general, integrated and timely assessment of environmental impacts, of projects or enterprises that need to be undertaken, while preventing and mitigating the negative impacts on the environment; an assessment process that is open and impartially administrated through the participation of central and local authorities, the public, non-profit environmental organizations, the project sponsor and other persons physical or judicial, that are experts in the field." (Law Nr. January 23, National Assembly, 2003).

that the projects were conducted under the best international practices. This discourse was predominant in the speeches of the leaders of the government. For instance, in April 2004 while signing a Credit Agreement for the financing of the energetic sector between the World Bank and ACP, the then Prime Minister of Albania Fatos Nano, linked the financing of a new hydroelectric station of Vlora to broader interests of Albania, as the interests of all. The quote below is an illustration of the discourse used by the government regarding energy security

the Government that I run appreciates this financing as very important to open the way and stimulate the realization of the other stages for alternative electric resources, not only of the hydroelectric system but on other projects of thermo energy production *not only for the consumption in the country but also for exports in the regional market. . . .* The new hydroelectric system of Vlora *will add to other important projects of the energy like AMBO, the Italian-Albanian Petrol, the Oil Manufacturing or the Gas Plants which will soon start their way in the big park of Vlora*, an area ratified by the government and soon by the CRT, as an industrial energetic part that will balance the system and will bring giants of the Fierza level in the Vlora coasts too (Council of Ministers, Press Release April 6, 2004 [emphasis added]).

Another discursive strategy effectively used by the pro-IEP alliance (led by the Albanian government) was that the elements of the Vlora IEP were presented in government documents as projects separate from one another. A comprehensive study of the overall impact of the IEP does not exist, except its estimated impact in terms of gross investment.

With regard to environmental and social impact assessment, the official study of the IEP does not refer to independent studies regarding technical, economic and environmental implications. Instead, it refers to environmental and societal standards of

international companies and MDBs as the benchmark for the highest standards in major infrastructure projects. The government documents briefly discussed carbon emissions of the energy projects that would be built in the IEP, pushing forth the conclusion that this was an aspect to be covered by investing companies and the MDBs with the highest standards. In addition the lack of specific data is noticeable. When two of the elements of the IEP began to materialize, first Vlora TPP and then La Petrolifera hydrocarbons terminal, ESIA's were conducted, but were presented as separate studies conducted for projects independent from one another, although they were built next to one another. As an actual implementation of this discursive strategy, the EISA was conducted by project sponsors. In the case of Vlora TPP, the Environmental Impact Assessment (EIA) was funded by the U.S. Trade and Development Agency (TDA) and prepared by Montgomery Watson Harza (MWH) Consulting, a U.S. company. TDA is an organization with a reputation for helping U.S. companies to pursue business opportunities abroad, especially in infrastructure and industrial projects in middle-income and developing countries (About USTDA, United States Trade and Development Agency). The presence of U.S. companies in developing AMBO, and the TPPs speaks to the close connection existing between the state and capital, particularly when it comes to large infrastructure projects.

From the moment of approval of the IEP the use of complex language in official documents was yet another discursive strategy that proved effective in reducing the questions about the project. With this move it was easier to qualify the project as belonging to the realm of experts rather than the society at large.

Most of the language used in the government documents that dealt with the IEP

relied primarily on terms borrowed from other languages such as English or Italian. Translation was done improperly, which resulted in complex sentences that did not read well in Albanian. The lack of clarity with the language was a successful strategy to keep the project within the domain of specialists familiar with the technical aspects of the project. Even if one is familiar with the issues that are discussed in these documents, it is still difficult to grasp the terminology. The official documents read as an internal document that is understood only by those people who have worked closely, studying and evaluating the specific projects as well as IEP in general.

Reliance on companies to complete the environmental assessment meant that the main project sponsors would subcontract private companies to conduct environmental studies. In the case of the TPP, the World Bank and EBRD environmental and social standards would be applied in order to confirm that the assessment had been commensurate with their standards. Because the TPP was an investment led by the Albanian government on the basis of a loan provided by the MDBs, the latter had more input with regards to the EIA⁵⁵.

International companies, specializing on energy projects viewed the material interests of the Albanian government as favourable business opportunities. La Petrolifera Italo-Rumena, engaged in discursive strategies that along with the government of Albania made possible the moving forward of the project. La Petrolifera, for instance, focused on stressing the high standards that it would introduce while building the terminal.

The discourse of reassurance was also present in the language of representatives

⁵⁵Since the other elements of the IEP were to be funded by private companies, the standards of the MDBs would not apply.

from the Italian Consulate in Vlora, an institution that closely monitors and facilitates market opportunities for Italian companies in Albania. At the inauguration ceremony that marked the construction of the Hydrocarbon oil terminal, the Italian Counsel in Vlora stated, Italy values this special investment stressing the contribution that it will make to the economic development of Vlora, while respecting and protecting all the principles regarding the environment and while aiming to preserve all the cultural heritage and the values of the natural landscape. . . Moreover, I would like to express the commitment of the Embassy of Italy for strengthening the economic ties between the two countries with regard to trade but in particular regarding investments in the field of energy and tourism (Veliradi, 2007).

In spring of 2005, a new government, of centre right affiliation Democratic Party, came into power in Albania, with Sali Berisha as Prime Minister. Until 2005, as the leader of the opposition, he had spoken loudly against the IEP of Vlora. A few months after his election, in the Fall of 2005, Berisha visited the city of Vlora. During a meeting at Vlora Chamber of Commerce he confirmed his committed opposition to the construction of the IEP. Berisha maintained that if Vlora's main economic activity was tied to tourism, it would remain the queen of Albanian tourist market. He went even further to promise that the site of the energy park would be changed away from the city of Vlora and the coast. Additionally, hydrocarbon deposits should not be built in Vlora but in the eastern part of Albania, where they would be in the vicinity of the main importing points of natural gas. In other words they would be closer to the entry point of oil or gas pipelines and not at the final outlet that would be Vlora (Korrieri, 23 Shtator, 2005).

As part of the new government's discursive strategy, PM Sali Berisha also addressed the public's concerns about the pollution that the IEP might cause. He stated,

I would not take action that goes against the will of Vlora citizens. The idea of an Energy Park in the Bay of Vlora has resulted in a vital concern among the citizens. I think that we would negotiate with the World Bank, in order to select another site for it. . . . However, I will admit that delaying the construction has repercussions, but I am not in favour of compromising the touristic integrity of this city and of this magnificent, but narrow Bay that can be easily polluted (24 Ore, September 22, 2005[emphasis added]).

These justificatory discourses proved successful and kept the contestation of the project at minimum. Along with these discourses some institutional steps were undertaken such as signing of contract with companies in order to facilitate their work and create precedents for others to follow. In the process when the Pro-IEP alliance was trying to consolidate its position within the society at large, the resistance became more visible, especially from environmental groups.

The Berisha government would eventually implement the building of the IEP. As the construction of TPP and the hydrocarbon storage facility started the potential impact of the IEP became more tangible for the community, which organized a resistance. Faced with this resistance, the Berisha government deployed another discursive strategy, that of changing the name of the park, from IEP to just the Industrial Park.

The name change implied only partial change in function. In May 2007, the National Council of Territorial Adjustment reviewed the decision that it had taken in 2003, changing the status of the Industry and Energy Park to only 'Industrial Park'. The name of the Park was changed but the general area that was initially planned for the IEP

was reduced only by 200 hectares of land, going from 550 to 350 (Klosi, 2008).

This was a successful strategy, employed to appease the protesters, while keeping the already approved projects intact. This decision was taken against a historical precedent that illustrates institutional relations of force. Escalated protests would mean political instability for the Berisha Government, which had been ousted from power in 1997, while the country was on the brink of civil war over Ponzi schemes. That experience had taught the two main political parties to show some prudence when it came to protests that might accelerate to instability. Hence, ten years later when the Berisha government was pressed for the building of IEP, it announced that it would not support the building of a large zone of energy projects, which had been previously planned by the former government of the Socialist Party.

When viewed from the perspective of the Albanian authorities in 2007, the idea of what elements would constitute IEP began to shrink from its original oil and energy related components into one containing only two of the originally planned elements. Although the decision on the AMBO pipeline outlet is still valid, the Berisha government shifted the focus on the other pipeline, the Trans-Adriatic Pipeline (TAP), which had been endorsed by civil society activists.

The energy shortage was a strategy that was used to dismiss the request of the contesting groups. One of the promises from Berisha's 2005 electoral campaign was to find the solution to the energy electrical power shortages facing Albania. The building of the Vlora TPP had seemed to be a good solution to that crisis. However, different experts stated that the Albanian power shortage crisis was caused more by a lack of collecting

payments for the use of electricity than to a shortage of supply.

The discursive strategies of the government regarding benefits that would occur from the IEP were amplified by some voices of the society, who pointed out that the benefit of the IEP was for all of the people of Vlora. In one instance one of the supporters of the TPP writes that “at a time when all the people of Vlora are anxiously awaiting the beginning of the construction of the TPP, there are some organizations and individuals who object to it on the basis of the damage that the TPP would cause to the touristic landscape of the city and as a result the economic prospects of the city too” (Bano, 2007).

The strategies used were to point out material interests that would result from the building of the TPP that supported the government line. The reasoning behind it was that electrical industry is one of the cleanest branches of energy production. In addition proponent voices even within civil society maintained that development of the energy industry would not cause any negative impact on the environment and tourism. According to these proponents the energy industry would have high economic rewards, even more so than tourism. As one of these proponents stated, “we need to remember that from tourism only businessmen stand to benefit, but Vlora has other citizens too who do not possess any property. They will work in the industrial projects. The building of TPP is the life of this city” (Bano, 2007). The view expressed by Bano exemplified the voices that provided consent to such project and that responded positively to the justificatory discourse of the pro-IEP alliance.

The mayor of Vlora, Shpetim Gjika, also declared in 2006 that he supported the construction of the Vlora TPP, although he stressed the importance of public involvement

before the construction on the site began. He stated that “tourism in Vlora cannot be developed without a powerful infrastructure, the role of energy is particularly necessary. As mayor of Vlore, I represent citizens who support the TPP, those that oppose it and those that are undecided. Under these circumstances, I insist that the citizens of Vlora get the opportunity to express their decision via a referendum” (Gazeta Tirana Observer, 2006).

In addition to the justificatory discourses, which were intended to generate consent, the government of Albania deployed some institutional strategies, that proved productive in generating consent in civil society, but also for repressing the contesting voices within the civil society. The use of State Electoral Commission, intimidation strategy and the use of the coercive tools proved to be another opportunity in the hands of the pro-project alliance in their continuing efforts to make the construction of the IEP a reality.

In the case of the Vlora TPP, the cracks in the alliance of pro-project actors were visible and led to delays in the operation of the TPP. The original closing date and completion of this project was January 31, 2008 but the project’s closing date was extended three times due to incidents for which the actors blamed each other.

After the regular tests for the construction of the TPP and the final steps of officially passing the TPP to the APC, the pipe that was performing the cooling of the TPP broke, causing the TPP to shut down. Neither APC nor the Italian construction company made this incident public. APC refused to accept this TPP as a flawed project and asked the World Bank as the financier of the project to halt the payment of the Italian

company who built the TPP. The World Bank accepted this request from APC⁵⁶.

In November 2011 the APC announced once more that TPP would not produce energy for the 2012-2014 period either. This time the reason was due to the dispute between APC and the construction company Tecnimont⁵⁷(Gazeta Shekulli, 13.11.2012).

Thus all the discursive strategies deployed by the pro-IEP forces made up by the government of Albania, the APC, other oil companies such as La Petrolifera, and other interested states like Italy and MDBs tried to keep the projects in the Bay of Vlora.

In this process, corruption and bribery may have served as the glue that holds together the alliance that sought to attain hegemony. The Vlora IEP is an interesting case because under the veil of the material interests for energy and need for investment there is another process taking place, that of industrialization. This opens the door to major opportunities for corruption regarding the giving of concessions and the assessment of different offers by interested bidders. Unfortunately, these are elements that are difficult to document, given also the very nature of corruption as a phenomenon that happens in discrete ways. In this case too, corruption as a phenomenon of the post-communist societies serves a double role. On the one hand it serves as the glue that can hold together the hegemony of a political class, which is motivated by self-enrichment to a large extent. On the other hand, it is a phenomenon on which the contesting voices base their claims as

⁵⁶When asked about the incident, representatives of the Italian company refused to speak about this defect, claiming that they needed approval from their head office in Italy. KESH on the other hand, although it did not make the case public, sources that chose to be anonymous stated that the reason for the defect was the low quality in construction. The extension of the finalization of the project added another 400 thousand euros to the cost of the project, because it would also entail postponing of the contract that oversaw the building of the project, by a Swiss company 'Kolacem' (Top Channel News, 11 Gust 2010).

⁵⁷The dispute has been taken to the International Chamber of Commerce where the Italian construction company, has asked for 65,935.248 euros plus additional costs. On the other hand, the APC has pressed its own charges against the construction company asking for 11,873.651 euros and other additional costs" (Gazeta Shekulli, 13.11.2012).

they ask for more transparency.

In addition to material interests for energy independence and the institutional efforts at the state level to stop push forward the vision for energy projects in the Bay of Vlora, discursive strategies adopted by the pro-IEP alliance were perhaps the most successful ones. These strategies were aimed at minimizing public dissent by employing a dominant narrative which framed construction of the IEP as the most natural path to be followed and as the common good for all.

However, the fact that the decision for the IEP was kept from the public domain indicated that this vision would not get through without resistance.

5.5 Contesting groups

As the pro-IEP forces were seeking to establish hegemony by primarily utilizing the discursive strategies of presenting the construction of these projects as a natural path to follow, resistance was provoked firstly among individuals and groups with environmental awareness and knowledge. The resistance to IEP amounted quickly as the construction of this project was becoming more and more a reality, in accordance with Polanyi's notion of attempts to disembed nature leading to resistance.

Vlora is one of the sites in Albania that has been traditionally renowned for its tourism potential and has been a holiday centre since the Second World War. During communist times, this city with its coastal and mountainous relief was the national holiday resort, with domestic tourists seeking retreat at the beach and the villas and summer resorts built in the area of 'Uji i Ftohte'. The end of Communism however brought about a boom of business activities along the coastal line with countless bars,

restaurants, and hotels built in the city and along the bay coastline south towards the town of Orikum. Vlora has continued to be a touristic destination not merely for domestic tourists, but also for seasonal guests from Kosovo and Macedonia. Additionally the city also attracts day-trippers, mainly Italians from the Mediterranean cruise ships harbouring in Vlora (CEE Bankwatch, April 2008 p: 25).

Another side of the coastal city of Vlora is its popularity as a tourist destination. The Ministry of Tourism, Culture, Youth and Sports considered Vlora to be the queen of Albanian tourism. Geographically, it is a mosaic of historical and cultural venues offering a variety of habitats and important environmental values. Recent studies reveal that this area hosts 33 species deserving protection, out of which 14 are estimated as threatened or on the verge of extinction (Novelli 2003: 37). Vlora's natural endowment makes it a very lucrative resort for the development of tourism and clean energy development. Despite this classification of Vlora by the Ministry of Tourism, Culture, Youth and Sports, their position on the IEP was not different from the Ministry of Industry and Economy. The Ministry of Tourism would be involved with the Park in the capacity of overseeing the Environmental and Social Impact Assessment. This role was assigned to the Ministry of Tourism in the planning stages of the park. Information that an IEP would be built at the Bay of Vlora became available in Fall 2004. The building of the IEP was seen by the majority of citizens against this background. The location of the park was in the vicinity of residential areas (100 meters from residential areas), and the protected Narta lagoon to the north (500 meters away) (CEE Bankwatch Network).

But what strategies did the civil society use to challenge the push towards

hegemony by the pro-project alliance? The following section tells the story of the endeavours to bring about democratic environmental governance in Albania around energy projects.

The organization of this part of the chapter reflects the elements of the integrated frame. The strategies that are employed by the contesting groups provide examples of moves by contesting voices in order to counter the strategies of pro-IEP alliance. The contesting groups in this case stressed the importance of nature as linked to identity of the city and its cultural reproduction, as well as the importance of the characteristics of the city for Albanian identity more broadly. Their emphasis on nature and the potential impact of hydrocarbon resources on it, speaks to Polanyi's notion of disembedding from nature, and the resulting resistance that can be activated in order to stop the disembedding from occurring.

From 2004, the opposition to the IEP came from informed citizens and professionals. These criticisms appeared as opinion pieces and in critical articles in the local newspapers, written by experts and independent analysts. At the beginning, resistance was a combination of voices not necessarily related to one another, but that shared common concerns. Some of them were analysts that were closer to the decision-making quarters and were trying to raise awareness among the citizens, particularly those of Vlora. The nature of this opposition was blatantly against environmental destruction and uncertainties that surrounded major infrastructural projects, especially as they related to the oil industry. Thus, environmental destruction of the seaside, accessibility to the beach, pollution of the seawater, air pollution, damage to tourism at the time but also

prospects for future tourism were major concerns. All of these concerns were amplified given the level of corruption in the country and the lack of accountability that governments had in the eyes of the citizens (Bogdani and Loughlin 2007).

In 2005, as the construction of IEP was becoming a reality, a civil society group called 'EcoLevizja'⁵⁸ (EcoMovement), decided to push the opposition campaign towards a more institutionalized path. EcoLevizja was the most well-known environmental organization in Albania. In March 2005, this group had sent a letter to the Ministry of the Environment in Albania, asking information about the TPP and the oil coastal terminal, but it did not receive any response (Findings and Recommendations with regard to Compliance by Albania's Compliance Committee, United Nations Economic and Social Council. Sixteenth meeting, Geneva, 13-15 June 2007). Another step taken by this environmental organization was the organization of a meeting, which brought together individuals and other small groups interested in environmental issues⁵⁹ (Interview 40, contesting groups representative, 2010). The activity was publicized by the national media. This had a significant impact in raising awareness and concern.

The activism in the media and the involvement with broader environmental organizations led to the development of ties with the Open Society Foundations⁶⁰. The aim of Open Society is to assist in building tolerant societies with accountable governments, open to people's participation. They help in forging networks and alliances

⁵⁸ EcoLevizja is a network of twenty-five environmental NGOs across the country. Some of these NGOs are, Association of Natural Environment Protection, EDEN Center, Azuro Lagoon Association, National Association of Foresters, Ecologic Club etc.

⁵⁹ Part of them were activists that had been involved in the campaign against the urban waste incinerator. The campaign against the urban waste incinerator had proved successful and was seen by these civil society actors as one of the victories in their engagement with the government.

⁶⁰ The latter was founded by George Soros, a businessman/investor and philanthropist of Hungarian-American background, who is also the chairman of Open Society.

especially around the issue of corruption and freedom of information (Open Society Foundations). With the Foundations' assistance, the environmental and human rights groups organized a conference. The conference showed that the voices of environmentalists and experts of industrial development were now taking a more organized shape. Following the conference, they selected an Acting Committee made up of experts and activists from Tirana as well as Vlora and this constituted the origin of the Civic Alliance for the Protection of the Bay of Vlora (from now on referred as the CAPBV). This showed that the contesting voices had successfully utilized the tactic of leverage and networking as predicted by Keck and Sikkink's boomerang politics.

The CAPBV was registered as an NGO in December 2005 (Establishment Act, December, 2005). Eventually the CAPBV turned into the leading organization for halting the industrial developments on Vlora Bay. Soon it became clear that there was a common aim to their activism and their writings: that Vlora should orient itself towards the industry of tourism, without being under the umbrella of a political force or business connected to particular political forces (Guri and Hanxhari 2005).

From this moment onwards the resistance to the IEP became organized and it engaged in a movement to counter the discursive and institutional strategies of the pro-IEP actors.

In April of 2005 this alliance organized a general meeting with activists and the citizens of Vlora. For such an organization financial resources were limited. It was in this respect that the Soros Foundation and modest financial support from tourism-based businesses in Vlora, facilitated the organization of several activities where the citizens of

Vlora were involved and through which the opposition towards energy projects in the Bay of Vlora grew (Interview 38, Representative of CAPBV, 2010).

After meeting with some interested civil society representatives in Vlora, two experts and environmental activists, one an Oil Engineer, and the other an environmentalist from Tirana, delivered a lecture at the University of Vlora. The lecture was about the negative aspects of the energy park for Vlora. It aimed at raising awareness about implications of the oil industry among citizens of Vlora who had been remote from the decision-making process around this project.

These moves by the contesting voices raised concerns among some elements of the consenting civil society. For instance, the day after the meeting these experts were questioned by the President of the University of Vlora and were criticized for not inviting him to the lecture. The president insinuated that they would not be welcome in the future (Guri and Hanxhari, 2005). This is an indication of the tensions that existed among elements of civil society while the organization and public information was taking place.

After the lecture at the University of Vlora these experts tried to catch the interest of Vlora small business representatives, focused on tourism. While the strategy of informing the public through media outlets such as TV talk shows, and articles in different newspapers was proving to be successful, this group of experts decided to move onto associating their efforts with national organizations. They organized a meeting with twenty-two environmental organizations that operated in Albania at the time. Inspired also by the acts of civil society groups in Macedonia and Turkey, which had resisted the route of AMBO oil pipeline through their touristic sites, these activists published a

protesting letter, calling on all environmentalists to get involved and reflect on the oil developments that were about to be constructed in the Bay of Vlora (Vlora in Danger 2005).

The effect of this publicity drew attention to an unprecedented phenomenon that a conglomerate of civil society organizations was against energy projects that were considered important in the country's development. This move, in turn, attracted other civil society organizations that were not explicitly focused on the environment, but had an interest in environmental issues. Some of these were the Aarhus Centre, Mjaft (Enough), which represented the views of young Western-educated professionals, EDEN Centre with an environmental focus, Vlora Association, Dukati Association, Kanina Association, Association for Tourism in Vlora, several touristic centres as well as businessmen, publicists and critical analysts.

5.5.1 Strategies of contesting voices responding to the discursive and institutional strategies of pro-IEP alliance

In accordance with Polanyi's notion of disembedding of nature and Gramsci's notion of civil society as a site of consent and contestation, the resistance to the IEP took an organized form only after the potential environmental risks were becoming more evident. The first step undertaken by the CAPBV was to counter the framing of the issues as they were presented by the pro-IEP alliance.

Instead of the energy projects the contesting civil society voices, led by the CAPBV, favoured the path of agribusiness, tourism, energy efficiency, and small and medium size enterprises. They started framing the problem in terms of what implications would the hydrocarbons Energy Park have for all of these aspects of the economy. The

pro-IEP alliance had framed the issue in terms of energy crisis and the impact that the building of the IEP would have on economic growth and investment. Project proponents employed a discourse which was in line with the foundations of economic liberalism that the economy and the opportunities for investment take precedence over environmental, social and health concerns.

In response to this discourse, the initial move of contesting voices was to connect the impact of the IEP to local communities and what it meant to their economic interests and well-being as opposed to the ‘national interest’. As the resistance strengthened, they also took on strategies that resonated more broadly with the Albanian society, especially on the issue of lack of transparency, corruption and lack of democracy (Today News Vlora 2005).

The aim of the CAPBV was defined in the Establishment Act as a non-profit organization,

to help in the protection and development of the city and the Bay of Vlora, in the development of touristic potentials . . . The aim of this organization is to directly and actively engage towards the protection of the interests of Vlora citizens and the residents of the surrounding towns of Vlora. For the preservation of the natural values and the development of the touristic potential of the Bay of Vlora and its surrounding areas (Vendimi 1602 2006).

The choice of words in the ‘Establishment Act’ of the CAPBV, is particularly important as it speaks not only about the strategies used by this group, but also about the good use of the local and the post-communist transformation mentality. Although the CAPBV led a campaign on environmental basis it was careful not to brand itself as strictly an environmental organization. The term ‘environmentalism’ in itself was

associated with a kind of luxury, an activity afforded by the rich that resonated more with the aesthetic value in nature beyond material interests. But given that tourism in Vlora is a basic activity linked to the identity of the city, the word ‘tourism’ was more common sense. In turn, tourism implied preservation of natural sites for which Vlora was unique. In this way the CAPBV could draw in its mission not just self-declared environmentalists, but also citizens who shared a concern for nature and valued its importance for the future of Vlora.

This strategy followed by the contesting groups resonated with notions of disembedding of nature as developed by Polanyi. In this case the contesting voices appealed to the sections of the Albanian society that had a cultural affiliation with the natural characteristics of Vlora. This was done in order to broaden the base of contestation across the country.

In the rest of this section I discuss each of the issues raised by the civil society groups as having a negative impact on the long-term economic well-being. They addressed the issue of water pollution, deforestation, the impact of oil developments on the ecosystem, fisheries and tourism.

5.5.1.1 Water

Regarding water pollution, the contesting groups argued that since the Bay of Vlora is characterized by slow waters resembling a lake, the construction of hydrocarbon terminals and thermal-power plants, as well as an oil pipeline would have major repercussions in the event of an oil spill. Their position was that Vlora could have a large seaport that would expand on what it already had, but not one involved in oil

transportation. They argued that the construction of the IEP would have implications for these waters and it would make more sense if natural alternatives were used in the search for economic benefits (Interview 39, representative of contesting groups, 2010).

5.5.1.2 Forest

The IEP would be constructed next to the Soda Forest, an area with approximately three thousand plants per hectare. In 1996 the regulatory plan for the city of Vlora classified the Soda Forest as a site that would primarily serve for maintenance of hygiene and sanitation of the city. This meant that any interference with the forest was prohibited with the exception of maintaining of the pathways among the trees (Gazeta Ndryshe, 19 November 2007). When the Albanian Council of Territorial Adjustment allocated 500 hectares of the Soda Forest to the construction of oil based infrastructure, it was viewed as part of the deforestation that took place during the years of post-communist transformation. As a retired forest engineer who had worked on the construction of Soda forest wrote “during the transition years over 250 hectares of forest has been destroyed especially by unauthorized logging and unauthorized construction... [and Soda Forest in particular is important for the city of Vlora as it] constitutes the first protection strip from winds in every season which sometimes turn into storms” (Gazeta Ndryshe, 19 November 2007).

5.5.1.3 Trans-boundary impacts of oil

The potential for oil spill impact was high in the area, since Vlora is the connecting point between the Adriatic and the Ionian Sea and is considered “one of the most representative bays of the eastern coast of the south eastern Adriatic Sea” (CEE Bankwatch, April 2008

p: 19).

The bay is defined by the Narta lagoon in the north and the Karaburuni peninsula in the south. The Narta lagoon forms a part of the Vjosa-Narta Landscape Protected Area, while the Karaburuni peninsula has the status of managed nature reserve and it has been proposed that it be upgraded to National park status. Both areas are very rich in flora and fauna but they have both been subject to man-made ecological deterioration. Further oil developments in the Bay of Vlora would place these areas at additional risk. The contesting voices used these facts as part of their appeal to the natural as well as cultural characteristics of the site as material interests, which should have been considered equally important to the economic growth (Mansaku-Meksi 2008).

5.5.1.4 Fishing

The issue of fishing was linked to the habitat, but also to the material interests of local fishermen. Fishing constitutes an important economic activity for the local population of Vlora. This activity takes part in the Bay of Vlora as well as in the Narta lagoon, both areas that are close to the IEP. The fishing at the Narta lagoon, Kallenga lagoon, Vjosa River, the littoral as well as other water sources inside the protected area employs 50-100 people. The fish are sold mainly to restaurants in Vlora and Fier, with a small portion used for family consumption (CEE Bankwatch, April 2008 p: 23).

5.5.1.5 Tourism

Tourism was an issue addressed extensively by the contesting civil society groups. Here they were also joined by local businesses who were worried that the development of a park based on the oil industry would bring few benefits to the local community while it

would have major impact in lowering the profits coming from tourism (Toci, December-January 2005-2006).

Given these material concerns, in the eyes of the local community the IEP was seen as a posing a threat to the local economy dependant on tourism and as endangering the fragile marine and wetlands ecosystems (CEE Bankwatch Network, April 2008: 5).

The contesting groups adjusted their resistance in accordance with the change of the pro-IEP alliance. After the decision of the Albanian government to change the name of the IEP to Industry Park, the strategy of the civil society changed accordingly. From 2005 onwards, they focused their efforts on the two projects that would be included in the 'Industrial Park': the Vlora TPP and La Petrolifera hydrocarbons terminal. The CAPBV, the leading civil society group of this resistance, argued that they were not against the TPP altogether; instead they were against the location of the TPP⁶¹ (Dedenika 2007). Meanwhile, their position on the hydrocarbons terminal remained unchanged as they continued to be firmly against the terminal on the coast.

They continued to exercise their agency through engaging in dialogue with the institutions, to counter the discourse pro-IEP alliance, which represented the project as benefiting all of the society equally.

The issue of environmental hazards posed by the construction of hydrocarbon based projects in the Bay of Vlora was linked to the inability of the Albanian central government as well as local administration to be accountable to its own citizens. Given that political corruption was a repeated phenomenon in Albania, the majority of society

⁶¹They presented several alternative locations such as the banks of Vjosa River, the option of the village of Akerni, 800 meters distant from the sea and the possibility of building this power plant on Marine-Mifol, which had previously been used for the transportation of locally produced oil (Dedenika, 2007).

saw the realization of the IEP as a chance for politicians to indulge in graft. Corrupt politicians would give concessions and award construction contracts, without imposing high technological and environmental standards and without conducting the proper information of the public. As a Vlora citizen also told me in an interview,

we demanded that the environment not be destroyed, for those existing qualities of the nature not to be destroyed. Vlora has sea, and mountains that could be utilized for the development of tourism and not for the development of oil industry. We are not against the state, but we are trying to wake up the state from the offers that people in power get through corrupt affairs which lead to the destruction of the country. We recognize that AMBO is geo-strategically important but we cannot destroy the environment for its sake (Interview 42, contesting groups representative, 2010).

The contesting civil society activists pointed out that these were essential elements that would have not only secured transparency about the process of approval of the IEP, but would also guarantee the inclusion in the debate of the experts that had not been involved until then. Additionally it would encourage the interests of the public across the country as well as exposing of the viewpoints of experts that were both for and against the projects. Such publicity would have made possible the transparency of the meetings among the experts and it would also avoid the speculations that they were ‘meetings among enthusiasts and supporters of the TTP’ (Guri and Hanxhari, 2005).

The contesting voices of civil society expected information of the public to be done in a more in-depth manner, with brochures or auto-visual material about the projects distributed⁶².

⁶²According to them the central administration must secure three conditions for the public: to create a structure suitable for the management of the decision making process with interactions from lay people, to secure transparency and flexibility in its actions, and to have encouraged people’s trust in institutions so that they can express their opinions freely.

The use of internet and social networking proved a useful strategy for attracting the attention and the involvement the Albanian diaspora. One of the purposes for this was that they could also acquire financial support from those living abroad as the financial means were limited within the country. Additionally, they sought endorsements of former Vlora citizens who were influential among the diaspora, as well as academics teaching in Western Universities. One of these examples was the endorsement of the resistance by Dr. Anna Kohen, who holds the title ‘Honoured Citizen of Vlora’. The contribution of the Albanian born academic Agron Alibali, also gave the movement extra support as he participated by providing expertise with regard to the legal contracts signed within the pro-IEP alliance.

Simultaneously, the CAPBV, worked to broaden its support within the community and Vlora citizens. Initially support was acquired by cooperating with local experts who were known for having worked in the Soda factory, replenishing of the Soda forest or physicians specialized in respiratory diseases or epidemiology. The voice of these local experts gave more momentum to the resistance. More importantly, the local experts pointed out at the lack of involvement in the project studies. They raised a more fundamental issue related to the lack of the democratic process that had characterized the approval of the project.

The IEP was presented by its proponents as a project beneficial to all of the Vlora community and the country at large, while information of the public was not done properly. Contesting groups claimed that in order for the public to be informed in a rigorous way, the project should have been represented via a comprehensive picture⁶³.

⁶³The information would have been more acceptable if it was done in a three dimensional way and

They pointed out that only two seminars were organized in Vlora with the purpose of providing information for those with a serious interest. The seminars were organized by the Ministry of Industry and Energy and invitations to these seminars were exclusive. Moreover, the full debate on the concerns about the IEP and the views of the experts were never broadcast fully by the local TV channels or the Albanian National TV channel.

The language used during the information sessions was not familiar to the public but more suitable to the experts. Critics pointed out that state representatives and project representatives had used language that was bureaucratic, laconic, and consisting of quotations of legal norms. They classified this communication as “one way communication” (Interview 38, CAPBV representative, 2010). Contesting civil society demanded information of the public that was based on a language that represented the average level of education. For that reason they demanded that the decision making process rely on elements that bring about a democratic atmosphere such as: a thorough understanding of the terms; the clarity of the purpose to reach the public; and reasoning behind the issues that are subject for discussion (Guri and Hanxhari 2005). The CAPBV criticized the lack of appropriate public information, and tried to fill this lacuna itself by engaging its own experts and by distributing informative leaflets that made the information more understandable and tangible to Vlora residents. They used vernacular language, cultural narratives, and local symbols to raise awareness. This proved to be a successful strategy in expanding their support in among the Vlora citizens that were sceptical about the project (The Trojan Horse and Citizens Apathy/ Kali i Trojes dhe

presented in one of the more accessible venues, such as the theatre centre. They should have presented maps and models of how the project would look in the future, showing both its benefits and negative impacts.

Apatia Qytetare. Leaflet distributed by CAPBV, April 2005).

Moreover, experts from civil society showed up on local TV shows as part of round tables discussions, where they discussed the environmental hazards and health implications of oil industry in Vlora. These panels included chemical engineers, biologists, epidemiologists, and physicians from the main hospital of Vlora (Mjeke dhe Specialiste ne TV “6+1 Vlora”, Vlora ne Rrezik, January 2006). Also forty physicians from the regional hospital of Vlora issued a statement against the construction of the IEP in Vlora in 2005, which added to the role played by experts as part of the contesting groups (Vlora in Danger, December-January 2005-2006). All these strategies were successful in countering the discourse of pro-IEP alliance that presented it as the only way of development.

5.5.2 Contesting groups' engagement with institutions as a counter-move to pro-IEP institutional strategies

In their struggle to hold off the construction of IEP and to achieve inclusiveness in decision making, critics of the project engaged in dialogue with national institutions as well as international ones.

Concerns about sustainable development of the city of Vlora began as early as 2002-2003, when the government presented the idea of developing the IEP. Given that access to information was not only highly technical but also channels of communications kept closed to the public, the discourse of pro-IEP forces was generating consent.

In terms of public participation, the Alliance requested a referendum in 2005 and in 2007. Both of these endeavours were turned down by the state Central Electoral

Committee in November 2005⁶⁴ and the Supreme Court in Tirana also rejected the appeal in December 2006, despite the 14,000 signatures that were collected⁶⁵. After the request for referendum was rejected an open letter was directed to President of Albania, the Prime Minister, and the Speaker of the Parliament. The letter was signed by members of civil society, representatives of local associations, small businesses, university professors, and physicians. The letter stated,

we are letting you know that the Vlora community, with a population of over 200,000 residents, is very concerned about the imposed implementation of a project that will severely damage the ecology of the Vlora Bay, while putting at risk the health of the citizens and destroying the flora and fauna on land and sea, as well as the tourism and business of the city. . . We are very concerned that the state Institutions did not have any regard for the 14,000 signatures of citizens collected for the referendum to be held. We draw your attention to the fact that the denial of the referendum is the denial of a fundamental constitutional right, and this will only worsen the situation in our city (Vlora ne Rrezik, Friday, 30 December, 2005).

In response to these requests, in October 2005, the Deputy Prime Minister, Ilir Rusmaili, declared that plans for the construction of the ‘Energy Park’ could not be changed or moved to another site, particularly the plan for the TPP. He used the conditionality on which the World Bank had provided the loans for this project, to justify the continuation of business as planned with the TPP. He stated that any change to the Vlora TPP project would compromise the loan that the World Bank had put at the disposal for this project. The assertion was that if the plan for the project would be moved

⁶⁴The reason for this rejection was that the Vlora IEP was not an issue related to local governance but a national matter and the referendum was asked to be held at the local level .

⁶⁵The requirement for a referendum at the local level in Albania is that the number of signatures should be at least 10% of the registered voters, a requirement which was met in the case of Vlora.

even by one meter, let alone into another town altogether, it would require a re-evaluation of the project from the beginning, which would take at least two years. Rusmaili stressed that “this time [2 years] is enough for the construction of the TPP, and faced with the actual crisis of energy we cannot afford to make changes to this project. The situation is critical!”(Rusmaili 2007).

The other submission for referendum was done regarding the coastal oil terminal. This request was submitted by the City Council of Vlora in October 2007 after several protests had been held at the construction site of the oil terminal. Even this request was rejected by the State Central Electoral Committee on procedural grounds⁶⁶.

After the refusal of their requests at the local level, the contesting voices opted for engagement with international institutions in order to put pressure on the Albanian government for changing the path towards building the IEP. This move initiated a series of effects that represents well a pattern of boomerang politics.

5.5.2.1 The information of the public

The contesting voices pointed out that the TPP was being presented as having zero impact on the environment, while the public was kept away from the implications of such constructions. As one of the activists pointed out the meeting that was meant to be informative for the public took place with representatives from state institutions, not representatives of environmental organizations or the local community. “This meant that the Aarhus Convention⁶⁷ was not followed, which requires the affected communities to be

⁶⁶This request was rejected because it still made reference to IEP, which was considered non-existent and the oil terminal was presented as an element unrelated to the park

⁶⁷The Aarhus convention is formally known as the United Nations Economic Commission for Europe Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters. It was adopted on 25th June 1998 in the Danish city of Aarhus. The Aarhus

informed not through announcements in newspapers, but through engaging meetings with the community, documentaries, and presentations about the value and negative impacts of oil developments” (Hanxhari 2005).

Contesting voices claimed that they were expecting public information on two levels. The first group that needed to be informed were the lay people, community, and the population in general. Secondly, there should have been information of the experts, those who were involved or not in the planning process, as well as the members of the public administration⁶⁸.

Following these complaints, in April 2005, the Alliance submitted a communication to the Aarhus Convention Compliance Committee (ACCC) arguing that the Albanian government had violated its obligations under this convention⁶⁹. The Aarhus

Convention has emerged as a primary environmental agreement especially because it gives more voice to the communities. With that goal in mind the Convention “links environmental rights and human rights; acknowledges that we owe an obligation to future generations; establishes that sustainable development can be achieved only through the involvement of all stakeholders; links government accountability and environmental protection; focuses on interactions between public and public authorities in a democratic context”(UNECE, Environmental Policy). The Convention began in force on 30 October 2001, after relatively rapid progress was made in obtaining ratifications by sixteen of the Signatories” (UNECE, Environmental Policy).

⁶⁸They argued that the information of the public in general is very important because it not merely clarifies the projects for the population at large but it also gives a source of legitimacy to developers to continue with the projects. In this respect, civil society groups maintained that the fact that there was partial representation of facts could mean that something was left untold.

⁶⁹Article 1 of the Aarhus Convention calls on parties “to guarantee rights of access to information, public participation in decision-making and access to justice in environmental matters. It also refers to the goal of protecting the right of every person, of present and future generations to live in an environment adequate to health and well-being” (Wates 2005). Moreover, the Aarhus Convention sets minimum standards to be met by parties adhering it and encourages the adaptation of higher environmental standards, especially in increasing access to information, public participation, and/or access to justice.

The institutional innovation of the Aarhus Convention lies in the broad definition it gives to each of these issues. Access to information for instance, relates to the obligation that the public authorities have under this Convention to respond to any request from the public regarding any concern about certain projects, as well as the obligation it has on the collection of information, updating the public and disseminating the information as broadly as possible.

The same standard applies to the definition of what constitutes “environmental information”. That term includes a broad list of elements of the environment such as air, water, soil - all factors and activities that affect those elements. But it broadens this definition further by including the effect on human health and safety, conditions of life, cultural sites and built structures, to the extent that these are or may be

Centre of Tirana had been one of the early pro-environment organizations that had supported the CAPVB. In their letter the civil society groups asserted that the Albanian government had failed to inform the public in a timely manner and also to consult the affected communities, as well as seek their opinion while making a decision on the IEP and in each of its elements.

In 2007 the ACCC communicated its final report, which stated that the government of Albania had failed to implement requirements on the relevant decision-making process and thus was not in compliance with Article 7 of the Aarhus Convention. This decision was followed by the opening of the Aarhus Centre in Vlora later that year.

With regard to the TPP, the Committee found that although some efforts were made to provide for public participation, these largely took place after the crucial decision on siting and were subject to some qualitative deficiencies, leading the Committee to find that the Party concerned [Government of Albania] failed to comply fully with the requirements in question. By failing to establish a clear, transparent and consistent framework to implement the provisions of the Convention in Albanian

affected by the aforementioned elements, factors, activities or measures. (Wates 2005).

An innovative aspect of the Aarhus Convention was that NGOs have been involved with the Convention from its inception, have also proposed the idea of developing a UNECE convention. Initially the idea was not welcomed by the governments but it was the insistence of the civil society groups and the support of the progressive government in Denmark that facilitated its realization. Although the Convention is an important milestone in the protection and strengthening of the environmental rights throughout the Eastern and Central Europe, it has been argued that due to the role that the NGOs have and its compliance mechanism “make it an extremely valuable laboratory for assessing the effectiveness of a more participatory and transparent approach to the implementation of international environmental agreements” (Morgera 2005).

The subject of the convention is not only about the environment but it also speaks to the relation of nature to society as well as the relationship between people and authority or government. It is concerned with government accountability, transparency and responsiveness with regard to environmental concerns. The tenets of the Aarhus Convention are very close to the tenets of ecological democracy. There is not yet a document that institutionalizes the principles of ecological democracy. So, this remains a concept yet in its theoretical shape. However, the Aarhus Convention opens some opportunities for leading to ecological democracy given the right context.

legislation, the Party concerned was not in compliance with Article 3, paragraph 1, of the Convention (United Nations Economic and Social Council. Sixteenth meeting, Geneva, 13-15 June 2007, p: 22, para. 2, 3, 4).

With regard to the approval of the construction for a proposed coastal terminal of storage of oil and its by-products and associated port infrastructure, the Committee claimed to receive insufficient information for it to evaluate the quality of the public participation process in the relevant decision-making. The Committee however did not preclude that the Albanian government had violated rules on public participation over the terminal. It stipulated that information was insufficient on public consultations during the EIA process and the fact that the issues raised with regard to the government's decision on the terminal "appear to considerably resemble" those in decisions on energy and industry park and the thermo-power plant..." (CEE Bankwatch, April 2008 p: 27).

The creation of regional networks was a strategy that was effectively used by civil society groups. As the companies were preparing to implement their plans for the construction of the Vlora TPP and La Petrolifera hydrocarbons terminal, the activities of contesting groups in Vlora and Tirana drew the attention of regional civil society groups especially in Croatia, which shares the same coastline as Albania. Links were also established with the CEE Bankwatch, which is an NGO that works across central and Eastern Europe and monitors projects funded by MDBs. The entrance of the CEE Bankwatch into the debate was an important watershed for the contesting groups in Albania. In October 2007, the latter led an independent fact finding mission aimed at investigating the environmental and social impacts of the industry park and its

potentially harmful effects that the Albanian contesting civil society groups were complaining about. This report proved useful for the engagement of civil society groups with other international institutions like the MDBs, as it provided a well-articulated statement of concerns of the local communities and confirmed the issues raised by the local experts that were part of the local contesting civil society groups.

Members of the business community that relied on tourism in Vlora were significant players as part of the contesting voices. They emphasized that they were against the oil-based industry in Vlora Bay. Their engagement was about referendum as well as offering modest financial support for the broader activities of the resisting forces (of which they were part). The local Chamber of Commerce and Industry expressed its concerns on several occasions, but their requests were not answered. Also in May, 2005 around 43 representatives of the Vlora enterprises signed a resolution addressed to the Albanian Parliament and local government calling for a referendum on the energy and industry park (Resolution, 30 December, 2005).

This group of contesting civil society also contacted the World Bank representative office in Albania in June 2005, making their case against the Vlora TPP. The letter was addressed to the country coordinator Orsalia Kalantzopoulos, country manager Nadir Mohammed, country officer Timothy Gilbo, and project team leader Iftikhar Khail. The letter stated the concerns of critics, stressing especially the halting of funding to the TPP (Letter to World Bank Management in Albania by Civic Alliance for the Protection of the Bay of Vlora, June 2005).

They presented this letter in the name of the network that was formed in this

struggle on the basis of linkages created. With this action the contesting voices were relying on accountability tactic as suggested by boomerang politics in order to bring change to the process of citizens inclusion and to halt the projects. The letter to the World Bank management in Albania did not prove successful. Instead, their requests were met with government responses that halting the project would go against the agreement with the World Bank, which would reduce the credibility of the country, since the loan had already been approved (Rusmaili 2007).

In 2007, when the construction of the oil terminal was about to begin 25 local businesses approached the Chamber of Commerce and Industry to protect their investments from potential harm from oil industry. As their next step they presented a joint position letter to the municipality and the prime minister. A study presenting an alternative development for the terminal site was also presented to the City Council and the Albanian Government. The plan was developed based on contributions from 128 local businesses and it had at its centre light industry such as food and services based on local ingredients as well as the development of a new commercial harbour (CEE Bankwatch, April 2008 p: 25-26).

Following the responses by the government of Albania, in April 2007 the contesting groups submitted a complaint to the Inspection Panel of the World Bank, drawing attention to the potential harm possible due to World Bank failures or omissions in the Vlora TPP project. In this letter they describe the harm as follows:

if built, the Vlora TPP will irreparably destroy environment, tourism, safe fisheries, natural habitat, ecosystem, coral colonies as well as the unique historical and cultural significance of the entire Vlora Bay and Narta Lagoon. In short, it will destroy our

past, present and future (Request for Inspection, Letter directed to the Inspection Panel by CAPBV, 30 April, 2007) .

The authors of the letter maintained that the World Bank and the EBRD have documents that indicate that they have met with the local population as well as information for public review via the internet. However, these are not sufficient for meeting the Aarhus Convention requirements, which Albania has ratified. The letter writers further stressed that according to this convention the public should be informed and included from the planning stages of the project.

In addition to the formal institutional engagement the CAPBV also led protests against MDBs involvement with the Vlora TPP, in Vlora and Tirana. In early 2008, when a group of representatives from WB management team came to oversee the construction of the TPP in Vlora, they organized a protest asking the WB to withdraw from the project and the construction of the project to be interrupted. They emphasized the right of inclusiveness and the protection of nature for future generations⁷⁰.

Contesting groups also distributed forms, inviting more and more citizens to give their ideas regarding what should be done with the oil projects that were being built. The sole reason for the distribution of these forms was to achieve what the government of Albania and what the MDBs had not achieved during the consultation process, which was the engagement of community in decision making process of the IEP. The majority of

⁷⁰One of their pamphlets distributed for this occasion read “we will gather to show them (the MDBs) that Vlora does not want an oil industry. We will show them that these investments are in the wrong place and they are being carried out without the approval of the Vlora citizens. We will show our authorities that the people of Vlora are determined in their resistance until they get the right of a referendum. . . . [the Banks] must listen to our voices and must understand that we are the citizens of the city named Vlora that we have inherited from our forefathers, not to pollute, but to pass it on to our children and future generations to enjoy it” (Pamphlet distributed by the CAPBV, March 2008).

citizens agreed that a referendum was the right way forward (Gazeta Shekulli, January 18, 2008).

The contesting civil society held the position that the government did not inform the public in a visible way⁷¹. Furthermore, they pointed out that even the MDBs had not made sure that the information and inclusiveness of the public was done in accordance with MDBs' policies. They maintained that the information was not done in visible places, even though MDBs had documents in their files that indicated that they met with the public. As a representative from the contesting voices pointed out “it is best to get [public's] reaction at the beginning of the project, which can also help the project developers. The public can react anytime. They can react even after the project has been concluded, because they can feel the effects of the project. Since the public can react at any time, it becomes the developer’s responsibility to involve them⁷²” (Interview 38, representative of CAPBV, 2010).

MDBs and the rest of pro-IEP alliance claimed that the reaction of contesting voices came too late in the process, trying in this way to ignore their claims. In accordance with Polanyi's notion of disembedding, the resistance became more vocalized particularly when the disembedding from nature was becoming a reality as the

⁷¹Because the information was almost in-existent, the resistance also intensified when the projects were in the construction phase.

⁷²According to this civil society member “the international institutions are partly correct in their position but in reality they owe to the Albanian public because they have not shown enough attention and due diligence as institutions to ensure that these projects need the involvement of the public in decision making. Their sole purpose has been to fill in the required forms, as these are the policies of the Banks, but in no way has it been their intention to seek the opinion of the public or to inform them. This claim was proven by the World Bank Inspection Panel, that wrote that the information of the public has been superficial and deficient and even to skip the public’s involvement. In the meetings that they have undertaken participants have been bureaucrats and representatives of the government at the local or national level.” (Interview 38, contesting groups representative, Vlora 2010).

construction of the elements of the IEP were being built.

In sum, the contesting groups engaged in a series of strategies to challenge the vision of the pro-IEP actors and to push their own alternatives forward. However, the contesting groups also had their disagreements especially when their options to engage with the institutional realm were exhausted and some groups deemed it necessary to escalate the resistance⁷³.

When the Central Electoral Committee gave the first signs that the request for referendum would be rejected, a breach opened among the contesting groups, as they were split regarding their further engagement, whether they should continue with peaceful means or threaten civil disobedience. The CAPBV as one element of the contesting groups was uncertain about the use of force in stopping all the procedures that would initiate the construction of the proposed projects in the Bay of Vlora. Others outside the CAPBV were more in agreement with the use of violence against any acts that would touch upon the nature of the designated area for construction (Mita 2005).

The pro-IEP alliance used the civil disobedience acts, such as road blockades and protests, to label the resisting forces as an organized opposition to foreign investments, and against the economic and industrial development of the country. Moreover, they blamed the protesters for causing chaos, promoting violence, and being used by the

⁷³They organized several TV talk shows, distributed hundreds of leaflets and posters, published a book, produced a documentary which was shown on local TV channels, they opened an internet page dedicated to the resistance as well as organized three peaceful rallies in the main square of the city. Moreover, they had organized an academic conference with international and local participants in order to attract expert knowledge regarding the damage associated with oil industry on the seaside, but especially in a bay. By the end of 2005, the issue of the Vlora IEP had turned into an issue of national concern due to several articles written on national newspapers and national TV channels. Thus, the contesting groups used all the legitimate and institutional means to raise awareness and to broaden its support. This culminated with the request for a local referendum after the collection of 14,000 signatures.

opposition party to undermine the platform of the party in power⁷⁴.

The next section delves into another set of actors that were crucial in this environmental conflict and which served as the international mechanism for the contesting groups, after they had exhausted the local institutional remedies: the MDBs.

5.6 Multilateral Development Banks: World Bank and EBRD

The aim of this section is to look at MDBs and their role in helping the formation of hegemony, while at the same time generating accommodation for the contesting voices. Their independent grievance mechanisms could be referred as elements of ‘inclusive neoliberalism’ (Ruckert 2006). The importance of environment and community involvement for the WB is made clear in the process of designing its Environment Strategy 2010.

The Strategy underwent a series of consultations with communities and experts, which is certainly an important process in the greening of WB. However, another aspect of strengthening environmental governance and institutions around it comes as a result of the costs associated with projects that run into environmental and governance problems after the loan has been released (Interview 3, World Bank representative, Washington D.C 2010). Thus a stronger WB strategy on environmental institutions and governance also means, accommodating voices that criticize its environmental policies as well as securing healthy investments for the future. All the WB steps towards greening serve as ways of generating consent, while still providing loans and generating profits.

The dynamics surrounding the energy projects in Vlora present an interesting case

⁷⁴The irony here was that during the life span of the IEP, both main political parties of Albania were voted into office and they both accused the CAPBV of being used by the opposition party.

for the interplay of the pressure of transition, the MDBs with their greening and democratic aims and the newly formed civil society organizations. This section will show how the management of MDBs worked heavily with the pro-IEP alliance to strengthen the hegemony, while the grievance institutions like the World Bank's Inspection Panel and EBRD's Independent Resource Mechanism (IRM) worked with contesting groups to accommodate their concerns.

5.6.1 MDBs and the pro-IEP actors

For neo-Gramscians, the MDBs are key actors in the attempt to create hegemony around a new inclusive-neoliberal 'transnational historic bloc' (Robinson 2004; Cox 1987). These institutions have become important agents in promoting a neoliberal agenda through numerous avenues, such as the neoliberal adjustment of developing country economies and the inclusion of neoliberal principles as the guiding principles for the international financial institutions (Ruckert 2006). MDBs have played an important role in the structural adjustments, but they have also reformed their own policies, especially with regard to environmental regulations and civil society inclusion.

Albania joined both the World Bank [as a member of member of the International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA)], and EBRD in 1991. Since then, the two MDBs have played a major role as two of the main sources of development assistance.

According to both MDBs, Albania has made some progress, however several challenges still remain. In order to sustain high GDP growth, the Banks suggest that some

priorities should be stressed, such as maintaining political stability and strengthening institutions; maintaining stable macroeconomic growth, particularly via fiscal discipline, increasing human resource development, improving the business environment, and improving trade (Albania, Country Brief EBRD). In order for these macro challenges to be achieved specific importance is placed on the infrastructure and energy sectors, especially by the EBRD. In its strategy for Albania, EBRD states that particular importance will be placed on energy and transportation projects (Strategy for Albania, EBRD, 2012).

The World Bank and EBRD began engaging in the Vlora energy developments in 2002 when the government of Albania expressed an interest in constructing a TPP as part of the larger Energy and Industry Park (Questions and Answers on Vlora Thermo Power Plant. World Bank Group. January, 2008). The Vlora TPP was financed by the World Bank, the EBRD, European Investment Bank and the Albanian Power Corporation (APC). The value of the project was 130 million euro. In 2004 a loan was sealed with the creditors and the Albanian government. The involvement of the MDBs in this project and in particular their crucial presence as providers of a loan for the construction of the Vlora TPP speaks about their role as players in the pro-IEP alliance. The close connection between the management branches of MDBs and the Government of Albania was very clear by the shared discursive strategies. They referred to the importance of the TPP in dealing with the country's energy crisis and the need to attract more investments. Just like the discourse used by Albania's government, the MDBs also referred to the TPP as beneficial for the country as a whole. The World Bank Country Manager Nadir

Mohammed, when asked about WB's position on the construction of the TPP emphasized the need for more privatization in the energy sector and stated that building a TPP made more financial sense as it could be constructed in a shorter time relative to a hydro plant (Mohammed, 2010).

The shared discursive strategy used by the pro-IEP alliance was also highlighted in the interviews that I conducted with some WB and EBRD representatives. For example, on the issue of transparency and accessibility of project documents, the EBRD representative explained that EBRD made available the documents on the internet while it also published the sites where the documentation would be available in the public domain. In the case of the Vlora TPP, this representative stated that “documents were put in public domains, so in this case they were put in Vlora, in APC office, they were put at the APC's public relations office in Tirana, and in our office in Albania as well as our office in London and they were published on APC's website. So if they [civil society groups] didn't have that, there would have been notices in the newspaper about where these locations were, people could have gone to either office whether they were in Vlora or to our office in Tirana, so they would have been made aware of these locations” (Interview 15, EBRD representative, London, UK 2010). Moreover, this representative reinforced the choice of Vlora as the right site for the TPP on the basis that it made more environmental sense as opposed to less.

Similarly, the World Bank representative stressed the TPP on the seaside was the optimal choice particularly from an environmental perspective. This representative stated that the reason why power plants are built on the beach is that,

they use sea water to cool down the plant and it is a very efficient way of doing it. And what you are essentially doing is just circulating the water, that is why in many places around the world this is the case and they are by the sea because you can use the sea water otherwise you have to use irrigation water to cool them, which from my perspective is an environmental disaster plus you have to spend a lot of money and it is cost inefficient to build it far from the sea (Interview 4, World Bank Representative, 2010).

A further strategy of the MDBs was to show that they were following strict, high standards regarding the TPP project. In order to back up these claims they would dismiss the environmental concerns of the contesting groups as unfounded, by emphasizing more empirical knowledge as opposed to cultural narratives. For example one WB representative states,

there is a wide misperception in Vlora that this will pollute the water, kill the fish and this is totally wrong. . . . All this information about how big the impact would be was misinformation and the problem was that civil society believed in that and they were never ready to have an objective assessment of what was really happening. So they thought that there would be a distraction and everything should stop and because they said so it should stop (Interview 4, World Bank Representative, 2010).

Similarly, when EBRD was approached about the impact that the Vlora TPP would have on the cultural heritage of the site the tone of dismissal was expressed through highlighting the importance of empirical cultural facts. Historical narratives and folk stories were not considered significant in order to establish the cultural importance of the site where the TPP would be built. Such strategy was employed in response to the claim by the contesting groups that linked the project site to the location on the beach where the Jewish community had landed in Albania during the Spanish inquisition. As a

representative of EBRD states in the interview,

we followed quite closely World Bank's response on the cultural heritage issue, so as soon as they heard the claim about the cultural heritage issue they went out and had three historians and archaeologists go with them to the site and review the information and they came to the conclusion that they could not say that there was not a landing site for the community of people fleeing from Spain during the inquisition, but there was nothing that indicated there was, so there was no either way. . . They didn't find any kind of artefacts or anything on, so there was nothing to lead them to the conclusion (Interview 15, EBRD representative in London UK, 2010).

Additionally, my interviews with the World Bank and EBRD representatives confirmed the disassociation of each of the MDBs with other aspects of the Vlora IEP. In alignment with the discourse used by the Albanian government, they chose to refer to the Vlora TPP separately, and not as part of a larger projects such as the IEP. When asked about the other elements of the park and the lack of a general environmental assessment for all IEP projects the EBRD representative responded that "the only thing that was brought to the EBRD was the power plant as a single individual project. There was never a discussion with Albania about any kind of park. That was a decision Albania was doing elsewhere. But EBRD and World Bank were asked to consider financing a power plant and that was it, no energy park, no anything else" (Interview 15, EBRD representative in London, UK, 2010).

Although there were two MDBs involved, no Strategic Environmental Assessment (SEA) was carried out that would discuss the overall impact of the energy projects taken together. Instead, the MDBs, oversaw one EIA that was conducted only for the TPP (CEE Bankwatch network, April 2008, p: 8).

5.6.2 MDBs and the contesting civil society groups

In this section I delve into the role that the MDBs played as interlocutors with the contesting groups that opposed the Vlora IEP.

In May 2007, the World Bank Inspection Panel (IP) registered a request for inspection by the Civic Alliance for the Protection of the Bay of Vlora (CAPBV) on behalf of local residents living in Vlora. The Inspection Panel is an independent mechanism of World Bank for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project. The panel was created in 1993 by the Board of Executive Directors “to ensure that people have access to an independent body to express their concerns and seek recourse. The panel is an impartial fact-finding body, independent from the World Bank management and staff, reporting directly to the Board. The Inspection Panel process aims to promote accountability at the World Bank, give affected people a greater voice in activities supported by the World Bank that affect their rights and interests, and foster redress when warranted” (The Inspection Panel, Who We Are, World Bank Group 2011).

A variety of issues was raised were environmental, cultural, social and economic. The request sent by civil society groups connected their complaint to the findings of the Aarhus Convention Compliance Committee (ACCC) of March 2007, which already had found violations regarding access to information and public participation in the Vlora TPP. This was an effective strategy used by the protesters to force a confrontation between the two accountability mechanisms. This strategy made the grievance bodies of these international institutions begin communicating with each other about the case of Vlora TPP.

The CAPBV contacted World Bank Management on several occasions. The engagement with the IP was necessitated by the disappointment over communications with the WB Management. They had sent a letter to Orsalia Kalantzopoulos and Nadir Mohammed on June 20, 2005, which was followed by meetings with them in Tirana. Later in 2006 another letter was sent to Shigeo Katsu by Dr. Anna Kohen, Honorary Citizen of Vlora and Honorary member of Civic Alliance for the Protection of the Vlora Bay. However, they did not receive a satisfactory answer about the following,

(a) the Project [was] based on the material misrepresentation of the site; (b) the Environmental Impact Assessment upon which the Bank's loan [was] based was misleading, illegal and wrong; and (c) the Bank's procedures leading to the project [was] in violation of Albania's laws on environment, public participation, cultural heritage and Environmental Impact Assessment, as well as the EU's laws and guidelines" (Request for Inspection. The Inspection Panel, 2007).

In its decision, the panel reconfirmed the importance of the Vlora TPP for the Albanian economy. In this way the IP continued the justificatory discourse of the World Bank management and the government of Albania regarding the project. However, in line with the expectations of civil society groups the panel determined that

the Bank did not comply with several provisions of Bank policies on Project Appraisal, Environmental Assessment, Management of Cultural property, and Economic Assessment. The Panel also found significant shortcomings in compliance with the Banks's consultation policy requirements. The panel, however, also recognizes that the plant has now been constructed and the focus on the facility should be directed to its future operation (World Bank Board of Directors Discusses Inspection Panel Report on Power Sector Generation and Restructuring Project in Albania, The Inspection Panel, 2009).

This decision of the IP confirmed the complex role played by the World Bank. Despite being an actor in helping towards the constitution of the hegemony by pro-IEP

actors, it also proved as a significant force in accommodating, and implicitly encouraging, contesting voices within the civil society. The very fact that the panel acknowledges that the project is built and no further remedies can be taken at the post-construction stage, reinforces the neoliberal mentality underpinning the WB that the environmental issues and broad public consultations come second to the economy.

The contesting groups employed another grievance mechanism by sending a complaint to the Independent Resource Mechanism (IRM) of the EBRD in April 2007. The complaint -sent by the CAPBV on behalf of the affected communities- claimed that the project had the potential to affect the material interests of the community and that the EBRD had not complied with its own policies on four grounds. In this complaint it was stated that the project was likely to adversely impact tourism at Treport Beach and fishing in the waters of Vlora Bay. The request of the affected communities was that the IRM launch a process of Compliance Review and a problem-solving initiative (Request for Inspection, IRM 2007).

The complaint was based on four major issues. The first issue concerned EBRD being inconsistent with the requirements of sustainable development - in attempting to fulfil its current needs, it would compromise future needs. Second, the contesting voices questioned the application of the precautionary principle to the actions and operations of the EBRD as an issue that needed to be considered by the EBRD. Third, the affected groups claimed that EBRD had violated its own policies on information disclosure and public consultation. EBRD's Environmental Policy requires that in case of an "A" category project, the public consultation must be in accordance with the standards of the

Aarhus Convention. Finally, the complaint raised the issue of cultural preservation, for which EBRD was not following its own policies.

The CRE recognized one of the requests by the affected community⁷⁵. Later, in the Fall of the same year, 2007, the Board of EBRD approved the eligibility of the complaint and allowed for a CRE to be undertaken as well as the appointment of a CRE.

In response to the claims of contesting voices the Compliance Review Expert (CRE) found that,

EBRD failed to ensure full compliance with the requirements in that it failed to take appropriate steps in order to satisfy itself that the Project Sponsor had given people potentially affected an adequate opportunity to express views on the location of the Project. Further, the CRE determined that this failure constitutes a material violation of the Environmental Policy warranting remedial changes to the Bank's practices and procedures, so as to avoid a recurrence of the same or similar violation in the future but not one warranting any remedial changes in the scope or implementation of the Project (Independent Resource Mechanism Review, 2008 p.3-4).

The CRE concluded that,

in the presence of certain findings of material violations of the Bank's Environmental Policy and as contemplated at the IRM R.P. 34 (c)(i), it is the recommendation of the CRE that the Bank consider . . . changes to its practices and procedures in order to avoid the recurrence of such or similar violations of the *Bank's Environmental Policy in the future*. ('Independent Resource Mechanism: Compliance Review Report Relating to the Vlore Thermal Power Generation Project', EBRD, 17 April 2008. p.4. Emphasis added).

The CRE recommended eight procedural, institutional and communication measurements that would improve the practices of EBRD with regard to future projects.

⁷⁵It turned down the other three, either for lack of sufficient proof, or on the basis that EBRD had made sure that a process of Environmental Impact Assessment had taken place in accordance with the expectations of the Bank.

Thus, the results of the IRM would not directly affect the developments of the Vlora TPP. That was considered a closed project, but that had a legacy for the way that the World Bank and EBRD conducted their own policies as well as for the civil society groups.

The case of MDBs' grievance mechanisms can be seen as a successful attempt of consolidating neoliberal hegemony, but this is not the only result. The way that civil society actors were included as post-project participants shows how different instruments of liberal democracy serve neoliberal ideas by including these groups, but also the inclusion of these actors could have positive effects for deepening of democratic practices. The inclusion and engagement with civil society actors, although at a stage when the project was concluded, resulted in the opening of a democratic space, which had not existed when the project was designed.

Hence, it is clear that the MDBs play a double role, but their main concern is to solidify the position of pro-IEP alliance towards achieving hegemony. In this regard they did not hesitate to enter in projects that contradicted their own strategy. In the country energy strategy from 2006, EBRD stressed the need for the development of tourism and gives hopes for the EBRD's support for sustainable forms of tourism. On the other hand, the investment objectives for Vlora listed in the same country strategy reflect the bank's contradictory position to Vlora's development by stressing support for investment of the oil and gas storage facility in Vlora (CEE Bankwatch, 2008 p: 24).

The discussion with the World Bank and the EBRD representatives regarding the Vlora TPP and the oil terminal, reveal clearly the frustration of both sides. On the one hand there are the civil society groups, which are not fully organized due to the lack of

resources, who lead the resistance on the basis of a cause. On the other hand, there are the institutionalized well-articulated procedures of the MDBs, which were not fully followed in this case. The frustration of the MDBs was noticeable from their dealings with the developments in the Bay of Vlora. It seemed the MDBs and the civil society relationship was that of a love-hate, symbiotic one. The civil society did not want the MDBs there, but at the same time they were the only organizations with material capabilities and institutionalized power that could be responsible to listen to the voices of civil society.

5.7 The significance of IEP for democratic environmental governance

In accordance with the suggestions of Gramsci's and Polanyi's ideas of resistance, the contesting groups' struggle around the Vlora IEP reveals that when faced with forces which seek to establish hegemony, which in this process contribute to the disembedding of nature, social mobilization and resistance is generated.

The resistance against the Vlora IEP showed that for the first time in Albania the citizens insisted on using every form of peaceful resistance about an issue that was not simply related to party politics, but about the environment and about future generations. The struggle involved demonstrations in front of government buildings, collections of signatures for a referendum and many articles and TV programs. The CAPBV shaped an inclusive environmental movement that managed to sit at the same table with the government and its representatives.

The case of Vlora illustrates that society's reaction is not unanimous, but is characterized by nuances and subtleties, very much in line with Gramscian understanding of civil society as a realm of consent and contestation. The contesting groups built upon

local knowledge and used the local vernacular, to counter what was presented as 'natural' by the pro-project alliance. They also used narratives to develop discursive and institutional strategies as paths to counter the moves of the pro-project alliance seeking to establish hegemony.

The case of Vlora IEP shows that contesting civil society groups can mobilize the public and raise their concerns at the point of stopping an energy project backed by the government and oil companies. It is by using several techniques to counter the discursive and institutional strategies of the pro-IEP forces, and particularly by socializing MDBs and international NGOs, that they generated conditions for better environmental governance even in the post-communist context.

In 2005 contesting civil society groups gathered 14,000 signatures for a referendum regarding the development of the hydrocarbon storage. The Central Electoral Commission turned down this request, on the basis that the site of the project was just outside the city's boundary. Also the head of the Central Electoral Commission stated that the project was approved by the Parliament at the national level, and it could not be subject to a local referendum (Albanian Media Agency. 8 October, 2011). Another request for a local referendum was filed by the City Council of Vlore in October 2007, and the State Central Electoral Commission rejected the request on formal grounds.

The start of the construction for the Vlora TPP and La Petrolifera coastal terminal and the rejection of the request for referendum led to more protests by the contesting groups. In late December 2007 and early January 2008, the contesting groups blocked the road to the construction site. After nine days of this, local police forces intervened,

arresting ten protesters including Eneid Hamzaj, the leader of the Vlora Student Movement, and two leaders of small local businesses who were part of the contesting groups (BalkanWeb.com. 28 December 2007). Those arrested were detained between several hours and one or two days. Coupled with this strategy of suppressing contesting voices, there was a policy of close monitoring of the phone communications of the activists, by local security services (Interview 35 and 36, contesting groups representatives, 2010; CEE Bankwatch Network, December 31, 2007). The coercive force of the state institutions used for intimidation speaks to the neo-Gramscian tools where the institutions play a key role in ensuring the maintenance of hegemony. The intimidation took also other forms. For instance, they did not have ready access to the information they required and in most cases had to rely on the use of personal connections. The pressure was extended to all members of this movement, “especially those in the leading positions and the businesses that supported this movement. The pressures and threats were about losing their job positions, family members and fiscal problems for businesses and so on” (Interview 38, representative of CAPBV, 2010). In a country where employment in public administration is partisan and constitutes a significant number of the employment positions, it is difficult to engage in civic participation that is critical to the policies, when under pressure of losing the job.

Pressure toward contesting groups originated from consenting civil society groups. Some of the issues that they raised were that the CAPBV was seen as a group of “enemies of the country aiming to damage the geo-strategic interests of Albania” (Myftaraj 2007). The intimidation techniques are also an indication of the difficulty of

broadening the scope of the movement. In my interviews and speaking to people in Vlora this was very clear. It was easier to get interviews from activists who were retired and from experts or activists who had been open about their criticism in previous campaigns. Moreover, the general trend that I noticed during my field research was that it was easier to get people to speak openly if they were already in a position of power or spoke from an expert's perspective than it was to get to speak with people that had been involved with the project but were in more precarious situations when it came to their jobs. The small business owners were not shielded from pressures either. As a result of protests against the 'Energy and Industry Park', two business owners whom I spoke to were arrested and detained for a week. Their phone calls were constantly monitored and the same applied to one of the notaries that assisted the movement with legal advice (Interview 35, contesting groups representative 2010)

The control from the government facilitated a situation where the phenomenon of consent and contestation became more visible. The CAPBV found its support mostly among the tourism agencies and the new social movement "Mjaft" (Enough), which represented the views of young Western-educated professionals. The other major support came from some of the media. Another significant element of this group were the experts, such as environmental and forestry engineers and doctors. While it was difficult for the CAPBV to reach out to the experts that were already in serving positions either with the government or businesses, they tried to solicit the support of the experts who had experience working with oil industry, forestry and that had primary knowledge of the air and water conditions of the city as well as the history of health issues (Interview 40,

contesting groups representative, Albania 2010). All of these groups along with other environmental and human rights organizations in Albania formed the contesting groups around the Vlora IEP.

The Universities, on the other hand, along with other media provided their support for these projects. Their consent was based on the need to support their country's development and encourage infrastructure that would fuel the economic growth. The management of Vlora University in particular was in favour of these projects to be developed. As a CAPBV representative pointed out to me "the President of the University would show up in meetings next to the CEO of La Petrolifera. But professors in the university were part of the Alliance and of this movement, not as representatives of the university, but as independent citizens" (Interview 38, CAPBV representative 2010). The differences in the positions of the Universities as elements of the civil society were further highlighted by the split that occurred between the leadership of the University and the student organizations. From October 2007 on, the Vlora Student Movement became part of the series of protests against the oil terminal as an element of the IEP⁷⁶. The Student Movement represents the views of future generations and their inability to have access to information and expertise of their own. The difference between the administration of the university and its groups constitutes a classic example of a split within civil society itself, especially with regard to environmental and human rights movements (CEE Bankwatch 2008 p: 27).

⁷⁶“The student Movement interrupted the public meeting organized by Petrolifera at the University grounds on 21 November, throwing eggs, fish and used diesel at Gazmend Shalsi, Petrolifera's representative. The protests escalated at the turn of the year when people blocked the access road to the construction sites thus preventing further progress on both sites. The protest saw the arrests of 20 people, including five members of the Vlora Student Movement” (CEE Bankwatch, 2008 p: 27).

The contesting civil society groups met with the government representatives, where they were treated as stakeholders where they presented their views. All that came out of this meeting from the NGOs perspective was that those meetings were reported as meetings that were held with the civil society but nothing changed from the government plan. “We also met the President, the Ombudsman, the Minister of the Economy and every other institution that we could, but there was not change” (Interview 38, CAPBV representative 2010). The Ombudsman reassured the representatives of the CAPBV that the right to a referendum is a constitutional right and he was committed to presenting the request to the Constitutional Court. In addition he considered the CAPBV to be an important organization of helping with recommendations towards the improvement of the legal framework for local referendums (‘Ombudsman will help for referendum’ Vlora ne Rrezik, March 4, 2008).

The communication with the national institutions and the endeavour to make a change through institutions at the local and national level proved futile for the contesting civil society. It was then when they turned to the MDBs, the World Bank and the EBRD. Although the IEP was a creation of the Albanian government and constructed and operated by private companies, the elements within it would be funded by international financiers either fully or partially, which gave these projects an international dimension. Although some of the articles published during the time of the protests caricatured the role of the World Bank and its representatives in Albania, in hindsight, the role of the MDBs was considered constructive with respect to their environmental policies as well as with regard to their creation of spaces for the engagement of civil society and for creating

a bridge to connect with the home government. In the words of a representative of the Alliance,

the reason why we approached all the international institutions that we could, was to lobby against or to oppose these projects. We did not have a determined agenda, we acted in accordance with the opportunities as they came up. The Banks do not have bad environmental policies. If followed strictly, these policies are effective. EBRD has very progressive policies in this respect. . . . If their policies would be implemented properly the results would be different. In the meetings that we have had with the Banks, we have asked for a withdrawal of their support for these projects, this in turn would facilitate our fight with our own government (Interview 38, representative of the CAPBV, 2010).

The CAPBV took the case of these violations to the UN Aarhus Convention Compliance Committee (ACCC)⁷⁷, which showed in 2007 that the environmental impact assessment did not show enough opportunities for people affected by these projects to participate in decision making. Following this request, the Aarhus Convention assessed the matter and reached the conclusion that the public had not been informed adequately in accordance with the expectations of the Convention. In 2005 the European Union in its country report evaluated the location for the construction of the TPP as unsuitable from an environmental and economic perspective (Klosi, 2007).

The lack of public participation and the inconsistencies with the environmental impact of the thermo-power plant on the beach, the sea and the city at large were also acknowledged by the EBRD and the World Bank. The investigations from the EBRD and

⁷⁷ Albania has been beholden to the UN Aarhus Convention since 1998. The Aarhus Convention was signed by thirty-nine European states and it was entered into force in October 2001 (The Aarhus Convention). It grants rights to the public to voice their concerns about the environment and it closely links the right to a healthy environment to human rights. Under this Convention the public is entitled to access to information and participation in decision making for projects with environmental implications (Schrijver and Weiss, 2004).

the World Bank were done by the IRM and the Inspection Panel, respectively. The Inspection Panel has recognized that this is a case that needs to undergo investigation and concluded its report in October 2009. The Inspection Panel found the World Bank not in compliance with its own due-diligence requirements. The panel acknowledged the requests of the contesting groups that the environmental impact assessment should have been more extensive and the affected communities should be included in the decision-making of the projects from the early stages of the project (The Inspection Panel, October 22, 2009). The IRM, too, concluded that EBRD failed to ensure full consultation of the public regarding the allocation of the plant, and it warranted remedial changes to the Bank's practices and procedures, and it also pointed out the bank's non-compliance with its own policies regarding the inadequacy of the environmental impact assessment.

The contesting civil society groups also considered the result of the Aarhus Convention as one of the biggest successes of that movement even though the government of Albania still did not comply with the punishment given by the convention. Nonetheless for the Alliance "this was the victory of a moral trial and the precedent was set that the law-makers, or the government of Albania or the parliament of Albania, cannot act without asking the community. This meant that from now on there is far more prudence on the side of state institutions, but more importantly there is public awareness that there should be the involvement of the public in decision-making as well as they should be informed about the impact that an industrial project would have on the community and the surrounding environment (Interview 39, contesting groups representative, 2010).

The fact that the number of projects to be built as part of the IEP was reduced to specific projects, like the Vlora Thermo Power Plant and La Petrolifera, was an achievement for the civil society. Another success of the Civic Alliance to come six years later, was about the oil pipeline named Trans-Adriatic Pipeline, which could have passed through the Bay of Vlora, changed its route as a result of the CAPBV action⁷⁸.

In their struggle for democratic environmental governance the contesting civil society groups employed a boomerang model of politics successfully, in order to expand their resistance and to gain the support of other contesting civil society groups as well as to hold accountable the actors pushing for the IEP through different institutional mechanisms. At first they used information politics by mobilizing the written and spoken media in order to disseminate information about the IEP as well as the laws and other institutions present in Albania and that had made possible the agreement for this park. They also used the symbolic politics by referring to the Narta Lagoon as a protected area, but also as the site where the first Jewish communities settled in Albania. These groups used the tactic of leverage, when approaching and gaining backing for their cause from the Aarhus Convention. The tactic of leverage was also used when they included in their network the CEE Bankwatch. This proved to be a key step in their struggle for more democratic environmental governance and inclusiveness. The cooperation with the CEE

⁷⁸This was confirmed by the representative of TAP in Albania in 2007 (Vlora ne Rrezik, March 4, 2008). On 26 June 2013 the government of Azerbaijan announced that it has selected the Trans-Adriatic pipeline as the option to transport gas from the Caspian into Southeastern Europe and to Western markets via Italy. The Trans-Adriatic pipeline has been supported by the European Union due to implication on energy security and reducing the dependence on gas imports from Russia. More importantly this pipeline has been used by the Albanian government as one of its achievements. In a similar fashion to the Haydar Aliyev declaring the BTC pipeline as the 'the contract of the century', Sali Berisha Albania's the then prime minister called TAP 'the project of the century' for Albania. The significance of TAP for Albania is that it links the country to the energy grid that supplies to Western markets as well as for the economic benefits. Albania expects to benefit in terms of investment, employment opportunities, and low gas prices (News Top Channel, June 26, 2013).

Bankwatch not only put the Albanian groups on the map internationally, but the Bankwatch also had more financial resources, expertise and experience to conduct a fact-finding mission which backed the claims of the local contesting groups. Because the CEE Bankwatch is considered to be a watchdog NGO for the activities of EBRD in the post-communist countries (Interview 15, EBRD Representative, London, UK, 2010), their presence provided more legitimacy as well as an institutionalized ground for the groups that contested the IEP (and later on its specific elements) to approach the Aarhus Convention and MDBs' grievance mechanisms in order to get their claims addressed. The result of the accountability tactic was that the Albanian government had not fulfilled its obligations under Aarhus and both MDBs involved with the Vlora TPP (one of the elements of Vlora IEP) had not followed their own due diligence procedures. All of these played a role in rendering the TPP non-functional even after its construction.

A broad theoretical implication of this struggle is related to the relationship of liberal democracy to environmental conflicts. The process of accountability, transparency, and local governance were tools that liberal democracy offered in the post-communist Albania. However, as this case revealed those mechanisms did not fully work. The mechanisms of liberal democracy – as practised in Albania – proved insufficient to capture the concerns of a society at large. Hence, the voices of the contesting groups indicate that there is a call for a different form of democracy that is more akin to an ecological democracy. A large part of their struggle raised the protection of nature as a cultural and identity value that needs to be passed down to future generations. They also requested better forms of inclusiveness such as direct participation and deliberation in

decision-making. Via employing elements of a GPB integrated frame we can discern the interests that go into the making of a continual state of lack of transparency and accountability. Moreover, we can see those sites of resistance that call for environmental justice as harbingers of an ecological democracy.

5.8 Conclusion

This chapter has brought an integrated frame based on Gramscian toolkit combined with a Polanyi's notion of commodification of nature and the boomerang model of politics to bear on the Vlora environmental conflict. At first, the Gramscian part shows how material, discursive and institutional forces come together to further the IEP project. The act of aiming to establish hegemony generate resistance, which in this case originated mainly from the society as the disembedding from nature started to become more real with the construction of the elements of the IEP. Polanyi's notion of disembedding helps in understanding the potential for resistance when nature is at risk of being disfigured and eventually disembedded. The boomerang model of politics helps us understand how the opponents of IEP socialize and communicate with each other nationally and at the international level.

In the Vlora case, society was mobilized as it witnessed the threat of water and air pollution, airborne diseases caused by the industry of oil in the city's vicinity and the diminished potential for the development of tourism, which is closely connected to the culture and identity of the city.

The struggle around the Vlora IEP shows that there are two competing sides in this conflict: the alliance that sought to achieve hegemony and contesting groups who

opposed it. MDBs are actors as well, but they are unique in their alignment in this environmental conflict, with interests on both sides and serving as interlocutors. Neo-Gramscian notions of hegemony formation, and justificatory and institutional strategies that underpin helps us to analyze the alliance that was trying to push forward the construction of the Vlora IEP at low cost. The pro-project alliance led by the government of Albania tried to push forward its vision, by presenting the project as common sense, for addressing the need for economic growth and the energy crisis. The efforts of trying to present the construction of the IEP as the most natural path to follow, was not completely successful as some civil society groups contested it and organized a resistance against its construction by presenting their alternative vision.

This case also demonstrates how state mechanisms were used to push forward the vision and material interests of the oil businesses, which could conduct their business at low cost. Namely the arms of the Albanian state, such as the Central Electoral Committee, the Ministry of the Economy and Industry, and the police all played a central role. Perhaps the importance of these institutions was heightened in order to work with a handicap of the Albanian state, which is the lack of their material capabilities. Their reliance on soliciting investments and forging ties with international oil companies created a weakness, identified by the civil society, which although small in numbers, managed to change the situation in their favour and undermine the further developments for the Vlora IEP.

The pro-project actors failed to successfully impose their vision, because the risk of pollution from such a magnitude of oil-based projects also threatened the potential for

the development of tourism in Vlora. The prioritizing of the economy over nature that sprang from the neoliberal mentality of cutting costs led to the negligence of community's opinion and underestimation of the local identity and those material interests that were connected to preservation of nature. Eventually the pro-IEP actors failed to convince the community and local NGOs. The part of the project that was built was done so without the consent of communities, which was recognized by international institutions to which Albania is beholden. In this case we have an example of an alliance that was seeking to establish hegemony, but was unable to attain it fully. This weakness proved vital for contesting groups and gave them an opening to turn the situation in their favour. Contesting groups pushed forward their vision by raising local and national material interests in a re-framed way that placed alternative forms of development such as tourism against those presented by the pro-project alliance. They recast these material interests and vision in a way that resonated with local communities, businesses and local identity of the city.

Although the contesting groups were faced with blocked channels at the national institutional level and at the managerial branches of the MDBs, they generated broad community support and thereafter regional and international support among NGOs. In this way the voice of the contesting groups led by the CAPBV was amplified as they contacted the MDBs accountability mechanisms.

MDBs performed a double role. They helped in strengthening the pro-IEP alliance by being part of it, but at the same time with material capabilities. Moreover their ideology of inclusive neoliberalism provided a discursive strategy that solidified the alliance, while

it appeased civil society. MDBs technique of including the civil society was successful to generate consent in the society. Despite the scepticism about MDB's involvement, the contesting groups also saw MDBs as an encouraging element towards democratic environmental governance. It turned out that MDBs recognized several breaches of due diligence in their procedures with regard to public information and participation in decision-making of local communities.

The importance of Gramsci, Polanyi and boomerang model of politics in this case is that they provide the necessary analytical tools, which even in such contexts where transparency is lacking, can help in shedding light on the complexity of the process of generation of consent and contestation towards forwarding principles of ecological democracy.

Vlora IEP experience shows that environmental democratic governance is generated through a combination of civil society resistance and MDB mechanisms. By making reference to national identity, the importance of nature for cultural reproduction and the path of tourism can at least partially stop an energy project supported by the government and oil businesses. This case demonstrates that change and democratic environmental governance is produced through a process of consent and contestation even in the post-communist context.

Chapter 6: Conclusions: Case studies and the integrated frame. Implications for democratic environmental governance

In this dissertation I have examined how the struggle for democratic environmental governance around energy projects unfolds in post-communist countries.

Environmental conflicts in post-communist settings in particular, bring to the fore the interests of the forces that advance neoliberal policies of privatization and liberalization, which are often at odds with the interests of groups that try to protect their traditional safeguards in relation to nature. A study of environmental conflicts in post-communist settings offers the advantage to see how real the commitments to 'democratic' transitions really are. Looking at these types of conflicts through a political economy approach allows us to observe that fundamental inequalities often remain and are even exacerbated, thereby challenging assumptions of justice, equity, democracy and the idea of progress that is implicit in the transition discourse.

This research is guided by two sets of questions: one theoretical and the other substantive. Substantively, this project asks: What are the relations of power that condition environmental governance around the extraction, storage and transportation of hydrocarbon resources in the post-communist context? What is the role of civil society actors in the processes of contestation with other actors such as national governments and oil businesses? How have multilateral development banks dealt with the conflicting parties and how have they influenced the outcome of the conflict? What do conflicts around environmental implications and inclusion in decision making reveal about the prospects for democratic environmental governance in these post-communist countries?

Theoretically, it asks: Are the dominant perspectives on environmental governance, such as neoliberal institutionalism, sufficiently comprehensive to help us understand what actors and forces shape the outcome of environmental conflicts around resource extractive industries in post-communist settings? What does an alternative frame drawing on critical political economy - Gramsci and Polanyi in particular - and Keck and Sikkink's boomerang model of politics contribute to our understanding of the actors and forces that shape the outcome of environmental conflicts?

The BTC oil pipeline and Vlora IEP, the two case studies dealt with in this dissertation, are two energy projects pushed forward by the governments of Azerbaijan, Georgia and Albania. In addition to the host governments, these energy projects were also supported by other powerful international players such as oil businesses, MDBs, European Union and the United States. The advancement of these projects was followed by increased levels of civil society activism during the time period 2002-2006, and 2005-2009, respectively. This activism originated from different layers in the society in these countries, as well as from international civil society networks. The resistance originating from these activities acquired an international character much like the character of the actors that pushed these projects forward.

I look at these case studies through an integrated frame that includes tools from Gramsci, Polanyi, and Keck and Sikkink's boomerang model of politics. This is a framework that provides means to understand the power dynamics and strategies that go into enabling or hindering a democratic form of environmental governance. The specific tools that this frame brings are Gramsci's notions of hegemony, common sense and

material capabilities, institutional arrangements and justificatory discourses that underpin hegemony. These tools are key in helping to identify the actors and forces that come together to support and push forward the energy projects to begin with. The project is considered successful when its building is widely accepted by the society and this is facilitated by the formation of hegemony. Since hegemony is never an absolute state of being, it generates resistance. In order to understand this resistance, the integrated frame draws on Polanyi's concept of commodification of nature and the disembedding that may result from it, Gramsci's notion of civil society and Keck and Sikkink's boomerang politics. All these tools help to tease out the struggle for democratic environmental governance around energy/infrastructure projects in post-communist settings.

This chapter proceeds as follows. First, I introduce my integrated frame through illustrations from the case studies. I compare the cases and analyze the interactions of different actors involved in both. This chapter speaks to different bodies of literature: the network model (a version of social constructivism), Gramsci and Polanyi scholars, and ecological democracy. I conclude by addressing the outcomes for democratic environmental governance of the two case studies.

6.1 The integrated frame and case studies

The integrated frame that I have developed in this thesis enables us to analyze the engagement of two unequal forces in environmental conflicts, the alliance seeking to establish hegemony and the resisting groups, involved in energy project in post-communist countries. The tools provided by the GPB frame allow us to detect the concert of actors and forces that push forward the energy projects. This is done by drawing on

Gramsci's notions of hegemony formation, and material, institutional and discursive strategies that underpin hegemony. Second, we can understand the resistance that is provoked via the attempts to establish hegemony by relying on the notion of society as an actor and site of resistance, informed by Polanyi's and Gramsci's concepts and augmented by the tactics that Keck and Sikkink's boomerang politics suggests.

Based on the dynamics that I observed in the case studies, I maintain that drawing on Gramsci, Polanyi and Keck and Sikkink's boomerang model of politics provides a relatively comprehensive picture of the struggle for democratic environmental governance around energy projects in post-communist settings. Through these lenses it can be shown that environmental governance in the post-communist countries is conditioned by the interplay of material capabilities, discourses and institutions among two main groups of actors: those that push forward the energy projects, which in the process result in the commodification of nature, and those that resist the potential environmental and social impacts of the energy projects.

In the rest of this section I present an analysis of the case studies through the steps of the integrated frame. A synthesized view of the integrated frame is presented in the Illustration 6.1. In this illustration the single arrows represent forces that one actor exerts on the other, while the double arrows represent interaction forces bonding two actors together.

6.1.1 The origin of the conflict

Gramscian scholarship would suggest that the proponents of large hydro-carbon based energy projects, given their potential to cause negative impacts on the environment,

would have to pursue the formation of hegemonic conditions in order to push forward their vision. Hegemony necessitates a material, institutional and ideational convergence of forces. The formation of hegemony implies that there is also resistance to be countered, which in the case of these energy projects typically comes from environmental and human rights movements.

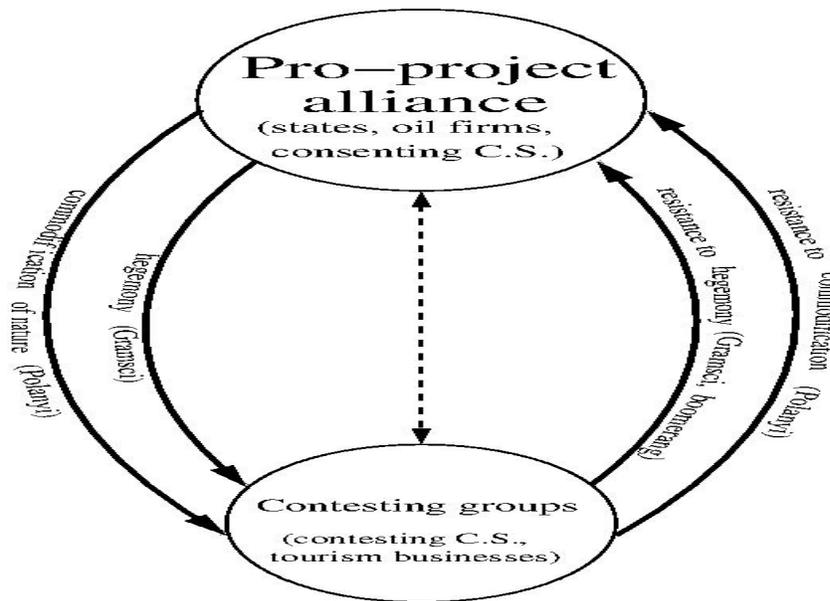


Illustration 6.1: A view of actors and forces of the integrated frame without MDBs

As the analysis in the case studies revealed, the constellation of actors that strive to establish hegemony is an alliance between different governments in post-communist countries, governments of western developed economies that support businesses and investment in post-communist countries, oil businesses and MDBs. Pro-project alliances come together via shared material interests. The local government representatives stood to benefit, financially and politically from opportunities emerging out of liberalization and privatization policies undertaken as steps towards the establishment of market

economy. The western governments had the primary interest of ensuring secure sources of energy. Western oil companies had an interest to access Caspian oil reserves (as in the case of BTC), and to control the transit ways for transportation of hydrocarbon resources to Western markets (as in the case of Vlora IEP). MDBs as financiers of the projects shared in these material interests through providing loans that would provide financial returns.

In the process of seeking to establish hegemony, this alliance of forces is also in a constant move to diminish the resistance that it provokes within civil society. Hegemony is exercised more easily when the interests of a few are presented as the interests of all. As part of these efforts, actors like businesses and states deploy discursive and institutional strategies to generate increasing consent within the civil society.

In both cases the institutional strategies deployed by the pro-project alliances were of national and international nature. In the case of BTC oil pipeline, they included agreements between host governments and oil businesses. The regulatory practices that contributed in the consolidation of the pro-project alliance were the intergovernmental agreements signed among governments of host countries, the signing of partnership and cooperation agreements between EU and Azerbaijan, and EU and Georgia. Moreover the prospects of membership for these countries in NATO and European Union, served as institutional guarantee for the success of the project. In the case of Vlora IEP, regulatory practices had a national character including contracts between government and oil businesses and other institutions like the Council for Territory Regulation of the Republic of Albania and the Central Electoral Commission.

In terms of justificatory discourses the forces seeking to establish hegemony employed similar strategies in both case studies. They used the powerful discourse of economic growth, progress, national pride and other ideas that appeared as common sense to the society at large. In both case studies, part of the justificatory discursive strategies was also the discourse of promoting the projects as crucial to countries' geopolitical position as well as their economic well-being and the ability to overcome the transition period. In the case of BTC this discourse was extended to include the urgency of territorial integrity and the consolidation of sovereignty. These strategies highlighted the material benefits associated with the projects, such as promises about increased employment opportunities and other possibilities for investments in transportation and educational infrastructure. While this characteristic was highlighted quite strongly in these cases of the post-communist context, it is not a unique pattern to the this context. Such patterns are more generalizable in the context of the global south, where the necessity for employment generation and the need for economic growth is dire, compared to the industrialized western context. Nonetheless, such discourses are not uncommon even in the industrialized West, although arguably in a lower extent. For instance, the discourse of job creation, and energy independence is quite prevalent around pipeline politics in Canada as well. Thus the pro-project alliances utilized different discursive strategies and institutional arrangements that created the conditions for the formation of hegemony, which in turn would reassure that oil extraction and transportation remained uninterrupted.

According to Gramscian scholarship the efforts to establish hegemony cause the first acts of resistance. In both case studies the projects were seen as beneficial for the country and the local communities were awaiting to benefit from such projects as promised, until prior to the construction of both energy projects. My field research confirmed that there is no recorded organized resistance during the planning phase of either of the projects. This is in accordance with Gramscian scholarship's suggestion that the pro-project forces seek to establish hegemony as pervasively as possible, because they are aware that their proposed direction is likely to generate resistance. Hence in the case of BTC and Vlora IEP, the pro-project alliances had been successful in imposing their vision, through generating consent in the society, through institutional arrangements, and by keeping the projects within the realm of experts and government bureaucrats.

In both case studies an organized resistance became visible after the planning phase of the project and months prior the construction of the energy projects. Polanyi would suggest that we seek to understand this resistance by examining how the energy projects contribute to the commodification of elements of nature, which in turn are seen by the society as acts of disembedding of nature.

6.1.2 Resistance and the struggle for democratic environmental governance

In Polanyian terms, participating in the international trade of natural resources is a direct form of commodification of land, by mobilizing a resource from an area where it is abundant to the industrial core of the market. According to Polanyi, because land serves as humanity's site of habitation and its landscape, and because around this land

communities organize by building material and non-material connections and communications, society is likely to resist nature's commodification as only a 'resource'. Additionally, the trade of hydrocarbon resources is associated with other risks, such as soil and water pollution, soil erosion and climate change. These risks set other constraints for the cultural reproduction of the society. Under all of these pressures originating from participating in the market economy through the sale of hydrocarbon resources, we are likely to witness social resistance.

Despite the promises made by the pro-project alliances, when the construction phase of both energy projects came about, the communities were faced with a different reality. In the case of the BTC oil pipeline, some groups claimed that they did not get a share in the promised benefits of the pipeline, instead they even lost the source of income that they had generated previously from the use of the territory that would be crossed by the oil pipeline. In Georgia, the communities along the BTC route became vocal especially during the construction phase, even though NGOs in Tbilisi had been speaking about its potential impacts well before the construction began. The local communities joined the struggle of NGOs when they realized that the construction of the pipeline had affected their water source, their houses, the loss of tourists that frequented their Borjomi summer resorts, the destruction that it caused to the bees that they owned, to the orchard of trees, and lack of compensation for arable land. The same happened in the case of Vlora IEP where the local communities vocalized their concerns, especially when some of the inhabitants in the area were faced with the reality of being removed from their homes, and when the risk of environmental harm started to become more tangible for

their tourism businesses and aesthetic and symbolic qualities of natural sites surrounding the city of Vlora.

Hence, the case studies revealed – as suggested by Polanyi's notion of commodification of nature – society reacts when faced with the commodification and disembedding of nature. Resistance can derive from those groups or individuals that value nature for its aesthetic and symbolic qualities, but it can be more salient when it originates from those communities that rely on nature for their subsistence. The latter groups are affected by the disembedding of nature, an act that directly challenges their very way of living. In my case studies I did not observe a full disembedding of nature. Rather, I observed a partial disembedding of nature – initially through the commodification of one element of nature such as hydrocarbon resources, and then more completely as that commodification led to the reduction of cultural and economic importance of the nature in the vicinity of the energy projects. This reduction is the everyday experience of what Polanyi meant by the effects of the disembedding of markets from society (and by extension, from nature).

In terms of cultural importance, disembedding was experienced and expressed in the resistance that linked the potential pollution of the national parks, the sea and cultural sites as they were linked to the identity of the community or of the country more broadly. Economically, the partial disembedding could be seen in the reduction of the value of a diminished nature. In both case studies, nature was already used for economic purposes through touristic businesses, but the use of nature for storage and transportation of hydrocarbon resources was seen by the communities as a higher degree of disembedding

with more acute ramifications. The lack of inclusiveness in decision-making was another characteristic of the disembedding process, as the decisions about how the land/sea would be used and developed were taken by people that were 'remote' from the environmental risks, to use Plumwood's (2005) language, while the affected communities had not had a direct say in the decision about the development of their surrounding nature.

In Polanyi's terms the nature-society relation is a strong one. Hence, once this bond is challenged, society's resistance is inevitable. Polanyi scholars would suggest that the commodification of nature exasperates society's resistance (Bernard, 1997). While Polanyi elaborates extensively on the reaction of 'society' to the disembeddedness of the three elements (labour, nature, money), he does not discuss where in the society the agency of change lies (Burawoy, 2003). Polanyi does not explore the elements that constitute society and how different groups in society connect into forming a strategy for resistance to the market. My case studies confirm this handicap of the notion of 'society', which remains limited in its analytical power in the post-communist settings as well.

Different from what Polanyi's notion of societal resistance suggests, the case studies revealed that the society's reaction is not monolithic. My integrated frame suggests that in order to understand who in the society reacts we can draw on Gramsci's notion of civil society as an arena of contestation and of consent generation. The case studies confirmed this expectation as the reaction to the energy projects was divided between groups that supported the projects and others that contested them.

In each case, the pro-project alliances pushed the project through discursive strategies, employed particularly to increase its support in the society and to expand their

base in the groups providing consent for these projects.

And as a result of this pressure in each country, civil society did not act as one whole. The BTC experience revealed that the civil society engagement was characterized by those providing consent for the views of the pro-project groups, and others that contested the project. This phenomenon was particularly visible in Azerbaijan, where a number of NGOs formed a coalition demonstrating their support for the oil extraction in Azerbaijan and the construction of the BTC oil pipeline. Along with pro-BTC NGO's in Georgia, they maintained their firm position that oil development and pipeline construction was beneficial for the societies of both countries. Via their campaigns, these NGOs countered the assertions of the contesting groups regarding the negative impacts of the oil development projects on communities and nature. The fragmentation of society is further illustrated by the contesting groups themselves, where there were groups that took a moderate position, such as Organizations like Open Society Foundation, Oxfam, Eurasia Foundation, which were involved with the contestation groups in order to support their activities through organizing conferences and by providing financial assistance. Some other groups stood out to have a more radical position.

The case of Vlora IEP shows a split of civil society as well. This was illustrated by the opposing positions that were held by small businesses and experts that were to benefit from the opportunities offered by the construction of the Vlora IEP, and tourism-based businesses. Another peculiar example was the split between the administration of the University of Vlora, which supported the construction of the IEP, as it saw an opportunity for investment in the city, and the majority of professors and student body,

who opposed it on the basis of potential environmental risks and the lack of public participation in decision-making on this project.

The case study experience also showed that the contesting groups were faced with strong pressure from the pro-project alliances, which constantly tried to co-opt or to reduce any signs of resistance. By using the state apparatus, the pro-project alliances tried to stop the resistance, and to minimize it, through methods of intimidation and coercive branches of the state. For instance, when critics raised matters of environmental risks (in Georgia) and lack of employment opportunities (in Azerbaijan) and asked for stopping the construction of the BTC oil pipeline, they were qualified as “enemy of the country”. In the case of Vlora IEP the critics were called “communists” and “anti-development”. Peaceful protests against these projects were met with repression from the police and the critics of these projects were continuously under surveillance. Moreover, corruption may have served as a glue that held together the pro-project alliance and facilitated their ability to generate consent in the society, while simultaneously it tried to obstruct the resistance. For instance, in a village in Azerbaijan, where all the BTC job opportunities were given to the relatives of local bureaucrats, the villagers who reported their concerns about the construction of the BTC, to other activists conducting fact-finding missions, they were accused by the local chief (Mudir), as 'liars and alcoholics'. Such practices were common especially in the rural areas.

Thus, when resistance is localized, such as around energy projects, and when the democratic practices are not well-established, the resistance of society risks being isolated. In order to explain how resistance gains strength under such circumstances I turn

to boomerang politics (see chapter 3 for a detailed description). This is a useful model to employ in order to understand how contesting civil society groups manoeuvre in order to avoid their own isolation and to broaden their support.

Boomerang politics suggests that different tactics such as information politics, symbolic politics, leverage politics and accountability politics can be used by contesting civil society to attain their goals and broaden their base. In the rest of this section I rely on these four tactics to compare and express how resistance gained strength around the BTC oil pipeline and the Vlora IEP.

The two case studies confirmed the importance of the boomerang model of politics in studying attempts for democratic environmental governance in post-communist settings. In both cases, contesting groups were faced with lack of inclusiveness in the decision-making about the projects and lack of transparency from their home governments. The first move of the contesting civil society groups was to work on spreading information, by employing the media and informing the public especially by raising awareness among the communities that would be affected by the projects, but that were not aware of the projects' risks.

Then in order to gain more strength for their struggle they tried to broaden their support through the use of symbolic politics. They made reference to sites, symbols and stories that resonated with the local communities as well as with groups that had similar causes internationally. In the case of BTC for instance, they used the site of Gobustan reserve in Azerbaijan for its cultural and national importance, as well as the national and international reputation that Borjomi national park had in Georgia's heritage and pride. In

the case of Vlora, contesting civil society network made reference to the Narta Lagoon as a protected area as well as the site where the first Jewish settlement had taken place in the country. The use of symbolic politics resonated internationally, as they received the support from individuals who had cultural connections to these sites.

The other technique that was used was that of leverage, which is calling upon powerful actors to affect a situation where weaker members of a network are unlikely to have influence. When the contesting groups raised their concerns about the energy projects in all the three countries Albania, Azerbaijan and Georgia, the governments of the respective countries disregarded their requests. As a result of the closed channels of communications with the home governments, the local groups in each case forged ties with international groups, increasing in this way the weight of their impact. This created a larger network which increased the quality of the information that they could disseminate, and the pressure that they could generate on the involved governments and pro-project alliance more broadly.

The tactic of leverage proved more effective in the case of the BTC oil pipeline. Given that BTC was an international project involving many international actors, it attracted the attention of NGOs based in the United States, the United Kingdom, and more broadly in the continental Europe. All the activists that I interviewed in Azerbaijan and Georgia confirmed that the help of these international NGOs gave the local NGOs more importance. The connection with other international NGOs created opportunities for exchanging expertise, conduct fact-finding missions, writing reports and disseminating the information internationally. In the case of BTC oil pipeline, the network of contesting

civil society groups were able to write articles about the pipeline in the most prestigious newspapers in the United Kingdom and the United States drawing attention to the policies of British Petroleum and the implications that the trade of hydrocarbon resources and the construction of the pipeline would have for matters of inclusiveness and transparency.

The case of Vlora IEP also acquired an international dimension, even though it did not involve as many groups as the civil society campaign over the BTC oil pipeline. The local contesting groups attracted the interest of regional, and Balkan based NGOs. This engagement proved fruitful in the case of Vlora as it gave more voice to the contesting civil society groups in relation to the government. It also helped to carve a position for the contesting groups related to energy projects and other infrastructure projects with a long-term impact on the environment.

Accountability politics was utilized in both cases at the government and the MDBs level. Civil society groups took up the opportunities that the MDBs could offer. MDBs were placed in a peculiar position in the scenario that played out in both case studies. On the one hand they had vouched for and even funded the projects, while on the other hand they had well-developed policies and procedures to consider environmental concerns and engage with local communities. The contesting groups took advantage of the latter, by holding MDBs accountable to their own environmental policies and by putting pressure on the government and the oil companies.

This tactic proved more successful in the case of Vlora IEP as it led to the reduction of the number of elements that were planned. The contesting groups claimed

accountability on the Albanian government by winning the case at the Aarhus Convention. The support by Aarhus Convention was a successful deployment of boomerang politics by contesting civil society in Albania. Moreover, by using accountability politics at the level of MDBs, the contesting civil society groups managed to delay and halt the operation of the Vlora TPP.

In the case of BTC, accountability politics did not succeed in terms of stopping the project or changing its route, but it did help to receive compensation for some of the affected communities, and in making sure that they received the right amount of compensation. Moreover, when the contesting civil society groups realized that the construction of the pipeline could not be stopped, they focused on monitoring the construction and on mitigating the potential risks as much as possible. They made certain that the coating of the pipeline was up to the required standards of the MDBs and BP.

The boomerang model of politics explains the tactics that resisting groups employed in order to influence the practices governing environment in these post-communist settings. Society in Azerbaijan, Georgia and Albania did not have a full and transparent access in the decision-making around these energy projects. In an exercise of their agency, they created contacts with similar organizations in other countries to bring their case to the MDBs, and Aarhus Convention, which in turn put pressure on the states and businesses involved in the projects.

6.1.3 The equilibrium between the pro-project alliance and resisting groups

The case study of the BTC oil pipeline showed that the pro-BTC alliance was successful in pushing forward their project and vision. They pushed forward the project on the basis

of strong material interests combined with elaborated institutional and discursive strategies. The positions of the governments and the BTC consortium over the route of the pipeline were firm even towards significant business players, such as the Georgian Glass and Mineral Water Company, speaking to the powerful position of the pro-project alliance around the BTC oil pipeline.

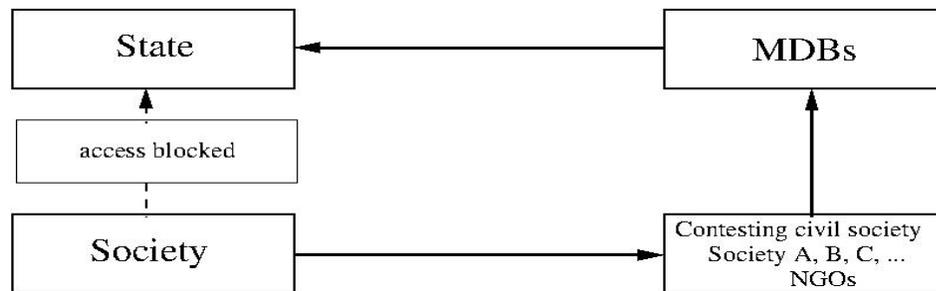


Illustration 6.2: A modified view of Keck and Sikkink's boomerang model of politics

A view of the modified boomerang model of politics, informed by the case studies of this dissertation is presented in Illustration 6.2.

In the case of Vlora IEP the pro-project alliance was not successful in accomplishing their goal of building all the elements proposed for the IEP. This case demonstrated how the state mechanisms were used to push forward the vision and material interests of the pro-project alliance. In particular, the arms of the Albanian state like Central Electoral Committee, the Ministry of the Economy and Industry, and police played a central role in defending the position that the elements of the IEP should be build by minimizing the resistance. The contesting groups succeeded in undermining further developments for the Vlora IEP by making effective use of boomerang politics and by heightening their resistance as they articulated the cultural and identity connection to the natural environment of Vlora. Thus, the final outcome is that this case

is an example of an alliance that was seeking to establish hegemony, but was unable to attain it fully.

In chapter 3 I discussed the different perspectives on MDBs, such as neo-Gramscian, neo-Polanyian and social constructivist ones. In line with the suggestions of neo-Gramscian scholarship, in each case MDBs played a role in assisting the hegemony formation actively.

MDBs were crucial actors in both cases as they performed an important role in achieving an equilibrium of forces that determined the eventual outcomes. On the one hand they helped in strengthening the pro-project alliances by assisting them with material capabilities. The MDBs helped the pro-project alliances by providing risk assurance, by financing part of the projects and by looking after the economic efficiency and environmental and human rights dimension of the projects. On the other hand they worked in accommodating the contesting civil society groups. Their practices of participation and grievance mechanisms provided tools that appeased contesting groups in civil society, while helping the pro-project alliances to forward their vision, see Illustration 6.3.

MDBs did not fully side with the contesting groups in any of the cases. Their continuous efforts to co-opt some of the groups within the contesting civil society revealed that they were partners in solidifying the position of the pro-project alliances towards achieving hegemony. This was especially salient in the case of the BTC oil pipeline. MDBs' technique of including civil society was successful in generating consent in the society, but their role in creating a climate for dialogue and contestation between

opposing groups should not be underestimated.

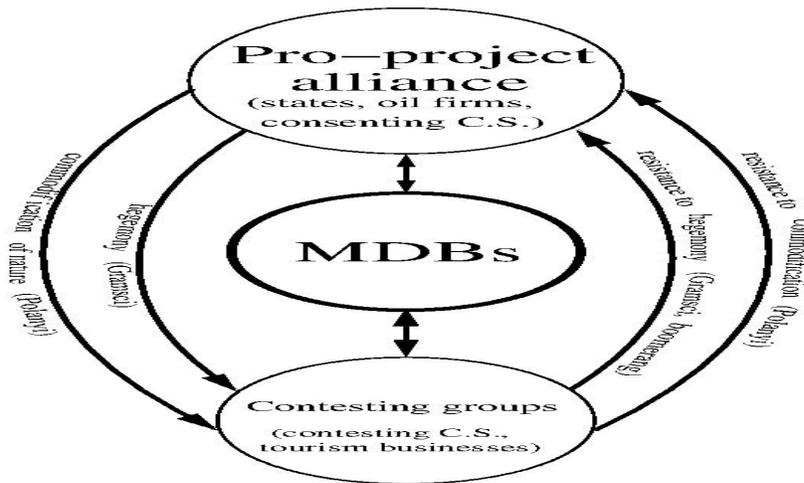


Illustration 6.3: A view of actors and forces of the integrated frame with MDBs

It is important to notice that the double role of MDBs is particularly striking in the case of post-communist transition countries. Although there was scepticism about their involvement among the contesting groups, in the end the critics also saw MDBs' involvement as an opportunity to push towards democratic environmental governance. For contesting groups, MDBs provided a site of mediation and an institution via which they could secure a seat at the table. The alignment of forces depends mostly on the power of the pro-project alliance, but also MDBs play a key role in establishing this balance.

6.2 Environmental governance outcomes

In relation to environmental governance, this study shows that, in the post-communist countries that are the focus of this dissertation, the insufficiently democratic regimes that have crystallized in the twenty years of transition continue to undermine the struggle for democratic environmental governance by creating barriers for deliberation regarding

socio-environmental concerns around energy development projects.

The two case studies confirm that sustainable development as a concept (as defined in chapter 3) remains elusive and parsimonious outcomes are unlikely in the post-communist context. The experience with the two case studies showed that the governments of these countries have incorporated the concept of sustainable development in their legal frameworks. They are also signatories of agreements that require the consultation of communities and the consideration of future generations in accordance with the principle of sustainable development. Yet the principle of sustainable development was not followed.

Both energy projects that were the focus of this dissertation were promoted as development projects that would bring benefits to the communities. Sustainable development suggests that all affected parties or stakeholders partake in all the steps of the project through providing input. This process of inclusion would ensure a high degree of democracy. Instead, in these case studies the groups that were affected by the outcomes of the project were not involved in decision-making process. Nature and future generations were not represented either. Some of the affected communities were engaged in discussion about their concerns only after they participated in the resistance that took place at the start of the construction phase of each project.

During the planning phase of both projects, the decision-making process was dominated by government and oil firm representatives, who engaged in discussions with each other and with MDBs. The latter's involvement in the decision making shows how much power the MDBs actually hold in this process. In the planning phase of both energy

projects, the contesting groups in civil society were non-existent. Even those groups of the society that were involved in the planning phase were experts near lower levels of governance such as municipality, or teams of experts who had previous links with government institutions. As a result during the planning phase democratic environmental governance was lacking. A schematic view of the actors' representation can be seen in Illustration 6.4⁷⁹.

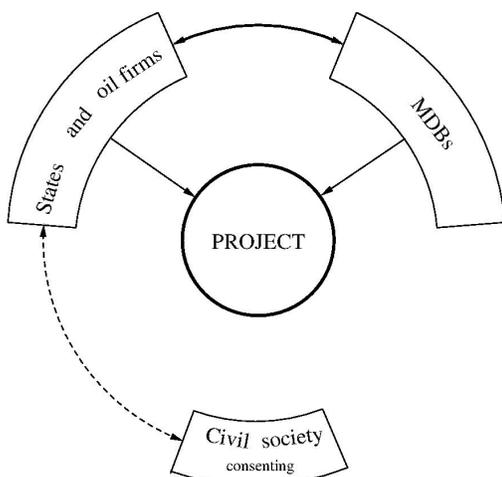


Illustration 6.4: A view of environmental governance around an energy project during the planning stage

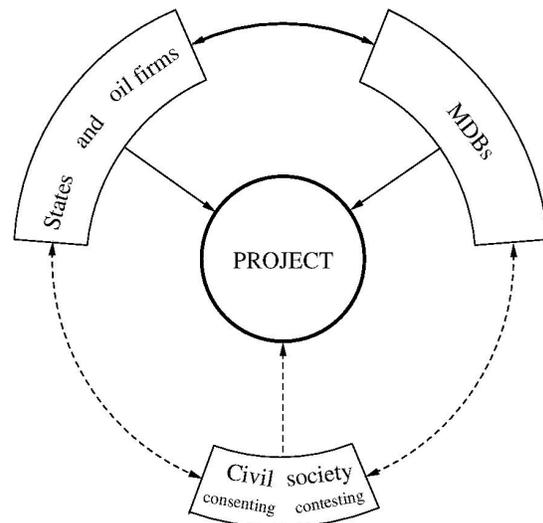


Illustration 6.5: A view of environmental governance around an energy project after the planning stage, following the resistance

Afterwards during the construction phase, contesting groups became vocal and joined the process, while attempting to influence the development around the projects by trying to stop them or to minimize their effects on nature and society. Some degree of communication between different actors was established at this phase. This

⁷⁹The discontinued lines between different actors, indicate the weak forces or bonds that existed between actors, even during the projects' construction phase. In this illustration (and the following), the single arrows represent forces that one actor exerts on the other, while the double arrows represent interaction forces bonding two actors together

communication consisted of meetings with the affected communities where the latter would express their concerns (though not addressed in most cases). This led to the establishment of some contours of environmental governance as more civil society groups and local communities joined the process and figured out ways via which they could express their grievance. This development is presented in the Illustration 6.5.

Requirements for sustainable development are also part of policies for every project financed by MDBs. The spaces for dialogue with civil society groups were provided by the MDBs as steps contributing to sustainable development. As suggested by scholarship drawing on social constructivism, the 'greening' reform of global project financing has created channels via which contesting civil society groups hold the governments and international oil companies to account (Park 2005; Park and Vetterlein 2010; Martin and Simmons 2012). In both case studies MDBs presence in the project was important, because by using their regulations, local NGOs, with the help of international NGOs were able to bring about some transparency to the process and to raise their environmental and social concerns related to the projects.

However, the experience with the case studies revealed that sustainable development goals adopted by these MDBs can be overlooked, depending on the project and the actors involved. The case of Vlora IEP is significant here. In this case, MDBs did not follow their due diligence with regard to the information and consultation of affected communities about projects' environmental risks. This case demonstrates that although MDBs had incorporated sustainable development policies in all their project financing, if left to their means and attending to governments with poor institutional

frameworks and lack of responsibility to their citizens, it is likely that they will favour cost saving over environmental/social concerns and the inclusion of the public in decision-making. This finding is in line with the results of other studies drawing on neo-Gramscian approach, that MDBs serve as institutions helping to facilitate the formation of hegemony (Cammack 2004; Ruckert 2006, Carroll 2010). The policies of civil society inclusion and participation in the energy projects is then a move towards fulfilling their material interests: as part of the pro-project alliance and in pursuit of generating social consent, they offered the spaces that they had carved for the inclusiveness of civil society.

This study, adds a nuance to the neo-Gramscian reading of the MDBs's role, that in this process where MDBs align with other pro-project forces to push for the formation of hegemony, contesting civil society groups might find opportunities that increase their influence regarding environmental governance outcomes. In each of the case studies, at first, the role of MDBs was seen with optimism only by consenting groups. Later, as the projects progressed, even the contesting groups within civil society turned to the mechanisms provided by the MDBs and socialized them in order to bring about some degree of democracy to environmental governance. As a result, the two case studies showed that the presence of MDBs in the environmental conflicts speaks to the role that their policies of sustainable development could play in creating spaces for democratic engagement in environmental governance. Thus, in the post-communist context, the MDB's 'greening' reform and civil society inclusion can prove useful for contesting civil society groups to open up a space where antagonistic visions of development are expressed.

The implications of civil society engagement for governance in Azerbaijan, Georgia and Albania were several. First, the crystallization of ideas for better environmental governance became apparent. Second, the contestation of these energy projects had implications for governance more broadly. The BTC experience, for instance, helped to strengthen existing organizations, and more importantly it encouraged the creation of other civil society groups, which in turn helped to enhance local governance.

Third, the struggles around these energy projects also contributed to the development of a civil society network across the region. Ultimately, the network constituted by local communities and local and international NGOs questioned the liberal model of democracy that is advanced in these countries. The case studies showed that the principals of liberal democracy, such as representation, accountability, transparency, and other forms of direct participation failed to fully address the concerns of the contesting civil society groups. This demonstrates that the liberal democracy as practised in these post-communist countries is a package of principles that is adopted, but not fully implemented as a process. Some proponents of liberal democracy would argue that further institutional reform would be required in order to reach to a fully functioning liberal democracy that is the expected outcome of the 'transition' process (Przeworski 1991, O'Donnell 1996, Schmitter and Karl 1994, Fish 1999, Roeder 2001). However, the environmental conflicts explored in this study reveal that there is demand for deeper and more expansive ways of inclusion and participation that might resonate with other forms of democracy, such as ecological democracy. For instance, one of demands of resisting

groups was to take into consideration the concerns of future generations, and to provide opportunities for direct participation and deliberation in decision-making of all those impacted by environmental risks resulting from large energy projects.

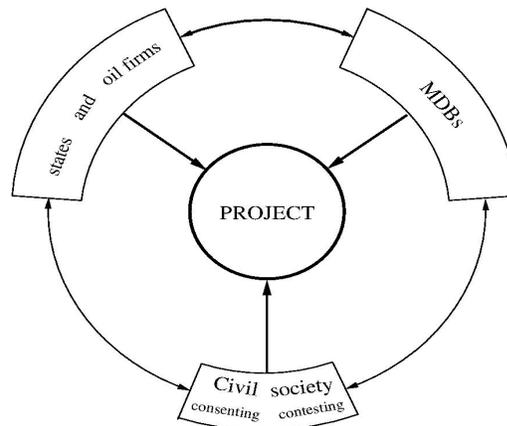


Illustration 6.6: A view of democratic environmental governance

Illustration 6.6 represents an idea of how environmental governance would be shaped under conditions where deliberations are taking place and different actors are in communication with one another. In this way all those potentially affected would have a role in determining the path of the energy project. If the principles of ecological democracy were to apply fully, the approval of the project would resemble a round-table where all the affected actors would contribute to the dialogue in the same capacity, regardless of their material capabilities. All the parties that cannot be represented directly, such as nature and future generations, would have to be represented by each of those present. In that case, the process of deliberation and rationality that addresses the issue of remoteness would prevail. Parties present in deliberations would act and think in the interest of those that could not be present in the same way as they would have done if

those remote would be in attendance for themselves.

This dissertation reveals that the struggle for democracy around environmental conflicts related to energy projects in post-communist countries is a complex process, involving local and international actors, with interests of a broad spectrum - material and geo-strategic ones. Major actors of society, like civil society groups and businesses, are not monolithic with regard to energy projects, making the dynamics even more complex. The integrated GPB frame, provides analytical tools which allow analysts to disentangle the complex politics around the energy projects and to read actors' material and ideational perspectives. Via the integrated frame it is possible to identify ways that lead to the enhancement of democratic environmental governance. The general lessons that we draw from this study are that a GPB integrated frame can be used to analyze the struggle of contesting civil society groups and affected communities for democratic environmental governance, through which they can express their environmental concerns and can ensure inclusiveness in decision-making. The study also suggests that resistance can be discrete at the beginning, speaking to the successful efforts of pro-project alliance to establish hegemonic conditions. This is especially the case in circumstances when democratic institutions are either undeveloped or not enforced, as we find in the post-communist context. Hence, it is when the environmental risks become more apparent that the resistance takes shape and intensifies. The resistance is motivated by the need to address the issue of remoteness from decision-making, which can also be read in terms of partial disembedding of nature. When analyzing resistance against commodification of elements of nature, we must not look for a total disembedding of nature, but for 'degrees' and the

'character' of the disembedding of nature, which is in accordance with scholarship that draws on Polanyi (Andree 2014, Zerbe 2014). This is particularly useful in environmental politics as in this way we can arrive at better understanding of resistance that is motivated by environmental harm. Moreover, this study shows that MDBs have powerful material and discursive instruments to socialize conflicting actors around a project. It shows that the success of sustainable development as practised by MDBs is conditioned by a balance of forces among actors involving civil society, states and MDBs' policies.

The question about how the lessons from this study could be extended to settings beyond post-communist countries is my main future research objective. It would be valuable to investigate how the lessons from this study can apply around resource extractive industries with potential environmental risks, where the interests and vision for resource exploitation conflicts with the interests of farmers, tourism businesses and indigenous communities among others.

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