

Frozen By Corruption: How *Illicit Peacekeeping* and *Shadow Coexistence* Undermined Peacebuilding Efforts in Abkhazia and the Tskhinvali Region¹ (1990s – 2004)

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ABSTRACT

This article examines the ways in which systemic corruption and illicit trade compromised peacebuilding efforts in Georgia's secessionist regions of Abkhazia and the Tskhinvali region from the 1990s until 2004. Utilizing investigative reports, international monitoring data, and peacebuilding theory, the study presents two interconnected concepts: "*Illicit peacekeeping*," which refers to the involvement of corrupt mediators – specifically Russian peacekeepers – who benefited from the ongoing conflict; and "*Shadow coexistence*," an informal collaboration between opposing parties that sustained the conflict economy for their reciprocal material gains. These theories contest traditional perceptions of frozen conflicts as mere political deadlocks and highlight the structural influence of corruption in extending instability. The research contextualizes these dynamics within extensive critiques of liberal peacebuilding and presents implications for future post-conflict governance.

Keywords: shadow coexistence, illicit peacekeeping, conflict economy, peacebuilding, post-Soviet conflicts, Georgia

INTRODUCTION

The post-Soviet transformation of Georgia during the 1990s and early 2000s unfolded amidst profound institutional fragility, economic disintegration, and political instability. The dynamics were particularly destabilizing in the separatist regions of Abkhazia and the Tskhinvali region, where unsolved conflicts, weak administration and illicit business networks converged to establish a persistent structure of informal authority. This article argues that systemic corruption and illicit trade fostered by the involvement of the Russian peacekeeping forces on the ground appeared to be the primary impediments to establishing the trust and cooperation essential for conflict resolution, complementing the prevalent view that attributes the failure of peacebuilding in these regions to ethnic divisions or political rivalries.

This study conducts a thorough investigation of the shadow economies that thrived in conflict zones, notably focusing on smuggling, bribery, and cross-border criminal collaboration, to demonstrate how corruption not only accompanied war and postwar stagnation but also actively shaped them. The analysis contextualizes the Georgian case study within extensive theoretical discussions on corruption, addressing viewpoints that perceive it as both a manifestation of institutional deterioration and a means of informal government, resource allocation, and conflict resolution.

The article examines the case studies of the Georgian breakaway regions, the function of Russian peacekeepers, and the integration of criminal-political networks across ethnic boundaries, to illustrate how stakeholders from Georgian, Abkhazian, Ossetian, and Russian factions had vested interests in preserving the status quo. These interests were concrete, supported by tangible material incentives, patronage networks, and fragile or intricate

¹ The disputed territory commonly known as "*South Ossetia*" is identified throughout this article as the "*Tskhinvali region*", in accordance with official Georgian terminology. The name "*South Ossetia*" refers to an autonomous region created within the Georgian Soviet Socialist Republic following the Soviet occupation of Georgia on 20 April 1922. No political or administrative entity bearing this name existed in Georgia before that date.

state structures. In this context, peacebuilding endeavors were consistently compromised – not alone by third-party intervention or entrenched ideology, but by the deeply ingrained logic of corruption that profited from ongoing violence.

This work seeks to provide a more nuanced view of how corruption influenced the trajectory of Georgia's frozen conflicts by integrating interdisciplinary theoretical frameworks, including institutionalist, cultural, economic, and historical-contextual perspectives. It contends that the lack of peace was not merely a diplomatic or reconciliatory failure, but rather a manifestation of deep-seated informal structures that supplanted trust with transactional relationships and cooperation with coercion.

This paper presents two analytical concepts – *illicit peacekeeping* and *shadow coexistence* – to elaborate these processes more accurately. The former refers to instances where ostensibly neutral peacekeeping entities – such as Russian peacekeeping forces in Georgia – actively engage in unlawful trade and leverage their power to maintain conflict-driven economic networks. Unlike conventional understandings of corruption within peace operations, which typically emphasise isolated misconduct, institutional weakness, or inadequate oversight, *illicit peacekeeping* refers to a structural condition in which peacekeeping institutions themselves become economically invested in the continuation of the conflict they are mandated to resolve. The concept of *shadow coexistence* encapsulates the paradoxical collaboration between opposing government and criminal entities across the war divide, which sustains stability not via formal agreements, but through mutual economic interests in smuggling and informal governance. Unlike broader notions of conflict economies, informal governance, or hybrid political orders, *shadow coexistence* specifically captures sustained informal cooperation between officially hostile actors whose reciprocal economic interests reinforce, rather than diminish, political division while simultaneously preserving a stable, but unresolved political status quo. These frameworks assist in reconceptualizing the Georgian conflicts not merely as unsuccessful peace initiatives, but as intricate political economies propelled by mutually reinforcing corruption.

METHODOLOGY

This research employs a qualitative historical-institutionalist research design, combining historical process tracing with comparative case study analysis based on triangulated secondary sources. Source triangulation was employed to improve analytical rigor. Investigative media accounts, scholarly analyses, and reports from international organizations were cross-referenced. In instances of factual discrepancies, precedence was given to data verified by multiple independent sources or substantiated by secondary academic literature. Due to the delicate and secretive characteristics of corruption and smuggling networks in post-conflict areas, access to transparent, original data – such as official archives, diplomatic interviews, or law enforcement records – has been limited. This research utilizes triangulated secondary sources, including investigative journalism, NGO reports (e.g., Human Rights Watch 2002; International Crisis Group 2001), and OSCE/UNOMIG data, with their credibility cross-verified where feasible. The 2003 study by Kukhianidze, Kupatadze, and Gotsiridze, albeit often referenced, was selected for its distinctive ethnographic depth, temporal proximity to the investigated events, and multi-source validation. Simultaneously, these data were juxtaposed with external sources such as UN Security Council documents and OSCE mission reports to mitigate bias and discern contradictions.

The choice to concentrate on the geographical locations of Ergneti and Zugdidi was motivated by their representative significance in smuggling economies, interethnic collaboration, and their involvement with formal political frameworks – rendering them exemplary case studies for examining the overarching themes of *shadow coexistence* and *illicit peacekeeping*.

The analysis employed a qualitative process-tracing approach intended to identify the causal mechanisms by which corruption and illicit economic activities affected peacebuilding results. Instead of viewing specific instances of smuggling or corruption as disconnected events, the study investigated recurring patterns among various independent sources to find links between informal economic activity, political decision-making, and the continuation of conflict. Evidence was evaluated based on five recurring analytical themes: (1) corruption practices, (2) informal governance structures, (3) illicit economic networks, (4) the behavior of peacekeeping actors, and (5) cross-conflict cooperation between officially opposing sides. These themes were subsequently

compared across the Abkhazian and Tskhinvali cases to see if similar mechanisms were at work despite their unique local contexts. This analytical strategy enabled the study to go beyond mere descriptive historical reconstruction and establish the broader conceptual categories of *illicit peacekeeping* and *shadow coexistence* based on empirical evidence.

The temporal scope of this research (1990 – 2004) was chosen to encompass the formative era when the collapse of Georgian state institutions, the outbreak of conflicts in Abkhazia and the Tskhinvali region, and the creation of post-ceasefire peacekeeping frameworks occurred alongside the growth of informal economic networks. The beginning of this period marks the disintegration of Soviet power and the start of state fragility, whereas the conclusion aligns with the political and institutional shifts triggered by the Rose Revolution. The anti-corruption reforms implemented by the new Georgian government, combined with the shutting down of the Ergneti market and the reorganization of state institutions, fundamentally changed the environment that had facilitated the link between informal economic networks and peacekeeping structures. Consequently, restricting the analysis to this timeframe enables the study to investigate the rise and consolidation of shadow coexistence and illicit peacekeeping prior to these patterns being significantly disrupted by post-2004 reforms.

Corruption practices in post Soviet Georgia (1990's - 2004)

After the collapse of the Soviet Union, Georgia emerged in the 1990s as a vulnerable state weakened by institutional decay, economic failure, and pervasive corruption. By the 2000 presidential elections, which officially resulted in a decisive 79.8% victory for Eduard Shevardnadze, popular confidence in democratic institutions had significantly deteriorated. A popular joke at the time captured the prevailing cynicism: "The good news is that you won the elections," Shevardnadze's adviser tells him, "The bad news is that no one voted for you" (King 2001, 98). This joke, while amusing, exemplified the public apathy and skepticism towards a government system increasingly regarded as illegitimate and corrupt. Corruption infiltrated all strata of Georgian society. The highway police generally retained their Soviet-era function as a "tax farming" institution (King 2001, 102). Public sector positions, including those in law enforcement, were explicitly purchased for amounts between \$2,000 and \$20,000, whereas university admissions could require bribes ranging from \$8,000 to \$30,000 ("Fighting Corruption in Public Services: Chronicling Georgia's Reforms" 2012). These transactions demonstrated the state's failure to enforce regulations impartially and underscored the commodification of access to education, justice, and security.

The economic vulnerability of Georgia intensified the crisis. During the 1990s, tax revenues constituted under 10% of GDP (Engvall 2012, 17), whereas the shadow economy was projected to comprise 65–70% of total economic activity (King 2004, 16). Inflation surged to 7,000%, and the GDP shrank by more than 28% ("Fighting Corruption in Public Services: Chronicling Georgia's Reforms" 2012, 2). By 2001, the aid provided by the United States was offering approximately \$200 per Georgian person in many forms of assistance, encompassing legislative reform, humanitarian aid, and support for local governance (King 2001, 2013). However, these external inputs exerted minimal systemic influence owing to the entrenchment of informal networks of power and patronage.

The state's inability to establish a monopoly on coercive power exacerbated the governance issue. By the early 2000s, the Ministry of Internal Affairs was incorporating paramilitary and criminal factions into the police force (Engvall 2012, 19). Georgia emerged as a pivotal center for smuggling, with critical entrance points situated in both secessionist and border areas, such as Abkhazia, the Tskhinvali region and Poti along the Black Sea coast (Kukhianidze, Kupatadze, and Gotsiridze 2003, 13).

Culturally ingrained criminality further exacerbated these institutional deficiencies. By 2004, around 350 of the 1,000 "thieves-in-law" in the post-Soviet countries were of Georgian descent, despite Georgians being only 2% of the former USSR's population (Glonti and Lobjanidze 2004, 34). These individuals were popular among the wider public, as they were frequently regarded as enforcers of honour, justice, or even democracy (Godson et al. 2004, 9).

This widespread corruption established a tenuous basis for authentic peacebuilding, trust-building, or institutional legitimacy in the nation's conflict-affected areas.

Smuggling and illicit trade in the breakaway regions of Georgia

Building on this historical and institutional context, the vulnerabilities of the newly established Georgian state materialized in the conflict zones of Abkhazia and the Tskhinvali region through entrenched informal trade networks and collaboration between local elites, criminal actors, and peacekeeping structures. Prior to 2004, the security architecture in Abkhazia was centred on the Commonwealth of Independent States (CIS) Peacekeeping Force, composed predominantly of Russian troops, operating alongside the United Nations Observer Mission in Georgia (UNOMIG). In the Tskhinvali region, peacekeeping was conducted by the Joint Peacekeeping Forces (JPKF), comprising Russian, Georgian, and Ossetian contingents under the Joint Control Commission (JCC), while the Organization for Security and Co-operation in Europe (OSCE) Mission to Georgia monitored the security situation and facilitated confidence-building measures.

Systemic corruption afflicted post-Soviet Georgia at the national level, with its effects being more pronounced – and arguably more consequential – in the secessionist regions of Abkhazia and the Tskhinvali region, where informal power structures and shadow economies thrived amidst institutional disintegration. In the post-conflict contexts of the Georgian breakaway regions, corruption emerged not merely as a manifestation of state failure but as an intrinsic characteristic of local government and transboundary relations. Both regions emerged from conflict with ravaged economies, diminished institutions, and disjointed political structures, allowing illegal networks to occupy the governance void. The Ergneti market in the Tskhinvali region exemplified systemic corruption, functioning as a semi-formalized hub for extensive smuggling activities. Commodities including bread, wheat, cigarettes and petrol entered Georgia from Russia exempt from customs taxes. Approximately 150 vehicles transported daily from Ergneti to Tbilisi, transporting contraband valued at over half a million GEL per day, equating to an estimated 200 million GEL annually. The market was divided along ethnic lines, with the Ossetian segment overseen by Lokha Chibirov (son of the de-facto president Ludvig Chibirov) and the Georgian segment managed by Liangi Chavchavadze (Kukhianidze, Kupatadze, and Gotsiridze 2003, 21–22). This illegal commercial center not only evaded governmental revenue systems but also solidified mutually advantageous links among local elites, criminal organizations, and state officials, all of whom benefited from the black market economy.

Comparable dynamics emerged in Abkhazia, where smuggling served as both a vital resource and a means of influence for competing criminal-political forces. Items including cigarettes, petrol, hazelnuts, and scrap metal from non-operational enterprises were traded across the ceasefire line through informal networks that frequently entailed collaboration between Abkhaz and Georgian authorities (King 2001, 102).

Despite the CIS trade sanctions officially supported by Moscow, Abkhazia was progressively assimilated into Russia's economic sphere, a process enabled by the cooperation of Russian troops who were significantly engaged in corrupt transportation operations (Clogg 2004, 5; Hilditch 2006, 33). Criminal organizations emerged as leading power brokers in Abkhazia. The West Abkhazian group managed oil and food transportation; the Gagra group (predominantly Armenian) monopolized timber exports and participated in drug manufacture and trafficking; and the Gudauta group focused on the drug trade. Other factions, including the Chechen-Abkhazian network in Gali-Zugdidi and Otar Turnanba's militia, functioned with limited legitimacy under the purported security forces (Kukhianidze, Kupatadze, and Gotsiridze 2003, 25–27). The Georgian faction also witnessed the emergence of paramilitary groups – "Forest Brothers", "White Legion", and Zviadist factions (groups loyal to Georgia's deposed President Zviad Gamsakhurdia) – that fluctuated between political-ideological and criminal-economic objectives.

These gangs did not function in isolation but established intricate relationships with law enforcement agencies and political figures across the divide. In the Tskhinvali region, Georgian criminals Nikoloz Khmiadashvili (Robota) and Giorgi Durglishvili (Kokhta) engaged in cocaine trafficking and were allegedly shielded by senior officials. Their Ossetian counterparts comprised individuals such as Marek and Eric Dudayev, Alan Dryaev of the Dgvari (village in southern Georgia) gang, and Dzhabul Tadeev, a sports mafia leader who additionally held the position of head coach for the Russian freestyle wrestling team (Kukhianidze, Kupatadze, and Gotsiridze 2003, 25–27). The lucrativeness of smuggling resulted in the profound entrenchment of these networks, especially post-1998 when contraband activities escalated, fostering the emergence of formidable criminal

organizations whose influence extended into political and law enforcement domains. The porous ceasefire line in Abkhazia transformed into a corridor for smuggling and unlawful movement. Despite its mere 70 km length, the Enguri River border featured only 6–8 legal crossings, although as many as 70–80 informal ways facilitated unimpeded passage. Abkhazians regularly visited the Lilo market in Tbilisi, Georgia, for commercial purposes (Kukhianidze, Kupatadze, and Gotsiridze 2003, 18).

In 2002, the annual value of smuggling along the Abkhaz segment of the Russian-Georgian border was approximately \$132,000, and by 2004, the monthly influx of illicit cigarettes from Abkhazia reached around 4.5 million packs (Kukhianidze, Kupatadze, and Gotsiridze 2003, 13). Georgian factions situated in Gali, including one based in Okonore village, engaged in the illegal possession of arms and narcotics. A February 2004 government led operation led to the apprehension of 30 individuals and the confiscation of firearms. Despite reports indicating that suppression attempts in spring 2004 diminished overall smuggling by 50%, micro-smuggling proliferated, frequently executed by destitute "bag women" – local women, often elderly or economically vulnerable, who transported small quantities of goods across the conflict boundary on foot or by public transport to sustain their livelihoods. During this period, Georgian law enforcement confiscated 60 tons of fuel and 1,100 boxes of contraband cigarettes, valued at around 150,000 GEL. However, these figures were negligible in comparison to the estimated 460,000 tons of petrol smuggled into Georgia in 2002 alone (Kukhianidze, Kupatadze, and Gotsiridze 2003, 16).

Smuggling and criminal activities extended beyond cash gain; they also posed security risks. In 2002, a contingent of Chechen combatants led by Ruslan Gelayev utilized the Georgian border as their operating route. Following an unsuccessful incursion into Ingushetia, they escaped to Dagestan in 2004, exacerbating instability in the border regions (Arasli 2007, 12). These episodes highlight the interconnection between corruption, conflict, and security in the breakaway areas of Georgia. In this context, on the one hand, the corruption researcher - Aleko Kupatadze, asserted that efforts to curb smuggling solely through administrative or law enforcement actions may have heightened tensions and maybe rekindled violence at the time (Kupatadze 2004, 1–3), on the other hand, The ICG warned that informal trade routes served not only as lifelines for breakaway authorities but also as key instruments of political leverage, with actors on both sides benefiting from the continuation of the conflict status quo (*Georgia: What Now?* | *International Crisis Group*, 2003).

The cooperation between the local authorities and the Russian peacekeeping forces

This ecosystem of shadow economies in the Georgian breakaway regions extended beyond local participants; it was additionally reinforced and legitimized by the third-party actor, particularly the Russian peacekeeping forces, whose engagement obscured the distinctions between mediation and exploitation. During the late 1990s and early 2000s, Russian soldiers deployed in Abkhazia were not impartial agents executing an international mandate, but rather engaged players in the region's pervasive corruption practices. Numerous studies and reports verify that the Russian military were not just engaged in but also benefitting from cross-border smuggling. They often obtained shares from both Georgian and Abkhazian smugglers in exchange for ensuring the unobstructed passage of contraband through peacekeeping checkpoints. Russian peacekeeping vehicles, ostensibly representing stability and impartiality, were frequently implicated in the illicit transportation of smuggled fuel to gas stations in Zugdidi. The UN Secretary-General repeatedly stressed concerns over allegations of peacekeeper involvement in cross-border trade and warned about their impact on the legitimacy of international mediation efforts (UN Security Council, 2001).

Instead of alleviating tensions or facilitating a resolution, Russian peacekeepers functioned within a paradigm motivated by economic self-interest, thus increasing the incentives to sustain the conflict's unresolved status. Their engagement exacerbated public distrust against international players and further undermined the legitimacy of peacekeeping activities in the perceptions of both local populations and the Georgian government.

This intricate network of smuggling did not function independently; it significantly depended on the exploitation of the region's most susceptible populations. Internally Displaced Persons (IDPs) and impoverished individuals frequently acted as couriers or minor smugglers, since engagement in illicit trade emerged as a survival strategy under the extensive economic deterioration. These folks were consistently exploited by major criminal entities

and corrupt authorities, establishing a profoundly unequal society in which a few elites profited from the suffering of the majority.

Abkhazia was (and still is) de-facto divided between two authoritative entities: the exiled Georgian administration in Tbilisi, at the time headed by Tamaz Nadareishvili, and the de facto separatist authority in Sokhumi², at the time under the leadership of Vladislav Ardzinba. During this period, smuggling operations grew intertwined with political intrigue. In 2000, over 800 tons of petrol and 100,000 packs of cigarettes were illicitly smuggled into Georgia from Abkhazia. Nadareishvili faced recurrent allegations of having associations with David Shengelia, the leader of the criminal organization known as the "Forest Brothers", despite his public denials of such affiliations.

Conversely, Levan Ardzinba, the son of the de-facto president Vladislav Ardzinba has been actively engaged in the cigarette smuggling enterprise with the "Forest Brothers". Back in the days, the Georgian TV - Rustavi 2's investigations disclosed that Levan Ardzinba conducted covert meetings with Georgian politicians and law enforcement agents in Zugdidi (Kukhianidze, Kupatadze, and Gotsiridze 2003, 32–33), thereby highlighting the bipartisan character of corruption across the conflict divide. This trend expanded to the Tskhinvali region. In November 2002, the Georgian and Ossetian parties demonstrated preliminary readiness to collaborate under an EU-sponsored effort to bilaterally collect transit tariffs on commodities entering the territory, overseen by the OSCE. The initiative aimed to substitute smuggling with a lawful toll system and pledged 2.5 million euros for EU-funded rehabilitation projects. Nevertheless, the Ossetian faction ultimately dismissed the proposal, contending that only the purported South Ossetian "government" possessed authority over customs duties along the Transcaucasian Highway (Kukhianidze, Kupatadze, and Gotsiridze 2003, 34).

This rejection embodies the overarching inadequacy of conflict transformation in both areas. The illegal trade was not only accepted but also integrated into the governing principles of the secessionist groups, facilitated by their counterparts in Tbilisi and Moscow. Criminal organizations, law enforcement, commercial entities, and governmental bodies – both legitimate and self-designated – conspired in an unregulated economy that flourished without supervision. The so-called "frozen conflict" evolved into a profitable opportunity for these networks to consolidate authority and extract resources. In this skewed ecology, sustaining the unresolved nature of the conflicts emerged as a logical and lucrative option for the authorities. Consequently, peacebuilding measures were frequently undermined – not alone by ideological opposition or ethnic hostility but also by the vested interests of those benefiting from persistent instability.

The function of Russian forces in this scenario is most accurately interpreted as *illicit peacekeeping*, wherein neutrality is compromised by material interests. Rather than fulfilling their mandate, Russian peacekeepers enabled cross-border contraband, received bribes, and actively engaged in smuggling activities. Their armored trucks and symbolic authority were employed not to uphold ceasefires, but to facilitate the secure transport of contraband, including cigarettes, petrol, and stolen automobiles. This conduct not only compromised the legitimacy of peace operations but also actively bolstered criminal economies that flourished amid conflict stagnation.

The foundational analysis by Kukhianidze, Kupatadze, and Gotsiridze (2003) provides exceptional detail on the relationship between smuggling, political complicity, and criminal governance in Georgia's breakaway regions; however, their findings could be enhanced and validated through corroboration by additional international actors and monitoring organizations. Reports from the United Nations Observer Mission in Georgia (UNOMIG), presented to the Security Council in 2001 highlight the inadequacy of peacekeeping initiatives to mitigate illicit economic activities, chronicling ongoing ceasefire breaches, hindrances to the repatriation of internally displaced persons, and the economic exploitation by both local and Russian entities (UNSC 2001, S/2001/59).

The OSCE's field reports underscore the difficulties presented by the hybridized structure of authority in the Tskhinvali region, particularly with the Joint Control Commission. These records indicate that easily penetrable

² The city is referred to as "*Sokhumi*" in Georgian, "*Sukhumi*" in English and historically in Russian, and "*Akwa*" in Abkhaz. While Russian official usage switched between "Sukhum" and "Sukhumi" throughout the Soviet and post-Soviet eras, this article adheres to the growing international practice of using the Georgian name, Sokhumi.

control zones and acceptance of informal trade, particularly via the Ergneti market, compromised formal governance efforts and fostered bilateral corruption under the pretext of interethnic economic cooperation (OSCE 2002).

The International Crisis Group (2001) observed that the entrenchment of shadow economies established vested interests across all factions, including within Georgian governmental systems, which substantially obstructed demilitarization and reconciliation initiatives ("Georgia: What Now? | International Crisis Group" 2003). The tendencies were reflected in Human Rights Watch reports that recorded the exploitation of vulnerable populations – particularly internally displaced persons and ethnic minorities – by paramilitary factions and criminalized local governance networks ("Human Rights Watch 1995).

Ultimately, Thomas de Waal's regional analysis offers a valuable synthesis, contending that Russian peacekeepers operated as "both referees and players" (de Waal, 2017 p. 157), facilitating and profiting from the smuggling networks that inherently sustained the prolonged nature of both battles. The interactions between Georgian and de facto Abkhaz or South Ossetian authorities exemplify what this study characterizes as *shadow coexistence*. In this context, political opponents cooperated because of economic interests. Notwithstanding formal statements of non-recognition and mutual hostility, daily interactions showed a different reality: bribes passed at checkpoints, contraband taxed by competing factions, and criminal groups operating with the silent consent of both local actors and Russian peacekeeping forces. Instead of serving purely as neutral guarantors of the ceasefire, parts of the peacekeeping contingents became integrated into these informal economic networks by facilitating, permitting, or directly profiting from illicit trade. These partnerships formed a type of informal, transactional peace – deeply corrupt yet operationally effective as a replacement for a real political solution.

Theoretical implications of the *illicit peacekeeping* and *shadow coexistence* in the conflict dynamics of the Georgian breakaway regions

Existing scholarship has developed several influential theoretical frameworks to explain the relationship between conflict, corruption, and informal economic activity. Research into conflict economies has shown that armed conflicts often create self-sustaining systems of illicit exchange and resource extraction that produce material incentives for continuing violence instead of resolving it (Keen 1998; Duffield 2001). Similarly, studies regarding war economies, shadow states, and informal governance have demonstrated that state fragility frequently allows political elites, criminal organisations, and informal institutions to establish parallel authority systems that complement – or even replace – formal governance (Reno 1998; Rose-Ackerman 1999; Eigen 2003). More recently, de Waal's (2015) concept of the political marketplace has further shown that political authority in fragile settings often operates via transactional exchanges, patronage, and negotiated economic relationships rather than through formal institutional rules. Within peacebuilding scholarship, liberal and post-liberal approaches have likewise demonstrated that formal peace agreements often coexist with informal political and economic arrangements that shape post-conflict governance in ways not foreseen by institutional design (Paris 2004; Call 2012; Richmond 2011; Mac Ginty 2011). Together, these approaches have significantly advanced scholarly understanding of how conflict environments function outside of formal political institutions.

At the same time, these perspectives leave two important analytical gaps only partially addressed – first, although existing scholarship acknowledges that corruption may affect peacekeeping missions, it generally interprets such behaviour as institutional failure, weak oversight, or individual misconduct. Comparatively little attention has been paid to situations in which peacekeeping actors themselves become structurally embedded within illicit economic networks and consequently gain material incentives to preserve, rather than resolve, the conflicts they are mandated to manage (Paris 2004; Call 2012; Richmond 2011). The Georgian experience suggests that corruption may evolve beyond incidental abuse into a systemic feature of peacekeeping itself, where the continuation of instability becomes economically advantageous for those responsible for maintaining peace.

Second, while the literature on conflict economies, informal institutions, hybrid governance, shadow states, and political marketplaces recognises the importance of unofficial cooperation across political and administrative boundaries, it generally conceptualises these interactions either as by-products of state weakness or as adaptive economic responses to conflict (Duffield 2001; Reno 1998; de Waal 2015; Mac Ginty 2011). Existing concepts – including conflict economy, war economy, war profiteering, corruption networks, informal governance,

shadow states, and political marketplaces – capture significant dimensions of these processes but do not fully explain sustained collaboration between officially antagonistic political, military, criminal, and administrative actors whose shared economic interests reinforce, rather than reduce, political confrontation. The empirical evidence from the Georgian breakaway regions demonstrates that such cooperation was neither an unintended consequence of conflict nor an embryonic form of reconciliation. Instead, it constituted a mutually beneficial system of political-economic interaction that depended upon the preservation of the absence of a comprehensive political settlement.

It is in response to these analytical limitations that this article proposes the concepts of *illicit peacekeeping* and *shadow coexistence*. The former conceptualises situations in which peacekeeping institutions themselves become structurally integrated into conflict economies, while the latter captures sustained informal cooperation between officially antagonistic actors whose reciprocal economic interests contribute to the persistence of political conflict. Rather than replacing existing theories of conflict economies, corruption, or hybrid governance, these concepts seek to complement and extend them. Unlike conventional understandings of corruption within peace operations, which emphasise isolated misconduct or institutional weakness, *illicit peacekeeping* identifies the emergence of systemic incentives that align peacekeeping practices with the preservation of conflict economies. *Shadow coexistence*, in turn, refers to sustained informal cooperation between officially hostile actors whose reciprocal economic interests reinforce political division while simultaneously maintaining a stable – yet fundamentally unresolved – status quo. Unlike broader notions of conflict economies, shadow states, or political marketplaces, the concept specifically captures the paradox whereby political antagonism and economic cooperation become mutually reinforcing across an active conflict divide. Whereas the political marketplace explains how political loyalty may be exchanged for material benefit within fragile political systems, *shadow coexistence* focuses on how rival actors from opposing sides of an unresolved conflict strategically preserve hostility because it sustains mutually beneficial informal economic arrangements.

Taken together, these concepts complement existing scholarship by identifying mechanisms through which corruption transforms both peacekeeping institutions and the relationships between opposing conflict actors into functional components of conflict persistence. The Georgian experience therefore illustrates not simply the presence of corruption during conflict, but the emergence of corruption as an integral element of the post-conflict political order. By doing so, the ideas of *illicit peacekeeping* and *shadow coexistence* offer a more accurate analytical framework for comprehending how informal economic incentives can at the same time weaken peacebuilding, maintain political instability, and create types of transactional stability that replace authentic conflict resolution.

Comprehending how systemic corruption eroded peacebuilding in Georgia's secessionist territories requires a multifaceted theoretical perspective. This part utilizes four principal schools of thought on peacemaking: (1) Historical-Contextual, (2) Institutional, (3) Liberal/Hybrid Peacemaking, and (4) Globalization / Transnational to establish the study's analytical framework.

The Historical-Contextual School, represented by E.H. Carr, underscores the necessity of placing corruption and governance failures within their own historical and geopolitical frameworks. Carr's assertion that historical phenomena should be interpreted as products of their era (Carr [1961] 2008, 96–101) underpins the methodology employed in this article: examining corruption in post-Soviet Georgia not as an aberration, but as a coherent extension of institutional fragility, inherited informality, and the opportunistic adaptation of elites amid state disintegration. This viewpoint is crucial for comprehending the growth of *shadow coexistence*, a phenomenon in which official and unofficial actors from opposing sides of a conflict engage in informal collaboration while formally maintaining a narrative of hostility. The Ergneti market (Tskhinvali region) and smuggling routes between Zugdidi and Gali (Abkhazia) illustrate these arrangements, where the historical remnants of informal Soviet trade and patronage networks continued to influence cross-border contacts even after independence.

The Institutional School, led by Samuel Huntington and Joseph Nye, views corruption as a sign of weak or rapidly changing political institutions. Huntington (1968, 59–61) contended that political decay occurs when institutional growth cannot match social and political mobilization, whereas Nye (1967, 417–419) differentiated

between corruption that might temporarily assist administrative tasks and corruption that eventually undermines institutional legitimacy. The post-Soviet Georgian state was a close reflection of these circumstances. After independence, insufficient administrative capacity, fractured security structures, and minimal government oversight allowed informal networks, paramilitary groups, and criminal actors to take on roles typically held by the state.

However, the Georgian case also reveals a significant limitation of the institutionalist view. While Huntington and Nye mainly explain how institutional weakness produces corruption inside state structures, they give relatively little focus to the impact of external actors working in settings of institutional collapse. In Abkhazia and the Tskhinvali region, Russian peacekeeping forces did more than just exploit weak institutions; they became integrated into the informal political economy arising from institutional failure. Instead of serving as neutral stabilizing forces that filled the void of state weakness, they strengthened the institutional vacuum by engaging in and safeguarding illicit economic networks. As a result, corruption moved beyond being a byproduct of weak institutions to become a tool through which external peacekeeping forces gained material motives to maintain the current conflict environment. This dynamic establishes the conceptual basis for the idea of *illicit peacekeeping*, showing how institutional failure can turn peacekeeping missions from instruments of conflict management into stakeholders in conflict persistence.

The scholarship on Liberal and Hybrid Peacebuilding provides more explanatory insight. Liberal peacebuilding models, as articulated by Roland Paris (Paris 2004, 40-45), prioritize institution-building and democratization; however, critics including Charles T. Call (Call 2012, 211-230), Oliver Richmond (Richmond 2011, 26-30), and Roger Mac Ginty (Mac Ginty 2011, 69 - 73) contend that these frameworks frequently falter in environments where informal governance and parallel power structures prevail over formal institutions. These concerns are particularly relevant in the Georgian context, where internationally mediated frameworks such as the UN-led peace process in Abkhazia and the OSCE-supported Joint Control Commission in the Tskhinvali region – were persistently undermined by local informal networks and entrenched illicit economic interests. In this context, *shadow coexistence* embodies a hybrid reality of peace – one unanticipated by liberal paradigms – where conflicting parties sustain peace through informal economic interdependence rather than by official reconciliation. Simultaneously, illegal peacekeeping highlights how third-party entities may assume hybrid positions that undermine peacebuilding objectives for personal or geopolitical advantage.

The Globalization and Transnational School, exemplified by Peter Eigen and the foundational efforts of Transparency International (Transparency International, 2024), highlights the manner in which transnational corruption and illicit movements of products, capital, and influence may foster local patterns of impunity. Eigen asserted that corruption is not solely a local issue but frequently flourishes in the lack of worldwide responsibility (Eigen 2003, 22-25). This is particularly pertinent in Georgia, where Russian forces functioned with limited supervision, and where both local and foreign entities permitted clandestine trading zones under the guise of stability. The absence of robust multinational control facilitated the proliferation of the corrupt ecosystem outlined in this paper.

Collectively, these theoretical implications provide a nuanced comprehension of how peacebuilding endeavors were undermined by established informal structures. The theoretical framework contextualizes the emergence of *illicit peacekeeping* and *shadow coexistence* while illustrating how these concepts address significant deficiencies in peacebuilding literature, emphasizing forms of pseudo-cooperation and economic symbiosis that challenge both liberal and realist assumptions regarding post-conflict governance.

CONCLUSION

The empirical experiences and theoretical frameworks collectively demonstrate that corruption in Georgia's breakaway regions was not only an impediment to peace, but a fundamental mechanism of governance – necessitating a reevaluation of the criteria for effective peacebuilding. The inadequacy of peacebuilding in Abkhazia and the Tskhinvali region from the 1990s to 2004 cannot be comprehensively analyzed solely through the perspectives of geopolitical competition or ethnic hostility. This work demonstrates that systemic corruption and the entrenchment of illicit trade networks significantly undermine the trust, legitimacy, and institutional

capacity essential for sustained peace. This paper introduces the notions of *illicit peacekeeping* and *shadow coexistence*, providing a novel lexicon for comprehending how informal economies and corrupt political practices have emerged as both impediments to peacebuilding and alternatives to it. This analysis suggests that peacebuilding initiatives that neglect the informal power and profit structures underlying violence are likely to fail. In Georgia's secessionist regions, international peace initiatives established negotiation frameworks, yet these were undermined by the entrenched conditions on the ground – conditions influenced not only by institutional frailty but also by the strategic interests of those benefiting from ongoing instability.

Consequently, any effective strategy for conflict resolution in analogous situations must commence with a comprehensive grasp of how corruption and illegal economies operate not as marginal dysfunctions, but as fundamental components of the post-war framework. Unless these informal mechanisms are dismantled or subjected to accountable scrutiny, peacebuilding may merely serve as a façade, incapable of addressing the dynamics that render conflict lucrative and peace dispensable.

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