

South Ossetia Cabinet Reshuffle

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New premier tells IWPR he has to revitalise the republic's stagnant economic sector.

South Ossetia's new government appointees are strengthening the hand of President Eduard Koikoty in his bid to assert control over the unrecognised republic's economy.

Two powerful posts, that of defence and emergency minister and of prime minister, have been taken up in the last week by two men new to politics. The former position has gone to Zelim Muldarov, who until recently served in Russia's 58th army, stationed in the North Caucasus. The latter and most important job has been handed to Igor Sanakoyev, who has spent the last decade since the Georgian-Ossetian conflict of 1991 outside South Ossetia.

Most local observers agree that Kokoity is clearing his cabinet of the influence of the criminal circles which were dominant in the republic until recently. Several of the ministers who were sacked by the president on July 1 belonged to the "Tedejev brothers group" which controlled money flows into and out of the republic.

Kokoity, leader of South Ossetia since the end of 2001, was forced to share power with this group. Reshuffling his government in July, he said that he intended to "put an end to the impunity of leaders of certain structures, who were out of control".

Sanakoyev's appointment as prime minister was approved only last week after more than two months of speculation as to who would get the job. Sanakoyev, who is 56, is almost unknown in South Ossetia, having spent the last 12 years working in North Ossetia on the Russian side of the mountains as a businessman and economist. In that regard, he has a similar profile to Kokoity himself, who came to South Ossetia from Russia to contest the presidency.

The new premier's candidacy was approved almost unanimously by parliament. "Hardly anyone knows Sanakoyev and his approval by deputies without any objections is an expression of support for the president and the changes he has announced," explained press and information minister Batradz Kharebov.

Sanakoyev himself conceded to IWPR that he was not taking on an easy job. "South Ossetia is a difficult republic and I have become its eleventh prime minister in the 13 years since we declared independence," he said in an interview. "So there was of course an element of risk in deciding to head the government."

The new prime minister said his first priority was to reinvigorate the economy, arguing that "if the republic can get on its feet economically then it will be easier to resolve its political problems, I'm firmly convinced of that".

"The republic's economy is in a very difficult state. Our job is to create a team of professionals and fellow-thinkers, who can resolve difficult economic issues."

As a first step, Sanakoyev said he would be cutting the government bureaucracy. Reportedly the number of ministries will be reduced from 13 to nine and many officials will lose their jobs.

He faces the daunting challenge of overhauling the economy in a breakaway republic which is not internationally recognised and which therefore has virtually no foreign investment. South Ossetia also has hardly any industry and no business and relies heavily for income on legal and illegal freight trade across the main highway from Russia.

“We have not only to create a financial and banking system from nothing but to devise a programme for creating new jobs,” Sanakoyev said. “Our local resources are very promising in this regard – our mineral water springs, construction materials, our forests. We definitely have to get timber production going and develop our agriculture.”

Local people say that premier will find it hard to turn the republic around. “Sanakoyev is a new man and while he settles in the old bureaucrats will have time to adapt to his working methods and will think about their own pockets just like before,” commented Irina Valieva, a cook in Tskhinval’s republican hospital. “So has to change everyone in the government.”

Non-governmental organisations have cautiously welcomed the government reshuffle. Pyotr Gassiev, head of the local branch of the Open Society Institute, said, “The previous government was for the most part not formed by the current president, it was the remnants of the previous regime which he is now clearing away to make his own team. It was very difficult to work independently.”

Gassiev said that the old government officials had frequently asked for financial support for projects, failing to understand the boundary between governmental and non-governmental.

“Now we and the president understand each other,” Gassiev said. “But in a small society there are still many issues which have to be decided jointly with the authorities. So if just 50 per cent of the people in the government do their jobs properly, we can do ours.”

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