

**NAGORNO-KARABAKH:
VIEWING THE CONFLICT FROM THE GROUND**

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NAGORNO-KARABAKH: VIEWING THE CONFLICT FROM THE GROUND

EXECUTIVE SUMMARY

The conflict between Azerbaijan and Armenia over Nagorno-Karabakh is the most significant obstacle to peace and stability in the South Caucasus. Eleven years into a ceasefire, the parties have been unable to sign a single document bringing them closer to a settlement. Whatever is being done at the internationally mediated negotiations, at ground level resumed war appears a real possibility. There is need to counter the hate propaganda and demonising engaged in by both sides and unlock the potential for confidence building and dialogue between average Azeris and Armenians before the memories of cohabitation fade and the divide becomes virtually unbridgeable.

Nagorno-Karabakh has aspirations for independence and argues with some reason that it has a democratically-elected government that is meeting the preconditions of statehood. However, it is internationally recognised as part of Azerbaijan and is still highly dependant on Armenia for its military security and economic survival: over half its army are believed to be Armenian citizens, while Yerevan covers 50 per cent of the budget through an "interstate loan" that is virtually interest free and unlikely to be paid back. Azeris do not participate in its political, economic, cultural and social institutions. Nagorno-Karabakh has mono-ethnic institutions and become one of the world's most militarised societies.

Deprived of the basic right to return to their homes, over half a million Azeris displaced from Nagorno-Karabakh and seven adjacent districts have become highly dependent on the Azerbaijani state, without a clear sense of their future. For years Baku's policies toward the displaced were designed to meet short-term needs, with the expectation they could return home soon. There was more than a hint that efforts to integrate them better were not pushed so as to use their plight to score political points. The government's current strategy emphasises more sustainable solutions but the displaced remain poorer and more disadvantaged than their fellow citizens, struggling to increase participation in political life not only to speed up prospects for return but also to improve their immediate situation.

Armenian and Azerbaijani public opinion on how to resolve the conflict is as divided as ever. Nothing has been done to prepare people in either country for any agreement. Karabakh Armenians' expressions of confidence about their independent future, and Karabakh Azeris' frustration and anger about their plight as displaced persons are deeply at odds. Neither community appears prepared to agree to the kind of steps toward resolution of the conflict currently being considered by the Armenian and Azerbaijani foreign ministers in the negotiations sponsored by the Organisation for Security and Cooperation in Europe (OSCE).

For many historical, demographical, geographical, and economic factors, Azeris and Armenians living in and around the conflict zone are dependent on each other. Yet they are deeply divided by mistrust. Demonisation of the "other", rising military expenditures, and increasing ceasefire violations are all ominous signs that time for a peaceful settlement may be running out.

Parallel processes are needed for a stable settlement. This report explores how the Armenian and Azeri communities from Nagorno-Karabakh and the surrounding districts live today and view the potential resolution of the conflict. A subsequent report will shortly assess the OSCE-sponsored diplomacy and attempt to bridge the gap between it and the situation on the ground, focusing with specific recommendations on both the main issues that must be treated in a peace agreement and on what needs to be done to further inter-communal reconciliation.

Tbilisi/Brussels, 14 September 2005

NAGORNO-KARABAKH: VIEWING THE CONFLICT FROM THE GROUND

I. INTRODUCTION

The Nagorno-Karabakh (NK) conflict¹ has existed since the end of World War I but gained international attention only when it developed into a full-fledged war between Azerbaijan and Armenia after the collapse of the Soviet Union. Today there is neither war nor peace.² Ceasefire violations are increasing, and there is a real risk of a new outbreak of active fighting. The deep-rooted causes of the war remain an issue of conflict between Baku and Yerevan. Azerbaijan argues that the war was initiated by a land-hungry Armenia eager to seize its territory.³ Armenia maintains that the war started between Nagorno-Karabakh and Azerbaijan, and that Armenia became engaged only to protect Nagorno-Karabakh's overwhelmingly Armenian population and their right to self-determination.⁴ Both sides consider the disputed territory vital to national survival, "a symbol of national aspirations and of the hostility of the other".⁵

On the ground, the war has resulted in the occupation of Azerbaijan territory. Nagorno-Karabakh forces, reinforced

by many conscripts and contracted soldiers from Armenia, occupy some 13.4 per cent of Azerbaijan's land (11,722 sq. km.).⁶ This includes some 92.5 per cent of the former Nagorno-Karabakh Autonomous Oblast (NKAO),⁷ five districts outside Nagorno-Karabakh,⁸ and significant segments of two others.⁹ The occupied territory outside the former NKAO amounts to 7,409 sq. km., close to double the territory of the former Soviet oblast.

When Stepanakert¹⁰ describes its self-declared "Nagorno-Karabakh Republic" (5,089 sq. km.), it says that 15 per cent is controlled by the Azerbaijani army. This includes parts of the districts of Martuni and Mardakert (327 sq. km.), which were in the NKAO, as well as the pre-war Shahumian district and Getashen settlement (701 sq. km.) northeast of the NKAO.¹¹ Stepanakert authorities claim these last two should be part of present day Nagorno-Karabakh as they also declared secession from Soviet

¹ Terminology is highly politicised in discussions and writings on NK. While for Azeris it is "the conflict over the Nagorno-Karabakh region", Armenians talk about the "Azerbaijani-Karabakh conflict". In this report the term "Nagorno-Karabakh conflict" will generally be used for simplicity.

² Talks on 4-5 May 1994 led to the Bishkek Protocol establishing a ceasefire and preparing the way for the signing of an official ceasefire agreement on 9-10 May. The ceasefire agreement was brokered by Russia and signed by the defence ministers of Armenia and Azerbaijan and the commander of the NK army. Ali Abasov and Harutyun Khachatrian, *Karabakh Conflict: Resolution Options, Ideas and Realities* (Moscow, 2004), p. 134.

³ 83.3 per cent of Azeris polled believe the conflict was caused by Armenian territorial aspirations. Azerbaijani Sociological Association, Country Report on the "Potential of Azerbaijani and Armenian Peoples in Peacebuilding and Post-Conflict Cooperation", survey in Azerbaijan, Baku, 2003.

⁴ Gerard Libaridian (ed.), *The Karabakh File: Documents and Facts on the Questions of Karabakh 1918-1988* (Cambridge, 1988). See also Hratch Tchilingarian, "Nagorno-Karabakh: Transition and the Elite", *Central Asian Survey* (1999) 18 (4), pp. 441-445.

⁵ Stuart Kaufman, *Modern Hatreds: The Symbolic Politics of Ethnic War* (Ithaca, 2001), pp. 49-50.

⁶ Thomas de Waal, *Black Garden: Armenia and Azerbaijan through Peace and War* (New York, 2003), p. 286. For present purposes we have reduced De Waal's figure for Azerbaijan land under Armenian occupation by 75 sq. km., the territory of two former village enclaves in the Nakhichevan and Kazakh region that lie outside the NK conflict area.

⁷ The NKAO covered 4,388 sq. km. (5.1 per cent of Azerbaijan's territory). Of this NK now controls 4,061 sq. km. (92.5 per cent), according to NK authorities.

⁸ Kelbajar (1,936 sq. km.), Lachin (1,835 sq. km.), Kubatly (802 sq. km.), Jebail (1,050 sq. km.) and Zangelan (707 sq. km.).

⁹ How much of Agdam and Fizuli is occupied is debated. According to Thomas de Waal, Agdam is 77 per cent occupied (842 sq. km.) and Fizuli 33 per cent (462 sq. km.), *Black Garden*, op. cit., p. 286. NK authorities claim that Agdam is 35 per cent occupied (383 sq. km.) and Fizuli is 25 per cent (347 sq. km.). Crisis Group phone communication with official, NK Ministry of Foreign Affairs, July 2005.

¹⁰ Stepanakert is the capital of the non-recognised Nagorno-Karabakh Republic and the former Nagorno-Karabakh Autonomous Oblast. The city is today officially called Khankendi by Azerbaijan. In general in this report, the pre-1988 name is used when a town or village has two.

¹¹ The Soviet-era Shahumian district no longer exists as such in Azerbaijan but has been united with the former Kasum-Ismaïlov district and now is part of the Goranboy district. The Getashen settlement is made up of the Chaikend, Martunashen, Kamo and Azat villages and located in present-day Khanlar district.

Azerbaijan in 1991.¹² In addition they consider Lachin (1,835 sq. km.) to be part of Nagorno-Karabakh and say it "cannot be subject to compromise, as it connects Karabakh to the outer world",¹³ even though it was never part of NKAO, and no Armenians lived there before the war.¹⁴

All sides have largely ethnically cleansed the territory they control. There is no agreement on the exact number of refugees and internally displaced persons (IDPs)¹⁵ but probably some 413,000 Armenians fled Azerbaijan and regions in Armenia bordering it,¹⁶ and 724,000 Azerbaijanis (and Kurds) were displaced from Armenia, Nagorno-Karabakh and the surrounding districts.¹⁷ The multi-ethnic character of Armenia, and to a large extent Azerbaijan, has been destroyed.¹⁸ The vicious cycle of displacement began while the Soviet Union still existed and culminated with violent, mutual expulsions immediately before and during the war.¹⁹ Armenia is now

97.89 per cent Armenian,²⁰ Nagorno-Karabakh 95 per cent Armenian,²¹ and Azerbaijan 90.6 per cent Azeri.²²

Over eleven years after the signing of a ceasefire, neither return nor compensation has been offered to the million-plus forcibly displaced persons.²³ They, together with the tens of thousands of dead and disabled,²⁴ are the main victims of the conflict. This report focuses on the situations faced by the two main communities from

¹² Crisis Group interview with official from NK Ministry of Foreign Affairs, Stepanakert, May 2005. When NK authorities talk about returning the seven occupied districts of Azerbaijan, they insist that return must involve "mutually occupied lands", i.e. that the parts of Martuni, Mardakert, Shahumian and Getashen under Baku's control should be given to Stepanakert in return for Azeri districts.

¹³ Interview with de facto NK President Arkadi Ghukasian, A1 Plus News, 15 July 2005, at <http://www.a1plus.am/eng/?go=issue&id=30698>.

¹⁴ According to this analysis, the "Nagorno-Karabakh Republic (NKR)" contains 6,924 sq. km. Stepanakert rarely includes the other six occupied districts of Azerbaijan as part of NK.

¹⁵ For example, according to the United Nations High Commissioner for Refugees (UNHCR) "2003 Statistical Yearbook", 304,000 Armenians were displaced from Azerbaijan to Armenia and 894,737 Azerbaijanis from Armenia, NK, and the surrounding districts to Azerbaijan, at <http://www.unhcr.ch/cgi-bin/texis/vtx/statistics/opendoc.htm?tbl=STATISTICS&id=42aff7e84>.

¹⁶ According to information from Armenian authorities, 335,000 Armenian refugees from Azerbaijan and 78,000 IDPs were registered. Crisis Group e-mail communication with Arif Yunusov, August 2005.

¹⁷ These are based on calculations carried out by Arif Yunusov. However the full figures that Yunusov uses are higher because they include 48,000 Meskhetian Turk refugees among the Azeri displaced. Crisis Group e-mail communication with Arif Yunusov, August 2005.

¹⁸ There were trends towards increased ethnic heterogeneity during the Soviet period in all South Caucasus republics. Brian D. Silver "Population Redistribution and the Ethnic Balance in Transcaucasia", in Ronald Grigor Suny (ed.), *Transcaucasia: Nationalism and Social Change* (Ann Arbor, 1983), pp. 373-382.

¹⁹ The starting date of the expulsions is controversial. Armenian scholars say they began in 1988, while Azeris say 1987. No material from the time describes 1987 displacements. See, for example, Russian Federation Supreme Soviet Human

Rights Committee, "Study on Human Rights Violations in Azerbaijan and Armenia, April-May 1991". However an account of displacement of Azeris from Armenia in the last quarter of 1987 is provided in Thomas de Waal, *Black Garden*, op. cit., pp. 18-19. See also "NKAO Chronology, February 1988 -- February 1990", Baku, 1990, p. 9; and Svante Cornell, *The Conflict in Nagorno-Karabakh: Dynamics and Resolution Prospects* (Moscow, 2001), p. 439.

²⁰ National Statistical Service of the Republic of Armenia, "Results of the 2001 Census of the Republic of Armenia", at <http://docs.armstat.am/census/pdfs/51.pdf>.

²¹ Country Overview, Office of the Nagorno-Karabakh Republic in the USA, at <http://www.nkrusa.org/country/profile/overview.shtml>.

²² "Statistical Yearbook of Azerbaijan 2004", at <http://www.azstat.org/publications/yearbook/SYA2004/Pdf/02en.pdf>. See also the "Census of the Population of the Azerbaijani Republic in 1999", part iv, Baku, 2000, p. 9 (in Azerbaijani). Throughout this report the term "Azeri" will be used for the ethnic group and "Azerbaijani" for citizens of Azerbaijan.

²³ Armenian sources claim that the Armenian government paid 70 million rubles (some \$110 million) as compensation to 14,500 Azeri families for homes they lost in the 1988 Armenian earthquake, based on a joint decision (No. 654) of the Central Committee of the Communist Party of Armenia and the government of the Armenia Soviet Socialist Republic (SSR). The decision dealt with all victims of the earthquake, some 135,000 families (530,000 people), living in twelve administrative regions of the Armenian SSR (out of 37). Funds were distributed to families through Armenian regional and village councils. Crisis Group interview with Gagik Yeghanyan, head of Refugees and Migrations Department of the government of Armenia, August 2005. According to an Azerbaijani analyst, this remained a paper decision, and Azerbaijani refugees from Armenia received no benefits. Crisis Group e-mail communication with Arif Yunusov, August 2005.

²⁴ The number of dead is controversial. Initially local and international officials claimed that 18,000 to 20,000 Azerbaijanis and at least 25,000 Armenians died. However, there is now some consensus that total deaths were rather fewer, in the neighbourhood of 18,500, the figure quoted in Thomas de Waal, *Black Garden*, op. cit., pp. 284-286, and Arif Yunusov, "Statistics of Losses in the Armenian-Azerbaijani War", in *Karabakh Yesterday, Today and Tomorrow* (Baku, 2002), pp. 20-22. The reportedly complete list of 6,500 Armenians killed was published in the *Encyclopaedia of Liberation War in Karabakh in 1991-1994*, (Yerevan, 2004), pp. 701-862.

Nagorno-Karabakh²⁵ and the surrounding districts, which were affected by the military confrontation, rather than the whole population displaced as a consequence of the broader Azerbaijan-Armenia conflict.²⁶ A subsequent report will examine the negotiations process and make recommendations for moving forward on peaceful settlement both at the negotiating table and on the ground.

II. LIFE IN NAGORNO-KARABAKH

Nagorno-Karabakh is internationally recognised as part of Azerbaijan yet it functions largely as an independent entity whose military and economic security is guaranteed by Armenia. It is still technically at war, with martial law in force.²⁷

Within the Soviet Republic of Azerbaijan, Nagorno-Karabakh had the status of an Autonomous Oblast. On 1 December 1989 the Supreme Soviet of the Armenian SSR and the Nagorno-Karabakh regional council (Soviet) adopted a joint resolution "On the Reunification of Nagorno-Karabakh with Armenia".²⁸ On 2 September 1991 the regional council in Stepanakert declared the independence of the "Nagorno-Karabakh Republic" from Azerbaijan.²⁹ Azerbaijan had declared independence from the Soviet Union on 30 August 1991 and on 26 November revoked Nagorno-Karabakh's autonomous status. Nevertheless, Nagorno-Karabakh Armenians continued with their efforts to separate from Azerbaijan, organising a referendum on 10 December in which they voted overwhelmingly for independence, while few or no Azeris participated.³⁰ No state, including Armenia, has recognised the independence. Stepanakert formally declared on 6 January 1992.

²⁵ In this report the term Nagorno-Karabakh refers to the territory of the former Nagorno-Karabakh Autonomous Oblast of the Azerbaijan SSR. Oblasts enjoyed the least autonomy within the Soviet system but did have their own elected government, police, ethnic schools, press, and other civil and cultural rights.

²⁶ Azerbaijan and Armenia are not engaged in negotiations to regulate the return or compensation of refugees from territories outside NK or its surrounding districts. A senior Azerbaijan official told Crisis Group, "we will have to leave the question of the return of refugees to future generations". Crisis Group interview, Baku, December 2004. An Azerbaijan parliamentarian was, however, adamant that no solution for NK which failed to take into consideration the needs of Azeri refugees from Armenia was viable. Crisis Group interview, Baku, June 2005. NK authorities insist that the resolution of the conflict must also take into consideration the plight and future of Armenians from Azerbaijan. Crisis Group interviews, officials from the NK Ministry of Foreign Affairs, Stepanakert, May 2005.

²⁷ Decree of the President, "On extending martial law", 29 December 1999. Martial law is renewed yearly by presidential request and parliament's approval. Crisis Group interview with de facto NK President Ghukasyan, May 2005. See also <http://www.freedomhouse.org/research/freeworld/2003/countryratings/armenia-azerbaijan.htm>.

²⁸ Even though the Nagorno-Karabakh Council later declared independence rather than unification, this resolution has never been withdrawn.

²⁹ Shahan Avakian, *Nagorno-Karabakh: Legal Aspects* (Stepanakert, 2005), p. 17. The Azeri members of the Council boycotted the session.

³⁰ The Armenians claim that the referendum was conducted in accordance with Article 3 of the USSR law on the "Procedure for Solving Issues of Secession of a Soviet Republic from the USSR" of 3 April 1990. Azerbaijan authorities maintain that the reference to the said Law is groundless insofar as it was without legal effect since no Union Republic, including Azerbaijan and Armenia, had used the procedure for secession stipulated in it. Tofiq Musayev, "Comments to the Report of the Minister of Defence of Armenia at Parliamentary Hearings on the Problem of Nagorno-Karabakh", *World of Diplomacy*, MFA Journal, March 2005, pp. 137-143. According to the NK Central Election Commission (CEC), there were 132,328 registered voters, of which 26,400 were Azeris. 108,736 voters participated -- 108,615 approved, 24 disapproved, and 97 ballots were invalid. Azeris boycotted. Crisis Group interview with head of Nagorno-Karabakh CEC, Stepanakert, May 2005.

In Nagorno-Karabakh, as in Armenia, resolution of the entity's international status is seen as the key to solving the conflict. Unification or full independence for Nagorno-Karabakh are both considered acceptable outcomes. The 1988 Karabakh movement started with the slogan "Miatsum" ("Unification" in Armenian). However, this demand began to change in 1991 with the collapse of the Soviet Union. Today, as the (de facto) president of Nagorno-Karabakh³¹ explained in Stepanakert, "while we were in the Soviet Union it was realistic to demand a transfer to Armenia but after the Soviet Union collapsed, we realised that the policy of independence was a better option".³² When asked whether Nagorno-Karabakh's ultimate aim was independence or unification, a high level official at the representation office in Yerevan responded, "independence, of course".³³

Nagorno-Karabakh public opinion appears nearly divided.³⁴ Supporters of unification say that, "our goal is to reunite with Armenia anyway as we already share the same economic, social and legal space".³⁵ The Armenian government's position tends to be, "we will support any decision on future status that the people of Nagorno-Karabakh take".³⁶ Official and public opinion alike is adamant in Baku that Nagorno-Karabakh's secession was unconstitutional, its acquisition of territory illegal, its statehood cannot be recognised, and it should remain part of Azerbaijan.³⁷

Nagorno-Karabakh has developed since 1992 in close synergy with Armenia and without contact with Azerbaijan. This is a significant break from the Soviet past, when judicial and political institutions, economy, infrastructure and communications were tied to Baku. The entity is surrounded by Azerbaijani territory, and its only connections to Armenia are via occupied territories including the Lachin corridor, where a modern road has been constructed with funds from the Armenian diaspora. There are no operating airports,³⁸ and the railroad to Baku had been largely dismantled.

A. TODAY'S INHABITANTS

Since 1989 the demographic structure has been radically transformed. During the final Soviet census that year, the population of the NKAO was calculated to be 189,085, including 145,500 ethnic Armenians (76.9 per cent) and 40,700 ethnic Azeris (21.5 per cent).³⁹ The number of Armenians today is similar, according to Nagorno-Karabakh authorities.⁴⁰ Yet up to 70,000 Armenians who resided there before the war are said to be in third countries.⁴¹ Virtually no Azeris remain. Some two thirds of the pre-war population -- Armenians and Azeris -- are no longer in Nagorno-Karabakh.⁴²

Research and Media Coverage of the Karabakh Settlement Problem (2001-2003)", Baku, 2004, p. 9.

³⁸ There is a small airport in Khojali, close to Stepanakert, but it is used mainly for helicopter transport.

³⁹ *Ethnic Composition of the Population of the USSR According to the USSR Census of 1989* (Moscow, 1989). Azerbaijani and Armenian analysts consider that Soviet-era census figures are somewhat inaccurate because they were politicised by Moscow at the time. For example, the Azerbaijan side argues that the 1989 census did not count all Azeris living in NK because it was carried out after the beginning of conflict. They say that there were actually 46,347 Azeris in NK. *Ethnic Composition of the Population of the Azerbaijani SSR (according to the USSR census of the population of 1989)*, (Baku, 1990), p. 7.

⁴⁰ This figure, 145,000, includes those who now reside in the Lachin (Qashatagh) and Kelbajar ("Shahumian in exile") districts. "The Statistical Yearbook of Nagorno-Karabakh Republic 2000-2003", p. 12. Officials nevertheless admit that a population of 135,000 may be more realistic when substantial migration between NK and Armenia is taken into account. Crisis Group interview with head of the National Statistical Services, Stepanakert, May 2005.

⁴¹ Crisis Group interview with staff of Nagorno-Karabakh representation office in Yerevan, February 2005. In addition Stepanakert authorities claim that up to 1 million people with NK ancestry now live in third countries. Crisis Group interview with staff of Ministry of Foreign Affairs, Stepanakert, May 2005.

⁴² Azerbaijan authorities estimate that 120,000 reside in NK. "Population Census of Azerbaijan Republic in 1999", Baku, 2000, part iv, p. 9 (in Azerbaijani).

³¹ The authorities in NK are de facto because neither their credentials nor those of the government they represent have been accepted internationally as valid de jure. For the sake of simplicity, the qualifying phrase is not repeated in the body of the text after first usage for each office-holder.

³² Crisis Group interview with de facto NK President Ghoukasian, Stepanakert, January 2005.

³³ Crisis Group interview with staff of Nagorno-Karabakh representation office in Yerevan, February 2005.

³⁴ According to a survey of 1,000 persons carried out by the Stepanakert Press Club in October 2003, 44.9 per cent (449 respondents) agree that NK should be an independent state, while 48.3 per cent (483 respondents) believe that it should unify with Armenia. 0.7 per cent replied that NK should obtain the "highest autonomy" in Azerbaijan, and 0.2 per cent that there should be a common state with Azerbaijan. Stepanakert Press Club, "Mountainous Karabakh in the Mirror of Public Opinion" Stepanakert, 2004, pp. 203.

³⁵ Crisis Group interview with de facto NK minister, Stepanakert, January 2005.

³⁶ Crisis Group interview with minister, Yerevan, May 2005.

³⁷ Crisis Group interview with official from Azerbaijan Ministry of Foreign Affairs, August 2005. According to a survey of 1,155 persons conducted throughout Azerbaijan, 89.7 per cent believed NK should be within Azerbaijan, and 56 per cent felt it should have no autonomy, while 33.7 per cent supported some form of autonomy. Baku Press Club, "The Karabakh Conflict and Prospects for Settling it, The Results of Sociological

About half the population lives in Stepanakert.⁴³ People have tended to migrate there from the rest of the region in search of employment, better living conditions, infrastructure and social services.⁴⁴ Other towns with significant populations include Martuni, Mardakert, Askeran and Hadrout.⁴⁵ Some Azeri majority settlements have lost almost all their pre-war population, most dramatically Shusha (pre-war population 14,600, today approximately 3,000).⁴⁶

In 1989 Nagorno-Karabakh residents were citizens of the Soviet Union and the Azerbaijani Soviet Socialist Republic. Today, Stepanakert says that they are Nagorno-Karabakh citizens.⁴⁷ The (de facto) minister of foreign affairs told Crisis Group that he considers all Armenian nationals who lived, or whose ancestors lived, in Soviet Azerbaijan -- up to 500,000, he calculates -- eligible for citizenship.⁴⁸ A draft law under consideration, he added, would permit all persons born in Nagorno-Karabakh to have dual citizenship.⁴⁹ This would open the door for them to enjoy Armenian citizenship. Yerevan's legislation does not allow dual citizenship, but as Armenia does not recognise Nagorno-Karabakh's independence, permanent residents from there face few obstacles to becoming Armenian citizens. Baku authorities consider all persons from Nagorno-Karabakh to be citizens of Azerbaijan.⁵⁰

⁴³ Crisis Group interview with mayor, Stepanakert, May 2005. The population is 57,500 according to the "Statistical Yearbook of Nagorno-Karabakh", op. cit., p. 13.

⁴⁴ Crisis Group interview with resident, Stepanakert, February 2005.

⁴⁵ With populations of, respectively, 4,600, 4,100, 2,100, and 2,900, "Statistical Yearbook of Nagorno-Karabakh", op. cit., pp. 14-15.

⁴⁶ The town is today called Shushi by NK authorities. Crisis Group interviews with NGO representatives, Shusha, May 2005. See also "Statistical Yearbook of Nagorno-Karabakh", op. cit., p. 15.

⁴⁷ A resident is eligible for NK citizenship after living there for three years.

⁴⁸ The logic behind this argument, he said, is that the Azerbaijan SSR was a multinational state which collapsed into two pieces, Azerbaijan and Nagorno-Karabakh. As Azeris and Armenians were part of a single state, its resources should be divided between the former citizens on an equal basis. Crisis Group interview with de facto NK minister of foreign affairs, Stepanakert, May 2005.

⁴⁹ Crisis Group interview with de facto NK minister of foreign affairs, Stepanakert, May 2005.

⁵⁰ Azerbaijan Minister of Foreign Affairs Elmar Mamadyarov told the Turan news agency on 7 June 2005, "the representatives of the Karabakh Armenian community are citizens of Azerbaijan and should benefit from the achievements of the country's development". Deputy Foreign Minister Araz Azimov stated, "the Armenian population of Karabakh are citizens of Azerbaijan, and Baku is ready to give them self-governance". Press conference, 26 November 2004, at <http://www.echo-az>.

but few if any people currently living there view themselves as such.

Nagorno-Karabakh does not issue its own passports.⁵¹ Armenia has given a majority of the inhabitants its passports for travel abroad. These are distributed through the local police and include a number which helps distinguish them from passports held by residents of Armenia.⁵²

1. The displaced Armenians

Nagorno-Karabakh authorities claim that one third of the population can be described as "refugees" and IDPs.⁵³ They consider that 10,000 to 15,000 people originally from pre-war Shahumian and Getashen (Azerbaijan),⁵⁴ and some 20,000 from Mardakert and Martuni (former parts of the NKAO) are IDPs. They call those from other parts of Azerbaijan refugees.⁵⁵ As Shahumian and Getashen joined Stepanakert in declaring secession in 1991,⁵⁶ they are described as "Armenian territory, part of Nagorno-Karabakh illegally

[info/archive/2004_11/966/politica05.shtml](http://www.regnum.ru/archive/2004_11/966/politica05.shtml). Rustam Mammadov, Azerbaijani Presidential Administration, said, "once the Karabakh conflict is settled, the Armenian population of Nagorno-Karabakh, as all the citizens of Azerbaijan with equal rights, would be able to benefit from the results of the economic growth of Azerbaijan". 21 February 2004, at <http://www.regnum.ru/news/221397.html>.

⁵¹ A citizenship law is being drafted. Crisis Group interview with de facto President Ghoukasian, Stepanakert, May 2005.

⁵² Crisis Group interviews with NK inhabitants, Stepanakert and Shusha, May 2005.

⁵³ Because it considers NK a part of Azerbaijan, the international community considers all these persons internally displaced persons (IDPs) rather than refugees.

⁵⁴ According to 1979 census data, some 14,623 Armenians lived in Shahumian (73.2 per cent of population) and 6,000 in Getashen. Central Statistical Department, *The results of the USSR Census of 1979 on Azerbaijani SSR*, vol. 2, pp. 156-184.

⁵⁵ Crisis Group interviews with officials of the NK Ministry of Foreign Affairs, May and June 2005.

⁵⁶ For detailed history of the deportations from Shahumian and Getashen, see Human Rights/Helsinki Watch, *Azerbaijan: Seven Years of Conflict in Nagorno-Karabakh* (New York, 1994). See also a detailed account by the Russian human rights organisation Memorial, at <http://www.memo.ru/hr/hotpoints/karabakh/Getashen/chapter1.htm>. Azerbaijan claims there were no deportations but rather a law enforcement operation to apprehend criminal gangs who had turned Chaikend into a "criminal hub from which they bombed and shelled surrounding villages and roads, terrorising the local Azerbaijani population". Letter dated 11 November 2004 from the permanent representative of Azerbaijan to the president of the United Nations General Assembly, 59th Session, Agenda Item 163, "The situation in the occupied territories of Azerbaijan", A/59/568.

occupied by Azerbaijani forces". Stepanakert argues that people from there should return eventually to pre-war homes under its jurisdiction.

Most of the approximately 30,000 displaced from mainland Azerbaijan⁵⁷ settled in Nagorno-Karabakh after living for a time in Armenia, Russia, Turkmenistan and other former Soviet republics. Nagorno-Karabakh authorities contend that many Armenians living in Soviet Azerbaijan -- especially in Baku and Sumgait -- were originally from Nagorno-Karabakh and left to take advantage of employment and education opportunities.⁵⁸ They say they are returning to their "homeland".⁵⁹ Baku strongly objects, arguing that under international law Armenians who were not pre-war residents have no right to move to Nagorno-Karabakh while it is under occupation.⁶⁰

In 2004, Azerbaijan raised the issue of the settlement of its occupied territory at the UN General Assembly, accusing the Armenian side of consolidating the occupation through the illegal transfer of settlers. It claimed, "23,000 people (5,300 families) had been transferred into the Nagorno-Karabakh region", and that "Armenia intends to increase the Armenian population on the occupied territories from the currently reported 143,000 to 300,000 by the year 2010...with the purpose of annexation of these territories".⁶¹ Armenia denied that an official settlement policy was being implemented.⁶² In response to the charges, the Organisation for Security and Cooperation in Europe (OSCE) established a Fact-Finding Mission (see below).

There are reports that Nagorno-Karabakh authorities provide incentives for IDPs from Azerbaijan to move to

Nagorno-Karabakh -- \$300 per person⁶³, \$600 per family, to buy cattle and agricultural inputs, as well as land and subsidised utilities. Yerevan's Department for Migration and Refugees and the (de facto) Nagorno-Karabakh Migration and Refugees Department are said to work closely together, allocating up to \$600,000 annually to build houses for settlers in Nagorno-Karabakh.⁶⁴ According to a Nagorno-Karabakh official, the intention is to assist 67,000 people to move permanently over the next ten years.⁶⁵

In theory, most IDPs from mainland Azerbaijan have a special status,⁶⁶ but in practice they are largely integrated, with no major differences visible in living conditions. In 2005 887 million drams (\$1.971 million) were allocated in the Nagorno-Karabakh budget to assist the displaced. Some 800 million drams out of this was designated for construction of homes and infrastructure. Few IDPs are still in collective housing.⁶⁷ They can become legal owners of a home at no cost after living in it for three years.⁶⁸ Some are interested in seeking compensation for the homes they lost in other parts of Azerbaijan and have stated a readiness to talk with their former neighbours or Azerbaijani officials.⁶⁹ Unemployment tends to be higher among IDPs than the rest of the population, and they benefit from additional social assistance.⁷⁰ The Law on Refugees of November

⁵⁷ While not wholly satisfactory, the term "mainland Azerbaijan" is used in this report to describe all areas currently under control of the Azerbaijan state (i.e. it does not include NK and the adjoining occupied territories).

⁵⁸ Crisis Group interviews with officials, Stepanakert, November 2004 and May 2005.

⁵⁹ Local authorities have encouraged this migration, and a steady flow from Central Asia in particular is settling in NK. Crisis Group interviews with ethnic Armenians from Turkmenistan and Kazakhstan, Stepanakert, November 2004 and May 2005.

⁶⁰ Azerbaijan cites the Geneva Convention IV, Relative to the Protection of Civilian Persons in Time of War (12 August 1949), Articles 49, "The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies". "Information on the Transfer of Population into the Occupied Territories of Azerbaijan", enclosed in a letter dated 11 November 2004 from the permanent representative of Azerbaijan, op. cit.

⁶¹ Ibid.

⁶² Intervention by Armen Martirosyan, Armenian representative, 59th UN General Assembly, 60th meeting, press release GA/10304, 23 November 2004.

⁶³ Figures denoted in dollars (\$) in this report are in U.S. dollars.

⁶⁴ Ruzan Hakobyan, "Refugees: A Limbo with No End", Transitions Online, 3 January 2005.

⁶⁵ David Petrosian, *Nagorno-Karabakh: One More Year without War* (Yerevan 2005), p. 74.

⁶⁶ IDPs are registered as such in every district by government officials. They do not have authorities "in exile" (except in Kelbajar-Shahumian) and refer to the authorities of the district/municipality where they live to resolve administrative problems. Crisis Group interview with Pavel Najarian, de facto NK head of Migration and Refugees Department, August 2005.

⁶⁷ On average 100 dwellings are built for IDPs each year. Local authorities estimate that some 85 to 90 per cent of all displaced persons have been provided with housing. Ibid. Yet, in some areas -- particularly Mardakert -- housing remains problematic, as war damage still needs to be repaired. Crisis Group interview with IDPs and head of Mardakert Administration, Mardakert, May 2005. In Stepanakert 80 families live in dormitories. Crisis Group interview with head of NK Migration and Refugees Department, Stepanakert, May 2005. Crisis Group interview with NGO staff working with IDPs, Stepanakert, November 2004.

⁶⁸ "Law on Legal and Socio-Economic Guarantees for the Refugees Forcibly Displaced from Azerbaijan in 1988-1992 and Having Found Shelter in NKR", 20 October 2004.

⁶⁹ Crisis Group interviews with IDPs in Shusha and Mardakert, May and February 2005.

⁷⁰ This includes a one-time allocation of 45,000 drams (\$100) for heads of families and 25,000 drams (\$55) for each additional

2004 provided IDPs with all the rights granted to Nagorno-Karabakh citizens, including to vote, to hold office, and to benefit from privatisation. However, they are not formerly organised in associations, political parties or other groups that could represent their interests.⁷¹

Authorities and displaced alike complain bitterly of the lack of major international assistance,⁷² though there are many needy IDPs, including large numbers of households headed by women. Whatever external aid has come is from the diaspora, frequently in the form of remittances sent to former co-villagers by wealthier community members now living in Armenia or Russia.⁷³

2. Armenian habitation of the occupied districts

The degree to which Armenian settlers have moved into the seven occupied territories around Nagorno-Karabakh is an issue of intense debate. Before the war the 424,900 inhabitants of those districts were almost exclusively Azeris,⁷⁴ none of whom remain. Towns like Agdam (28,200), Kelbajar (8,100), Jebraïl (6,200) and Fizuli (23,000)⁷⁵ have been systematically levelled so that only foundations remain. Even electrical wiring, pipes, and other infrastructure have been sold as scrap.⁷⁶ Authorities in Stepanakert have done nothing to stop the destruction process.⁷⁷

family member "as compensation for moral-psychological trauma and lost property" in Azerbaijan.

⁷¹ Except for the Shahumian displaced, who have their own district in exile.

⁷² Crisis Group interview with displaced and head of Mardakert Administration, Mardakert, May 2005.

⁷³ Crisis Group interview with displaced, Mardakert, Agdam and Kelbajar, May 2005.

⁷⁴ According to the 1989 census, Azeris were 96 per cent in Kelbajar, 89.9 per cent in Lachin, 99.6 per cent in Jebraïl, 99.4 per cent in Kubatly, 99.2 per cent in Fizuli and 99.5 per cent in Agdam. Armenians were registered in Zangelan (0.4 per cent), and in Kubatly, Fizuli and Agdam (all 0.1 per cent). *Ethnic Composition of the Population of Azerbaijani SSR*, op. cit., pp. 7-8.

⁷⁵ "The Population of Azerbaijani Republic, 1989", Statistical Collection, Baku, 1991, pp. 11-13.

⁷⁶ Crisis Group observations in Agdam and Kelbajar, May 2005. See also OSCE, "Report of the OSCE Fact-Finding Mission to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh, 2005".

⁷⁷ The Geneva Convention IV, Relative to the Protection of Civilian Persons in Time of War (12 August 1949), Article 53, states: "Any destruction by the Occupying Power of real or personal property belonging individually or collectively to private persons, or to the State, or to other public authorities, or to social or cooperative organisations, is prohibited, except where such destruction is rendered absolutely necessary by military operations".

After Azerbaijan raised the issue of settlements on occupied territory, the parties agreed that an OSCE Fact-Finding Mission could visit areas surrounding Nagorno-Karabakh. It interviewed, counted or directly observed between 9,000 and 12,000 settlers and noted that authorities gave various incentives to settle: from turning a blind eye, to providing homes, infrastructure, tax exemptions, and free utilities.⁷⁸

Stepanakert considers Lachin for all intents and purposes part of Nagorno-Karabakh.⁷⁹ Its demographic structure has been modified. Before the war 47,400 Azeris and Kurds lived there; today its population is some 10,000 Armenians, according to Nagorno-Karabakh officials.⁸⁰ The incentives offered to settlers include free housing, social infrastructure, inexpensive or free utilities, low taxes, money and livestock. In the town centre, up to 85 per cent of the houses have been reconstructed and re-distributed.⁸¹ New power lines, road connections and other infrastructure have made the district more dependent on Armenia and Nagorno-Karabakh than before the war.

Crisis Group also observed settlers who have set up functioning administrative institutions in Kelbajar and Agdam.⁸² They live in semi or fully rebuilt homes, with access to water and electricity. At least seven schools have been built or rehabilitated with diaspora funds in Kelbajar, the local administration explained.⁸³ Stepanakert pays salaries for teachers, village doctors, police and local administration. A "Shahumian district in exile" administration has been set up in Kelbajar town, where mainly displaced persons from Shahumian and Getashen have settled. It carries out official functions including registration and documentation as elsewhere in Nagorno-Karabakh. For Nagorno-Karabakh elections, it is one district (with fifteen polling stations).⁸⁴ The "Shahumian/Kelbajar district" elects one member of the Nagorno-Karabakh National Assembly.

⁷⁸ Ibid.

⁷⁹ The town of Lachin has been renamed Berdzor and the district Qashatagh.

⁸⁰ Making it the sixth largest place of compact residence in Stepanakert-controlled territories. "Statistical Yearbook of Nagorno-Karabakh", p. 15.

⁸¹ OSCE, "Report of the OSCE Fact Finding Mission to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh, 2005", op. cit., pp. 23-24.

⁸² For example, 280 displaced persons from Leninavan (Maragha) have settled in a village in Agdam district, which they have renamed New Maragha (Nor Maragha).

⁸³ Crisis Group observations and interview, Kelbajar, May 2005.

⁸⁴ Crisis Group interview with head of the CEC, Stepanakert, May 2005.

While settlers explained that they moved to the occupied districts to be near their former homes, their resettlement may also have been for strategic purposes and with at least the tacit support of Stepanakert.⁸⁵ Armenian activists argue that Azerbaijan has purposely re-populated the former Armenian majority areas of Shahumian and Getashen with Azeri refugees from Armenia.⁸⁶ The Shahumian and Getashen IDP population of Kelbajar is possibly Stepanakert's response.

Azerbaijan sees Armenian settlement of the occupied areas as proof that Nagorno-Karabakh plans to hold them indefinitely. A Nagorno-Karabakh official seemed to justify this fear, stating that, "the Azeris must understand there is no way they can ever return to Fizuli and Jebrail".⁸⁷ The chairperson of the Armenian Revolution Federation-Dashnaksutyun (ARF-D) Nagorno-Karabakh chapter took an even harder line: "We need to settle those lands. And already lots of people live there. Those districts serve as our 'security belt'. They are essential to ensure the preservation of our nation and state".⁸⁸

Stepanakert's settlement policy in Lachin and Kelbajar, and to lesser extent Agdam, appears to be a violation of international law and is likely to complicate the implementation of any political settlement. The greater the number of settlers in the occupied districts, the longer they reside there, and the more organised their life becomes, the more difficult it will be to ever shift them. As the chair of the Nagorno-Karabakh parliament said, "once Armenians start burying their dead there, it will be difficult to move them again".⁸⁹

⁸⁵ Asked by Crisis Group if the settlement of people from Shahumian in Kelbajar was being used as a lever in negotiations, the de facto NK minister of foreign affairs responded, "no, they settle there on their own initiative, and we support their choice. All of them are dreaming of going back to Shahumian", May 2005.

⁸⁶ Crisis Group e-mail communication with David Petrosian, July 2005. The Azerbaijani government does not deny this settlement. According to the Decree of the President of Azerbaijan of 22 August 2001, 1,400 destroyed houses were to be reconstructed in Ashaghy Aghjakand (Shahumian) and Yukhari Aghjakand (Verinshen) to accommodate refugees from Armenia who settled there. Letter dated 11 November 2004 from the permanent representative of Azerbaijan, op. cit. In addition, Meskhetian Turks from Uzbekistan and Azeri IDPs from NK and seven occupied districts have been settled there. Crisis Group communication with Arif Yunusov, July 2005.

⁸⁷ Crisis Group interview with head of local administration, Southern Nagorno-Karabakh, January 2005.

⁸⁸ Crisis Group interview with chair, ARF-D Nagorno-Karabakh chapter, May 2005.

⁸⁹ Crisis Group interview with chairperson of the NK Parliament, Stepanakert, May 2005.

B. POWER STRUCTURES

Nagorno-Karabakh authorities promote their entity as democratic, while Azerbaijani officials publicly describe members of the Stepanakert government as "nothing better than warlords".⁹⁰ Nagorno-Karabakh justifies independence through claims of a functioning government with a democratically elected president and legislature, which can deal with foreign states and maintains armed forces under civilian command.⁹¹ It says that even if it is not internationally recognised, it is taking steps to meet the obligations it will have should it eventually join such bodies as the Council of Europe.⁹²

Nagorno-Karabakh has no constitution⁹³ but may adopt one later this year.⁹⁴ After proclaiming independence, it became a parliamentary republic, then adopted a presidential model in November 1994. The first (de facto) president, Robert Kocharian, was elected by parliament and re-elected by popular vote in November 1996.⁹⁵ After he became prime minister of Armenia in 1997, Arkadi Ghoukasian won the new election in September of that year⁹⁶ and re-election to a second and final term in 2002.⁹⁷

⁹⁰ Crisis Group interview with officials, Azerbaijan Ministry of Foreign Affairs, December 2004.

⁹¹ See also Public International Law and Policy Group and the New England Centre for International Law and Policy, "The Nagorno-Karabakh Crisis: A Blueprint for Resolution", June 2000, p. 23.

⁹² "We realised that if we don't speak the language that is understood by the West, than we have no chance. We understand that we are breaking stereotypes and need to prove that we can be like Europe. In 1999 we managed to overcome the post-war syndrome; since then we have been conducting the best elections in the South Caucasus. We are taking on international obligations which are not even obligatory for us". Crisis Group interview with de facto NK President Ghoukasian, Stepanakert, May 2005.

⁹³ After the 1991 independence declaration, NK adopted the prevailing Soviet laws as the basis for its legal system.

⁹⁴ Crisis Group interview with de facto NK President Ghoukasian, Stepanakert, May 2005.

⁹⁵ Robert Kocharian (88.9 per cent), Boris Aroushanian (8.09 per cent) and Hrand Melkoumian (4 per cent). Voter turnout 78.07 per cent (70,052 voters). Mushegh Ohanianian, *Steps of Independence: Elections and Referendum Conducted in NK (1991-1998)* (Stepanakert, 1998), p. 24.

⁹⁶ Ghoukasian, 48, is a Stepanakert native. He trained as a Russian language teacher in Yerevan and worked as a journalist in Stepanakert. In the late 1980s, he became actively involved in the Karabakh movement. In 1992 he was elected to the Nagorno-Karabakh parliament; in 1993 was appointed minister of foreign affairs, and in 1997 elected president. In 2001, he survived an assassination attempt attributed to political opponent Samvel Babayan. In the election Ghoukasian won 89.32 per cent, Boris Aroushanian 5.33 per cent and Artur

The president appoints ministers upon recommendation of the prime minister, currently Anushavan Danielian, without approval of the parliament. The Democratic Union of Artsakh holds a majority in the unicameral 33-seat parliament.

Nagorno-Karabakh is further subdivided into regions and communities. Heads of regional administrations are appointed, and heads of local self-governing bodies (communities) are elected. Towns, including Stepanakert, have the status of communities, with elected heads.⁹⁸

1. Armed forces

NK may be the world's most militarised society. The highly trained and equipped Nagorno-Karabakh Defence Army is primarily a ground force, for which Armenia provides much of the backbone.⁹⁹ A Nagorno-Karabakh official told Crisis Group it has some 20,000 soldiers,¹⁰⁰ while an independent expert estimated 18,500.¹⁰¹ An additional 20,000 to 30,000 reservists allegedly could be mobilised.¹⁰² Based on its population, Nagorno-Karabakh cannot sustain such a large force without relying on

substantial numbers of outsiders. According to an independent assessment, there are 8,500 Karabakh Armenians in the army and 10,000 from Armenia.¹⁰³ If these figures are accurate, Nagorno-Karabakh's 65 persons per 1,000 inhabitants under arms would surpass almost all other countries for proportion of population in the military.¹⁰⁴

Nevertheless, many conscripts and contracted soldiers from Armenia continue to serve in NK. The (de facto) minister of defence admits his forces have 40 per cent military contract personnel, including citizens of Armenia.¹⁰⁵ He claims that no Armenian citizens are unwillingly conscripted¹⁰⁶ and says 500,000 Armenians of Nagorno-Karabakh descent live in Armenia, some of whom serve in the Nagorno-Karabakh forces.¹⁰⁷ Former conscripts from Yerevan and other towns in Armenia have told Crisis Group they were seemingly arbitrarily sent to Nagorno-Karabakh and the occupied districts immediately after presenting themselves to the recruitment bureau. They deny that they ever volunteered to go to Nagorno-Karabakh or the adjacent occupied territory. They were not paid a bonus for serving outside Armenia, and they performed military service in Nagorno-Karabakh uniform, under Nagorno-Karabakh military command.¹⁰⁸ Young Armenian recruits' opposition to serving in Nagorno-Karabakh has increased, which may help explain an apparent decrease in the numbers being sent to NK.¹⁰⁹

Tovmasian 5.35 per cent, with turnout 84.6 per cent (76,257). Ohanianian, op. cit., pp. 37-39.

⁹⁷ Ghoulkassian (88.95 per cent); Tovmasian, the parliament speaker (7.67 per cent); Albert Ghazarian, the leader of the Christian-Democratic Party (2.1 per cent); and Grigori Afanasyan, leader of the Unity bloc (1.26 per cent). Turnout was 75.7 per cent (64,736). Sergei Davtian, *On the Way To Democracy: Elections Conducted in NKR 2000-2002* (Stepanakert, 2002), pp. 38-39.

⁹⁸ Local elections were conducted in September 1998, September 2001 and August 2004. "Nagorno-Karabakh Republic Years of State-Building", op. cit., p. 13.

⁹⁹ A U.S. military analyst, Richard Giragosian, described the army as at a high level of combat readiness, with well-maintained equipment and strong unit cohesion and moral. Crisis Group e-mail communication, July 2005.

¹⁰⁰ Crisis Group interview with official of Nagorno-Karabakh representation office in Yerevan, February 2005. The 20,000 figure has also been quoted in Jane's "World Armies, Armenia Country Report", last updated 11 July 2005; Svante E. Cornell, Roger N. McDermott, William D. O'Malley, Vladimir Socor, S. Frederick Starr (eds.), *Regional Security in the South Caucasus: The Role of NATO*, Central Asia-Caucasus Institute (CACI) (Washington, D.C., 2004), pp. 40-41. Saferworld, "The Caucasus: Armed and Divided -- small arms and light weapons proliferation and humanitarian consequences in the Caucasus", chapter 3, April 2003, p. 67. The two-year military service -- obligatory for men -- is organised by the Law on Military Service adopted on 27 December 2001 and the Law on Conscription. The minimum age for conscription is eighteen; women are exempt.

¹⁰¹ Crisis Group e-mail communication with U.S. military analyst Richard Giragosian, July 2005.

¹⁰² The lower figure is in Jane's "World Armies", op. cit. The higher figure is in Saferworld, "The Caucasus", op. cit.

¹⁰³ Crisis Group e-mail communication with U.S. military analyst, Richard Giragosian, August 2005.

¹⁰⁴ Bosnia-Herzegovina in 1995 at the height of the war had 30.5 soldiers for every 1,000 people; Eritrea in 1999 had 54 soldiers for every 1,000. For comparisons see <http://www.fas.org/asmp/profiles/wmeat/WMEAT99-00/08-Table1.pdf>. Azerbaijan is estimated to have 0.84 per cent of its population under arms, Armenia 1.5 per cent. *The Military Balance*, International Institute for Strategic Studies (IISS), 2004-2005.

¹⁰⁵ "No conscripts from Armenian in NKR Defense Army", PanARMENIAN.Net, 9 September 2002 at <http://www.panarmenian.net/search/eng/>. The de facto NK minister of defence told Crisis Group that 20 per cent were professionals. Crisis Group interview with de facto NK minister of defence, Stepanakert, May 2005.

¹⁰⁶ The de facto NK deputy minister of foreign affairs says, "only volunteers from Armenia serve in the Defence Army of Nagorno-Karabakh. No pressure is put on them to force them to serve in Nagorno-Karabakh". Crisis Group e-mail communication, July 2005.

¹⁰⁷ Crisis Group interview with de facto NK minister of defence, Stepanakert, May 2005.

¹⁰⁸ Crisis Group interviews with former conscripts in Yerevan, June 2004, February and April 2005.

¹⁰⁹ According to analyst Richard Giragosian, some 15,000 of a total NK force of 18,500 previously came from Armenia. Since 2002 Armenian recruits are fewer, and local Karabakh

There is a high degree of integration between the forces of Armenia and Nagorno-Karabakh.¹¹⁰ Senior Armenian authorities admit they give substantial equipment and weaponry.¹¹¹ Nagorno-Karabakh authorities also acknowledge that Armenian officers assist with training and in providing specialised skills.¹¹² However, Armenia insists that none of its army units are in Nagorno-Karabakh or the occupied territories around it.

Until 2000, the military played a significant role in politics. This began to change when the struggle for influence between President Ghukasian, and the then commander-in-chief of the army, Samvel Babayan, came to a head. Babayan was fired and subsequently sentenced to fourteen years in prison for masterminding an assassination attempt against the president.¹¹³ Since then, the military's political role appears to have declined, though its economic presence remains tangible. The military is perceived as an institution that can provide stable employment, and many families are dependent on it for their income.

2. Political parties and elections, 2004-2005

A series of internationally unrecognised elections have been held since 1992.¹¹⁴ All Nagorno-Karabakh permanent residents, including IDPs from Azerbaijan, inhabitants of the former NKAO, and parts of the occupied districts, are allowed to vote.¹¹⁵ Azerbaijan

recruits more numerous, he says, due to low morale among the former. Crisis Group e-mail communication with U.S. military analyst Richard Giragosian, August 2005.

¹¹⁰ Jane's "World Armies", op. cit. See also "Karabakh military exercises aimed at keeping peace -- Armenian Defence Minister", Arminfo, 10 August 2004, at www.arminfo.am.

¹¹¹ Crisis Group interview, Armenian official, Yerevan, May 2005.

¹¹² Crisis Group interview with staff of Nagorno-Karabakh representation office in Yerevan, February 2005. Crisis Group interview with de facto NK minister of defence, Stepanakert, May 2005.

¹¹³ On 22 March 2000, two gunmen shot at the presidential cortege, wounding Ghukasian, his driver and his bodyguard. Police arrested up to 200 suspects, including Babayan and some of his close supporters. In September 2004 Babayan was released on a presidential pardon, allegedly because of deteriorating health. Armenian News Network/Groong, 6 October 2004, at <http://groong.usc.edu/ro/ro-20041006.html>.

¹¹⁴ Parliamentary elections were held in 1992, 1995, 2000 and 2005, presidential elections in 1996, 1997 and 2002, and local elections in 1998, 2001 and 2004.

¹¹⁵ Since the passage of the 2004 Law on Refugees, all IDPs from Azerbaijan can vote using their *propiska* (registration card) or their resettler card. The latter lists all family members and is given to the head of family. *Propiska* can be obtained by persons residing in Lachin, Kelbajar ("Shahumian in exile") and parts of Agdam but not in other parts of the occupied territories.

regularly condemns the elections for violating national and international law and having no Azeri participation.¹¹⁶ In June 2004 when local polls were held, its parliament stated that elections could only be legitimate after the return of Azeri IDPs.¹¹⁷ Armenia defends the right of Nagorno-Karabakh to conduct elections as an exercise of "lawful rights effective in accordance with international standards" and says that "only by way of elections the newly-emerged authorities can and are authorised to conduct political negotiations".¹¹⁸ Observers from major international institutions such as the OSCE, Council of Europe, and Commonwealth of Independent States (CIS) have never monitored Nagorno-Karabakh elections. The then secretary general of the Council of Europe described the 2004 vote as "irrelevant", while a statement from Brussels in 2002 said, "the EU cannot consider legitimate the 'presidential elections' that are scheduled to take place in Nagorno-Karabakh".¹¹⁹

The main political parties are the Democratic Artsakh Party, the Free Homeland Party, the ARF-D, and Movement 88. The former, in power since 2000, combines ex-Soviet elites and new business people who together control many of the region's resources. It has largely relied on Soviet-era networks, and several district leaderships are unchanged from that time. A local administration head said, "I have been sitting here since the Soviet period, and I am still here today".¹²⁰

The ARF-D, until recently the second force in Nagorno-Karabakh, is in Armenia's ruling coalition. It is a strongly organised, well-financed party with diaspora support. With nine seats, it had a major presence in the previous Nagorno-Karabakh parliament. For the July 2005 election, however, it joined with Movement 88 -- a loose association of intellectuals often affiliated with media

Crisis Group interview with the head of the Central Election Commission, May 2005.

¹¹⁶ Statement of the Ministry of Foreign Affairs of the Republic of Azerbaijan, 15 June 2005 and Statement of the Ministry of Foreign Affairs of the Republic of Azerbaijan, 24 June 2004, at http://www.mfa.gov.az/eng/mfa_statements/stat.shtml.

¹¹⁷ *Azerbaijan* (in Azeri), 18 June 2004.

¹¹⁸ Interview of former Armenian Ministry of Foreign Affairs spokesperson, *Pravda*, at <http://english.pravda.ru/cis/2001/08/28/13594.html>. The Armenian argument is based on a clause in the declaration of the CSCE Additional Council Meeting in Helsinki in March 1992, which declared that "elected and other representatives" from NK should be invited to the final (Minsk) peace conference.

¹¹⁹ British Helsinki Human Rights Group, "Nagorno-Karabakh 2002: Presidential Election", 27 August 2002, at <http://www.bhhrg.org/CountryReport.asp?ReportID=75&CountryID=2>.

¹²⁰ Crisis Group interview with the head of administration in Southern Nagorno-Karabakh, January 2005.

and NGOs that has always been in the opposition. The alliance had high expectations based on its victory in the August 2004 Stepanakert mayoral race, but it captured only three of the 33 seats.¹²¹ Parties loyal to President Ghoukasian won a landslide victory. The Democratic Artsakh Party took the most seats, while the little known, pro-government Free Homeland Party, composed of politically active local businessmen and intellectuals, came in second.¹²² The opposition believes that the authorities created it as a "false alternative" to rally dissatisfied voters.¹²³

3. Media and NGOs

About 80 NGOs are registered in Nagorno-Karabakh but only about 10 per cent are significant.¹²⁴ The relatively slow growth of the not-for-profit sector is explained by the shortage of domestic and international funding;¹²⁵ competition from government-sponsored NGOs (GONGOs); the overwhelming influence of diaspora groups; and Nagorno-Karabakh society's low level of civic and political activism.¹²⁶ Nagorno-Karabakh's status as an unrecognised territory discourages most donors and international organisations from operating there. Those who do tend to focus on humanitarian issues rather than broader development or democratisation.¹²⁷

¹²¹ Officials in NK said the voter turnout in the 19 June parliamentary elections was 78 per cent, and 66,744 eligible voters went to the polls. The ruling Democratic Artsakh Party, led by Ashot Ghulian, claimed victory under the proportional system (by party lists) receiving 22,393 votes. Azat Hayrenik (Free Homeland) came second with 15,381, and a bloc of the Armenian Revolutionary Federation and Movement 88 was third with 14,534. ARMENPRESS, 20 June 2005.

¹²² Free Homeland is said to represent business interests. Its co-founders are Arpat Avanesyan (former rector of Artsakh State University), Artur Tovmasian (professor at the university and formerly speaker of the parliament and presidential nominee) and two businessmen, Araik Harutyunyan and Rudik Usnunts.

¹²³ Crisis Group phone interview with opposition member, August 2005.

¹²⁴ Crisis Group interviews with NGO activists, Stepanakert, November 2004.

¹²⁵ Activists and authorities in NK bemoan the lack of donor interest, noting that the UN and OSCE implement projects in similarly unrecognised Abkhazia and South Ossetia. Crisis Group interviews with government officials and NGO activists, Nagorno-Karabakh, February 2005.

¹²⁶ As one NGO leader explained to Crisis Group, "we decided to organise some seminars but had to start with a series called "What is an NGO?" as we discovered that most people, even in Stepanakert, had never heard of the concept or had almost no understanding of the nature of an NGO". Crisis Group interview with NGO trainer, Stepanakert, February 2005.

¹²⁷ Halo Trust, the International Committee of the Red Cross (ICRC), Medecins Sans Frontieres (MSF), and diaspora

Other than the demining done by Halo Trust, there are almost no donor-supported projects in the occupied territories outside NK.¹²⁸

Media is underdeveloped, with television the main information source. Public television -- underfunded and poorly equipped -- broadcasts only a few hours a day¹²⁹ and does not reach the more remote zones. People with sufficient means watch satellite TV, mainly Armenian, Russian, Azeri, Turkish and Iranian. Azerbaijani television, particularly the state AzTV, can be received better in many areas than Armenian channels.

Print media is more developed, though mainly concentrated in Stepanakert.¹³⁰ The pro-government *Azat Artsakh*¹³¹ is published daily in Armenian and weekly in Russian. Non-government publications include *Demo*, a Russian and Armenian language biweekly providing local as well as Caucasus-wide news,¹³² the Russian language monthly *Chto Delat?* (What is to be done?), the army newspaper *Martik* (Soldier), a paper of the Union of the Veterans of the Karabakh War, and four political party papers. There are also local journals.

4. Corruption and dissatisfaction

The Nagorno-Karabakh authorities are not immune to accusations of corruption and criminal wrongdoing. A visitor driving around Stepanakert notes a few lavish homes that clash with the dominant Soviet architecture. One allegedly belongs to the (de facto) general prosecutor, another to the minister of interior. In polls, Nagorno-Karabakh residents indicate significant mistrust of the justice system. Some 48 per cent say they do not believe the courts produce just sentences, and 61.6 per cent of these believe it is mainly because of corruption. Similarly, 47 per cent do not consider the police trustworthy protectors of safety and rights.¹³³

groups are the main international NGOs with a permanent field presence in NK.

¹²⁸ An NGO leader told Crisis Group that its donor specifically forbade it to work in the occupied territories as well as in Shusha. Crisis Group interview, Stepanakert, November 2004.

¹²⁹ Most of the equipment dates from the Soviet period; modern digital cameras have been donated by the diaspora in Argentina and France. Crisis Group visit to the public television studio.

¹³⁰ Crisis Group communication with Stepanakert based journalist, July 2005.

¹³¹ Available online at www.artsakhert.com.

¹³² The project is supported by donors and offers training for journalists. With a total circulation of about 1,000, the newspaper mainly has a Stepanakert audience.

¹³³ Stepanakert Press Club, "Mountainous Karabakh", op. cit., pp. 185-187.

Before his arrest in 2000, former (de facto) Minister of Defence and Defence Forces Commander Samvel Babayan is believed to have controlled many aspects of economic and political life before his arrest in 2000.¹³⁴ He was the best known and most successful of the war profiteers who took advantage of Nagorno-Karabakh's economic isolation and lack of stringent customs controls and the pillage of the occupied territories to become wealthy on black market trade. President Ghoukasian claims his administration has undercut much of the warlords' power: "For a very long time it was a military dictatorship here, although we were trying to create a semi-presidential republic. We started fighting the post-war syndrome...and in 1999 we managed to overcome it".¹³⁵

Elected authorities do appear to be making an attempt to establish efficient and accountable public institutions. Visits to ministries and administrative offices in towns reveal well-equipped, computerised offices, often located in decaying Soviet-era buildings. A small cadre of young, foreign-trained civil servants has ambitions to run a good government. But the influence of shadow networks led by war profiteers or newly minted "businessmen" is undoubtedly still present, though difficult to measure.

C. ECONOMICS AND TRADE

The economy of Nagorno-Karabakh was previously integrated into Soviet Azerbaijan's but was largely destroyed by the war.¹³⁶ Today it is closely tied to Armenia and highly dependant on its financial inputs. All transactions are done via Armenia, and products produced in Nagorno-Karabakh often are labelled "made in Armenia" for export.¹³⁷ Yerevan provides half the budget. Since 1995 there has been substantial growth in all sectors: Nagorno-Karabakh authorities claim that GDP grew 18.2

per cent in 2004.¹³⁸ The privatisation of land and business has been largely carried out without the participation of former Azeri inhabitants, which is likely to make the return of IDPs and the reintegration of Nagorno-Karabakh with Azerbaijan all the more difficult should such a settlement be reached.

1. Budget, finances, and banking

Nagorno-Karabakh is highly dependent on external financial support, primarily from Armenia but also from the U.S. and the world-wide diaspora. It cannot collect sufficient revenue to meet its budgetary needs, and in absolute terms is receiving increasing external support.¹³⁹ The 2005 budget totalled 24.18 billion drams (some \$53.73 million). Locally collected revenues are expected to total 6.46 billion drams (about \$14.35 million), 26.7 per cent of expenditures.

Since 1993 Nagorno-Karabakh has benefited from an Armenian "inter-state loan". According to the Armenian prime minister, this will be 13 billion drams (\$28.88 million) in 2005, a significant increase from 2002 when it was 9 billion drams (\$16.07 million).¹⁴⁰ However, Nagorno-Karabakh's (de facto) prime minister argues that part of this loan -- 4.259 billion drams (about \$9.46 million) -- is in fact Armenia's repayment of VAT, customs and excise duties that Armenia levies on goods that pass through its territory, destined for Nagorno-Karabakh.¹⁴¹ The remainder of the loan has a ten-year repayment period at nominal interest. Though Armenia has provided such loans since 1993,¹⁴² nothing has been repaid. According to the Armenian prime minister,

¹³⁸ Crisis Group communication with National Statistical Service director, July 2005.

¹³⁹ However, in 2004 the Armenian state loan amounted to 56.9 per cent of budget expenditures, compared with 67.3 per cent in 2001. Figures for 2001 are from "Statistical Yearbook of Nagorno-Karabakh", op. cit., pp. 162-164; from 2004, Crisis Group communication with NK National Statistical Service director, July 2005.

¹⁴⁰ "Karabakh Premier Requests Increase in Economic Aid from Armenia", Armenian Daily Digest, Eurasianet, 24 September 2002, at <http://www.eurasianet.org/resource/armenia/hypermail/200209/0042.shtml>.

¹⁴¹ Since 1999 Armenia and Nagorno-Karabakh have an agreement by which NK will not levy its own import duties and customs at the border with Armenia. Armenia collects the revenues and reimburse Stepanakert. Crisis Group phone interview with de facto NK prime minister, July 2005.

¹⁴² Allegedly this was based on an agreement between Armenia and Nagorno-Karabakh by which the total state loan would equal 4.4 per cent of Armenia's state budget. The proportion stays the same but now in addition to the loan includes revenues collected on the border by Armenia and repaid to Stepanakert. Crisis Group phone communication with NK official, June 2005.

¹³⁴ De Waal, *Black Garden*, op. cit., pp. 241-243.

¹³⁵ Crisis Group interview with de facto NK President Ghoukasian, Stepanakert, May 2005.

¹³⁶ Armenian sources claim that in Soviet times the region was discriminated against for investment and infrastructure. However Azerbaijani authorities argue that industrial output and capital investment rose faster in NK than in the rest of Azerbaijan from 1970 to 1986, and living standards exceeded the average for both Azerbaijan and Armenia. Ministry of Foreign Affairs of Azerbaijan, "Concise Historical Information on Azerbaijan and the Roots of the Armenian-Azeri Conflict", Information Bulletin, 16 October 1996. According to the de facto NK prime minister, 80 per cent of the economy was destroyed in the war. Crisis Group interview, Stepanakert, May 2005.

¹³⁷ Crisis Group interview with businessman, Stepanakert, January 2005.

Stepanakert "is not yet in a position to repay....In the coming years we will need to continue providing this loan to help them continue building their infrastructure ...we do not envision that they will be able to go ahead on their own anytime soon".¹⁴³

The U.S. is the only other state that provides direct governmental assistance.¹⁴⁴ In 1998 Congress for the first time designated Nagorno-Karabakh a recipient of humanitarian aid distinct from Azerbaijan.¹⁴⁵ The U.S. money is administered by its Agency for International Development (USAID),¹⁴⁶ which has distributed it to such NGOs as the Fund for Armenian Relief, Save the Children, and the International Committee of the Red Cross. Through September 2004, the U.S. had pledged \$23,274,992 to Nagorno-Karabakh and had spent \$17,831,608.¹⁴⁷ Armenian lobby groups have been influential in making these allocations possible.¹⁴⁸

The Armenian diaspora is an important contributor to economic development, with the Yerevan-based "Hayastan" (Armenia) All Armenian Fund acting as the chief fundraising coordinator and disbursing.¹⁴⁹ Through its Artsakh project, disbursements have steadily increased: from \$2,310,128 in 2002 to \$4,528,618 in 2004. Projects funded include a north-south highway and restoration of

houses, schools, medical clinics and other infrastructure.¹⁵⁰ The fund as a whole does not carry out projects in the occupied territories around Nagorno-Karabakh but private donors may do so.¹⁵¹ In 2004, the All Armenian Fund organised a world-wide telethon, which raised \$11 million for construction of the new north-south road.¹⁵²

Liberal local tax reform has increased local revenue collection. Domestic tax revenues in 2005 represent 26.7 per cent of budget expenditures, a significant increase from 2001 when less than 19 per cent of budget funds were collected locally. Taxes are strikingly lower than in Armenia. Income tax is 5 per cent, while the revenue tax is 2.5 per cent. The social security tax has been lowered from 30 per cent to 13 per cent. Imported goods are subject to a 10 per cent duty, while exports are not taxed.¹⁵³

The Armenian dram is the main currency. There is no official Central Bank, though some regulatory and other functions were given to the private Artsakhbank,¹⁵⁴ which has 30 per cent of its assets in Nagorno-Karabakh¹⁵⁵ and branches in all its districts, but not in the adjacent occupied territories.¹⁵⁶ It is owned by diaspora Armenians, who have also created the Armenian Business Fund, offering loans to businesses in Armenia and Nagorno-Karabakh.¹⁵⁷

¹⁴³ Crisis Group interview with prime minister of Armenia, Yerevan, May 2005.

¹⁴⁴ Crisis Group interview with adviser to the de facto NK president, April 2005.

¹⁴⁵ Congressional Research Service, "Appropriations for FY 1999: Foreign Operations, Export Financing, and Related Programs", the Library of Congress, 2 November 1998.

¹⁴⁶ Crisis Group interviews with U.S. government official, May 2005.

¹⁴⁷ "Status Report to Congress on the U.S. Agency for International Development (USAID) Humanitarian Assistance Programs within Nagorno-Karabakh", No. 11, February 2005.

¹⁴⁸ The influence of Armenian lobby groups in the U.S. -- particularly the Armenian Assembly of America and the Armenian National Committee -- is viewed critically by Azerbaijan. Section 907 of the "Freedom Support Act" (1992) stipulated that no U.S. aid could be provided to any institution or individual with connections to the government of Azerbaijan until it "takes steps to cease all blockades and other offensive uses of force" against NK. In 2002, President Bush waived Section 907 and opened the door for U.S. aid to Azerbaijan. For more on Armenian lobbies in the U.S., see Heather Gregg, "Divided they Conquer: The Success of Armenian Ethnic Lobbies in the United States", Working Paper No. 13, August 2002, at http://web.mit.edu/cis/www/migration/pubs/rwp/13_divided.pdf.

¹⁴⁹ The Fund was founded in 1992 by former Armenian President Levon Ter-Petrossian as a way to unite Armenia and the Armenian diaspora's efforts to rebuild the country and NK. Since October 2003, Naira Melkounian, former de facto NK foreign minister, has been its executive director.

¹⁵⁰ Hayastan All Armenia Fund, "Auditor Reports", for 2002, 2003, 2004, at <http://www.himnadram.org/eng/>. Another \$144,710 was paid to families of deceased and first-degree invalid soldiers in 2002, \$175,816 in 2003, and \$266,851 in 2004.

¹⁵¹ Crisis Group interview with Hayastan All Armenian Fund representative, Stepanakert, May 2005.

¹⁵² Hayastan All Armenia Fund, at <http://www.himnadram.org/eng/?go=Issues&id=462>. Other active diaspora groups include the Armenian Assembly of America (AAA), and the Fund for Armenian Help.

¹⁵³ Office of the Nagorno-Karabakh Republic in the USA, http://www.nkrusa.org/country_profile/overview.html.

¹⁵⁴ Including: servicing the state budget and all budgetary organisations; executing all money transfers in Armenian drams through its main server system; delivering cash to Armenian banks operating in NK from their head offices in Armenia; and collecting financial reports of the banks operating in NK on behalf of the NK government. Crisis Group interview with executive director of Artsakhbank, Stepanakert, May 2005.

¹⁵⁵ The rest are in Armenia.

¹⁵⁶ Five other banks accredited with the Central Bank of Armenia also operate in NK: Armeconombank, Armimpexbank, Ardshinvestbank, Unibank, and Ardshinvestbank (the latter in Lachin).

¹⁵⁷ Artsakhbank is part of the ARCA and MasterCard systems. It plans to install Automatic Teller Machines throughout Nagorno-Karabakh. Crisis Group interview, executive director of Artsakhbank, Stepanakert, May 2005.

2. Agriculture, industry and infrastructure

Nagorno-Karabakh is largely a rural zone of high mountains and few plains. About half the population is dependent on farming and cattle breeding,¹⁵⁸ which make up 34.5 per cent of GDP.¹⁵⁹ Grains are grown on over 90 per cent of the farmland,¹⁶⁰ and wheat exports to Armenia have begun.¹⁶¹ Grape cultivation, once a main export, is being gradually re-established, and three wine factories were built recently

Mines left over from the war impede agricultural development. According to experts from Halo Trust, "it will take at least five to seven years to demine the areas where people walk and travel, at a rate of 1,000 mines and other explosive ammunition pieces found and discarded per year".¹⁶²

Another serious impediment to agriculture production is the underdeveloped irrigation system.¹⁶³ Stepanakert claims that Azerbaijan refuses to open a key irrigation channel along the Terter River in a part of Mardakert district, thus seriously limiting farming in that once wealthy district. Karabakh Armenians, in turn, withhold water from the Sarsang reservoir when it is most needed in Azerbaijan.¹⁶⁴ Nagorno-Karabakh officials claim that Azerbaijan has rebuffed attempts to open a dialogue on the problem.¹⁶⁵

Industry and services have been boosted by recent mining and telecommunications development.¹⁶⁶ Small and

medium-sized companies process food and beverages and diamonds and manufacture textiles and carpets,¹⁶⁷ jewellery and watches,¹⁶⁸ shoes, tiles and construction materials,¹⁶⁹ but employ less than 1,000 families.¹⁷⁰ The mining company Metal Base in Drmbon employs more than 850 persons.¹⁷¹ After funding was secured to exploit rich deposits of gold, copper and mercury near Drmbon in 2002,¹⁷² output reached some \$24 million in 2003.¹⁷³ Today it accounts for one third of industrial production. Tourism and telecommunication services are also growing steadily, the latter mostly due to the expansion of the Lebanese-financed Karabakh-Telecom.¹⁷⁴ Nagorno-Karabakh produces 70 per cent of its energy¹⁷⁵ with the rest imported from Armenia and Iran.

Entrepreneurs have also been engaged in the profitable scrap metal business. OSCE monitors have observed the organised dismantling of infrastructure, housing and other pre-war structures for the resale of metal, bricks and building materials in the occupied territories around Nagorno-Karabakh.¹⁷⁶ Local authorities largely turn a blind eye to a practice which may simply be termed either robbery or the purposeful and irreversible dismantling of community structures to impede the return of pre-war inhabitants. Azerbaijan further accuses Armenians of destroying protected forests and reserves, purposely setting forest fires and cutting down valuable trees for wood resale.¹⁷⁷ The OSCE Fact-Finding Mission

¹⁵⁸ "Statistical Yearbook of Nagorno-Karabakh", op. cit., pp. 24-25.

¹⁵⁹ Ibid, p. 6.

¹⁶⁰ Ibid, p. 125. It seems likely that a significant percentage of these grains are cultivated in the occupied territories.

¹⁶¹ NK produces three times the amount of wheat it needs for local consumption. Crisis Group interviews with de facto NK minister of agriculture, Stepanakert, May 2005 and November 2004.

¹⁶² Crisis Group interview with Halo Trust staff, Mardakert, January 2005. The NK Ministry of Agriculture has estimated that 37 million square metres of arable land and 35 million square metres of pasture are affected by mines, and 80,000 square metres of vineyards are unusable. See "Landmine Monitor 2004", at <http://www.icbl.org/lm/2004/nagorno-karabakh>.

¹⁶³ Crisis Group interview with de facto NK minister of agriculture, May 2005.

¹⁶⁴ Crisis Group interviews with the head of Mardakert administration, May 2005, confirmed in Crisis Group interview with Azeri community leader, June 2005.

¹⁶⁵ Crisis Group interviews with the head of Mardakert administration and de facto NK minister of agriculture, May 2005.

¹⁶⁶ 6 per cent of the work force is engaged in industry. "Statistical Yearbook of Nagorno-Karabakh", op. cit., pp. 24-25.

¹⁶⁷ Crisis Group visit to carpet weaving workshop, Shusha, February 2005. Investments in carpet production have been made by two U.S. companies, Minasian and Artsakh Gorg Ltd.

¹⁶⁸ The Swiss company Haik Watch and Jewelry Co. invested \$1.2 million.

¹⁶⁹ With investments of \$1.5 million by ATA-Vank-Les Co. (U.S.) in tile production, \$650,000 by Sirkap Armenia Co. (Switzerland) in construction material production and \$123,000 by Sasun Co. (Iran) for Polyethylene pipe production. Office of the Nagorno-Karabakh Republic in the U.S., at http://www.nkrusa.org/country_profile/overview.html.

¹⁷⁰ Crisis Group interview with the head of the NK Chamber of Commerce, Stepanakert, January 2005.

¹⁷¹ Crisis Group visit to the mining operation, May 2005.

¹⁷² In the late 1980s Azerbaijan began geological surveys in Drmbon, at the time called the Kyzylbulag Mine. Crisis Group interview with geologist, Baku, November 2004.

¹⁷³ "Statistical Yearbook of Nagorno-Karabakh", op. cit.

¹⁷⁴ See <http://www.karabakhtelecom.com>.

¹⁷⁵ Crisis Group interview with the head of the NK Chamber of Commerce, Stepanakert, January 2005.

¹⁷⁶ OSCE, "Report of the OSCE Fact Finding Mission to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh, 2005", op. cit., p. 21.

¹⁷⁷ "Report on the Results of Armenian Aggression against Azerbaijan and Recent Developments in the Occupied Azerbaijani Territories", Annex to the letter dated 12 November 2003 from the permanent representative of Azerbaijan to the

witnessed in and around Kelbajar the transportation of large logs cut in the region's forests.¹⁷⁸

3. Privatisation

Privatisation of land and small and medium-sized businesses has been largely completed. In the first phase, through 1996, kolkhozes and sovkhoses were transformed into collective peasant farms in which workers received shares. Land distribution began in 1998.¹⁷⁹ All residents (except those from Stepanakert) received 0.6 hectares of arable land based on a lottery system.¹⁸⁰ Asked if Azeris who formerly worked on the collective farms could receive their share, the (de facto) minister of agriculture told Crisis Group, "only people living in Nagorno-Karabakh at the time" benefited.¹⁸¹ When Azerbaijan accuses Nagorno-Karabakh of encouraging settlement in the occupied territories through the distribution of farmlands, Stepanakert's response is that new settlers there can only rent land for 25 years, not obtain it permanently.¹⁸² Lachin, again, is an exception: there land has been privatised.¹⁸³

Privatisation of small and medium-sized enterprises began in August 1995 and is now complete. A law on privatisation of large enterprises was adopted in 1998. Currently 80 per cent of all output is from private companies. The main non-privatised sectors are energy (the gas distribution company Artsakhgaz) and television/radio (the Artsakhkap state company). Armenians who have benefitted from privatisation of

land or businesses are unlikely to share willingly with any eventual Azeri returnees.

4. Employment and social services

Real figures for unemployment are difficult to obtain though officials claim it was 5.6 per cent in 2003.¹⁸⁴ Local authorities adopted a policy in 2005 to provide the unemployed 60 per cent of the Nagorno-Karabakh minimum wage, \$20 per month.¹⁸⁵ Among the large rural population, under-employment is widespread.

The extensive social services budget has doubled in five years.¹⁸⁶ Population growth is encouraged through a robust system of payments and benefits for children. Large families receive free electricity and books; cash grants are given to couples with three children or more¹⁸⁷ and new homes to those with at least six. One family visited by Crisis Group explained, "we received this house for the birth of our sixth child, and the government deposited money in the bank for each child. We live from the interest rate of that money that only our children can withdraw once they reach eighteen".¹⁸⁸

Income differences are growing.¹⁸⁹ An observer noted, "the social situation is deteriorating because there is now a growing and visible gap between poor people and the happy few who earn large sums".¹⁹⁰ President Ghoukasian says of his constituents: "During my first presidential campaign, when I asked the wish of the people, they would answer: let there be no more war. Five years later, their answer to the same question is: give us flats and jobs".¹⁹¹

United Nations addressed to the secretary-general, 58th Session of the General Assembly, A/58/594, S/2003/1090. pp. 4-5.

¹⁷⁸ OSCE, "Report of the OSCE Fact Finding Mission to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh, 2005", op. cit., p. 29.

¹⁷⁹ During the Soviet period, small plots of land around houses were given as private property to house owners. The rest of the land was state property, either as collective farms or under direct state management. The NK authorities retain state ownership of land not included in collective farms and rent it to private farmers.

¹⁸⁰ Not all Armenians in NK were satisfied by the process. According to a poll, 66 per cent believe that in land distribution "common people and those 'invested with power' are not treated equally". Stepanakert Press Club, "Mountainous Karabakh", op. cit., p. 203.

¹⁸¹ Crisis Group interviews with de facto NK minister of agriculture, Stepanakert, May 2005 and November 2004.

¹⁸² Crisis Group interview with de facto NK minister of agriculture, Stepanakert, May 2005. Crisis Group interview with staff of Nagorno-Karabakh representation office in Yerevan, February 2005.

¹⁸³ This is not the case in Kelbajar. Crisis Group interview with de facto NK minister of agriculture, Stepanakert, May 2005.

¹⁸⁴ "Statistical Yearbook of Nagorno-Karabakh", op. cit. NK authorities registered 4,298 unemployed, 3,994 of them women. 185 people receive an unemployment allowance of approximately 3,500 drams (\$6). Petrosian, *Nagorno-Karabakh*, op. cit., p. 74.

¹⁸⁵ Crisis Group interview with de facto NK minister of social security, Stepanakert, May 2005.

¹⁸⁶ In 1999 it was 2.2 billion drams, in 2005 4.5 billion drams, Crisis Group interview with de facto NK minister of social security, Stepanakert, May 2005.

¹⁸⁷ Ranging from \$700 for the third child to \$3,000 for the tenth.

¹⁸⁸ Crisis Group interview with family, Shusha, February 2005.

¹⁸⁹ Asked whether their family lives better than five years ago, 40.5 per cent responded "yes" or "yes to some extent", 57.6 per cent "no change or worse". Stepanakert Press Club, "Mountainous Karabakh", op. cit., p. 203.

¹⁹⁰ Crisis Group interview with journalist, Stepanakert, January 2005.

¹⁹¹ Crisis Group interview with de facto NK President Ghoukasian, Stepanakert, February 2005.

III. LIVING CONDITIONS FOR AZERI IDPs¹⁹²

More than half a million Azeris from Nagorno-Karabakh and the surrounding districts have been unable to participate to any degree in the political, social or economic life which has evolved in the areas from which they were expelled between 1988 and 1992. IDPs are firmly committed to return to their pre-war homes. Having been forced to abandon homes, land and livelihood, they have often found themselves among the poorest and most vulnerable in Azerbaijan's society. Although the country's overall poverty level has recently declined from 49 to 40 per cent of the total population, it remains extremely high and is 72 per cent among IDPs.¹⁹³ Donor assistance has declined sharply in the past few years, and the government is trying to fill the gap.

Throughout much of the 1990s, Azerbaijan gave higher priority to resettling refugees from Armenia than promoting the social and economic integration of IDPs, whom it anticipated would soon be able to return to their pre-war homes.¹⁹⁴ In a policy partly aimed at reminding internal and external audiences of the unresolved status of the displaced, it kept some 280,000 IDPs in collective centres,¹⁹⁵ where many lived in abandoned railway boxcars, dugouts in the ground, makeshift shanties, tents or unfinished apartment buildings.¹⁹⁶ This approach shifted in the last years of President Heydar Aliyev's rule, and the change continues under his son, President Ilham Aliyev. Additional resources provided by rising oil revenues increased the government's ability to meet IDP needs and have led to the construction of new settlements and greater income generation assistance.

After fifteen years of displacement, however, the question of defining the place of the IDPs in Azerbaijani society is

becoming ever more pressing. An IDP activist points out that, "Azerbaijan has one of the world's largest per capita IDP populations in the world, yet the impact of the IDPs on Azerbaijani politics is minimal".¹⁹⁷ IDPs are struggling to increase their participation in political life but remain hampered by their dependence on the government, socio-economic plight and weak organisational structures.

A. AZERBAIJANI GOVERNMENT ASSISTANCE

Until 2001, most IDP policies and projects were designed to meet short-term needs, and some international NGOs accused the Azerbaijani government of treating "IDPs as political pawns", hostages to a political settlement.¹⁹⁸ Officials were quick to blame Armenia for the poor conditions IDPs lived in. They said they were responding to a humanitarian crisis -- one of every ten residents was an IDP -- as best they could. Today the situation has improved. UNHCR states:

In the absence of a political settlement of the Nagorno-Karabakh conflict, the Azeri IDP population became hostages of the protracted "no peace, no war" situation and of "donor fatigue" and "forgotten conflict" syndromes. This forced both the Government and international humanitarian and development actors to seek more "durable" solutions and remedies for the IDPs involving local integration and improvement of living standards based on post-emergency development strategies.¹⁹⁹

1. Government budgets and expenditures

Azerbaijan's approach to IDPs shifted with several presidential decrees, including the comprehensive 2004 "State Program for the Improvement of Living Standards and Increasing of Employment for Refugees and IDPs".²⁰⁰ President Heydar Aliyev allocated \$70 million in 2001 from the State Oil Fund to resettle IDPs and refugees in new facilities.²⁰¹ Ilham Aliyev's decrees

¹⁹² Azerbaijan legislation employs the term "forcibly displaced person" (FDP). The law on the "Status of Refugees and Persons Forcibly Displaced Inside the Country", 21 May 1999, defines who is to be recognised as an FDP. This report uses the more familiar term IDP.

¹⁹³ President Ilham Aliyev's speech, cited in *Azerbaijan* (in Azeri), 22 June 2005.

¹⁹⁴ International protection for IDPs is generally weaker than for refugees. UN Guiding Principles (GP) on Internal Displacement were drafted in 1998. They define the rights of IDPs and the obligation of both governments and rebel groups to protect them but the 30 principles have yet to be formally incorporated in international law. See <http://www.irinnews.org/webspecials/idp/bkarticle21.asp>.

¹⁹⁵ Arif Yunusov, "The Armenian-Azerbaijani Conflict: Migration Aspect," in *Migration Situation in CIS Countries*, Zh.Zayonchkovskaya (ed.), (Moscow, 1999), p. 82.

¹⁹⁶ Crisis Group interviews and field visits, January-June 2005.

¹⁹⁷ Tabib Huseynov, "A Karabakh Azeri Perspective", draft paper, presented at Crisis Group-Conciliation Resources Expert Meeting, Tbilisi, July 2005.

¹⁹⁸ Refugees International, "Political Pawns: Continued Hardship for Azerbaijan's IDPs", 5 November 2002.

¹⁹⁹ UNHCR, "Country Operations Plan, Executive Committee Summary, Country: Azerbaijan, Planning Year 2005".

²⁰⁰ Decree of the President of the Azerbaijan Republic, "State Program on Improving of Living Conditions of Refugees and IDPs and Increasing Employment Generation" (English version), 7 July 2004.

²⁰¹ Including \$14 million for resettlement of refugees from Armenia (Decree of the President, 22 August 2001); \$16 million for resettlement of IDPs from Agdam and Fizuli

authorised an additional \$6 million in 2004 and \$36 million in 2005.²⁰² The 2004 state program includes not only projects to be implemented for IDPs while they are displaced, but also a project to develop "the Repatriation Program (Great Return)" to assist people in returning to their pre-war homes.²⁰³ IDPs are now entitled to a range of benefits and services including monthly cash grants (30,000 Azeri manats, about \$6), food and drug subsidies for those in collective centres, free utilities, 40 litres of free heating fuel per family per month, free higher education if they pass exams, income tax exemptions and waivers of fees for various state certificates.²⁰⁴

Though the government has shouldered much of the cost of assisting the displaced, it has also benefited from substantial donor aid -- an estimated \$640 million since the start of the emergency.²⁰⁵ UNHCR disbursed some \$70 million between 1993 and 2001 to assist IDPs, though it is phasing down, and the 2005 budget was only \$500,000. UNHCR and other donors argue that the government should now be seeking funding for IDPs through development-orientated mechanisms such as the UNDP/World Bank Poverty Reduction Program.²⁰⁶ Baku has generally followed this recommendation, for example in the State Program on Poverty Reduction and Economic Development 2003-2005.²⁰⁷

In October 1999, thanks to a World Bank loan, the government established the Social Fund for the Development of Internally Displaced Persons (SFDI), with a board of directors made up of representatives of the main international aid agencies working with the displaced.²⁰⁸ Through the SFDI, the World Bank provided a \$10 million credit to finance 190 micro social and

economic projects benefiting a reported 160,000 IDPs. In 2005, it gave an additional \$11.5 million to the IDP Economic Development Support project to prolong SFDI's work to 2008 in community-based infrastructure development and micro-finance.²⁰⁹ The EDS credit has a maturity of 35 years, including a ten-year grace period.²¹⁰

2. Housing

For all IDPs, except a small minority who have been able to integrate well into cities, finding adequate housing is the greatest challenge. On 9 May 1994, the parliament passed resolution 014/7-398, prohibiting the eviction of refugees from places where they have settled unless they are provided with another residence.²¹¹ However, this created new difficulties, as refugees could take possession of flats that legally belonged to others.²¹² A presidential decree of 1 July 2004 reconfirmed the earlier policies, permitting IDPs to move into vacant apartments and houses.²¹³ The State Committee on Refugees and Forcibly Displaced Persons and local executive committees are the primary bodies responsible for providing dwellings.

It is estimated that some 92,000 people still live in camps on a permanent basis,²¹⁴ a small number in tents distributed over a decade ago, yet others in hand-made mud houses that offer poor protection from the cold and rain.²¹⁵ Some IDPs live in container-type houses made of combinations of wood, plastic and metal.²¹⁶ Others reside directly on the railway in train wagons, initially designed to transport cattle.²¹⁷ In larger urban centres, IDPs often took refuge in dormitories, schools, kindergartens and unfinished houses.²¹⁸ During the privatisation

(decree 7 September 2001); \$40 million for resettlement of IDPs from five tent camps in Bilasuvar (decree 13 May 2002); and \$1 million for start-up agricultural assistance.

²⁰² Speech by Samir Sharifov, executive director of the State Oil Fund, as cited in *Azerbaijan* (in Azeri), 22 June 2005.

²⁰³ Decree of the President, "State Program on Improving of Living Conditions of Refugees and IDPs and Increasing Employment Generation", op. cit., point 1.9.

²⁰⁴ Crisis Group interview with official of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs, Migration and Work with International Organisations, March 2005.

²⁰⁵ This includes help provided to IDPs. Ibid.

²⁰⁶ Crisis Group interview with head of office, UNHCR Azerbaijan, March 2005. Concerning poverty reduction strategy papers, see <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/AZERBAIJANEXTN/0,,menuPK:301927~pagePK:141132~piPK:141123~theSitePK:301914,00.html>.

²⁰⁷ "Azerbaijan State Program on Poverty Reduction and Economic Development", Baku, 2003, at <http://www.un-az.org/undp/poverty/prspen.pdf>.

²⁰⁸ Decree of the President, No. 215, December 1999.

²⁰⁹ World Bank, "IDP Economic Development Support Project", Project Information Document, Appraisal Stage, Report No. AB1243, November 2004.

²¹⁰ "Azerbaijan: Internally Displaced Persons (IDPs) Economic Development Support Project", World Bank press release, 15 February 2005, accessed on 15 June 2005.

²¹¹ Memorial, "Report on Joint Trip to Armenia, Azerbaijan and Nagorno-Karabakh, August 1995", Moscow, 1996, p. 14.

²¹² Corrupt officials have further abused this law, which has contributed to worsening relations between IDPs and original inhabitants. Ibid; Arif Yunusov, "Migration and Baku's New Society", in *Migrants in Capitals*, Zh.Zayonchkovskaya (ed.) (Moscow, 2000), pp. 66-75; Irada Guseynova, *Refugees: Their Plight and Role in the Modern Azerbaijani Society* (Baku, 2001), pp. 330-332.

²¹³ Article 2 provided that IDPs should not be removed from the houses they moved to between 1992 and 1998 "irrespective of the ownership".

²¹⁴ Yunusov, *The Armenian-Azerbaijani Conflict*, op. cit., p. 82.

²¹⁵ Crisis Group interview with IDP, Barda, January 2005.

²¹⁶ Crisis Group visits to IDP camps, Azerbaijan, January 2005.

²¹⁷ Ibid.

²¹⁸ Crisis Group interviews with IDPs in Azerbaijan, January 2005.

process, and as land prices have skyrocketed in Baku, they have been evicted from temporary residences. In more positive instances, private investors have compensated Baku-based IDPs by building new dwellings for them elsewhere.

IDPs were largely excluded from the privatisation process in the 1990s. Those who were able to buy property often did not register it in their own names, fearing loss of benefits and the right to regain pre-war homes eventually.²¹⁹ Since 2001, however, as part of its new policy to improve the living standards of IDPs, the government has put a priority on providing them housing. President Ilham Aliyev made a campaign promise that no tent camps would exist by the end of his term in 2008.²²⁰ So far the government has constructed 6,400 new houses (\$75 million), the primary beneficiaries of which are families that resided in tent and railway camps. Five camps have been closed, and the other seven are to be shut down by 2007. By then, 14,360 new homes are to have been built at a cost of \$200 million, financed primarily from the State Oil Fund.²²¹

New three-room houses for IDPs are visible across the country, usually within ten to twenty kilometres of existing collective centres. They represent undeniable progress; they are built on dry land, surrounded by a small plot for kitchen gardens, and are sited where there is physical and social infrastructure.²²² However, some IDPs complain that little is done to promote economic livelihood in their new communities, which tend to be isolated. They also say they are insufficiently involved in planning and monitoring construction. Several told Crisis Group that corruption pervades the effort: the \$16,000 per house does not reflect the end value, and construction quality is poor.²²³

²¹⁹ Ingunn Sofie Aursnes and Conor Foley, "Property Restitution in Practice: The Norwegian Refugee Councils' Experience", Norwegian Refugee Council, April 2005, p. 17. Some IDPs registered the property in another's name. Ironically, other IDPs told Crisis Group that as they are exempt from notary fees and some taxes, non-IDPs sometimes take their names to buy real estate. Crisis Group interview with IDPs, Barda, June 2005.

²²⁰ *Iki Sahil* (in Azeri), 16 August 2005.

²²¹ Crisis Group interview with official of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs, Migration and Work with International Organisations, March 2005.

²²² Crisis Group visit to a new settlement in Barda, January 2005.

²²³ Crisis Group interview with IDPs in Barda, January and June 2005. Despite press criticism of the quality of the newly constructed houses, the government admits problems only in two structures in Goranboy. ANS TV (Point of View) interview with Qurban Sadixov, chief of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs,

The government is trying to retain pre-war communities, allocating housing in new settlements according to where the displaced lived previously and as close to original homes as possible.²²⁴ When IDPs receive a house, they must sign a document stating they will not sell it, give it to someone or make significant structural changes.²²⁵ Authorities justify this, explaining "all the land [and] houses are being given on a temporary basis. When the displaced return to their homes, they will give these back".²²⁶ Thus even while government invests large sums in building IDP housing, it maintains the arrangement is temporary.

IDPs also are helped with utilities. Since 2001, the system of exemption from utility fees has been replaced by one of direct \$3 per month payments to utility providers.²²⁷

3. Social services and food aid

Even though government help has increased, a UN World Food Programme (UNWFP) survey indicates that the number of "food insecure" IDPs increased from 74 per cent in 1998 to 90 per cent in 2001.²²⁸ An estimated 300,000 displaced are likely to continue to rely on food aid for the foreseeable future.²²⁹ The majority of IDPs are heavily dependent on the government's monthly food allowance. International organisations assist but their resources have significantly decreased.²³⁰ The UNWFP gives rations to 130,000 of the most impoverished IDPs

Migration and Work with International Organisations, Baku, 20 June 2005.

²²⁴ For example homes are being built for IDPs from occupied parts of the Fizuli district in Azerbaijan-controlled parts of that district; the same is being done for IDPs from Agdam. People from Jebrail are receiving homes in Bilesuvar because during the Soviet period it was the winter grazing area for their cattle.

²²⁵ Crisis Group interview with IDP, Barda, June 2005.

²²⁶ Crisis Group interview with official of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs, Migration and Work with International Organisations, March 2005.

²²⁷ Decree of the President, "Concerning Replacing Public Utilities, Transport and Other Privileges by Compensation", quoted in ARAN, "Replacing the Exemption from Utility Payments with Direct Compensations for the Non-Settled Refugees and IDPs", situation analysis, Barda, 2003.

²²⁸ As cited in Global IDP Project, "Azerbaijan: New Government Programme Improves IDP Conditions, But Still No Return in Sight", 25 February 2005, at [http://www.db.idpproject.org/Sites/IdpProjectDb/idpSurvey.nsf/wSummaryPDFs/335DE21618E70624C1256FB300327671/\\$file/Azerbaijan_summary.pdf](http://www.db.idpproject.org/Sites/IdpProjectDb/idpSurvey.nsf/wSummaryPDFs/335DE21618E70624C1256FB300327671/$file/Azerbaijan_summary.pdf).

²²⁹ UN World Food Programme, "WFP Food Survey Shows Food Insecurity Threatens Rural and Displaced Azerbaijanis", news release, 11 March 2005, at <http://www.wfp.org/newsroom/subsections/search.asp?section=13&countryid=031#>.

²³⁰ Ibid.

but has a shortfall of \$5.6 million in its \$21 million 2003-2006 program. Due to lack of resources, it suspended nearly all aid for one month and, beginning in September 2005, expects to have food stock shortages.²³¹

Officially, basic medical care is included in government support. However, free public medical care is normally available only where people are registered as residents. They can be treated elsewhere only if appropriate aid is unavailable there.²³² Funding is inadequate, and little can be obtained from medical staff in camps. An IDP explains: "If we go to the basic medical centre in the camp, they have nothing; they cannot do anything by basic analysis; they have no drugs, no equipment...."²³³ As a result, IDPs fall into the same category as other Azerbaijanis: they must pay for the most basic service and purchase medical equipment and drugs to get adequate medical care in hospitals outside camps. Given the physical and mental scars of the war, appalling living conditions, poor nutrition, and high level of stress in camps, IDPs are more often than other Azerbaijanis the victims of disease. Many IDPs interviewed by Crisis Group suffered from eye, stomach, lung, kidney and skin ailments.²³⁴

Separate schools have been established for displaced children who live in compact settlements, most often with teachers who are also displaced. Secondary school students receive free books and are exempt from state university fees. In general the government pursues a policy of maintaining a clear distinction between IDP children and the rest of the population. The approach appears to be broadly accepted but the appropriateness of separating displaced children from others is questionable. For a generation that never knew life in Nagorno-Karabakh or the occupied territories, it impedes integration into broader Azerbaijani society. A governmental official justified the policy, stating, "everyone knows that sooner or later these children will return to their ancient lands. So the government is interested in maintaining these structures. They are

ready structures that can be moved so that when return happens, it will not all be chaos".²³⁵

4. Employment

Employment is the most crucial issue for IDPs, after housing. Most camps are located in central Azerbaijan where unemployment is rife and economic opportunities scarce. Inside collective centres, few have jobs other than teachers, administrative staff, religious authorities and small retailers.

The authorities say they are urgently seeking ways to create jobs for the majority of IDPs who are unemployed. The 2004 "State Program for the Improvement of the Living Standards and Generation of Employment for Refugees and IDPs" (Section 2) lays out 23 measures to be implemented by state bodies to generate employment. Several aim to establish small enterprises in Agdam, Fizuli, Goranboy, Bilasuvar and other western districts, which allegedly would be transplanted to Nagorno-Karabakh or the surrounding districts once IDPs returned.²³⁶ The World Bank IDP Economic Development Support project also includes a large micro-credit component.

Until recently many IDPs seeking jobs had to fend for themselves. Seasonal work is occasionally available near collective centres, mostly in farming and construction, but given the high competition for it, salaries -- if paid -- are low, usually around \$1 per day.²³⁷ Thus many working age males migrate to Baku and the coast, where they often work illegally in construction or the food and service industries.

5. Corruption and dissatisfaction

IDPs express grievances against the government, especially with respect to corruption. Obtaining documents that should be free and timely often requires bribes. The same is true for social services. As one IDP told Crisis Group, "if we go to Baku for special treatment that is not available in the camp, we never get treatment; we have to bribe everyone, and no one cares for us".²³⁸ An IDP mother complained: "Our son won many school competitions; he applied for a military cadet academy; we paid over \$400 in bribes [but] still it didn't work".²³⁹ Corruption seems to

²³¹ UN World Food Programme, "Food Distribution Freeze Looms Over Displaced Azerbaijanis", news release, 15 December 2004, at <http://www.wfp.org/newsroom/subsections/search.asp?section=13&countryid=031#>. See also UN World Food Programme, "A Painful Limbo: Displaced Azerbaijanis Tell Their Stories", 30 June 2005, at <http://www.reliefweb.int>.

²³² The Ministry of Health has a department dealing particularly with IDPs and considers emergency cases requiring treatment outside the place of residence, including in third countries. Crisis Group interview with official of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs, Migration and Work with International Organisations, March 2005.

²³³ Crisis Group interview with IDP, Sabirabad, January 2005.

²³⁴ Crisis Group interviews with IDPs in six camps, Azerbaijan, January and June 2005.

²³⁵ Crisis Group interview with official of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs, Migration and Work with International Organisations, March 2005.

²³⁶ Ibid.

²³⁷ Crisis Group interview with IDPs, Barda, January 2005.

²³⁸ Crisis Group interview with IDP, Sabirabad, January 2005.

²³⁹ Crisis Group interview with IDP, Saatly, January 2005.

have infiltrated the new housing and infrastructure rehabilitation projects. A staff member in an IDP collective centre complained that:

Government officials who in most cases are oppressive, corrupt, and dishonest create only obstacles for our work. Recently we proposed to bring gas to a village from a gas pipeline at our cost and only needed the approval of the local government official. He told me he would allow it only if we gave him 10 per cent of the investment money. It is very difficult to work.²⁴⁰

The government's policy of maintaining IDPs in isolation from mainstream society is perceived by some as another injustice. They claim they face employment discrimination, as well as discrimination in schools and other state institutions. Persons who live in collective centres complain that the entrances are severely controlled by their administration and the local police, and they lack freedom of movement. One alleged: "The administration doesn't allow us to leave the camp for more than three days. Every group of 30 to 40 families has a chief of brigade, who is paid \$4 a month and whose job is to report on people, on their activities. In the beginning they even searched our bags, as if we lived in a prison".²⁴¹

The government's tight control seems to be motivated by a desire to keep pressure on donors for more funds, and the need to control IDPs politically, particularly during elections. One international NGO worker said:

The government avoids transparency because they fear the international community will find out how money and funds are stolen or misused. There is no participatory approach; the government implements without consulting the IDPs or others. Their projects are not sustainable.²⁴²

IDPs are particularly sensitive to manipulation. One explained, "we are sick and tired of authorities who tell us to shut up or to say certain things in front of foreigners. We are afraid because they threaten to cancel our food deliveries if we don't obey their orders".²⁴³ A mother said that:

My daughter is in a wheel chair; she weighs 80 kg, and I cannot transport her. When I asked for help in Baku, there was no response, and when I started complaining that we are IDPs and are

entitled to free medical care, they threatened to call the police to throw me out or to arrest me, so I came back. What can we do?²⁴⁴

B. POLITICAL PARTICIPATION

Like all other Azerbaijani citizens, IDPs' ability to participate in political life is central to ensuring that they can protect their rights. Residence and registration affect how they can mobilise and participate. Much of their aid is tied to their current places of residence but they vote for parliamentarians representing their pre-war constituencies and are dependent on district governments in exile to protect their interests.

The Karabakh Azeri community does not formally take part in the Minsk Group negotiation process. The co-chairs occasionally consult with its non-elected head, Nizami Bahmanov. However, Baku is unequivocally against including the Karabakh communities -- Azeri or Armenian -- directly in talks before withdrawal of Nagorno-Karabakh and Armenian forces begins because it considers the conflict is an inter-state one between it and Yerevan. The vast majority of Azeri IDPs appear to agree with this approach. Yet many told Crisis Group they no longer trust Baku-based elites to improve their chances of returning.²⁴⁵ Some activists said their interests in the negotiations are ignored, mainly because they have no means to affect policy making.²⁴⁶

1. Registration issues

Azerbaijan's constitution provides for freedom of movement and choice of residence. Yet, all residents, permanent or temporary, must register their place of residence.²⁴⁷ This is based on the internal residence regime of the Soviet system ("propiska"). The government also requires that IDPs, to receive benefits, have a stamp recording their temporary residence. This system restricts individuals to one legal place of residence and causes particular hardship to IDPs who are dependent on their registration to obtain aid.²⁴⁸ As only IDPs living in collective centres are entitled to monthly food packages,

²⁴⁰ Crisis Group interview with IDP camp staff, Barda, January 2005.

²⁴¹ Crisis Group interview with IDP, Barda, January 2005.

²⁴² Crisis Group interview with international NGO IDP expert, Baku, January 2005.

²⁴³ Crisis Group interview with IDPs, Barda, January 2005.

²⁴⁴ Crisis Group interview with IDP, Barda, January 2005.

²⁴⁵ Crisis Group interviews with IDPs, January and June 2005.

²⁴⁶ Crisis Group interview with Shusha IDPs, Baku, July 2005; Tabib Huseynov, draft paper, op. cit.

²⁴⁷ The requirement is in a 1996 law, "About Registration on a Place of Residence and Permanent Residence".

²⁴⁸ Global IDP Project, "Vestiges of the Residence Permit System from the Soviet-era Restrict IDPs to One Legal Place of Residence, (2004)", at <http://www.db.idpproject.org/Sites/IdpProjectDb/idpSurvey.nsf/wViewCountries/D209D0C3309106BEC12567E000358DBE>.

those who move but want to continue receiving aid often choose not to change their registration.²⁴⁹ Crisis Group was told of migrants who work in Baku but return to their former collective centre to collect food.²⁵⁰ As access to social rights and employment is to a large extent determined by registration, they may be forfeiting other rights in their new homes.

The government registers IDPs twice, with local authorities and with the State Committee of the Republic of Azerbaijan on Refugees and Forcibly Displaced Persons (the Committee), where they are given the status of "forcibly displaced". The Committee issues IDP cards, which must be renewed annually. IDPs also have the right to citizenship ID cards, like other Azerbaijanis, on which their pre-war residence is recorded as their current residence. They are entitled to new passports but many hold onto Soviet ones, in which their residence is indicated as "forcibly displaced".²⁵¹

A child with an IDP father is registered in his father's original place of residence and given IDP status. IDPs lose their status and can register as regular citizens only if they purchase land or homes or marry into a non-IDP family.²⁵² They then also lose benefits and privileges.

During the war, many displaced persons registered in collective centres in central Azerbaijan, close to their pre-war homes. Thereafter, many moved to cities, especially Baku. According to the authorities, IDPs may easily change their registration when they move.²⁵³ However, many IDPs told Crisis Group that since 1996 there is simply "no migration" of IDPs and "moving to Baku is impossible".²⁵⁴

The registration system might be justifiable if it worked quickly and efficiently. However, IDPs complained that it often takes five years to register in Baku -- years during which they cannot get benefits there.²⁵⁵ The process is cumbersome, non-transparent, time consuming and open to corruption. According to two NGO observers, "in order to change registration, one must pay bribes at different levels; to move into a dormitory in Baku, illegally, one must pay \$100 for a one-room apartment, but if one wants a legal registration, the price is around \$1,000".²⁵⁶

IDPs also complain that they are not allowed to receive services and benefits wherever they want: "Why can't we get IDP cards, free medicines instead of going to Fizuli four times just to get a miserable allowance?", a woman in Barda asked.²⁵⁷ They say they must return to their place of registration to get food packages. In fact, their movements are constrained by their dependence on government allocations and services.²⁵⁸

2. Government structures

IDPs have the same political rights as other citizens but fewer opportunities to participate in political life, especially the election of representatives.²⁵⁹ Since 1992, the head of the Karabakh Azeri community has been Nizami Bahmanov. The pre-war head of the Shusha district executive, he was appointed by President Heydar Aliyev.²⁶⁰ He is also today the head of the Shusha Executive Committee (ExCom) "in exile". Aside from their two parliamentarians, Karabakh Azeris have no elected representative to protect their rights and defend their interests. IDPs from the occupied districts have no elected representative representing them as a community at all.²⁶¹ Some IDP activists have lobbied for an elected

²⁴⁹ Crisis Group interview with official of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs, Migration and Work with International Organisations, March 2005.

²⁵⁰ Crisis Group interview with IDPs, Barda, June 2005.

²⁵¹ These passports will become invalid in 2006.

²⁵² According to the May 1999 law, a person also loses his IDP status if he or she returns to the place of former residence or is provided with a proper apartment by a special decree of the state. In practice, however, authorities do not apply the law strictly. Formally, for example, IDP women who marry non-IDPs should lose their status but often no official action is taken on the grounds that a divorce is possible. Crisis Group communication with Arif Yunusov, August 2005.

²⁵³ Crisis Group interview with official of the Cabinet of Ministers, Department for the Problems of Refugees, IDPs, Migration and Work with International Organisations, March 2005.

²⁵⁴ Crisis Group interviews with IDPs, Barda and Goranboy, June 2005. In conformity with official instructions, refugees were deprived of entry permits for the capital and had other restrictions on their movements, primarily to big cities.

Officials sought to avoid an urban population explosion immediately after the war, but continue to be concerned today. Yunusov, *The Armenian-Azerbaijani Conflict*, op. cit., p. 80; Memorial, "Report on Joint Trip to Armenia, Azerbaijan and Nagorno-Karabakh, August 1995", op. cit., p. 13.

²⁵⁵ The procedure is the same for all citizens who have no close relatives or property in Baku.

²⁵⁶ Crisis Group interview with lawyer and NGO activist, Baku, January 2005.

²⁵⁷ Crisis Group interview with IDP, Barda, January 2005.

²⁵⁸ Some IDPs defend the procedure, saying that otherwise IDPs might misuse the system by registering in several places and obtaining double or triple benefits. Crisis Group interview with IDPs, Barda, June 2005.

²⁵⁹ There is no explicit mention of IDP voting rights in existing Azerbaijan legislation.

²⁶⁰ There appears to be no law regulating the appointment or tasks of the head of the Karabakh Azeri community.

²⁶¹ When Bahmanov was appointed in 1992, much of the territory around NK was not yet occupied.

leader and criticise the government for violating their right to be represented by the person of their choice.²⁶²

IDPs do elect members of parliament representing their pre-war places of residence.²⁶³ Seven electoral districts were set up in 1995 for the occupied areas surrounding Nagorno-Karabakh. In addition two seats were allocated to the communities of Nagorno-Karabakh. One parliamentarian is meant to represent Stepanakert (constituency No. 122), and the other Shusha-Fizuli-Khojali-Khochavand (constituency No. 124).²⁶⁴ Until 2005, the government did not organise elections for the Stepanakert constituency, and the seat remained vacant. This year, however, two months before the November parliamentary elections, the electoral commission opened constituency No. 122, created the Khakendi Constituency Election Commission, and invited, "regardless of their national origin, all citizens, as well as citizens of Armenian origin" to participate.²⁶⁵ This may be an attempt by Azerbaijan to gain Karabakh Armenians' confidence but it was done unilaterally, without any discussion with Stepanakert. Nagorno-Karabakh authorities immediately criticised it as "interference into the domestic affairs of the sovereign NKR".²⁶⁶

At the district level, the president appoints leaders of "ExComs in exile" for Nagorno-Karabakh and the seven surrounding districts like all other Azerbaijani district heads.²⁶⁷ These bodies have functions similar to those in all districts in the country. There is often a large staff; some 2,800 persons, for example, receive civil servant salaries from the town of Shusha.²⁶⁸ Attempts were initially made to place ExCom structures near compact IDP settlements. Thus, the Agdam ExCom was set up in the village of Kuzanly (Azerbaijan-occupied Agdam), and

the Jebail ExCom in the Saatly district. IDPs interviewed by Crisis Group often supported this system, although it means they must travel long distances to their ExComs to get official documents. While initially IDPs referred to their ExComs in exile for most problems, increasingly they are turning on everyday matters to the ExComs in the districts where they live.²⁶⁹ Apparently, the ExComs in exile have little political power and serve mainly as distributors of documents and services.

Since 2004, IDPs can vote in municipal elections in their current places of residence but they cannot run for office there, and no municipalities in exile exist. IDPs requested the right to present candidates at municipal elections but were turned down. According to an activist, IDP turnout was extremely low as a result of this decision.²⁷⁰

3. Voting and participation

International organisations have observed significant violations of the rights of IDPs to vote for the candidates of their choice. In the 2003 presidential elections, the OSCE found that IDPs were pressured to support ruling party candidates and that other candidates faced restrictions in their efforts to meet with IDPs.²⁷¹ Others have described IDPs being offered bribes, the falsification of IDP turnouts and voting results, and threats by authorities to withdraw aid if the "right" results were not tallied. Access to media, civic education and independent information sources is another problem, as is the use of the Latin alphabet on ballots since many IDPs have not made the conversion from Cyrillic.²⁷² In this, older generations and women are particularly disadvantaged.²⁷³ Local activists point out that due to the large numbers, IDP votes are relatively easily to manipulate. During the 2003 elections, many IDPs could not find their names on voter lists. One activist alleges that in the Shusha constituency alone, 1,000 were not on the lists. He says he was offered a substantial bribe by a senior official to stop criticising the state for violating IDP voting rights.²⁷⁴

²⁶² Crisis Group interview with IDP activists from Shusha, Kerim Kerimli and Tabib Huseynov, July 2005. NK Armenians cite the fact that NK Azeris do not have an elected representative when arguing that their representatives, who are elected and represent them in negotiations, have greater legitimacy.

²⁶³ IDPs cannot vote for parliamentary candidates representing their current places of residence.

²⁶⁴ Although IDPs from Shusha have the largest population share in constituency No. 124, they are represented in the parliament by a former Khojali resident, Elman Mammadov.

²⁶⁵ Central Election Commission of the Republic of Azerbaijan, Public Address, Baku, 12 August 2005.

²⁶⁶ "Comments of the Nagorno-Karabakh Republic Central Electoral Commission Concerning the Appeal of the Central Electoral Commission of Azerbaijan", Stepanakert, 19 August 2005, at <http://www.nkr.am/eng/news/index.htm>.

²⁶⁷ "ExComs in Exile" have been established for Shusha, Khojali, Xodjavent (Martuni and Hadrut), Agdam, Kelbajar, Lachin, Fizuli, Zangelan, Jebail and Kubatly.

²⁶⁸ Crisis Group interview with Nizami Bahmanov, November 2004.

²⁶⁹ Crisis Group interview with IDPs, Barda and Goranboy, June 2005.

²⁷⁰ Crisis Group interview with IDP activists from Shusha, Kerim Kerimli, July 2005.

²⁷¹ OSCE/ODIHR, "Republic of Azerbaijan Presidential Election 15 October 2003", OSCE/ODIHR Election Observation Mission Report, Warsaw, 12 November 2003, p. 11.

²⁷² Azerbaijan converted from the Cyrillic to the Latin alphabet in 1992.

²⁷³ International Organisation for Migration (IOM), "Electoral Displacement in the Caucasus, Georgia and Azerbaijan Participatory Election Project (PEP) June/July 2003 Final Report", 19 September 2003.

²⁷⁴ Crisis Group interview with IDP activist, Baku, June 2005.

Campaigning in IDP constituencies is extremely difficult due to the geography of temporary settlement. For instance, candidates in the Shusha-Fizuli-Khojali-Khochavand constituency have to cover 72 polling stations across the country to meet 41,679 eligible voters.²⁷⁵ IDPs can be members of and active in political parties. However, party structures are not allowed in collective centres,²⁷⁶ and local authorities have limited party access to those centres in past elections. In collective centres visited by Crisis Group, precinct election commissions had opposition representatives; however, none were camp residents.²⁷⁷

Absentee polling is organised to accommodate IDPs. Those who vote at those sites are put on lists based on place of registration. As explained above, however, many IDPs do not have accurate registration. By law they can vote anywhere in the country if they get absentee cards in advance²⁷⁸ but the procedure is often cumbersome and time consuming.

IDPs have few non-governmental forums through which to express or defend their interests. No IDP political party has been set up, and no IDP television channels, newspapers or radio stations with substantial outreach exist. The best known organisation claiming to represent IDP interests is the non-registered Karabakh Liberation Organisation (KLO). It states, "we believe only in a military solution, whereas the government has no plans -- neither for peace nor for negotiations".²⁷⁹ In 2003, the government disbanded an even more extremist group calling itself the "Karabakh Guerrillas". Several of its 21 Karabakh Azeri members were sentenced in 2004 to three to ten years imprisonment on charges of creating an illegal armed group and purchasing and carrying weapons.²⁸⁰

A handful of local NGOs based in Baku design and implement mainly humanitarian programs to assist IDPs but few organisations are located in Central Azerbaijan and work in collective centres. An exception is the humanitarian regional development organisation ARAN, whose mission is to provide legal aid, increase IDPs' knowledge of the law, and assist them to advocate for

their rights.²⁸¹ In addition to offering information and legal advice in collective centres, it gives guidance to IDPs for sending complaints to the European Court of Human Rights or seeking compensation from Armenia and other remedies.²⁸² The Court has agreed to review one complaint against President Kocharian later this year.²⁸³

²⁷⁵ Crisis Group interview with Kerim Kerimli, IDP activists and candidate, Baku, August 2005.

²⁷⁶ This is contrary to the law on parties.

²⁷⁷ Crisis Group interviews, Barda and Goranboy, June 2005.

²⁷⁸ Article 101 of the Election Code of the Republic of Azerbaijan.

²⁷⁹ Crisis Group interview with Akif Nargi, head of the KLO, Baku, November 2005.

²⁸⁰ "Azeri Court Convicts 21 Over Nagorno-Karabakh Guerrilla Plot", Agence France-Presse, 22 December 2004.

²⁸¹ Crisis Group interview with the executive director of ARAN, Barda, June 2005.

²⁸² Crisis Group interview with Khafiz Safikhanly, IDP from Fizuli district, August 2005.

²⁸³ Under the first Protocol of the European Convention on Human Rights (Article 1), people have the right to enjoy their property or to receive compensation for it. In the case of *Loizidou vs. Turkey*, the European Court of Human Rights awarded compensation to the plaintiff, who was judged to have been unlawfully displaced from her home during an armed conflict, a ruling that claimants from NK may seek to rely upon.

IV. PROSPECTS

The post-war years have created a huge gulf between the Azeri and Armenian communities of Nagorno-Karabakh. This is primarily due to the complete lack of progress on negotiations for the withdrawal of armed forces from occupied Azerbaijani territories and the return of IDPs. But it is also compounded by what until recently was Azerbaijan's refusal to allow any contacts with officials or common people living in Nagorno-Karabakh. Azerbaijani civil society activists who defied the government line faced harassment at home. For example, in April 2003 the authorities organised mobs of "angry civilians" to demonstrate against and attack the premises of the Human Rights Centre of Azerbaijan (Director Eldar Zeynalov) and the Institute of Peace and Democracy (Director Leyla Yunus) for having cooperated with Armenians and traveled to Nagorno-Karabakh.²⁸⁴ Staff of the Helsinki Citizens Assembly Azerbaijan National Committee have faced similar harassment.

In June 2005, however, the Azerbaijani Ministry of Foreign Affairs stated: "The Azerbaijan side supports calls of the international community vis-à-vis setting up direct contacts between the communities and carrying out comprehensive confidence-building measures with a view to overcome hostility, achieving stability and mutual understanding".²⁸⁵ The policy of restricting contacts between Karabakh Armenians and Azeris was at odds with government statements that the current residents of Nagorno-Karabakh are Azerbaijani citizens and would be guaranteed full rights as such. If there are any prospects for peace and Azeris are ever to return to their pre-war homes, Baku should develop contacts with the Armenian community of Nagorno-Karabakh.²⁸⁶

Dialogue and confidence building may help speed up the conflict's political solution and provide a basis for coexistence. Yet few channels exist. It is impossible to

travel directly from Azerbaijan to Nagorno-Karabakh or Armenia. Phone connections from Azerbaijan to Nagorno-Karabakh or Armenia do not function. No program has been established to allow refugees and IDPs to access official documents left in their original places of residence. Average citizens have little neutral information about developments "on the other side". There are only a handful of internationally-sponsored civil society programs linking Azerbaijan, Armenia and Nagorno-Karabakh.²⁸⁷ No visits have been organised to homes, cemeteries, or religious and cultural monuments across the ceasefire line.

A. PROSPECTS FOR DIALOGUE AND COEXISTENCE

There is at least a possibility that, given the chance, moderate civil society actors and average Azeris and Armenians could play a key role in "developing a new language of dialogue...to help deconstruct the inherited history of myth and symbol that fuels confrontation".²⁸⁸ The gradual building of confidence and trust is essential to the resolution of the conflict. When Azerbaijan and Armenia simultaneously became members of the Council of Europe, its parliamentary assembly stated that this should "help to establish the climate of trust and détente needed for a peaceful solution to the Nagorno-Karabakh conflict".²⁸⁹ A 2005 resolution called on the two governments "to foster reconciliation, confidence building, and mutual understanding among their people through schools, universities and the media".²⁹⁰

The majority of the Nagorno-Karabakh population, current and former, remembers common life before the war. The memories of the past, while including tremendous pain, also encompass warm memories of shared life in a multiethnic Nagorno-Karabakh and Azerbaijan, "where life was good". IDP populations, the greatest victims of the war, also tend to be those who are the most open to coexistence. Especially among the Azerbaijani IDPs, Crisis Group found a willingness to live side by side if the return process began.²⁹¹

²⁸⁴ The campaign was stopped only after the intervention of several diplomatic missions and international organisations. "Amnesty International Report 2004", Oxford, 2004, p. 205; OSCE, "Human Rights in the OSCE Region: Europe, Central Asia and North America, Report 2004, Vienna, 2004, pp. 59-60.

²⁸⁵ Statement of the Ministry of Foreign Affairs of the Republic of Azerbaijan, 15 June 2005.

²⁸⁶ An idea currently being considered is for a meeting between NK President Ghukasian and the head of the Karabakh Azeri community, Bahmanov. Azerbaijani authorities say they wish to initiate contacts "between the communities" but do not exclude that once withdrawal from the occupied territories begins, contacts between NK de facto authorities and Azerbaijani governmental officials can occur. Crisis Group interview with official from the Azerbaijani Ministry of Foreign Affairs, Baku, August 2005.

²⁸⁷ One of the largest is the Consortium Initiative financed by the UK government.

²⁸⁸ Stephen Ryan, *Ethnic Conflict and International Relations* (Aldershot, 1995), p.151.

²⁸⁹ Council of Europe Parliamentary Assembly (PACE), Opinion 221 (2000).

²⁹⁰ Council of Europe Parliamentary Assembly (PACE), Resolution 1416 (2005), which also stated that "considerable parts of the territory of Azerbaijan are still occupied by Armenian forces" and called for "withdrawing military forces from any occupied territories".

²⁹¹ Crisis Group interviews with IDPs in Azerbaijan, January and June 2005. 57.6 per cent of IDP respondents in a poll

Azerbaijani IDPs are often the first to recall how they lived happily with Armenian neighbours in and around Nagorno-Karabakh. They generally perceive the war as having been forced by political elites from Yerevan and the Armenian diaspora.²⁹² An IDP explained:

We lived peacefully with Armenians, who lived in a nearby village; we never had any problems. We don't know why the war started; no one ever explained to us. We saw many bearded Armenian soldiers forcing our Armenian neighbours to do things they didn't want to do because they knew us and did not wish us harm. This war was imposed from above by some politicians and serves their interests here and in Armenia.²⁹³

A former official from Fizuli said, "we know that Karabakh Armenians are not as hard as Hayastantsis [from Armenia], that they often speak Azeri still, and they are more inclined to renew relations with us".²⁹⁴ Several Armenians and Azeris from Nagorno-Karabakh shared stories of how they defended each other during the Soviet period against Azerbaijanis from Baku or Armenians from Yerevan.²⁹⁵ Displaced Azeris also spoke about exchanging letters, photos and phone calls with former Armenian neighbours.²⁹⁶

About a third of the Armenians living in Nagorno-Karabakh today are from other parts of Azerbaijan such as Baku, Sumgait and other large cities and also retain some good memories of shared life in a multiethnic country. Some admit they are ready to re-establish relations with Azeris. One told Crisis Group: "I want to say that not all Azeris were bad with us, some were hiding us, some saved our lives, some took care of my parents when I had to run, and I will always be grateful for them, I asked Armenian soldiers not to touch them when they moved into Azeri territory".²⁹⁷ Another group stated that, "we want to see our houses. We want to talk directly to the people who live in them now since our

government cannot manage to get our houses back or compensation".²⁹⁸

Cohabitation is still possible in Azerbaijan. The estimates of ethnic Armenians in Azerbaijan range widely from 3,000 to 30,000.²⁹⁹ They are mostly women in Baku, often married to ethnic Azeris or Russians.³⁰⁰ Many Azeris from Baku and other big cities recall former daily interactions with ethnic Armenians. According to some from Baku, the sudden disappearance of its Armenian population significantly transformed the capital. A student recalls:

I went to a Russian-speaking school in Baku where half the pupils and teachers were Armenian, Russian, Jews. During the fourth grade all the Armenians left, and most of the others. The old Soviet teachers were replaced by a new generation of freshly graduated ones who had little experience in teaching but were very well prepared ideologically and delivered us the "right message" about the Armenians.³⁰¹

Outside the conflict region, especially in Georgia, Russia and Iran, Azerbaijan and Armenian traders and businessmen live and work side by side. Ethnic Armenians and Azeris (including from NK) cooperate in small and medium-size businesses, in markets, retail shops and small restaurants.³⁰² The Sadakhlo market in Georgia, on the border with Armenia and Azerbaijan, is one where inter-ethnic economic cooperation takes place.³⁰³ Many traders share friendship and fight together

stated that they were open to having contacts with Armenians again in the future, compared with only 21.7 per cent of total respondents. Azerbaijani Sociological Association, "Potential of Azerbaijani and Armenian Peoples in Peacebuilding and Post-Conflict Cooperation", op. cit.

²⁹² Crisis Group interviews with IDPs in Azerbaijan, June and January 2005.

²⁹³ Crisis Group interview with IDP, Saatly, January 2005.

²⁹⁴ Crisis Group interview with former Fizuli official, Baku, January 2005.

²⁹⁵ Crisis Group interviews with Karabakh Azeris and Armenians, Azerbaijan and Armenia, 2004-2005.

²⁹⁶ Crisis Group interviews with IDPs, Baku and Goranboy, June 2005.

²⁹⁷ Crisis Group interview with IDP, Shusha, February 2005.

²⁹⁸ Crisis Group interview with Armenian IDPs from Azerbaijan, Mardakert, May 2005.

²⁹⁹ The Azerbaijani government stated that there are 30,000, including 20,000 in Baku, in a letter dated 2 February 2005 from the permanent representative of Azerbaijan to the Secretary-General of the UN, "The Situation in the Occupied Territories of Azerbaijan", 59th Session, Agenda Item 163, A/59/690. The U.S. Department of State estimates 10,000 to 30,000, "2001 Azerbaijan Report on Human Rights Practices", at http://www.fas.org/terrorism/at/docs/HRper_cent20report/Azerbaijan.htm. A close observer estimates as few as 3,000 to 5,000. Arif Yunusov, *Ethno-demographic Processes in the South Caucasus in the Post-Soviet Period* (Moscow, 2005), pp. 269-270.

³⁰⁰ Crisis Group interview with ethnic Armenians, Baku, January 2005.

³⁰¹ Crisis Group interview with Baku resident, Baku, January 2005.

³⁰² Crisis Group interviews in Armenia, Azerbaijan and Nagorno-Karabakh, May 2004-February 2005. See also Samira Ahmedbeily and Elina Arzumanyan, "Azeris and Armenians Best of Friends in Moscow", *International War and Peace Reporting* (IWPR), Caucasus News Update, 4 August 2005.

³⁰³ Crisis Group interviews with IDPs, Mardakert, May 2005. See also de Waal, *Black Garden*, op. cit., pp. 269-

against administrative harassment or physical threats by extremist groups and corrupt police.³⁰⁴ Many underline that the success is because "relations are strictly horizontal", so there is no hierarchy issue that is perceived as the core source of the conflict. They agree that Armenians and Azeris have more in common with each other than with other nations in the former Soviet Union.

B. OBSTACLES TO DIALOGUE AND RECONCILIATION

1. Soft security threats: nationalism and hate

However, the growth of primordial nationalism among Armenian and Azerbaijani populations poses serious obstacles to dialogue and reconciliation. Using selective interpretations of history, myths, symbols and religious imagery, both states have developed complex claims to Nagorno-Karabakh that exclude the other's historical presence and rights. Nagorno-Karabakh has become the dominant symbol of nationhood and statehood, capable of harnessing tremendous emotional power. Many common people, particularly among the younger generations, no longer consider any coexistence there possible.

Armenians cultivate a victim complex, which was first developed after the ethnic cleansing and massacres they suffered at the end of the Ottoman Empire. The fear of further victimisation is today used to justify the control of Nagorno-Karabakh and the hatred of Azeris. It has been amplified by atrocities committed by the Azeris immediately before and during the Nagorno-Karabakh war. Armenian ethnic prejudices are based on long-standing stereotypes that equate Azeris with Turks and attribute to them the ultimate aim of a new genocide. Repeatedly in Nagorno-Karabakh, interlocutors told Crisis Group, there was no difference between Azeris and Turks.³⁰⁵ The head of the Nagorno-Karabakh parliament explained that Azeris were promoting a chauvinistic pan-Turkic policy to control the Caucasus.

270; Togrul Juvarly and Ilham Shahanov, "The Potential Impact of the Sadakhlo Market on the Settlement of the Armenian-Azerbaijan Conflict", in International Alert, *From War Economies to Peace Economies in the South Caucasus*, (London, 2004), pp. 216-237.

³⁰⁴ In a survey conducted in Azerbaijan, only 8.6 per cent of total respondents said they currently have Armenian friends or acquaintances, while 64.3 per cent of Azeris from border regions with Armenia said they retained contacts, mainly because of trade. Azerbaijani Sociological Association, "Potential of Azerbaijani and Armenian Peoples in Peacebuilding and Post-Conflict Cooperation", op. cit.

³⁰⁵ Crisis Group interview, Nagorno-Karabakh, May and January 2005, November 2004.

The Armenian side has argued that history shows Azeris and Armenians cannot live together. President Kocharian stated: "The Armenian pogroms in Sumgait and Baku, and the attempts at mass military deportation of Armenians from Karabakh in 1991-1992 indicate the impossibility for Armenians to live in Azerbaijan in general. We are talking about some sort of ethnic incompatibility".³⁰⁶ This sense of victimisation is particularly evident in Shusha, an ancient trading capital of the Caucasus originally populated by Azeris and Armenians, where, the latter say, the entire Armenian population was killed or deported in 1920. During the Nagorno-Karabakh war, its location on high ground above Stepanakert made it a strategic point for Azeri gunnery. Some Armenians interviewed in Nagorno-Karabakh asserted that, "genetically we are not made to live with Azeris".³⁰⁷

During the past fifteen years, Azeris have developed a similar sense of victimisation vis-à-vis Armenians, even employing much the same language, including terming Armenian atrocities "genocide".³⁰⁸ In schools throughout the country, children are called upon to remember the 1991 "Khojaly genocide", when some 200 to 1,000 Azeris were killed by Nagorno-Karabakh forces. Azerbaijani media portray Armenians as sub-humans capable of all evils. Their grievances are also linked to the land issue.³⁰⁹ Where Armenians claim that the main goal of Turks and Azeris is to exterminate them as a people, they believe that Armenians aim to take more of their land. Both in and outside Azerbaijan, any questioning of the borders as defined in 1920 is tantamount to treason. Azeri activists argue that they were first forced to cede the Zangezur district to Armenia and claim that if they were to agree to hand over Nagorno-Karabakh, Nakhichevan³¹⁰ would be the next target.

³⁰⁶ Artur Terian, "Kocharian Says Armenians, Azeris 'Ethnically Incompatible'", *Armenia Liberty*, 16 January 2003, at <http://www.armenialiberty.org/armeniareport/report/en/2003/01/4B1EBB47-69C0-40AF-83DB-24E810DA88E4.asp>. This statement was criticized by Council of Europe Secretary-General Walter Schwimmer, at <http://www.rferl.org/newslines/2003/02/2-TCA/tca-030203.asp>.

³⁰⁷ Crisis Group interview, Shusha, May 2005.

³⁰⁸ See for example the website <http://www.karabakh.gen.az/>.

³⁰⁹ In one poll, 43.6 per cent of Azeris responded that reconciliation between Azerbaijan and Armenia was impossible because of the occupation of Azerbaijan territory, compared with 15 per cent who considered that it was impossible because of deportations of Azeris from Armenia, 17.5 per cent because of memories of war crimes, and 10.9 per cent due to Armenians' hatred of Azeris. Azerbaijani Sociological Association, "Potential of Azerbaijani and Armenian Peoples in Peacebuilding and Post-Conflict Cooperation", op. cit.

³¹⁰ The most western part of Azerbaijan, now completely cut off from the rest of the country by Armenia.

Both peoples blame the other for starting the war and for the historic tragedies that have befallen them. Neither pays much attention to their own national group's responsibility. Each portrays the other as the sole aggressor against innocent civilians. Hate narratives about Armenians are widely propagated in Azerbaijan, to particular effect by state and independent television. They are further developed in school. Referring to "infidels in black clothes", a fifth grade textbook speaks of Armenians as the source of most of the calamities that have befallen Azeris throughout history.³¹¹ During six months of thorough monitoring, an Azeri-Armenian research team found demonising also in the Armenian media, typically portrayals of Azeris as the historic Turkish enemy.³¹²

2. Hard security threats

For those living in Nagorno-Karabakh and those originally from there and the surrounding districts, the conflict is still very real, the memories of war crimes, shelling and violent displacement still fresh. Eleven years after the ceasefire, small arms fire continues, as do casualties and prisoner-taking.³¹³ As no international force monitors the front line, civilians as well as soldiers occasionally cross accidentally and are captured. Snipers still maim and kill.

The Armenians in Nagorno-Karabakh say they require security guarantees against "plans of the government of Azerbaijan to implement a genocide against Armenians" before there can be return "of mutually occupied lands".³¹⁴ They consider six districts around Nagorno-Karabakh a "security belt" and Lachin a "lifeline". Stepanakert insists the six districts are needed as a buffer zone "to maintain security and protect [the] civilian population from shooting and bombing from the Azeri side, as experienced during the war".³¹⁵ It further justifies control by arguing that these territories reduce the frontline by two thirds and provide more defensible positions. It demands strong military and political security

guarantees before any return of territory can begin³¹⁶ since otherwise, the claim goes, Azerbaijan would launch an offensive.

Armenian IDPs are even less willing to take risks to return to Azerbaijan. They are similarly against a return of Nagorno-Karabakh to Azerbaijan's control because they do not believe that its government is willing or able to defend their rights as Azerbaijani citizens. An IDP asked of Crisis Group, "how can I trust the Azeri police again? Last time they just stood by and watched as my home was torched....I need to be able to sleep in security with my own police".³¹⁷ Armenians residing in and around Nagorno-Karabakh refer to events like the killing of an Armenian officer at a NATO meeting in 2004³¹⁸ and bellicose statements by Azerbaijan officials to explain why Nagorno-Karabakh's return to Azerbaijan is impossible.³¹⁹

Azerbaijan believes that the presence of thousands of troops from Armenia is a threat to its security and that there is no certainty these forces will not attempt further advances. If they pull back, however, many Azeri IDPs appear ready to accept personal risks to go home. As an IDP explained:

People are very homesick; some tried to walk back home but blew themselves up on mines on the front line. For example in the village of Hasangay, a former mixed Armenian-Azeri village heavily bombed by both sides during the war, IDPs have moved into destroyed houses, even though there was no water, no electricity, no doctors until three years ago when we started raising the issue with the government and international donors who are afraid to visit the place because of snipers and military checking on this part of the front line.³²⁰

³¹¹ *Motherland* (Baku, 2004), fifth grade textbook approved by the Ministry of Education.

³¹² Research Centre Region of Investigative Journalists, "Armenia and Azerbaijan on the Crossroads of 'Neither War nor Peace'", Yerevan, 2005, pp. 8, 20.

³¹³ For example, on 7 May 2005 the International Committee of the Red Cross (ICRC) facilitated the transfer of three Azerbaijan servicemen who had been detained in Nagorno-Karabakh. ICRC, press release, 7 May 2005, at <http://www.reliefweb.int/rw/RWB.NSF/db900SID/RMOI-6C93KS?OpenDocument&rc=3&cc=aze>.

³¹⁴ Crisis Group e-mail communication with NK Ministry of Foreign Affairs official, Stepanakert, July 2005.

³¹⁵ Crisis Group interview with NK Ministry of Foreign Affairs officials, Stepanakert, January 2005.

³¹⁶ These include but are not limited to the determination of status, the guarantee of international organisations and states to intervene should war resume, and the right to have an army. Crisis Group interview with NK President Ghukasian, Stepanakert, May 2005. One political observer proposed that "a wall should be built on the former border of NKAO, just as Israel did to protect itself from Palestinians", Crisis Group interview, Stepanakert, February 2005.

³¹⁷ Crisis Group interview with IDP, Shusha, May 2005.

³¹⁸ An Azerbaijan officer, Ramil Safarov, is accused of having knifed to death his Armenian counterpart, Gurgen Markarian, during a NATO Partnership for Peace program in Budapest in February 2004. He is to stand trial in Hungary. See <http://www.geocities.com/master8885/Forces/NATO.html>.

³¹⁹ Crisis Group interviews with residents, Stepanakert, January and May 2005.

³²⁰ Crisis Group interview with IDP, Baku, January 2005.

C. A NEW WAR?

The threat of a new outbreak of armed hostilities is real. Between March and May 2005, ceasefire violations, injuries and fatalities were higher than in the same period the previous year, when they were already higher than in the past. Senior Azerbaijani officials have repeatedly stated that their preference is to resolve the conflict through peaceful negotiations but if these fail, they will resort to a military option. In June 2005, President Aliyev stated, "to solve this conflict and put an end to the occupation, both political-diplomatic efforts have to be made, and the enemy should know that the Azerbaijani army can liberate its land at any moment, and when necessary we will mobilise all our force to achieve that".³²¹ Azerbaijan argues that under international law it has the right to use force to guarantee its territorial integrity. To strengthen an army of between 65,000 and 76,000 soldiers, President Aliyev pledged to increase the military budget by 122 per cent from \$135 million in 2003 to \$300 million in 2005.³²² A new generation of officers trained in or by Turkey has improved the army's skills, as has Azerbaijan's inclusion in the NATO Partnership for Peace program. However, military analysts say, after more than a decade of neglect, the army must still overcome the problems of ageing and outdated weaponry, corruption inside the Ministry of Defence, low conscript morale and inefficient operational planning, programming and budget systems.³²³

The resolution of the Nagorno-Karabakh conflict consistently is cited as the country's number one problem in opinion polls -- by 69 percent in the most recent survey, far ahead of unemployment.³²⁴ The majority of the public demands unconditional return of all occupied territories including Nagorno-Karabakh and places little hope in a negotiated settlement and peaceful outcome. Armenian opinion polls do not rate Nagorno-

Karabakh as a top concern,³²⁵ and there seems more willingness to make some concessions.³²⁶

Many IDPs have lost patience with negotiations and do not believe they can yield tangible results.³²⁷ Information among IDPs about the details of the peace process is lacking, as are effective organisations to lobby for IDP interests. The accumulated frustration, lack of participation in politics and distrust of diplomacy have led many to consider a military option as the only way home. As one observer told Crisis Group, "IDPs are very frustrated, but they see no [peaceful] solution. So the military solution seems to them the last possibility to achieve something, to act. The message of the government on this is very mixed and confusing for them".³²⁸ Many IDPs echo this: "We are tired of ten years of peaceful negotiations that lead us nowhere, brought us nothing and are in favour of the Armenians because the international community is on their side".³²⁹ In one survey, 13 per cent of all Azeri respondents unconditionally supported a military solution, while 53.3 per cent supported such a solution if peaceful means failed. However, 84.2 per cent of IDP respondents called for the use of force.³³⁰

Authorities in Armenia and Nagorno-Karabakh claim they are prepared to repulse any Azerbaijani offensive. According to the Nagorno-Karabakh prime minister, "if there is a war, Azerbaijan will have to fight with us, Armenia and the entire diaspora! Today we have very sophisticated equipment, and we can bomb half of Azerbaijan before anyone else can react. A war today would not be a primitive fight with hunter rifles and stones as in 1992-1994".³³¹ Senior officials in

³²¹ "President Outlines Military Power to Release Occupied Lands on Army Day Celebrations", ANS TV report, 25 June 2005, at <http://www.ans.az/archivetest.php?y=2005&m=6&d=25&thenews=2766>.

³²² Jean-Christophe Peuch, "Caucasus: Top Armenian General Slams Azerbaijan Over Defence Spending", RFE/RL, 29 June 2005.

³²³ Crisis Group e-mail communication with US military analyst, Richard Giragosian, July 2005. See also Adalat Bargarar, "Azerbaijan Boosts Military", IWPR Caucasus Reporting Service, 7 July 2005.

³²⁴ International Foundation of Elections Systems (IFES), June-July 2004 poll. A similar poll is in the Baku, Yerevan and Stepanakert Press Clubs surveys, *Possibilities of Resolving the Karabakh Conflict: Results of Sociological Studies and of Monitoring of the Media, 2001-2003* (Baku, 2004), pp. 10-12, 63-65.

³²⁵ According to a survey published in Research Centre Region of Investigative Journalists, "Armenia and Azerbaijan", op. cit., pp. 32-33, health, family and prosperity was considered more important to respondents than peace. The main threats cited were corruption, internal political instability, economic problems, and non-settlement of the Karabakh conflict.

³²⁶ Poll conducted by the Armenian Centre for National and International Studies in April 2005. 50 per cent said that the seven occupied territories around NK should be returned, while 37.7 per cent were categorically against withdrawal. 84 per cent said that NK should be independent or part of Armenia, 2.6 per cent that it should be part of Azerbaijan. <http://www.armenialiberty.org/armeniareport/report/en/2005/04/58A823F8-B4AF-4312-93A6-EF81329B81BB.ASP>.

³²⁷ Crisis Group interviews with IDPs in Azerbaijan, January 2005.

³²⁸ Crisis Group interview with international NGO expert, Baku, January 2005.

³²⁹ Crisis Group interview with IDP in Saatly, January 2005.

³³⁰ Baku Press Club, "The Karabakh Conflict and Prospects for Settling It", op. cit., p. 10.

³³¹ Crisis Group interview with de facto NK Prime Minister Anushavan Danelian, Stepanakert, December 2004.

Armenia also express confidence that their army can guarantee the security of the Armenians of Nagorno-Karabakh. A top government representative told Crisis Group that in 2005 Armenia is spending an equal amount on the military as Azerbaijan.³³² Some radicals in Nagorno-Karabakh say they are unwilling to return any of the occupied territories to Azerbaijan without a fight, arguing that lands won by blood cannot be given up without the shedding of more blood.

While a military solution might seem appealing to some on both sides, several people interviewed by Crisis Group expressed reticence about fighting again. In Azerbaijan the war propaganda does not reflect the true opinion of the majority of the population, an NGO representative claimed: "The war propaganda comes really from the state, because families do not teach their children that war is good. Since there are no free media in Azerbaijan, there is no way to counterbalance the official line".³³³ IDPs recognise there is a gap between state propaganda and reality and fear they would have to pay the highest price again in a new war. One asked, "if there is a war again, who will go and fight? None of those politicians screaming for war will send their children who are all abroad -- so we again, the simple people, who have lost the most, will again go and lose brothers, fathers, sons? Why?"³³⁴

Many in Armenia are still traumatised by the high price they had to pay in lives to support Nagorno-Karabakh Armenians. Few young men seem ready to return to combat. A student told Crisis Group, "I am Yerevani and refuse to serve in the army once I graduate. I will simply leave Armenia because people from Karabakh are worse than Azerbaijanis. Why do we have to serve them?"³³⁵

V. CONCLUSION

The Azeri and Armenian communities of Nagorno-Karabakh and the surrounding districts are as separated as they have ever been. Over the past fifteen years nothing has been done to restore the rights of the war victims. If more years pass, the memories of cohabitation will fade and with them prospects for dialogue and restoration of trust. The establishment of new mono-ethnic institutions in NK, the settlement of displaced from other parts of Azerbaijan and beyond, the destruction of Azeri property and the privatisation of homes, land and businesses, pose significant obstacles to return and reintegration. Many IDPs have become highly dependant on the Azerbaijani state, with few opportunities to participate fully in political life and determine their own future. Refusing to allow dialogue and demonising Armenians through the state-sponsored media and schools, Baku has hardened anti-Armenian feelings among average Azeris.

There is little or no common ground on the future status of Nagorno-Karabakh. Azerbaijanis feel they have international law on their side and the right to use force to protect the territorial integrity of their country's Soviet-era borders should negotiations fail. Baku argues that Armenia is the aggressor, and any concession would be tantamount to legitimising its use of force in 1992-1994. Yerevan maintains that the majority of Nagorno-Karabakh residents were Armenian before the war and legally expressed their right to self-determination in a referendum. It was, therefore, Azerbaijan that improperly used force against a peaceful population and subsequently tried to cleanse Nagorno-Karabakh and its surroundings of Armenians. Since the security of Armenians would be at risk in the event some land was eventually returned to Azerbaijan, it insists that strong guarantees are necessary before any such process can begin. The (de facto) authorities in Stepanakert insist they have reconstructed and rehabilitated Nagorno-Karabakh, established democratic institutions of government and developed a fledgling economy. They believe their entity deserves international recognition as an independent state.

The basis for any settlement of the conflict must include mutual security and tolerance. Azeri and Armenian nationals alike should be able to live, work and travel without fear in Nagorno-Karabakh and the adjoining territories in a tolerant atmosphere where the rule of law and democratic principles are guaranteed. Few Azeris or Armenians can presently envision such a future. The details of the ongoing negotiating process are not known to the vast majority of those affected by the conflict. Armenians and Azerbaijanis alike have loudly rejected the elements that have been leaked to the public. Whatever progress is occurring around the negotiations

³³² Crisis Group interview with senior Armenian official, Yerevan, May 2005. He explained that part of this money was visible in the state budget (\$135 million), but part was allocated through special "funds" to which private individuals, businesses and others contributed. See also the defence minister's statement, "in 2005 the Armenian army has resources which match that sum ... so we are not scared of those \$300 million", in Ruzanna Stepanian, "Sarkisian Downplays Surge In Azeri Defense Spending", *Armenia Liberty*, 1 July 2005, at <http://www.armenia.liberty.org/armeniareport/report/en/2005/07/0DF164BA-8509-4C54-A1FF-5E24C01B4929.asp>.

³³³ Crisis Group interview with NGO lawyer, Baku, January 2005.

³³⁴ Ibid.

³³⁵ Crisis Group interview with student, Yerevan, June 2004.

table,³³⁶ on the ground a resumption of war still seems all too possible. Crisis Group's subsequent report will attempt to bridge the gap between diplomacy and life in and around Nagorno-Karabakh and offer suggestions for moving more urgently toward peace.

Tbilisi/Brussels, 14 September 2005

³³⁶ Since early 2005, the participants in the negotiations and the OSCE co-chairs have publicly been expressing optimism that a peace deal can be reached in the near term. Crisis Group interviews with staff of the French co-chair, Paris, May 2005 and with staff of the U.S. co-chair, by phone, February 2005. One of many articles expressing such optimism is Ruzanna Stepanian and Ruzanna Khachatryan, "Mediators Say Karabakh Peace In Sight", RFE/RL, 14 July 2005.

APPENDIX A

MAP OF SOUTH CAUCASUS



This map is for reference only and should not be taken to imply political endorsement of its content

APPENDIX B

MAP OF NAGORNO-KARABAKH AND SURROUNDING SEVEN DISTRICTS



This map is for reference only and should not be taken to imply political endorsement of its content

APPENDIX C

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with over 110 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board -- which includes prominent figures from the fields of politics, diplomacy, business and the media -- is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by Lord Patten of Barnes, former European Commissioner for External Relations. President and Chief Executive since January 2000 is former Australian Foreign Minister Gareth Evans.

Crisis Group's international headquarters are in Brussels, with advocacy offices in Washington DC (where it is based as a legal entity), New York, London and Moscow. The organisation currently operates fifteen field offices (in Amman, Belgrade, Bishkek, Dakar, Dushanbe, Islamabad, Jakarta, Kabul, Nairobi, Pretoria, Pristina, Quito, Seoul, Skopje and Tbilisi), with analysts working in over 50 crisis-affected countries and territories across four continents. In Africa, this includes Angola, Burundi, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Liberia, Rwanda, the Sahel region, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Indonesia, Kashmir, Kazakhstan,

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