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REPORT

Breaking the 'frozen' conflict cycle

The future and reconstruction of Nagorno-Karabakh

April 2024

Eva Kristinova, Angel Fan, Nikhita Nainwal & Darine Razmadze



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London Politica

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Authors

Eva Kristinova

Eva is an Assistant Programme Director for London Politica's Central Asia and Caucasus Desk. She is an MSc candidate at the University of Oxford, studying Global Governance and Diplomacy, having graduated with a BSoSc in Politics and International Relations from the University of Manchester. During this time, she presented her own research on frozen conflicts in Ukraine and the Caucasus at the London School of Economics Undergraduate Research Conference. Her research interests include conflict and non-traditional warfare, especially in the psychological and digital spaces, and a focus on eastern Europe, the Caucasus, Central and East Asia, and the Arctic region.

Angel Fan

Angel Fan is a Programme Analyst for Central Asia and Caucasus Desk. Currently majoring in Political Economy and Slavic Studies at the University of California, Berkeley, her main research interests include the democratic transition in post-communist countries and post-conflict studies. Beyond the scope of her program, she is also interested in tracking the political dynamics of the Western Balkans. Before joining London Politica, Angel worked as a journalist for Berkeley's largest political newspaper, where she covered international politics and documented political events in the Bay Area through photography.

Nikhita Nainwal

Nikhita Nainwal is an Intelligence Analyst at London Politica, and is currently pursuing an MA in International Security at Sciences Po Paris, France. She holds a BSSoc in Asian and International Studies from the City University of Hong Kong. Her professional experiences include internships at MitKat Advisory and A2 Global Risk as a geopolitical risk intern. Apart from geopolitical risk, she is passionate about cybersecurity. She is also an alumnus of the Atlantic Council's (DFRLab) Digital Sherlocks programme, where she learnt open-source intelligence techniques.

Darine Razmadze

Darine Razmadze is a Programme Analyst for London Politica's Central Asia and Caucasus Desk. She holds a B.A. in International Relations from the Free University of Tbilisi, Georgia. Upon graduation, she completed her internship at the Ministry of Foreign Affairs of Georgia, in the Department of Americas. In 2021, Darine obtained an M.A. in Politics from Tsinghua University. As a graduate, Darine has worked as a researcher at Tsinghua University. Her research interests include Nuclear Diplomacy, Nonproliferation, and Conflict Resolution. Darine is fluent in Georgian, English, Russian, and Mandarin and is currently learning Dutch.



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Executive Summary

In September 2023, Azerbaijan conducted a lightning offensive in Nagorno-Karabakh, taking control over the long-disputed territory, and effectively ending a decades-long 'frozen' conflict. As the peace process stretches on, war-torn territories and communities continue to struggle for stability and a sustainable future.

Assessing the aftermath of the conflict and its impact on the region, this report seeks to contribute to the lasting peace effort by providing concrete analysis of this impact, as well as actionable priorities for reconstruction. It focuses on physical destruction, environmental degradation, the economy, critical infrastructure, population displacement, and cultural heritage. All of these factors are important to consider in the peace-building process. Based on this assessment, we propose four key priorities for reconstruction:

1. **Transportation infrastructure:** Reconstruction of roads, railways, and airports will be key to ensuring a return to stability, both economically and demographically, as well as enabling subsequent reconstruction efforts. Both domestic (primarily Azerbaijani) and foreign investors have been working towards this goal, which further underscores its importance for the wider region. It is furthermore instrumental for the success of population resettlement, which is also the second priority.
2. **Population resettlement:** Sustainable peace requires mending of relations at the communal, as well as the international level. For reconciliation to occur, rebuilding trust and legitimacy with and between war-torn communities is necessary. Azerbaijan's "Great Return" programme aims to facilitate this type of peace process through investment, yet further political and social gestures will be needed to maintain stability. Safety and security of individuals will also be paramount, as challenges of demining remain.
3. **Border delineation:** An agreed upon border for the region of the former Republic of Artsakh is the third priority. Both Azerbaijan and Armenia need to remain fully committed to participation in international negotiations, while ensuring that domestic politics does not get in the way of the peace process. The territorial claims included in Armenia's Declaration of Independence, as well as the involvement of international actors like Russia, European Union, and United States may create challenges and obstacles, which will have to be addressed continuously.



4. Cultural heritage: A final piece of the puzzle, and one crucial for community relations and protection of the ethnic and religious Armenian minority that remains in Nagorno-Karabakh, is the protection and preservation of cultural heritage. International actors for the safeguarding of human rights and cultural heritage protection need to be given access to existing and destroyed sites. Minority communities likewise must be able to continue to engage with their culture and religious practices, without interference from new governing authorities.



Section 1

Brief history and aftermath

The Nagorno-Karabakh conflict originated with a territorial dispute between Armenia and Azerbaijan around the First World War, and escalated into the first Nagorno-Karabakh war in February 1988, after the region voted¹ to secede from Azerbaijan and join the Republic of Armenia. Both nations assert historical and legal rights over the region, although it is internationally recognized as part of Azerbaijan. Most of Nagorno-Karabakh was in de facto control by ethnic Armenians under the breakaway self-proclaimed Republic of Artsakh since 1994.

In September 2020, after a period of increasing border tensions, the second Nagorno-Karabakh war broke out, signifying the end of the Bishkek Ceasefire² that Russia had monitored since 1994. This war lasted 44 days and led to a total of over 7,000 fatalities³, including both soldiers and civilians. On 10th November, a final ceasefire was signed, marking an Azerbaijani victory that allowed it to reclaim territories in southern Artsakh, including the second largest city of Shusha.

On 19th September 2023 tensions escalated once more, leading to a lightning Azerbaijani offensive that regained full control over Nagorno-Karabakh. The operation caused at least 400 casualties⁴, and on 28th September, the president of the Republic of Artsakh signed a decree⁵ to disarm the Republic's military and dissolve all the state institutions by 2024 as a condition of the ceasefire. The de facto independent state of the Republic of Artsakh was officially dissolved on January 1, 2024. Since then, the Azerbaijani government has assumed full control of the region. Decades of continuous conflict have inflicted significant damage on Nagorno-Karabakh in multiple aspects, from natural environment to cultural heritage. One of the primary objectives of the Azerbaijani government and relevant humanitarian organisations should therefore be the reconstruction of the region. The following sections of this report will identify affected territories and obstacles that reconstruction work is currently facing.

¹ Public International Law & Policy Group, and New England Center for International Law & Policy. (2012). "The Nagorno-Karabakh Crisis: A Blueprint for Resolution." SSRN. Available [here](#).

² United Nations Peacemaker. (2019). "Document Retrieval: Bishkek Protocol." Available [here](#).

³ Statista. (2024). "Estimated number of battle fatalities in Nagorno-Karabakh from 1991 to 2022." Available [here](#).

⁴ Al Jazeera Staff. (2023). "Death toll rises in Nagorno-Karabakh fuel depot blast as thousands flee." Available [here](#).

⁵ Reuters. (2023). "Nagorno-Karabakh Republic will cease to exist from Jan 1 2024 - Nagorno-Karabakh authorities." Available [here](#).

Section 2

Conflict-affected territory

2.1 Physical destruction and environmental degradation

The physical destruction of Nagorno-Karabakh began in the early 1990s. Following the establishment of the Republic of Artsakh, approximately 500,000 Azeris were forced to leave Nagorno-Karabakh, resulting in abandoned villages and ghost towns across the plains that were once inhabited by them, such as the city of Aghdam on the outskirts of the Karabakh plain (see Figure 1). In contrast, most Armenians resided in monoethnic communities in the mountainous areas. Since September 2023, the situation has reversed with over 100,500 of the 120,000 Armenians who inhabited Nagorno-Karabakh leaving the region. Towns previously inhabited by Armenians, who have now fled, include Khankendi/Stepanakert, the erstwhile capital of the Republic of Artsakh (see Figure 2), which is now completely deserted.



Figure 1: Aghdam, 2020, source: [Daily Sabah](#).



Figure 2: Abandoned Stepanakert/Khankendi, 2024, source: [The Atlas News](#).

Furthermore, the environment of Nagorno-Karabakh used to boast rich biodiversity, thanks to its varied climatic landscapes that range from steppes to dense forests. However, the environmental impact of constant conflicts since the 1990s has since placed over 500 species at risk. As a result, the Azerbaijani government has taken legal action⁶ against Armenia under the Bern Convention, aiming to “hold Armenia accountable for its extensive destruction of Azerbaijan's environment and biodiversity” in territories that were under Armenian military control since 1994. They have highlighted issues such as the felling of ancient trees, forest damage, neglect of farmland, remaining landmines and heavy metal pollution in local rivers. At the same time, a report from UNEP⁷ has found that biodiversity possibly benefited from the war, since wildlife was able to re-establish itself around abandoned settlements.

During the wars in 2020 and 2023, hundreds of conflict-linked landscape fires erupted along the front lines in the far north and southwest of the territory and in proximity to Stepanakert. These fires became a subject of environmental misinformation⁸ and politicisation by both sides. Azerbaijani media accounts accused Armenians of deliberately setting trees ablaze as they retreated. Armenian sources alleged that Azerbaijani forces set the fires using incendiary weapons to provide cover for their attack.

⁶ Kaminski, I. (2023). “Azerbaijan sues Armenia for wartime environmental damage.” *The Guardian*. Available [here](#).

⁷ UNEP. (2022). “Report of the UNEP Environmental Scoping Mission to the Conflict-Affected Territories of Azerbaijan.” Available [here](#).

⁸ Smith, H.L. (2024). “The Land That Was Once Nagorno-Karabakh.” *Foreign Policy*. Available [here](#).

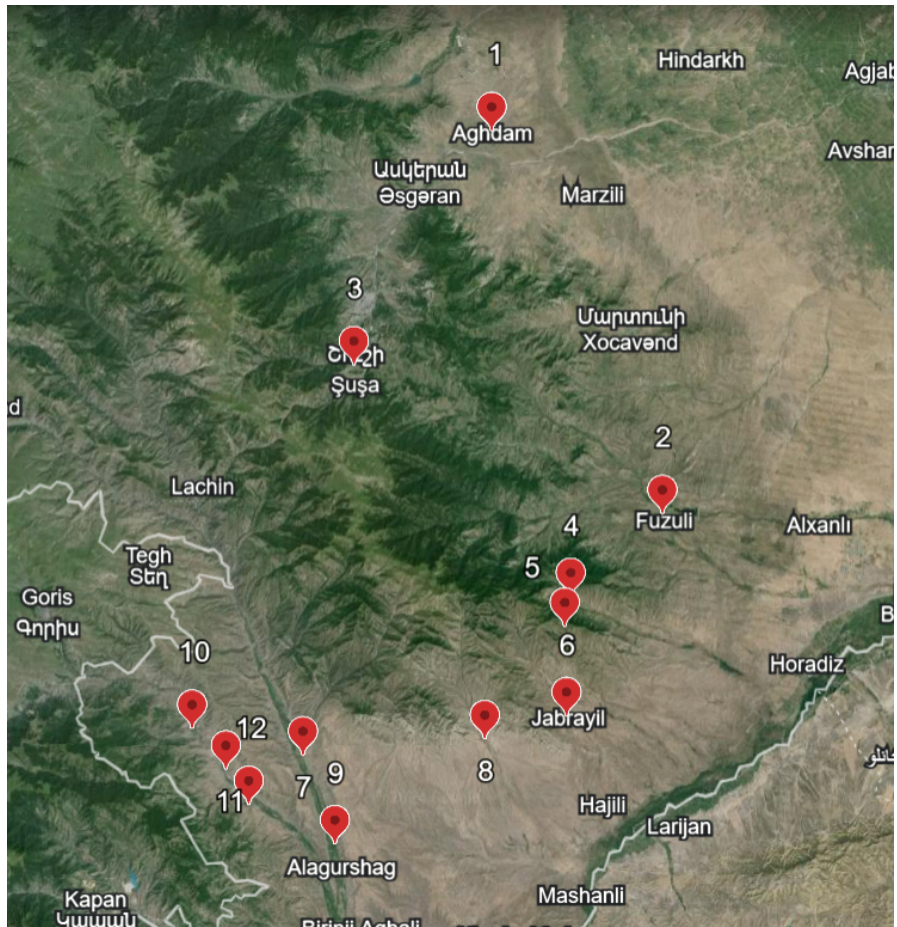


Figure 3: Map of destroyed/semi-destroyed towns: 1) Aghdam District; 2) Varanda (Fuzuli); 3) Shusha District; 4) Hadrut; 5) Tsor (Sor); 6) Jabrayil; 7) Balasoltanli (Balasoltanly); 8) Hovuslu; 9) Khanlig (Xanlıq); 10) Bakhtiyarli; 11) Gubadli; 12) Dondarli, source: [Google Maps](#).



Figure 4: Aerial view of Dondarli (left), and Khanlig/Xanlıq (right), source: [Google Maps](#).

2.2 Economy and critical infrastructure

Economically, Nagorno-Karabakh was growing at a rapid pace during 1994-2019, with GDP reaching an estimated \$716.8 million by the end of 2019⁹. Tourism, agriculture, local products and electricity are the main pillars of the region's relatively diversified economy. Around 75% of regional products were exported to Armenia, until COVID-19 lockdowns in 2020 disrupted local supply chains. The subsequent war contributed to further damage, especially in the agricultural sector.

In terms of natural resources, Nagorno-Karabakh is rich in water sources in the south, hosting three tributaries of the Lower Kura and five tributaries of the Lower Aras, which Azerbaijan relies on to irrigate its crucial agricultural areas bordering Nagorno-Karabakh. After the 1994 ceasefire agreement, Armenia controlled the dams on these rivers, leading to frequent conflicts over water control. The Conflict and Environment Observatory (CEOBS) documented¹⁰ these environmental aspects of the 2020 war, during which both sides accused each other of causing cut offs and pollution of water flows through official statements¹¹ and online misinformation campaigns.



Figure 5: Lachin Corridor, 2023, source: [Abkhaz World](#).

⁹ Armenia News. (2019). "Karabakh President on economic growth and future projects." Available [here](#).

¹⁰ Conflict and Environment Observatory. (2021). "Report: Investigating the environmental dimensions of the 2020 Nagorno-Karabakh conflict." Available [here](#).

¹¹ Azərbaycan Respublikası Ekologiya və Təbii Sərvətlər Nazirliyinin. (2020). "İşğaldan azad olunmuş ərazilərdə aparılan ekoloji monitorinqlərin nəticələri: minillik qədim ağaclar məhv edilib." Available [here](#).

Transportation is another crucial area that was significantly affected. The Lachin Corridor (See Figure 5) was the sole connection between Nagorno-Karabakh and Armenia proper. Armenia delivered over 90% of food, essentials, natural gas, and electricity¹² through this corridor. From December 2022 until the end of the 2023 war, the corridor faced a blockade¹³ set up by Azerbaijani environmental organisations, which were said to be supported by the Azerbaijani government, ostensibly to protest against illegal mining activities in the region. The blockade disrupted the importation of food, medicine, and fuel into the Republic of Artsakh, leading to a severe humanitarian crisis and increased unemployment. Only the Red Cross and humanitarian workers were permitted to enter the region. This blockade dealt a significant blow to the economy of the Republic, and many critics believe it was part of Azerbaijan's hybrid warfare strategy.

Except for the Lachin Corridor, the Republic of Artsakh had no other means to communicate with the outside world. Besides this transport route, the highway (M11) between Vardenis in Armenia and Martakert in Artsakh served as an alternative until it was partially damaged in the 2020 conflict (see Figures 6 and 7). The only segment of the old Tbilisi-Jumri-Yerevan-Nakhchivan-Khankendi-Stepanakert-Baku railways, which lies within the former Republic of Artsakh (between Ordubad and Khankendi), has been destroyed¹⁴, leaving no operational railways in the region. Stepanakert Airport in the capital of Artsakh has also been closed since 1990 and has never operated flights.



Figure 6: Major highways around Nagorno-Karabakh, 2023, source: [Qarabağ Open Data](#).

¹² Azatutyun. (2023). "Armenia Warns Of Famine In Blockade-Hit Karabakh." Available [here](#).

¹³ International Crisis Group. (2023). "New Troubles in Nagorno-Karabakh: Understanding the Lachin Corridor Crisis." Available [here](#).

¹⁴ Rehimov, R. (2023). "Azerbaijan intensifies work on construction of railway stretching to Zangezur corridor." Anadolu Ajansı. Available [here](#).

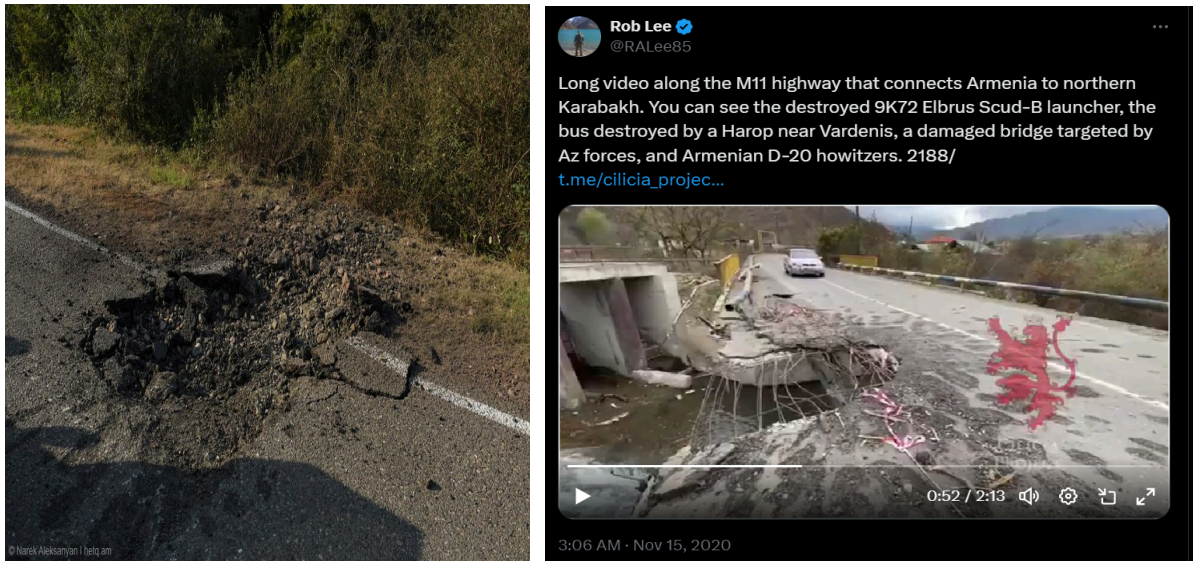


Figure 7: Damaged M11 route on the highway between Vardenis (Armenia) and Martakert Artsakh, source: [Hetq](#) and [X](#).

2.3 Casualties and population displacement

Prior to 2020, the Nagorno-Karabakh conflict mainly took place in the form of skirmishes, with casualties usually limited to military personnel and typically numbering in the double digits (except for the four-day war in April 2016)¹⁵. However, the conflict in 2020 resulted in thousands of deaths¹⁶, including 200 civilians, while displacing more than 40,000 Azeris and 70,000 Armenians. The 2023 operation saw over 200 fatalities, and nearly the entire Armenian population fled the region for Armenia via the Lachin Corridor, despite Azerbaijani government assurances of equal treatment for different religions and ethnicities. The displaced were met by humanitarian NGOs and Armenian government crisis response teams and provided¹⁷ with essentials, housing and monthly stipends of \$185 per adult. Despite the generosity of the Armenian government and the unity of the people, the influx of refugees could pose a problem in the near future for a country with only 3 million people and worn out by constant conflict.

2.4 Societal implications

Constant conflict has led to both physical and economic instability for individuals, whether by forcing people into displacement or depriving them of suitable living conditions. The individual and societal impact has manifested in various ways, including through worsening

¹⁵ Jarosiewicz, A., and Falkowski, M. (2016). "The four-day war in Nagorno-Karabakh." Centre for Eastern Studies. Available [here](#).

¹⁶ Center for Preventive Action. (2024). "Nagorno-Karabakh Conflict." Available [here](#).

¹⁷ International Crisis Group. (2024). "Armenia Struggles to Cope with Exodus from Nagorno-Karabakh." Available [here](#).



safety, security, and mental health. Since 2020, issues of mental health have surged¹⁸, particularly in the border communities of Nagorno-Karabakh. Anxiety, fear, and loneliness are prevalent. As highlighted in the 2009 UNHCR report, “[p]rolonged displacement has negatively impacted psychological and social well-being, leading to isolation and marginalisation due to integration and self-reliance challenges.”¹⁹ An ICRC report²⁰ also shows that cases of domestic violence and other violent incidents have risen, yet local mental health services remain largely absent, despite international and local efforts to establish basic psychological services at the community level.

Psychological issues and solutions are also vital for community reconciliation and peacebuilding. The war has caused personal and collective trauma to affected communities in both Azerbaijan and Armenia, and addressing this trauma through mental health initiatives can facilitate peacebuilding²¹. Nevertheless, few significant steps toward community reconciliation in the region have been taken. The Azerbaijani government has focused on economic and material reconstruction, neglecting wider societal aspects, and despite promises of respect for Armenians in the region, there is little technical support for improving community relations in Nagorno-Karabakh, which is gradually being resettled by Azeris. Some Azeris who have returned to the region have expressed²² a desire to reconcile with past trauma and work for peace, but there is still a long way to go before community reconciliation can be achieved.

Finally, societal relations may be greatly improved by shifting the focus towards shared culture, mainly expressed through historical artefacts and monuments. For instance, compared to other surrounding territories, Nagorno-Karabakh boasts an exceptionally high number of Armenian lapidary (stone-inscribed) texts, dating back to the 5th century. Yet the World Heritage protection organisations operating in the region are said to be facing one of their most profound tests since the Second World War. In Nakhchivan, Azerbaijan has demolished²³ every Armenian cultural heritage site during the period of 1997-2006. In March 2021, the BBC reported²⁴ that the Church of Zoravor Surb Astvatsatsin (Mother of God) located in Mekhakavan, which fell under Azerbaijani control following the 2020 war, was completely destroyed, and in areas recently regained control of by Azerbaijan,

¹⁸ International Committee of the Red Cross. (2021). “Armenia: Building mental health resilience in conflict-affected communities.” Available [here](#).

¹⁹ United Nations High Commissioner for Refugees. (2010). “2009 Global Trends: Refugees, Asylum-seekers, Returnees, Internally Displaced and Stateless Persons.” Available [here](#).

²⁰ International Committee of the Red Cross. “Armenia: Building mental health resilience in conflict-affected communities.”

²¹ Danoyan, M., and Abdullayev, N. (2022). “Towards Psychosocial Peacebuilding: An Integrated Approach to Conflict Transformation in the Context of Nagorno-Karabakh.” *Journal of Conflict Transformation*. Available [here](#).

²² Kazimov, S. (2020). “Azerbaijanis forced to flee in the 1990s hope to return home.” *Al Jazeera*. Available [here](#).

²³ Kishkovsky, S. (2023). “Azerbaijan’s takeover of Nagorno-Karabakh raises fears about the fate of Armenian heritage sites in the region.” *The Art Newspaper*. Available [here](#).

²⁴ Prosvirova, O., and Ivshina, O. (2022). “Vitrina pobedy. Kak zhivet Karabakh cherez dva goda posle voyny.” *BBC News*. Available [here](#).



Armenian inscriptions have been removed from churches. While the President of Azerbaijan, Ilham Aliyev has promised to protect Armenian cultural heritage sites, The Caucasus Heritage Watch estimates that an additional 200-300 Armenian cultural heritage sites are at risk²⁵.

²⁵ Department of Classics. (2023). "Hundreds of Armenian heritage sites at risk in Nagorno-Karabakh." Cornell University. Available [here](#).

Section 3

Priorities for reconstruction

3.1 Priority 1: Transportation infrastructure

As the Republic of Artsakh officially ceased to exist in January 2024²⁶, the Azerbaijani side has accelerated the resettlement of reclaimed territories. In 2022, President Aliyev launched "The Great Return" program²⁷, aiming to repatriate long-displaced Azeris to the region. This initiative prioritises improvements in infrastructure, such as roads and railways (see Figure 8), and the reconstruction of residences. One of its first major goals was to build an international airport in the Zangilan region due to its strategic location and climate ecosystem. Following the Second Karabakh War in 2020, investment in reconstruction projects has been growing. The government plan is to allocate as much as \$2.4bn in 2024²⁸ - more than a tenth of the country's annual budget. This is compared to \$3.1 billion in 2023, \$2.5 billion in 2022, and \$1.28 billion in 2021. In total, allocated funds are expected to amount to \$17.6 billion by 2030²⁹. Reconstruction is expected to be completed by 2050.

Infrastructure reconstruction projects are also attracting foreign investors and economic actors. As Azerbaijan's biggest ally in the region, Türkiye is most likely to remain actively involved. Since 2020, Turkish companies have successfully started multiple infrastructure projects and assisted Aliyev in accelerating the net-zero transition by prioritising environmental concerns. The Azerbaijani government has also set goals for completing replantation projects to regrow local forests³⁰ and increase Azerbaijan's green energy potential. Another increasingly important foreign actor is Hungary, especially around the issue of energy security. Based on a strategic partnership, Azerbaijan starts supplying gas to Hungary from April 2024³¹. Besides energy, both sides have already signed various contracts to rebuild villages in Nagorno-Karabakh, and the Azerbaijani government has permitted Hungary's largest construction company to restore the village of Soltanli³². The agreement will focus on rebuilding residential buildings, hospitals, sports facilities, and schools. Even more importantly, such development will allow up to 6000 people to resettle³³ - President

²⁶ International Crisis Group. (2024). "CrisisWatch: Tracking Conflict Worldwide." Available [here](#).

²⁷ State Committee for Affairs of Refugees and Internally Displaced Persons of the Republic of Azerbaijan. (2019). "The purpose of the state is to fully implement the program 'Great Return'." Available [here](#).

²⁸ The Economist. (2024). "Azerbaijan is racing to rebuild in recaptured Nagorno-Karabakh." Available [here](#).

²⁹ Karimli, I. (2024). "Azerbaijan's 'Great Return' Relocates 1,360 Families to Their Liberated Native Lands." Caspian News. Available [here](#).

³⁰ Smith, H.L. "The Land That Was Once Nagorno-Karabakh."

³¹ Alhan, D. (2024). "Azerbaijan gas to be transported to Hungary via Türkiye." Anadolu Ajansı. Available [here](#).

³² MTI-Hungary Today. (2023). "Hungarian Firms To Help Rebuild the Karabakh Region." Available [here](#).

³³ Caucasus Watch. (2023). "Hungary Helps Azerbaijan to Rebuild Village in Karabakh." Available [here](#).

Aliyev's speech on planned activities in the region noted that the return of the displaced people remains the number one task on the agenda³⁴.

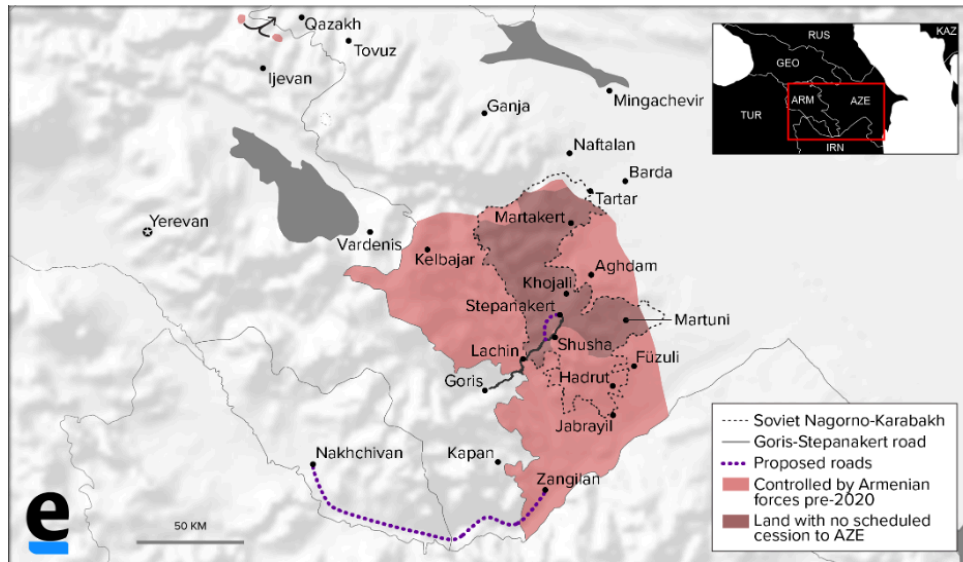


Figure 8: Map of existing and proposed transportation infrastructure, 2020, source: [Eurasianet](#).

3.2 Priority 2: Population resettlement

The Azerbaijan government sees the strategic benefit in the return of its residents (see Figure 9). In line with this goal, the Great Return project aims to relocate 700,000 Azeris³⁵ who fled the war in the 1990s back to Nagorno-Karabakh. Aliyev has pledged that 140,000 Azeris will return to the region by 2026³⁶. In Shusha, upon the completion of houses, 500 Azerbaijani families are expected to return by the end of 2024³⁷. In Fuzuli, where reconstruction began in 2021, the total number of families returning has reached 631 with 2,379 individuals³⁸. According to the plan, Fuzuli city will span 1,936 hectares, and by 2040, it aims to house 50,000 people. The plan includes using green and alternative energy sources to build a green city. The construction of Fuzuli International Airport, marks a significant step in the region's development as the first new airport in the regained Azerbaijani territories. However, mines and other unexploded military ammunition remain significant obstacles to the reconstruction work, and resettlement can be very risky. During the conflict, more than 1 million mines³⁹ were laid in the disputed territory. The United Kingdom has committed to assisting Azerbaijan in clearing them and has already provided

³⁴ Kucera, J. (2023). "After Winning Back Nagorno-Karabakh, What Will Azerbaijan's Authoritarian Leader Do Next?" Radio Free Europe/Radio Liberty. Available [here](#).

³⁵ The Economist. "Azerbaijan is racing to rebuild in recaptured Nagorno-Karabakh."

³⁶ Ibid.

³⁷ Kızılkoyun, F. (2023). "Shusha set to reopen for settlement." Hürriyet Daily News. Available [here](#).

³⁸ Karimli, I. (2024). "Another 35 Families Settle in Fuzuli Under Azerbaijan's 'Great Return' Program." Caspian News. Available [here](#).

³⁹ Shiriyeve, Z. (2023). "Defusing Azerbaijan's Landmine Challenge." International Crisis Group. Available [here](#).



more than £1.5 million⁴⁰ to prevent injuries. It will continue to give more in several villages, namely in Jabravit, Fuzuli, and Agdam.

Both sides also need to be eager to work on fostering peace and stability among locals. Since the dissolution of the Republic of Artsakh resulted in a mass exodus of thousands of Armenians, the resettlement will require further steps toward advancing the integration process among the new Azerbaijani residents and minorities. Even though the majority of ethnic Armenians have already left their homes, some of them have remained in the former Republic of Artsakh⁴¹. Future reconciliation will depend on conditions allowing displaced Armenians to return to their homes, and international actors, including Azerbaijan's strategic partners, urging Baku to resolve human rights issues in the long-term integration process.

The role of international actors is crucial for ensuring the success of the reconciliation process. The exodus of Armenians⁴² from the ceased Republic of Artsakh has further exacerbated the crisis in Armenia, which remains one of the poorest countries in the South Caucasus. European Union (EU) and United States (US) diplomatic engagement and humanitarian assistance to integrate recently displaced Armenians will be especially necessary for positive transformation and safeguarding of human rights in the region. In recent years, US engagement⁴³ in the South Caucasus substantially weakened due to the war in Ukraine and its shifting foreign policy agenda. Despite the US' limited impact in changing regional power dynamics, it should aim to use the post-conflict reconstruction period to increase its influence⁴⁴ by supporting European partners in reducing human rights violations and political tensions along the border of Armenia and Azerbaijan.

⁴⁰ Dowsett, J. (2023). "UK encourages British investment in Azerbaijan's reconstruction of Karabakh." Eurasianet. Available [here](#).

⁴¹ Human Rights Watch. (2023). "Guarantee Right to Return to Nagorno Karabakh." Available [here](#).

⁴² Chkhikvadze, A. (2024). "Armenians Wonder Who to Trust After Lost Wars." Foreign Policy. Available [here](#).

⁴³ Ibid.

⁴⁴ Landgraf, W., and Seferian, N. (2024). "A 'Frozen Conflict' Boils Over: Nagorno-Karabakh in 2023 and Future Implications." Foreign Policy Research Institute. Available [here](#).

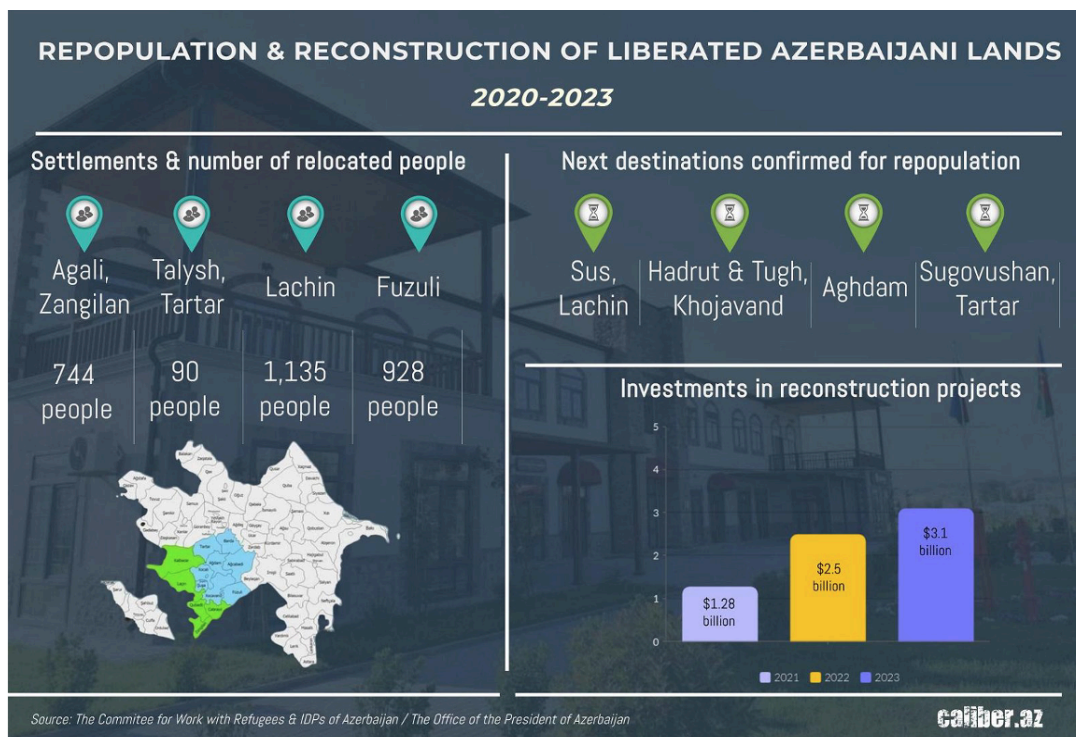


Figure 9: Repopulation and reconstruction, 2020-2023, source: [Caliber.az](https://caliber.az).

3.3 Priority 3: Border delineation

The longest-lasting conflict in the post-Soviet space over Nagorno-Karabakh is over⁴⁵. What continues is the talks over the delimitation of the Armenia-Azerbaijan border. Armenia and Azerbaijan have agreed on the importance of mutual respect and sovereignty, unblocking transportation routes, and establishing diplomatic relations. The source of concern is the future of Azerbaijani exclave villages. Armenians know the strategic importance of the Zangezur corridor⁴⁶, which connects Azerbaijan to its exclave of Nakhichevan through Armenia. Therefore, the threat that Baku will try to impose control on this route remains a severe issue for Yerevan, as the recent skirmishes near Syunik showed (February 2024)⁴⁷. These fears are somewhat rational, since the 2020 tripartite agreement⁴⁸ declared the exclave of Nakhichevan to be connected by road to the rest of Azerbaijan territory. Moreover, the Armenian Declaration of State Sovereignty⁴⁹, which includes a clause on Armenia's territorial claims over Nagorno-Karabakh, could potentially cause negotiations to stall.

⁴⁵ International Crisis Group. (2023). "The Nagorno-Karabakh Conflict: A Visual Explainer." Available [here](#).

⁴⁶ Finabel. (2024). "Geopolitical Tightrope in the South Caucasus: EU's Strategic Interests Amid Escalation on the Armenia-Azerbaijan Border." Available [here](#).

⁴⁷ De Waal, T. (2024). "In the Caucasus, Another Year of War or Peace." Carnegie Europe. Available [here](#).

⁴⁸ Krivosheev, K. (2023). "Armenia Is Ready to Relinquish Nagorno-Karabakh: What Next?" Carnegie Endowment for International Peace. Available [here](#).

⁴⁹ The Government of the Republic of Armenia. (2024). "Armenian Declaration of Independence." Available [here](#).



Despite these tensions, peace talks continue as the two sides show willingness to normalise relations and ideally achieve long-lasting peace in the region. A joint statement released in December 2023 confirmed that the two parties continue to negotiate a peace treaty⁵⁰. Nevertheless, Armenia's defeat in the 2020 war showed that the country needed better preparedness and a comprehensive plan for resolving ethnic conflicts with Azerbaijan. Consequently, the Armenian government still lacks internationally guaranteed rights⁵¹ for the Karabakh Armenians and needs to adopt a clear security agenda before signing a peace deal⁵².

At the same time, the issue involves other regional actors. Russia has played a significant role as a mediator⁵³ between Armenia and Azerbaijan since the beginning of the dispute. Despite this role, Russia's reluctance⁵⁴ to assist Armenia during the war resulted in a decline of its influence. Armenia's distancing from the Kremlin and the EU's increased interest in the South Caucasus show that Armenia's foreign policy agenda will possibly become more pro-European. Besides diplomatic engagement, Armenia needs to improve its defence capabilities. Even though the country's Prime Minister Nikol Pashinian views France and India as post-war security guarantors, and has signed deals on delivering military equipment, Russia's influence remains, especially through energy exports and trade. In addition, receiving humanitarian assistance from the EU or the US is different from getting security guarantees for future escalations. It is clear that Brussels and Washington are not prepared to ensure Armenia's future security, although they would both be willing to see the region without Russian military bases, which are currently stationed near Gyumri and Armenia's borders with neighbouring Iran and Türkiye⁵⁵.

⁵⁰ Demourian, A. (2023). "Armenia and Azerbaijan announce deal to exchange POWs and work toward peace treaty." AP News. Available [here](#).

⁵¹ Gavin, G. (2023). "The Nagorno-Karabakh conflict explained." Politico. Available [here](#).

⁵² Stepanian, R. (2023). "Pashinian Signals No Strategy On Karabakh's Future." Azatutyun. Available [here](#).

⁵³ Dumoulin, M., and Gressel, G. (2023). "After Nagorno-Karabakh: How Europeans can strengthen Armenia's resilience." European Council on Foreign Relations. Available [here](#).

⁵⁴ Kintsurashvili, E. (2024). "Stoltenberg in the South Caucasus. GMF. Available [here](#).

⁵⁵ Solovyov, V. (2023). "Azerbaijani Control of Nagorno-Karabakh Will Not Stop Conflict in the South Caucasus." Carnegie Endowment for International Peace. Available [here](#).



Figure 10: Border delineation, 2023, source: [Council on Foreign Relations](#).

3.4 Priority 4: Cultural heritage

The aftermath of the Nagorno-Karabakh conflict affected local communities in various ways. Ethnic Armenians who have been displaced face serious cultural consequences. Besides having no access to their houses and belongings, concerns are growing about Armenian cultural heritage, which has been a military target since the Second Nagorno-Karabakh War. Following the defeat in 2023, the Azerbaijani side acquired control of around 500 Armenian historical sites, including up to 6000 monuments⁵⁶. Azerbaijan's decision not to allow international monitoring of Armenian historical sites further undermines stability and increases the risks of escalations.

Cultural 'warfare' or 'cultural genocide,' is the term used to describe the post-war situation in the former Republic of Artsakh. Destroyed historical sacred buildings such as Ghazanchetsots Cathedral in Shusha⁵⁷ demonstrate how the Azerbaijani government has used the armed conflict as an opportunity to erase Armenian cultural heritage from the controlled territories. The intentional destruction of historical sites that hold cultural significance to Armenians has been documented multiple times. In its sixth Monitoring Report released in December 2023, the Caucasus Heritage Watch has identified four damaged sites and three new monuments under threat⁵⁸. Despite the accusations of

⁵⁶ Padilla, F.C. (2024). "Azerbaijan's attacks on Armenian heritage aim to erase an entire culture." The Conversation. Available [here](#).

⁵⁷ Gröndal, A.G. (2023). "Cultural Heritage Under Threat: How Targeting of Heritage is Used in Conflicts Seen Through the Conflict of Nagorno Karabakh." Laboratorium för Folk och Kultur. Available [here](#).

⁵⁸ Caucasus Heritage Watch. (2023). "Monitoring Report, December 2023." Cornell University. Available [here](#).



Armenians and Azerbaijanis that both sides deliberately target cultural and religious monuments, the international community has emphasised the significance of preserving Armenian heritage in the Nagorno-Karabakh region⁵⁹. Various organisations such as the UN, UNESCO, and the European Parliament have condemned the destruction of the Ghazanchetsots Cathedral, among other sites. Moreover, in 2022, the European Parliament passed a resolution⁶⁰ highlighting the need to safeguard, restore, and preserve Armenian cultural and religious sites.

Based on the order and provisional measures⁶¹ indicated by the International Court of Justice (ICJ) that date to December 2021, Azerbaijan was supposed to prevent any violent attacks on Armenian cultural heritage. Despite this precedent, more and more incidents⁶² take place in the region. On the one hand, the Azerbaijani president has continuously assured the international community of protecting Armenia's tangible cultural heritage as a significant step toward the "reintegration"⁶³ of Nagorno-Karabakh's Armenian residents. On the other hand, Baku has restricted access to cultural sites in the region⁶⁴.

⁵⁹ Gröndal, A.G. "Cultural Heritage Under Threat: How Targeting of Heritage is Used in Conflicts Seen Through the Conflict of Nagorno Karabakh."

⁶⁰ European Parliament. (2022). "Verbatim report of proceedings." Available [here](#).

⁶¹ Herman, A. (2022). "A new take on cultural heritage at the ICJ - Armenia v. Azerbaijan." The Institute of Art & Law. Available [here](#).

⁶² Caucasus Heritage Watch. "Monitoring Report, December 2023."

⁶³ Kishkovsky, S. "Azerbaijan's takeover of Nagorno-Karabakh raises fears about the fate of Armenian heritage sites in the region."

⁶⁴ Bedian, K. (2023). "Caucasus Heritage Watch: Keeping an Eye on Cultural Genocide." The Armenian Weekly. Available [here](#).

Section 4

Opportunities and challenges

The constant cycle of freeze and thaw in Nagorno-Karabakh seems, for now, to have been broken. However, a lasting peace cannot materialise without an active engagement in physical reconstruction and communal relations-building, both of which are necessary for long-term stability and healing. Despite an on-going peace process at the geopolitical level, regional and international actors have to continue to pay attention to the day-to-day circumstances of the territory and populations. This report contributes to this awareness-building and awareness-maintaining endeavour by assessing the extent of the damage post-war, and proposing four key priorities of focus for reconstruction:

1. Transportation infrastructure rebuilding
2. Population resettlement
3. Border delineation
4. Cultural heritage preservation

These should be presently and constantly acted upon and expanded to build a sustainable future for Nagorno-Karabakh. For this purpose, various actors, stakeholders, and financial resources must be mobilised and organised alongside the peace process.

4.1 Azerbaijan

Azerbaijan's primary focus should be risk reduction in the region and fostering peace between Armenian and Azerbaijani communities during and after the resettlement period. This requires first and foremost a prudent line between domestic and foreign policy, and political will. Further military rhetoric and threats to Armenian ethnic identity will have negative implications, and could give rise to a new wave of hatred between Armenians and Azerbaijanis. Ensuring legitimacy and trust among both populations will be crucial. When it comes to cultural heritage, it will also be necessary to grant UNESCO access to Armenian cultural and historical sites to ensure their protection, and thus encourage reconciliation between the two nations.

4.2 Armenia

Armenia's political priorities will be much the same. Ethnic Armenians need to be assured of the protection of their rights in the region, mainly through actors with a history of trustworthy relations, and without the use of divisive rhetoric. Willingness to cooperate and continuously engage in the peace process is likely to depend on a host of factors, including



the behaviour of Azerbaijan. The region will have to learn from the reconciliation processes of past conflicts, and leverage this understanding towards a constructive atmosphere of forgiveness rather than retaliation. Armenian institutions will need to ensure access to their populations and culture. They will also need to work towards a recognition and understanding of the consequences of the conflict, and engage available stakeholders in the reconstruction process.

4.3 International actors

The on-going peace process and subsequent stabilisation of relations will also require major international actors to remain involved with negotiations, and maintain long-term interest in the region. Regional actors such as Russia and Türkiye, as well as global actors such as the EU and the US are especially important. Notably, the deterioration of Russo-Armenian relations and Armenian vulnerability and unwillingness to engage in a war with Azerbaijan demonstrates its weakness. The EU has an opportunity to lead the peacebuilding process and work with the US to strengthen democratic values. Beyond states, it is still not clear how organisations like NATO will engage with Armenia in the post-war reconstruction process to ensure Armenia's integration into the transatlantic region. Fostering a productive and sustainable future for Nagorno-Karabakh will necessitate multi-stakeholder involvement, without the exclusion of any concerned party, and thus presents yet another test for multilateral governance.



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