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CONTEXT

Nine months after the November 9, 2020, ceasefire agreement and Armenia–Russia–Azerbaijan tripartite statement, the Russian peacekeeping force continues to maintain relative security along the Artsakh-Azerbaijan contact line and to ensure the stable operation of the Lachin Corridor, the mountain road connecting Armenia to Artsakh.

The return of displaced civilians has essentially ended, and the population of the Republic of Artsakh has stabilized at 120,000. Population outflow is reportedly negligible, owing both to improved security and a better economic situation in Artsakh.

The future political status of Artsakh remains uncertain. For the first time since the end of the war, the Artsakh authorities – President Arayik Harutyunyan and the foreign ministry – clearly reiterated the vision of Artsakh as an independent nation and called for its international recognition. This call was also briefly echoed by Armenian prime minister Nikol Pashinyan, who, in a departure from his government's ambivalent postwar stance, unequivocally called for Artsakh's self-determination and its final status determination. In addition, calls from the Artsakh authorities for deoccupation of parts of Artsakh¹ captured by Azerbaijan during the 44-day war have recently become more vocal and consistent.

Meanwhile, the president of Azerbaijan, Ilham Aliyev, has dramatically escalated his rhetoric, not only denying Artsakh's right to self-determination but also ruling out its hypothetical autonomy within Azerbaijan. Azerbaijan's new maximalist paradigm views Artsakh, after the eventual pullout of Russian peacekeepers, as being totally absorbed by the Azerbaijani state, with its administrative borders disbanded and diluted within Azeri-populated regions or economic zones. In an attempt to delegitimize Artsakh's claim for sovereignty or autonomy, Aliyev is now undercounting the actual population of Artsakh (which he claims to be 25,000) and disparaging its authorities and institutions of self-rule.

In the postwar period, the co-chairs of the OSCE Minsk Group, which leads the efforts of the Organization for Security and Cooperation in Europe to find a peaceful solution to the conflict, have effectively been sidelined within ongoing diplomatic efforts. In the last nine months, the co-chairs have only once visited Yerevan and Baku and have held two separate consultations with their Armenian and Azerbaijani counterparts. The OSCE has been essentially left out of the ongoing negotiations over humanitarian efforts, displacement, regional communications, prisoners of war, etc. – issues that have been considered the Group's prerogatives since its inception in 1992.

The United States and France have backed a continuing role for the Minsk Group in negotiations over the final status of Artsakh, but Russia has acted alone as mediator and in providing a base for talks. While not formally opposed to resuscitating the OSCE's mandate, Russia is nevertheless prioritizing post-conflict reconstruction over negotiations of the "highly sensitive" future status of Artsakh, which it prefers to defer *sine die*. The Russian vision for the future of the Southern Caucasus proposes a regionalization process that includes cross-

¹ Within the boundaries of the internationally recognized Nagorno-Karabakh Autonomous Oblast.

border trade and transportation, the return and reintegration of refugees, and the demarcation of boundaries between Armenia and Azerbaijan.

In practical terms, the backbone of the regionalization project would be an inland transport connection between Azerbaijan and Nakhichevan through Armenian territory – the so-called "Zangezur Corridor." First proposed in the November 9 tripartite statement, such a road fundamentally runs against the national interests of Armenia as it would pass through the country from east to west, dissecting the national territory yet remaining beyond its sovereign jurisdiction.²

Russia on the one hand and Azerbaijan and Turkey on the other seem to agree that the proposed inland connection between Azerbaijan and its enclave should be controlled by Russian forces. In return for giving up a portion of its national territory, Armenia would be granted transit access to the old Soviet railway through the territory of Azerbaijan, which would connect Armenia to Russia and Iran. This compensation is incommensurate to the concession Armenia is expected to make, in addition to vesting Azerbaijan with discretionary authority in dealing with Armenian transits. But even with this asymmetry in the would-be regionalization gains, Azerbaijan currently undermines all talk of Armenia's regional integration and only pursues the "Zangezur Corridor" project as a prerequisite for a peace agreement between Armenia and Azerbaijan that would implicitly recognize Artsakh as part of Azerbaijan.

On June 15, 2021, President Erdogan of Turkey traveled to Shushi, becoming the first head of a foreign state to visit the historical capital of Artsakh. During the highly mediatized visit, Turkey and Azerbaijan signed the so-called Declaration of Shushi³ – a document establishing a close strategic military alliance between the two countries and a collective defense mechanism.⁴ The document, which omits any mention of Karabakh, also articulates the "Zangezur Corridor" plans in the context of connecting Azerbaijan and Turkey. Following the signing ceremony President Erdogan said that Turkey does not rule out the deployment of its military in Azerbaijan, possibly in occupied Artsakh.

In conclusion, the recent period saw a further clash of views in Armenia and Azerbaijan over the postwar settlement in the region, while the status determination of Artsakh resurfaced on the international agenda with statements from Washington and Paris backing a robust and effective resumption of the role of the OSCE Minsk Group in the political settlement of the Artsakh problem.

² Azerbaijan and Turkey see the mainland Azerbaijan-Nakhichevan road via Armenia as a "territorial concession" resulting from the military defeat and not as a cross-border infrastructure project that would connect the region and reduce Armenia's isolation. Not only is the project designed to coerce Armenia into a concession, it also denies Armenia any direct economic benefits such as transit fees and royalties. If implemented, this would be a unique example of a landgrab in the post-colonial history of the world that does not even compensate the transit country for the partial loss of sovereignty. For example, even prior to their nationalization, the Suez and Panama canals provided substantial financial benefits to their host countries – Egypt and Panama.

³ "The Full Text of the Shusha Declaration," aze.media, June 21, 2021: https://aze.media/the-full-text-of-the-shusha-declaration/.

⁴ Previously, such a commitment has been stipulated by bilateral protocols and agreements signed respectively in 1994 and 2010.

SECURITY, CEASEFIRE REGIME, AND PEACEKEEPING OPERATIONS

The security situation in Artsakh remains fragile. Sporadic or targeted shootings occur along the contact line, which largely remain underreported, hence out of sight for the media and the public. Russian, Artsakh, and Azerbaijani official sources appear to be selective in

communicating only relatively major incidents or those that have been reported by local eyewitnesses through social media networks.

Nevertheless, some positive trends can be observed in comparison to previous months, such as the reduced frequency of ceasefire incidents along the southern border and fewer incidents during Azerbaijani crossings through Artsakh's populated areas.

In May, Azeri forces made attempts to advance their positions into Martakert's Charektar village from Kelbajar. Preemptively, the defense forces of Artsakh detected the Azeri maneuvers and in cooperation with the Russian peacekeepers prevented the advance of the Azeris without engaging them in fighting.

Peacekeeping in Numbers

- Starting December 2020, Russian peacekeepers have escorted 342 Azerbaijani military convoys through the Lachin Corridor northward and southward, 210 convoys along the Karmir Shuka–Shushi road and 20 along the Mataghis–Vank–Kelbajar road.
- The peacekeepers escorted Russian Humanitarian Response Center cargos to transport about 2,400 tons of construction materials and equipment to Azericontrolled Kelbajar.
- 2,250 hectares of land, 674 km of roads, and 1,922 buildings have been cleared of unexploded ordnance along the contact line, in Artsakh and also in Azerioccupied areas of Artsakh.
- Almost 2,400 Armenian pilgrims visited Dadivank, Amaras, and Gandzasar with the help of the Russian peacekeepers.

On July 6, the Azerbaijani defense ministry reported shootings from the Armenian side towards the units of the Azerbaijani Army in the direction of the Agdam region's Aliagali village, as a result of which an officer was wounded. So far, the Armenian side has not responded to the statement, while Russian peacekeepers are investigating the reported incident in cooperation with both sides.

Crossfire has been recorded on two occasions near Shushi. First, on July 13, in the southwest part of the city, the peacekeepers recorded sporadic shooting across military positions located in the village of Khaibalishen.⁵ Second, on July 15, the Artsakh ombudsman

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⁵ Bulletin of Ministry of Defence of the Russian Federation on the activities of the Russian contingent of peacekeeping forces in the Nagorno-Karabakh conflict zone, July 14, 2021: https://mil.ru/russian_peacekeeping_forces/bulletins/more.htm?id=12371950@egNews.

reported shootings from Shushi in the direction of Stepanakert's Armenavan district with the use of tracer bullets. The incident was not subsequently confirmed by either the peacekeepers or defense forces of Artsakh.⁶

In a significant development and for the first time since their deployment, Russian peacekeepers reported a ceasefire violation on August 11, 2021, (нарушение режима прекращения огня) along the Artsakh-Azerbaijan contact line. Unlike in the past, the peacekeepers explicitly identified Azerbaijani forces as being in breach of the ceasefire agreement. According to the Russian Ministry of Defense, the Azerbaijani armed forces carried out two strikes using attack quadcopters near Yeghtsahox in the Shushi region. Remarkably, the official release referred to the defense forces as "armed formations of Nagorno-Karabakh," in contrast to the past when they were identified as Armenian armed forces.

Russia currently intends to secure tripartite agreement for its peacekeeping contingent in Artsakh, which is deployed and operating on the basis of the November 9 statement. Such an agreement would define the mandate and the mission of the force, making it an internationally legitimate peacekeeping operation. So far the negotiations have stalled, as Azerbaijan requires that the agreement refer to Artsakh as an entity within its territory.⁷

PRISONERS OF WAR, HOSTAGES, AND THE MISSING

The eighth point of the November 9 statement stipulates the return of all prisoners of war (POWs), hostages, and detainees. To date, Azerbaijan has returned 103, while Armenia has returned all 15 POWs. Dozens of Armenian prisoners are believed to be in Baku; the exact number has not been made public either by Armenia or Azerbaijan.

Refusing to comply fully with the tripartite agreement and recognize scores of Armenian servicemen in its captivity as POWs, Azerbaijan staged highly mediatized trials of the captive Armenians who now face charges of terrorism and sabotage. A notable example is the case of 64 soldiers captured in December near the village of Khtsaberd; the authorities in Baku initially did not consider them to be POWs and refused to return them. In recent weeks, 16

⁶ "Artsakh Reports Shooting near Shushi," Public Radio of Armenia, July 13, 2021: https://en.armradio.am/2021/07/13/artsakh-reports-shooting-near-shushi/?fbclid=IwAR1qNiR5Jwv7EKGbFxqoyu5XXtUvz89CFHCEWMiQZdN6g9ZFOIZ8KcQFqY.

⁷ "Post-war Prospects for Nagorno-Karabakh," International Crisis Group, June 9, 2021.

⁸ In addition to POWs from the latest war, Armenia handed over Shahbaz Guliev and Dilham Askerov, who have been sentenced for murder of civilians during the sabotage in 2014.

⁹ The families of the missing and the POWs are increasingly vocal in Armenia, demanding more effective engagement by the government in pressing for the return of their loved ones. Protests also testify to the approximate number of POWs.

of them have been sentenced to a six-year term of imprisonment – charged with terrorism and incursion into Azerbaijani territories after the ceasefire. 10

OSCE co-chair countries have made significant diplomatic efforts to ensure the return of all POWs. The co-chairs have been calling for the unconditional release of POWs: foreign ministers Sergei Lavrov of Russia and Jean-Yves Le Drian of France and US Secretary of State Antony Blinken all made statements to this end, and these were reiterated during their phone calls with Prime Minister Pashinyan and President Aliyev. The US and French presidents have also called for the safe return of Armenian POWs being held by Azerbaijan. The Russian foreign ministry reiterated its support for the return of POWs, but failed to identify Azerbaijan as in breach of the November 9 agreement.¹¹

Meanwhile Azerbaijan has continued to use Armenian POWs to coerce Armenia into making significant concessions not included in the November 9 tripartite statement. ¹² For the first time since the war, Armenia agreed to provide maps of minefields of the now Azerbaijani-controlled territories in return for POWs. First, the maps of Aghdam region were handed over in exchange for 15 Armenian POWs. Another 15 prisoners from Shirak region, captured in Khtsaberd, were released after the minefield maps of Fizuli and Zangelan regions were given to Azerbaijan.

In parallel, the Baku "court of grave crimes" began the trial of Armenian POWs charged with terrorism and sabotage. On June 3, 2021, Lebanese-Armenian Vigen Eolchekjian, an Armenian POW captured near Shushi on November 10, 2020, was sentenced to 20 years' imprisonment. Armenian servicemen Hrach Avakyan and Gegham Serobyan both received four-year sentences. Separately, Lyudvik Mkrtchyan and Alyosha Khosrovyan were

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¹⁰ "Շիրակցի ևս 13 գերի դատապարտվեց 6 տարվա ազատազրկման" (Another 13 POWs from Shirak sentenced to 6 year of imrisonment), Hetg.am, July 23 2021 : https://hetg.am/hy/article/133672.

^{11 &}quot;Secretary Blinken's Call with Armenian Acting Prime Minister Pashinyan," US Department of State Press Release, July 14, 2021: https://www.state.gov/secretary-blinkens-call-with-armenian-acting-prime-minister-pashinyan/; "Armenia – Telephone Conversation between Jean-Yves Le Drian and his Counterpart, Ministry of Europe and Foreign Affairs of France," France Diplomacy, February 11, 2021: https://www.diplomatie.gouv.fr/en/country-

files/armenia/news/article/armenia-telephone-conversation-between-jean-yves-le-drian-and-his-counterpart.

¹² "Azerbaijan Wants All Minefield Maps, Says Russian Foreign Ministry Rep," Hetq.am, July 9, 2021: https://hetq.am/en/article/133172.

sentenced to 20 years' imprisonment for "torturing Azerbaijani captives" during the First Karabakh War. 13

Armenian aid workers Gevorg Sujian and Davit Davityan, who were detained on November 10, 2020, by Azerbaijanis while delivering humanitarian assistance along the Berdzor–Shushi road received 15-year sentences each for espionage on July 28, 2021.¹⁴

In a low-key and underreported trial, the Syunik regional court of trials sentenced to life in prison two jihadist mercenaries (Muhrab Muhammad ash-Shaikh and Yusef Al-Haji) who were captured by Armenian forces during the Artsakh War. Azerbaijan has denied the involvement of mercenaries on its side during the war, does not consider the convicted to be POWs, and has not appealed to Armenia or the International Red Cross for their release as part of the November 9 ceasefire.

The Armenian investigation has also identified the names of an additional 30 jihadist mercenaries who had been recruited by Azerbaijan and deployed in Artsakh, who are now on the wanted list of the Prosecutor General. The following table summarizes POW exchanges since the November 9 ceasefire:

Date of Release	Armenian POWs	Azerbaijani POWs
10.29.2020	1	
12.04.2020	2	
12.09.2020	3	
12.11.2020	3	
12.14.2020	44	12
12.15.2020	1	
12.28.2020	4	
01.28.2021	5	
02.09.2021	5	
02.28.2021	5	
06.12.2021	15	
07.03.2021	15	
TOTAL	103	12 ¹⁵

¹³ See, "Azerbaijan Stages Trial of Armenian POWs," Asbarez, June 13, 2021: https://asbarez.com/azerbaijan-stages-trial-of-armenian-pows/; "Azerbaijan Releases 15 Armenian Prisoners in Exchange for Minefield Maps," Hetq.am, July 3, 2021: https://hetq.am/en/article/132999; "Azerbaijan Sentences 13 Armenian POWs to 6 Years in Prison," CivilNet, July 23, 2021: https://www.civilnet.am/news/627019/azerbaijan-sentences-13-armenian-pows-to-6-years-in-prison/?lang=en.

 ^{14 &}quot;Baku Court Sentences Two Armenians to 15 Years," Hetq.am, July 28, 2021: https://hetq.am/en/article/133864.
15 Media sources, such as Radio Liberty Europe, put forward a figure of 15 Azerbaijani POWs transferred by Armenia,

but lack specifics re additional 3 POWs.

HUMANITARIAN ACCESS

Artsakh is connected to the outside world only by the Lachin Corridor, which is controlled and operated by the Russian peacekeeping force. According to the peacekeepers, 200 Armenian vehicles are currently crossing in both directions each day. 16

The Corridor is also used by Azeri military convoys, and at these times Armenian vehicles are not permitted to use the road. Artsakh's connection to Armenia is reduced: civilian and commercial traffic takes longer and is economically less efficient; military and civilian flights (helicopters, flight ambulances) are not authorized under the terms of the November 9 statement; internet bandwidth is reduced due to the loss of the Vardenis-Stepanakert cable (through Kelbajar). Russian peacekeepers also enforce the ban on the travel of Armenian military and civil protection personnel to Artsakh.

Due to pressure from Azerbaijan, high-ranking Armenian officials no longer travel to Artsakh on official business; before the war such visits and project inspections were regular occurrences. The last two visits by senior Armenian officials were made on March 21 and July 6.¹⁷ It is uncertain whether peacekeepers are implicitly imposing limitations on Armenian officials entering Artsakh. Meanwhile, Armenian government ministries and agencies are continuing to work closely with their Artsakh counterparts, and mid-level government members, such as deputy ministers, have made regular and unreported trips to Stepanakert.

No incidents have been reported with regard to commercial cargos traveling to Artsakh. It remains unknown whether foreign-registered commercial trucks are allowed to use the Corridor. Azerbaijani media have circulated footage of an Iranian truck crossing the Russian peacekeepers' checkpoint on the way to Stepanakert in May. 18 However, neither Artsakh nor Russia made a public response to this.

While Armenian citizens are free to travel to and from Artsakh, access for non-Armenian citizens continues to be complicated. Russian citizens of Armenian origin are typically given quick clearance to travel; in contrast, obtaining clearance for holders of foreign passports is a cumbersome and highly unpredictable process. The available data on the access of foreign

¹⁶ "Российские миротворцы обеспечили безопасность движения более 2000 автомобилей по Лачинскому коридору в Нагорный Карабах в течение недели" ("Russian Peacekeepers Ensured the Safety of more than 2,000 Vehicles through the Lachin Corridor to Nagorno-Karabakh in a Week"), Russian Peacekeeping Forces in Nagorno-Karabakh, July 31, 2021: https://mil.ru/russian_peacekeeping_forces/news/more.htm?id=12374798@egNews.

¹⁷ See "President Harutyunyan Received the Minister of Labor and Social Affairs of the Republic of Armenia," Official Website of the President of Artsakh, March 19, 2021: http://president.nkr.am/en/news/workingMeetings/5209/; "Arayik Harutyunyan Received Hayk Grigoryan Chairman of Investigative Committee of the Republic of Armenia," Official Website of the President of Artsakh, July 6, 2021: http://president.nkr.am/en/news/workingMeetings/5310/.

¹⁸ "Из Ирана идут грузовики армянским сепаратистам в Карабах," ("Trucks Go from Iran to Armenian Separatists in Karabakh,") haqqin.az, May 20, 2021: https://haqqin.az/news/210135.

citizens does not show a clear pattern in decisions to grant access. Artsakh's government is sparing no effort in its attempts to ease the issuing of visas to diaspora Armenians, yet rejections are not infrequent. Travelers who are issued visas are then required to travel to Artsakh the same day, which makes this arrangement highly inconvenient for foreign visitors.

In a major development, the Catholicos of all Armenians, Karekin II, traveled to Artsakh with the president of AGBU, Berge Setrakian. His Holiness led a pontifical mission to the Artsakh Diocese of the Armenian Apostolic Church, visited the Gandzasar and Amaras monasteries, ¹⁹ and presided over Holy Mass at the Holy Mother of God Cathedral in Stepanakert. The president of AGBU conveyed the solidarity of the worldwide Armenian diaspora and its unwavering support to Artsakh in his numerous meetings with Artsakh's officials, local residents, and the beneficiaries of AGBU projects. ²⁰

At present, three international relief agencies – two NGOs and one international organization – are operating in Artsakh. Since the beginning of the war, the International Committee of the Red Cross (ICRC) has been providing emergency medical supplies, heating and sanitation systems, and food to ensure humanitarian assistance for the people of Artsakh. After the ceasefire, the ICRC carried out mediation between the sides in terms of retrieving human remains, identifying the victims, and repatriating the remains. On June 30, 2021, the chairman of the ICRC, Peter Maurer, said that the Red Cross will increase funding to its mission in Artsakh more than fivefold, from \$11 million to \$59 million.²¹

After a lengthy period of clearances, in June 2021, Médecins Sans Frontières (MSF)/France was authorized to enter and operate in Artsakh.²² Currently the MSF mission in Artsakh, which also includes resident and non-resident expatriates, organizes the training of local doctors and psychologists to deal with both civilians and members of the military with PTSD. MSF also conducts need assessments throughout Artsakh.

The UK-based Halo Trust NGO has operated in Artsakh since 2000. Following the deployment of the Russian peacekeepers, it was not possible for the NGO's expatriate personnel to remain in Stepanakert; currently Halo Trust is run by its local Artsakh staff, with expatriate management coordinating operations remotely from Yerevan. At present, the organization continues to operate throughout Artsakh, with a focus on cleaning residential

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¹⁹ It was not possible to make a planned visit and celebration of Holy Mass at the Dadivank monastery, in the Azeri-controlled Kelbajar region.

²⁰ "Catholicos of All Armenians Will Arrive in Artsakh," Artsakh Press, June 3, 2021: https://artsakhpress.am/eng/news/144858/catholicos-of-all-armenians-will-arrive-in-artsakh.html.

²¹ "Red Cross Increases Funding for its Karabakh Mission Fivefold," CivilNet, July 1, 2021:

https://www.civilnet.am/news/624722/red-cross-increases-funding-for-its-karabakh-mission-fivefold/?lang=en.

²² "Russian Peacekeepers Deny Foreign Reporters Access to Nagorno-Karabakh," Reporters Without Borders, April 9, 2021: https://rsf.org/en/news/russian-peacekeepers-deny-foreign-reporters-access-nagorno-karabakh.

areas of cluster munitions and other unexploded ordnance. The organization is also carrying out risk education to raise awareness among civilians of explosives and other debris left after the war.

Despite repeated efforts by the Minsk Group co-chairs, Azerbaijan continues to block the entry of international humanitarian organizations, primarily the UN agencies, to Artsakh.²³ Since Azerbaijan is viewed as a "host country," UN agencies are required to seek Baku's advance approval for operating in Artsakh and must coordinate their activities on the ground with Azeri authorities – a condition unacceptable both for Armenia and Artsakh.

Moscow has recently advocated UN humanitarian engagement in Artsakh. Notably, Foreign Minister Sergei Lavrov met with Filippo Grandi,²⁴ the UN High Commissioner for Refugees, on June 28, 2021, to discuss the return and reintegration of refugees and internally displaced persons (IDPs) in Artsakh. Previously, on November 20, 2020, President Putin called upon UN agencies UNESCO, UNICEF, the World Food Programme, etc. to operate in Artsakh.²⁵ President Macron had also expressed his support and called upon UNESCO to engage in Artsakh.²⁶

ARTSAKH'S SELF-RULE

The Government of Artsakh maintains full and effective control of the national territory. Albeit reduced in size due to the redeployment of the military personnel of the Armenian armed forces, the Defense Army of Artsakh (DAA) maintains combat readiness and continues to reinforce the defense positions along the new contact line with Azerbaijan. DAA has completed its spring conscription campaign and is also recruiting personnel for military service on a contractual basis. Law enforcement and national security agencies maintain an adequate level of public order and safety, while the judiciary system continues to interpret, defend, and apply Artsakh's laws and the constitution.

The structure of Artsakh's government has been modified to mirror that of Armenia and currently consists of 11 ministries and four agencies. There are no senior-level vacancies

²³ "UNESCO Is Awaiting Azerbaijan's Response Regarding Nagorno-Karabakh Mission," UNESCO official website, December 21, 2020: https://en.unesco.org/news/unesco-awaiting-azerbaijans-response-regarding-nagorno-karabakh-mission.

²⁴ "Lavrov Discusses Return of Refugees to Nagorno-Karabakh with UN High Commissioner," Tass, June 29, 2021: https://tass.com/politics/1308119.

²⁵ "Meeting on Russian Peacekeeping Mission in Nagorno-Karabakh," Official website of President of Russian Federation, November 20, 2020: http://en.kremlin.ru/events/president/news/64455.

²⁶ "France Ready to Support Protection of Cultural, Religious Heritage in Nagorno Karabakh – Macron," Armenpress, November 20, 2020: https://armenpress.am/eng/news/1035424.html.

within the government, as in recent months several ministerial and other government appointments have been made by the president.²⁷

Although martial law is still in effect, the democratic processes, pluralism of opinion, and individual freedoms are being upheld. The multiparty National Assembly of Artsakh and its standing committees convene sessions and debates according to established procedures.²⁸

In the postwar period, all political parties have generally remained loyal to President Arayik Harutyunyan. Although opposition parties – the Armenian Revolutionary Federation (ARF), the Artsakh "Justice" Party, and the Democratic Party of Artsakh – made repeated calls on the president to resign, no action to oust him and his government followed. Tensions flared in the wake of the snap parliamentary elections in Armenia, when hundreds of protesters gathered in Renaissance Square, Stepanakert, to express their disapproval of President Harutyunyan's alignment with Prime Minister Pashinyan and to demand his resignation.²⁹

In response, Harutyunyan pledged to hold parliamentary and presidential elections, security conditions permitting, and not to run for re-election. In his address to the nation, Harutyunyan also reiterated his vision of Artsakh as an independent nation. In a similar vein, during his subsequent address to the National Assembly, the president emphasized the imperative of ending the occupation of Artsakh and restoring the country's territorial integrity.³⁰

The recent period has seen a marked increase in Artsakh's international contacts and dealings. Artsakh's Minister of Foreign Affairs, Davit Babayan, traveled to Moscow on his first foreign visit after the war.³¹ Babayan held meetings with Russian politicians, experts, and members of the Russian-Armenian community. Lusine Gharakhanyan, Minister of Education,

²⁷ "Artak Beglaryan appointed State Minister of Artsakh," 1lurer.am, June 1, 2021: https://www.1lurer.am/en/2021/06/01/Artak-Beglaryan-appointed-State-Minister-of-Artsakh/486513; "Sergey Grigoryan Dismissed as Special Representative of Artsakh President", panorama.am, July 28, 2021: https://www.panorama.am/en/news/2021/07/28/Sergey-Grigoryan/2542541.

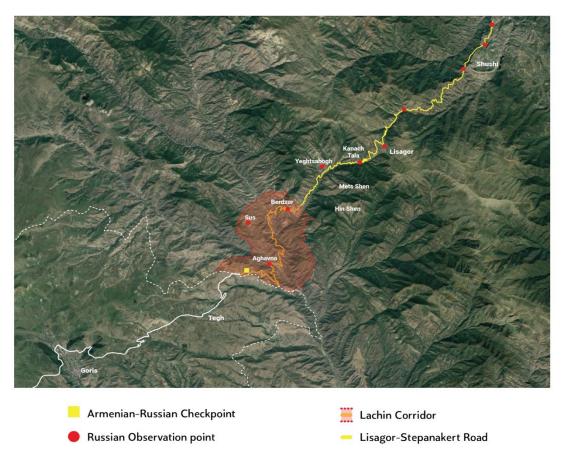
²⁸ "Standing Committee on Budget, Financial and Economic Management of the Artsakh Republic NA Convened a Sitting," Official Website of the NA of Artsakh, August 5, 2021: http://www.nankr.am/en/4269; "Artsakh Republic National Assembly Summed Up the 3rd Session of the 7th Convocation," Official Website of the NA of Artsakh, June 30, 2021: http://www.nankr.am/en/4241.

²⁹ "Competing Stepanakert Rallies Underscore Post-war Political Tensions in Karabakh," CivilNet, June 24, 2021: https://www.civilnet.am/news/623896/competing-stepanakert-rallies-underscore-post-war-political-tensions-in-karabakh/?lang=en.

³⁰ "Международное признание Арцаха: Арутюнян представил программу внешней политики," ("International Recognitions of Artsakh: A. Harutyunyan Presented His Foreign Policy Program"), Арменпресс, Июнь 30, 2021: https://armenpress.am/rus/news/1056988.html?fbclid=IwAR1w5T60oJwdjqbauOotRQxFd96roO0oeRYEuG4MQ-EB3w1VdjR8QPcr8.

^{31 &}quot;Artsakh Foreign Minister paid a working visit to Moscow", 1lurer.am, 28 May 2021. https://www.1lurer.am/en/2021/05/28/Artsakh-Foreign-Minister-paid-a-working-visit-to-Moscow/484446? cf_chl_managed_tk_=pmd_lc3nnTgLXg9SQpleQUFi6KTXD_VHaD6JkhmcgJ22R.o-1631706851-0-gqNtZGzNAxCjcnBszRLR

Science, Culture, and Sport, and Azatuhi Simonyan, the advisor to the President, visited Crimea, where they met with representatives of the Moscow, St. Petersburg, Krasnodar, and other Armenian communities of Russia. Mrs. Simonyan also traveled to the United States and held a series of meetings with Armenian-American organizations.



Map 1: Villages of Shushi region

In June, President Harutyunyan visited villages in the Shushi region – Yekhtsahogh, Mets Shen, Hin Shen, and Lisagor – whose future status remains unclear, especially in the event of a new route connecting Armenia and Artsakh being built. These villages are sandwiched between the Lachin Corridor and the city of Shushi. At the ceasefire they were under Armenian control, while Russian peacekeepers controlled Lachin region. Now the defense forces of Artsakh are deployed along the contact line near Shushi region villages.

In a gesture of solidarity with the Lebanese-Armenian community, the Government of Artsakh provided financial assistance of 35 million drams (around \$70,000 USD) to families suffering economic hardship and shortages of essential supplies.

ARTSAKH'S ECONOMY

Despite damage caused by the war and the loss of territories together with capital assets, the postwar economy of Artsakh continues to demonstrate remarkable resilience and even shows signs of recovery. This stabilization has been achieved primarily through budget support from Armenia, various stimulus packages to business, and cash handouts, combined with compensations and subsidies for household utility expenses.³² The public and private debt of Artsakh has been underwritten by the Government of Armenia, thus relieving both the Government of Artsakh, local businesses, and the public at large of losses associated with Artsakh's large loan portfolio, which has suffered a devastating blow as a result of the war.

Thanks to government interventions and economic stimuli, the indices of economic activity have been gradually improving, but still remain 40 percent below prewar levels. Remarkably quick resumption of activity in Artsakh's manufacturing, trade and services, and small and medium-sized enterprises (SMEs) has not managed to offset massive losses in other key sectors, such as energy, food processing, and mining. According to the Artsakh Bureau of Statistics, the republic's six-month GDP stood at 110 billion Armenian drams (appx. \$225 million USD) at the end of June 2021, 20 percent lower than its GDP for the same period of last year.

In the first half of 2021, Artsakh's industrial output fell almost 56 percent, reflecting a 65 percent decline in the mining sector, as two of the largest ore mines still under the control of Artsakh – Drmbon and Kashin – have practically ceased operations. Cut off from shorter, more economically viable transit routes and the water supply from Kelbajar, the ore mines are currently experiencing dramatically rising operating and logistical costs. The agricultural output of Artsakh in the same period recorded a decline of almost 40 percent.³³

The declining industrial and agricultural output is somewhat compensated by the rise in the construction sector and investments in road infrastructure. The construction projects are to relocate homeless families from the occupied regions of Hadrut, Shushi, Martakert, and Askeran, while the road projects are intended to improve internal connections within Artsakh, especially along the new contact line with Azerbaijan. While 33 percent of the construction is being financed through humanitarian programs, 45 percent is being funded through the state budget.

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³² At the time of writing the four-month program of provision of 68,000 Armenian drams (roughly \$140 USD) to Artsakh citizens has ended.

³³ National Statistical Service of Republic of Artsakh: http://stat-nkr.am/en.

Reflecting the shrinking size of the economy and the taxable base, the public finances of Artsakh suffered a dramatic decline in income. In the first six months of 2021, budget revenues dropped by 57 percent. Despite this falling income, expenditure increased by 10 percent, reflecting skyrocketing social security payments, which saw a threefold increase in comparison to 2020.

The overall price levels remain stable, albeit slightly increased due to the rising transport costs of imported goods. The retail sector continues to benefit from a sharply increased demand generated by the presence of the Russian military. However, other sectors of Artsakh's economy, such as agriculture, construction, the labor market, etc. do not appear to be taking advantage of the Russian presence.

Liberalization of the telecoms sector, which now includes two operators – Karabakh Telecom and Russian Viva MTS – has led to a substantial drop in prices for communications services.

RECOVERY AND THE NEW DEVELOPMENT STRATEGY

The immediate short-term recovery strategy of Artsakh's government is primarily focused on the need to bring back and resettle a minimum of 100,000 of its war-displaced population and ensure its sustainability in the homeland. At the time of writing the population of Artsakh stands at 125,000 and growing. Amid security concerns and sporadic ceasefire violations, the population is said to be regaining confidence in the viability of the republic even under the adverse conditions of the Azeri occupation and the proximity of the adversary.

Subsequent to the recovery of vital infrastructure and restoration of public services such as electricity, water, internet, etc. the government is concentrating on constructing residences for the displaced and rebuilding damaged housing in affected villages and towns. The government plans to build 6,000 new houses for the displaced and for families of the fallen. The construction of 1,200 houses for residents of Hadrut and Shushi is underway in Stepanakert. Outside Stepanakert, nearly 20 new settlements will be built to resettle IDPs. A massive effort is also underway to build secondary and bypass roads to restore the internal connectivity of Artsakh, which was disrupted due to the partial or complete occupation of all but one prewar region and the redrawn borders of the republic.

In parallel to ongoing recovery efforts, there is a strong sense of the imperative need to shift Artsakh's current development paradigm to ensure the republic's long-term viability and its economic, technological, and demographic security against the background of Turkish-Azerbaijani aggression and under the adverse conditions of siege and isolation. Artsakh's government, together with the private sector and aid groups, has already initiated a series of

consultations and planning sessions to develop an innovative approach to dealing with the republic's new predicament.³⁴

Long-term development initiatives are also being elaborated by Armenia-based and diaspora organizations. Presently, there is no consensus among Artsakh's development partners as to the harmonized development model to follow. One of the concepts currently under review suggests a decentralized model in which Artsakh communities or clusters of communities will be granted a great degree of autonomy and their own production, technological, educational, and civil defense capabilities. Another approach articulates the need to introduce or expand in Artsakh industries in which the republic has a competitive advantage, such as winemaking, textiles, software development, etc.

The Armenian IT platform – "Tech Week" – convened its 2021 summit in Stepanakert, and brought together 1,500 participants from Armenia, the diaspora, and Artsakh to discuss innovation and the development of IT in Artsakh's regions.³⁵ The Aurora Humanitarian Initiative has also established a platform, the "Partnership for Artsakh," which is designed to serve as a forum for Artsakh's development partners to elaborate collaborative approaches to the republic's socioeconomic development.³⁶

"THE AZERBAIJAN WATCH"

In an attempt to capitalize quickly on its military victory, Azerbaijan is frantically creating a new reality on the ground through large-scale infrastructure projects such as roads, tunnels, power plants, etc. in all regions previously under the control of the Artsakh Republic. Projects appear to follow the logic of the previously outlined three-prong strategy of the Azerbaijani government in the newly captured territories, whereby

- Shushi is recognized as a cultural capital and center of tourism (Map 2)
- the regions alongside the Araks river are viewed as a logistic base for future connection to Nakhichevan and Turkey
- Kelbajar is seen as a gold-mining and hydro-energy production region.

³⁴ "A Large HPP Will Be Built in Martakert Region: President of Artsakh Convened a Meeting," 1lurer.am, August 3, 2021: https://www.1lurer.am/en/2021/08/03/Large-HPP-will-be-built-in-Martakert-region-President-of-Artsakh-convened-a-meeting/528910.

[&]quot;The State Is Starting a New Credit Policy: Arayik Harutyunyan Convened a Consultation," Official website of the Government of Artsakh, August 2, 2021: http://gov.nkr.am/en/official-news/item/2021/08/02/policy/.

³⁵ "Tech week Artsakh 2021 Conference Kicks Off in Stepanakert," News.am, July 4, 2021: https://news.am/eng/news/652103.html.

³⁶ "Partnership for Artsakh," Aurora Humanitarian Initiative webpage, May 2, 2021: https://auroraprize.com/en/partnership-for-artsakh.

On July 9, 2021, Azerbaijan organized a tour to Shushi for members of the diplomatic corps and representatives of international organizations accredited in Azerbaijan. The list of diplomats included the ambassadors of Algeria, Austria, Belarus, Brazil, China, Israel, Italy, Japan, Malaysia, Mexico, Pakistan, Poland, Qatar, Saudi Arabia, South Korea, Sweden, Turkey, Ukraine, as well as representatives of the UN High Commissioner for Refugees and of the World Health Organization.³⁷ Subsequently, the foreign ministry of Armenia summoned Yerevan-based heads of missions of countries that had participated in the Shushi tour and handed diplomatic notes condemning the fact of the visit to the occupied regions of the Republic of Artsakh³⁸.

Another visit to Shushi was organized for leaders of religious organizations based in Azerbaijan, namely the Chairman of the Caucasus Muslims' Office, Sheikh-ul-Islam Allahshukur Pashazade, the head of the Mountain Jewish community in Azerbaijan, Milikh Yevdayev, the head of the European Jewish community in Baku, Alexander Sharovsky, the Apostolic Prefect of the Roman Catholic Church in Azerbaijan, Vladimir Fekete, the head of the Albanian Udi religious community, Robert Mobili, and the press secretary of the Baku and Azerbaijan Dioceses of the Russian Orthodox Church Archpriest, Konstantin Pominov³⁹. During the Shushi sightseeing by the clerics, it transpired that the historic Armenian Church of John the Baptist or "Kanach Jam Church", whose bell tower had been demolished by Azeri troops in the wake of the city's capture in early November 2020, has now been converted into a Russian Orthodox church.

In addition to these visits, in late July 2020, the governor of the US state of Oklahoma, Kevin Stitt, accompanied by the US ambassador to Azerbaijan, Lee Litzenberger, visited Zangelan region. The governor's visit and its media coverage was low-key. However, the visit of Stitt and the US ambassador to Zangelan was the first to the captured territories by one of the state representatives of the Minsk Group co-chair member states. 40 Unlike foreign diplomats' visits the governor's trip was "unnoticed" by the Armenian foreign ministry and US-based citizen advocacy groups.

³⁷ "Foreign Diplomats Visited the Jidir Duzu in Shusha," Azeri-Press Service, July 10, 2021: https://apa.az/en/xeber/foreign-news/foreign-diplomats-visited-the-jidir-duzu-in-shusha-photo-353582.

³⁸ "Heads of a Number of Diplomatic Missions Accredited in Armenia were Invited to the Ministry of Foreign Affairs of Armenia", Official Webpage of the Ministry of Foreign Affairs of the RA, 13 July 2021: https://www.mfa.am/en/interviews-articles-and-comments/2021/07/13/mfa diprep/11001.

³⁹ "Heads of Azerbaijan's Religious Confessions Visit Mosques in Shusha", Azernews, 11 July 2021: https://www.azernews.az/nation/181095.html.

^{40 &}quot;Oklahoma Governor Arrives in Azerbaijan's Zangilan," Azerbaijan24, July 29, 2021: https://www.azerbaycan24.com/en/oklahoma-governor-arrives-in-azerbaijan-s-zangilan/? cf_chl_jschl_tk_=pmd_3147208d7a0ca674a70a35b95d7dbb52c4026e45-1628571316-0-gqNtZGzNAs2jcnBszQkO&fbclid=IwAR1Gzy-D9-bs172-7dlSTx8JWq0mgOTRXHG2 HFYYgItSbMtuF-sx2vk5O4.

In May, Ilham Aliyev's visit to Aghdam marked the beginning of the city's reconstruction.⁴¹ The plan is to build a 45km Barda-Aghdam highway to link Aghdam to the eastern communication networks of Azerbaijan. Baku plans to establish a vast industrial zone in Aghdam, incorporating 33 large and small food industry enterprises, with a reported investment of \$65 million USD. Aliyev also broke ground on a new residential site. The design of the construction site was developed by Azərbaycan inkişaf of Azerbaijan and URAL Mühendislik of Turkey along with a San Francisco-based company, Gensler.

Azerbaijani propaganda continues to organize international tours to Aghdam – the scene of urban warfare during the First Artsakh War and located inside the prewar contact line – to demonstrate "the Armenian barbary." One of the latest propaganda trips included Russian parliamentarians, among them a member of the ruling "United Russia" party, Oleg Valenchuk, and Sergey Kalashnikov from the opposition Liberal Democratic Party (LDPR). 42

To integrate newly captured territories within the Azerbaijani economy, President Aliyev issued a decree dividing Azerbaijan into 14 economic regions. Officially, the establishment of these regions will foster their restoration and development. Two incorporate the occupied territories of Artsakh, along with the territories of the Republic of Artsakh currently under the protection of the Russian peacekeeping force:⁴³ the "Karabakh" economic region includes the entire territory of Armenian-controlled Artsakh – Stepanakert city, the Martakert, Martouni, and Askeran regions, with Shushi and Hadrut also being included in this economic region; the "East Zangezur" economic region incorporates the Jabrayil, Kelbajar, Qubatli, Lachin, and Zangelan districts – all bordering the Syunik region, the historic Zangezur.

In a sharp escalation of anti-Armenian rhetoric, President Aliyev reiterated his insolent claims to Armenia's Syunik region. In May, during his visit to Nakhichevan, he was quoted as saying that "... Azerbaijan's next historic achievement will be to connect Zangilan, in the Eastern Zangezur region, with our ancient land of Western Zangezur."44

⁴¹ "Visit of Ilham Aliyev to Aghdam," Official website of the President of the Republic of Azerbaijan, May 28, 2021: https://en.president.az/articles/51815.

⁴² "Russian Deputies and Experts Visit Grave of National Hero Allahverdi Baghirov," Azeri-Press Agency, May 1, 2021: https://apa.az/en/xeber/nagorno_garabagh/Russian-Deputies-and-experts-visit-grave-of-National-Hero-Allahverdi-Baghirov-colorredUPDATED-1color-348268.

⁴³ "East Zangazur Economic Region Established in Azerbaijan," Azeri-Press Agency, July 7, 2021: https://apa.az/en/xeber/official-news/east-zangazur-economic-region-established-in-azerbaijan-353374; "Karabakh Economic Region Established," Azeri-Press Agency, July 7, 2021: https://apa.az/en/xeber/official-chronicle/karabakh-economic-region-established-353373.

⁴⁴ "Ilham Aliev was Interviewed by Azerbaijan Television," Official website of the President of Azerbaijan, May 10, 2021: https://en.president.az/articles/51454?fbclid=IwAR3z5fckie9aKzKp_Jsiy00OhUWO15-qQQsFYquo16NaAHXvRnfBOSgXUWQ.

In parallel with attempts to intimidate the citizens of Artsakh, Azerbaijan is increasingly employing "soft power" strategies designed to entice them with the benefits that Artsakh's integration into Azerbaijan would entail. Baku is also scaling up its attempts to reach out and directly engage the people of Artsakh, with the objective of making Azerbaijan's presence palpably felt.

In particular, there are anecdotal reports of Azeris calling Armenian households and businesses in Artsakh and offering to buy their homes or shops. 45 The phone numbers were probably hacked in cyberattacks during the war. 46 Similarly, after the ceasefire some rumors spread that Azeris were selling cheap gasoline to the locals. However, after the tightening of the border controls such rumors came to end.

Another attempt at direct engagement with Artsakhtsis was made by Tular Gyanjaliev, a member of the Azerbaijani Parliament (Milli Mejlis). Pretending to be an elected representative from Stepanakert, he released a statement offering his services to his "constituency." The Azerbaijani propaganda Facebook page "Khankendi" (the Azeri for Stepanakert) has been actively engaging with the local Stepanakert users of social media networks.47

ARMENIAN CULTURAL HERITAGE

The Armenian cultural and religious heritage of Azeri-occupied regions of Artsakh is being subjected to deliberate damage, destruction, and arbitrary distortions affecting its historical and artistic integrity. Of particular concern is the safety of the cultural and religious heritage in Shushi, with its quintessential monuments epitomizing the Armenian claim of it as the political capital of Artsakh, and the Dadivank monastery – a symbol of early Christian Armenia.

In breach of agreements reached following the handover of Kelbajar region, Azerbaijan is not allowing Armenian pilgrims to visit the Dadivank monastery, which was placed under Russian protection to ensure Armenians' access to the shrine. 48 No Armenian pilgrims have been allowed to visit the monastery since April 20, 2021. Currently, there are four Armenian clergy

⁴⁵ "Expert: Azerbaijan Has Launched 'Total Psychological Attack' on Artsakh People," Panorama.am, June 25, 2021: https://www.panorama.am/en/news/2021/06/25/Tigran-Abrahamyan/2525956?fbclid=IwAR3MEUPtyIi20Fd_qu8ERf-1gaFFdqiOZ65uqXiFp5bLQ HWjt7 N AJ9Bc.

^{46 &}quot;Azerbaijani Hackers Breached Karabakh Telecom Servers During War: Armenian Info System Safeguards Inadequate," Hetq.am, August 7, 2021: https://hetq.am/en/article/134265.

⁴⁷ https://www.facebook.com/Khankendi.city/posts/346862243518995

⁴⁸ "Azerbaijan Prohibiting Armenian Clergymen and Pilgrims from Entering Dadivank Monastery," News.am, July 22, 2021: https://news.am/eng/news/654831.html.

permanently "locked" inside the isolated monastery's compound, afraid that they would not be able to return if they left the protection zone. Several Armenian priests who left the monastery are now stranded, unable to return to Dadivank. Regular access to Dadivank is reportedly granted to the representatives of a miniscule ethnic Udine community, whose bogus claim to the monastery as part of their patrimony is being promoted by Azerbaijani propaganda.

Systematic efforts are being made by Azerbaijan to de-Armenize the cultural and historic heritage of Shushi, which Azerbaijan declares its cultural capital. After removing the dome of Ghazanchetsots Cathedral in Shushi, Azerbaijan embarked on the church's complete restoration. 49 Reportedly Azerbaijan aims to remove Armenian inscriptions engraved on the church. In addition, Azerbaijan damaged the northern cemetery, where 96 tombstones dating 1832–1920 are located along the main road leading to the city. In similar vein, Armenian cemeteries in the Sghnakh and Mets Tagher villages also have been destroyed by bulldozers to pave the way for the construction of the Fizuli–Shushi highway. 50

Several initiatives are underway to monitor and to document the damage and destruction of Armenian cultural and religious heritage in occupied Artsakh. The Armenian Apostolic Church has established a special office, which monitors the status of Armenian monuments and churches but also alerts international and ecumenical organizations of threats to and actual encroachments on the Christian and cultural heritage in Artsakh.

Another organization, <u>Caucasus Heritage Watch</u>, was established by archaeologists at Cornell and Purdue universities led by Dr. Lori Khatchadourian. Using high-resolution satellite imagery, they monitor and detect demolished, damaged, and endangered Armenian heritage now under Azerbaijani control. Similarly, culturologists Hamlet Petrosyan (Yerevan) and Anna Leyloyan-Yekmalyan (Paris) have created an academic platform, <u>Monument Watch</u>, to monitor Artsakh's cultural heritage.

⁵⁰ Caucasus Heritage Watch, Monitoring Report N1, USA, 2021: http://caucasusheritage.cornell.edu/index.php/report.

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⁴⁹ "Leaders of Religious Confessions Visit Gazanchi Church in Shusha," Azeri-Press Agency, July 10, 2021: https://apa.az/en/xeber/azerbaijan_religion_news/leaders-of-religious-confessions-visit-gazanchi-church-in-shusha-photo-353608.

Armenia's efforts to engage UNESCO in monitoring the situation in Artsakh continue to be vetoed by Azerbaijan. Russia,⁵¹ France,⁵² and the United States⁵³ have voiced their support for a UN-led monitoring of the cultural and religious sites in the zone of conflict and in areas under Azerbaijani control.

⁵¹ "Россия надеется на скорейшую отправку оценочной миссии ЮНЕСКО в Карабах," ("Russia Hopes for Early Dispatch of UNESCO Assessment Mission to Karabakh"), SputnikArmenia, April 13, 2021: https://ru.armeniasputnik.am/karabah/20210413/27164373/Rossiya-nadeetsya-na-skoreyshuyu-otpravku-otsenochnoy-missii-YuNESKO-v-Karabakh----Kuznetsov.html.

⁵² "Ambassador: France Regrets that UNESCO Has not Conducted Study in Karabakh Yet," news.am, March 17, 2021: https://news.am/eng/news/634174.html.

⁵³ "US State Department Urges UNESCO Representatives Visit Artsakh," 1lurer.am, March 26, 2021: https://www.1lurer.am/en/2021/03/26/US-State-Department-urges-UNESCO-representatives-visit-Artsakh/442111.

Reconstruction of the House of Azerbaijani poet Khurshidbanu Natavar Relocation of the Special Representative of Azerbaijani President in Shoushi into the former building of the Administration of Shoushi region nstallation of sculptures of poet Khurshidbanu Natavan, composer Uzeyir Hajibeyov and singer Bulbul Reconstruction of the House-Museum of Azeri singer Bulbul Shushi Eastern rampart has been damaged Shoushi Grand Hotel was renamed "Khari Bulbul" Reconstruction of the Lower Govhar Agha Mosque Reconstruction of the Upper Govhar Agha Mosque Buildings the location are not identified yet Secondary School N1 · Construction of a new Mosque Consolate General of Turkey • Regional Branch of the Ombudsman Office · Branch of the National Museum of History

Map 2: Armenian Cultural Sites Altered by Azerbaijan Since January 2021