Improving Prospects for Peace after the Nagorno-Karabakh War

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What’s new? A Russian-brokered ceasefire between Armenia and Azerbaijan ended a six-week war in and around Nagorno-Karabakh. Azerbaijan regained most of the territory it lost to Armenian forces in the first war, which ended in 1994. Russian peacekeepers have deployed to Nagorno-Karabakh.

Why does it matter? Decades of failed negotiations after the first Nagorno-Karabakh war hardened positions on both sides, which culminated in 2020’s six weeks of bloodshed. Today, the ceasefire plan leaves many questions unanswered, including the crucial issue of Nagorno Karabakh’s status, but immediate efforts to force compromise on that risk backfiring.

What should be done? Rather than seek an elusive comprehensive agreement, parties and stakeholders should prioritise humanitarian needs and international support to rebuild infrastructure and forge cooperative ways forward, including through commerce. Of outside actors, Russia will play the lead role, but success is more likely if Europe, the U.S. and multilateral institutions contribute.

I. Overview

On 10 November 2020, Armenians and Azerbaijanis woke to news that six weeks of bloody combat between their respective armed forces had ended. The fighting saw Azerbaijan regain control of about one third of the Soviet-era Nagorno-Karabakh Autonomous Oblast and most of seven adjacent territories that Armenian forces had seized in the first Nagorno-Karabakh war a quarter-century earlier. Baku thus accomplished with force what it had been unable to do over 26 years of negotiations. A Russian-brokered ceasefire cemented Azerbaijani gains and set out the contours of a new South Caucasus order. One month on, that ceasefire has enabled the return of many displaced and the start of reconstruction. But major questions, including the issue at the core of the conflict, Nagorno-Karabakh’s long-term status, remain unresolved.

The recent fighting and the deal signed the night of 9 November have irrevocably changed reality in the South Caucasus. In some ways, today’s balance mirrors that of 1994, when Armenia claimed victory and Azerbaijan suffered defeat. For the 26 years
that followed, both sides negotiated fruitlessly and continued to prepare for war, in large part because the status quo was fundamentally unacceptable, and thus unsustainable. Whether the ceasefire can avert more decades of hostility and grievance depends in large part on the emergence of a new order in the South Caucasus that better creates incentives for coexistence than for continued hostility.

An evolutionary approach may be wiser than a forced settlement. Specifically, there may be a logic to leaving Nagorno-Karabakh's status formally unresolved, at least until the displaced (both Armenians who fled recent fighting and Azerbaijanis forced out in 1994) return and new economic relationships are established between communities. While the precise details of Russia's mandate will become clearer and evolve with time, Moscow will play a leading part. Turkey, which backed Azerbaijan during the war, looks set to assume a support role in ceasefire monitoring. But a crucial component of a new order will be opening up trade and economic ties to reverse 30 years of Armenian isolation. For that, Moscow cannot work alone or even just with Ankara. A new economic, transport and communications infrastructure to interconnect the region will require broader international investment and attention. In the meantime, humanitarian measures will be critical for not only meeting the needs of those most hurt by war but also improving prospects for cohabitation and a better future for the region.

II. The War, the Ceasefire and the Aftermath

The first Nagorno-Karabakh war, which ended in 1994, ushered in an uneasy status quo that lasted for 26 years. The de facto leaders of Nagorno-Karabakh, which had been an ethnic Armenian-majority populated enclave within Soviet Azerbaijan, declared it independent, though it relied heavily on Armenia. Armenian forces took control of seven territories around the enclave, ensuring a land connection to Armenia on one side and buffers between Nagorno-Karabakh and Azerbaijan on the other. The war forced hundreds of thousands to flee their homes: ethnic Azerbaijanis left Armenia and territory captured by Armenians, and ethnic Armenians fled Azerbaijan.1 In the ensuing years, the parties tried but failed to resolve the question of Nagorno-Karabakh’s status in talks, even as their armed forces periodically clashed. In Baku’s view, resolution meant the return of the breakaway region and adjacent territories, which the UN had affirmed were Azerbaijani under international law, to its control. Yerevan wanted de jure independence for Nagorno-Karabakh, which could then opt to join with Armenia.2

The 2020 war has led to a dramatic reversal of fortunes. Renewed clashes that began on 27 September this time grew into a full-fledged conflict. Azerbaijani forces quickly advanced across front lines. Over the course of six weeks, they recaptured

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1 Although the exact numbers are contested, well over 400,000 ethnic Azerbaijanis were displaced from the territories adjacent to Nagorno-Karabakh and some 40,000 from Nagorno-Karabakh itself. In addition, hundreds of thousands of Armenians from throughout Azerbaijan and Azerbaijanis from throughout Armenia fled their homes during the war. See Crisis Group Europe Report N°255, Digging Out of Deadlock in Nagorno-Karabakh, 20 December 2019.

2 Ibid.
much of the territory lost in 1994. Fighting took a heavy toll, killing over 5,000 military personnel (probably equally distributed among Armenians and Azerbaijanis, although tallies continue) and several hundred civilians.\(^3\) It left tens of thousands displaced.\(^4\)

While the war was local, it involved outside parties. Russia, which has a military alliance with Armenia (and a base there) but had sold weapons to both Yerevan and Baku for years, made clear that it saw itself as a broker and that its commitment to Armenia did not extend to Nagorno-Karabakh or adjacent areas. Despite its failure to deliver negotiated progress after the last substantial escalation of fighting, in April 2016, it remained the outside country with the most leverage. For its part, Turkey provided Azerbaijan with military support in the form of training and, importantly, sold it unpiloted aerial vehicles, which, along with drones purchased from Israel, helped suppress Armenian air defences. Turkey and Azerbaijan both deny widespread reports that Ankara also supplied Syrian fighters.\(^5\) Moscow, with the support of France and the U.S., which, along with Russia, co-chaired the Organization for Security and Co-operation in Europe (OSCE) Minsk Group tasked with facilitating negotiations over Nagorno-Karabakh, brokered a series of three humanitarian ceasefires, intended to evacuate the dead and wounded. Each fell apart soon after signature.

Russia was finally able to broker a successful ceasefire on 9 November, when Armenia was on the verge of defeat. Azerbaijan had taken control of Shusha, a town in Nagorno-Karabakh that both sides view as strategic and historically meaningful.\(^6\) The deal locked in Azerbaijan’s gains and committed Yerevan to surrender not only those areas of Nagorno-Karabakh and the adjacent territories that Azerbaijan had already captured, but also those parts of the adjacent territories that Armenian forces still controlled. The statement also provided for a Russian peacekeeping mission in the part of Nagorno-Karabakh that remained outside Azerbaijan’s control on 9 November.\(^7\)

The ceasefire had winners and one obvious loser. Azerbaijan is certainly in the first category. It sees in its victory a validation of its legal claim to territory so long in

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\(^6\) “Why is Shusha/Shushi so important for Azerbaijanis and Armenians?”, JAM News, 8 November 2020.

\(^7\) “Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation”, Presidency of Russia, 10 November 2020.
Armenian hands. For Russia, the deal affirmed its leading role in the region and its capacity to act as broker. In addition, Moscow acquired a military foothold in Nagorno-Karabakh. Turkey, which backed Baku, is the third party claiming success. Armenia, meanwhile, has lost territory it long claimed as historically and culturally Armenian, both in Nagorno-Karabakh itself and in the adjacent territories.

By 1 December, all the territory Armenia pledged to hand over to Azerbaijan under the ceasefire’s terms was in Baku’s hands. Two weeks on, Russian-mediated negotiations between Armenian and Azerbaijani diplomats were continuing over the precise location of a new line of separation, now running through Nagorno-Karabakh itself. The Russian defence ministry had already issued several versions of maps, which it was updating as discussions continued.

Meanwhile, Russian peacekeepers had deployed, as planned, to the part of Nagorno-Karabakh that Armenian forces held when the fighting stopped. As of late November, they were setting up 23 observation posts in this territory, most along roads near Azerbaijani-held land. In addition to Nagorno-Karabakh, Russian forces patrolled the road corridor through Lachin, one of the adjacent territories returned to Baku, which connects Nagorno-Karabakh to Armenia.

Russian peacekeepers are not the only armed personnel in Nagorno-Karabakh. The ceasefire statement called on Armenian forces to leave the territories adjoining Nagorno-Karabakh, which are now under Azerbaijani control. Baku interprets the statement to mean that Armenian troops, whether those of Armenia proper or those of the de facto Nagorno-Karabakh entity, are also required to leave Nagorno-Karabakh itself. But because the text does not explicitly say that, the de facto Nagorno-Karabakh leadership interprets it instead to mean that it can keep its self-proclaimed army in place, albeit alongside the Russian peacekeepers who are now there.

With demarcation incomplete, it is not yet clear precisely where the new dividing lines will lie or whether they will cleave villages or even houses in two. With de facto forces still in place, and a new line of contact much closer to civilian settlements than the old one was, this creates dangers. Already, incidents in early December over control of land in the Hadrut region, along the new line of separation within the former Nagorno-Karabakh Autonomous Oblast, have led to mutual accusations of ceasefire violations in a place where Russian troops had not deployed. Russian and Armenian sources said Russian peacekeepers’ arrival to the area halted clashes on 12 December, though Azerbaijan had, apparently, gained control of territory that had been in Armenian hands at the time of the ceasefire. Azerbaijani sources said the Russian troops had “evacuated” Armenian personnel and that Russian maps, updated to include the land in question in the Russian peacekeeping zone, would be altered to

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8 Maps and other details can be found at the special page of the Russian defence ministry website devoted to the Russian peacekeeping mission in Nagorno-Karabakh.
10 Crisis Group interview, Azerbaijani diplomat, Baku, December 2020.
11 Crisis Group interview, former senior Armenian official, Yerevan, November 2020.
12 “Defence ministry has updated the map of peacekeeping operations in Karabakh”, RIA Novosti, 13 December 2020 (Russian).
show that the territory was under Azerbaijani control. Indeed, the maps were soon revised accordingly.

Armenia and Azerbaijan have agreed to an “all-for-all” exchange of prisoners of war (including, reportedly, prisoners held long before the war began, as the interwar period was marked by incidents and flare-ups), which has begun. Azerbaijan reportedly holds far more Armenian prisoners, including, according to Armenian sources, not only military personnel and militia members, but also some civilians. In Armenia especially, traditional and social media draw attention to reports of large-scale mistreatment of prisoners, including brutal beheadings, stirring outrage and calls for investigations. Hundreds of Armenian military and civilian personnel remain missing. Azerbaijan, for its part, reports 100 of its soldiers missing and accuses Armenian forces of mistreating two prisoners of war. The prisoner exchange will obviously not meet demands for justice. But it should dampen some anger and pain, as well as return people to their families.

The nature of Turkish involvement post-war is gradually becoming clearer. Turkish military personnel will join Russian counterparts at the 9 November ceasefire’s monitoring centre, to be located in Agdam, one of the adjacent territories Azerbaijan


16 According to a former senior Armenian official, Armenia judges that Azerbaijan is holding more than 100 Armenian military personnel and civilians, although the International Committee of the Red Cross had located and registered only 56 as of 11 December 2020. Crisis Group telephone interview, former senior Armenian official, December 2020. Since October 2020, the Human Rights Defender of Armenia and de facto Nagorno-Karabakh Ombudsman have jointly prepared five ad hoc reports documenting torture and inhumane treatment of dozens of Armenian prisoners of war. The reports were not released publicly to prevent disclosure of names but were shared with international human rights bodies, foreign governments and international organisations, including Crisis Group.


18 Crisis Group telephone interview, foreign diplomat, December 2020.

regained as a result of the ceasefire deal.\textsuperscript{20} Reportedly, centre staff will rely on surveillance drones as well as other sources of information to evaluate reports of ceasefire violations or related problems.\textsuperscript{21}

III. \textbf{Homecomings}

Russian authorities provide escorts for daily buses from Armenia to Stepanakert, the capital of de facto Nagorno-Karabakh, making it possible for more and more of the roughly 100,000 Armenian residents of Nagorno-Karabakh who had fled to Armenia during the fighting to return.\textsuperscript{22} Zhanna, a 45-year-old mother of three, had been in Yerevan for almost two months when she talked to Crisis Group in late November. She fled in her slippers, barely managing to grab her family’s passports as she ran for safety. She wants to go back, but she knows that her apartment in Stepanakert is now a pile of rubble.\textsuperscript{23}

Zhanna has been luckier than many others. Her family shelters in a luxury hotel in Yerevan and their clothes, food and other essentials come courtesy of charitable organisations and a private businessman who wanted to aid the displaced. Hundreds of others found themselves sleeping in repurposed children’s crèches or paying rent for temporary quarters, forced to raise money to cover living expenses through requests on social media. The Armenian government has promised modest cash assistance for the displaced, but the one-time payments will not be enough.\textsuperscript{24} For many, it will be at least several weeks before they are able to return to Nagorno-Karabakh, and their fate once there remains uncertain.

Then, there are the 17,000 or so ethnic Armenians who had settled in the territories adjacent to Nagorno-Karabakh. Most of them were refugees from Azerbaijan, displaced by the 1994 war, and their descendants. They have now once again had to flee their homes. It is unlikely that they will be able to return. Baku denounced these settlements from the start as violations of international law and Yerevan never supported them, although de facto Nagorno-Karabakh authorities eventually provided assistance and in effect took over their governance.\textsuperscript{25}

Russia, meanwhile, has deployed a substantial aid mission to Nagorno-Karabakh. Military planes have delivered dozens of trucks loaded with construction materials to Yerevan. These then travel over difficult roads through the mountains to Stepanak-

\textsuperscript{20} “Turkish observers will go to Karabakh in a few days”, TRT Haber, 19 November 2020 (Turkish); “The Turkish-Russian monitoring centre will be located in Agdam”, APA, 12 December 2020.
\textsuperscript{21} “Federation and Turkey have signed agreement on joint centre in Karabakh”, Interfax, 1 December 2020 (Russian).
\textsuperscript{22} “1,699 refugees have returned to Karabakh over the last day”, RIA Novosti, 30 November 2020 (Russian).
\textsuperscript{23} Crisis Group interview, Stepanakert resident displaced during recent war, Yerevan, November 2020.
\textsuperscript{24} “Armenia will provide $600 to the residents of NKR territories transferred to Azerbaijan”, RBC, 22 November 2020 (Russian); “Armenia’s new aid programs to those who suffered during the second Karabakh war”, JAM News, 10 December 2020 (Russian).
\textsuperscript{25} For more on these communities, see Crisis Group Report, \textit{Digging Out of Deadlock in Nagorno-Karabakh}, op. cit.
ert. The Russian emergencies ministry is weighing whether to build temporary housing to give returnees refuge from the winter freeze. As some Russian government aid workers rebuild infrastructure and get internet and electricity back up and running, others go house to house, assessing needs and offering medical assistance.26

For their part, Azerbaijanis are also planning homecomings. The 10 November statement promised that those displaced from Nagorno-Karabakh and surrounding regions in 1994, as well as their children and grandchildren, could return to their family homes. Azerbaijani authorities calculate that as many as one million people could make the journey to the adjacent territories and the parts of Nagorno-Karabakh now in Azerbaijani hands. Many families are searching for their old properties on Google Maps and calculating the expense of building new houses, even though the government has promised to rebuild all homes with public funds.27

Some have made their way to the region to see for themselves what it looks like. The level of destruction has horrified many, as there has been very little direct reporting in Azerbaijan from Nagorno-Karabakh and its environs since 1994. Shadiya Qahramanova, a 60-year-old schoolteacher, pointed out her house in Fizuli to a Crisis Group researcher: “This is my house. When I learned that I could visit my home, I came here. But I saw only ruins. This wasn’t what I waited 26 years to see”.28 Others have been unable to find their homes amid the rubble.29

Returnees confront other challenges. Authorities must clear towns, villages, roads and the land around them of mines and unexploded ordnance, which riddle the territory Azerbaijani forces have regained, including within Nagorno-Karabakh. The Azerbaijani Mine Action Agency (ANAMA) has begun this work – its staff have already taken casualties. It has said clearing everything could take up to ten years.30 In the meantime, some displaced people decided that they could not wait: at least seven died and four others suffered injuries in four mine explosions – one in Jebrail, another in Agdam and two in Fizuli (all are returned adjacent territories).31 Azerbaijani’s prosecutor general and internal affairs ministry issued a joint warning to citizens to avoid “travelling to the recently de-occupied territories without proper permission until the areas are cleared of mines and unexploded ordnance”.32 That said, major

26 “Meeting on Russian Peacekeeping Mission in Nagorno-Karabakh”, President of Russia, 20 November 2020 (Russian).
28 Crisis Group interview, displaced Azerbaijani schoolteacher, Fizuli, 18 November 2020.
29 Crisis Group interviews, displaced Azerbaijani, Baku, November-December 2020.
roads and urban residential areas can probably be rendered safe in a matter of months, enabling some people to return sooner. Turkish demining services have committed to help.33

All this work will be expensive. Some Azerbaijani experts assess the cost of reconstruction in the territories regained by Azerbaijan at $20 billion,34 Azerbaijani officials, for their part, say this estimate is low: they claim the damages amount to more than $100 billion and plan to file lawsuits against Armenia to recoup the money they spend rebuilding.35 Some returning Azerbaijanis – those who can afford it – are willing to invest in rebuilding their own homes and help jump-start local economies. But it seems unlikely that these private funds, combined with those Baku can offer, will be sufficient, and it is difficult to imagine that resettlement and economic revitalisation will be rapid.

In the meantime, one group of Azerbaijanis needs immediate humanitarian assistance. Those in proximity to the front lines, especially in the Terter region, suffered substantial damage to their properties in the fighting, with many houses destroyed. The Turkish Red Crescent is providing assistance, and the EU has pledged financial aid for rebuilding.36

IV. Ambiguities in the Ceasefire Arrangements

The Russian-brokered ceasefire stopped the shooting, which was critical for Armenia and Azerbaijan to have any chance at peace. But, while cementing Azerbaijan’s gains, it also left much about the region’s future uncertain.

The biggest question remains the status and future governance of Nagorno-Karabakh – or, rather, the portion of Nagorno-Karabakh outside Azerbaijan’s control, where Russian forces have deployed and to which ethnic Armenians are returning. Azerbaijani leaders, from President Ilham Aliyev down, say this land is sovereign Azerbaijani territory and that any Armenians living there are Azerbaijani citizens. Baku rejects any discussion of the region’s status. To Azerbaijanis, the word evokes the decades of talks about possible forms of autonomy or even greater self-rule for the Armenian de facto authorities. Now, having defeated Armenian forces in battle, Baku, in its current rhetoric at least, appears to have taken autonomy off the table and seems unwilling to offer anything other than a degree of local control over cultural affairs, such as language and education.37 Armenians, for their part, continue to insist that status must reflect Nagorno-Karabakh Armenian residents’ desire for self-

33 “Turkish sappers have arrived in Azerbaijan”, APA, 30 November 2020 (Turkish).
34 Crisis Group interviews, Azerbaijani economists and experts, Baku, November 2020.
determination. The Russian and French foreign ministers have both called for further talks about the status question.\textsuperscript{38}

Meanwhile, not only are de facto military personnel still in place, but de facto political authorities also still run the Nagorno-Karabakh region, albeit in its new, smaller territory. Many de facto officials fled to Armenia during the war, however, and have yet to return.\textsuperscript{39} Baku’s prosecutor general’s office lists at least two acting and two former de facto officials as wanted for war crimes.\textsuperscript{40} Neither Yerevan nor Stepanakert is likely to accede to demands to prosecute these individuals, but Baku’s sanctions against them could complicate contacts across the front lines, especially if they retain any role in local governance. Aside from the questions of who governs, and under what laws, there is also that of whether the de facto authorities, whoever they may be and however they are to be organised, will maintain not only their own armed forces, but also their own armed police.

Other questions surround the Russian mission’s mandate. The ceasefire statement dispatched 1,960 troops to the region, along with other Russian government staff providing various sorts of assistance and working on reconstruction. But the regulations governing the Russian mission and its goals remain unclear. Are peacekeepers present only to deter and respond to incidents that could provoke another war and patrol the corridor through Lachin? If they are stationed only on the Armenian side of the line, under what circumstances will they act to constrain Azerbaijani forces, and how? In Nagorno-Karabakh, will they assist de facto officials in governance or policing or, alternatively, disarm de facto forces? The number of troops is low, given the demands of logistics and support, as well as patrolling. That Moscow has deployed a seemingly large number of civilians, in addition to the peacekeepers, and the roles they are already playing in aiding Armenian returns suggest it views its mandate broadly.\textsuperscript{41}

A painful sticking point is access to and protection of religious sites and antiquities. Since 1994, Azerbaijanis have complained that mosques and cultural artefacts in Nagorno-Karabakh and the adjoining territories were subject to neglect at best and desecration at worst (some graves were smashed and some mosques reportedly

\textsuperscript{38}“Foreign Minister Sergey Lavrov’s remarks and answers to media questions at a joint news conference following talks with Minister of Foreign Affairs of the Republic of Armenia Ara Aivazian in Moscow”, Ministry of Foreign Affairs of the Russian Federation, 7 December 2020; “Press conference by Jean-Yves Le Drian and his counterpart Ara Aivazian”, France Diplomatie, 8 December 2020 (French).

\textsuperscript{39}Crisis Group interviews, de facto Nagorno-Karabakh official, Stepanakert residents, Yerevan, November 2020.

\textsuperscript{40}The accused include de facto president Arayik Harutyunyan and his adviser Davit Babayan. Also on the list are the de facto entity’s two former defence ministers, Jalal Harutyunyan and Seyran Ohanyan. “Azerbaijan initiated criminal case against Araik Harutyunyan, David Babayan, Jalal Harutyunyan and Arman Babajanyan”, APA, 30 October 2020. The de facto officials have not publicly responded to the allegations. Legal proceedings are under way.

\textsuperscript{41}“Russian Ministry of Emergency Situations increases the group involved in humanitarian mission in Karabakh”, TASS, 6 December 2020.
used as pigsties). Over the decades, Armenians also presented their own claims of damage to Armenian churches and cemeteries in Azerbaijan-controlled regions.

Baku is under international pressure to ensure that Christian religious sites and Armenian historical objects are cared for, and that Armenians have access to them, pressure it views as hypocritical in light of this history. But videos on social media purporting to show Azerbaijanis damaging Armenian churches, tombstones and monuments drew substantial attention. Azerbaijan arrested two of its soldiers for desecrating Armenian graves, and avers that it protects all historical, cultural and religious heritage sites located in its territory without any discrimination. Moreover, Azerbaijani sources claim that departing ethnic Armenians looted churches and historical monuments. Clergy and parishioners of the ancient Armenian Christian Dadivank monastery (referred to as Khudavang by Azerbaijanis) in Kelbajar, in turn, say that they removed some artefacts for fear that they would be damaged or destroyed. Now, Russian peacekeepers guard the monastery, although it is in one of the adjacent territories returned to Azerbaijan and not initially envisioned as an area where Russian troops would go.

A last question surrounds accountability for the war crimes both sides allege the other committed. As noted, video footage and photographs of torture and summary execution of prisoners circulate in both Armenia and Azerbaijan. Baku and Yerevan have each sent requests to the European Court of Human Rights requesting it to take action against the other. Thus far, the Azerbaijani prosecutor general and military

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46 “Four servicemen accused of insulting the bodies of Armenian servicemen and gravestones belonging to Armenians have been arrested”, Office of the Prosecutor General of Azerbaijan, 14 December 2020; “Russian cultural figures who appealed to UNESCO receive a letter”, Ministry of Culture of Azerbaijan, 2 December 2020.
48 Crisis Group interviews, priest and former Armenian residents of Kelbajar district, Dadivank and Kelbajar, November 2020.
50 “Statement on Requests for Interim Measures Concerning the Conflict in and around Nagorno-Karabakh”, European Court on Human Rights, 4 November 2020.
prosecutor have initiated one set of criminal proceedings on the basis of a video that depicts inhumane treatment by Azerbaijani military servicemen of Armenian captives and corpses. Baku has arrested two soldiers accused of mutilations and called on Armenian law enforcement to take similar steps. Baku claims that other videos were falsified, while still others remain the subject of investigations.

V. Nagorno-Karabakh’s Economic Ruins

The South Caucasus has long been a crossroads. It is criss-crossed by railways and pipelines pumping oil and gas from Russia to the region and from the Caspian Sea to Europe. But the state of war between Armenia and Azerbaijan cut Yerevan and Nagorno-Karabakh off from this trade’s benefits. After the 1994 war, most economic relations between both Azerbaijan and Armenia and Turkey and Armenia ceased.

The ceasefire statement calls for reinvigorated trade. It specifically requires a new corridor linking Azerbaijan to Nakhichevan, its exclave on the other side of Armenia, which also borders Turkey and Iran. That corridor would help further deepen ties between Baku and Ankara. But in that same paragraph, the statement calls for “completely unblocked” transit and trade in “the region”. This wording suggests Armenia itself will again trade with both Azerbaijan and Turkey. In his 1 December speech, Azerbaijani President Aliyev reported that he had developed a plan for renewed trade and shared it with his Russian and Turkish counterparts and that they responded positively. The plan reportedly is to create a “six-party platform” of Russia, Turkey, Azerbaijan, Georgia, Iran and, if it met certain (unspecified) conditions, Armenia. On its basis, Azerbaijan would launch major redevelopment and reconstruction efforts. It is difficult to evaluate the feasibility of Aliyev’s plan without more details.

However it is done, rebuilding links and infrastructure will take time, and prospects for Nagorno-Karabakh in the near term seem dim. Russian aid providers may be turning the gas back on in Stepanakert and other areas where ethnic Armenians live and are returning. But Stepanakert must also develop a new plan for its water, long supplied from a reservoir near Shusha, which is now in Azerbaijani hands. Azerbaijan could potentially supply the water, but Moscow would likely have to weigh in to make that happen. Before the war, almost 40 per cent of de facto Nagorno-Karabakh’s budget came from mining metals that were transported to Armenia for sale. Azerbaijan has for years declared that Armenian mining and other exploitation of natural resources in the region were illegal, calling for an end to these activities. The mines remain in areas outside Azerbaijani control, and Baku might try to pre-

51 “Four servicemen accused of insulting the bodies of Armenian servicemen and gravestones belonging to Armenians have been arrested”, op. cit. Legal proceedings are under way in the soldiers’ cases.
53 “Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation”, op. cit.
54 “Ilham Aliyev Addressed the Nation”, Office of the President of Azerbaijan, 1 December 2020.
vent any transport of metals from the region to Armenia. As of now, the factory where ore is processed remains closed.

There is even less promise for agriculture, which was the second largest industry in Nagorno-Karabakh. It had been flourishing before the war in large part thanks to fields cultivated in the adjacent territories that were under Armenian control but are now held by Azerbaijan. Nagorno-Karabakh itself is mainly a mountainous area, where greenhouses are viable, but not much more.

With no reliable source of income, Nagorno-Karabakh will be stretched thin, especially as de facto authorities will likely feel compelled to provide aid to military personnel left disabled by the war and to the families of those killed. Armenia provided more than half of the region’s budget in recent years. It may feel obliged to increase its direct support to the parts of Nagorno-Karabakh that are not now under Azerbaijani control, although it is hard to imagine how cash-strapped Armenia will be able to do very much. Russia does not appear to be planning to take up much of that burden beyond stepping up some support to international organisations working in the region, such as the Red Cross.

VI. Toward an Evolutionary Peace?

The recent fighting and the ceasefire deal have left a new reality in the South Caucasus. In some ways, it is the reverse image of what happened a quarter-century ago, when Nagorno-Karabakh declared independence and Armenian forces captured the adjacent areas, leaving Azerbaijan deeply aggrieved. To avert more decades of hostility and anger, a new status quo must do a better job of ensuring that everyone benefits.

Nagorno-Karabakh’s status is the central question, but it may not be the right question for the moment. Although Moscow and Paris have called on Baku and Yerevan to return to the negotiating table to discuss status, it is difficult to imagine how such talks would be productive if held today. As noted above, Baku, which before the war talked of offering various sorts of autonomy to a Nagorno-Karabakh under Azerbaijani control, now appears to reject anything save, perhaps, some local control over schools and the right to use the Armenian language. To Armenians, nothing short of self-determination, which is to say, independence from Baku, is acceptable.

Meanwhile, Armenia’s government, under tremendous pressure in the aftermath of both military defeat and the deeply unpopular ceasefire deal, risks complete collapse should it sign on to further compromises, which its successors might or might not accept. All this is complicated by the continuing return of refugees.

Nor is the future of the OSCE Minsk Group, the negotiating forum for the Nagorno-Karabakh war, clear. Alongside its three co-chairs – France, Russia and the U.S.

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56 For more information about the de facto entity’s pre-war economy, see Crisis Group Report, Digging Out of Deadlock in Nagorno-Karabakh, op. cit.
57 “Russia will make an additional contribution to the ICRC working in Karabakh”, TASS, 7 December 2020.
58 “Residents of Nagorno-Karabakh are Azerbaijani citizens” – Aliyev during update address”, op. cit.
– the group has eight permanent members: Turkey, Belarus, Germany, Italy, Sweden and Finland, as well as Armenia and Azerbaijan. Russia, by far the most actively engaged of the co-chairs, has said it wants the Minsk Group involved, but has not specified how.\textsuperscript{60} The co-chairs issued a statement on 3 December, welcoming the cessation of hostilities and calling for further negotiations under the group’s auspices.\textsuperscript{61} A visit by the French and U.S. co-chairs to Baku on 12 December (Russia was represented by its ambassador) ended with Aliyev publicly dismissing the group’s value.\textsuperscript{62} Azerbaijani leaders are particularly frustrated with Paris, which they see as favouring Armenia and increasingly antagonistic toward Azerbaijan’s ally Turkey.\textsuperscript{63} Ankara, as noted, plans to take part in monitoring the ceasefire and helping Azerbaijan with demining and reconstruction. Other Minsk Group members are not, as of now, involved.

The Minsk Group process may well become important again once tempers (and Armenian politics) calm. But it is likely to be irrevocably changed, with Russia’s role greater than ever before.

If efforts to force talks on status and the region’s long-term future are unlikely to yield much, Minsk Group co-chairs and others can take action to improve conditions for those affected by the war. Armenians and Azerbaijanis will likely view any action with an eye to its potential implications for Nagorno-Karabakh’s status. This may well inhibit some activities. At the same time, as both Armenians and Azerbaijanis return to live in the region, a new cohabitation will take shape, and small humanitarian steps could go some way to helping it evolve sustainably and peacefully.

Russia can and should lead, as it did in brokering the ceasefire. Moscow remains the only outside party with real leverage over both Baku and Yerevan. That leverage is now increased as a result of its deployment of forces and civilian personnel. Not only can Russian peacekeepers protect returnees and prevent (and, if needed, quiet) flare-ups of fighting, but they and their civilian colleagues can also facilitate discussions between their Armenian and Azerbaijani counterparts to help ensure that local civilians, Armenian and Azerbaijani, have access to water, emergency response, health care and religious and cultural sites. Meanwhile, diplomats in Moscow can work with local and international stakeholders on plans for the region’s economic reintegration.

While Russia will clearly play a leading role in diplomatic and reconstruction efforts, and Turkey will continue to support Azerbaijan, greater international involvement could be advantageous to all concerned. Importantly, more engagement means more potential donors; financial backing is an area where Russia will be strained.

\textsuperscript{60} “Lavrov believes that the OSCE Minsk Group should be involved in solving the problems in Karabakh”, TASS, 21 November 2020.
\textsuperscript{61} “Joint Statement by the Heads of Delegation of the OSCE Minsk Group Co-Chair Countries”, Foreign Ministry of France, 3 December 2020.
\textsuperscript{62} “Ilham Aliyev received OSCE Minsk Group co-chairs from France and U.S.”, Office of the President of Azerbaijan, 12 December 2020
\textsuperscript{63} “Azerbaijani president: has France as co-chair taken a tangible step to address this issue?”, APA, 1 December 2020. The French National Assembly’s 4 December vote calling on Paris to recognise Nagorno-Karabakh’s independence (something even Armenia had never done), did not help, even though the French foreign minister made clear that the government did not intend to do any such thing. “Baku to summon French ambassador over Karabakh resolution backed by French lawmakers”, Yahoo News, 4 December 2020.
Aside from rebuilding after the war and constructing new roads and links through territories long seen as war zones, the region’s arable lands, pastures and water resources need rehabilitating. Donors will want to ensure that aid goes to both Azerbaijanis and Armenians and, importantly, aligns with needs and helps support linkages and trade. Russia appears certain to retain its lead in providing security – and no other country appears likely to challenge that or show interest in deploying forces – but others could help finance reconstruction. President Vladimir Putin has already called on international humanitarian groups to assist.64

The Red Cross, which is already on the ground, could build on its past efforts to facilitate dialogue on water-related issues between Armenia and Azerbaijan at their international border to revisit these same concerns now, at the new lines of separation.65 It could also assist, as it has in the past, with tracking down and identifying people, both combatants and civilians, who went missing in the course of the war.66

In the past, Armenia and Azerbaijan have welcomed Red Cross involvement.

The OSCE as an institution (beyond the smaller Minsk Group) might also play a role. Russia has called on the organisation to back the ceasefire.67 The group could not only endorse Russian efforts, but also dispatch its own missions and diplomats to work with Russia, Armenia, Azerbaijan, Turkey and anyone else engaged to ensure that humanitarian aid is delivered and to hear human rights or other concerns. The organisation could adapt its regional field activity, suspended in March due to COVID-19, to these tasks, with proper safety precautions. One advantage of an OSCE presence might be its reports, which, if made public, could go some way toward combating the biased information and disinformation now in circulation. In principle, an OSCE role is also possible at the peacekeeping monitoring centre in Azerbaijan, particularly given that Russia and Turkey, the two countries currently designated to staff it, are both OSCE members. For now, Baku rejects involving other states in the centre, though perhaps Ankara and Moscow could overcome the resistance. Turkey, at least, is not fundamentally opposed.68

Thus far, the UN Security Council has not reacted formally to the ceasefire, though a resolution could provide a legal framework for key aspects of the new status quo, including the Russian peacekeeping mission. While the 1992-1994 Nagorno-Karabakh war resulted in multiple UN Security Council resolutions, Russia has not, to date, sought the body’s formal support for ceasefire arrangements. Prior to the cessation of hostilities, a Security Council statement drafted by the Minsk Group co-chairs that merely called for an end to fighting and targeting of civilian areas ran aground.69

64 “Meeting on the Russian Peacekeeping Mission in Nagorno-Karabakh”, President of Russia, 20 November 2020 (Russian).
66 For past Red Cross work on the issue of missing persons in Nagorno-Karabakh, see “ICRC Annual Report 2019”, pp. 386-397.
67 “Lavrov: Russia expects more support for Karabakh agreements from OSCE countries”, TASS, 3 December 2020.
68 Crisis Group online interview, Turkish official, November 2020.
69 Members of the Non-Aligned Movement insisted on including references to past UN Security Council resolutions affirming that the territories in question were legally part of Azerbaijan. The Minsk Group co-chair countries withdrew their draft text as a result. Crisis Group email correspondence, UN Security Council member representative, New York, 22 October 2020.
Moscow may be waiting until its mission is firmly in place, and the lines of contact defined. Indeed, it may need such details – when it floated Security Council endorsement of the 9 November ceasefire, France and the U.S. insisted on holding off, seeking more information.\textsuperscript{70} In any case, Russian officials say Armenia’s consent, along with Azerbaijan’s, is sufficient to validate their military and civilian presence, adding that their first priority is providing humanitarian relief.\textsuperscript{71}

The Security Council or Secretary-General might also consider appointing an envoy or even a formal mission tasked to report on developments on a regular basis, and to offer UN good offices, that is to say diplomatic support, to facilitate negotiations. This step, too, could help internationalise and legitimate Russia’s mission.

Finally, international organisations could also be helpful in resolving tensions over antiquities and access to religious sites. UNESCO engagement to facilitate preservation, study and reconstruction of both Azerbaijani and Armenian cultural and religious objects, as well as access to them, could be acceptable to all parties and indeed safeguard both communities’ heritage. Armenian and Azerbaijani officials are meeting with the UNESCO leadership to discuss these topics.\textsuperscript{72}

**VII. Conclusion**

The six-week war that began on 27 September 2020 has put an end to the old order in the South Caucasus. But the shape of what will come next and whether a sustainable settlement will result remain murky. The 1994 ceasefire, which ended the last war, did not bring peace, and left Azerbaijan deeply aggrieved at the de facto loss of territory and all parties insecure. It is unlikely that reversing the balance, with Armenia feeling wronged and traumatised by its loss, will lead to a better outcome.

A new order that integrates Armenia could change everyone’s incentives, but it cannot be built quickly. Nor can it be built without an agreed way forward for Nagorno-Karabakh, which means resolution of the territory’s status. But trying to resolve this thorny issue now could easily backfire. Rather, outside actors and conflict parties may be better served by an incremental approach, focused on meeting humanitarian needs and starting to build the links that could, in time, connect the region. As these ties emerge, Nagorno-Karabakh’s future may also become clearer. Peace in the region also requires that it not become a pawn in others’ geostrategic games. Moscow’s leading role, and Ankara’s engagement in support of Azerbaijan, which now gives it a lasting part to play in any future peace, sit poorly with some in the West. A U.S. diplomat admonished Western countries to be cautious about “creating a precedent” by signing off on a Russia-Turkey deal.\textsuperscript{73} A European diplomat told Crisis Group that Paris, at least, was concerned that developments in the region

\textsuperscript{70} Crisis Group telephone interview, UN Security Council member representative, New York, November 2020.

\textsuperscript{71} “Kremlin announced clarification of functions of peacekeepers in Karabakh”, RBC, 11 November 2020 (Russian); “Putin signs order to create humanitarian response center for Nagorno-Karabakh”, TASS, 13 November 2020.

\textsuperscript{72} “Nagorno-Karabakh: Reaffirming the Obligation to Protect Cultural Goods, UNESCO Proposes Sending a Mission to the Field to all Parties”, UNESCO, 20 November 2020.

\textsuperscript{73} Comment by U.S. diplomat at closed meeting, December 2020.
were a sign of some sort of Russian-Turkish alliance.74 Others expressed frustration that the ceasefire, and ensuing negotiations, sidelined the Minsk Group process.75 In a blog post, Josep Borrell, the EU high representative for foreign affairs and security policy, warned against Russia and Turkey settling regional conflicts in their favour while excluding the EU – as, he wrote, happened in Nagorno-Karabakh, Syria and Libya.76

These complaints, while understandable, should be put in perspective. Russia’s leading role is not new. Moscow was central to the 1994 deals, and it has been the most active broker since then. But if Moscow has more leverage than any other outside power, its activity also engenders distrust not just in the West, but also in the region. Sustainable peace will require Russia, Turkey and Western countries, as well as international institutions, to all be engaged, and to cooperate, rather than compete.

Baku/Yerevan/Tbilisi/Istanbul/Moscow/Brussels,
22 December 2020

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74 Crisis Group telephone interview, EU diplomat, 24 November 2020.
75 Comments by European officials at closed meeting, December 2020.
Appendix A: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group’s approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes CrisisWatch, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 80 situations of conflict or potential conflict around the world.

Crisis Group’s reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is co-chaired by President & CEO of the Fiore Group and Founder of the Radcliffe Foundation, Frank Giustra, as well as by former UN Deputy Secretary-General and Administrator of the United Nations Development Programme (UNDP), Lord (Mark) Malloch-Brown.

Crisis Group’s President & CEO, Robert Malley, took up the post on 1 January 2018. Malley was formerly Crisis Group’s Middle East and North Africa Program Director and most recently was a Special Assistant to former U.S. President Barack Obama as well as Senior Adviser to the President for the Counter-ISIL Campaign, and White House Coordinator for the Middle East, North Africa and the Gulf region. Previously, he served as President Bill Clinton’s Special Assistant for Israeli-Palestinian Affairs.

Crisis Group’s international headquarters is in Brussels, and the organisation has offices in seven other locations: Bogotá, Dakar, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Addis Ababa, Bahrain, Baku, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Jerusalem, Johannesburg, Juba, Kabul, Kiev, Manila, Mexico City, Moscow, Seoul, Tbilisi, Toronto, Tripoli, Tunis, and Yangon.


December 2020
Appendix B: Reports and Briefings on Europe and Central Asia since 2017

**Special Reports and Briefings**


Council of Despair? The Fragmentation of UN Diplomacy, Special Briefing N°1, 30 April 2019.

Seven Opportunities for the UN in 2019-2020, Special Briefing N°2, 12 September 2019.

Seven Priorities for the New EU High Representative, Special Briefing N°3, 12 December 2019.

COVID-19 and Conflict: Seven Trends to Watch, Special Briefing N°4, 24 March 2020 (also available in French and Spanish).

A Course Correction for the Women, Peace and Security Agenda, Special Briefing N°5, 9 December 2020.

**Russia/North Caucasus**

Patriotic Mobilisation in Russia, Europe Report N°251, 4 July 2018.


**South Caucasus**

Nagorno-Karabakh’s Gathering War Clouds, Europe Report N°244, 1 June 2017.

Abkhazia and South Ossetia: Time to Talk Trade, Europe Report N°249, 24 May 2018 (also available in Russian).


Georgia and Russia: Why and How to Save Normalisation, Europe Briefing N°90, 27 October 2020 (also available in Russian).

**Ukraine**


‘Nobody Wants Us’: The Alienated Civilians of Eastern Ukraine, Europe Report N°252, 1 October 2018 (also available in Ukrainian).

Rebels without a Cause: Russia’s Proxies in Eastern Ukraine, Europe Report N°254, 16 July 2019 (also available in Ukrainian and Russian).


**Turkey**

Managing Turkey’s PKK Conflict: The Case of Nusaybin, Europe Report N°243, 2 May 2017 (also available in Turkish).

Turkey’s Syrian Refugees: Defusing Metropolitan Tensions, Europe Report N°248, 29 January 2018 (also available in Turkish).

Turkey’s Election Reinvigorates Debate over Kurdish Demands, Europe Briefing N°88, 13 June 2018.


Turkey Wades into Libya’s Troubled Waters, Europe Report N°257, 30 April 2020 (also available in Arabic and Turkish).

Calibrating the Response: Turkey’s ISIS Returnees, Europe Report N°258, 29 June 2020 (also available in Turkish).

**Central Asia**


Central Asia’s Silk Road Rivalries, Europe and Central Asia Report N°245, 27 July 2017 (also available in Chinese and Russian).

The Rising Risks of Misrule in Tajikistan, Europe and Central Asia Briefing N°86, 9 October 2017 (also available in Russian).

Rivals for Authority in Tajikistan’s Gorno-Badakhshan, Europe and Central Asia Briefing N°87, 14 March 2018 (also available in Russian).
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