

Assessing the “Great Return to Karabakh”

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This IDD analytic policy brief will examine specific points of Azerbaijan’s “Great Return to Karabakh” strategy and its impacts on the Karabakh IDP community as well as how well the strategy of new, modern, and smart urban settlements in the former conflict areas affects the lives of returning IDPs in Karabakh.

Postwar Reconstruction and Socioeconomic Changes in Liberated Karabakh

The government of Azerbaijan has indicated a target of returning around 10,000 IDPs to liberated Karabakh and East Zangezur by 2024. Massive construction is already underway in many parts of the liberated territories. Right after the end of the Second Karabakh War, the government of Azerbaijan allocated 2 billion AZN to the reconstruction. Since then, it allocated an additional 1,5 billion AZN in 2021 and then an additional 2,2 billion AZN in 2022. Budget projections in 2023 indicated a further investment of 3 billion AZN will be forthcoming. This amounts to around 4,5 billion USD or EUR in total.

The Azerbaijani authorities are prioritizing significant investment in the reconstruction of Aghdam, Zangilan, and Shusha, intending to set a successful model of postwar reconstruction of urban settlements followed by the gradual return of IDPs. As for Aghdam, the new proposed master plan for the city’s reconstruction foresees it growing to twice the size of the prewar period, envisaging a population of 100,000 people. This flagship project is envisioned for completion by 2030.

Azerbaijan’s strategic emphasis on clearing the territories of landmines planted by Armenian forces during their three decades of occupation can be understood against this backdrop. The country’s president, Ilham Aliyev, stated on 31 October 2022 during the

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Conference on Interaction and Confidence-Building Measures in Asia (CICA) in Astana that it may take 30 years and cost around \$25 billion to *fully* clear the area of landmines and other unexploded ordnance.

Ongoing demining efforts have made reconstruction more difficult. Between the end of the Second Karabakh War and the publication of this paper, mines have caused a total of 262 casualties. Although Armenia did provide some landmine maps to Azerbaijan since the cessation of hostilities, these have proven to be largely unreliable and incomplete.

Nevertheless, Azerbaijan is bent on reconstructing its liberated territories and enabling the IDP community to return to their homes as soon as possible through the implementation of deliberate policies operating within the rubric of “smart and sustainable development of Karabakh.” Although Azerbaijan pursues a policy of reconciliation with Karabakh’s ethnic-Armenian community to ensure peaceful coexistence, the situation on the ground is still characterized by uncertainty. The signing of a comprehensive peace treaty with Armenia, together with success in consultations and talks with Karabakh’s ethnic-Armenian community, should improve this situation. As of this writing, however, neither process have yet been completed.

As of September 2022, over 4.36 million AZN was allocated for rehabilitation and reconstruction of the Hadrut settlement in the Khojavand region, including the village of Tug and neighboring villages, while 848,000 AZN has been allocated for rebuilding the village of Shalve in the Lachin region, the village of Zar in the Kalbajar region, and the village of Khudafarin in the Jabrayil region.

As an economically developing country seeking steady economic growth, Azerbaijan plans to develop alternative urban areas with the aim of making effective use of available resources to develop such settlements in the Karabakh region. Hence, the decision to start a pilot project in Zangilan’s Aghali village as the first-ever purposely-built smart settlement in Azerbaijan. The first wave of IDPs returned there in July 2022 and others have subsequently gone back, too. The project is being developed on the basis of five ‘smart’ pillars (housing, production, social services, agriculture, and sustainable energy) and makes use of modern technologies and best practices brought in by specialists from Turkey, Italy, and Israel. However, the government’s strategy does not necessarily require consulting with the former residents of Zangilan and other de-occupied territories during the reconstruction process, with their interests being mostly subsumed by the idea of swift repatriation.

Moreover, to boost the idea of smart cities/settlements within local society and heighten the involvement of targeted groups in the reconstruction process, the government announced a competition entitled “The Renewed Image of Ancient Karabakh” that aimed at allowing independent professionals to provide input on the ongoing development process by designing conceptual visions for the development of five villages. Such steps taken by official Baku to modernize the Karabakh region in the

postwar period demonstrated to the IDP community the government's commitment to make qualitative changes to their standard of living in the newly restored urban settlements, envisaging the use of advanced technologies to improve access of citizens to services provided by the state.

Despite positive sentiments regarding the smart cities concept, some crucial moments must be considered to achieve sustainable and resilient development in Karabakh. Existing scholarly works dedicated to smart urban development strategies contend that smart strategies must be based on the inclusive participation of various stakeholders—not only on government institutions. In Azerbaijan's case, the Karabakh community's full participation in urban development in the liberated territories remains an issue. Indeed, ensuring inclusiveness and a contemporary approach to the urban and regional development process could yield more positive results and secure the desired attention from the broader public. Seemingly, given this essential factor, the Azerbaijani authorities set up a Public Council that involves 11 members from various local civil society organizations. This decision ensures that non-governmental organizations participate in the adoption of legal acts governing the activities of governmental bodies in the liberated part of the Karabakh region. The involvement of young professionals in the urban development of Karabakh in collaboration with the state agencies demonstrates that, unlike previously taken steps, the government is now keen to gradually share responsibility of the postwar reconstruction process with non-state actors.

The Return of IDPs to Karabakh

Azerbaijan's victory in the Second Karabakh War has paved the way for the return of ethnic-Azerbaijanis to the de-occupied territories. Obviously, with the first announcement of the "Great Return to Karabakh strategy, certain questions arose within the IDP community. Questions mainly arose regarding the lack of a consolidated plan for repopulating the de-occupied territories after almost thirty years of displacement—and the need to persuade a majority of IDPs, particularly those born and raised outside the region—to return to Karabakh. The relative lack of enthusiasm in some young IDPs evidently has something to do with the suboptimal security situation: the landmines issue, but also the threat of occasional military flareups. These concerns are less acute amongst the older generation of IDPs, who feel both more nostalgic and keener about returning to their native lands. They are also more optimistic regarding the kind of compensation they will receive from the state budget.

In the Spring 2022 edition of *Baku Dialogues*, IDD Director Fariz Ismailzade wrote in detail about the findings of a largescale, in-depth social survey of IDPs conducted in 2021 by ADA University, with the participation of faculty and experts from the State University of Economics, the Institute of Economics of the Azerbaijan National Academy of Sciences, and several think tank representatives. These will not be reproduced here except to repeat his bottom-line assessment: "The percentage of respondents willing to

go back to their hometowns was in the absolute majority” in every category, including young people. Nevertheless, it is clear that the mass return of IDPs to the liberated territories is a long way off: it will certainly not happen in 2022.

One outcome of the ADA University survey was that the government began to more actively promote the smart cities concept in Karabakh, which translated in a greater amount of information being shared with the IDP community, in furtherance of the need to motivate IDP families to return to the liberated territories. The messaging focused on explaining to the targeted population that their lives in the newly-liberated territories would be completely different and much easier compared to other poorly-developed rural areas. According to Rovshan Rzayev, chairman of the State Committee for Refugees & Internally Displaced Persons, most of IDP families will eventually return to their homes, as the “state is obliged to give them a decent life in the liberated territories.”

The government’s principal stance on this issue sounds rational, as young members of IDP families can quickly adapt to a more technology-based life in Karabakh. The return of Karabakh residents to their homeland will, in turn, reduce the number of IDPs in Baku and other major cities. Moreover, the mass return of IDPs to Karabakh ought to enhance the urbanization process of the region in the time ahead, serve to spur migration from urban areas back to rural villages of Karabakh, and bring sustainable benefits the nation’s economy. Indeed, Azerbaijan is closely studying international best practices in the development of smart urban settlement concepts, such as the South Korean model. The main idea of the South Korean experience is that smart villages should focus more on agriculture, farming, and tourism. Such a development model will enable governmental and private enterprises to collaborate in those essential fields and encourage young people to settle down in rural areas. Given this particular thesis, Azerbaijan rebuilt the Aghali village in liberated Zengilan as the first-ever smart village in the country. It is intended to serve as a role model for other smart urban settlements projects to be implemented in Karabakh soon. The government’s efforts to motivate people to return to Aghali has paid off: according to official data, 1,357 people out of 1,457 will return to their homes. In the beginning, 41 families returned to Aghali in July 2022 and another 125 residents did so in September 2022.

However, there are still crucial moments that need to be considered for the next several years for the successful development of smart cities in Karabakh. As noted above, landmines still pose a real threat, and the de-mining process will take least a decade, according to the Azerbaijan National Agency for Mine Action (ANAMA). Hence, attracting more civilians to return to Karabakh, where landmines are a real threat, will be a tough challenge for the government. Another problem may occur with older residents of smart villages who are unfamiliar with smart technologies and do not have the necessary skills to utilize them properly. Referring again to the Korean model, training young people from the IDP community would be necessary to ensure the local residents’ full adaption to a new model village.

While Azerbaijan prepares to build several smart villages and urban settlements in the Karabakh region, the government also seems keen to preserve the historical nature and image of particular cities—Shusha, in particular. Historically, Shusha was the center of cultural life in Karabakh and, therefore, symbolically possesses significant importance for all of Azerbaijan. Unlike Aghali and other places in Karabakh, the return of IDP families to Shusha could take a while due to the ongoing mass reconstruction process in the mountainous area. Nevertheless, some residents of Shusha have expressed their willingness to be involved more in the reconstruction process whilst fully agreeing that the city must be restored to its historical magnificence.

The reconstruction of Shusha is not planned to be done in full conformity with the smart city concept. However, its development plan does indicate that it will “preserve greenery of the city” and build “green corridors” and park spaces throughout the city, ensure comfortable movement, and attract tourists. Like in the cases of Aghali and Aghdam, enormous work will be required to make Shusha an attractive and permanent destination for young IDPs by adopting a special program to provide them with economic and employment prospects.

Steps to Success

The Great Return to Karabakh strategy adopted by Azerbaijan in the postwar period has many benefits for returning the IDP community in terms of economic and social development. As this paper argues, if implemented successfully, the smart village and cities concept could pave the way for a new development model in Azerbaijan. To ensure swift economic and social growth, the Azerbaijani authorities have completely moved away from the traditional administrative division system and established a new one: the Office of Special Representative of the President of the Republic of Azerbaijan in the Liberated Territories of the Karabakh Economic Region and the Office of the Special Representative of the President of the Republic of Azerbaijan in Zangilan. The new model of administrative division is supposed to work smoothly and closely with the returning IDP community in the liberated territories. It is also supposed to facilitate reconstruction efforts.

Given that the heads of both representatives’ offices are young, Western-educated technocrats with necessary management skills, the concept of smart settlements in the liberated territories could achieve significant results soon. Nevertheless, some gaps in the process should also be addressed adequately, such as the lack of organized community skills of the returning IDPs and the fact that they did not constitute a homogenous group in the past 30 years and thus have no experience in public participation in local governance. Hence, the institutions of the new administrative divisions will need to figure out how to enable the returning families to develop better community mobilization skills so that they may take a more active and involved role in developing new local governance in the liberated territories.