



Economic Research Center

MONITORING

of the use of agricultural lands in the liberated territories

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ACRONYMS

ANAMA – Azerbaijan National Agency for Mine Action

ARC- Agrarian Research Center

PA RA - Presidential Administration of the Republic of Azerbaijan

SSPI - State Service for Property Issues

MIA - Ministry of Internal Affairs

SSC - State Statistics Committee

SBS - State Border Service

MoA - Ministry of Agriculture

MoD - Ministry of Defense

CoM - Cabinet of Ministers

CH - Coordination Headquarters for the Centralized Resolution of Issues in the Liberated Territories of the Republic of Azerbaijan

MES - Ministry of Emergency Situations

Keywords: Karabakh, agriculture, liberated lands, demining, planting, subsidies, agricultural lands, Coordination Headquarters.

Summary

This monitoring report was prepared to reveal the current situation in the use of agricultural lands in the liberated territories of Karabakh. In the preparation of the monitoring report, the facts and information obtained by various means (conducting surveys and focus group discussions among farmers, collecting information from Internet resources, collecting information through private individuals on the ground, etc.) were administered. The monitoring report revealed that the demined agricultural lands in Karabakh and the lands illegally planted by Armenians are now being used (given on lease) through the Ministry of Agriculture (MoA) under the control of the Presidential Administration of the Republic of Azerbaijan (PA RA).

The companies cultivating the Karabakh lands are large farms previously owned by the ruling family and monopolistic officials who have been implicated in the illegal seizure of land. The investigation revealed that the area of lands temporarily involved in crop rotation in the liberated territories, the type and quantity of products supplied, the names of companies carrying out planting work and state orders at the expense of the budget are kept secret from the community. No other information is provided on the work carried out in Karabakh, except for brief statements made by the Coordination Headquarters (CH) established to resolve socio-economic, humanitarian, organizational and other urgent issues in the liberated territories by presidential decree, as well as to coordinate activities in this area. The most non-transparent body in this area is the Ministry of Foreign Affairs. The Ministry refuses to respond to inquiries about leased arable land and projects in Karabakh, does not prepare any reports, does not publish press releases or posts on its website.

The monitoring report includes existing statistics and forecasted arable lands of the liberated regions, cultivated lands in 2020 and 2021, expected sowing in 2022, sowing companies, seed supply, amounts of subsidies provided from the state budget in connection with illegal sowing for sowing area and per product, establishment of tax, social payment, import duty and preferential credit mechanisms by the state for these companies, as well as the expected distribution of Karabakh lands among the population (those envisaged for backyards and arable land), possibilities of carrying out the land reforms (change of ownership of a part of state lands to municipal and private) and the prevailing legal framework in this area were discussed in detail. The monitoring report concluded with recommendations based on the comprehensive results of the study and findings.

1. Organization of management in the liberated territories

The Second Karabakh War, which began on September 27, 2020 and lasted for 44 days, ended on November 10, 2020 with the signing of the Tripartite Declaration¹ (Azerbaijan, Armenia, Russia). Azerbaijan has managed to reclaim a large part of its occupied territories for nearly 30 years, especially the surrounding areas not included in the administrative (geographical) division of Nagorno-Karabakh (Agdam, Fizuli, Jabrayil, Zangilan, Gubadli, part of Lachin and Kalbajar).

For the time being, during the 44-day war, on October 29, 2020, by the Decree of the President of the Republic of Azerbaijan No. 1170 “On the organization of temporary special management in the liberated territories of the Republic of Azerbaijan”², each district Temporary commandants’ offices were established in accordance with the administrative division of the Republic of Azerbaijan to carry out special management. The commandants were appointed by the Ministry of Internal Affairs (MIA) of the Republic of Azerbaijan, and operational headquarters were established under the commandants, together with the ministries of power, which included representatives of other central government bodies.

In addition to ensuring the main tasks of law enforcement, the commandants were instructed to determine the lands suitable for agriculture together with the MoA, to keep records, maintain and protect agricultural machinery and means of production, and to assess the phytosanitary and epizootic situation. The decree entrusted the Presidential Administration of the Republic of Azerbaijan with general control over the activities of temporary commandants.

The Order³ of the President of the Republic of Azerbaijan “On the Establishment of a CH for the Centralized Resolution of Issues in the Liberated Territories of the Republic of Azerbaijan” was signed on November 24, 2020, two weeks after the signing of the Declaration.

The order announced the composition of the CH established to address socio-economic, humanitarian, organizational and other urgent issues arising from the implementation of the provisions of the Declaration of November 10, as well as to coordinate activities in this area. Mr. Samir Nuriyev, Head of the Presidential Administration of the Republic of Azerbaijan was appointed as Chief of the Headquarters, and 5 Aides to the President, 4 Aides to the First Vice-President and heads of relevant ministries as Staff members hereof. An Interdepartmental Center was established under the headquarters to perform the secretarial and communication functions and provide the necessary analytical and organizational support. Today, the headquarters has 16 working groups. 160 representatives of 55 government agencies are represented in these working groups.

It is to be noted that the Presidential Decree⁴ on the establishment of special missions of the President of the Republic of Azerbaijan in the liberated territories was signed on January 19, 2021. The decree justified the need to establish special missions to accelerate the construction, restoration and

¹ <https://president.az/az/articles/view/45923>

² <http://www.e-qanun.az/framework/46229>

³ <https://president.az/az/articles/view/47738>

⁴ <https://president.az/az/articles/view/50281>

reconstruction of the liberated territories, to strengthen the coordinated activities of government agencies and other organizations to achieve this goal, as well as to increase flexibility and efficiency in management. The heads of special missions are appointed and dismissed by the President and report directly to the President. First of all, the practice of sending a Special Representative of the President to each of the liberated regions was preferred, and special representatives were appointed to Shusha and Aghdam regions.

However, taking into account the liberated territories, the structure of the existing economic regions of Azerbaijan was changed and Mr. Emin Huseynov, the Aide to the First Vice President was appointed Special Representative of the President of the Republic of Azerbaijan in the liberated territories (except Shusha region)⁵ and the post of the Special Representation of the President of the Republic of Azerbaijan in the liberated part of the Aghdam region was abolished. On May 4, 2022, Vahid Hajiyev, Chairman of the Board of Agro Dairy Company, part of Pasha Holding, owned by the President's family, was appointed Special Representative of the President of the Republic of Azerbaijan in the Zangilan region.⁶

It should be noted that the restructuring of economic regions was carried out by the “Decree of the President of the Republic of Azerbaijan on the new division of economic regions in the Republic of Azerbaijan.”⁷ The document declares that the expediency of carrying out all work on the basis of a single program to ensure their equal development through the effective use of the rich economic potential, natural resources and extensive tourism opportunities of the liberated territories leads to a reconsideration of the division of the liberated territories into economic regions.

According to the decree, 10 economic regions existing on that date were abolished, and 14 economic regions were created on the basis of them and the liberated territories. The newly created economic regions of Karabakh (Khankendi, Agjabadi, Agdam, Barda, Fuzuli, Khojaly, Khojavend, Shusha and Tartar regions) and East Zangazur (Jabrayil, Kalbajar, Gubadli, Lachin and Zangilan regions) cover the liberated territories.

It should be noted that the management of agricultural lands in the liberated territories is also regulated by a separate decree. The MoA has been temporarily entrusted with the powers mentioned in the “Decree of the President of the Republic of Azerbaijan on some issues related to the management of agricultural lands in the liberated territories of the Republic of Azerbaijan”⁸ signed on April 27, 2021.

⁵ <https://president.az/az/articles/view/54468>

⁶ <https://president.az/az/articles/view/55934>

⁷ <https://president.az/az/articles/view/52389>

⁸ <https://president.az/az/articles/view/51301>

2. Agricultural land potential of the liberated areas: official statistics and forecasting⁹

The data of the State Statistics Committee (SSC) and some official sources on the area of agricultural lands in the liberated areas do not allow to reach a single conclusion. First of all, let's look at the data and the final table prepared by the SSC on the basis of official indicators. Shusha city, Lachin and Khojavend districts were not taken into account during the calculations. Because Shusha has already been declared a reserve, no agricultural activities are planned in the city¹⁰, part of Lachin region (including Lachin city) has not been handed over to Azerbaijan due to the construction of a new road connecting Khankendi and Armenia and the uncertainty continues in connection with settlement of Khojavend region (including Hadrut settlement).

In 1988, 660 hectares of tobacco, 119 hectares of potatoes, and 55 hectares of vegetables were planted in the **Kalbajar** district. At present, it is planned to plant 500 hectares of intensive pomegranate, apple, and diospyros kaki orchards in the district, and plant grain on up to 1,000 hectares. By 2025, it is planned to cultivate 2,700 hectares of arable land.

Before the occupation, the arable lands of **Aghdam** district were about 37,000 hectares. According to 1988 statistics, 7.7 thousand hectares of grain, 7.6 thousand hectares of cotton, 21.3 thousand hectares of grapes, 0.4 thousand hectares of melons were planted. By 2025, it is planned to use 35,700 hectares of arable lands and gardens suitable for agriculture in Aghdam district.

Before the occupation, there were vineyards on 18.2 thousand hectares in **Fuzuli** district. In 1988, grain was planted on 13.2 thousand hectares, cotton on 0.6 thousand hectares, and vegetables on 0.1 thousand hectares. It is forecasted to plant 47,400 hectares of arable lands in the district by 2025.

According to 1988 statistics, the total sown area of **Jabrail** district was 24.9 thousand hectares. Before the occupation, in 1988, there were 6.6 thousand hectares of vineyards, 5.7 thousand hectares of wheat, 3.2 thousand hectares of autumn and spring barley, 9.0 thousand hectares of cereals and legumes. Before the occupation, tobacco was planted on 0.6 thousand hectares, grain on 3.4 thousand hectares, grapes on 2.4 thousand hectares, and melons on 0.01 thousand hectares in **Gubadli** district. It is planned to use 16.8 thousand hectares of arable lands and gardens in Gubadli district by 2025.

According to official statistics for 1988, wheat was planted on 1.6 thousand hectares, autumn, and spring barley on 0.4 thousand hectares, cereals and legumes on 2.0 thousand hectares, and tobacco on 0.4 thousand hectares in **Zangilan** district. There were vineyards on 2,400 hectares. The total sown area of Zangilan district was 6.7 thousand hectares.

⁹ While preparing materials included to this section, official information obtained from the State Statistics Committee and the below indicated links were used <https://azertag.az/xeber/1691043>, https://azertag.az/xeber/lsgaldan_azad_olunmus_fuzuli_rayonunun_aqrar_potensial_i_TAHIL-1706815, <https://azertag.az/xeber/1641437>, <https://azertag.az/xeber/1633639>, <https://azertag.az/xeber/1695189>, <https://azertag.az/xeber/1695189>.

¹⁰ <https://president.az/az/articles/view/52219>

Table 1. Forecast indicators of arable lands of the liberated regions

	Aghdam	Fuzuli	Jabrayil	Zangilan	Gubadli	Kalbajar
Grain	18,629	40,752	8,883	1,929	11,866.5	1,000
Cotton	3,137	1,341	–	–	–	–
Tobacco	–	–	–	359	500	223
Potatoes	558	200	n/a	n/a	396.4	481
Vegetables	9,258	500	n/a	n/a	246.4	100
Melons	570	475	n/a	n/a	242	150
Fruits and berries	3,000	2,000	n/a	n/a	3,000	500
Grapes	500	1,337	6,570	2,391	500	–
Other	–	822	8,995	1,929	–	220
Total	35,652	47,426	24,877	6,726	16,751.3	2,673

As can be seen from the table, there are about 134,105 hectares of arable land in the six liberated districts. In addition, in some of these regions, especially in Kalbajar, Gubadli, and Zangilan, the population was engaged in cattle breeding. In total, there are 164.5 hectares of pastures and hayfields in the liberated regions of Karabakh. Thus, according to official statistics, there are 298.6 thousand hectares of agricultural land in the region.

The Agrarian Research Centre (ARC) under the MoA has also made calculations on arable agricultural lands. We present the forecast calculations made by the Center taking into account the actual areas in the non-occupied territories of Aghdam and Fuzuli districts.

Table 2. Forecast structure of sown areas in the future, ha¹¹

	Grain	Cotton	Tobacco	Potatoes, vegetables, melons	Fodder plants	Fruits and berries	Grapes	Total area in the district
Aghdam	28,862	4,601	-	9,816	16,909	2,565	500	63,253
Jabrayil	10,400	-	-	300	7,300	800	1,200	20,000
Fuzuli	50,465	1,300	-	1,769	12,579	2,679	761	69,553
Kalbajar	900	-	200	200	-	500	-	1,800
Gubadli	6,300	-	400	400	1,000	2,500	400	11,000
Zangilan	1,900	-	300	300	2,500	2,200	1,000	8,200

The area of arable land in the liberated areas according to the calculations of the Center is higher than the calculation in the first table (134,105 ha): 173,806 ha. The certificate of the Center states that

¹¹ <https://agroecomics.az/az/article/34/iscaldan-azad-olunan-erazilerimizde-kend-teserrufa/>

forecasting the size of land to be used for planting in the liberated areas was carried out by extrapolation based on the development trends of agriculture in the country over the past period, taking into account the official statistics of the 1980s.

Another official source - the report of the Cabinet of Ministers (CoM) for 2020 - states that in order to clarify the agricultural potential of the liberated lands, specialists vectorized agricultural lands and perennial crops on the basis of current satellite images and mapped them into the database of Geographic Information Systems. According to the report, there are 147,000 hectares of arable lands in the territories controlled by the Azerbaijani National Army.

According to the views expressed at the scientific-practical conference “Sustainable Development of Agriculture: Global Challenges and Reforms in Azerbaijan” (December 15, 2020), more than 200,000 hectares of land in the liberated areas after the restoration of agriculture are forecasting to use for sowing as per the land balance data and about 9,000 hectares hereof are yard area.¹²

Apparently, the exact area of arable land in the liberated territories is unknown. During the occupation, some of them were illegally used by Armenia, and mainly grain was grown on these lands. According to unofficial information, Armenians planted grapes on 1,200 hectares and grain on 90,000 hectares¹³.

It should also be taken into account that before the occupation, the forest fund of Karabakh was more than 160,000 hectares, including more than 100,000 hectares of forested land. This is 26% of Azerbaijan's forests.¹⁴ However, during the occupation, the entire 260,000-hectare forest area of Karabakh was savagely spoliated by Armenians.

According to preliminary estimates of the Forest Development Service of the Ministry of Ecology and Natural Resources, 56,000 hectares of Karabakh forests were destroyed by Armenians during the occupation.¹⁵

Some of these forests will be restored, and work is already underway. So far, more than 40,000 tree seedlings have been planted in Jabrayil, Zangilan, Gubadli, Fuzuli, Lachin, Kalbajar, Aghdam districts, and Shusha, and more than 2 tons of oak seeds have been sown.¹⁶

2620 fruit seedlings were planted on 5 hectares of land in Zangilan district in 2021 and the Azerbaijan-Turkey Brotherhood Garden was established.¹⁷ However, the full restoration of the pre-occupation forest area is not realistic, so some of these forest areas must be taken into account when calculating the area of arable land.

However, the full restoration of the pre-occupation forest area is not realistic, so some of these forest areas must be taken into account when calculating the area of arable land. According to official statistics and alternative calculations, the indicators of the area of agricultural lands in the liberated

¹² <https://atm.gov.az/pdf/magazine/4.pdf>. Firdovsi Fikretzade. Directions for the restoration of agricultural land and forecasting of production indicators in the liberated territories.

¹³ https://azertag.az/xeber/Prezident_Ilham_Aliyevin_sedriyi_ile_2020_ci_ilin_yekunlarina_hesr_olunmus_videofo_rmatda_musavire_kechirilib_YENILANIB_VIDEO-1682565

¹⁴ Mammadov G.Sh., Khalilov M.Y. Forests of Azerbaijan. Baku, Elm (Science), 2002, p. 472.

¹⁵ <https://report.az/qarabag/bu-il-yaz-ekin-dovrunde-qarabagda-100-hektar-erazide-ekin-isleri-aporilacaq/>

¹⁶ <https://www.azerbaijan-news.az/az/posts/detail/qarabagin-meseleri-berpa-olunur-1647724800>

¹⁷ Report on the activities of the Cabinet of Ministers of the Republic of Azerbaijan in 2021, p.296.

territories of Karabakh are different. Immediately after the end of the Second Karabakh War, Azercosmos began work to identify arable lands planted and mined by Armenians during the occupation.

This issue was discussed at a meeting chaired by President Ilham Aliyev on January 6, 2021¹⁸, dedicated to the results of 2020, and the Deputy Prime Minister and Minister of Agriculture gave relevant references. Speaking at the event, Minister of Agriculture Inam Karimov said that the ministry together with “Azercosmos” Open Joint-Stock Company conducts satellite mapping of perennial crops in the actual cultivated lands in the liberated areas.

Unfortunately, neither the website of Azercosmos nor the website of MoA posted information on the progress of the work. The monthly press releases of the CH established to address socio-economic, humanitarian, organizational, and other urgent issues in the liberated territories, as well as to coordinate activities in this area, do not provide information on this.

3. Assessment of the use of agricultural lands in the liberated territories according to the criteria of legislation and transparency

3.1. The real area of arable lands currently used in Karabakh

Until September 2020, Armenians were engaged in agriculture in the occupied Azerbaijani lands - Fizuli, Jabrayil, Agdam, and livestock in Zangilan, Gubadli, Lachin and Kalbajar.¹⁹ According to unofficial information, Armenians planted grapes on 1,200 hectares and grain on 90,000 hectares. The arable lands on the former contact lines of Agdam and Fizuli were used by Armenians for military purposes, trenches were dug, fortifications were built and vacant arable lands were mined, only areas far from the contact line were used for agricultural purposes.

Immediately after the signing the Declaration of November 10, announcing the end of the war in Karabakh, the President of Azerbaijan instructed the relevant government agencies to conduct autumn sowing in the liberated lands: “The liberated territories have large arable lands. I have instructed the MoA and the Presidential Administration to carry out some autumn sowing last year and this year without delay.”²⁰

The SSC and the MoA do not release separate statistics on planting in the liberated areas. Information on the composition of autumn and spring crops in these areas, the volume of harvest is confusingly and partially recorded in the data of the CH. During a visit to Jabrayil region in February 2021, President Ilham Aliyev said that autumn sowing was carried out on 7,000 hectares by the end of 2020.”²¹

¹⁸ <https://president.az/articles/49933>

¹⁹ [https://azertag.az/xeber/Prezident Ilham Aliyevin sedrliyi ile 2020 ci ilin yekunlarina hesr olunmus videofu rmatda musavire kechirilib YENILANIB VIDEO-1682565](https://azertag.az/xeber/Prezident%20Ilham%20Aliyevin%20sedrliyi%20ile%202020%20ci%20ilin%20yekunlarina%20hesr%20olunmus%20videofu%20rmatda%20musavire%20kechirilib%20YENILANIB%20VIDEO-1682565)

²⁰ Meeting chaired by Ilham Aliyev on the results of 2020, January 6, 2021

²¹ <https://president.az/articles/50632>

We present the official information of the SSC on Karabakh and East Zangazur economic regions, including the liberated regions. The indicators of the last 3 years are shown in Table 3 to create opportunities for comparison.

Table 3. The total sown area of agricultural crops, 2018-2020, in ha²²

	2018	2019	2020
Republic of Azerbaijan	1738040	1717054	1630935
Karabakh economic region	239029	241688	240936
Khankendi city
Aghcabedi district	65863	67950	68621
Aghdam district	30954	30802	30695
Barda district	54860	54850	54825
Fuzuli district	46066	46287	46862
Khojali district	3336	2898	2880
Khocavend district	8691	9002	9216
Şusha district	3150	3046	2264
Tartar district	26109	26853	25573
East Zangazur economic region	7846	6990	6168
Jabrayil district	4113	4035	3494
Kalbacar district	554	325	430
Gubadlı district	62	77	46
Lachın district	2964	2440	2073
Zangilan district	153	113	125

It is planned to cultivate 20,000-25,000 hectares of arable land in the liberated territories by the end of 2021.²³ Part of this was due to mine-free areas planted by Armenians until September 2020, and the other part was due to demined areas.

According to the SSC, in the autumn of 2021, grain, sugar beet, potatoes and other vegetables were planted on 8,650.8 hectares of agricultural land in the East Zangazur economic region, and vineyards and orchards were cultivated. 8140 hectares of the mentioned area were autumn sown areas for cereals. Grain was grown on 600 hectares of liberated agricultural land in the Fizuli region of the Karabakh economic region, and sugar beet was planted on 78.8 hectares. According to another information, in the 2020-2021 economic year, autumn grain was sown on 39,167 hectares in Fizuli. Of this, 29,686 hectares were wheat and 9,481 hectares were barley, which is 1,742 hectares²⁴ more than in

²² Source: State Statistics Committee

²³ Ibid.

²⁴ Information of Fuzuli District Executive Power

the previous year. The mentioned 1742 ha area is planted at the expense of the liberated territories of the region.

Speaking at the Youth Forum on February 2, 2022, Ilham Aliyev said that in 2022, 40,000-50,000 hectares will be planted in the liberated territories.²⁵ However, at a meeting on the results of the first quarter of the year in April 2022, he pronounced a more specific figure: “As a result of crucial measures, we are planting for the second time, and this year will be planted on about 50,000 hectares.”²⁶

Although the report of the CoM for 2021 provides more accurate information than other sources, there are some errors in the indicators:

“Contracts have been signed with farmers on 13.8 thousand hectares of arable land, 720.0 hectares of pastures, 41.5 thousand hectares of arable land in the liberated territories in 2020-2021.

In general, 80.1 thousand hectares of lands included in the structure of crops in the liberated territories (40.9 thousand hectares at the expense of the state budget, and 37.2 thousand hectares at the expense of economic entities) measures against pests were provided.²⁷

The first paragraph of the information shows the size of the sown area in 2 places in the same sentence. Most likely, one of the indicators characterizes other lands. From the second paragraph, it can be understood that at least 80,000 hectares of land in Karabakh were involved in crop rotation in 2020-2021.

It should be noted that the Demining Agency of the Republic of Azerbaijan (ANAMA), several special battalions of the Ministry of Defense (MoD) and the Ministry of Emergency Situations (MES) (for this purpose, the Ministry's Special Risk Demining Regiment was established in Barda) and the State Border Executed by the Service (SBS).

According to the CH, about 20,000 hectares of land in the liberated areas will be cleared of mines by 2021: “Tens of thousands of hectares have already been plowed for grain.”²⁸

According to another information, during demining operations carried out in 2021, 1959.7 ha in Zangilan region, 1318.2 ha in Gubadli region, 1083.8 ha in Jabrayil region, 1043.6 ha in Fuzuli region, 781.9 ha in Aghdam region, Tartar 370.1 ha in Khojavend region, 127.9 ha in Shusha region, 66.4 ha in Khojaly region, 26 ha in Khojaly region were cleared of mines and other explosives (Table 4.).²⁹

Table 4. Areas cleared by ANAMA in 2021 in Karabakh

Name of district	Area, ha	Mine clearance area, ha	Mine clearance area, per cent
Fuzuli*	138 600	1043,6	0,75
Khocavend**	145 800	127,9	0,1
Aghdam	115 000	781,9	0,7

²⁵ <https://president.az/az/articles/view/55348>

²⁶ <https://president.az/az/articles/view/55780>

²⁷ Report on the activities of the Cabinet of Ministers of the Republic of Azerbaijan in 2021, p.296.

²⁸ https://azertag.az/xeber/Alaqelendirme_Qerargahinin_oten_bir_illik_fealiyyetinin_yekunlarina_ve_qarsida_duran_vezifelere_hesr_olunmus_iclasi_kechirilib-1939500

²⁹ Ibid. p.415

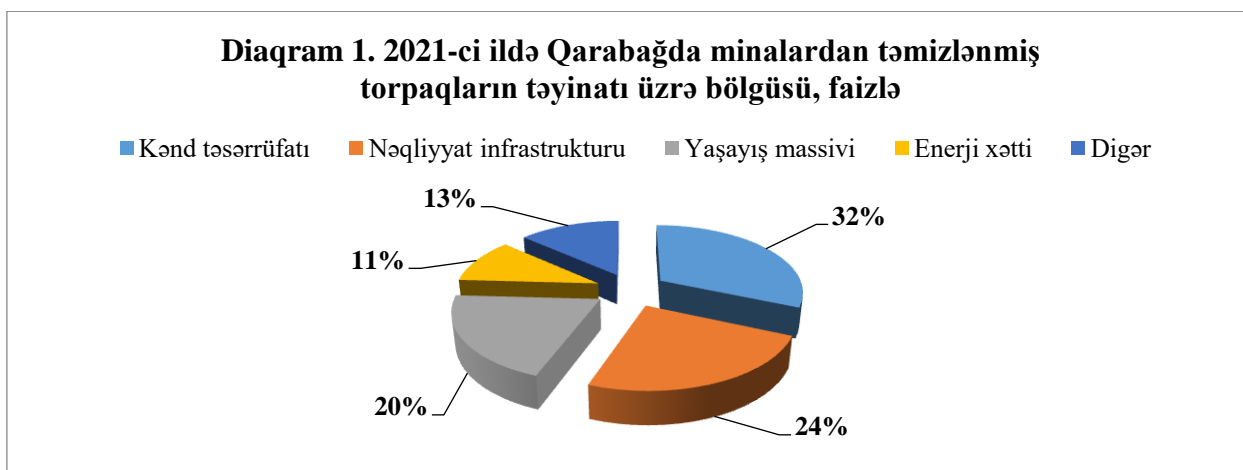
Jabrayil	105 000	1083,8	1,03
Gubadlı	80 200	1318,2	1.64
Zangilan	70 700	1959,7	2.8
Şuşa**	31 000	66,4	0.2
Khojali**	97 000	26	0,02

Source: Cabinet of Ministers

* Part of the region was liberated from occupation in 1994 and cleared of mines.

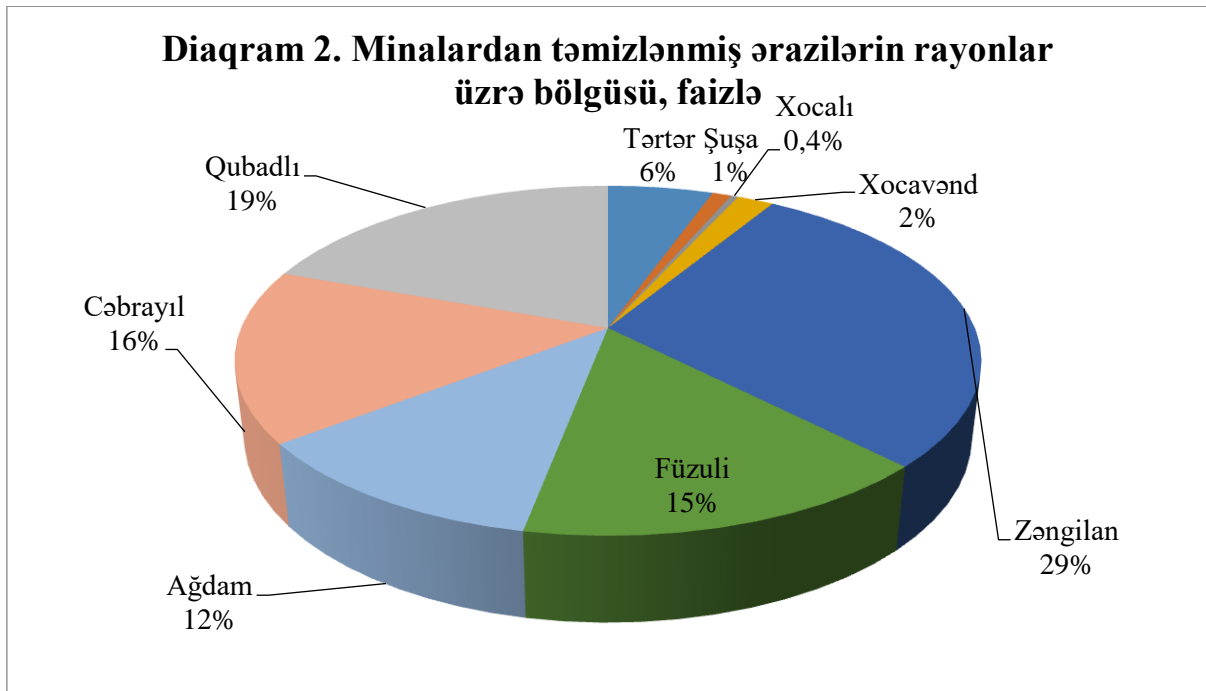
** These territorial units have not been completely liberated from Armenian occupation.

Information on demined areas is also found in the report of the Ministers Cabinet: “In 2021, ANAMA cleared 6777.6 hectares of land from mines. Of the cleared total area, 2134.6 ha were agriculture, 1633 ha were transport infrastructure areas, 1374.7 ha were residential areas, 722 ha were power lines, 913.3 ha were other areas.³⁰



Most of the demined areas in the liberated areas (29 percent) are in the Zangilan region. This is due to the construction of the first smart village in the region, the launch of the Dost Agropark, a joint venture between Turkey and Azerbaijan. Gubadli (19%), Jabrayil (16%) and Fizuli (15%) districts are in the last places.

³⁰ Report on the activities of the Cabinet of Ministers of the Republic of Azerbaijan in 2021, p.415.



According to the Working Group on Mine and Unexploded Ordnance Clearance of the Interdepartmental Center under the CH, ANAMA, the MoD and the MES have demined the lands in the direction of Aghdam and Fizuli regions, the total space hereof was accordingly 8,372.9 ha, 15,026 ha and 1,014,872 square meters (102 hectares) within the period from November 10, 2020 to April 14, 2022. As to the State Border Service (SBS), it has cleared 775 hectares land from mine.³¹ This means demining a total of 24,276 hectares.

Table 5. Information on demining by government agencies

(From November 10, 2020 to April 14, 2022)

	Mine clearance agency	Mine clearance area, ha	Share in the total, percent
1.	Defence Ministry	15 026	61,9
2.	ANAMA	8 373	34,5
3.	Ministry of Emergency Situation	102	0,4
4.	State Border Service	775	3,2
Cəmi:		24 276	100

Source: Coordination Headquarters

The Special Regiment of the MES cleared mines along the liberated Afatli village of Aghdam region, Khachinchay reservoir and Magsudlu canal, Yukhari Seyidahmedli village of Fuzuli region, Dovletyarli village and near Fuzuli International Airport (770,000 square meters).³²

³¹ <https://apa.az/az/sosial/minalardan-ve-phs-lerden-temizleme-uzre-isci-qrupun-novbeti-iclası-kecirilib-698005>

³² Report on the activities of the Cabinet of Ministers of the Republic of Azerbaijan in 2021, p.414.

3.2. Requirements of the legislation on lease of state-owned agricultural lands (liberated and in other territories)

Public relations in the field of lease of state lands in our country (including Karabakh) were regulated by the Land Code³³ and the Law on Land Lease³⁴. Chapter III of the Land Code is entirely devoted to agricultural lands. According to the Land Code, lands of agricultural purpose include agricultural lands (ugodia), lands under forest strips, intra-farm roads, communications, swamps, reservoirs, buildings and structures important for agriculture. Agricultural lands (ugodia) include arable lands, lands under perennial plantations, fallow lands, hayfields, pastures, and meadows.

Article 10 of the Law on Land Lease regulates the general rules for leasing land. According to this article, lands in the Republic of Azerbaijan may be leased directly through land tenders or auctions by the decision (consent) of the owners or their authorized bodies. As can be seen, the law requires state and municipal lands to be leased through land tenders or auctions. In addition, the law requires transparency in the conduct of land tenders or auctions.

Unfortunately, four years ago, a reactionary change was made to the law, which differentiated the procedure for leasing state-owned agricultural land. Law³⁵ No. 1154-VQD of May 31, 2018, on Amendments to the Law of the Republic of Azerbaijan on Land Lease established a leasing mechanism for agricultural lands, which differs from other state lands, excluding competitions and auctions. By adding Article 10-1, entitled “Features of lease of state-owned agricultural lands”, to the Law on Land Lease and replacing the words “state lands” with “other state lands, except for state-owned agricultural lands” in the second part of Article 10 of the law, a special regime has been established for the lease of state-owned agricultural lands. From a legal point of view, this amendment contradicts the philosophy of the law, which provides for an auction (competition) mechanism aimed at transparency.

According to a new article added to the law 4 years ago, a person wishing to lease a state-owned agricultural land plot was able to apply to the district (city) executive authorities with a petition, including the required documents. When the district (city) executive authorities, considering the submitted petition and attached documents within 10 days, did not consider it expedient to lease the land plot or if there were deficiencies in the submitted petition and attached documents that led to the refusal to conclude a lease agreement, these authorities adopted an administrative act refusing to lease the land. However, when the district (city) executive authorities considered it expedient to lease the land plot, they prepared an opinion on this and sent the opinion and documents to the SSPI within 2 days for approval of the lease agreement. The SSPI agreed to lease the state land within 15 days based on the information of the state land cadastre on the petition submitted for approval and the documents attached to it or refused to lease the state land when the submitted petition and the attached documents did not match the cadastral information. Finally, the district (city) executive authorities concluded a lease agreement with the lessee or issued an administrative act refusing to enter into a lease agreement.

³³ <http://e-qanun.az/framework/46942>

³⁴ <http://www.e-qanun.az/framework/5037>

³⁵ <http://e-qanun.az/framework/39130>

As can be seen from the procedures, the lease of state-owned agricultural land in this way - without land tenders or auctions - took more than a month. Therefore, a more non-transparent mechanism has been established in order to consolidate the procedures for leasing arable land for planting in the liberated territories and to manage the process from a single center.

The President signed the Decree³⁶ on Some Issues Related to the Management of Agricultural Lands in the Liberated Territories of the Republic of Azerbaijan" and gave great powers to the MoA. Following the decree, other players that should be involved in the process of leasing agricultural land in the liberated territories - the State Service on Property Issues (SSPI) under the Ministry of Economy and the district (city) executive authorities - were excluded from the process; hence, the already non-transparent mechanism of leasing state lands has been made even more closed.

According to the decree, the MoA of the Republic of Azerbaijan is temporarily entrusted with the implementation of the following exclusive powers in the field of management of agricultural lands in the liberated territories of the Republic of Azerbaijan:

- *Leasing of agricultural lands for production and processing of agricultural products;*
- *Exercising control over the intended use of leased lands;*
- *Assignment of lands to the category of agricultural lands;*
- *Raising the issue before the Cabinet of Ministers of the Republic of Azerbaijan on the change of agricultural lands (ugodia) within the same category on the lands to be leased.*

It should be noted that the issuance of the decree was accompanied by many serious legal and technical problems. **First**, as its name suggests, the decree regulates the management of agricultural lands (lease, control of lease, change of purpose of land, etc.) only in the liberated territories of the Republic of Azerbaijan. It turns out that in other areas of the Republic of Azerbaijan, the management of agricultural lands is carried out in accordance with the Law on Land Lease. This means legal disunion in the regulation of the same public relations.

Second, in the decree, it is not disclosed on the basis of which mechanism the MoA that has the exclusive power (lease of agricultural land for the production and processing of agricultural products) leases the lands, which raises many unanswered questions. There is no mention in the decree or other document of the right of farmers to apply for participation in this process (lease of state lands for cultivation). It is unclear how they got involved in this process. If the MoA does not carry out any information process (publication of announcements, placement of relevant information on the website, etc.), in that case, how can farmers get information about the area of arable land planted by Armenians in Karabakh, its geographical location, area of lands demined and prepared for planting, and its lease? Interestingly, to date, the MoA has not announced that the arable lands in Karabakh are ready for planting or leased.

Finally, the **third** and most important issue is the legal force of the decree. In accordance with Article 94 of the Constitution of the Republic of Azerbaijan³⁷, the lease of state-owned agricultural lands

³⁶ <https://president.az/az/articles/view/51301>

³⁷ <http://www.e-qanun.az/framework/897>

in any region of Azerbaijan, including Karabakh, must be regulated by law as it is a public relation within the competence of the Milli Majlis of the Republic of Azerbaijan. That is why the Law of the Republic of Azerbaijan on Land Lease was adopted. In this case, the Presidential Decree envisages the transfer of many powers related to public relations regulated by law from one local and one central executive body to another state body, which contradicts the Constitution of the Republic of Azerbaijan and the Constitutional Law of the Republic of Azerbaijan on Normative Legal Acts³⁸. According to Paragraph 6 of Article 2 of the Constitutional Law, entitled "Normative legal acts and their legal force", the law is applied when a decree or other normative legal act contradicts the law.

Thus, even if a special system of regulation is established in the liberated territories for the management of agricultural lands, unlike other parts of the country, this must be done by making relevant amendments to the Law of the Republic of Azerbaijan on Land Lease, amendments to the law must be adopted by the Milli Majlis, and then approved by the President. The implementation of a decree on public relations, which is within the scope of regulation of the law, contradicts the existing legislative system of Azerbaijan. In the Republic of Azerbaijan, the list of issues within the competence of the Milli Majlis, the President, and the CoM, the scope of public relations regulated by them shall be determined by the Constitution.

Another important issue is the change of purpose of agricultural lands and the change of agricultural lands (ugodia). It should be noted that the decree instructed the CoM to classify lands in the liberated territories of the Republic of Azerbaijan as agricultural lands, as well as to approve a simplified procedure for changing agricultural lands (ugodia) within two months in coordination with the President of Azerbaijan. Although almost a year has passed since the decree was signed, the rule has either not been approved or has been approved but is kept secret from the public and not available.

Change of land categories in Azerbaijan is regulated by the Rules for the Classification of Lands and Their Transfer From One Category to Another³⁹, approved by the Resolution of the CoM dated January 20, 2017, No. 10. In accordance with the current rules, the decision of the CoM allows changing the direction of the use of agricultural lands (ugodia) in accordance with its intended purpose, creating the basis for improving the quality of land for more efficient use.

3.3. Local and foreign companies operating in the field of agriculture in the liberated lands of Karabakh and their selection criteria

At present, the public does not know the criteria for selecting foreign and local companies that use arable land in the liberated territories, build livestock complexes, and create agro-parks. MoA does not disclose any information about the beginning and course of the process or the outcome of the lease of land in Karabakh. Companies using agricultural lands in Karabakh, of which purpose and ownership have not yet been determined, cultivate and supply crops under the direct control of the Presidential

³⁸ <http://www.e-qanun.az/framework/21300>

³⁹ <http://www.e-qanun.az/framework/34682>

Administration (Coordinating Headquarters) and under the auspices of the MoA. Local farms owned by family businesses and high-ranking officials receive millions of manats in agricultural subsidies from the state budget for planting and harvesting but these amounts are not disclosed.

It should be noted that the MoA and the CH refused to respond to an information request regarding the area of agricultural lands in the liberated areas, cleared of mines and involved in crop rotation, supply and productivity for each type of crop grown, public or private legal entities and individuals carry out sowing and cultivation works in the mentioned areas, selection procedure of such individuals and legal entities.⁴⁰

The MoA refused to provide details about the first two agro-parks created in the first week of October 2021. Both agro-parks have the same legal address (Nizami district, Heydar Aliyev Avenue, house 90) and the same authorized capital (50,000 manats). Mr. Mehrajli Sevindik Elman oglu, the legal representative of Hakari Agro-park, and Mr. Chingiz Pasha oglu Abbasov, the legal representative of “Sugovushan Agropark” LLC. The Tax Department of Gubadli region registered “Zangazur Agro Park” LLC (legal address is Dondarli village of this region) on April 1, 2022.

Dost Agropark, founded by President of the Republic of Azerbaijan, Ilham Aliyev, and President of the Republic of Turkey, Recep Tayyip Erdoğan, on October 26, 2021, in Zangilan district, was established at the expense of Turkish and Azerbaijani capital. It is planned to raise 4,000 head of cattle, produce agricultural products, and carry out other activities in the pastures of the agro-park. Plant production and technical areas will be created on 6,000 hectares. In the second stage, cattle breeding fields, as well as seed and seedling fields will be built to raise 10,000 head of cattle. Furthermore, an integrated meat processing and packaging plant targeting the entire region will be built, and an agricultural storage system with a capacity of 100,000 tons will be built.⁴¹

There is no information on the selection of the executors of these activities by tender or competition. Dost Ziraat Hayvancılık Inc., the investor in Dost Agropark from the Turkish side, is known for its closeness to the Turkish President.⁴² The company was established in 2010 and is engaged in cattle breeding, crop production, seed production, and horticulture in Turkey. Although photos of the presidents of the two countries from the groundbreaking ceremony of Dost Agropark were posted on the company's website, no information was provided about the agro-park. “Dost Agropark” is a joint-stock company of Azerbaijan-Turkey. The Azerbaijani investment belongs to “Pasha Investments,” part of Pasha Holding.⁴³

It should be noted that agro-parks are the most obvious example of official entrepreneurship in Azerbaijan. At present, work is underway to establish 51 agro-parks worth 2.1 billion manat on 240,000 hectares in 32 regions of the country. 43 agro-parks have already been launched, and others are being designed. To date, agro-parks have received more than 1 billion manat in state support, and extensive

⁴⁰ On October 2, 2021, the Economic Research Center sent official information inquiries to all three institutions.

⁴¹ <https://president.az/articles/53740>

⁴² <https://www.dostziraat.com/>

⁴³ <https://www.pasha-holding.az/az/press-media/news/amcham-impact-40/>

benefits have been identified for them. Lands allocated for the use of agro-parks are usually formed at the expense of state and municipal lands and land shares acquired from the population.⁴⁴

In addition to agro-parks, there are reports that local companies such as Agro Dairy, As Group Investment LLC, Azersheker, Agroinkishaf 2017, Azersun, Agrofresh LLC, Absheron agro 2020 LLC, Azeragrar LLC, and Kraun KO LLC are engaged in planting in the liberated areas. **Agro Dairy LLC** belongs to PASHA Holding, owned by Leyla and Arzu Aliyeva, daughters of President Ilham Aliyev of the Republic of Azerbaijan. PASHA Holding controls the largest agro-park network in Azerbaijan through various subsidiaries and affiliates (Shamkir Agropark LLC, Yalama Agropark LLC, Grand Agro LLC, CPC LLC, Azbadam LLC, Foodcity Agropark LLC, and Agrarco LLC).

Agro Dairy LLC has always been provided with ideal conditions to engage in agriculture at the expense of state resources and funds. Before operating in Karabakh, the company leased 5,000 hectares from the state reserve fund in Samukh and 12,000 hectares in the Jeyranchol area of Tovuz district. In Hajigabul district, 30,000 hectares of land have been reassigned from pasture to sowing in order to establish large grain and fodder farms. Moreover, the company cultivated grain on 13,700 hectares in Shamakhi, Padarchol, and built two silos with a capacity of 180,000 tons per year in Samukh and Hajigabul. Currently, the company can be considered the largest landowner in the country in terms of the land used. In 2020, it planted 18,227.5 hectares of wheat, 2,896 hectares of barley, and 348 hectares of alfalfa in Hajigabul.

Azersun Holding is a monopoly company that controls a large part of the food market in Azerbaijan and is known for its closeness to the ruling family. The holding unites dozens of enterprises operating in the industry, trade, transport, construction, and agriculture. Azersun Holding also owns a large agricultural complex. The company cultivates more than 10,000 hectares.

Founded in 2017, **Azersheker LLC** (owned by “Azersun”) planted about 8,000 hectares in 2021 in Shamkir, Yevlakh, Aghjabadi, and Fuzuli districts. Earlier, it grew grain, sugar beet, soybeans, and corn on 700 hectares in Shamkir. The company has planted sugar beet in the liberated areas of Fuzuli district, including 80 hectares of demined land in the village of Seyidmahmudlu (55-60 tons of crop per hectare).

“**Kraun Ko**” is a joint company that belongs Chief of the Security Service of the President of the Republic of Azerbaijan, Baylar Ayyubov, and the Chief of the State Security Service, Ali Nagiyev. For the activities of Kraun KO, the maximum opportunity has been created to use state financial resources, and the company's arable lands have been increased sometimes by administrative means and sometimes by force. In accordance with the State Program for Socio-Economic Development of the Regions, the company built a grain warehouse in Imishli district with a 4 million manats soft loan from the National Fund for Entrepreneurship Support of the Ministry of Economic Development, and President Ilham Aliyev inaugurated the warehouse.⁴⁵

⁴⁴ <https://azpromo.az/az/posts/1364/agroparklarin-kend-teserrufatinin-inkisafindaki-rolu-movzusunda-tedbir-kecirilib>

⁴⁵ <https://president.az/az/articles/view/6482>

Before the liberation of Karabakh, the company planted grain on 3,600 hectares in the village of Alikhanli, Fuzuli district. 4,125.0 ha of land (3,000 ha of arable land, 1,125.0 ha of demined land) from the lands of I-II Otrub Aghburnu - Kurapatkin villages in the occupied Khojavend district was assigned to Khojaly district due to occupation. All of those 3,000 hectares of arable land were leased at a very low price (5 manats 40 gapiks per hectare, 16,200 manats in total) to Kraun KO LLC for a long period of time to plant grain.⁴⁶ Furthermore, 71,000 hectares of land belonging to Beylagan, Fuzuli, Aghjabadi, Aghdam, Shusha, and Khojavend districts located in the Harami-Ergi plain were forcibly taken from entrepreneurs and handed over to Kraun KO Limited Liability Company.⁴⁷ Access to such benefits in Azerbaijan is available only to companies close to the ruling family.

Although **Group Investment LLC** started its activity in the construction sector, it later invested in logistics and agriculture and established subsidiaries. The founder of the company is Shahin Movsumov, brother of Shahmar Movsumov, Assistant to the President of the Republic of Azerbaijan, Head of the Department of Economic Issues and Innovative Development Policy of the Presidential Administration.⁴⁸ The executor of the Smart Village project implemented in the liberated Aghali village of Zangilan district is As Group Investment LLC. As part of the project, construction work was carried out on more than 110 hectares. The project envisages the establishment of a public farm in Aghali to carry out planting work on an area of 600 hectares and to create appropriate conditions for the restoration and development of agricultural activities. The farm will keep 250 head of cattle and 600 head of small cattle.⁴⁹

It should be noted that the customer of the project is the MoA. The customer government body refused to disclose not only the cost of the project but also the name of the executing company.⁵⁰

Absheron agro 2020 "belongs to Isfandiyar Akhundov, a construction magnate, the owner of "Sharur-Inshaat" company, known as "Sharurlu Isfandiyar," who is involved in regular financial frauds. "**Agroinkisaf-2017 LLC**" is also one of the many agricultural companies of the ruling family managed by Ruslan Sadigov, who is head of the project of the Baku White City, one of Baku's most significant construction projects (larger than Monaco in the project area, covering 1,650 hectares, the largest project in the Caucasus region). Ruslan Sadigov participates in official meetings and discussions under the President in liberated territories and makes speeches on urban planning and construction issues and references. It should be noted that the master plans of Agdam and Fizuli cities were presented to the President by Ruslan Sadigov.

⁴⁶ <http://www.xocalininsesi.info/2018/01/xocal-rayon-razisi-igsaw-altnda-olmasna.html>

⁴⁷ <http://vertikal.az/sosial/print:page,1,2083-agcabedinin-icra-bashchisi-uchun-5-chanta-pul.html>

⁴⁸ <https://www.asgroup.az/haqqimizda/tesiscinin-muracieti>

⁴⁹ <https://president.az/az/articles/view/53631>

⁵⁰ <http://turan.az/ext/news/2021/12/free/Social/az/10969.htm>

Table 6. Information on some investment projects implemented in the agricultural sector in the liberated territories

#	Name of company	The value of the project, thousand manats	Invested, thousand manats	Workplace envisaged for the project, people	Job created, people		Administrative district	Allocated area, m2	Planted area, ha
					Permanent	Seasonal			
1	“Agro Fresh” LLC	5 300	277	15	1	4	Jabrayil	4 560	50
2	“Azersun” LLC	40 000	300	450	8	12	Gubadli	9 000	1 000
3	“Kraun Ko” LLC	20 000	1 490	25	15	0	Zangilan	23 100	3 000
4	“Aqroinkışaf 2017” LLC	1 900	0	100	0	0	Aghdam	4 000	355
5	“Agro Dairy” LLC	851	851	60	25	25	Aghdam, Fuzuli	26 000 - Aghdam 26 000 – Fuzuli	3971.5-Aghdam 3971.5-Fuzuli
Total:		68 051	2 918	650	49	41		92 660	12 348

Source: Small and Medium Business Development Agency (KOBIA)

Note: The information in the table is accurate, but obtained informally.

As can be seen from the table, Agro Dairy, a member of the Pasha Holding group of family companies, has the amplest opportunity to cultivate in liberated territories in Karabakh and the East Zangezur economic region. The company cultivates about 8,000 hectares in Agdam and Fizuli. In second place is Krown Ko., Ltd., owned by well-known generals of the country, which participates in the cultivation of 3,000 hectares of land in the Zangilan district, which has limited arable land compared to other liberated areas.

As for the cost of investment projects, Azersun LLC plans to invest more than other companies. The company has announced its intention to invest 40 million manats in Gubadli's agricultural sector in an investment project submitted to the Small and Medium Business Development Agency (KOBIA). According to the project, Azersun will spend 300,000 manats by 2021. The project employs 450 people. So far, 20 people have been provided with jobs, 8 are permanent, and 12 are seasonal.

Krown Ko., Ltd. has undertaken to invest 20 million in the investment project submitted to KOBIA. The company said it had already spent 1,490,000 manats as an investment. Although Agro Dairy LLC has seized several times more land than other companies, the company plans to invest 851,000 manats less. The project is expected to employ 25 people. At present, 15 people are involved in the project permanently.

The government also plans to involve new investment projects in the agricultural sector in Karabakh in 2022 without holding an auction (competition) on a targeted basis. Table 7 provides detailed information on promising investment projects.

Table 7. Planned investment projects in the agricultural sector in the liberated territories

#	Name of company	Name of project	Cost of the project, mln. manats	Projected workplace, people	Administrative region	Demanded area, ha
1	“Azera Toxumchuluq” LLC	Construction of agricultural complex (wheat, barley, corn, etc.)	24,6	145		7 000
2	“Azaqrotaxil” LLC	Cultivation and storage of cereals	52	200	Karabakh and the surrounding area districts	10 000
3	“Agro Sell-Service” LLC	Construction of agricultural (wheat) complex	8	100	Fuzuli	15 000
4	“Absheron Agro 2020” LLC	Construction of agricultural (walnut, wheat, barley, almond, etc.) and livestock complexes	6	200	Gubadlı	1 000
5	“Grow Group” LLC	Growing strawberries in modern greenhouses	3	30	Karabakh and the surrounding area Districts	10
6	Nasimi Karimov, individual enterprenuer	Construction of almond complex	3	15	Zangilan	100
Total :			96,6	690		33 110

Source: Small and Medium Business Development Agency (KOBIA)

Note: The information in the table is accurate, but obtained informally.

According to the information of the Ministry of Finance, as of October 1, 2021, 21.7 million manats have already been spent on the design and construction of Smart Village, as well as the purchase of agricultural machinery. According to other information of the Ministry, in January-June 2021, the

Azerbaijani government spent 372.1 million manats under the program to restore the liberated territories, including Zangilan. At present, all activities in the liberated territories, including the use of agricultural lands, are carried out under the strict control of the CH.

In December 2021, about 300 workers employed on the construction of the “Smart Village” in Zangilan went on strike due to non-conclusion of employment contracts, non-payment of wages and lack of normal living conditions.⁵¹

As part of the “Smart Village” project implemented in Zangilan, the Turkish company “Ekmen Tarim” has sent 600 tons of wheat, 300 tons of barley, 50 tons of oats and 50 tons of fodder peas in October 2021 on the Baku-Tbilisi-Kars railway to be planted in the East Zangazur economic region. The Company “Ekmen Tarim” has signed a contract amounting to \$ 700,000 with Azerbaijan to send seeds to Karabakh. The company said in a statement that it will send seeds to Azerbaijan for planting on a total of 90,000 hectares.⁵²

Presently, all activities carried out in the liberated territories, including the matters related to use of agricultural lands, are fulfilled under the strict control of the CH. Mr. Zeynal Nagdaliyev, Assistant to the President, Head of the Territorial Organization Department of the Presidential Administration, and a member of the Coordination Staff, often visits the liberated areas to monitor the planting process and harvest on site.

3.4. Budget subsidies to agricultural companies in Karabakh

The companies engaged in illegal cultivation in the liberated territories of Karabakh also receive planting and crop subsidies from the state for the lands they use without paying any funds to the state budget. In accordance with the “Rules for Subsidizing Agricultural Production” approved by the Decree of the President of the Republic of Azerbaijan No. 759 dated June 27, 2019⁵³, the following subsidies are currently provided to the agricultural sector:

- 1. Subsidy for sowing.** Subsidy provided to farmers for each hectare of arable land in order to compensate part of the cost of purchasing the means of agricultural production used for the cultivation of agricultural crops in accordance with the purpose of arable land;
- 2. Product subsidy.** Subsidy for each ton of crop products (cotton, tobacco, sugar beet) delivered to suppliers;
- 3. Seed subsidy.** Subsidy for the sale of domestically produced, certified 1st and 2nd reproduction seeds and seedlings;
- 4. Animal subsidy.** Subsidy for each healthy calf obtained by artificial insemination or embryo transfer in order to improve the sex composition of local animals, increase the number of animals with high productive genetic potential;

⁵¹ https://www.facebook.com/watch/?v=3157920367770185&extid=CL-UNK-UNK-UNK-AN_GKOT-GK1C&ref=sharing

⁵² [Trakya'dan Azerbaycan'a 28 konteyner tohum gitti - Lüleburgaz Görünüm Gazetesi - İnsana Taraf Gazete \(gorunumgazetesi.com.tr\)](http://trakya.dan.Azerbaycan'a.28.konteyner.tohum.gitti.-Luleburgaz.Gorunum.Gazetesi.-Insana.Taraf.Gazete.gorunumgazetesi.com.tr)

⁵³ <http://akia.gov.az/az/single/34>

5. Bee subsidy. Subsidy for each bee family (hive);

6. Cocoon subsidy. Subsidy for each kilogram of wet cocoon produced in the country and delivered to suppliers;

7. Vineyards, tea plantations and intensive orchards (walnuts, hazelnuts, pomegranates, lemons, tangerines, oranges, chestnuts, olives, etc.).

Among these types of subsidies, the sowing subsidies differ in that they cover more farmers, more money is spent in this area than others, and this type of subsidy is not associated with productivity (yield), regardless of the outcome of planting. In addition, the sowing subsidies differ in granting and selecting twice a year for primary and secondary crops. According to the protocol No. 5 of the meeting of the Agrarian Subsidy Council dated August 30, 2021⁵⁴, the sowing of corn, sunflower, soybean, millet, sorghum and potato before June 1, 2022 was the main sowing, and the sowing from June 1 to September 1 refers to the repeated sowing.

Taking into account the fact that wheat, barley, vegetables, melons, sugar beets and grapes and orchards have been planted on the liberated lands, let's look at the calculation manner of subsidies for those who plant these crops. In 2022, a ratio of 1.05 and a sowing subsidy of 210 manat per hectare have been set for the **main crops of grain crops**, while for **re-sowing** these figures are 0.43 coefficients and 86 manat respectively. From 2022, the crop subsidies for **sugar beet** will be increased from 4 to 12 manat per ton, and sowing subsidies for this product will be stopped. **For the planting of vineyards**, a one-time payment of 8,000 manat / hectare (ratio 40), 640 manat / hectare (ratio 3.2) for the first 4 years of planting, and 250 manat / hectare (ratio 1.25) annually after 4 years.

According to the information provided by the CoM, in the 2020-2021 economic year, subsidies were paid to producers for wheat, barley, partly sugar beet, peas and alfalfa on a total of 9,557.3 hectares of arable land in Karabakh.⁵⁵

If we take into account that in 2022 it is planned to sow 50,000 hectares in Karabakh, then the annual state subsidy will be as follows:

a) For main crops (cereals and legumes) (sown before June 1):

50,000 ha x 210 manat x 1.05 ratio = 11,025,000 manat

b) For repeated crops (corn, millet, sunflower, etc.) (sowings carried out from June 1 to September 1)

50,000 x 86 manat x 0.43 ratio = 1,849,000 manat

TOTAL: 12,874,000 manat planting subsidy.

As an example of crop subsidy, we can attest that "Azershakar" LLC receives subsidies in the amount of 57,600 manat (80 x 60 x 12 manat) for sugar beet planted on 80 hectares (55-60 tons of crops were harvested per hectare) in the liberated territories of Fizuli region (including Seyidmahmudlu village).

⁵⁴ <https://www.agro.gov.az/az/news/aqrar-subsidiya-surasi-2022-ci-il-uecuen-subsidiya-emsallarini-aciqyadi>

⁵⁵ Report on the activities of the Cabinet of Ministers of the Republic of Azerbaijan in 2021, p. 296.

Seemingly, the companies owned by officials engaged in planting in the liberated territories of Karabakh also receive large subsidies from the state budget. However, the benefits and advantages created for them are not limited to subsidies.

4. Application of tax, duty, social payment and other incentive mechanisms in Karabakh

The President of Azerbaijan, considering reasonable to accelerate the economic recovery and to increase the investment attractiveness in the liberated territories, create the modern and effective production, trade and service infrastructure, as well as to apply the innovative technologies, to implement the industrial potential, to develop the optimal incentives and improvement of business environment has instructed the CoM to develop incentive mechanisms for the private sector based on a presidential decree “On some measures to accelerate economic development in the liberated territories”.⁵⁶

The CoM by its decree No. 713s dated December 22, 2021 “On ensuring the implementation of the Order of the President of the Republic of Azerbaijan dated December 10, 2021, No. 3037 “On some measures to accelerate economic development in the liberated territories”, instructed various state institutions to submit proposals to the CoM of the Republic of Azerbaijan within two months on the application of tax benefits, social insurance and other benefits in order to effectively manage economic resources and labor resources in the liberated territories, to direct them to the creation of processing industry and service infrastructure. The concession mechanism will cover the following areas:

- *Stimulation of private initiatives in the liberated territories, improvement of investment promotion mechanisms, establishment of customs and tax incentives for entrepreneurs engaged in production activities in those territories in connection with the import of raw materials;*
- *Expanding access to financial resources for entrepreneurs operating in the liberated territories and strengthening the necessary state support in this direction;*
- *Establishment of discounts on utilities (electricity, natural gas and water consumption) for entrepreneurs engaged in production activities in the liberated territories;*
- *Development of public-private partnership in connection with the construction of housing estates in the liberated territories;*
- *Involvement of specialists with modern knowledge and skills in the liberated territories, as well as improvement of the procedure for setting labor migration quotas and issuing work permits;*
- *Supporting investors who apply environmentally friendly technologies, create “green growth” and use renewable energy sources in the liberated areas.*

It is expected that the mechanisms developed for the application of these benefits will come into force in the coming months.

⁵⁶ <http://www.e-qanun.az/framework/48628>

5. Uncertainty of land reform in the liberated territories and existing principles of distribution of backyard lands among the population

One of the urgent issues related to the liberated territories of Karabakh is the implementation of land reform in these settlements. In accordance with the legislation, land reform is carried out on the basis of land management projects and master plans of cities, towns, and rural settlements.⁵⁷ To date, the master plan of two districts of Karabakh (Aghdam and Fuzuli) has been presented, but, unfortunately, the master plan does not provide information on whether land reform has been taken into account.

From the presentations of the master plans to the President of the Republic of Azerbaijan, we know only that in the Aghdam district, it has been planned to give 25 acres of land for planting and 18 acres of land for backyards to IDP families. It has been projected to establish 50 modern farms on 50, 100 hectares in the remaining state lands of the district. Furthermore, it has been planned to establish several large farms of 1,500, 3,000, and 4,000 hectares.⁵⁸ It is unknown whether the population to be settled in Fuzuli will be given land for planting. There are about 12 acres of backyard land for each house in this district.⁵⁹

Unfortunately, the principles (criteria) for the distribution of lands in the liberated territories are not disclosed. Although the area of arable lands in the Fuzuli district is more than in the Aghdam district, for some reason, the area of backyard lands to be allocated to each family in the second district is 1.5 times more than in the first. Also, in the Aghdam district, it has not been explained on what basis each family is given 25 acres of land for planting.

Such a division contradicts the legislation of the Republic of Azerbaijan on share lands and yard areas. First of all, let's look at the essence of land reform and the preliminary results of the first phase, and then the requirements of the normative legal acts on the occupied lands. It should be noted that the object of land reform was the unified land fund of the Republic of Azerbaijan (except for the lands occupied by Armenians), which united the lands of the state farms and kolkhoz-sovkhoz farms (collective-owned and state-owned farms). During the land reform, lands kept in state ownership (state lands), lands transferred to municipal ownership (municipal lands), and lands transferred to private ownership were identified as parts of the unified land fund. Land reform in Azerbaijan has given landowners (public, municipal, and private) the right to sell and donate the land, change its purpose, pledge, lease, and inherit it, and purchase additional land in accordance with the law. As a result of the land reform, citizens were not only given plots of land for planting, but also the lands under their legal use of individual houses, backyards, individual, collective, and cooperative gardens, gardens managed by the state horticulture were transferred to private ownership free of charge.

⁵⁷ Paragraph 3 of Article 21 of the Law of the Republic of Azerbaijan on Land Reform (Carrying out land management works and submission of documents).

⁵⁸ <https://president.az/articles/51777>. Information given to the President by Ruslan Sadigov, Executive Director of the White City Project, at the groundbreaking ceremony of Aghdam on May 28, 2021.

⁵⁹ <https://president.az/articles/53512/images>. Speech of the President at the meeting with the public of Fuzuli on October 17, 2021.

The reform was implemented by the State Commission on Agrarian Reforms of the Republic of Azerbaijan, the Commission on Agrarian Reforms of the Nakhchivan Autonomous Republic, and district and local agrarian reform commissions. Law on the Reform of State-Owned and Collective-Owned Farms, Law on Land Reform, Law on Fundamentals of Agrarian Reform were adopted for land reform, and 9 normative legal acts⁶⁰ prepared by the State Commission on Agrarian Reforms of the Republic of Azerbaijan were approved by the Presidential Decree.

In the first stage of land reform in the Republic of Azerbaijan covering 1997-1999, the existing 2032 (in some sources, 2041⁶¹) collective farms, i.e. collective-owned farms and state-owned farms, were abolished, and their fertile lands were distributed to the population. At this stage, with the exception of the territories occupied by Armenia, 869,268 families out of 873,618 families entitled to receive land shares in the Republic of Azerbaijan, i.e. 3,442,778 people, were given land shares, and land reform was implemented by 99.5%.⁶²

As a result of the land reform, 4,913,639 hectares or 56.9 percent of the 8,641,506 hectares of land that make up the unified land fund of Azerbaijan, remained in state ownership, 2,032,744 hectares or 23.5 percent were transferred to municipal ownership, 1,695,123 hectares or 19.6 percent was allocated to private property.⁶³

As we have noted, since the reform does not cover the occupied territories, the relevant legislation provides for special provisions in this regard. Article 24 of the Law on Land Reform, entitled "Carrying out land reform after the liberation of lands occupied as a result of military aggression by the Republic of Armenia" reads: "After the liberation of the lands occupied as a result of the military aggression of the Republic of Armenia, land reforms and the transfer of lands to the private property of persons forcibly relocated from those lands shall be carried out in accordance with this Law. Reforms in the liberated lands and economic recovery in those territories are carried out on the basis of a state program."⁶⁴ The Law on the Reform of State-Owned and Collective-Owned Farms stipulates that the state shall ensure the implementation of reforms in the liberated territories on the basis of a targeted state program.⁶⁵

There are three noteworthy points in the legislation regarding the implementation of land reform in the liberated territories of Karabakh. The **first point** is the importance of distributing these lands among their rightful owners (IDPs who once lived on those lands). The **second point** is the provision that land reform in Karabakh should be carried out on the basis of common criteria (the Law on Land Reform) in accordance with the rules of the first stage. Finally, the **third point** is stipulated in the legislation that the reform should be carried out on the basis of a targeted state program aimed at economic recovery.

The current situation creates many objective and subjective difficulties in carrying out land reform in the liberated territories of Karabakh. The objective difficulty is to determine the list of people

⁶⁰ http://www.e-qanun.az/framework/12151#_edn2

⁶¹ Khalg newspaper, December 3, 2010, p. 5, "Efficient use of land is a priority of the state's agrarian policy."

⁶² <https://agroeconomics.az/az/article/38/torpaqlarin-konsolidasiyasinin-kend-yerlerinin-ink/>

⁶³ <http://www.anl.az/down/meqale/xalqqazeti/2010/dekabr/145010.htm>. Information from the State Land and Cartography Committee.

⁶⁴ <http://www.e-qanun.az/framework/4207>

⁶⁵ <http://www.e-qanun.az/framework/9207>

eligible for land shares. The legislation recognizes the right of permanent employees of state and collective farms, persons with permanent residence in the territory of the state farm and collective farm until July 16, 1996, and founders of enterprises, cooperatives, small enterprises, peasant (farmer) farms, and other agricultural production enterprises established on the territory of the state farm or collective farm before that date, and those whose main place of work was those enterprises and those who retired from state and collective farms and lived in the territory of the relevant district (city) to receive shares in the privatized lands of state and collective farms.

There is a need for serious public debate on determining the list of those who have the right to receive share lands in Karabakh. Because in the 26 years since that date, most IDPs who have the right to receive share land have died. The distribution of land on the basis of a list that existed before 1996 and the distribution of the land shares of the deceased among their heirs could pose serious problems. As a second option, the distribution of lands among the population who agreed to return to Karabakh and settled there could be considered. In this case, there is a risk that the reform will not fully cover those who have the right to receive the land and that they will deviate from the target group.

Another (**main**) **difficulty** with the reform is the decision of the country's leadership to change the existing administrative-territorial division in Karabakh, unite the territorial units (districts, cities, urban districts, towns, villages), to prepare master plans based on the principle of unification of territorial units. According to preliminary data, more than 70 percent of the population in the Aghdam district will be housed in high-rise buildings, the surrounding villages will be merged into the city of Aghdam, thus reducing the number of villages from 71 to 33. According to the master plan of the Fuzuli district, it is planned to unite 1 liberated city and 61 villages into 1 city and 20 villages. Merging villages into villages or cities can create major problems in the division of land shares. Because the size of land shares is determined depending on the area and quality of the privatized lands of the state farm or collective farm and the number of subjects entitled to receive land shares. The size of the average land share per subject is determined by dividing the total land area privatized by the state farm or collective farm by the number of subjects.⁶⁶

By the way, it should be noted that in accordance with Paragraph 21 of Part I of Article 94 of the Constitution⁶⁷ of the Republic of Azerbaijan (*general rules established by the Milli Majlis of the Republic of Azerbaijan*), all issues related to the territorial structure of the country (including the unification of territorial units) fall within the competence of the Milli Majlis. The President of the country may not register, deregister, determine, or change the territorial units by an oral order, decree, or order. Even the naming (renaming) of territorial units and the determination (alteration) of their status (city, village, town) are regulated by parliament.

The unification of the planned territorial units in Karabakh must be carried out by the parliament on the basis of the petition of the President of the Republic of Azerbaijan in accordance with the Law⁶⁸ of

⁶⁶ Law of the Republic of Azerbaijan on Land Reform, Article 13. Determination of land shares

⁶⁷ <http://www.e-qanun.az/framework/897>

⁶⁸ <http://www.e-qanun.az/framework/510>

the Republic of Azerbaijan on Territorial Structure and Administrative Territorial Division. It should be noted that the participation of the population in this process is also envisaged. According to Article 13-2 of the Law (*Requirements for the session(s) of citizens*), “... when territorial units are registered or merged when their administrative subordination are changed when they are named or renamed, session(s) are held to ensure that at least 25 percent of citizens living in the territory of each territorial unit and having the right to vote comment on the issue. An appropriate decision shall be made when more than half of the citizens present at the session(s) vote in favor of registration, merger, change of administrative subordination, naming or renaming of the territorial unit.” As can be seen, the unification of villages to villages or towns in the liberated territories of Karabakh is a matter of complex procedures regulated by law.

According to the MoA, it has no information on whether to carry out land reform, as the authority to carry out land reform belongs to the head of state. Experts of the ARC⁶⁹ operating under the Ministry noted the fragmentation of arable lands as a lack of land reform in the study “Directions for the restoration of agricultural land and forecasting production in our liberated territories.”

Conclusions

Monitoring of the use of agricultural lands in the liberated territories led to the following conclusions:

1. Demining and rehabilitation of the liberated lands in Karabakh is carried out only at the expense of Azerbaijan’s internal financial strength, so far only Turkish companies from foreign countries participate in this process.
2. Foreign companies, especially US and European companies, are not interested in working in areas liberated from occupation due to corruption and the use of non-transparent mechanisms. The US ambassador to Azerbaijan has made a statement twice in the last six months (October 27, 2021 and April 19, 2022) that “if open tenders are held, US companies can participate in the reconstruction of Karabakh.”⁷⁰
3. Approximately \$ 2.6 billion allocated from the state budget in 2021-2022 is insufficient for demining, rehabilitation of infrastructure, construction of settlements and preparation of agricultural lands for planting in the liberated lands of Karabakh. Carrying out the process at this pace could prolong the return of the population to Karabakh for 10 years;
4. The government does not seem interested in the return of the population to Karabakh. Therefore, first of all, arable lands are cleared of mines, not settlements;
5. The Presidential Decree “On some issues related to the management of agricultural lands in the liberated territories of the Republic of Azerbaijan” related to the lease of arable land in Karabakh is illegal. The relations regulated by this decree must be implemented in accordance with the Constitution of

⁶⁹ <https://agroeconomics.az/az/article/34/isgaldan-azad-olunan-erazilerimizde-kend-teserrufa/>

⁷⁰ <https://apa.az/az/xeber/xarici-siyaset/bir-sira-abs-sirketi-azerbaycanin-azad-olunmus-erazilerinde-ise-baslamaq-ucun-muqavile-baglayib-667841>,

Azerbaijan with amendments to the Law on Land Lease. Therefore, it is within the competence of the parliament to determine and change the procedure for leasing state lands.

6. The documents prepared in connection with the restoration of Karabakh (towns and villages) (master plan, etc.) and discussions do not take into account the opinion of the population who once lived in those territories;

7. Although the unification and abolition of villages and settlements is a matter within the competence of the parliament, master plans are still being prepared on the basis of the principle of decreasing (reduction) of territorial units on the basis of an oral order of the President;

8. Expansion of district centers at the expense of nearby villages, consolidation and reduction of the number of villages existing in the districts in the documents related to urban planning before the occupation is carried out in order to increase the area of arable lands;

9. Lands cleared of mines and Karabakh lands, once illegally used by Armenians, are planted by companies owned by the ruling family and monopolistic officials without competition (auction);

10. The official information on the area of agricultural lands used in the liberated territories is contradictory. The President of Azerbaijan said that up to 50,000 hectares of land will be planted in Karabakh in 2022. However, the Turkish company “Ekmen Tarim”, which sent seeds from Turkey to the East Zangazur economic region in late 2021, has announced that it will supply seeds for planting on 90,000 hectares of land by the end of 2021;

11. Companies illegally using Karabakh lands receive millions of manats in subsidies from the state budget for planting (planting grain, planting new grapes and intensive orchards) and in some cases for crops (sugar beets, etc.);

12. Legislation has been amended to simplify procedures for the application of harmful practices in Karabakh, such as changing the purpose of lands in favor of official farms, in different regions of Azerbaijan.) the initiative to change was given to the MoA, the authority was given to the CoM;

13. The CH, the MoA, which acts as a land leaseholder and in some cases as a customer of state projects, and the CoM, which is responsible for coordinating activities in the liberated territories of the Republic of Azerbaijan, are not accountable for their activities in Karabakh. do not respond to official inquiries;

14. The government does not plan to carry out land reform in the liberated areas after their settlement, but is already distributing arable lands and backyards on the basis of illegal, unfounded principles.

Recommendations

Based on the results of monitoring the use of agricultural lands in the liberated areas, the following recommendations have been prepared for submission to government agencies, in particular to the CH, the MoA and the CoM.

1. Until the resettlement of the local population to Karabakh, the temporary use of agricultural lands should be carried out in accordance with the requirements of the legislation, not by purpose;

- 2.** To rescind the decree “On some issues related to the management of agricultural lands in the liberated territories of the Republic of Azerbaijan” because it is illegal, to apply the requirements of the law “On land lease” when leasing state lands in Karabakh;
- 3.** Accelerate demining of settlements in parallel with agricultural lands;
- 4.** Reunification of settlements in the liberated territories should be carried out in accordance with the Constitution, taking into account the opinion of the population (by holding meetings of citizens in accordance with the requirements of the legislation) and the result should be approved by parliament;
- 5.** The distribution of backyards and arable lands of state and collective farms among the local population should be carried out in accordance with the requirements of the legislation governing land reform;
- 6.** In order to carry out the necessary procedures for land reform in Karabakh, the following preparatory work should be carried out:
 - 6.1. Determining the exact area of the total land fund (state lands and formerly owned by collective and state farms) in the liberated territories of Karabakh;*
 - 6.2. Accelerate the preparation of master plans of cities, settlements and rural settlements;*
 - 6.3. Execution of categorization of lands;*
 - 6.4. Implementation of soil quality assessment;*
 - 6.5. Determination of lands to be kept in state ownership;*
 - 6.6. Determination of lands to be transferred to municipal ownership (public lands, lands used by individuals and legal entities and reserve fund lands);*
 - 6.7. Determining the area of quality lands to be transferred to private ownership;*
 - 6.8. Preparation of a list of persons entitled to receive land shares and plots of land;*
 - 6.9. Accelerate the preparation of land management projects;*
- 7.** To disclose detailed information on land demined, prepared for planting, planted lands and products taken in different types of plants in Karabakh;
- 8.** To ensure transparency and accountability of the activities of the CH (established in connection with the centralized settlement of issues in the liberated territories of the Republic of Azerbaijan), the MoA and CoM;
- 9.** In accordance with the requirements of the labor legislation, conclude labor contracts with employees working in demined fields, “Smart Villages” and agro-parks in Karabakh, enter them into the electronic system, and provide them with favorable working conditions.
- 10.** To put an end to harmful practices that serve only the interests of official entrepreneurs, such as changing the purpose of pasture, pasture and hayfields in Karabakh and bringing them into crop rotation;
- 11.** To disclose the names of companies engaged in agricultural activities in Karabakh, the area of land they use, the products they receive and the planting and crop subsidies they take from the state budget.