

## **Karabakh Government Unveils Reforms**

Young prime minister sets ambitious targets for 2008.

The new government of the de facto republic of Nagorny Karabakh has embarked on a programme of economic revival, spearheaded by the 34-year-old prime minister Araik Harutyunian.

Since the government was formed after the election of Bako Sahakian as the new leader of the territory in July, it has had to deal with two crises. The first was an outbreak of the disease known as "African plague" that affects pigs.

The new prime minister set up an emergency committee to deal with the disease and pigs were destroyed and burned. The epidemic was localised, though not without farmers suffering big losses. Most Karabakhis had to forego their traditional New Year dinner of barbecued pork.

The other crisis is still continuing. This winter has also been unusually harsh, and freezing temperatures as low as minus 20 degrees have put Karabakh's infrastructure under severe strain. Roads were blocked by heavy snow, some parts of the capital Stepanakert were without water and several villages lost power.

The roads were cleared and power restored fairly quickly. A more serious problem was that the heavy frosts all but paralysed the water system, with reservoirs freezing over and burst pipes in a network that has not been repaired for decades. Some apartment blocks are being supplied with water by fire-engines and emergency workers, and soldiers are thawing out major water-pipes.

The new government has 11 ministries. The former ministry of education, culture and sport has been divided into two ministries, one for education and science, and the other for culture and youth affairs, so as to stimulate support for science and scholarship.

"The main criterion in forming the new cabinet was professionalism," said Harutyunian. He said time would tell how the work of his government differed from his predecessors, but local Karabakh Armenians have already been impressed by its energy.

"There were a lot of good promises during the election campaign," said Artakh Khachatryan, who lives in Stepanakert. "If even half of them are carried out, the people and the state will win."

Harutyunian is a trained economist and businessman who used to own the largest wine and spirits producer in Karabakh, Karabakh Gold. He has said it is a "matter of honour" for him to work to raise the standard of living in a region where many people still live in poverty, and he has promised that the economy will grow by 15 per cent in 2008.

"Our aim is to revitalise the moral and psychological climate in the republic, restore trust in the authorities and establish social justice and solidarity," he said.

In the past, Nagorny Karabakh was heavily reliant on subsidies from Armenia, but the government insists that this is no longer the case and that, although the two economies are closely integrated, most revenue

is raised in Karabakh itself.

This year, there are promises to raise social welfare benefits across the board. The new social welfare minister, Narine Azatian, said social spending this year will rise by 50 per cent and exceed the entire government budget for 2003.

She said the average monthly labour benefit payment would be 23,800 drams (about 80 US dollars) up from 14,150 drams (47 dollars) last year. All other social spending will also rise, with the minimum wage rising from 20 to 25,000 drams (66 to 83 dollars).

The government has also identified agriculture and energy as key sectors needing reform.

“In developing our economy, we are putting the main emphasis on agriculture because we are an agrarian country,” said Harutyunian. Spending on agriculture is set to increase by 28 per cent this year.

There are plans to build two new hydroelectric power plants in the Martakert region in 2008 to make Karabakh more self-sufficient in energy.

Other programmes include building a children’s hospital and regional hospitals to improve the health system and investing in a new housing construction programme for Karabakh’s villages.

For the first time, mortgages will also be available in 2008, enabling people to buy houses at interest rates of no more than six per cent.

There are plans to invest in the town of Shushi (known to Azerbaijanis as Shusha) to attract tourism and possibly moving government agencies there.

The prime minister is hoping to boost the economy by establishing an anti-monopoly commission whose job is to stimulate competition and protect the rights of suppliers and consumers.

“We are anticipating fines for any violations of the economic competition rules,” said Vache Adamian, head of the commission. “For example, for abusing a privileged position or receiving state assistance contrary to the law, there will be a fine of two per cent of one’s income from the previous year.”

It is too early to say which, if any, of the many promises made by the government will prove successful in 2008, but the new government seems to be enjoying public support at the moment, and Harutyunian is personally a popular figure.

Mikhail Sarkisian, a refugee from Baku who now lives in the village of Haikavan, said the prime minister came with a good reputation from when he was a member of parliament.

“On the scale of a whole state it’s hard to please everyone, but I hope that he carries out his duties with

honour,” said Sarkisian.

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