



ICPS

International
Centre
for Policy
Studies

Office 10, 14 Instytutska St., Kyiv, Ukraine, 01021
Tel.: +38 (044) 253-44-82 | Fax: +38 (044) 253-44-82
www.icps.com.ua | office@icps.kiev.ua

INSIDE UKRAINE

**MODELS AND COSTS
OF DONBAS CONFLICT
SETTLEMENT**

November 17
2016/#61
Special Issue

Content

**PUBLIC POLICIES:
MODELS OF DONBAS CONFLICT SETTLEMENT..... 1**

**ECONOMIC ANALYSIS:
COSTS OF DONBAS CONFLICT SETTLEMENT..... 5**

**POLITICAL COMPETITION:
POSITIONS OF UKRAINIAN POLITICAL PARTIES
REGARDING DONBAS CONFLICT SETTLEMENT..... 9**

PUBLIC POLICIES: MODELS OF DONBAS CONFLICT SETTLEMENT



The conflict in Donbas remains a primary challenge to Ukraine's national security. The peaceful settlement of the conflict is hampered by the lack of a state strategy for reintegrating the particular districts of the Donetsk and Luhansk regions (uncontrolled Donbas) as a result of disparities among the political elite. Subsequently, neither the Ukrainian public nor foreign partners have an understanding of the government's plans to resolve the conflict in eastern Ukraine. In the current situation, it is necessary to analyze four possible models of government decisions as regards the conflict in Donbas, taking into account combat and material losses, public opinion, the position of external players and other factors.

Though the Minsk agreements led to the de-escalation of the warfare, the conflict is still in a hot phase. Moreover, Ukraine's unfavourable political obligations under the Minsk agreements (granting the special order of local self-governance in uncontrolled Donbas, conducting local elections in these areas, providing amnesty for DPR/LPR insurgents) are negatively perceived by the majority of the population and political elite. Under such condi-

tions, it is necessary to analyze the possible consequences of both implementing the Minsk agreements and taking alternative models of conflict resolution in eastern Ukraine, taking into account Ukraine's national interests to the fullest. According to international practice, Ukraine should, inter alia, pay attention to four models of resolving territorial problem – Bosnian, Croatian, Pakistani and German. However, any comparison is conditional, as it does not completely represent Ukraine's realities given that each territorial problem has unique features.

The majority of Ukrainian population do not support the Minsk agreements.

Bosnian model

The Bosnian model is based on preserving the state's territorial integrity in exchange for its federalization. There are a number of reasonable parallels between the Minsk process, which provide for resolving the conflict in eastern Ukraine by a granting special order of local

self-governance in uncontrolled Donbas, and the Dayton Accords, which reunited Bosnia and Herzegovina torn apart by three years of war. Though the Bosnian model

enables Ukraine to restore the government's control over the lost territories, their reintegration will pose many threats.

Bosnian model: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Territorial integrity is restored within prewar borders; • Interests of a hostile party are protected on an institutional basis; • Resources are saved on warfare 	<ul style="list-style-type: none"> • Policy decision-making lack consensus, namely in foreign policy, as representatives of a hostile party are entitled to the right to veto; • Local identity prevails over national identity; low levels of communication and trust are preserved between hostile parties; • Weak central authorities prevent the carrying out of reforms, fighting corruption and nepotism on the local level
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • A single political and economic space is nominally restored; • A single state provides for wider opportunities for reconciliation and dialogue; • International credits are accessible for the reconstruction of conflict-affected areas 	<ul style="list-style-type: none"> • State sovereignty is constrained in domestic and foreign policy; • External actors actively interfere with domestic affairs; • Potential for conflict is preserved by means of transforming direct violence into structural violence; • New centrifugal trends threaten other regions

The Bosnian model may bring peace to Ukraine, though it will not contribute to resolving the causes of the conflict. Such a scenario is more favourable for Russia and the West as it will not divert additional resources from them in the confrontation over Ukraine. The Bosnian model may safeguard Ukraine from further Russian aggression at the expense of constraining sovereignty and transforming the

international conflict into an internal Ukrainian conflict. Furthermore, the number of Ukrainian citizens who support the granting of a special status to uncontrolled Donbas does not exceed 23%¹.

The Bosnian model may bring peace but will not resolve the conflict.

Croatian model

The Croatian model provides for an alternative solution to the Minsk process, relying on unilateral actions and the military advantage of government forces. Though it

has an appealing ultimate goal – destroying the potential for force by separatists, there are a number of military, economic and political risks regardless.

Croatian model: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Military actions against separatists are not regarded as an act of aggression, complying with international law; • Separatist entity is eliminated by force; • National consolidation is pursued 	<ul style="list-style-type: none"> • Military actions result in heavy combat and civilians casualties as well as massive destruction; • 'Hard power' neglects local opinion; • Both parties will be accountable for the practically inevitable war crimes and other flagrant violations of the rules of war
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Uncontrolled territories are returned on pre-war terms; • Legitimacy of armed forces, political elite and state institutions increases; • Local population may be re-socialized on the winner's terms; • Role of state increases in the international arena 	<ul style="list-style-type: none"> • Government troops face a high risk of external intervention and defeat, especially in the case of an uncontrolled part of the border; • The government risks political and economic destabilization, especially if the ultimate goal is not achieved; • The government risks international isolation and suspension of cooperation with creditors

¹ The research will rely on survey by the Razumkov Centre

Returning uncontrolled Donbas according to the Croatian model is an unlikely decision due to Ukraine's internal weakness, Russia's military presence in eastern Ukraine and the moderate position of external players. Moreover, the forceful resolution of the conflict in Donbas will hardly be on the agenda in the near future given the fresh experience of defeated government troops

following Russia's covert military intervention in August 2014. Subsequently, only 30% of Ukrainian citizens consider that ATO should continue until the entire territory of Donbas is retaken.

Ukraine is doomed to defeat if it attempts to retake uncontrolled Donbas by force.

Pakistani model

The Pakistani model arose from prolonged and deadly conflicts when the state either realizes that it cannot defeat separatist forces by military means or concludes that resources invested in retaining disloyal territory enormously exceed potential benefits derived from reintegrating these areas. On the one hand, if uncontrolled Donbas is cut off from the rest of the country, representatives of

the pro-Russian enclave will be deprived of influence over Ukraine's domestic and foreign policy. On the other hand, if a decision for uncontrolled Donbas to secede is taken, internal destabilization will pose a threat to Ukraine due to the risk of a public split and stirred-up separatist sentiments in other regions.

Pakistani model: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Disloyal territory is cut off; Disloyal territory is deprived of influencing state's domestic and foreign policy; Military and financial resources are saved on the reconstruction and reintegration of disloyal territory 	<ul style="list-style-type: none"> Direct access to natural resources, industrial and infrastructural facilities is lost; Negative blow is stricken to country's international image; Separation of territory is negatively perceived by the public, especially its radical wing and combatants;
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Country becomes more monolithic; Freedom is expanded in domestic and foreign policy 	<ul style="list-style-type: none"> Separatism may spill over into other regions; Public split may threaten internal destabilization

Separating uncontrolled Donbas is a reasonable but risky idea

Therefore, separating uncontrolled Donbas is a reasonable idea, though it will be a risky step for Ukraine in terms

of security if it is officially adopted. 21.5% of Ukrainian citizens support this idea, but formalizing the loss of uncontrolled Donbas will be negatively perceived, first of all by fighters of armed forces, volunteer battalions and radical groups.

German model

The German model provides for the returning of lost territories on pre-war terms by means of peaceful negotiations with external players involved. This model

is appealing, as uncontrolled territories are returned not by means of military force but by "soft power". This provides for the acknowledgement by an oppos-

ing party that an initiator of unification has advantages in its political and economic system. However, the reintegration of uncontrolled territory on favourable terms is possible only in the long run. According to

the German model, the ultimate goal will be preceded by the fact that the country actually refuses to return uncontrolled territories in the short run on the terms of external players.

German model: SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Model is based not on military force but “soft power”; • Both parties mutually agree on unification; • Model relied on population with volatile identity 	<ul style="list-style-type: none"> • Model is highly dependent on a position of external players; • Disloyal social and political groups emerge following unification
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Territorial problem is resolved on winner’s terms; • Legitimacy of political elite and state institutions increases; • Unification provides for favourable conditions for reconciliation and peacebuilding 	<ul style="list-style-type: none"> • Imbalances of economic and social development emerge; • The future of persons involved in serious crimes is indefinite after the uncontrolled territory is reintegrated

According to international practice, the German model is both the most appealing and complicated option for resolving territorial problems. There are no favourable conditions, both in Ukraine and in the international environment, for reintegrating Donbas in the near future under such a scenario. Just as West Germany absorbed East Germany, Ukraine’s chances for returning uncontrolled Donbas will increase in the long run only if the country is able to establish an efficient state model within a few decades while Russia, pressed by domestic and international circumstances, has to stop destabilizing neighbouring states.

Unlike Germany, nowadays Ukraine cannot return the lost territories.

What should Ukraine do?

Ukraine’s current reintegration policy towards uncontrolled Donbas is controversial. The government’s rhetoric and imitation of implementing the Minsk agreements show that Ukraine *de jure* follows the Bosnian model of conflict resolution. However, a practical isolation of uncontrolled Donbas gives grounds to confirm that Ukraine *de facto* has chosen the Pakistani model as a temporary solution. At the same time, the Ukrainian public does not

have a single vision for future ties between Ukraine and uncontrolled Donbas.

Ukraine needs domestic dialogue to resolve the conflict.

With regard to the lack of national consensus, socio-political dialogue in Ukraine should be the first step towards resolving the conflict in Donbas. To this end, it is necessary that open and transparent discussions should be held between the political elite and the public on Ukraine’s place in the world, its civilizational choice, constitution, form of government, relations with the EU, NATO, Russia and the West as well as the Crimea and Donbas issues.

Donald Trump’s election as the 45th American president may accelerate developments around conflict resolution in Donbas. On the one hand, a risk of escalating conflict cannot be ruled out though the presidential transition in the White House, which will test US policy towards Russia. On the other hand, Trump’s controversial rhetoric makes US relations with Russia and Ukraine unclear for the next four years. In this regard, Ukraine should take a clear position in relations with the US and propose its own vision of conflict resolution before Trump takes the first steps in spring 2017.

ECONOMIC ANALYSIS: COSTS OF DONBAS CONFLICT SETTLEMENT



A basic economic assessment of the implementation of one or other model of conflict resolution in eastern Ukraine should take into account the role of the region and its contribution to the economy of Ukraine in the pre-conflict period, an assessment of actual losses of the region as a result of conducting ATO and also the costs of conducting full-scale military operations in the ATO zone.

Contribution of Donbas to the economy of Ukraine in the pre-conflict period

We can assess the significance of the contribution of the Donetsk and Luhansk regions in the overall share of the Ukrainian economy with the help of the following figures – two regions, occupying nearly 9% of the Ukrainian territory, produced 16% of Ukraine’s GDP, 25% of industrial output and 25% of domestic exports. In terms of pumping up the budget, Donetsk and Luhansk regions were subsidized. According to IMF estimates, both regions provided 11% of tax revenues to the general budget.

The amount of subsidies to the state-owned mines is about 1% of GDP. In turn, the area that has been covered by military conflict constitutes nearly 3% of Ukrainian territory and produced 8–10% of the GDP and 15% of industrial output. In both regions, this was concentrated in the coal, energy, metal, chemical-recovery, chemical and engineering industries. The most important industrial resources that connected the ATO zone with the rest of Ukrainian territory are coal and iron ore.

Two regions, occupying nearly 9% of Ukrainian territory produced 16% of Ukraine’s GDP, 25% of industrial output and 25% of domestic exports

Economic losses as a result of military operations in eastern Ukraine

Military operations in the territory of Donbas, which began in April 2014, have led to the loss of control over a part of the Donetsk and Luhansk regions. As a result,



both regions were separated into controlled and uncontrolled territories by Ukrainian authorities. Moreover, the conflict has led to a significant number of casualties as well as large-scale material damage, including infrastructure, residential and industrial buildings. Widespread job losses happened due to the recession alongside a massive curtailment of small and medium businesses. In general, the bulk of the costs associated with military operations in Donbas can be divided into the following groups.

Direct losses

- Destruction of housing and communal funds, social infrastructure, water supplies;
- Destruction of transport infrastructure (roads, railway tracks, airports, pipes, power lines);
- Destruction of industrial facilities, some of which are either physically destroyed or beyond repair due to the peculiarities of technological processes;
- Provision of housing, social benefits and jobs to internal displaced persons (IDPs) from areas affected by the military conflict (according to various estimates, the number of IDPs is between 800.000 and 1,5 mln. people. More than a half of IDPs remain in the Donetsk and Luhansk regions close to the conflict area. A significant number of IDPs have settled in the nearby Zaporizhia, Dnipropetrovsk and Kharkiv regions)
- The cost of military operations in ATO zone

Indirect losses

- Losses caused by the cessation of economic activity in the areas affected by the conflict (notably near the boundary line and the “gray” zone closed to it);

- Losses caused by the breakdown of production chains (as a result, the enterprises of Dnipropetrovsk, Kharkiv and Zaporizhia regions had economic losses);
- Loss of investment attractiveness of the region in particular and the whole country in general.

The estimation of the losses caused by the conflict in Donbas is the original starting point in calculating the costs of implementing of one or another model of conflict resolution. The assessment of direct losses during 2014–2015 was revised and tended to growing. In particular, in September 2014, Vice Prime Minister Volodymyr Groysman said that it had destroyed 4500 residential buildings, 4700 objects of the energy system, 217 educational facilities, 132 industrial facilities and 45 health care facilities. Groysman estimated the total amount of direct damages at UAH 11,88 billion. In October 2014, Head of the State Agency of Restoration of Donbas Andriy Nikolaienko estimated losses from the destruction of social and communal infrastructure at UAH 20 billion. However, he has not included industrial damage and loss from the destruction of private property, as this was difficult to evaluate at that time. According to the preliminary estimates of the Ministry of Economic Development and Trade, in 2014 in the Donetsk and Luhansk regions, about 80% of the economic potential was lost. The loss of jobs reached 50% for large enterprises and up to 80–90% for SMEs, indicating the almost complete shutdown of SMEs in the conflict zone.

In 2014 in the Donetsk and Luhansk regions it was lost about 80% of the economic potential

At the moment, the most comprehensive assessment of the costs of restoring the region is contained in the report “Recovery and Peacebuilding Assessment: Analysis of Crisis Impacts and Needs in Eastern Ukraine” (RPA), which was jointly developed by the EU, the UN, the World Bank Group and the Government of Ukraine. The RPA was carried out in the areas affected by the conflict and were under the control of the Ukrainian authorities in the Donetsk and Luhansk regions as well as the three bordering regions – Zaporizhia, Dnipropetrovsk and Kharkiv. This document is the basis for the draft concept of the state program “Restoration and peacebuilding in eastern Ukraine”. According to this assessment, the total amount needed for restoration is USD1 520 million. The approximate amount of total financial resources needed is divided into three groups: 1) infrastructure and social services (USD1 257,7 million); 2) economic recovery (USD135,5 million); 3) social cohesion, peacebuilding and public

safety (USD126,8 million). More detailed structure of expenditures has shown in Table 1.

The total amount of needs for restoration is USD 1 520 million

Table 1

EXPENDITURE	SUM MILLION USD
Infrastructure and social services	1257,7
Health care	184,2
Education	9,7
Social assistance	329,4
Energy	78,9
Transport	558,2
Water supply and wastewater disposal	40,1
Environment	30
Public and residential buildings	27,2
Economic recovery	135,5
Employment	40
Productive forces and livelihoods	33
Economic planning at local level	7,5
SME and private sector	30
Financial services	25
Social cohesion, peacebuilding and public safety	126,8
Understanding of vulnerability, risk and social cohesion	20,5
Promotion of social cohesion and building confidence	19,7
Promotion of culture of tolerance through dialogue	11,4
Protection of the population affected by the conflict	5,8
Improvement of access to justice	8,1
Legal assistance	6,6
Psychosocial support	28,4
Restoration of public security	23,9
Preparation for DDR	20,4
TOTAL	1520

Indirect losses signify the loss of Ukraine's GDP in the coming years. It should be taken into account that losses caused by the conflict were associated with the losses caused by trade wars with Russia.

Losses caused by the conflict were associated with the losses caused by trade wars with Russia

The mediate estimation of indirect losses can be used as indicators of the decline in production in the Donetsk and Luhansk regions. According to official statistics, the volume of industrial output decreased in 2014 in the Donetsk region (controlled territory by Ukrainian authorities) by 31,5% and in the Luhansk region by 42% and in 2015 – by 34,6% and 66% respectively. According to expert estimates, the share of land resources in the Donetsk region that are (were) under the control of illegal armed formations during the ATO period is about 48% of the total area of the region.

The shock caused by the economic penalties from the loss of Donbas (taking into account the physical loss of enterprises and the breaking of chains of production) to some extent was absorbed by the Ukrainian economy and is already reflected in the negative dynamics of key macroeconomic indicators following the results of 2014–2015. In particular, some companies were closed or significantly reduced their production, while other companies re-oriented to new sources of raw materials and/or new markets.

The shock caused by the economic penalties from the loss of Donbas was absorbed by Ukrainian economy

Military expenditures

The evaluation of military costs on the conducting of ATO vary depending on the activity of military operations in the conflict zone. During the active phase in 2014, according to Finance Minister Natalia Jaresko, the costs for conducting ATO amounted to USD10 million per day, and, at the end of 2014, USD5–7 million. However, part of these funds was allocated for the needs of IDPs as well as for free supplies of gas, electricity and heat to the uncontrolled territories of Donetsk and Luhansk regions. Later (in a less active phase) representatives of NSDC evaluated military spending at USD800 million per year, which is about USD2.2 million per day.

The evaluation of military costs on conducting of ATO vary depending on the activity of military operations in the conflict zone

Assessment of economic costs from the realization of different models of the conflict resolution

Croatian model

The power model provides for active military actions to seize lost territory, its maintenance, restoration of critical infrastructure and economic integration of the region. From the point of view of economic costs, the implementation of this model will be the most expensive. The main components of costs – conducting active military operations, costs of maintaining control over the territories and border, costs of social adaptation of IDPs and combatants and economic integration of the liberated territory (reconstruction of infrastructure, creating jobs, financing reconstruction (actually modernization) of industrial objects, etc). Given that the implementation of the power model will expectedly lead to significant casualties and the destruction of physical infrastructure, it seems very difficult to evaluate this option.

Implementation of the Croatian model will be the most expensive

Bosnian model

The actual federalization of the country does not provide for the increasing of costs on large-scale military operations (rather their eventually decreasing), but provides for the costs of recovery and economic integration of the lost territories. In this case, the price of this model's realization will be spending on the recovery and economic integration of the territory which is controlled by the Ukrainian authorities at this moment (according to RPA – 1.5 billion USD) and spending on the restoration of territories that are not controlled by Ukraine now. To evaluate costs seems difficult, given the lack of a comprehensive picture of evaluation damages on the uncontrolled territories. Certainly the estimated total costs are not less than USD1,5 billion).

Pakistani model

The cost of the model which provides for the separation of uncontrolled territories of Donbas will depend on Rus-

sia. In case Russia agrees with this option, it is expected to gradually reduce the costs of military operations and the realization of economic integration of controlled territories (USD1,5 billion). In fact, this is the least costly option in the short term. However, a scenario of spreading separatism in other regions will be possible, which would lead to additional military spending.

The Pakistani model is the least costly option in the short term

German model

The cost of the frozen conflict model with the hope of returning control over the uncontrolled territories by peaceful means in the future and its economic integration in the short term is comparable to the costs of implementation of the optimistic option of the Pakistani model. The only difference would be higher costs for military operations in the early stages because of the low probability of a complete ceasefire on the boundary line.

Funds for the restoration of Donbas have to exceed the amount of direct losses

It should be noted that funds for the restoration of Donbas have to exceed the amount of direct losses, as both infrastructure and industrial facilities experienced a high level of depreciation. The depreciation of many industries in the region long before ATO was estimated at 60–80%. These enterprises produce goods with low added value for a relatively narrow segment of the market – a significant share of production was exported to Russia. However, shortly after, the Russian market for these enterprises was lost. In order to ensure the effective economic activities of enterprises in Donbas, it is not enough for them to resume their work. Modernization and partial reorientation to other markets are needed. Thus, it makes sense to implement energy-saving, environmental and innovative technologies while restoring the region. Such measures will significantly raise the competitiveness of industries in the region and enhance its attractiveness. Given the scale of the conflict, most international experts note that the situation in Ukraine is unique and has no direct analogies in world practice. Therefore, Ukraine needs to find new models for the economic recovery of the affected areas and the socialization of IDPs.

POLITICAL COMPETITION: POSITIONS OF UKRAINIAN POLITICAL PARTIES REGARDING DONBAS CONFLICT SETTLEMENT



The opposition of parliamentary and non-parliamentary forces think that the implementation of the Minsk agreements is a personal political commitment of Petro Poroshenko to the West and the Kremlin that he took without prior consultation with other political players of Ukraine. Therefore, the political establishment considers the Minsk agreements as a personal problem of Petro Poroshenko, which carries significant reputational risks. In case the president does not fully implement the Minsk agreements, he will lose political credibility and public face before Western partners.

The significant opposition understood that if the president increases pressure on the Verkhovna Rada of Ukraine, parliamentary factions will initiate early elections, which are not advantageous to the authorities. If Poroshenko “breaks” the parliament and votes for the political component, there is also the likelihood of mass protests against the government on the part of radicals and nationalists. Therefore, under the current circumstances, Poroshenko has chosen a course of simulating the implementation of the Minsk agreements accompanied by playing for time

and increasing activities of making recommendations and proposals for filling a road map.

Positions of “BPP” and “People’s Front”

As representatives of the ruling coalition, “BPP” and “PF” insist on performing the security component of the Minsk agreements and taking control over the uncontrolled areas of the Russian-Ukrainian border. Poroshenko declared that he will agree to hold elections and grant amnesty only after the implementation of these measures. However, “BPP” and “PF” understand that under the present circumstances, the fulfillment of the political component of the Minsk agreements is impossible due to the lack of effective coalition and difficult political conjuncture. At best, the parliament will go to elections, and, at worst, – new mass protests. Therefore, the authorities in general will postpone the negotiations as much as possible to give as many recommendations and proposals as possible to the road map pursuing the goal of playing for time. At the same time, inside “BPP” and “PF”, there is no common understanding on the deployment of the OSCE mission and amnesty for combatants. In general, the position of



the ruling coalition is characterized by the differences between political rhetoric and practice. In his statements, the president and the government simulate the implementation of the Bosnian model of conflict resolution, but their tactics provide for playing for time due to the absence of favorable conditions for the integration of the uncontrolled territories of Donbas in accordance with the German model.

Implementation of the political component of the Minsk agreements may lead to early elections or a new protest

Position of “Samopomich” faction

The parliamentary faction “Samopomich” systematically opposes amending the Constitution in terms of decentralization and holding local elections in the uncontrolled territories of Donbas until the de-occupation of these territories is completed. One of the leaders of the political party “Samopomich”, Oksana Syroid, promotes the draft law on the legal recognition of Donbas as occupied territories, followed by its isolation from the rest of Ukraine. At the same time, the party of Andriy Sadovyi requires the recognition of Russia as a state-aggressor on the legislative level. The position of “Samopomich” includes many elements of the Pakistani model opposing the reintegration of the uncontrolled territories of Donbas under the present circumstances.

Samopomich” supports the legal recognition of Donbas as occupied territories

Position of Radical Party

The Radical Party has positioned itself as the “party of war”, which does not view political obligations under the

implementation of the Minsk agreements from a political point of view. In this regard, at the level of political statements, Oleh Liashko promotes the “Croatian scenario” of the restoring the sovereignty over the uncontrolled territories of Donbas or the complete de-occupation of these territories under international pressure and sanctions against the Kremlin. People’s deputies from the Radical Party noted that they would not vote for any of the draft laws that belong to the political component of the Minsk agreements.

Radical Party as a party of war categorically rejects the possibility of the implementation of the Minsk agreements

Position of “Batkivshchyna”

The “Batkivshchyna” faction does not fully reject the Minsk agreements as a tool of reintegration of the uncontrolled territories of Donbas, but at the same time it is strongly opposed to granting a special status to Donbas. The political partners of Tymoshenko first require a resolution of security issues and then an implementation of the political component. In addition, Tymoshenko’s faction supports the expansion of the Normandy format to include the US and the UK in the negotiations. Statements of Nadia Savchenko on the direct dialogue between the Ukrainian authorities, Donetsk People’s Republic and Luhansk People’s Republic inside “Batkivshchyna” faction claimed the personal position of individual MPs does not reflect the opinion of the whole faction. “Batkivshchyna” basically agrees with the ruling coalition and considers the German model as the ideal scenario for the reintegration of the uncontrolled territories of Donbas.

“Batkivshchyna” was accused in pro-Russian rhetoric and existence of secret agreements with the Kremlin

Position of “Opposition Bloc”

“Opposition Bloc” offers the creation of an interregional territorial association “ITA Donbas”. The draft law was registered in late March 2016. Under the draft law, “ITA Donbas” would have an independent competence to take decisions in economic, social and humanitarian development. “ITA Donbas” would create groups of national police, coordinate their activities and consider issues of appointing local heads of police, security services and prosecutors. The highest representative body in “ITA Donbas” would be a representative assembly “ITA Don-

bas". The Executive Committee of "ITA Donbas" would carry out executive functions within its sphere of competence. It would be headed by the chairman of "ITA Donbas", who would be elected for 5 years. The organization and procedure of elections in "ITA Donbas" would be set by the election legislation of Ukraine. In general, under "ITA Donbas", there would be a special procedure for local government in the uncontrolled territories of Donbas that meets the parameters of the Bosnian model of the conflict resolution.

"Opposition Bloc" offers to create interregional territorial association "ITA Donbas"

Position of extra-parliamentary forces

Among the political parties not represented in the parliament, it should be taken into account the position of

nationalist parties. Thus, "Svoboda", "Right sector" and "National Corp", which was recently created on the basis of the "Azov" battalion, act strongly against the implementation of political components of the Minsk agreements and support the Croatian model of conflict resolution. Any concessions to the authorities of the "Donetsk People's Republic" and "Luhansk People's Republic" or external players can spark a revolt within these political parties.

Thus, Ukraine's current political forces have essential differences in attitudes towards resolving the conflict in Donbas. The ruling political parties demonstrate a vague vision of how uncontrolled Donbas should be reintegrated, avoiding decisive steps in this area for fear of political destabilization and early parliamentary elections. At the same time, oppositional and non-parliamentary forces enjoy larger room for maneuver and are more active in advancing their proposals for reintegrating uncontrolled Donbas.

The aim of the publication is to provide objective information on current political events in Ukraine and thorough analysis of major tendencies in domestic politics. Such analysis will assist in setting priorities in the process of implementing reforms in Ukraine and in evaluating quality of state decisions from the viewpoint of their impact and sustainability. Special attention is paid to evaluation of political competition in Ukraine and ability of key political players to address challenges.

© 2016 International Centre for Policy Studies (ICPS)

If citing please give reference on the ICPS

Responsible for the project: Viacheslav Holub

Responsible for the chapters:

Public Policies – Yevgeniy Yaroshenko

Economic Analysis – Vasyl Povoroznyk

Political Competition – Anatoliy Oktysiuk

Team of ICPS experts:

Vasyl Filipchuk, Anatoliy Oktysiuk, Angela Bochi, Vasyl Povoroznyk, Olena Zakharova, Viacheslav Holub, Iryna Ivashko, Yevgeniy Yaroshenko, Nataliya Shylo.

Proofread by Patrick E. McGrath



International Centre for Policy Studies

Telephone: +38 (044) 253-44-82

Fax: +38 (044) 253-44-82

E-mail: office@icps.kiev.ua

www.icps.com.ua



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Embassy of Switzerland in Ukraine

This issue of 'Inside Ukraine' has been realized with the support of the Embassy of Switzerland in Ukraine.

Its content is the sole responsibility of ICPS