

# Russia and the Separatists in Eastern Ukraine

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## I. Overview

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Despite repeated expressions of support for the Minsk process and recognition of Ukraine's sovereignty over the separatist Donetsk and Luhansk People's Republics (DNR, LNR), Moscow's policy in Ukraine's east looks more likely to strengthen those entities than prepare for the dismantlement the Minsk agreement envisages. The Kremlin views Ukraine's European choice as a major security threat and the 2014 overthrow of President Viktor Yanukovich as Western-backed and aimed at isolating Russia. It wants to keep Ukraine under its pro-Western leadership unstable, embroiled in open-ended military confrontation it cannot afford, so as to return it eventually to its sphere of influence. Moscow often seems to play with several options, but its tactical fluidity is dangerous. Almost 10,000 have died in the conflict, and tens of thousands of troops face each other along a 500-km line of separation. While recognising the risk of the Minsk process becoming a substitute for settlement, the international community should urge Russia to show its commitment to that process and remind it that sanctions will remain until Minsk is fully implemented.

The ceasefire in the east has largely held since 1 September, casualties are down, and all sides express determination to implement the Minsk agreement. Few Minsk provisions have been fully implemented however, and the timetable for completion has been extended into 2016. This gives Moscow further opportunities to concentrate the parties more on process than a settlement.

After showing little interest in building political institutions in the DNR and LNR or enthusiasm for funding social policies, Moscow has begun in the past four or five months to bankroll pensions, social benefits and salaries to local officials and the separatist military forces. If consistently maintained, this will cost it over \$1 billion a year, a substantial sum for the Russian treasury in straitened economic times.

Some observers in Donetsk are persuaded the measures are increasingly clear signs Moscow has decided to transform the crisis into a frozen conflict, a scenario international participants in the peace talks have long feared. Though a protracted conflict in eastern Ukraine would be very different from those in Abkhazia, South Ossetia or Transnistria, it would have the advantage for Russia of pushing the issue further off the international agenda.

Rather more persuasively, some seasoned observers of Moscow's tactics in the east, including senior separatist officials, suggest that the Kremlin is probably considering several options, from freezing the conflict while keeping Minsk alive, to dropping the entities at a convenient time. It may also be waiting to see how other

global agendas with potential for cooperation between Russia and the West – Syria, for example, and counter-terrorism – are developing.

Russia says it is pushing hard for complete implementation as quickly as possible, but Ukraine and its Western supporters maintain that it has not done enough to remove weaponry and discuss a troop pullout. The Kyiv government has been unable to assemble enough votes to pass crucial constitutional amendments Minsk requires, to the indignation of Russia and its separatist allies, and is reluctant to accept sweeping amnesty for separatists. There has been little progress on what Minsk envisages to be an “all for all” exchange of prisoners, though several hundred releases have taken place. The opposing sides are also still arguing over inclusive, internationally-supervised local elections that would in theory help normalise the political situation in the entities.

Meanwhile, in addition to the many troops Russia retains on its side of the border who can deploy quickly throughout the DNR and LNR, separatist sources and Western officials say, it has a number of units inside the entities. One of the most useful steps Moscow could take to demonstrate its willingness to help resolve the conflict would be to quietly withdraw those units. This would substantially increase Ukrainian and Western confidence that it is indeed committed to Minsk. The international community could then ensure that Ukraine did not try to take advantage by moving across the line of separation.

Another important step for Russia would be to reduce military supplies to the entities. Cuts in fuel, lubricants and ammunition for artillery and other heavy weapons would gradually diminish their forces’ mobility and effectiveness. As Russia still denies providing such items, this could be done with minimal publicity or face loss. The international community, including the U.S., might react with confidence-building measures, perhaps including a security dialogue in the region, or consultations on ways to dismantle the poorly-disciplined LNR and DNR militaries.

Until there is a clearly positive change in the core Russian approach, the international community needs to build its policy toward Moscow over eastern Ukraine on the assumption that anything, including more serious fighting, is possible. For now, this may seem highly unlikely. Russia is embroiled in Syria, the Donbas has been banished from its media, and the economy is under great strain, due in part to sanctions, in part to low oil prices. But large Russian units have already fought twice in Ukraine, once (February 2015) even during peace talks. Moscow could resort to such means again should the lower-cost, lower-visibility approach of supporting the entities in a protracted conflict fail. The European Union (EU), especially member states Germany and France, and the U.S. should avoid the trap of letting a potentially lengthy resolution process and different interpretations of its provisions undermine their vital consensus on maintaining sanctions until Minsk is fully implemented.

Research was conducted in Kyiv, Dnepropetrovsk, Krasnoarmiisk, Kurakhove and Moscow and during five visits to DNR/LNR-controlled areas of Donetsk city and oblast since July 2014. The briefing focuses on recent political changes in the entities, their relations with Moscow and the nature of Russia’s presence and control.

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## II. News from a Closed Society

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Rapid Russian policy changes in the DNR and LNR starting in September 2015 signalled an abrupt, not fully explained modification of tactics.<sup>1</sup> There were revisions in the DNR leadership; the majority of Russian advisers (*kurators*), who ensure on the ground daily that both entities' leaders toe Moscow's line, were replaced – frequently, Donetsk-based sources and separatist bloggers said, by officers from the FSB, the Federal Security Service.<sup>2</sup> Without explanation, Moscow began to provide money for pensions, other social payments and government and military salaries – something Russian officials had previously intimated it could not afford. There are indications Russia, though it insists it is not a party to the conflict and has minimal involvement in the east, feels need for a tighter grip on the entities as it considers options.<sup>3</sup>

But information is a rare commodity in the east. Russia regularly declares determination – and moral obligation – to protect ethnic Russians and Russian-speakers from Ukrainian nationalists, but also that it recognises Ukraine's sovereignty over the entities. Until President Vladimir Putin's recent admission, it denied it had military personnel there.<sup>4</sup> In fact, all major political and military decisions are taken in Moscow, and their implementation is overseen by Russian officials on the ground. The number of local people who know in any detail the essence of Russia's policy-making is limited, and residents are increasingly discouraged by Russian overseers and local security bodies from talking about it with outsiders. The best information usually comes from Donetsk officials and residents, business people who still have dealings in the east and a number of influential, well-informed separatist bloggers, most of whom support the radical, pro-war wing of the separatist movements, so are more willing to speak openly about events in the LNR and DNR, whose de facto governments they deeply distrust.

In September, Andrei Purgin, speaker of the de facto parliament and second-ranking DNR official, was removed from office and briefly imprisoned by the Donetsk state security ministry (MGB).<sup>5</sup> He was replaced by Denis Pushilin, a politician known for unquestioning loyalty to Moscow. The influential national security secretary, Alexander Khodakovsky, a subtle political strategist with reputedly good Moscow

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<sup>1</sup> No state recognises the entities, each about a third of the oblasts from which they are named. Russia says it considers them part of Ukraine. This paper uses “DNR” and “LNR” purely for brevity. Both are tightly controlled by Moscow and headed by leaderships that hew closely to its line. Those leaderships are often criticised by radical Russian nationalists and members of the separatist military, who want a resumption of full-scale hostilities and have accused them of corruption. The bulk of the separatist fighting force is concentrated on DNR territory, whose leaders often view themselves as first among equals in relation to the smaller, more unruly LNR.

<sup>2</sup> The main political *kurator* in the east has long been Vladislav Surkov, an aide to President Putin. The role of the *kurator* (кypapoп) and overall Russian control is examined at length in Section IV below.

<sup>3</sup> Russia has consistently denied intervening militarily in Ukraine and only recently admitted a minimal military presence (see below). It denies being a conflict party, describing itself as a Minsk guarantor. “Moscow cannot fulfil the Minsk deal on Donbas crisis settlement as Russia is not part of the Ukrainian conflict”, Kremlin spokesperson said. Sputnik news service, 13 February 2015.

<sup>4</sup> “Putin vows to protect Russians in southeastern Ukraine from nationalists”, *Moscow Times*, 21 December. “Putin admits military presence in Ukraine during marathon presser”, *Moscow Times*, 17 December 2015.

<sup>5</sup> “В ДНР смещен спикер народного совета Пургин” [“Speaker of the DNR National Council Purgin removed”], *Vedomosti* (business daily), Moscow, 5 September 2015.

contacts, dropped prudently out of sight. Foreign journalists and international aid organisations increasingly find access to both entities limited. Local residents whose work often brought them into contact with foreigners were warned it was “time to choose a side”.<sup>6</sup> Médecins sans Frontières (MSF) was told in September it could no longer work in Luhansk, and this was extended in October to Donetsk. The DNR accused it of violations from misuse of psychotropic drugs to espionage.<sup>7</sup>

After ignoring internal DNR political dynamics since the beginning of the war, Moscow seems to have thrown its weight behind the top leaders of both entities, despite their ambiguous standing among many separatists, and marginalised other leaders. It is now pushing for creation of two political parties in the DNR, both tightly linked to Donetsk’s separatist leadership, so unlikely to differ in much but name. One, Oplot Donbasa, will probably be headed by Alexander Zakharchenko, the de facto president, the other, Donetskaya Respublika, by Pushilin.<sup>8</sup> Zakharchenko has gathered around himself a new inner circle, a key member of which is said to be the taxation minister, Alexander Timofeyev, and is organising a youth movement along the lines of Soviet-era pioneers, to be known as Zakharovtsy.<sup>9</sup> This suggests a somewhat belated effort to organise politically in preparation for local elections stipulated by the Minsk agreement.

In theory, the election date should be jointly fixed by Kyiv and the separatist entities and held under the provisions of Ukrainian law. In January, however, the LNR leadership announced it was considering elections on 21 February, in retaliation for what it called Ukraine’s efforts to avoid its Minsk responsibilities.<sup>10</sup> Local officials speak of closer economic ties with Russian border areas. And though the ceasefire is largely holding, DNR sources say substantial Russian military aid continues to flow.

Nothing has been said officially about the *kurator* reshuffle. The senior *kurator* in the DNR was replaced, and there were even reports, denied in the entities, that Moscow’s chief point man for the east, Vladislav Surkov, had been dismissed. Surkov, however, continues to figure prominently in Russia media reports on the crisis, and recently held high-level consultations on Donbas with U.S. Assistant Secretary of State Victoria Nuland.<sup>11</sup>

It is politically and socially significant that the entities can now at last pay pensions, government salaries and social benefits with some degree of regularity. In December, the DNR reported that over 640,000 were receiving monthly pensions and that the

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<sup>6</sup> Email communication to Crisis Group from one such local resident, December 2015.

<sup>7</sup> [www.msf.org/article/ukraine-msf-strongly-refutes-false-allegations-levelled-media-humanitarian-committee-donetsk](http://www.msf.org/article/ukraine-msf-strongly-refutes-false-allegations-levelled-media-humanitarian-committee-donetsk).

<sup>8</sup> Crisis Group interview, Donetsk-based observer, December 2015. The official term for the de facto presidential post in the entities is “head” (Глава).

<sup>9</sup> <http://lenta.ru/news/2015/12/18/immerbereit/>; <http://colonelcassad.livejournal.com>, 19 December 2015.

<sup>10</sup> “В ЛНР могут провести выборы в феврале без участия Украины” [“The LNR may hold elections in February, without Ukraine’s participation”], [www.gazeta.ru](http://www.gazeta.ru), 28 January 2016. The day before Luhansk’s announcement, Nikolay Patrushev, secretary of Russia’s Security Council and a close Putin associate, accused Kyiv of failing to implement the Minsk agreements. “Интервью Н.П. Патрушева газете ‘Московский комсомолец’” [“Interview of N.P. Patrushev to Moskovskiy Komsolets”], [www.scrf.gov.ru](http://www.scrf.gov.ru), 27 January 2016.

<sup>11</sup> “Виктория Нуланд прибыла в Калининградскую область на встречу с Владиславом Сурковым” [Victoria Nuland has arrived in Kaliningrad oblast for a meeting with Vladislav Surkov], *Kommersant*, 15 January 2015. For more, see Section IV below and Crisis Group Europe Report N°235, *Eastern Ukraine: A Dangerous Winter*, 18 December 2014.

number of recipients of child and family allowances and similar payments had reached 110,000. Neither entity had previously done much to create an administrative system that could deliver such benefits. The DNR in particular admitted that it lacked the skills and administrators. The civilian structures of both entities are dwarfed in influence and attention by their military and security institutions. Only the now disgraced Purgin had shown any sign of trying to address social and economic problems.<sup>12</sup> When the DNR sought to formulate a long-term strategy, Moscow was not responsive. A senior leader, for example, once outlined to Crisis Group sectors in which the DNR economy could be integrated with Russia's. "Are you discussing this with the Russians", he was asked. "Not seriously", he said. "Russia has lots of economic projects on the go with other countries".<sup>13</sup>

The money for salaries and social payments came from Moscow. Previously, it had been loath to spend much on the entities, which it clearly viewed as dispensable instruments. Separatist officials had been told that Russia would intervene in the event of a mortal military threat to them or a major humanitarian crisis. Otherwise, support would be limited.<sup>14</sup> The change indicates either that Moscow fears a deeply embarrassing humanitarian crisis – which has not been hinted at in media or official reporting from the region – or is preparing to consolidate its position in the entities for a significant length of time. In either case, the cost is considerable: approximately \$40 million a month for DNR pensioners alone. If over 410,000 LNR pensioners are added, the total exceeds \$700 million a year. Social benefit payments were due to reach some \$3.5 million in December for about 110,000 DNR recipients.<sup>15</sup> Government salaries are not known, but Moscow's total outlay in pensions, allowances and state salaries is likely to exceed \$1 billion a year in the east.<sup>16</sup>

As a result, the rouble has begun to play a dominant role in the DNR and LNR economies. By the second half of 2015, many Donbas shops were operating mostly with the Russian currency, and prices had been recalculated accordingly. President Putin's spokesman, Dmitry Peskov, attributed the change to Ukraine's economic blockade and the fact that "the rouble remains an attractive currency".<sup>17</sup> The Ukrainian hryvnia is still used in some places, however.

DNR officials like the idea that Moscow may be looking to freeze the conflict, in the hope it will fade from world attention, and a distracted international community will abandon sanctions. The money suddenly pouring into the east and the fact that the Russian military presence – troops and supplies – remains substantial gives them some grounds for optimism. They do not, however, rule out the possibility that Russia may ultimately forge ahead with implementation of Minsk, returning the entities to Kyiv's control. Whatever the decision, a separatist official said, "you will find out about it at the same time as us –or maybe earlier".<sup>18</sup>

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<sup>12</sup> Crisis Group interview, August 2015.

<sup>13</sup> Crisis Group interview, Donetsk, April 2015.

<sup>14</sup> For more on this, see Crisis Group Report, *Dangerous Winter*, op. cit.

<sup>15</sup> "Более 100 тыс. Жителей ДНР получают соцпособия в декабре dan.info" ["More than 100,000 DNR residents will receive social benefits in December"], DNR official news portal, <http://dan-news.info/obschestvo/bolee-100-tys-zhitelej-dnr-poluchat-soceposobiya-v-dekabre-na-summu-svyshe-245-mln-rublej-minsocpolitiki.html>, 16 December 2015.

<sup>16</sup> Moscow also pays pensions to Russian passport holders in Abkhazia, South Ossetia and Transnistria.

<sup>17</sup> [www.newsru.com/finance/01sep2015/donlugrubl.html](http://www.newsru.com/finance/01sep2015/donlugrubl.html).

<sup>18</sup> Crisis Group interview, senior DNR official, Donetsk, early 2015.

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### III. Moscow and the Separatists

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The separatist leaders admit they are accidental rulers who moved into the political and security vacuum created by the Yanukovich presidency's collapse and paralysis of the provisional government in February 2014.<sup>19</sup> Few knew each other well, if at all. Their various backgrounds include links to Yanukovich's Party of Regions, a rich Ukraine oligarch, Russia's radical nationalists, a big Russian pyramid scheme and, increasingly, organised crime. They were guided not by a single ideology or thinker, but by mixed motives: rejection of the Maidan's "anarchy", deep suspicion of any post-Soviet Kyiv government, reflexive pro-Russian sentiments and opportunism.

Only one of the DNR and LNR leaders, Andrei Purgin, was actively involved in politics before the conflict; a small businessman, he headed a marginal political group calling for special status for Donbas. The DNR head, Zakharchenko, trained as a mining electrician and came to prominence in the last days of Yanukovich's presidency as leader of Oplot ("bastion") a group of young men who confronted pro-Maidan demonstrators in Kharkiv and had close links to the ruling Party of Regions. Pushilin worked for the controversial businessman Sergei Mavrodi's MMM fund. Khodakovsky commanded the Ukrainian security service's Alfa counter-terror team. The LNR's sole dominant figure, Igor Plotnitsky, is an ex-local government official and the most controversial of the separatist leaders, widely criticised by fellow activists.<sup>20</sup> Their diversity, fragmentation and distrust, along with near-total lack of political or administrative experience, has militated against emergence of coherent administrations or functional political parties. This is only happening now with Moscow's prodding. The *kurator* system reinforces the need for vertical ties with Moscow rather than within the leadership. Increasing chance to get wealth by smuggling, bribery and theft of state funds has made many of the elite even keener to support the status quo.<sup>21</sup>

Military commanders have until recently tended to be more outspoken but no more capable of effecting any change of separatist leaders' policies. The armed groups' dependence on Russia for weapons, equipment, clothing and military support has acted as a strong deterrent against challenging the Moscow line. In autumn 2014, senior military commanders called for a military council to discuss the political leadership's backpedalling on forming a greater Novorossia, a new pro-Russian state that would incorporate much of south-eastern Ukraine.<sup>22</sup> The initiative worried the leadership, but eventually fizzled: the commanders were never able to get a quorum. Since then the most outspoken have been killed or silenced.

Separatist officials and leaders in Donetsk are privately critical of their LNR counterparts, whom they accuse of corruption, and, in times of serious combat, often failing

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<sup>19</sup> This issue is discussed in more detail in Crisis Group Europe Report N°231, *Ukraine: Running out of Time*, 14 May 2014.

<sup>20</sup> For such criticism of Plotnitsky, see, for example, the analytical note prepared by the pro-separatist Anna news agency, [www.anna-news.info/node/27198](http://www.anna-news.info/node/27198).

<sup>21</sup> Anger and concern among separatists and some of their Russian supporters at the criminalisation of the new DNR and LNR ruling classes surfaced in mid-2015. See below.

<sup>22</sup> One such commander, Alexei Mozgovoy, condemned the August 2014 Minsk agreement. "How could anyone sign an agreement which leaves us in the backyard of our own land? ... The passivity and weak character of the representatives who signed all this have brought us to this lamentable result". Crisis Group Report, *Dangerous Winter*, op. cit., p. 6. Mozgovoy was assassinated by unknown assailants in May 2015.

to provide promised forces. In recent months, however, relations between Zakharchenko and the LNR's Igor Plotnitsky seem to have improved.

#### A. *The Expendable Leadership*

One thing the leaders of both entities have never doubted is that Moscow views them as expendable. Donetsk and Luhansk were never the main prize. For two months after Yanukovich's fall, Moscow hoped for an uprising in the rest of the "historically Russian" oblasts of the south east and was deeply disappointed when it did not happen.<sup>23</sup> The idea was replaced in April 2014 by a significantly more improvisatory approach. This has left separatist leaders unsure about the future; even the most pro-Russian refuse to rule out that Moscow might drop them at any time. Asked about this, one believed at the time to have some influence in and considerable support from Moscow called it "a complex, slippery question". Another, widely believed to have stayed at the top thanks to extensive Russian support, also refused to rule out such an eventuality, referring to what he complained was constant in-fighting in Moscow.<sup>24</sup>

#### B. *Total Dependence*

DNR and LNR leaders admit their role is very circumscribed. This is especially so on Minsk, from whose decision-making process Moscow completely excludes them, controlling, a senior DNR official said, "every phrase, every comma". A top figure has long maintained his entity's interests and Moscow's overlap at best 60 per cent of the time. Moscow is playing a long game, he explained: sometimes the small separatist islets are helpful, sometimes a distraction.<sup>25</sup> Informed Moscow observers agree. Only two DNR leaders, Zakharchenko and Purgin, exert even modest influence on Russian decisions. The others "handle technical issues", a DNR leader said a few weeks before the later was purged.<sup>26</sup> Pushilin, the new parliament speaker, has little political experience but is seen as an unquestioning implementer of Russian policy.<sup>27</sup>

While publicly sticking to the line that Moscow's political and military influence over the entities is minimal, DNR leaders privately admit their total dependence. Khodakovsky, the DNR security council secretary, recently came close to admitting this publicly. The leadership, he said, is constantly trying to balance the desires of the population and of "the top political powers", by which he meant Russia. In the same interview, he said Russian "material support" is 70 per cent of the DNR budget, "and I am not talking here about aid in weaponry or manpower. That theme is totally taboo".<sup>28</sup> Many observers and officials believe at least 90 per cent is a more realistic figure, with local taxes making up the rest. Russia provides everything, another leader

<sup>23</sup> Ibid, Section IV.A.

<sup>24</sup> Crisis Group interviews, Donetsk, August 2015; also, see Section V below.

<sup>25</sup> Crisis Group interview, Donetsk, 16 November 2014.

<sup>26</sup> Crisis Group interviews, Donetsk, August 2015. Crisis Group Report, *Dangerous Winter*, op. cit.

<sup>27</sup> Pushilin rallied to the separatists late. During the Maidan events, he was in Kyiv, promoting the controversial investment fund of a financier, Sergei Mavrodi. Commenting on Maidan in a promotional video, he remarked that both sides had been "zombified" by news organisations. "Что нам даёт МММ" ["What does MMM give us?"], [www.youtube.com/watch?v=kL881eXcqs](http://www.youtube.com/watch?v=kL881eXcqs).

<sup>28</sup> "Командир батальона "Восток": Сурков – патриот, Пургин – апологет Путина" ["Vostok Battalion Commander: Surkov is a patriot, Purgin is a Putin supporter"], [www.fontanka.ru/2015/09/07/163](http://www.fontanka.ru/2015/09/07/163).

said, expressing frustration at the public's lack of appreciation. "They don't realise who is providing gas for heating, fuel for vehicles, money for basic goods. How do they think we got through last winter and will survive this one?"<sup>29</sup>

### C. *Russia's Military – The Ultimate Arbiter*

Russian troops are the key to LNR and DNR survival. Moscow "may not have as many troops here as Ukraine says, but they can move very fast and decisively", a senior DNR security official remarked.<sup>30</sup> Donetsk officials say that, in addition to those along the Russian side of the border, units capable of responding swiftly to any sign of military emergency are positioned around Donetsk city and other parts of the oblast and have almost certainly taken part in armed clashes with Ukrainian forces at least twice since the February 2015 ceasefire.<sup>31</sup>

Following Putin's December acknowledgement of a very limited Russian military presence in the east,<sup>32</sup> one of the best informed pro-separatist activists and bloggers, Alexander Zhuchkovsky, broke the code of silence on the Russian presence and laid out succinctly the regular army's central role:

It is a given that the prime ministers and defence ministers of LNR/DNR take no key [military] decisions. The command of military corps, military intelligence, planning, supply of troops with ammunition and fuel are all in the hands of "the people who decide certain questions", as Putin would say ... and one should also understand that hundreds of these people – career military and intelligence officers (including high-ranking ones) risk their lives, and many have already died.<sup>33</sup>

The largely poorly-led and disciplined DNR/LNR militias have been reorganised by Russian officers and subsumed into a formal military structure. From the battalion level up, Russian officers now command the separatist units, with former local commanders sometimes acting as deputies.<sup>34</sup> As a result of the reorganisation, major DNR players like Zakharchenko and Khodakovsky have lost control over most of their large, well-armed personal forces.<sup>35</sup> Some local leaders say that since reorganisation, even their access to former military units is limited. A politician and brigade commander told a recent visitor he had difficulty travelling to the front line: Russians were in command, and access was "complicated".<sup>36</sup>

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<sup>29</sup> Crisis Group interview, Donetsk, August 2015.

<sup>30</sup> Crisis Group interview, Donetsk, August 2015.

<sup>31</sup> Crisis Group interviews, senior separatist officials, Donetsk, November 2014, August 2015; senior U.S. official, Washington, January 2016.

<sup>32</sup> "We never said there are not people there handling certain questions, including those in the military sphere; but this does not mean that Russian regular troops are present. Feel the difference". "Разговор со страной" ["A conversation with the country"], *Krasnaya Zvezda*, 18 December 2015.

<sup>33</sup> <http://vk.com/juchkovsky>, 17 December 2015. He fought alongside separatist forces in Slavnyansk, later helped recruit volunteers and now organises "non-humanitarian aid" to the separatists.

<sup>34</sup> Telephone communication to Crisis Group, Donetsk official, September 2015. Such changes are made with no official admission or publicity in separatist or Russian media. Separatist publicists have mentioned the process. A senior separatist official explained it to Crisis Group. A more junior official described the process in his battalion in August 2015 in Donetsk oblast.

<sup>35</sup> Zakharchenko and Khodakovsky have reportedly retained substantial personal security forces. Crisis Group interview, Donbas analyst, December 2015.

<sup>36</sup> Telephone communication to Crisis Group, DNR official, Donetsk 15 December 2015.



On the other side of the line of separation, Ukrainian security and military specialists admit they are more observers than participants in the current stage of the conflict. “Everything depends on one man, Putin”, said a prominent Ukrainian security analyst. The Ukrainian side can only watch and try to guess what Russia is planning. Russia’s reorganisation of the LNR and DNR militaries seems, he said, aimed at creating large, well-equipped border guard forces, with impressive armour resources, should Russia decide to keep the entities alive for a few more years.<sup>37</sup>

For the past several months, military *kurators* have had another important role: to enforce the ceasefire, which they have mostly done rigorously. Separatist officials and officers regularly complain that if their fighters respond to Ukrainian fire, *kurators* threaten punishment or reduction of military supplies.<sup>38</sup> Both sides bear responsibility for the periodic flare-ups, but when sharp exchanges have broken out, as in late 2015 and early 2016, Ukrainian and Western observers have interpreted them as reminders from Moscow that it can reduce or increase military action along the line of separation at will.<sup>39</sup> International officials tracking such action note, however, that the past few months have seen record low civilian deaths (ten). Most were not from artillery or other fire but from mines and unexploded ordnance left over from earlier fighting.<sup>40</sup>

#### D. *The Civilian Population: Victims, Accomplices or Bystanders?*

There are no reliable opinion polls in the east and no clear estimate even of the population of the separatist entities. The fragments of information available and conversations with residents suggest that the separatists lack broad social support, but if easterners continue to feel Kyiv has no interest in them, acceptance will grow.

Deep mistrust of Kyiv politicians and fear of the far right are still strong and need to be addressed. They have layered over longstanding grievances at the heart of tensions between Kyiv and the country’s east, such as concerns over even-handed governance and resource distribution. Language issues and fear of reorientation toward the West at the expense of cultural and economic relations with Russia are a particular point of concern.<sup>41</sup>

A senior DNR leader has long been brutally frank about the limited support base, enumerating the social groups that do not support the separatist cause: the middle class, most businesspeople, entrepreneurs and those with a tertiary education. Ur-

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<sup>37</sup> Crisis Group interview, Kyiv, 13 January 2016.

<sup>38</sup> Separatist commanders complain this undermines morale. Crisis Group blog, “Syrian Gambits Will Not Erase Putin’s Ukraine Problem”, 29 September 2015.

<sup>39</sup> Crisis Group interviews, military analysts, Kyiv and Washington DC, January 2016. On the security situation, see also OSCE Special Monitoring Mission to Ukraine (SMM) reporting, [www.osce.org/ukraine-smm](http://www.osce.org/ukraine-smm).

<sup>40</sup> Communication from international organisation tracking conflict casualties, 28 January 2016.

<sup>41</sup> In February 2014, the radical right wing party Svoboda was influential, with members of Yuliya Tymoshenko’s Batkivshchina party and others, in recalling a 2012 Law on Languages that gave minorities the right to use their mother tongue where they were more than 10 per cent of the population. When passed, the law was widely criticised for in effect giving regional language rights to only the Russian-speaking minority, but the haste to repeal was viewed as a sign of the new government’s ultra-nationalist bent. Acting Rada speaker Turchynov refused to sign the motion, and the law remains in force, but the damage was done, and the attempted repeal is widely viewed as a prime cause of the unrest resulting in Crimea’s secession. For more detail, see Crisis Group Report, *Running Out of Time*, op. cit., p. 10.

ban dwellers, other than pensioners and unskilled workers, were likely to view the new government sceptically, he noted. “Our big attraction at the start was the belief we would lead them into the Russian Federation”.<sup>42</sup> A small businessman recalled that during the May 2014 referendum on the entities’ future status, “all my neighbours thought they were voting to become part of Russia. Though he did not participate, he was not averse to joining Russia, with its good pensions, “moderate” corruption and, most importantly, “normal life”.<sup>43</sup> There have been few if any public protests. Miners have held several protests, one recently over non-payment of salaries, in Makeyevka, a town just outside Donetsk.<sup>44</sup>

The general mood, a Donetsk resident said, seems to be “to avoid contact with the regime as much as possible”. An active civil society figure estimated that the population is split three ways: for the regime, against it and neutral. The strongest pro-separatist constituency is probably pensioners, villagers and unskilled workers. The middle class generally keeps its distance, he said, and a floating segment includes those with nowhere else to go or business or family obligations keep in the area.<sup>45</sup>

The recruiting difficulties the DNR and LNR face is one of the clearest measures of popular attitude toward the separatists. In May 2014, at the height of the battle for Slavyansk, when pro-Russian media were replete with heroic accounts, the separatist commander in chief, Igor Girkin (Strelkov), called for more recruits. Noting that Donetsk oblast’s population is 4.5 million, he stated, “I never expected that I would not be able to find 1,000 volunteers”, then scornfully opened recruitment to women, though the few women who serve in the separatist forces are mostly in non-combat capacities.<sup>46</sup>

Then and later Strelkov complained that few ex-officers had rallied to the cause, and many would-be fighters were over or under age, often leaving after short exposure to hardships. Despite announced plans to raise a 100,000-strong army in February 2015, the forces number 40,000, according to Western officials, and probably less in reality.<sup>47</sup> To support them, the ex-DNR prime minister and current chair of the Union of Donbas volunteers, said, 30,000 to 60,000 Russian volunteers had joined the fight by September 2015. In Russia’s big cities, activists recruited manpower and raised aid for the Donbas, including at booths near metro stations.<sup>48</sup>

Support for the separatists – or at the least more criticism of Kyiv – may grow if easterners remain cut off from Ukraine’s economic mainstream, or its government goes further and closes its borders with the entities. The government’s decision in December 2014 to block most banking and other financial transactions in the east was a serious blow to many residents of the separatist enclaves. Travelling to and crossing the line of separation is a lengthy, costly and difficult process for most citizens; it also makes potential access to Kyiv-paid pensions and welfare support diffi-

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<sup>42</sup> Crisis Group interviews, Donetsk, October 2014, August 2015.

<sup>43</sup> Crisis Group interview, Donetsk, August 2015.

<sup>44</sup> The protests reportedly lasted most of the day. Communication to Crisis Group, Donetsk resident, 23 January 2016.

<sup>45</sup> Crisis Group interview, Donetsk resident, Kyiv, 14 December 2015.

<sup>46</sup> Address by Igor Strelkov, [www.youtube.com/watch?v=KIHdrSm6jrU](http://www.youtube.com/watch?v=KIHdrSm6jrU), 17 May 2014.

<sup>47</sup> For more on recruitment, see Crisis Group Europe Briefing N°73, *The Ukraine Crisis: Risks of Renewed Military Conflict after Minsk II*, 1 April 2015, pp. 4-5.

<sup>48</sup> [www.gazeta.ru/politics/news/2015/08/27/n\\_7519115.shtml](http://www.gazeta.ru/politics/news/2015/08/27/n_7519115.shtml); Crisis Group observations, St Petersburg, Moscow, August 2015. Volunteers do not receive pay, unlike regular Russian troops deployed in eastern Ukraine, and fight separately from Russian regulars.

cult.<sup>49</sup> Those living in separatist-controlled areas have been hurt by price increases two or three times those experienced in areas controlled by Kyiv, and it has been difficult for them to access basic social services. In the health sector, for example, there is a severe shortage of medicine and medical supplies.<sup>50</sup>

A prominent supporter of the separatist cause, the Russian nationalist activist and blogger Zhuchkovsky, recently offered a sobering account of the situation in the DNR, where he spends much of his time:

People survive. There's a crisis in Russia too, but our crisis has totally different criteria .... The conditions are wartime. People are reduced to the limit ... something to eat, something to wear for the cold. ... They mostly live on savings. Of course some government offices are working, but the pay there is on average 5,000-7,000 roubles [\$65-\$90] a month.<sup>51</sup>

Economic hardship and the financial restrictions risk intensifying the feeling among residents of the east that Kyiv has written them off. This will further complicate the region's future reintegration into a united Ukraine. The Kyiv government urgently needs to work on long-range contingency planning to address this issue.

#### **IV. Russia in the East: Control Mechanisms**

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An astute observer of the Russian presence, a senior DNR official, defined what he called Moscow's key aim: "Ukraine has in Russia's eyes shattered the balance .... [by] leaning away from Russia. In Moscow's mind Ukraine should be neutral; it should not present a threat to Russia; it has to permit Moscow to exercise some sort of patronage".<sup>52</sup> A number of separatists say Russian counterparts sometimes cite a ten-year plan to regain control over Ukraine, combining continued destabilisation of the east; economic pressure capitalising on President Petro Poroshenko's slowness in addressing corruption and reforms; continuing efforts to inflict economic hardship; and support for pro-Russian political forces.<sup>53</sup>

While Russia's ideal endgame for Ukraine as a whole is clear, a separatist official said, "we just do not know what they have in mind for us".<sup>54</sup> For now, Moscow has a simple yet effective system for controlling the entities access to the source of power: the Moscow leadership.

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<sup>49</sup> To pass checkpoints to collect pensions (four from DNR, two from LNR), inhabitants need a special pass; queues to get them reportedly take several hours. Pensions are the only income for many families, as unemployment is very high, and salaries are often delayed. Reportedly transportation costs are 10 per cent of an average pension, <http://regnum.ru/news/2056410.html>.

<sup>50</sup> "Ukraine: Events of 2015", Human Rights Watch.

<sup>51</sup> "Донецк – путь к Приднестровью" ["Donetsk – the road to Pridnestrovia"], published in the St Petersburg newspaper *Fontanka*, [www.fontanka.ru/2016/01/28/094](http://www.fontanka.ru/2016/01/28/094).

<sup>52</sup> Crisis Group interview, Donetsk, August 2015.

<sup>53</sup> Ukrainian officials and commentators frequently say Russia has such a long-term strategy and describe it in similar terms, though without a timeframe, eg, Crisis Group interview, government security specialist, Kyiv, 14 January 2016.

<sup>54</sup> Crisis Group interview, Donetsk, October 2014.

### A. *Levers of Russian Control*

Since the collapse of the USSR relations with the former Soviet republics, including Ukraine, have mostly been managed by the presidential administration, not the foreign ministry. As noted, power is largely exercised through the *kurators*. These were probably first deployed in the summer of 2014, around the time of, or shortly after, the first major Russian military incursion at Ilovaisk.

The main political *kurator* throughout has been Vladislav Surkov, a Putin foreign affairs aide, ex-deputy head of the presidential administration and deputy prime minister and responsible for policies to counter “coloured revolutions”. He was long the Kremlin’s point person for the Duma, where he developed a reputation as one who expected to be obeyed.<sup>55</sup> Western officials say that he is now known to refer to the separatist leaders, somewhat patronisingly, as his “wards”. Of Russian-Chechen parentage, he has advised the president on the Caucasus and remains important also in South Ossetia and Abkhazia.<sup>56</sup> His name surfaced early in connection with eastern Ukraine. In June 2014, the Russian citizen and first DNR prime minister, Alexander Boroday, called him “our man in the Kremlin”.<sup>57</sup> He was actively involved in negotiations that led to both the September 2014 and February 2015 Minsk agreements.<sup>58</sup>

Access to the Kremlin leadership is arguably Moscow’s most important means of control over the separatist leaders, along with its military and economic support. Senior officials consult regularly in the capital, most at least monthly; in tense times, they can be there for weeks. There is, however, no indication that any separatist leader has met with anyone at the highest levels. Surkov is their most senior contact.

Moscow can punish, reward or neutralise separatist leaders by controlling their access. In August, a senior official said he was on a Moscow “stop list”: he would not be allowed into Russia until further notice.<sup>59</sup> Access can also be limited in the opposite direction. In late 2014, a senior officer who had accused top DNR leaders of corruption, Sergei Petrovsky, went to Moscow after an attempt on his life. When he tried to return, he said, border guards told him they could not allow him to enter the DNR for his own security. Since then he has been able to visit Donetsk only intermittently.<sup>60</sup> One of the toughest separatist commanders, Igor Bezler, has not returned

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<sup>55</sup> He was known for strictly imposing the Kremlin line on the ruling party. A well-informed newspaper recalled his peremptory style in dealing with deputies: “Vote as you are told. We will work out ourselves how to write laws. Your task is to press the right knob” [on the deputy’s desk]. “Вы тут думаете, что вы депутаты Государственной думы?” [“You think you are deputies of the State Duma?”], *Kommersant*, 28 November 2011.

<sup>56</sup> He was closely involved in the Russia-Abkhazia “Alliance on Strategic Cooperation and Partnership”, signed in late 2014, which inter alia called for close defence and security policy coordination. “Сурков заверил руководство Абхазии, что Россия выполнит свои обещания” [“Surkov assures the Abkhazia leadership that Russia will fulfil its promises”], RIA Novosti news agency, <http://ria.ru/politics/20150216/1048025506.html>.

<sup>57</sup> The Russian leadership “absolutely correctly understands how to resolve the problems of the Donetsk People’s Republic”, Boroday told an interviewer, “and [is] ready to assist in this at a very high level. I have also long known and admired the President’s aide, Vladislav Surkov, who also provides the ... republic serious assistance. Without exaggeration Surkov is our man in the Kremlin”, [http://actualcomment.ru/boroday\\_surkov\\_nash\\_chelovek\\_v\\_kremle.html](http://actualcomment.ru/boroday_surkov_nash_chelovek_v_kremle.html), 16 June 2014.

<sup>58</sup> Crisis Group Report, *Dangerous Winter*, op. cit.; Briefing, *The Ukraine Crisis*, op. cit.

<sup>59</sup> Crisis Group interview, Donetsk, August 2015.

<sup>60</sup> “На главу ГРУ ДНР генерала Петровского совершено покушение” [“Assassination attempt on head of DNR GRU”], <http://warfiles.ru/show-77776-na-glavu-gru-dnr-general-petrovskogo>

since being called to Moscow in late 2014. DNR sources say his main problem was a feud with Zakharchenko. Strelkov, the first overall military commander, now a critic of both DNR and Russian leaderships, is also persona non grata in Donetsk.<sup>61</sup>

Some mavericks in the LNR have suffered harsher fates. At least four military commanders have died under unexplained circumstances. Officials alleged that Alexander Bednov was killed resisting arrest on 1 January 2015<sup>62</sup> and that the three others were killed by Ukrainian special forces: Evgeniy Ishchenko, military commandant and mayor of the town of Pervomaysk, ambushed and killed on 23 January 2015;<sup>63</sup> Alexei Mozgovoy, one of the separatist movement's best-known commanders, killed on 24 May 2015;<sup>64</sup> and Pavel Dremov, a Cossack commander whose car was blown up on 12 December. Dremov had been close to the other dead commanders and accused top LNR political and military leaders of involvement in major corruption.<sup>65</sup> As in previous cases, a number of separatist opinion makers accused top LNR government figures of ordering the killing. A particularly influential blogger alleged that responsibility lay even higher. The senior LNR figure usually blamed for such incidents "cannot take that level of decision", he said. "But publicising the initials of the organisation behind Dremov's murder will do nothing".<sup>66</sup>

Separatist activists often blame Moscow for failing to punish LNR leaders for such killings. The thinly-veiled allegation of Russian involvement in Dremov's death is unusual but not unique. His murder went unremarked by the Russian government, but some electronic and print media carried the news. The official armed forces daily, usually careful to avoid controversy, wrote: "Independent observers note this is not the first murder in the LNR of commanders who have distinguished themselves by the independence of their views".<sup>67</sup>

## B. *Flaws in the System*

The structure for controlling the entities is not fool proof. Russia controls the top leadership, ensures strict subordination on issues like Minsk strategy and brings the

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soversheno-pokushenie.html. He was also in a fierce dispute with Khodakovsky, [http://4pera.ru/news/picture\\_of\\_the\\_day/khmuryy\\_vydavil\\_iz\\_donetska\\_osetin\\_aleksandra\\_khodakovskogo](http://4pera.ru/news/picture_of_the_day/khmuryy_vydavil_iz_donetska_osetin_aleksandra_khodakovskogo).

<sup>61</sup> Strelkov has emerged as a fierce critic of both Putin and the separatist leaders. Some assassinated field commanders were close to him. For a stinging denunciation of presidential aide Vladislav Surkov, see "Игорь Стрелков: Вокруг Путина есть 5 колонна. Предательство Суркова" ["Igor Strelkov: there is a fifth column around Putin. Surkov's betrayal"], [www.youtube.com/watch?v=XE109SwRDAY](http://www.youtube.com/watch?v=XE109SwRDAY), 2 September 2015.

<sup>62</sup> For a summary of the conflicting versions of his death see "Ополченцы обвинили Плотницкого в организации убийства Бэтмена" ["Militiamen have accused Plotnitskiy of organising Batman's murder"], <http://lenta.ru/news/2015/01/02/batman>.

<sup>63</sup> "В ЛНР убит лидер ополчения Первомайска Евгений Ищенко" ["In LNR the militia leader of Pervomaysk Yevgeniy Ishchenko has been killed"], <http://rusvesna.su/news/1422024848>, 23 January 2015.

<sup>64</sup> For a survey of the versions of his death, see <http://colonelcassad.livejournal.com>, 24 May 2015.

<sup>65</sup> "Атаман Дремов между смехом и страхом" ["Ataman Dremov between laughter and terror"], Expert Online, 30 December 2014. Since late 2014, separatist bloggers have reported a "coal war" between top LNR figures, <http://colonelcassad.livejournal.com/2519589.html>. Dremov had also accused the Russian FSB of illegally shipping much coal from his area.

<sup>66</sup> Alexander Zhuchkovsky blog, [http://vk.com/wall151630709\\_37283](http://vk.com/wall151630709_37283), 14 December 2015. The two most plausible initials are FSB and GRU (military intelligence); both are active in the east.

<sup>67</sup> "В ЛНР убит командир казачьего полка Павел Дремов" ["Commander of a Cossack regiment Pavel Dremov killed in the LNR"], *Krasnaya Zvezda*, 12 December 2015.

rough and ready separatist militias, prone to warlordism and criminality, under its thumb. But it left domestic space – relations between separatist commanders, local political leaders, organised crime figures and corrupt officials on the other side of the separation line – unsupervised. Corruption flourishes. Illegal production and smuggling of coal is believed to be one of the most lucrative sources of wealth in the Donbas. Illegal coal shipments, usually to Ukraine but also to Russia, have earned political leaders, border troops and others “millions of dollars”, a top leader said. Among those celebrating in February 2015, after the Debaltseve railway junction was captured in intense fighting and with Russian military intervention, several officials in Donetsk said, were smuggling cartels, including one frequently associated with a ranking DNR leader.<sup>68</sup> An official said much infighting was triggered by efforts to control “financial flows”, not policy differences. Smuggling pays well in part due to Ukraine’s blockade: highly-profitable commodities includes scrap metal, drugs, consumer goods and weapons.<sup>69</sup>

Some Russian officials, usually close to the military, have expressed concern at the extent of smuggling,<sup>70</sup> and the weekly *Military-Industrial Courier* noted in July 2015 that:

... according to data provided by the Federal Border Service of the [Russian Federation], the illegal transport of weapons, not to mention other various contraband items, in both directions has become a constant flow. A deterioration of the criminal situation in regions of our countries that are contiguous with south-eastern Ukraine cannot be excluded. This serious destabilising factor should urgently be stopped.

Russia, it suggested, should consider a U.S.-style “stabilising operation”.<sup>71</sup>

### C. Scandals at the Top

Two scandals in the second half of 2015 shed light on divisions within the DNR and LNR leaderships, the degree to which corruption had spread throughout the separatist structures and Moscow’s willingness to ignore malfeasance or serious corruption in the higher echelons of power. In the first, in July in Donetsk, a dispute between elements of the DNR military – supporters of the outspoken general, Sergei Petrovsky, and a military intelligence unit which he and others said was a criminal group under intelligence cover, spilled onto city-centre streets. Zakharchenko’s secretary

<sup>68</sup> Crisis Group interview, Donetsk, August 2015.

<sup>69</sup> Crisis Group interviews, senior leader, Donetsk, August and December 2015. A well-informed pro-separatist blogger and activist claimed that Russian “specialists”, probably GRU, were carrying out “purges” of military and state security officers unwilling to abandon “shadowy businesses, particularly in weapons”. Alexander Zhuchkovsky, <http://vk.com/juchkovsky>, 9 January 2016.

<sup>70</sup> Crisis Group interviews, senior leader, Donetsk, August and December 2015. Alexander Zhuchkovsky, the well-informed pro-separatist blogger and activist, asserted that Russian “specialists”, probably GRU (military intelligence), were carrying out “purges” of military and state security officers unwilling to abandon “shadowy businesses, particularly in weapons”, <http://vk.com/juchkovsky>, 9 January 2016.

<sup>71</sup> “Когда закончена война” [“When the war is finished”], *Военно-промышленный Курьер*, *Военно-Промышленный Курьер*, 15 July 2015. The journal is well-known for publishing an article by Armed Forces Chief of Staff General Valery Gerasimov that laid out Russia’s current view of hybrid warfare. “Ценность науки в предвидении” [“The value of science in anticipation”], [www.vpk-news.ru/articles/14632](http://www.vpk-news.ru/articles/14632), 27 February 2013.

was badly injured when her booby-trapped SUV blew up. It quickly transpired that the bomb's intended target was her daughter, a military intelligence major close to the leader of the alleged criminal group.<sup>72</sup>

Moscow newspapers commented carefully that the affair could affect Zakharchenko's reputation; Kremlin *kurators* were following it closely; there were concerns about his cadre policy; and the young major was close to him. One journal directly criticised him and his entourage.<sup>73</sup> But Surkov lined up behind Zakharchenko with congratulations on the birth of another son.<sup>74</sup> The scandal abated, and both the major and an alleged leader of the supposed criminal group dropped from sight. A few months later, the former was named to Zakharchenko's staff.<sup>75</sup>

Zakharchenko's counterpart in Luhansk, Igor Plotnitsky, ran into similar trouble in November, while in Russia. The LNR security ministry (MGB) arrested the oil minister, Dmitry Lyamin, on charges of corrupt involvement in coal sales, and displayed weapons and large sums of money in his house after a raid. Plotnitsky hurried back and denounced the raid. The state security minister refused to back down, and he and the coal minister were suspended. Plotnitsky's many critics hailed the MGB's actions but no further heads fell, and the corruption case faded away. When Surkov was rumoured to have been dismissed in November, Plotnitsky was one of the first to deny it publicly. The LNR continued to work closely with Surkov, he declared, and "insinuations" to the contrary were the work of enemies of Russia and the separatist entity.<sup>76</sup>

Despite its repeated claims that it has little but humanitarian contact with the two entities, Moscow is intensifying efforts to control them. Much of this is catch-up on long-ignored problems and is hampered by the shallowness of the leadership talent pool. The aim seems to be to install more order and predictability in the two entities. To what end, however, is not yet clear.

## V. Questions about the Future

Senior DNR and LNR leaders watch Moscow closely for subtle changes in mood or message. In the short term, they are confident they will be protected if Kyiv attacks. Many believe Putin warned Poroshenko in mid-2015 that Russia's response to use of force by Ukraine would be devastating: "going all the way to Kyiv".<sup>77</sup> But they have no idea of their ultimate fate. "There is one thing our *kurators* cannot explain", one of the highest said. "That is what is happening in the Kremlin. They don't know themselves".<sup>78</sup>

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<sup>72</sup> For more on the incidents, see Crisis Group blog, "Disorder Spreads among Russian-backed Ukrainian Rebels", 16 July 2015.

<sup>73</sup> "Внутренние проблемы ДНР и ЛНР больше невозможно скрывать" ["Internal problems of the DNR and LNR can no longer be hidden"], *Vzglyad*, 28 July 2015.

<sup>74</sup> The warmth and informality was unusual: "Let me wish that the little one will grow up to be a real man and defender of the Motherland, just like his father", "У Захарченко родился сын" ["A son born to Zakharchenko"] *lenta.ru*, 30 July 2015. The text was also briefly published in full on the DNR website, then removed and edited.

<sup>75</sup> The position, as adjutant, was published on 17 October 2015, [http://old.dnr-online.ru/wp-content/uploads/2015/11/Ukaz\\_N391\\_17102015.pdf](http://old.dnr-online.ru/wp-content/uploads/2015/11/Ukaz_N391_17102015.pdf).

<sup>76</sup> <http://rusvesna.su/news/1446794784>, 6 November 2015.

<sup>77</sup> The phrase, or variants, has been used by Crisis Group interlocutors in Moscow and Donetsk.

<sup>78</sup> Crisis Group interview, Donetsk, August, 2015.

A sophisticated DNR analyst views the opacity of its intentions as proof Moscow is not yet agreed on a way out of the eastern Ukraine morass. The inner core that makes final decisions on issues like Ukraine may be small, but it seems often divided, unsure or waiting for an opportunity to use the situation to maximum benefit. This is manifested on the ground by lack of both political and military coordination. Different “towers of the Kremlin” are fighting, he said, using a common phrase to describe Moscow policy struggles. DNR leaders thus sometimes receive conflicting messages from their Russian supervisors. “I don’t know where Putin is on this”, he admitted, “but probably struggling with the consequences of his own decisions. The president has made very good ones, on Crimea and Sevastopol, for example, but now he is trying to make the least bad one”, the analyst said. Both Moscow and Kyiv would love to escape this situation, but “need to be able to offer their people the illusion of victory”.<sup>79</sup>

Real victory is still far away for both sides. Other than the ceasefire, implementation of the thirteen clauses of the February 2015 Minsk agreement has remained elusive. Only one, the intensification of the work of the Trilateral Contact Group, has been achieved, and with little substantive result. Monitoring by the Organization for Security and Cooperation in Europe (OSCE), is proceeding, though OSCE monitors encounter obstructions from both sides. There has been limited or no progress on most other provisions, including ad hoc exchanges of prisoners (the “all for all” exchange stipulated by the agreement is yet to be negotiated); preparations for constitutional reform and local elections; restoration of social and financial links; an amnesty; and the withdrawal of foreign armed formations, military equipment and a draw back from the separation line and the pullback of heavy-weapons.

Two key steps required by Minsk will soon force both sides to prove commitment to the process: definition of the special status for the separatist parts of Donetsk and Luhansk; and local elections in these areas under Ukrainian law following clarification of their special status.

Moscow’s desire for sanctions to be lifted as soon as possible will be an important factor in the next stage of the Minsk talks, but Moscow is keen to shift responsibility for next steps to Kyiv. The second and decisive Ukrainian parliament vote on constitutional changes should by law have been held no later than early February. The changes, which Minsk stipulates should be “permanent” (постоянное), include “an element of decentralisation” that takes into consideration the “specificities of certain districts of Donetsk and Luhansk oblasts”.<sup>80</sup> The wording has divided Ukrainian political opinion, and President Poroshenko has been unable to gather the needed support. A final vote is unlikely before summer 2016, and Russia is already accusing Ukraine of dragging its feet.

This will be less of a problem in Kyiv, where public support for Minsk is steadily waning.<sup>81</sup> Ukrainian political leaders are aware that international attention has shifted from their conflict to Syria and believe that the EU consensus in favour of sanctions will end in the next half year, though senior Western diplomats say that U.S. and key

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<sup>79</sup> All quotations from Crisis Group interview, Donetsk, August 2015.

<sup>80</sup> Translated from the official Russian version of the treaty, available on the OSCE website, [www.osce.org/cio/140156](http://www.osce.org/cio/140156).

<sup>81</sup> A well-regarded Ukrainian poll in late November reported 16.1 per cent of respondents were positive toward Minsk, down from 34 per cent in March 2015. Razumkov Survey, November 2015. Razumkov Centre, <http://razumkov.org.ua>.



Western leaders are firm on maintaining them.<sup>82</sup> Moscow will try to capitalise on the first cracks in unity that appeared in the December 2015 debate about their roll-over and that likely signal further debates to come.

Some influential members of Ukraine's ruling coalition are lobbying hard for their own version of a frozen conflict. This would, a leading proponent said, essentially close the border for two or three years. They argue that the full Minsk settlement would require Kyiv to bear the cost of rehabilitating and maintaining the east, while regaining at best control only in name. Proponents of the approach fear that Moscow and its allies would retain strong influence over political and military structures in the former entities. They believe a freeze, on the other hand, would force Moscow to pay for the reconstruction and upkeep of the entities and prevent the populations, which they suspect are largely pro-separatist, from voting in any elections while Ukraine tries to pass unpopular economic reform and faces continued Russian subversion.<sup>83</sup>

If Ukraine's major concern is to keep Russia at bay and sanctions in place, the Kremlin seeks to capitalise on Western impatience with Poroshenko to have sanctions lifted. In mid-January, it appointed a new representative to the Minsk Contact Group, the high-ranking but supremely cautious Boris Gryzlov. The same week it proposed the talks between Surkov and U.S. Assistant Secretary of State Victoria Nuland. Both moves were described by senior Western diplomats as an effort to show desire to move ahead with Minsk. However, the next Trilateral Contact Group meeting recorded, as usual, no progress.<sup>84</sup>

In December 2015, a think-tank with close links to Surkov described Ukraine's Minsk policy as imitating support for the peace process, while in fact hoping for its rupture. Russia was the "most principled of those involved in peace effort" and stands for a "strict, literalist implementation" of the peace agreement, it asserted.<sup>85</sup> The think-tank offered four scenarios for Minsk: an optimistic, but implausible one resulting in full implementation; a realistic one that would "put the brakes on the process" and achieve a settlement over three to five years; a pessimistic one of a frozen conflict "for many years if not forever"; and a "catastrophic" one of resumed and long-term military hostilities.

With the Minsk process bogged down, the two key leaders find themselves under separate pressures. Russia's deep economic problems make it important for Putin to obtain an end to sanctions. Poroshenko is increasingly aware of intense opposition to Minsk from the Ukrainian political establishment, as well as growing doubts from his Western backers about his commitment to reform.

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<sup>82</sup> Crisis Group interviews, senior Ukrainian official, Kyiv, 21 January 2016; U.S. officials, Washington DC, early January 2016; senior Western diplomats, Kyiv, late January 2016.

<sup>83</sup> Crisis Group interview, Verkhovna Rada member, Kyiv, 22 January 2016.

<sup>84</sup> See, for example, RIA Novosti Ukraine's summary of the 20 January meeting. "Донбасс: обмен пленными сорван, вместо режима тишины – усиление обстрелов РИА Новости Украина" ["Donbas: prisoner exchange broken off, instead of a regime of silence – increased shelling"], <http://rian.com.ua/story/20160121/1003899624.html>, 21 January 2016.

<sup>85</sup> "Minsk Agreements, results of 2015, prospects for a resolution of the Donbas conflict, political aspects", Centre for Political Conjuncture, <http://cpkr.ru/ru>, December 2015.

## VI. Conclusion

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Indications that Moscow is simultaneously examining several possible outcomes are not new in Vladimir Putin's Russia. Improvisation is an inherent part of its policy-making process. Some prominent Russian analysts, in public unflinchingly supportive of their president, say he is neither a tactician nor strategist, but a fatalist, making bold but uninformed decisions and embarking on risky political courses without fully knowing where they will lead. Such improvisation has contributed to some 10,000 deaths in Ukraine and could cost more without early, clear resolution of the problem.<sup>86</sup>

Full Minsk implementation would allow Russia to exit from eastern Ukraine with some dignity. It would require Moscow to wind up the separatist enclaves, thus abandoning the political thorn in Kyiv's side that it had hoped would further slow political and economic reform in Ukraine. Freezing the conflict has its attractions. Moscow's allies would remain in control and pressure would be maintained on Kyiv. A situation of neither war nor peace would hamper reform in Kyiv, but benefit corrupt figures there, rich separatist leaders and possibly some among the Moscow elite. It would also postpone thorny problems, such as what to do with the DNR and LNR militaries and reinforce warnings to other neighbours of the risks of closer ties with the West. But it would cost Moscow a lot of money.

The EU, U.S. and allies must keep the pressure on Moscow to take steps to clarify and demonstrate its intentions. And they should never forget that the military option is still on the table for Russia, which has kept its pipeline to the entities open and has shown itself ready to use its troops on Ukrainian territory. While pressing Moscow on its plans, therefore, international actors should both warn President Putin explicitly of the dangers of substituting something else for Minsk and remind him that if he wishes to extricate himself from eastern Ukraine, they can help. Moscow, for its part, should confirm that it accepts the Minsk process requires the end of the LNR and DNR as separate political entities with their own militaries. It should explain how it intends to disarm those quite large, well-equipped and Russian-controlled forces, and it should work with Kyiv and international institutions to accomplish full implementation of Minsk.

**Kyiv/Brussels, 5 February 2016**

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<sup>86</sup> As of 8 December 2015, the UN Human Rights Monitoring Mission in Ukraine (HRMMU) put the figure conservatively at 9,098 killed and at least 20,732 wounded, [www.ohchr.org/Documents/Countries/UA/12thOHCHRreportUkraine.pdf](http://www.ohchr.org/Documents/Countries/UA/12thOHCHRreportUkraine.pdf). Specialists believe this estimate, derived in part from official figures on both sides, may be much too low.

Appendix A: Map of Ukraine



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