DETERMINANTS AND POSSIBLE SCENARIOS OF POST-CONFLICT DEVELOPMENT IN EASTERN UKRAINE
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Introduction

A speedy settlement of the armed conflict in the East of Ukraine and ensuring sustainable development in the region are essential prerequisites to the successful movement of Ukraine towards European integration. At the same time, a return to normal civilian life is possible only in case of a successful completion of the anti-terrorist operation, the cessation of active hostilities and the elimination of preconditions for the ongoing underground resistance, in which the neighboring country is and, obviously, will continue to play a destructive role. In addition, there are a number of complex issues in the region; and the success or failure in providing solutions to them will be determined by the options of development after the completion of the armed phase of the conflict.

By early July the security situation in the regions of eastern Ukraine is and probably will remain for some time fragmented, uneven with some latent centers of armed resistance and sabotage actions. Despite the fact that support to the separatists from the region's population is significantly decreasing, the use of military force causes dissatisfaction of a certain part of the population, especially the pro-Russian citizens. On this basis, separate social groups who are carriers of the cultural way of war and focus on the final resolution of the conflict through armed struggle are formed.

Therefore, stabilization of the situation and settlement of conflict in the East will require hard work to form such values and normative perceptions of the population, that will make the intentions and practical measures of the current government legitimate and necessary in the minds of the vast majority of people. In particular, this applies to the use of military force against terrorists, establishment of constitutional order by law enforcement agencies, as well as humanitarian and restoration measures implemented by local authorities loyal to Kyiv.

Creating a new socio-political situation with a clear vision of positive prospects for further socio-economic development of the region and different population groups is the only guarantee of stability.

**The analytical report consists of two parts that outline the determinants and suggest possible scenarios of the development of events after the settlement of the armed conflict in Eastern Ukraine.** Among the determining factors of the development of conflict in Eastern Ukraine are:

- lack of loyalty from the population to the project "Ukraine";
- uncertainty of the political elite, crisis of power (limited influence of the central government and the unclear prospects of its strengthening);
- distorted economic structure of the region;
- controversial international aspects of influence;
- an increase in the importance of the public opinion and positive changes in the social background after the restoration of constitutional order in Donbas.
Possible scenarios of conflict-settlement and post-conflict development in Eastern Ukraine:

1) Restoration of central government control and the functioning of government institutions in Eastern Ukraine.

2) Gaining autonomy by a part of Donbas, with the rights of a separate entity with broad powers (East-Ukrainian Autonomous Republic, the Donbas Republic).

3) Full separation of a part of Donbas, with the rights of a self-proclaimed sovereign state “Donbas Republic”. The accession of part of Eastern Ukraine to the Russian Federation as a separate federal entity or as part of Rostov oblast of the Southern Federal District.

4) Maintaining the status quo for some time, "palestinization" or "uncertain territory."
1. DETERMINANTS OF POST-CONFLICT DEVELOPMENT IN EASTERN UKRAINE

Settlement of the armed conflict in the East of Ukraine and the probable restoration of formal control by central government over the situation in the region does not ensure guaranteed normalization of the situation. Despite the increase of factors normalizing the situation following the cessation of the armed confrontation of separatists and establishment of rigid control over the Ukrainian-Russian border, there are real threats of negative scenarios being developed.

The obstacles preventing positive development of the post-conflict situation in the region - terrorism, partisan war, diversions, sabotage inspired from abroad and supported by former criminal “owners” of Donbas, will clearly remain for a long time to come. There is a real threat to the territorial integrity of Ukraine through “palestinization” or “olsterization” of eastern regions, and in the event of direct military intervention by the Russian Federation – the “Abkhaz-Transnistrian” or “Crimean” options are hypothetically possible.

The main determinants that provoke the probable negative development of the post-conflict situation are:

- lack of loyalty from the population to the project Ukraine – rejection of Ukrainian government institutions by the majority of the population, the European development vector; post-soviet «capsule nature» of the population and the lack of a positive image of the region's future within the framework of the unified project Ukraine and lumpenization;
- distorted economic structure of the region;
- uncertainty of the political elite and partial loss of trust on behalf of the population, which has lead to the crisis of local authorities;
- negative international aspects, which are characterized by multi-vector influence on the situation by subjects at the international level – the relationship between RF and EU, the relationship between Ukraine and EU, the US influence and that of NATO, as well as the influence of Russia, which supports post-soviet and separatist sentiments with the aim of preserving instability in the region and Ukraine.

At the same time, there are grounds to mark the presence of new positive tendencies (internal and external), which have the potential to make a positive influence on the development of the post-conflict situation after the armed conflict is settled. Positive development implies above all the restoration of central government control and the functioning of state institutions in the East of Ukraine.
1.1. The lack of public loyalty to the project Ukraine

In general, it should be noted that numerous residents of Luhansk and Donetsk regions do not identify themselves neither with Ukrainian, nor with Russian ethnicity, but consider themselves as a separate people – the residents of Donbas, with the mentality of Soviet people."

This is the result of decades of manipulations with public consciousness by political leaders of the region, conscious conservation of communist and socialist traditions, its information and cultural isolation. The purpose of this was to make control of the region easier, including exploitation of labor and natural resources by local elites that suit Kyiv, with its interest in the stability of the region. Miners' strikes became a common way to blackmail the central government by the people that carried out political and social control of the region for decades.

The peculiarity of local elites - the gradual unification of Communist Party functionaries and managers of mines with criminal leaders and the creation of criminal-oligarchic clans. They carried out privatization and redistribution of resources in favour of the Akhmetov clan after a number of criminal wars. The political life was privatized by the Party of Regions, the main aim of which was to protect the business interests of major oligarchic clans.

The criminal method of asset acquisition, receiving income, the need to legalize and develop business abroad led a number of people to a dependency on Russia's security services, which ensured cooperation with powerful Russian business and criminal clans, participation in lucrative schemes, money laundering. Law enforcement agencies performed a service function, were on an allowance. Appointments of personnel had to be approved by the real owners of Donbas, the leadership was dependent on them.

The peculiarity of the region led to the preservation of criminal culture, high crime rate (according to the indicated number of reported crimes the Luhansk and Donetsk regions traditionally occupied the second and third place after the Crimea). Every fourth inhabitant of these regions has a criminal record.

The Donbas elites deliberately cultivated a type of a socially passive, devoted to the owner, dependent citizen. The population was seen as a resource for exploitation. Social and cultural needs were met within the required limits, for providing basic necessities of life, not to cause dissatisfaction. Human rights, that went beyond the survival needs — freedom of speech, the right to a fair trial — were completely ignored. Human rights and independent journalism in Donbas was a dangerous business, even to the point of loss of life (the case of O.Aleksandrova).

As a result, the social behavior of the average citizen of Donbas is passive, has a tendency to a paternalistic perception of the state and the owners / enterprises' management.

This lifestyles has a simple algorithm: go to work, receive wages; do not show discontent, do not protest; do what is ordered. In private life there is a rooted rejection of those who are "too smart" or "want too much."

Encapsulated in the Donbas realities, culturally and mentally the region remained on the periphery of Ukraine in the virtual post-Soviet space. Traditional use of Russian, lack of motivation to learn the Ukrainian language, rootedness of the Soviet historical myth with ineffective cultural policy have also prevented the integration of Donbas into Ukraine.

To date, the East Ukraine is witnessing the loss of the conflict's essence for most people, fatigue from military actions and a search for any way out, leading to a cease-fire. This situation affects the mood throughout Ukraine, especially in the south-east, causing the formation of two current trends that should lead to a truce:
(1) ATO intensification, 
(2) cease-fire and negotiations with the rebels.

The success of the occupation and annexation of the Crimea by the Russian Federation, propagandistic images in the Russian media about a radical improvement in the lives of citizens (increased pensions, salaries) led to the population's expectations of Donbas being transferred to the control of Russia through the same scheme. The federalization project (creating an autonomy) and subsequent separation from Ukraine was also perceived as a quite realistic scenario.

Inability to develop in a safe and transparent environment caused creeping migration of the most active population from the region — representatives of small and medium-sized businesses, intelligentsia that could fulfill themselves outside the region, abroad. Armed conflict, ATO increased this tendency significantly. At the same time, easy access to weapons, anarchy, impunity led to an increase in the proportion of the under-classed layer of the urban population. Armed marginals were able to enrich themselves at the expense of other citizens, to dictate their terms. Precisely this "proletariat" was the driving force of the Bolshevik Revolution of 1917 and the grave digger of intellectuals, the productive forces of Russia of the time.

A separate problem is the state of information policy in Donbas, including the media sector, which does not allow to generate a positive image of the project Ukraine:
- the population's tendency to watch Russian and Russian-language channels makes it difficult to make an influence by the central channels in the Ukrainian language;
- dissatisfaction regarding disabling Russian information and cultural products (which are often of better quality) leads to a sense of violence and restrictions of cultural rights of the Russian-speaking population;
- discredit of the national media, which does not position itself as that, which represent the interests of the people of Donbas, instances of conscious or unconscious distortion of information, the use of incorrect vocabulary from the population's point of view ("padded jackets", "colorados") as the generally accepted one leads to alienation of people from the content informational messages that they broadcast;
- lack of local influential media-figures, which creates a pattern of domination of the "Kyiv media class," which in turn reduces the level of trust towards the public media;
- presence of Russian television viewing and use of the Internet by the population leads to the absence of monopoly power on the nature of perception of events by the public;
- involvement in military units not local residents, but representatives of central and western Ukraine; the presence of the existing for many years social and cultural exclusion in historical memory, language and identity creates preconditions for perceiving ATO as a process of occupation with alien purposes regarding the interests of the public.

Conclusions:

1. When creating plans for the post-conflict development of Eastern Ukraine one should consider the fact that most of the residents of Donbas do not associate their future with the implementation of the joint development project of a democratic, European Ukraine. The solution of the problem is expected to be provided by Russia, V.Putin personally. This is the result of poverty, continuous anti-Ukrainian propaganda, rooted 'Donbas' identity and soviet myths. The policy of the Russian Federation in Donbas, aimed at achieving region autonomy, is generally in line with the expectations of a large part of the population.
2. There will remain a large number of people potentially ready to continue armed resistance under favourable conditions; the threat is enhanced by the presence of a large number of weapons in public domain. The group of armed lumpen, who do not recognize any moral standards or limitations, should be considered as a hostile towards the Ukrainian project.

3. A dialogue can be established with the “ideological” followers of the Donetsk separatism, even armed ones; attempts can be made to channel the armed conflict into a political perspective – enable separate regional movements to politically identify, on condition of rejection of armed settlement of the problem.

4. The implementation of economic projects, including the development of small and medium-sized businesses, will be inhibited by the quality of the population. From a socio-economic perspective it is largely passive, low-qualified, without aptitude for learning, showing no interest in getting further training or re-training. Moods of traditionalism, abstention and criminal behavior prevail. Mining is the most acceptable, comprehensible way of making a living. Clear, comfortable are the semi-feudal legal-relationships of «worker-owner». Attempts to change this way of life will meet cautious attitudes, rejection.

5. The situation of fatigue from military actions is formed, certain apathy and a readiness to accept any positive scenario that would lead to a peaceful settlement.
1.2. The uncertainty of political elites, power crisis

The heads, the owners of the Donetsk and Luhansk regions from the beginning of the crisis (before its conversion into armed conflict) have not declared their pro-Ukrainian state position. This was due to the high level of dependence on the old clan ties to Yanukovych and his family and the business environment, as well as the Russian oligarchic circles close to V.Putin (V.Novynskyy).

In view of this, the interim government of O.Turchynov was limited in the choice of "players" — the stabilization of Donbas depended on the real owners of the industry in the region. The government adopted a passive-waiting position. No changes were made in the administration appointed by Yanukovych and "the family". Real management of territories was not carried out.

Since his appointment S.Taruta practically has not meet with regional MPs, has not worked in the Regional Council building. Communication with the apparatus was carried out through assistants.

Virtually, no work was conducted among the population - no attempts were made to win over the pro-Ukrainian residents of the Donetsk and Luhansk regions, involve their potential. No attempt was made to explain the position of the central government, the current political state to the rest of the population. Instead, myths of fascists coming to power in Kyiv, of Donbas feeding Ukraine, of Banderas who will come to take revenge on the local population were strengthening.

The municipal press "Municipal newspaper" in Donetsk was one of the bearers of anti-Ukrainian propaganda, that antagonized the region and city leaders.

No measures were taken to prevent separatist insurgencies, taking over buildings of local government. The organizers and saboteurs among police officers were not punished. S.Taruta adopted a waiting position, R.Ahmyetov — a latent pro-separatist one, A.Yefremov — a frankly pro-separatist. Rallies of DNR were protected by the Donetsk police, by order of the PR management. The killings and beatings of Ukrainian supporters was in fact encouraged. The loyal, conscious population was betrayed, frightened.

The business and political clans do not see an opportunity to participate in the development project of a democratic, European Ukraine without substantial losses. It will mean a loss of opportunities to obtain preferential treatment from the budget, tax evasion. Playing by transparent rules will significantly affect the competitive environment. There is a growing threat of raid activities from clans, that supported the integrity of Ukraine (Kolomoysky). There is a threat of prosecution for the funding of counter-revolutionary and separatist activities, crimes of past years.

In addition, the Donetsk-Luhansk clans are associated with the RF through their business interests, are often under the control of their security services, and, therefore, can not adopt a pro-Ukrainian position.

There was no reformation of law enforcement agencies, the process of establishing self-defence units was not controlled.

For a decade or more, the region's law enforcement agencies ensured the clans' needs of resource exploitation. As a sign of gratitude, the authorities of law enforcement agencies covered up for all "legal and criminal activities", and received a fee for loyalty. Appointments at all levels and units had to be approved by the real owners of the region, and, as a rule, had to be paid for. Police corruption became a system.

For this reason the administration of law enforcement agencies, including the police, had serious reasons to expect an investigation into their activities, repressions. Confidence in the fact that oligarch-owners of the region, who bought their services, will need them, profitable motives led
to the betrayal of Ukraine. After some hesitation the ranks also supported the separatists, due to the support that had been declared to the project of federalization by the majority of the population of Donbas on the 'referendum'.

Conclusions:

1. The political leadership of the Donetsk and Luhansk regions failed to seize the opportunities to prevent separatist scenarios in their regions. Instead, the potential for conflict was used in an attempt to dictate terms of Kyiv. By the time the conflict was out-of-control and began to grow into a civil war, the time to settle the situation had already been lost - the loyal and active citizens were intimidated; Yanukovych and Russia were able to implement their scenarios with the help of mercenaries, lumpen and disoriented citizens.

2. There are no grounds for confidence in the state position of the business and political clans of the Donetsk and Luhansk regions, the administration of law enforcement agencies. They exhibit dependence on Russia; their survival is connected with the independent, pro-Russian development project of Donbas. Direct military aggression will obviously be supported by politicians, the current leader of the DPR, the LPR and the "New Russia".
1.3. Distorted economic structure of the region

Donbas is one of the most developed industrial regions of Ukraine, which creates the fifth of the country's GDP and has significant resource and export potential. However, the region's economy is characterized by factors that have a negative affect not only the region but the country as a whole, and create challenges in the context of reforms and the European-integration agenda.

The economy of Donbas (the Donetsk and Luhansk regions) has a rather high industrial production concentration rate, particularly in such fields as production and delivery of e / e, gas, steam (20.8% from the all-Ukrainian figure in 2013); metal production and its products (43.8%); the mining industry (32.4%); the chemical industry (28.8%); engineering (22.8%).

The Donbas economy is characterized by high levels of capital concentration in the framework of several financial-industrial groups. We will note that in the Forbes Ukraine ranking, mapped in 2013, the first three spots are given to enterprises from Donbas, in particular "Metinvest", "DTEK" and ISD. The first two are the foundation for Ukraine's most powerful financial-industrial group R.Akhmetov SCM, which provided the production of 7% of the country's GDP according to the results of 2012. SCM accounts for over 45% (in the 4 months of 2014) of coal production in Ukraine, more than 50% in the production of iron ore and steel in Ukraine. About 63% of all the capacity of thermal power plants is concentrated in the “DTEK” enterprises (2013). High concentration of assets in the hands of one person makes it possible to get benefits, inherent to monopolistic / oligopolistic market systems, and additional leverage to put pressure on the government to obtain certain privileges.

Large enterprises of basic industries, that make up the financial-industrial groups, are the basis of the region's economy, which is manifested in them providing employment, filling budgets, creating demand for related industries, including for small and medium-sized businesses. Therefore, the production figures of large enterprises have an impact on the socio-economic situation in the region, while the role of small and medium-sized businesses in the region is less important, than on average throughout Ukraine. For example, in the Donetsk region the share of large enterprises in the sales volumes of products and services reaches 53.2% vs. 41.9% throughout Ukraine, and medium-sized and small - 46.8% vs. 58.1% throughout Ukraine (2013).

Limited diversification of exports, which leads to high volatility of export earnings and the dependency of the region's economy on changes in market conditions and protection measures in major sales markets. The Donetsk and Lugansk regions have a significant export potential, accounting for approximately 25.1% or $ 15.9 billion (2013) of Ukraine's export earnings from trade. The main sales markets are still CIS countries (mainly Russia). Lately, the role of the Russian market as the sales market has been gradually decreasing. Thus, the share of Russia in the exports from the Luhansk region was 43% in 2012, and in 2013 — 35.4%. In the Donetsk region - 22% and 19.7%, respectively. Meanwhile, the share of the EU market is gradually growing, but it can not yet compensate for the decline in the Russian market (the share of EU
countries in the regions' exports accounted for about 25% in 2013). In the total exports of the region there is a large proportion of goods with a low level of processing and value added (mining industry, metal products - more than 60% of total exports of the region), prices on which are characterized by significant volatility in world markets. At the same time, a high dependence on one sales market is characteristic of export of products with high added value (low geographic diversification). Thus, the share of engineering products in the exports of the Luhansk region is 22%, Donetsk - just over 10% (2013). At the same time, the RF remains the main sales market for machinery. Supplies of certain branches of engineering to the Russian market account for up to 70-80% of total exports in these sectors (e.g. carriage-building and pipe industry). These industries are now experiencing the most significant decline due to aggravation of the Russian-Ukrainian conflict.

**High energy dependence of the region's economy.** The region is — the leader in energy consumption, it produces about 16% of gross value added products in Ukraine, and consumes more than 25% of energy resources (including industry, residential sector, construction, the service sector and agriculture). The high level of energy consumption is conditioned by the industrial production structure (dominated by energy-consuming industries) and a large proportion of old energy-consuming technologies, high levels of physical and moral wear of the major production assets of industrial enterprises. The main consumers of energy in the region are - industry (metallurgy, mining, manufacturing of non-metallic mineral products, chemical industry) and the residential sector. High energy-consumption of the products of industrial enterprises have a negative impact on product competitiveness. Over the past five years energy efficiency in the steel industry has been gradually increasing (due to the modernization of blast-furnace production), but it is still significantly lagging behind European figures.

**The region's enterprises are deeply involved in the system of industrial cooperation with enterprises from other regions.** Because of the intensification of military conflict in the East of the country there is an increased risk of violation of interregional industrial linkages and disruption in the functioning of basic industries in the region, including MMC, engineering, etc. For instance, the majority of enterprises in the Donetsk and Luhansk regions are involved in the production of steel, while the main raw iron ore base is concentrated in the Dnipropetrovsk region (Kryvyi Rih). Thus, the production figures of companies in the region have a direct impact on business activity in other regions.

**Dependence on direct budget subsidies and preferences.** Despite the region's significant contribution to the state's GDP, there is a serious imbalance at the level of contributions to the state budget and receiving budgetary allocations. In addition, the low efficiency of the private enterprise and public sectors creates the constant need for financial support from the central budget. In 2013 the contribution of the Donetsk and Luhansk regions to the revenue was 14.6 billion UAH or 4.3% of state budget revenue. However, the budget expenditure on these two regions accounted for about 52 billion. UAH or 13% of total costs. The most subsidized is the coal industry. According to statements by the Prime Minister A. Yatsenyuk, government subsidies on state-owned coal enterprises of the Luhansk and Donetsk regions in 2014 will amount to 34 billion. UAH (including covering for losses on mines and miners' wages).
Conclusions:

1. The economy of Donbas is characterized by a high level of monopolization and merger with the public sector, which leads to distortion in the functioning of product markets at local and national levels, creation of barriers for foreign strategic investments, the use of non-market mechanisms of cross-subsidization in the formation of tariffs for services of public monopolies. Meanwhile, large enterprises contribute greatly to the establishment of business activity and social indicators in the region, which gives them political leverage in dealing with their personal issues.

2. The economy of the region is particularly vulnerable to the external state of affairs (economic and political), as the dynamics of the industrial production in the region is defined by the export index of core industries. Due to the limited diversification of sales markets and commodity structure the Russian factor still has a significant impact on the socio-economic situation in the region.

3. High energy dependence of the region's economy is a risk factor for the region, as industrial performance and competitiveness of the products are very sensitive to increases in energy prices.
1.4. Controversial international aspects of influence

The ambiguity of the international aspects of impact is caused by the complexity of the geopolitical and geo-economic situation in eastern Ukraine, which forms the many-sided structure of relationships, among which the following can be defined:

- Russia's support of the post-Soviet movement in the East, which does not recognize the legitimacy of Ukraine;
- recognition on behalf of EU and U.S.A. the legitimacy and territorial integrity of Ukraine and the carrying out of ATO in the East as an adequate instrument of control over sovereign territory;
- maintenance of good-neighborly relations between the EU and the RF and the unpopularity of sanctions against Russia;
- support from the U.S.A., UK and other Commonwealth countries through economic sanctions against Russia, which they recognize as the aggressor in eastern Ukraine;
- Poland's and Lithuania's support of the Ukrainian central government and the carrying out of ATO in the East.

As a result of the conflict in the East of Ukraine conflicts have arisen between the geopolitical and geo-economic interests of the EU countries. On one hand, they politically support Ukraine in signing an Association Agreement with the EU and condemn the actions of the Russian Federation. On the other hand, EU countries, that feel a potential threat from the Russian Federation, with the exception of Poland and Lithuania, are not ready for economic sanctions and act as Russia's economic allies contrary to their political and military allies from the U.S.A. and Great Britain.

The East of Ukraine, especially Donbas, have been developing in the context of the post-Soviet environment under the dominating influence of Russia, practically beyond the context of the project Ukraine, which resulted in:

- information and mental dependence on Russia, infection of awareness with artificial fears ("Bandera", "the Right sector");
- alienation from Ukraine; rejection of the Revolution of dignity, the interim government;
- hostile perception of Ukrainian armed units, identifying them as invaders and aggressors;
- supporting efforts to create separatist quasi-states (DPR, LPR, New Russia) until joining the Russian Federation, under the influence of the annexation of the Crimea.

There is a high probability that Russia will continue the strategy of "frozen conflict" by supplying arms and mercenaries to the conflict regions. We can not rule out the organization of sabotages on critical infrastructure objects and the implementation of other types of subversion.

This is conditioned by the political and economic interests of the RF:

Political objectives – failure of European and Euro-Atlantic integration of Ukraine (EU, NATO); creating conditions for making democratic development impossible; deceleration in economic growth; resource subsiding. This objective is achieved through the creation of a permanent place of "smouldering conflict", which will make peaceful development of the state impossible. The territories controlled by separatists will be used as a base for spreading instability throughout Ukraine. The need to increase military presence in Donbas; rebuilding damaged
infrastructure, housing, etc. will require considerable money resources. Partisan warfare, sabotage and terrorist attacks with potential victims will keep the society in constant tension. A desirable objective for the aggressor is achieving the state of humanitarian disaster in the eastern regions, that would be a cause for a more intensive intervention in the internal affairs of our country and will serve as an argument to discredit Ukraine in the international arena. The onset of winter cold, the destruction of objects of critical infrastructure enhance the probability of achieving the goal of aggression.

Foreign financial aid under such conditions may be ineffective, the economic projects - a failure. Gradually, Ukraine will lose its reputation and support from the EU, U.S.A. and international financial institutions. The ultimate goal - a change in the political leadership resulting from unpopularity, bankruptcy. Next — restoration of Russian control through puppet politicians, fragmentation and destruction of Ukraine as an independent state.

The use of military forces in achieving these strategic objectives can not be ruled out. This can manifest itself in the actions of destabilization of the border; support of separatists by providing weapons, military equipment; implementing measures of radio interception, interception of communication channels; support from the air, supplying mercenaries, sabotage and provocations by military personnel, wearing Ukrainian uniforms.

There is the probability of military aggression by "hybrid" measures, such as: intervention into the territory of Ukraine of troops without the markings of "self-defence", under the emblem DPR army (scenario of annexing the Crimea); Russian peacekeepers (humanitarian disaster, the rescue of Russian-speaking citizens - South Ossetia scenario); Russian rescuers (technogenic accident with possible negative consequences for the population of the Russian Federation). There is also the possibility of a direct military aggression under any pretext, as a result of a planned provocation.

Tactics that have already been tested in CIS countries: occupation of territories, establishing control with the support of local government and law enforcement officials, holding "elections", the implementation of the outcome of the referendum on the independence of Donbas, the recognition of the newly created state. Cancellation of the Federation Council's permission on the intervention in Ukraine is a misleading step. Such decisions are technical and are made / canceled promptly.

There is a probability of further stirring up of the “Cossack” movement for the restoration of the Vsevelike Vysko Donske territory (Don Republic) on the territory of Donbas up to the establishment of a separate cossack government with relevant figures from Russia and Ukraine; formulation of territorial claims.

Economic objectives. Russia is interested in maintaining full economic control over the industrial potential of the region. In the 2nd half of the 1990s, and especially after 2010 a significant part of the industrial potential of Donbas became the property of the Russian oligarchs and financial-industrial groups: V.Novynskyy (Putin's confidant), V.Nusenki, I. Zyuzin, D. Zhvania, "Vnesheconombank", "Transmashholding", "AtomEnergoMash", "TNK-British Petroleum." Today, Russia controls a significant portion of the metallurgical enterprises, petroleum products, machinery, among which are companies of strategic importance.

It is necessary to consider the possible international actions, that have a low probability at present regarding the situation in East Ukraine:

- intervention of peacekeeping forces with a UN mandate;
intervention of Russian peacekeeping troops under the "umbrella" of the Collective Security Treaty Organization on humanitarian or man-caused disaster, that threatens the territory and citizens of the Russian Federation;

- de facto recognition by the EU, U.S.A. and Russia the leadership of the DPR and the LPR or other quasi-state concentrations in East Ukraine, which have armed forces, as subjects of ceasefire negotiations.

These actions or a lack of actions will affect the situation in East Ukraine, which can be solved according to the scenarios presented in the second part.

Conclusions

1. **International impact on the conflict in the East of Ukraine is multi-vector, which represents the conflict of the geopolitical and geo-economic interests of the EU countries and the U.S.A.** EU countries, that feel a potential threat from the Russian Federation, with the exception of Poland and Lithuania, are not ready for serious economic sanctions against Russia and act as its economic allies, at the same time maintaining the status of political and military allies of the U.S.A., which, in turn, rigidly acts on side of Ukraine against Russia in the conflict in the East.

2. **Russia will carry on implementing measures to destabilize Ukraine** and use the conflict in East Ukraine to achieve this goal. All measures will be used to keep the status of Donbas as a "hot spot" on the territory of Ukraine, including military actions.

3. **The Russian Federation is interested in the territorial division of Ukraine,** which will initiate the process of fragmentation, the creation of an autonomous or independent republic in its eastern part. The conflict along the lines of Russia - Ukraine is channeled into the manifested conflict along the lines of "Independent Donbas" — Ukraine.

4. **The RF government can make an effort to intensify the participation of political and economic elites of Donbas in the implementation of Russian scenarios.**

5. **A low probability arises of the intervention of forces with a UN mandate or CSTO or other structures** and possible recognition of pseudo-public entities, that have armed forces, as subjects of negotiations on a ceasefire.

6. **An increase in the economic cooperation between Ukraine and countries of the West, first and foremost the EU, will be the motive for regional elites to participate in stabilizing the situation.** Donor assistance, opportunities to open lines of credit to the corporate sector in the region and facilitate access to EU markets will accelerate the regional economy's way out of the crisis, become a stimulus for social stabilization.
1.5. The increased importance of public opinion and positive changes of social background after restoration of the constitutional order in Donbas

The Donbas territories, which were controlled by separatists, witnessed the establishment of a dictatorship of an aggressive minority, that ruled out the possibility of free discussion on the ways of the region's development. The DPR-LPR representatives usurped the right to speak on behalf of the people of Donbas. Management was carried out by a self-appointed "president" and "government", while local communities, separate individuals were excluded from the decision-making process.

According to opinion polls, from the beginning of the armed conflict, the dominating view of the population of Donbas was that the region should remain an integral part of Ukraine. The idea of separation of the region and the establishment of a sovereign republic in the Donetsk and Luhansk regions was supported by very few people. Most of those who wanted to live in a united country and did not want an escalation of the armed conflict found themselves in the role of hostages and were denied the opportunity to express their views with regard to the risk to life.

Quite a few patriotic citizens of Donbas did not want to put up with the separatists' tyranny and together with the armed forces of Ukraine started a fight for the restoration of constitutional order in the region. The example of residents of other south-eastern areas, who did not support the separatists, also helped strengthen the position of the patriotic forces of Donbas.

The rise in crime, the stand-still in enterprise activities and the general deterioration of living conditions have undermined the separatists' authority, definitively discredited the idea of creating a sovereign "New Russia". Lack of practical steps by Russia that would indicate a willingness and readiness to accept Donbas to its membership, was the cause of the crisis of confidence in the leaders of the Russian Federation. At present, the main requests from the population of the region is a request for the establishment of peace and restoration of legal order.

Restoration of constitutional order on the entire territory of Donbas should imply: ensuring personal security of citizens, setting up life support systems and a fully-functioning administration, recovery in the work of enterprises and utilities, timely payment of wages, pensions, providing assistance to those who is a victim of the armed conflict. By itself, the transition to peace will be the basis for a qualitative change of public opinion, a constructive shift in favour of a single state, legal order and democratic values.

It is of utmost importance that the people of Donbas actively participate in the work of local and regional government bodies, in the decision-making processes, that are important to local communities. Decision-making should be as transparent as possible, taking into account public opinion, provide various forms of discussion (public hearings and conferences, local plebiscites, citizen surveys, etc.). The implementation of projects of social and humanitarian nature (e.g., assistance to refugees) should actively involve NGOs.

It is important that the healthy forces of society, who see the prospect of the revival of the region in the context of Ukrainian-nationwide development, are involved in the restoration of the social and political processes in Donbas. Ultimately, this should provide improvements in public opinion in Donbas, strengthen the position of patriotic forces and the central government.
Conclusions

1. **Through the establishment of a military dictatorship by separatists in Donbas the legitimate political process has been stopped;** citizens, parties, local communities have been excluded from public debate and decision-making.

2. **Since the beginning of the political conflict a negative attitude to the idea of the separation of the region dominated among the people of Donbas.** Amid deteriorating living conditions, rising crime and worsening of the economic crisis the support for separatism has been steadily declining.

3. **Restoration of the constitutional order in Donbas, setting up life support systems for the population will definitely contribute to the expansion of the social base of the central government and the patriotic forces.**

4. **Transition to peace provides an opportunity for stating their position to those, who see the prospect of revival of the region in the context of a Ukrainian nationwide development.**

5. **Rebirth of public policy, the legitimate political process in Donbas will provide a qualitative change in public opinion** and its significance. Citizens must actively participate in decision-making. This will be facilitated through the use of various forms of conciliation democracy: public hearings and conferences, local plebiscites, surveys, etc.
2. POSSIBLE SCENARIOS OF CONFLICT SETTLEMENT

One should consider a number of possible scenarios of conflict settlement in Eastern Ukraine:

1) Restoration of central government control and the functioning of government institutions in Eastern Ukraine (normalization of the situation);

2) Gaining autonomy by a part of Donbas, with the rights of a separate entity with broad powers;

3) Separation of a part of Donbas, with the rights of a self-proclaimed sovereign state; an option – the accession of a part of Eastern Ukraine to the Russian Federation as a separate federal entity or as a part of Rostov oblast of the Southern Federal District;

4) “Uncertainty of the territory”.
2.1. Restoration of central government control and the functioning of government institutions in Eastern Ukraine

This scenario is possible under the following circumstances:
- successful completion of ATO (destruction and surrender of insurgents and mercenaries),
- active influence of the central government on the process of territory restoration, the creation of a national project to restore Donbas, attracting international aid;
- complete closure of the land border with Russia, defining the maritime border in the Azov Sea and taking it under control;
- gradual full recovery of controllability of the Donetsk and Luhansk regions by the newly appointed "Governors";
- full involvement of the loyal elites and population in the regions' restoration project;
- population reconciliation, disarmament, the establishment of law and order.

From the political perspective: post-maidan trends persist; political orientation towards European integration, participation in the Ukrainian project, overcoming corruption, democratization, gradual change of elites.

These goals can be achieved only through the use of military means, attracting considerable funds. There is the possibility of martial law being introduced in certain areas and settlements, carrying out active military operations, organization of anti-partisan and anti-sabotage activities.

The impact of Ukrainian and Russian clans on region management should be minimized.

In areas of martial law interim administrations and military commandant's headquarters will operate up until the situation is resolved. Power decentralization, providing solutions to a large part of the financial issues by local budgets will stimulate the development of the region and speed up its recovery.

Rebuilding settlements, public utilities, infrastructure, revival of enterprises, the return of refugees will require significant resources to be attracted, a target state program to be adopted (even better - the National Recovery Program of Donbas with international aid). The primary objective — is to help people, the population; the secondary objective - is the restoration of the industrial potential.

The question of local authorities must be solved on consensus terms: they have to be accepted by the population and, at the same time, cooperate with the central government. The central government should not only monitor the processes, but actively involve the local population in the reconstruction project.

The need to investigate military crimes and criminal offences, prosecution of persons who committed such crimes. The possibility of reparation to victims, restitution of stolen (expropriated) goods, real estate, businesses to their owners. The high level of criminogenic risks will be preserved, due to the absence of full-functioning police services (mot policemen have been dismissed for the violation of their oath).

The population should be asked to decide on their nationality and country of residence. Conditions for resettlement should be created for those people, who feel they are part of the "Russian world". Relevant agreements could be signed. The mere fact of negotiations on these
issues can shift the focus to the actions of the Russian side of the real protection and resettlement of displaced persons.

**Positive impact.**

Restoring the status quo will allow in the long run to:

1) implement a common foreign and domestic public policy, implement necessary economic and safety reforms, fight corruption;
2) overcome the "capsule nature" of the region, make way for its gradual integration in the "Ukrainian project" space;
3) in the security field: to address the issues of redeployment and reorientation of defence enterprises deeper into the territory of Ukraine; carry out the task of military construction - relocation of troops to the eastern border; saturation of the defence system.

**Risks:**

1. *The scenario eliminates the conflict, rather than resolves it.* The consequences could include significant number of civilian casualties; preserved potential for conflict (disloyalty of victims and dissenting citizens); sabotage on the part of law enforcement officials, authorities; partisan warfare behind the lines with a high probability of sabotage and terrorist attacks. The possibility of "exporting instability" to other regions of the state.

2. *The success of the project will depend entirely on the active influence of the central government on the restoration processes in the region, combating corruption, bureaucracy and indifference; persistent implementation of national policy; attracting international aid and investments.*

3. *Military action will have a negative impact on the economy of the region; part of enterprises could be destroyed, there could be a critical increase in unemployment, the threat of poverty and humanitarian disaster.*

4. *The maintenance and restoration of areas will take place mainly at the expense of the State Budget of Ukraine.* In times of economic hardship, transit state of the country and local governments, prosperity of corruption and intensification of the crime situation it will prove to be problematic and can cause a social explosion.

5. *The political and economy elites (clans) can not be completely loyal to Kyiv in the present situation because of connections with the former government and the Russian Federation.* Recovery of their influence in the region will bring about a return to criminal schemes, corruption of the central government and a new conflict. An attempt to minimize their impact on the life of the region, "squeeze" out of power will also cause conflict.

6. *Reputation loss for authorities: rejection by the rest of Ukraine — accusations of cooperation with former separatists, inhibition of reforms in the East, creating a "reservation" for former regionals (people from the Party of Regions), "titushky", etc.*
<table>
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<th>Conclusion:</th>
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<td>The option of normalizing the situation in the region requires time, it can be achieved by major military efforts, casualties; is costly. The success of the scenario is provided only through the active and consistent policy of the central government, reformatting of local government, involving the population in the &quot;Ukrainian project&quot;. The influence of conflict factors will be preserved to a large extent.</td>
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2.2. Gaining autonomy by a part of Donbas, with the rights of a separate entity with broad powers (East-Ukrainian Autonomous Republic, the Donbas Republic)

The scenario complies with the federalization plans and allows to minimize the impact of some conflict factors. This implies broad autonomy in matters of determining the form of government, budgeting, establishment of local police forces, language (Russian), educational and cultural policy, the organization of health care. All these issues can be successfully resolved within the framework of autonomy while maintaining the integrity of the state border.

To maintain control over the autonomization process one should turn to the scenario of territorial autonomy East Ukrainian Autonomous Republic" or The Republic of Donbas," with the capital in Donetsk through the unification of parts of the Donetsk and Luhansk regions.

The conditions of this scenario:

It is possible in the result of harsh agreements - autonomy in exchange for peace (for example of the Israeli-Palestinian conflict).

Border troops, law-enforcement agencies (in matters of jurisdiction of Ukraine), divisions of the Ukrainian Armed Forces can not be formed on the territorial principle, which will require significant expenses.

This scenario would require amendments to the Constitution of Ukraine and the adoption of special laws, a number of regulations. The transition period could be lengthy.

Positive impact:

- Taking into account the interests of the political and economic elites and much of the population, the possibility of their involvement in the construction of state and restoration of territories; transfer the process of finding solutions to a number of economic and social problems to the local level; the possibility of attracting Russian funds to rebuild the region. A recovery of corrupt schemes will tell upon the local budget. Social negative sentiment (in case of economic and social hardship) will be directed at local authorities.

- Reserving the right of the central government to continue influencing the management of the autonomy through involvement in governance (representation in government), participation in national economic projects.

- Successful economic development of Ukraine could have a positive impact on the further development of the region as part of the Ukrainian project and weaken tendencies for autonomy.

- Refugees and part of the business may come back and recover the rights.

There is a number of problematic issues and risks, that may negate the scenario and harm the interests of Ukraine:

- territory borders and the number of autonomous entities. A change in the administrative borders of the regions of Ukraine is possible, as not all of territories of the Donetsk and Luhansk regions are willing to accept this scenario.

The population of the Chervonoarmiisk, Dobropolye, Alexander, Velikonovoselkovsk districts of the Donetsk region has independently elected heads of district administrations, who have been
appointed acting President. These areas remain loyal to the central government and have expressed their position on joining the Dnepropetrovsk region on the local referendums. The accession of part of the Luhansk region to the Kharkiv region is probable.

The territory borders should be decided by referendum, but in the post-war conditions, with the likelihood of violence, their effectiveness is questionable. Therefore, the autonomy borders can be identified by the fact of territory control by leaders of the self-proclaimed republics.

- the possibility of two / three autonomies being created - within the existing territories controlled by the DPR, LPR, and areas of Mariupol or Lisichanskaya. However, this will cause their instability, uncontrollability, and increase the number of instruments to influence Ukraine by the Russian Federation;
- problems in determining the party / parties in conducting negotiations on autonomy; lack of unity among separatists;
- the ability to implement their own customs policy could threaten the economic interests of Ukraine and facilitate smuggling;
- attempts to conduct their own foreign policy that runs contrary to the national interests of Ukraine on European integration;
- initiation of autonomy processes of Transcarpathia and Galicia;
- inhibition of anti-corruption, law reforms;
- continued separatist sentiments, cultural isolation of the region, Russian cultural and political influences;
- a revival in the influence of the old oligarchic and criminal clans, represented in the central government - the opportunity to influence the policy of Ukraine;
- the deployment of the Armed Forces of Ukraine in the East, relocation and reorientation of defense enterprises will be hampered by the autonomy leadership;
- the issue of the autonomy leadership and Russia insisting on the establishment of the Customs Union economic regime, which will lead to an internal customs borders.
- significant reputation loss for the central government, the President of Ukraine - the scenario is perceived as partial surrender by the proponents of a unitary state, the right-centrists, nationalists.

Conclusion:

The scenario of Donbas gaining autonomy is time consuming, less costly for the state budget, requiring the active participation of local elites. It ensures conservation of the pre-revolutionary political order (up to the participation of the Viktor Yanukovych “family” in the economic development of the region), maintains the influence of Russia and a number of pro-Russian politicians. There are risks of obstacles being created for the democratic, market development of Ukraine through attempted entry into the Customs Union, leading to the formation of internal customs borders. The territory of the autonomy will continue to be used for subversive activities of the Russian special services, which will be promoted by the weakness of the state border, the transparency of the administrative border between the autonomy and the rest of Ukraine.

Autonomy creates a dangerous precedent and the threat of separation into an individual formation or annexation to Russia by the Crimean scenario. To minimizing the risks of state
fragmentation new regionalistics will be required (reformatting of regions, an administrative and territorial reform).
2.3. Full separation of a part of Donbas, with the rights of a self-proclaimed sovereign state “Donbas Republic”, or the accession of a part of Eastern Ukraine to the Russian Federation as a separate federal entity or as a part of Rostov oblast of the Southern Federal District

* A radical but plausible scenario that allows to "cut off" the problematic region, with territorial, economic and political losses considered as payment for the successful development of the European Ukraine project.

The project may be the result of negotiations between Ukraine and radical separatists on condition of consensus of the political and economic elites (terms — preservation of their business, spheres of influence) and the support of the majority of the population.

The state leadership will be subjected to severe criticism for territorial losses and meaningless sacrifices. To minimize the consequences possible loss of territory and strategic facilities located on them should be reduced to the minimum. To do this an administrative and territorial reform needs to be carried out in the near future, dividing areas controlled by the central government between the Dnipropetrovsk and Kharkiv region (and / or creating separate districts: Mariupol, Lysychansk).

Active, conscious citizens that have moved to other regions are unlikely to return. Some refugees might return home. The settling of socially engaged citizens, patriots, entrepreneurs in new places of residence should be encouraged.

The implementation of this scenario is possible on condition of broad consensus of Ukrainian political elites and public awareness of the need to settle the conflict on these conditions for the peaceful development of Ukraine.

The division line between states is to become the state border with the corresponding regime. The process of delimitation and demarcation of borders, the establishment of checkpoints have to be implemented as soon as possible. The line of defence should be moved accordingly, along the border. It is this boundary that can be conditionally considered the new Ukrainian-Russian border.

The active influence of the Russian Federation will remain. The industry of the new state will be redirected to the markets of Russia, Central Asia, used to create closed cycles in the defence industry. To reduce risks the Russian Federation will control the RNC through puppet governments. The boundary between them will obviously be transparent.

On the territory of the new state the existing clan mode of management will be preserved, with high impact of criminality and corruption. The "belorusization" of state is not excluded. The economically dependent, apathetic population will not take an active part in the political life.

The territory of the Republic of Donbas will be attractive to criminal activities and can become a "crossing point" for all criminal traffics, a money laundering base, etc. (the example of Transnistria). Possible reorientation of part of the corrupt practices to the Russian budget sources; corresponding reorientation of illicit flows - the loss will be borne to a greater extent by the local budget and the budget of the Russian Federation.

A new public entity with a population of 4-6 million people with battle experience of fighting against the Ukrainian army and internal forces has the potential for future armed confrontations and achieving the "highest-purpose" - the creation of "New Russia".
The financial systems of Ukraine and the new state should be separated. Ukraine should have the possibility to control the supply and transit of electricity, gas and hydrocarbons. A lengthy transition period will be required for the establishment of appropriate mechanisms of control over strategic assets.

Ukraine will have to settle the issue of providing payments from the Pension fund for the citizens of the new state, possibly by participating in the formation of a new fund, the signing of relevant agreements. Most of the social issues will be left to the leadership of the new state government.

**Risks:**

- The new state will not be perceived as a friendly one by the population of Ukraine, and vice versa. Stress and alienation will be preserved for a long time to come. Economic ties will largely be broken. A significant portion of the industrial potential will be lost (metallurgy, chemical industry, defence industry).
- There are high reputation risks for Ukraine's leadership — the solution will be perceived as a defeat.
- International Financial Institutions (World Bank, IMF) may review their programs of cooperation with Ukraine. Due to falling revenues, exports of goods and services the need for external borrowings will increase.
- The territory of the new state will be completely controlled by Russia and its intelligence agencies, it will be used as a base for subversion activities, export of crime and instability.
- Conflicts between Ukraine and Russia will be channeled into a conflict between Ukraine and the new state, which will greatly expand the manoeuver field for Russia.

**Regarding the possible accession of part of the east of Ukraine to the Russia Federation on the rights of a separate federal entity or as part of the Rostov region of the Southern Federal District**, this scenario version of separation is not beneficial for the Russian Federation at present, as it entails huge economic and political expenditures (rooted reputation of an aggressor country). On the other hand, this option allows for a complete control over the industrial potential, domestic political gains.

This scenario can be actualized in the event of the threat of Russia losing control over the Republic of East Donbas, which is possible in case of increased "ukrainization", democratization, attempts to become part of Ukraine once more, the creation of other risks to the stability of the Russian Federation.

**Conclusion:**

At present, the scenario of separation is not realistic, but likely under certain circumstances.
2.4. Maintaining the status quo for some time, "palestinization" or "uncertain territory"

*Conventional palestinization" of the region.* The conflict is not settled neither by peaceful actions nor by military ones. There is no fixed leadership, no defined territories, unclear front lines, the border remains translucent. Military parity continues - there are no winners. The laws do not function on the uncertain territory, crime and violence are on the rise. Smuggling and the black market form the economy. There is a break in the life-support systems and a high risk of industrial accidents.

*The main objective* - non-proliferation of conflict (division lines). Ukraine is trying to localize the hot spots by creating a demilitarized zone around the conglomerate of these areas and centers. Permanent migration of refugees continues. Pre-front-line infrastructure is developing (setting up of hospitals, warehouses, filtration centers and camps). A military foothold for influencing the self-proclaimed republics is created. Essentially, the area is a buffer enclave. *Options:* certain areas may have subjectivity and management.

*This scenario might be convenient for the Russian Federation,* as palestinization of territories will definitely detract central government funds to overcome the effects of the smoldering conflict. The parity condition is unstable and guided towards aggravation.

*Risks:*

- The permanent urban war in the industrialized and populous region will have serious consequences, including loss of human lives among civilians.
- An inevitable humanitarian disaster, high risk of man-caused disasters. A "cultural space of war" is created - the population of Ukraine and the region begin to perceive war as an ordinary state of affairs.
- Inevitable loss of reputation of the state leadership. Unsettled situation, constant human and economic losses are perceived as a challenge.
- Development of Ukraine is slowed down, all war risks are still present.
The scenarios of conflict settlement: general conclusions

Thus, the analysis of possible options of settling the post-conflict situation in Eastern Ukraine has shown that there are several scenarios:

1. Re-establishment of control and state institutions in Eastern Ukraine;

2. Gaining autonomy by a part of Donbas, with the rights of a separate entity with broad powers (East-Ukrainian Autonomous Republic or the Donbas Republic);

3. Full separation of a part of Donbas, with the rights of a self-proclaimed sovereign state “Donbas Republic”, or the accession of a part of Eastern Ukraine to the Russian Federation as a separate federal entity or as a part of Rostov oblast;

4. Maintaining the status quo for some time, or “palestinization” of conflict, “uncertain territory.”

The first and third scenarios, which imply full military and state control over Donbas either by Ukraine, or by Russia, are unlikely in the short term (given the improbability of cessation of Russia's intervention in the first case or direct external military intervention by Russia — in the second).

The most likely option is the combination of the first and the second scenarios with separate elements of the fourth scenario. In particular, the fourth scenario is unpleasant, but possible in the case of failure of the central government to provide long-term stability in the region. This poses a constant threat to Ukraine, retains the economic, moral, military, political burden, mobilizes citizens against the central government, destabilizes the situation in the country. Unfortunately, such “palestinization” of conflicts is characteristic of some military-, politically-, ideologically- and economically-powerful countries, such as Israel (Palestine) and the UK (Ulster), and can last for decades.