Peacebuilding in Ukraine: What Role for the EU?

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The views expressed in this paper are of the author and do not necessarily represent the policy or opinion of EPLO or of EPLO’s member organisations.

This discussion paper was prepared to stimulate debate on the role of the EU in supporting peaceful responses to the situation in Ukraine; it serves as background for the CSDN meetings on Ukraine planned for 2014.

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Contents

Preface .................................................................................................................................................. 1

I. Introduction ............................................................................................................................................... 2
   I.i Context analysis ................................................................................................................................. 2
   I.ii Methodology: Using a peacebuilding framework ............................................................................... 6

II. Operational peacebuilding in and around Ukraine: Options for the EU ..................................... 10
   Responding to the fragile security situation in Ukraine ........................................................................ 10
   Option 1: Sanctions and incentives vis-à-vis Russia .......................................................................... 11
   Option 2: Track I peacemaking formats ............................................................................................ 13

III. Structural peacebuilding in and around Ukraine: Options for the EU ............................................. 17
   Option 1: CSDP mission to Ukraine and security sector reform ......................................................... 17
   Option 2: Disarmament, demobilisation and reintegration of combatants ....................................... 19
      Option 3.1 Support to national dialogue ............................................................................................ 19
      Option 3.2 Support to local grassroots dialogue and reconciliation initiatives .............................. 20
      Options 3.3. EU-Russia and EU-Russia-Ukraine dialogue ................................................................. 21
   Option 4: Conflict-sensitive EU assistance to Ukraine ....................................................................... 23

IV. Conclusions and recommendations .................................................................................................. 27
Preface

A Civil Society Dialogue Network (CSDN) Member State Meeting on the topic of ‘Conflict Prevention and Peacebuilding in the EU’s Eastern Neighbourhood and the Western Balkans’ took place in June 2011 in Bucharest. In preparation for this meeting, EPLO published a background paper entitled ‘Peacebuilding and Conflict Prevention in the EU’s Neighbourhood: the Case of Ukraine’ in which the EU’s policies towards Ukraine and conflict risk factors in the country were analysed.

In spring 2014, discussions took place about a possible CSDN Geographic Meeting on peaceful responses to the ongoing crisis in Ukraine. In this context, the European Peacebuilding Liaison Office (EPLO) commissioned a new background paper in order to inform discussions.

This paper was drafted in May and June 2014, and updated at the end of July 2014. As part of the research, the author visited Kiev and Odessa and conducted over 50 face-to-face and Skype interviews with officials from the EU Delegation to Ukraine and the Organization for Security and Co-operation in Europe (OSCE) Special Monitoring Mission to Ukraine, and representatives of international and local peacebuilding organisations from various locations, including Odessa, Mykolaiv, Kharkiv, Donetsk, Kiev and Crimea, as well as Maidan and anti-Maidan activists in Odessa, plus journalists, experts and politicians. The results of this research were supplemented by analysis of the Russian, Ukrainian and international media.

The overall objective of this discussion paper is to propose a peacebuilding framework for the EU’s and other actors’ engagement with the ongoing conflicts in Ukraine. It is also intended to highlight areas where EU assistance could be effective and to highlight possible synergies between the EU and other intergovernmental organisations, and between European and Ukrainian peacebuilding civil society.

Given that it is a significant actor in terms of support for peacebuilding in and around Ukraine, the EU should scrutinise its policies and strategies for engagement with the Eastern Partnership countries and, most notably, calculate the impact of the association agreements and deep and comprehensive free trade area (DCFTA) agreements with Ukraine, Moldova and Georgia on both regional peace and security, and on latent and acute internal conflict drivers.

Since relationships between the EU and Russia form a context for the conflicts which are currently affecting Ukraine, the EU should define the framework for its engagement with Russia on the Ukrainian crisis and beyond as a necessary component of building peace not only in Ukraine but in the broader Eastern Neighbourhood.

The discussion paper suggests options covering all of these topics.

1 This paper represents the author’s assessment of the situation as it had developed up to 1 August 2014.
I. Introduction

I.i Context analysis

Ukraine is in need of a comprehensive peace process which encompasses both a termination of armed hostilities and institutional reforms, justice and reconciliation. Heavy geopolitical involvement, military unrest supported by Russia, and divisive internal politics pose tremendous challenges to Ukraine’s sovereignty and unity.

Conflict dynamics within Ukraine

In summary, trauma and polarisation within communities which have gone through local bloody confrontations are acute; economic and political fragility is formidable; and oligarchic rule remains largely intact. The encouraging results of the presidential elections in May, which showed a widely shared understanding of the importance of finding a political middle ground in order to move forward, and the signing of an association agreement with the EU, introduced two important stabilising factors into a highly uncertain situation. However, the crises are ongoing and systemic, deep-rooted identity conflicts persist in Ukraine. Political struggle has always followed the “winner takes all” pattern and in most electoral rounds it has been instigated by regional clan rivalry. In the aftermath of the revolution, which succeeded at a very high price, political cohabitation looks even more difficult than before.

The presidential vote demonstrated that the Party of Regions – a political basis for the fugitive President Viktor Yanukovych – is a lame duck in Ukrainian politics. However, it still has a sizeable faction in the Verkhovna Rada (Parliament) and in a coalition with its satellites poses a challenge to the Government’s reform agenda. Its largely disappointed former constituency will inevitably be looking for alternative political parties for representation.

Questions about the legality of the dissolution of the Communist party faction in the Verkhovna Rada raised concerns in Ukraine and in other European states about the new authorities’ commitment to democratic norms, including in dealing with the opposition. The prospective extraordinary parliamentary elections are likely to exacerbate ideological cleavages, while dissatisfaction among supporters of the Maidan coalition with the performance of the pro-Maidan political parties may result in an escalation of tensions if it is not channelled through strictly observed democratic procedures.

The most immediate challenge to peace in Ukraine is the ongoing fighting in the east involving formal and paramilitary armed contingents, both local and volunteers from Russia. Although it is difficult to gauge the exact number of casualties, according to estimates in the latest report from the Office of the UN High Commissioner for Human Rights (OHCHR), as of 26 July, at least 1,129 people had been killed and 3,442 wounded. According to the OHCHR report, the UN High Commissioner for Refugees (UNHCR) estimated that as of 25 July, there were at least 101,617
internally displaced persons (IDPs) in Ukraine. In addition, the UNHCR has estimated that since the start of 2014, at least 110,000 people have left Ukraine for Russia.

The peace plan which was announced by the newly-elected President Petro Poroshenko on 20 June was supported by the West and even Russia paid lip service to it. However, the unilateral ceasefire which was declared by President Poroshenko did not last and both sides accused the other of violations. Fighting quickly resumed and optimism about the potential of international diplomatic efforts remains cautious. The Ukrainian government and the rebels have declared their readiness to negotiate ceasefires on several occasions, including after the shooting down of the Malaysia Airlines passenger plane in an area controlled by pro-Russian paramilitaries. However, as yet, no declaration has been followed by concrete actions.

Ending the ongoing war in Ukraine is not only a security or political challenge: acceptance and even welcoming of war as a legitimate course of action and widely spread “just war” framing on both sides, on the one hand, and rising civilian death tolls and cases of extortion, kidnapping and torture which are increasingly defining people’s reality in the east, on the other, mark a distinctly new phenomenon for the country. Although the voices of the opponents of war on both sides are still relatively weak, they may gain strength as the death toll rises among both the Ukrainian army and the civilian population in the Donetsk and Luhansk regions.

Armed violence across these regions has not only caused immense human suffering, left scores dead and destroyed livelihoods and industries, it has also severely undermined popular trust in the legitimacy of any authority. Both the Ukrainian government and the rebels have been steadily losing their legitimacy in the eyes of the local population, activists and bystanders. The so-called referendum marked the peak of the popularity of the self-proclaimed Donetsk and Luhansk republics, after which misdeeds against local people by profiteers and blatant crimes caused growing estrangement from the formerly co-operative population. Opponents of the separatist regimes were tortured, kidnapped and, in some cases, executed. Deceived by the self-appointed leaders and lulled by the “Crimean fairy-tale”, a large part of the society was caught up in the war.

On the Ukrainian side, poorly trained and often unskilled army and volunteer brigades have shelled residential areas indiscriminately due to a combination of negligence and provocation by pro-Russian paramilitaries which have tended to retreat to those areas either deliberately or following incompetent orders. The rebels are also guilty of indiscriminate shelling. The fighting intensified in July and concerns about the costs of the conflict no longer seem to be a major issue for either side. As the territory under rebel control has shrunk, governmental and pro-Ukrainian voluntary regiments have launched assaults regardless of the massive losses, and the rebels have responded with counter-attacks.

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The ‘Donetsk People’s Republic’ and the ‘Luhansk People’s Republic’ are increasingly regarded as obsolete and criminal projects even among those who voted for independence in the so-called referendum. However, a substantial section of people living in the two regions have not switched their allegiance in favour of Ukraine. Pro-Russian sentiments mean different things to different people in the east of Ukraine. Some assert their desire to use the Russian language in all spheres of life and even to make it a second state language, while others are happily bilingual and support equality of the two languages in practice. Overall, the pro-Russian position can be broadly defined as a preference for close ties with Russia. The idea of integration of the Donetsk and Luhansk regions into the Russian Federation has been implanted from the outside and was swiftly forced into the public sphere with little or no critical discussion or weighing of options. Many people feel deceived and manipulated by the rebels but are still not necessarily pro-Ukrainian. In addition, the majority of the population is not EU-friendly and considers the EU’s policies to be a trigger of violence. They also expect Europe – together with Russia – to share the costs of the disaster which has befallen their country.

The wider geopolitical context

The geopolitical context in which the Ukrainian crises have unfolded is an important – and at certain moments decisive – factor influencing their dynamics. Russia’s annexation of Crimea and unconcealed ideological and military support to rebels in eastern Ukraine exposed deficiencies in the European approach to conflict. Two contradictory schools of thought are present in European political discourse on the causes of the Ukrainian crisis:

“European policy towards Russia was too accommodating in the face of the latter’s increasingly aggressive rhetoric and direct intimidation of Ukraine, Moldova and Georgia”

versus

“The EU’s advance into the common neighbourhood was excessively self-assured, neglected Russia’s interests in the region and provoked Russian fears of being driven out of its traditional spheres of influence”.

Accordingly, those who espouse the first theory argue that Ukraine should break ever more decisively away from its past in Russia’s shadow, while proponents of the second advocate a less hasty approach involving constructive engagement with Russia on matters of common interest ranging from gas supply to security.

Overall, the EU’s strategy throughout the Ukrainian crisis has been one of sustaining constructive ambiguity in its relations with Russia in order to ensure that diplomatic backchannels remain open. In this sense, the EU is different from the USA which has chosen a hard-line strategy in dealing with Russia and has unequivocally sided with the new Ukrainian leadership.

The mood in Europe and internationally has shifted dramatically since the shooting down of the Malaysia Airlines passenger plane on 17 July. The main reason for the overwhelming outrage against Russia was not the allegations of its indirect complicity in the crime despite the widespread belief that pro-Russian rebels had fired a rocket. Rather, it was Russia’s
diplomatically and humanly inappropriate initial reaction to the tragedy and its double game in response to the request to apply pressure on the rebels to grant international investigators and OSCE monitors secure access to the crash site.

The absence of any signs of Russia attempting to de-escalate the armed conflict by preventing the passage of fighters and weaponry, including heavy arms, across its border into Ukraine, has been met by a toughening in the EU and the USA’s official rhetoric. Diametrically opposed media reports and official statements from the sides in the crisis in Ukraine, as well as a series of broken agreements and promises, point to a major communication breakdown and firmly entrenched positions.

Russia’s response to the criticism by both the West and by international organisations such as the UN and the OSCE has become increasingly aggressive and even threatening. For example, the Russian Ministry of Foreign Affairs reacted to the EU and US’ consideration of tighter sanctions with a threat to halt co-operation in the fight against international terrorism. The hyper-emotional style and, at times, colloquial language employed in official statements seems to both highlight how little Russian diplomats care about external reaction and indicates the extent to which they want to project an impression of a strong and unshaken state internally. This is a sign of the Russian leadership feeling cornered and, as a result, aggressive. The zugzwang metaphor quite accurately describes President Putin’s rapidly narrowing room to manoeuvre. The West, in general, and the EU, in particular, has not received a credible signal from the Russian leadership of readiness to reconsider its warmongering tactics, to open diplomatic and economic channels, or to negotiate in good faith. The perception of Russia as an unreliable interlocutor is becoming stronger. This undermines the progress which had been made in terms of EU-Russia rapprochement and effectively ruins the possibility of united trade zone stretching from Lisbon to Vladivostok.

What role for the EU in supporting peace in Ukraine?

In the midst of armed hostilities, non-military means of making and sustaining peace could be effective and should be regarded as legitimate by all sides in order to develop a credible alternative to war. The EU had a clear position on its preferred outcome throughout the Maidan protest phase of the political crisis in Ukraine. As such, it is unlikely to be viewed as a neutral third party in peace talks by all sides which are loosely – and not always correctly – labelled as pro-European and pro-Russian (anti-European). Organisations such as the OSCE are better suited to such a role. However, the EU can and should provide direct support to all peace processes as well as to governance reforms, economic development and assistance for Ukraine’s industry, services and other economic sectors to achieve European standards which would enable the country to benefit fully from integration into EU markets.

Risks attached to delaying reform

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The Ukrainian government does not have the luxury of being able to put economic development, political, legal and administrative reforms and delivery of social services on hold while a peace process gathers momentum; delays could easily result in another wave of social protest. On the other hand, ignoring the need to equip the reform process with safeguards, especially vis-à-vis acute and latent conflicts, and insisting on models which have succeeded elsewhere may lead to the exacerbation of divisions. Therefore, conflict sensitivity as a minimum standard and the consolidation of peace as an overall ambition should be mainstreamed into laws, policy choices and social practices.

The EU has a comparative advantage over other actors involved in the conflict because its ongoing, frozen and prospective relations with Russia cover numerous dimensions, ranging from security to energy to environment to trade and culture. In addition, the fact that the EU shares a border with Russia means that it cannot possibly consider its security to be detached from overall Eurasian security in which Russia clearly remains a key interlocutor. The diversity and multi-layered nature of EU-Russia relations enable the EU to maintain ongoing relations with its neighbour.

Any peace process will be long and thorny. For this reason, smart sequencing of the different interventions and the enhancement of synergies between peacebuilding and other activities is imperative.

**Knock-on effects in Moldova and Transnistria**

The crises in Ukraine have also spilled over into other regions. On 27 June, the EU signed an association agreement with Moldova. This has led to renewed tensions between Moldova and the breakaway state of Transnistria over concerns that it would have a negative impact on Transnistria’s preferential access to the EU internal market. Transnistria shares a border with the Ukrainian regions of Odessa and Mykolaiv, which are part of the pro-Russian ‘Novorossia’ project along with the Donetsk and Luhansk regions, and include a number of districts in which there are important Romanian and Moldovan minorities. This is significant as unrest in Transnistria may be used a pretext for strengthening Russia’s military presence there.

In this context, the EU should strengthen the EU Border Assistance Mission to Moldova and Ukraine (EUBAM) and look for opportunities to raise the profile of the “5+2 Talks” on Transnistria. These actions are particularly urgent given both Russia’s vested interest in securing its influence on the authorities of the non-recognised Transnistrian Moldovan Republic and the fact that a number of former Transnistrian officials hold prominent positions in the self-proclaimed Donetsk and Luhansk republics. EUBAM should receive additional support in order to properly manage the Moldovan-Ukrainian border, while the 5+2 Talks, to which Russia is a party and the EU is an observer, should be transformed into a much more important platform.
I.ii Methodology: Using a peacebuilding framework

Since the EU is not currently offering the prospect of EU membership to Ukraine, it is unable to promote security in the same way as it did through the stabilisation and association agreements with the countries of the Western Balkans. However, the goal of surrounding itself with well-governed and economically successful countries remains – and is increasingly relevant. In such circumstances, the EU should strengthen Ukraine’s internal capacity to prevent conflicts and manage differences constructively. Ending the ongoing war and avoiding the renewal of internally-driven or externally-instigated armed hostilities is clearly the most pressing need in Ukraine and one which requires immediate action. However, lasting peace will require efforts to redress the internal drivers of violence and to build institutional and cultural structures for the constructive resolution of political, ethnic, religious and other collective differences. This could be done by examining a broad range of options and through credible political and civic processes. But it cannot be done quickly because moving from war to peace takes individuals, societies and states through certain profound changes in social values and behaviour patterns, governance and political culture.

Operational and structural peacebuilding

In order to locate entry points for the EU on a temporal scale, it is useful to consider a typology of operational peacebuilding and structural peacebuilding. Operational peacebuilding has a limited time horizon and comprises urgent measures aimed primarily at the termination of war and other forms of violence, relief of civilian suffering and bringing conflict parties to the negotiating table. Activities include clandestine talks, peacekeeping, peace enforcement and other crisis interventions, sanctions, humanitarian assistance, anti-war activism, dialogue and negotiations. Operational peacebuilding aims first and foremost at changing the behaviour of the parties from violent to non-violent. In other words, its primary focus is “negative peace”. Structural peacebuilding is long-term and addresses deep conflict drivers and frustrated collective needs as well as sources of persisting structural and cultural violence. Democratic institution-building, socio-economic development, anti-discrimination policies and tolerance education are examples of the activities which fall into this category of peacebuilding. Structural peacebuilding is aimed at changing structural and cultural violence and is focused on building peace beyond the mere absence of war (“positive peace”).

The outputs of operational peacebuilding are clearly detectable and, therefore, its success or failure is measurable. Operational peacebuilding includes activities with the clearly-defined goal of an agreement between sides and a cessation of armed hostilities. The agreement may be singular or multiple and it may concern a general peace framework or concrete measures for de-escalation such as a ceasefire or refugee returns. The final point of the structural peacebuilding

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6 NB/ This is not equivalent to the elimination of root causes of conflicts
9 Ibid.
journey is not easily definable however progress in the right direction can still be measured. Operational and structural peacebuilding may unfold simultaneously or consecutively depending on the hierarchy of goals, their inter-causality and context.

**Specialised peacebuilding**
On a specialisation scale, two categories of interventions can be defined. The first is *specialised peacebuilding activities* which might be either operational or structural, such as peacekeeping, ceasefire monitoring, mediation, dialogue facilitation, justice and reconciliation procedures or other forms of either separating conflict parties to end war or bringing them together for talks and the implementation of a peace agreement. These activities can be facilitated, funded and administered from the outside or – not very often – domestically. Protracted conflicts do not end at the moment fighting stops or a peace agreement is signed. They require greater investment in *peace infrastructure*: a specialised set of domestic structures and procedures of varying degrees of institutionalisation, formality and longevity which serves a peace process. Early warning missions, peace ministries, local peace councils, sustained national dialogue, peace education programmes and peace committees are examples of peace infrastructure.¹⁰

**Non-specialised peacebuilding, i.e. other activities which contribute to peace**
In conflict settings, internal and external actors undertake an array of activities which promote good governance, democracy, economic development, and transparency. These are not peacebuilding activities per se and they may have either a positive or negative impact on the prospects for advancing towards sustainable peace. Here, they are defined as *non-specialised peacebuilding*. In some instances, theories of change which link an input from the above list and peace are defined. As such, it is possible to track progress in peacebuilding as a *by-product* of the non-specialised programme or project. More often, however, theories of change are not defined and programmes and projects are implemented on the basis of general assumptions and contribute to peace while seeking to meet other objectives.

A matrix of interventions can be categorised as follows:

<table>
<thead>
<tr>
<th>Specialised peacebuilding</th>
<th>Non-specialised peacebuilding (i.e. other activities which contribute to peace)</th>
</tr>
</thead>
</table>
| **Operational peacebuilding** – short-term measures to end violence/de-escalate | • Activity/programme/project  
• Activity/programme/project | • Activity/programme/project  
• Activity/programme/project |
| **Structural peacebuilding** – to tackle the structural drivers of conflict | • Activity/programme/project  
• Activity/programme/project | • Activity/programme/project  
• Activity/programme/project |

There are clearly overlaps and some interventions straddle more than one category. However, this may be a useful planning tool which also helps to identify synergies and redundancies in the plethora of international and domestic activities with relevance for peacebuilding.

It is argued here that the EU is best positioned to support specialised operational peacebuilding while other international actors take the lead and implement measures from the non-specialised operational peacebuilding basket, e.g. security reform assistance (also part of the specialised structural peacebuilding category if its timeframe and scope extend beyond the crisis phase). The EU’s assistance package for Ukraine covers a variety of areas which provide an opportunity to enhance the peacebuilding agenda through the specialised and non-specialised structural peacebuilding activities based on the ‘Do No Harm’ principle. It should be coupled with a bolder peace-incentivising approach. There is broad scope for partnering with peacebuilding civil society and other professional institutions, economic and political expert circles and businesses in pursuing a peacebuilding agenda in and around Ukraine.
II. Operational peacebuilding in and around Ukraine: Options for the EU

Responding to the fragile security situation in Ukraine

Since the outbreak of the crisis, Ukraine has found itself with almost no military or police capacity to curb the rapid growth of crime, including kidnapping, looting, extortion and killing in the parts of the Donetsk and Luhansk regions which are effectively under rebel control. Hopes that Europe would provide military support to Ukraine in its struggle against Russia-instigated violence were common among those Ukrainians for whom Europe is the centre of gravity. These expectations were raised in no small part due to provocative commentaries and fake news stories on social networks. In addition, the USA and European states’ encouragement of the Maidan movement was interpreted by some as the willingness to support Ukraine by all means to “slog it out”. A series of statements expressing “deep concern” instead of practical help such as troops, weapons, surveillance and military protection has left them increasingly disappointed.

Russia’s official and media discourse of aggressive neo-imperialism, trade wars and outright military threats aimed at Ukraine, Moldova and Georgia makes it difficult to counter the urge which emanates from certain organisations, including NATO, to demote Russia from its current position of “almost partner” to that of enemy, and to adjust security arrangements accordingly. The Ukrainian leadership and its supporters are determined to invest in building up a modern army, police force and other security institutions, and to invigorate the country’s military-industrial complex so that it serves Ukraine’s defence needs and co-operates with NATO rather than contributing to Russia’s military arsenal. Considerations about regaining control over Crimea by military means do not feature in the official rhetoric but they are prominent in the expert discourse.

As a principally non-military bloc, the EU employs its civilian instruments in order to advance its security and economic interests in its immediate neighbourhood as well as to pursue its human rights, democracy and environmentalist agenda globally. Unlike the USA and Canadian delegations to the OSCE, the EU never framed the takeover of Crimea by Russia and armed rebellion in the east of Ukraine as a Russian military occupation or aggression. However, in their joint statement on Crimea of 16 March, the presidents of the European Commission and the European Council called upon Russia “to withdraw its armed forces to their pre-crisis numbers and the areas of their permanent stationing”. ¹¹ Despite Russia’s repeated denials of any involvement in the actual fighting, after a period of intense pressure from the West, the Russian Foreign Minister, Sergey Lavrov, did concede that Russia does have some influence over the rebels. ¹²

To date, the two strands of operational peacebuilding which have been used by the EU and its partners have been sanctions and diplomacy. The most rapid move by the international community in response to the escalation of armed violence was the deployment of the OSCE


Special Monitoring Mission to Ukraine following a decision by the 57 participating states on 21 March.\textsuperscript{13}

**Option 1: Sanctions and incentives vis-à-vis Russia**

The EU, the USA, Canada and others have applied sanctions in the economic, military and political spheres in response to Russia’s violations of international law and of the international agreements to which it was a signatory and to its breaches of European security both by the annexation of Crimea and by its support to the military escalation in the east of Ukraine. Military co-operation with NATO was put on hold except for in a few areas. The first two waves of economic sanctions targeted individuals and certain businesses however a third wave announced on 29 July target companies, individuals and sectors of Russia’s economy.

It could be argued that as little as five years ago, political sanctions such as the suspension of Russia from the G8 and the transfer of the June 2014 G8 summit from Sochi to Brussels, the narrowly defeated proposal to withdraw the voting rights of the Russian delegation in the Parliamentary Assembly of the Council of Europe (PACE) and other symbolic acts intended to damage Russia’s international image, would have made Russian President Vladimir Putin reconsider his policies. There is little evidence that President Putin still cares about his reputation in the eyes of his Western counterparts.\textsuperscript{14}

At certain critical moments, the application of pressure, most notably in the form of the threat of further sanctions, appears to have had an effect on his public messages, if not necessarily on his actions. For example, he withdrew his support to the referendum in the Donetsk and Luhansk regions on the eve of the votes. More recently, President Putin’s surprise televised statement following the shooting down of the Malaysia Airlines passenger plane sent a number of important signals both in terms of content and mode of release, and stood in stark contrast to the inhumane reaction which he had expressed a matter of hours earlier. In the televised statement, he appeared more humane and conciliatory and, although he did not make any references to the pro-Russian rebels, he did express Russia’s readiness to co-operate with the International Civil Aviation Organization (ICAO) investigation. Furthermore, the fact that the statement was released a couple of hours before dawn in Russia, seems to imply that it was aimed at an American audience.

It is currently too early to assess whether or not the three waves of sanctions will force Russia to relinquish its grip on Ukraine and re-launch co-operation with the West. Some analysts argue that the sanctions will consolidate President Putin’s resolve to win the battle over eastern Ukraine by force and thus secure higher approval ratings at home. Others foresee a situation in which there is open war between Russia and Ukraine, and in which a Russian invasion of Ukraine leaves Western powers little choice but to get involved. The second scenario is clearly the most extreme but it cannot be completely ruled out.


A notable problem with sanctions is that there are often states or corporations which either fail to comply with them or find ways to breach them. This was the case with Iran and North Korea. As a country, Russia is far more attractive in terms of investments and sales than many other countries which have been the target of economic sanctions. It is, therefore, inconceivable that foreign investment in the Russian energy sector, for example, will dry up completely. Even if investments in this sector shrink, any subsequent decrease in Russia’s external gas supply would have negative effects in Europe. The general tendency in the EU’s sanctions strategy has been a shift from the imposition of comprehensive embargoes to the application of more targeted selective sanctions. One reason for this is that blanket sanctions are more likely to be breached by other actors or even by some private companies from within the sanctioning state or bloc since appeals for assistance and subsequent opportunities for external entrepreneurs can stem from all over the sanctioned entity, thus providing numerous entry points. Another reason is the high humanitarian costs which can be incurred by the population of the sanctioned entity.

The main victims of economic sanctions against Russia would be the liberal political class and the progressive sectors of the economy which are globalised and which may eventually serve as a locomotive for the political and economic modernisation of the country. Most importantly, the current set of sanctions inadvertently confirm President Putin’s course towards Russia’s political and economic isolation and reduce the chances of Russia becoming a modern country. This could turn Russia under President Putin into a far greater security threat than it is now.

Whether or not sanctions will create sufficient internal pressure for President Putin to relinquish Russia’s hold on Ukraine depends on the response of the portion of the relatively recently-emerged middle class of Russian society which cherishes its comfort and which is not opposed to the idea of living in an open society; they will have to decide if they are willing to exert pressure on the Kremlin.

The current sanctions are designed both to be felt most in the sectors which are most important to the Russian leadership, and to incur the fewest problems for European economies or citizens. They will not substantially damage the Russian economy, not least because many countries, including EU Member States, cannot afford to lose access to either the Russian market or to Russia’s natural resources, especially since Russia still is the main – and in some cases only – supplier of gas to European states. In this context, it is very telling that the gas sector was not included in the sanctions.

Coercive measures are aimed at changing conflict parties’ behaviour in the direction preferred by the third party. In this sense, both sanctions and incentives are coercive, albeit with different cause-effect logic. Non-coercive measures are applied by a disinterested third party. There are also hybrid forms of interventions such as “mediation with muscle”.

Conditionality works if a party or parties can evaluate benefits over costs. This implies that benefits and costs can be operationalised and measured in a way which makes them adequately

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weighted against the proposed sanctions or incentives. Framing conflict in ideological or world view terms and imposing sanctions or offering benefits once the conflict has become protracted are two major obstacles for conditionality to stimulate rational choice behaviour by the parties. In the case of the crisis in Ukraine, the “clash of civilisations” frame is certainly detrimental to the prospects of resolving the conflicts between the two sides within the country as well as between Europe and Russia and between Russia and Ukraine. However, it is this frame which features prominently in the discourse of both internal factions as well as in the rhetoric of President Putin (and many in Western Europe and the particularly in the USA). The EU should consider a mix of sanctions and incentives which it can leverage but which do not compromise its norms and values.

As far as the content and process of the application of sanctions are concerned, normative consistency and the existence of an adequate evidence base are the key factors which will present the EU as a credible, principled and reasonable actor. Sanctions should be enacted in such a way as to ensure that each subsequent wave does not give Russia the impression that its previous misdeeds are no longer relevant. The annexation of Crimea and military support for the war in the east of Ukraine remain valid reasons to maintain Russia’s international isolation and punishment.

Although sanctions – both in place and threatened – may have the short-term effect of making Russia appear to be more supportive of peace and more co-operative with the EU, the deconstruction of the civilisation split which dominates both the political and media rhetoric in Russia and some political circles in Europe into interests may provide the EU with a useful basis for the development of more creative short- and longer-term approaches to dealing its neighbour.

**Combining sanctions and engagement**

A “keep engaging in talks and adhere to principles” strategy seems to be a good complement to the punitive measures. As long as communication channels remain open, loose diplomatic formats which enable Russia and Ukraine to co engages with European diplomats and leaders in a problem-solving rather than negotiating manner may eventually convince Russia to abandon its overtly aggressive course of actions. Russia’s verbal support to the Poroshenko peace plan was a step forward. However, European mediators need to continue to apply pressure on Russia to withdraw its military support to the rebels in the east of Ukraine as a way of de-escalating the conflict and facilitating a bilateral ceasefire. Once this status has been reached and all hostages released, OSCE monitors should be deployed immediately on both sides of the border. Russia has expressed its consent to OSCE monitoring but it is up to the international mediators to ensure that all sides commit to the implementation of all necessary steps.

**Option 2: Track I peacemaking formats**

Several Track I formats for talks which bring together conflict parties in various groupings have been applied throughout the crisis in Ukraine since December 2013. The geometry of parties at the table varied; the EU and EU Member States participated in some while the OSCE took a lead in others.
The EU, the USA and Russia have been on opposing sides since the first days of the confrontation in Kiev. All three clearly sided with one or other party to the initial Maidan/opposition versus Yanukovych row. The agreement between President Yanukovych and opposition leaders on constitutional changes and new elections, which was also signed by the foreign ministers of France, Germany and Poland and was supposed to be signed by a representative of the Russian government, was immediately defunct as President Putin did not send anyone with the relevant authority to sign it.\(^{17}\)

This precluded either the EU or Russia from playing the role of honest broker from the very beginning of the crisis. However, the EU did not retreat from the peace talks arena and, in a factsheet published on 12 June, the European External Action Service confirmed that ‘Europe stands ready to facilitate and engage in meaningful dialogue involving Ukraine and Russia’\(^{18}\) without projecting an ambition of being a mediator between the two and open to various forms of engagement.

In fact, there are a number of issues such as gas supply and transit which are of equal concern to all three parties and which require a trilateral dialogue format. Russian attempts to talk to the EU over the head of Ukraine were unsuccessful and eventually the format of multisided talks was accepted by all. This was a progressive move which surmounted the “high geopolitics” discourse promoted by Russia whereby Ukraine has a subordinate status and Russia was ready to engage in talks about Ukraine but not with Ukraine. The approach which was eventually adopted allows for bilateral Russian-Ukrainian talks as well as multilateral dialogues involving Russia and Ukraine and other relevant stakeholders depending on the scope of the issues to be discussed.

The Geneva Agreement of 17 April was the first output of the above-mentioned negotiation format.\(^{19}\) It was a general framework akin to a memorandum of understanding and was of important symbolic value at the time. The agreement set out all sides’ commitment to a peaceful resolution of the armed crisis in the east of Ukraine. In addition, Russia, the USA and the EU pledged support to the OSCE Special Monitoring Mission to Ukraine.

Four-way face-to-face meetings and phone conversations between the leaders of France, Germany, Russia and Ukraine aim primarily at re-establishing communication between presidents Putin and Poroshenko. The regularity of these talks ensures that questions can be answered and follow-up actions taken.

However, the lead role in the peace talks has been played by the OSCE under its Swiss chairmanship. On 8 June, in response to a request from President Poroshenko, the OSCE Chairperson-in-Office, Didier Burkhalter, appointed Ambassador Heidi Tagliavini to facilitate talks between Russia and Ukraine on the cessation of armed struggle in the east of Ukraine.\(^{20}\) The original format included the Special Representative of the Chairperson-in-Office, the Russian Ambassador to Ukraine and the Foreign Minister of Ukraine. The agenda for the talks and the participants are being defined as the situation evolves. Flexible geometry at the negotiating table is an important asset when representation is contested and when the different

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\(^{17}\) A Russian Ombudsman only initialled the agreement.


\(^{20}\) [http://www.osce.org/node/119608](http://www.osce.org/node/119608)
sides do not recognise each other as being legitimate interlocutors. The Ukrainian side does not recognise the leaders or other representatives of the self-proclaimed Donetsk and Luhansk republics as parties to the talks.

In order to circumvent the principle of “no negotiations with terrorists”, a formula of “consultations” was applied. The tripartite talk’s format approved by Ukraine, Russia and the OSCE can therefore undergo temporary modifications in terms of the geometry of interlocutors. However, the status of talks with different geometry (i.e. with different participants) will obviously be different.

The first and overarching condition for a reduction or cessation of violence and the launching of a peace process is the decision by the adversaries to take the risk to engage. Conflict parties which decide to engage in official or unofficial peace processes and dialogues need protection and support. Once representatives of rebel organisations come to the negotiating table, their labelling as “terrorists” in the media and in the political discourse can be highly detrimental.21 The Northern Ireland Peace Process has demonstrated that if talks are principled and inclusive, and exist in parallel with the preparation of face-saving, disarmament and demobilisation, amnesty and proper justice institutions to prop up peace agreements, former paramilitaries who are commonly referred to as terrorists cannot only cease their activities but also become champions of peace.

There are some serious obstacles to the Ukraine talks. First, there is a strong opposition from pro-Maidan activists and some sections of the media to the very idea of talks between the Ukrainian government and representatives of the self-proclaimed republics and Ukrainian political figures from the Party of Regions circles who they suspect of being a Russian Trojan Horse. Clearly, any decision to engage in peace talks is risky.

Russia’s destructive role in the Ukrainian crisis is undeniable. Russian commanders’ sidelining of local Ukrainian leaders has turned the resistance movement into a multipolar, poorly coordinated and internally conflictual network with impaired legitimacy and diluted representation. This poses a major obstacle to the already significant task of ensuring adequate representation at the negotiating table. Risk mitigation involves regular, thorough analysis of the conflict dynamics in order to detect changes in the alliances and arrangement of forces and to accordingly make adjustments to participation at the negotiation table in order to maximise chances of success.

Second, the downside of a flexible geometry approach is that reaching any agreement is problematic because of the unclear decision-making power of the participants and the lack of continuity in relationship-building and commitments to consolidation of peace. A strategy to reduce this drawback is to have an agenda which also evolves in accordance with the changing power of the parties’ representatives at the table. The status of the questions to be negotiated can be upgraded gradually once the previous agenda has been tackled.

Option 3: Crimea: Protecting human rights as priority

The annexation of Crimea by Russia – albeit masked as a response to the population’s will expressed in a referendum which only Russia recognised – caught Ukraine and Europe off guard. In its resolution on Crimea of 27 March, the UN General Assembly stated that the referendum and the subsequent annexation of Crimea by Russia would not be recognised. Having broken international law and agreements, Russia accomplished de facto separation of Crimea from the rest of Ukraine. Since then, Crimea has become a grey zone where lawlessness and abuse of power are challenges which the local population in general, but particularly opponents of the regime, are encountering on a daily basis. A field mission by prominent Russian human rights defenders revealed evidence of major violations of human rights. Many vocal critics of the annexation are subject to intimidation, kidnapping, torture, detention and eviction. Several thousand internally displaced persons (IDPs) from Crimea have already settled in various parts of Ukraine but the state is not equipped with the laws or finances to provide them with ongoing humanitarian assistance or help to resettle.

No official or unofficial dialogue about the status of Crimea and Sebastopol is conceivable at present as each party considers the status decided. The Ukrainian government passed a law on the protection of human rights of people in the occupied territory which sets out certain limitations. It is a more progressive version of the analogous Georgian law as it does not prohibit the movement of people in both directions which is of crucial importance for the preservation of human contacts.

The protection of human rights is the most pressing issue on which the EU and other international actors should focus in relation to Crimea. It is of critical importance to ensure access to Crimea, particularly for the OSCE and UN High Commissioners on National Minorities, the OSCE Special Monitoring Mission to Ukraine and relevant UN agencies. The EU should support human rights monitoring and humanitarian assistance efforts and continue to apply pressure on Russia.

III. Structural peacebuilding in and around Ukraine: Options for the EU

**Option 1: CSDP mission to Ukraine and security sector reform**

The EU’s response to the security challenges which Ukraine is currently facing consists of assistance for the fundamental reform of the police, other law enforcement agencies and the overall civilian security sector. President Poroshenko’s request for the EU to send a Common Security and Defence Policy (CSDP) mission to Ukraine was approved by Council of the EU on 23 June. The CSDP mission will be small (about 60 personnel), mobile and work in various regions of the country. It is likely to be operational in Ukraine by September – the Head of Mission has already arrived in country.

Police and security sector reform (SSR) is regarded by many commentators as a crucial component in the stabilisation of Ukraine and as a conflict prevention measure in the longer term. However, there is a serious danger of the politicisation of any reform of the police and security forces. Reported penetration of the Ukrainian security services by Russian agents and the steady erosion of ethical and professional standards in the police require immediate action by the state. In the east of the country, there is virtually no operational police force left as some of its officers joined the rebels and the rest de facto demobilised.

One cannot write off the danger of “witch hunting” and score settling in any reform process aimed at “cleaning up” the sector. Opening cases and finding evidence of corruption and disloyalty to the state requires that legal procedures are fully observed. The examination procedure for police chiefs was stopped after several cases had been investigated as it became clear that gaps in the legislation, most notably the non-existent lustration law, first need to be closed. SSR in Ukraine cannot, therefore, take place in isolation from the broader democracy consolidation and *inter alia* the establishment of parliamentary and citizen control and oversight.

SSR plans do not enjoy overwhelming support within the security sector itself. Resistance to reform from within the police and security institutions stems in part from concerns that it will follow the Georgian model and will result in the dismissal of large numbers of personnel. Past assistance for SSR in Ukraine has already caused discontent in some EU Member States; violence which was committed by the security forces during the Maidan protests prompted questions in several European capitals about the expediency and even morality of supporting the Ukrainian security sector. For example, the infamous ‘Berkut’ riot police regiment, which was disbanded following allegations that it had used indiscriminate and excessive force during the Maidan protests, had received training in “crowd control” from German police.24 Maidan activists define the mission of the ‘Berkut’ as it had been set out by the government as suppression of dissent. This raised questions and stirred discontent among some German political forces. Similarly, in the UK, the opposition Labour party demanded an investigation into whether the UK’s contribution to the EU’s development assistance, some of which was allocated to

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training Ukrainian interior troops, could suggest a connection between the UK assistance and its beneficiaries involved in the violence which took place during the Maidan protests.  

The extent to which the EU can influence internal crime investigation and justice procedures in Ukraine is limited. This is in sharp contrast to the EU’s co-operation with countries in the Western Balkans for whom justice and home affairs are central to their stabilisation and association agreements. It is, therefore, important for the EU to maintain dialogue with the Ukrainian government regarding the nature of the SSR in order to build the trust which will be required for the internalisation of its advice.

Some critics within Europe have called on the EU and EU Member State governments to reconsider forcing a wedge between Ukraine and Russia and cornering Russia with sanctions while simultaneously overlooking the new Ukrainian government’s own repressive moves towards its population.

Against this backdrop, the EU’s SSR assistance needs to be kept strictly civilian and help Ukraine’s security and law enforcement structures to become accountable to the population and to observe the primacy of human rights. One possible area of assistance could be in the establishment of civilian control structures. Civilian monitoring and control has been established in various forms and a law on civic control councils has been passed. However, these structures have not been effective, not least because there was little appetite on behalf of law enforcement and security institutions for co-operation of this kind. It is advisable to ensure that police reform takes place in tandem with the process of decentralisation in order to integrate civic control councils into the local government system. The EU could provide strategic advice on civil-military and co-operation between the security sector and the police. There is a widely-shared demand for making police and security forces more accountable and transparent. It is worth noting that the first revolt against the despotism of the Ukrainian government and the lawlessness and abuse of power by police took place in the southern village of Vardiyevka in the summer of 2013. Furthermore, the joint list of demands which was submitted to the local authorities in Odessa by local Maidan and anti-Maidan activists was focused primarily on the eradication of corruption.

It will be necessary to ensure coordination of the EU’s CSDP mission with the OSCE’s Special Monitoring Mission to Ukraine should the latter’s mandate be prolonged beyond September. This is particularly relevant in the area of effective border control. SSR is also an integral part of the overall governance reform.

It will be of the utmost importance to create links between the EU’s SSR assistance programme and the disarmament, demobilisation and reintegration (DDR) process whenever the latter is launched.

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Option 2: Disarmament, demobilisation and reintegration of combatants

Interpretations of the nature of the armed hostilities in the east of Ukraine range from a war between two armies to civil war to two revolutionary crowds engaged in anarchic violence. The organisation of armed forces on the ground is a mixture of regular and irregular regiments on both sides. The fact that the state does not currently enjoy a monopoly over the use of force makes a concerted effort to contain the spread of paramilitary activity and crime particularly challenging. At present, informal self-defence units, which are loyal to the current government, are de facto helping police to maintain law and order, for example, by keeping watch at the points of entry into various cities. It is a common practice to integrate former fighters into the security structures established in accordance with a peace agreement. However, it is important to observe the necessary transition for former fighters to regain their civilian status. Informal armed groups, even if they have been fighting are on the side of the government, should not be integrated into official security structures as groups. Individual combatants should be disarmed, demobilised and, once they have regained their civilian status, trained and recruited into the police or other security structures on the basis of their individual qualifications and psychological preparedness.

The EU may or may not have the capacity and resources to incorporate DDR into its CSDP mission. The OSCE has signalled its readiness to assist the Ukrainian authorities in establishing a programme for the disarmament of illegally-armed groups.

DDR is a particular process with its own logic and clearly measurable progress. It is a part of the wider peace process and is more than a mere technical activity. The proper disarmament and demobilisation of those who have been involved in fighting as well as their rehabilitation and reintegration into existing or new communities can contribute to local peace. However, DDR is not the end point in combatting violence. Militancy in the political, media and private discourse is on the rise due, in part, to the persisting fear of Russian invasion. It represents a major obstacle to reconciliation within and across communities due to the mental proxy wars which further polarises them and sows fear and mistrust.

Option 3: Institutionalisation of dialogue at different levels

Option 3.1 Support to national dialogue

The initiative to open a dialogue at the national level which was proposed by then Prime Minister Arseniy Yatsenyuk and supported by the OSCE and other international actors was dubbed the “National Unity Dialogue”. This was a format to confirm the commitment to dialogue which had been made by the Ukrainian government on 17 April in Geneva. To date, three rounds of the dialogue have been held in Kiev (Centre-West), Mykolaiv (South) and Kharkiv (East). They

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26 Disarmament, Demobilization and Reintegration: Mapping Issues, Dilemmas and Guiding Principles
have been facilitated by a prominent diplomat with the status of Special Representative of the OSCE Chairperson-in-Office who is acceptable to Ukraine, Russia and the West.\textsuperscript{28}

The dialogue has not yet born any fruit. However, its symbolic value is universally appreciated. The “National Unity Dialogue” forum is not a dialogue in the strictest sense of the term as prescribed in peacebuilding praxis. Examples of long-term sustained national dialogues from Nepal, South Africa, Tajikistan and most recently Yemen show that in order to undo past violence and to facilitate a fundamental structural change within a society, it is necessary to develop an elaborate process with a long-term yet clear horizon. This requires political will from all sides, the skill and resources of third parties, and the time and effort of everyone involved. Should the Ukrainian government be willing, the “National Unity Dialogue” could be re-designed as a component of peace infrastructure which embraces an agenda of varying degrees of ambition, and which is inclusive and safe for all stakeholders to be able to learn from each other and to be transformed by what they learn. (The presence of the media can be a major hindrance to this type of process.) The format could either be national or divided into multiple sub-national, territorial or thematic dialogues.

The EU could assume the role of providing support to a properly-designed dialogue which would be integrated into state reforms and reconciliation processes.

**Option 3.2 Support to local grassroots dialogue and reconciliation initiatives**

In order to counter provocation supported by Russia, the Ukrainian authorities and peacebuilding civil society need a strategy for constructive engagement with those actors who are labelled as “separatist”, “pro-Russian” or “anti-Maidan”. This is best achieved at the local level where high-level political narratives are filtered through tangible concerns over corruption, insecurity, economic stagnation, unemployment, and are tempered by the local activist commitment to pursue their agenda.

In Odessa there is a positive example of the attempts made by a trusted mediation group to convene a dialogue between the Maidan and anti-Maidan activists and supporters. In Kharkiv and Mykolaiv, grassroots initiatives bring together bitter opponents in order to search for ways to ensure communal peace and the well-being of their families. It is of the utmost important to match genuine and legitimate local concerns with a dialogue process at the appropriate level. National dialogue is not an effective tool for this; local dialogues are highly important in the current Ukrainian situation.

National and local dialogues on reforms such as decentralisation could provide a cornerstone for the development of the sense of ownership of the new system of relationships both between the government and the governed and between communities and the centre. There has been a boost of civic activism across Ukraine and public awareness of the importance of civic participation in local and national affairs has risen significantly. This energy could be of immense positive importance but it requires properly structured and legitimate platforms and institutions.

\textsuperscript{28} Ambassador Wolfgang Ischinger facilitated the first three rounds of the dialogue. He will be replaced by Ambassador Pierre Morel.
Local dialogue allows communities to move at different paces and yet still achieve progress since it helps to build a solid foundation for swifter decision-making in the future. This is of particular relevance for the Donetsk and Luhansk regions which will require not only a more phased decentralisation process but also an array of community rehabilitation endeavours and reconstruction efforts which are best achieved through dialogue and public participation.

**Options 3.3. EU-Russia and EU-Russia-Ukraine dialogue**

### 3.3.1 EU-Russia energy dialogue

The EU still needs to consolidate its collective energy security position as a condition for principled negotiations with Russia. There is potential for energy interdependency to contribute to building a more peaceful environment across the continent: “The EU does not explicitly and seriously try to exploit the integration potential within the material policy platform of energy trade for the purpose of advancing its other, non-material, integration goals like peacebuilding in the wider European area.”\(^{29}\) Energy co-operation is one of the fastest developing areas of the EU’s relationship with Russia even against the backdrop of souring political relations. Europe follows two patterns in these relationships: joint purchasing of uranium through the European Atomic Energy Community (Euratom) Supply Agency which ensures fair access and equitable prices for all EU users of nuclear fuels, and bilateral and joint gas purchasing and pipeline projects in response to EU Member States’ diverse needs.\(^{30}\) Russia’s policy in the realm of gas supply is conducted in such a way that relationships – and (inter)dependencies – are fostered with individual EU Member States but not with the EU as a whole.

In the face of complicated political relations, including sanctions, bilateral agreements weaken the EU’s capacity to pursue a unified policy towards Russia. However, this is part of the problem of the EU’s normally co-operative gas relations with Russia spilling over into the political sphere: “The typical principle in dealing with its neighbours, political conditionality for economic cooperation was ... relaxed in Russia’s case.”\(^{31}\) Reference to the culturally and historically connected continent served as an ornament to the technical essence of the EU-Russia energy dialogue. This approach ensured rapid progress in the technical aspects of the energy dialogue but it was not replicated in the political sphere.

Despite political relations between the EU and Russia being at their lowest point ever, EU-Russia energy diplomacy retains its potential to generate transparent normative relations and possibly even to kick off rapprochement in the future. The need for energy independence calls for the development of alternative energy generation and supply sources. This will eventually

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reduce the EU’s dependency on Russian gas. However, for the sake of maximising the effect on interdependence, diversification should aim at maintaining relations rather than cutting them off.

In reality, EU Member States remain Russia’s most reliable and valued customers. Their adherence to the rules and regulations in force means that they are generally preferred over other customers, including China. Although Russia supplies other types of energy to the EU, the latter has alternative sources for nuclear energy and oil. In terms of gas supply, however, Russia faces little competition and gas transit via Ukraine is the most cost-effective route. Interdependence, which is obvious in the case of gas supply and demand, presents a case for the relaunch of broader EU-Russia co-operation. Most importantly, the EU should use its normative appeal and give a mandate to the European Commission to resolve disputes.

3.3.2 Dialogue concerning the association agreement and free trade area with the EU: “Get it right!”

The tendency to build regional trade blocs is prominent all over the world. This is, in part, a response to the lengthy, cumbersome and not always enforceable World Trade Organization (WTO) rules. The once popular proposal to create a single trade zone stretching from Lisbon to Vladivostok has yielded to the less progressive and more divisive “EU zone versus the Eurasian Union” approach. Association agreements provide the signatory with better access to the EU internal market. This access may or may not be translated into rapid development and growth. Since Ukraine has very few resources for the rapid modernisation of its industry, the value of its association agreement with the EU is, therefore, *inter alia* that the reforms in the laws and regulations which it entails will make it more attractive for foreign investments which may, in the medium-turn, facilitate modernisation and hence increase competitive performance.

Russia opposed economic rapprochement between the EU and Ukraine, Moldova and Georgia. The trade war which Russia launched against Ukraine in the form of arguably politically-motivated embargoes and restrictions seemed to have been instrumental in the decision by former President Yanukovych to abruptly decline an association agreement with the EU. Through imposition of arbitrary and ungrounded Ukrainian import disruptions, Russia violated several international trade agreements to which both Russia and Ukraine are signatories, and bilateral trade arrangements, including on issuance of all necessary documentation. This was reminiscent of the bans on mineral water and both Georgian and Moldovan wine which Russia introduced in 2006 with the same essential objective: to inflict financial losses in order to make Georgia and Moldova reconsider their geopolitical orientation.

Russia continues to block access of Ukrainian products to its market. However, Russia – at least in theory – no longer has the authority to amend its external trade tariff system as this issue has been elevated to the level of the Eurasian Economic Union. Since Belarus and Kazakhstan have refused to replicate the trade cuts due to their significant economic interests in maintaining good links with Ukraine, Russia’s action threatens to undermine the Union’s very *raison d’être.*

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Ukraine responded to Russia’s trade cuts by prohibiting certain Russian imports and Prime Minister Yatsenyuk urged Ukrainian producers and consumers to prepare themselves for a complete halt in economic relations with Russia in the near future. Despite these actions, the evidence suggests that damaging Russian-Ukrainian economic relations serves neither side: Russia is the destination of nearly a third of all Ukrainian exports while Ukraine’s consumption of Russian gas is equivalent to that of Germany. From the point of view of trade as a vector for peace, any disruption of interest-driven relations between people and companies can only contribute to instability.

The political motivation in this opposition is obvious. However, in order to address real and legitimate economic concerns, joint analysis is recommended, including through tripartite consultations which are about to be launched. Apparently political and even psychological blunders prevent either side from either trusting or giving serious consideration to the research output on analysis of economic consequences produced by the “other”. It is also telling that the two strands of analysis produced diametrically opposite results. Since analytical tools and data sources and collection methods are not always compatible, it is hard to draw credible conclusions.

The task for the EU would be to sponsor economic scenario-building and -modelling by joint groups of experts from the EU and Ukraine, Georgia, Moldova. This would be a good approach for reintroducing academic and business dialogues and for generating trusted analysis undertaken in a transparent manner. Another important analytical exercise would be to map economic scenarios onto the existing, essentially latent conflict drivers in the societies in question and in the broader region, with particular emphasis on conflict complexes and spill-over risks, i.e. to look in more detail at the impact of the various different scenarios for economic relations on conflict factors.

Option 4: Conflict-sensitive EU assistance to reform and economic development in Ukraine

The EU proposed an impressive package of assistance to Ukraine’s reforms in the areas of democratic reforms and the economy. A ‘European Agenda for Reform’ has been established.

Every component of the reform assistance package needs to be analysed and proactively

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monitored along the way with respect to its impact on conflict dynamics. The Support Group for Ukraine should make the task of consolidating peace and preventing conflict explicit in its mandate. Since the European External Action Service (EEAS) is part of the Support Group and can provide the necessary expertise either itself or in partnership with the network of established experts, this task will naturally complement the Support Group’s spectrum of activities.

A reform process oriented towards those who are “ready” is counter-productive and will both undermine inclusive democracy and make reforms unsustainable. To this end, stereotypes and assumptions about the values or aspirations of different social groups should be replaced with in-depth analysis of the real needs, fears and hopes of various groups across the ethno-linguistic, social, economic, regional and political spectrum.

The EU should structure its technical and financial assistance in such a way that it is both synchronised with governance reform in the conflict-affected areas and reinforces citizen involvement. In this regard, the eastern regions of Ukraine require a special approach.

**Eastern Ukraine: Crisis of legitimacy as a risk to the post-war recovery**

The major challenge for both the Ukrainian government and civil society is to offer people a credible and dignified model of the future and to convince them of the government’s commitment to serve people without discrimination on political or other grounds. This is currently “mission impossible”. However, for strategists in Kiev to enable political and social change in eastern Ukraine and to avoid further alienating the population will require them to re-conceptualise eastern Ukraine as an inherently Ukrainian entity, with all the flaws characteristic of the overall political and economic system rather than viewing it as an alien “non-Ukraine” territory.

Russian influence has and continues to nurture discontent through skilful manipulation by media and missionaries. However, it has, for the time being at least, stopped short of annexation. According to a poll conducted by the biggest Russian polling agency VTsiOM, only 12% of Russians would like to see the Donetsk and Luhansk regions attached to Russia (down from 18% in April). 37 Russians are more favourable to the emergence of the two self-proclaimed republics as independent states (this option was preferred by 13% in April and by 26% in July). In addition, only a third of Russians polled were in favour of a strategy of active support; the remaining 70% preferred to see Russia as a third party and mediator or a bystander. This further highlights how the disoriented and genuinely pro-Russian populations in the regions were misled by the Russian proxies who were operating there.

The Ukrainian government has listed post-war rehabilitation of the regions and IDP assistance as strategic priorities for which it is seeking financial and political support from the EU. 38 The USA has pledged US$ 7 million in aid for the reconstruction of the Donetsk and Luhansk regions. Since the total rehabilitation costs for the two regions are estimated to be approximately US$ 750

million,$^{39}$ European states will not be in a position to bridge the gap. Rapid recovery of the region’s own economy as well as optimisation of the spending will, therefore, be highly important. In this context, it also vital that effective political and administrative systems are in place.

Post-war recovery should by no means disregard the profound legitimacy crisis in Ukraine. The oligarchic rule which has replaced all governance procedures and civic political participation in the Donetsk and Luhansk regions is not a viable alternative to the current socio-political anarchy. It would put decision-making power into the hands of a small number of people who change their allegiances at will and have their own exit strategies well prepared. However, it is still a strong and, at times, decisive factor in shaping the course of events. For example, steel workers and miners in Mariupol swiftly mobilised themselves and repelled the rebels less than a day after the owner of the coal mines and steel factories issued a statement condemning the rebellion following a lengthy period of silence.$^{40}$

Oligarchic rule is not unique to the Donetsk and Luhansk regions and thorough governance reforms will be required for it to be dismantled and replaced with an effective and law-abiding authority. This would bring decision-making closer to people and make governance institutions and procedures more transparent. In this regard, decentralisation will address the as yet unfulfilled need for responsive and responsible governance, which will in turn serve as a conflict prevention mechanism. Decentralisation as the main state reform tendency should not bypass the Donetsk and Luhansk regions on the grounds of the unpreparedness of people. On the contrary, it should enable eastern Ukraine to enter a period of meaningful and participatory political and social rehabilitation.

**Measures to safeguard Ukraine’s financial sovereignty**

Debates are ongoing about whether financial assistance is sufficient to ensure Ukraine’s smooth transition to an upgraded state of its economy. This raises fears of losing sovereignty not to Russia but to the international financial creditors to whom Ukraine is already greatly indebted. Some commentators anticipate social protests towards the end of the year.

It is hard to judge whether these fears are grounded in a rigorous analysis or triggered by Russian media or rumours. Either way, they need to be taken into consideration. Well-informed experts estimate that in order to start regional development, Ukraine needs 100 times more funding for technical assistance than is currently available. Ongoing monitoring of public opinion and other methods of tracing progress of reforms across the sampled communities will provide policy-makers with the necessary feedback and serve as an early warning tool.

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$^{40}$[Workers Seize City in Eastern Ukraine from Separatists](http://www.nytimes.com/2014/05/16/world/europe/ukraine-workers-take-to-streets-to-calm-Mariupol.html?hp&_r=1)
Acceleration of fiscal devolution will help to finance immediate community needs in order to avoid social shocks. Support to the domestic private sector is of crucial importance as it creates jobs, mobilises internal investment and serves communities’ needs. In this context, a number of actions need to be taken, including establishment of a privileged loan system, enactment of favourable legislation, and stimulation of cross-border businesses and trade.

In this respect, reducing or cutting off trade with Russia and other countries within the Eurasian Union would be detrimental. It is clear that some sort of reassessment of the trade deals will be required in light of the trade bloc divergence between Ukraine and Russia. However, where trade with Russia is still beneficial and contracts are sufficiently transparent, economic interaction should continue with no discrimination on political grounds.
IV. Conclusions and Recommendations

The options for EU peacebuilding activities in Ukraine can be summarised as follows:

<table>
<thead>
<tr>
<th>Operational peacebuilding (Short-term measures to end violence/de-escalate)</th>
<th>Specialised peacebuilding</th>
<th>Non-specialised peacebuilding (i.e. other activities that contribute to peace)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1:</td>
<td>Policy mix of sanctions and incentives vis-à-vis Russia</td>
<td></td>
</tr>
<tr>
<td>Option 2:</td>
<td>Support for Track I talks</td>
<td></td>
</tr>
<tr>
<td>Option 3:</td>
<td>Protection of human rights in Crimea</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structural peacebuilding (To tackle the structural drivers of conflict)</th>
<th>Option 1:</th>
<th>CSDP mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 2:</td>
<td>DDR processes</td>
<td></td>
</tr>
<tr>
<td>Option 3:</td>
<td>Institutionalisation of dialogue at different levels (national, local, international)</td>
<td></td>
</tr>
<tr>
<td>Option 4:</td>
<td>Conflict-sensitive assistance to reforms and economic development</td>
<td></td>
</tr>
<tr>
<td>- Support to the domestic private sector</td>
<td></td>
<td></td>
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<tr>
<td>- Energy dialogue with Russia</td>
<td></td>
<td></td>
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<tr>
<td>- Regional trade analysis and dialogue</td>
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Operational peacebuilding – to address short-term risk of (increased violence)

**Option 1: A policy mix of sanctions and incentives vis-à-vis Russia**

The EU should consider a mix of sanctions and incentives which it can leverage but which do not compromise its norms and values. In the meantime, European mediators need to continue to apply pressure on Russia to withdraw its military support to the rebels in the east of Ukraine as a way of de-escalating the conflict and facilitating a bilateral ceasefire.
**Option 2: Support diverse Track I diplomacy formats**
The EU as a whole is not perceived as a neutral party in the Ukrainian crisis. Therefore, it cannot play a mediation role. However, some EU Member States have the convening power to ensure Russian-Ukrainian and multipartite dialogue. The EU should also support the OSCE.

**Option 3: Protection of human rights in Crimea as priority**
The EU should support human rights monitoring and humanitarian assistance efforts and continue to apply pressure on Russia.

**Structural peacebuilding: to tackle the structural drivers of conflict**

**Option 1: Support long-term institutional changes with a CSDP Mission focused on SSR**
The EU’s SSR assistance needs to be strictly civilian with a focus on supporting Ukraine’s security and law enforcement structures to become accountable to the population and to observe human rights. Amnesties for paramilitaries may be the test ground for the new law enforcement structures and personnel.

**Option 2: Support DDR processes and link them to SSR**
It is advisable to start the DDR process soon after the complete cessation of armed hostilities and to link it to the CSDP mission. It is important to observe the necessary transition for former fighters to regain their civilian status. Informal armed groups, even if they have been fighting on the side of the government, should not be integrated into official security structures as groups. Individual combatants should be disarmed, demobilised and, once they have regained their civilian status, they should be trained and recruited into the police or other security structures on the basis of their individual qualifications and psychological preparedness.

**Option 3.1 Nurture political dialogue as an inherent part of the democratic process**
It is essential to promote a culture of political dialogue along with effective and transparent democratic institutions and procedures (structures). Groups which do not feel represented by the current government will look for other ways to have their voices heard. The external security threat inevitably curtails internal debate. However, it is highly important that the opportunity to foster multiple channels to ensure broad political representation and accountability is not missed.

Whereas exclusive politics tends to backfire, strong democratic institutions provide a counterweight to the monopolisation of power and allow for non-violent resolution of political differences. Political arrangements across European states which are home to social, ethno-linguistic and ideological diversity highlight the plethora of forms which enable both dialogue and competition within the political sphere, and allow for them to be regarded as the norm by different constituencies. Presenting Ukraine with a diversity of models will help both the leadership and society at large to develop their own models. The EU should offer relevant stakeholders, including parliamentarians, local council members, the government and civil society, the opportunity to learn about dialogue as a tool which merges efficient and substantively better decision-making with confidence-building.

**Option 3.2 Foster grassroots local dialogue platforms and processes**
The outbreak of violence in different communities in Ukraine has had a sobering effect on many and made the shared value of local peace ever more prominent. Ordinary people and activists
from all sides in mixed communities, including in Odessa, Mykolaev, Kharkiv and elsewhere, need safe, inclusive and constructive frameworks to reconvene as concerned citizens and local patriots. On the other hand, there is sufficient internal professional capacity to convene and mediate dialogues and other group processes aimed at problem-solving and the restoration of social capital. Locally-grounded dialogue initiatives are the main component of peace infrastructure which will remain intact if there is a credible process. The EU should provide financial and advisory support to local dialogue conveners and facilitators, and encourage national and local authorities to institutionalise multi-stakeholder dialogue as a part of decision-making on community affairs. This may be particularly useful for the implementation of decentralisation reforms.

Option 3.3 Explore all the options for dialogue with Russia and countries of the region
On energy, the EU should use its normative appeal and give a mandate to the European Commission to resolve disputes. On association agreements and free trade areas, it should sponsor economic scenario-building and modelling by joint groups of experts from the EU and Ukraine, Georgia, Moldova.

Another important analytical exercise would be to map economic scenarios onto the existing, essentially latent conflict drivers in the societies in question and in a broader region, with particular emphasis on conflict complexes and spill-over risks.

Option 4: Mainstream conflict sensitivity into the EU assistance and incentivise peace
The EU should support the pursuit of conflict sensitive reforms in various sectors, including governance, administrative reform, security sector reform, etc. in such a way that existing divisions are not reinforced and new divisions are not created.

In order to avoid the situation of reforms either serving or being perceived as serving the needs and interests of certain groups and ignoring the needs and interests of others (especially if the divides map onto those that have stimulated violence or that can reignite dormant conflicts) the process of reform should be well attuned to the impact it has on people’s well-being, dignity, political participation and economic development. Conflict sensitivity and conflict risk assessment should be incorporated into all EU assistance programmes.

The Support Group for Ukraine should make the tasks of consolidating peace and preventing conflict explicit in its mandate.

The EU should scrutinise its policies and strategies for engagement with the Eastern Partnership countries and, most notably, calculate the impact of the association agreements and deep and comprehensive free trade area (DCFTA) agreements with Ukraine, Moldova and Georgia on both regional peace and security, and on latent and acute internal conflict drivers.