

Scenario Group Ukraine 2027

Foresight Ukraine

Four Scenarios for the
Development of Ukraine



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The crisis in international dialogue with Russia is particularly acute when it comes to the subject of Ukraine, the main locus of the breakdown's origins. Except for the relatively narrow focus on the implementation of the Minsk Agreements, strategic dialogue about the crisis among Ukrainians, Americans, Europeans, and Russians is virtually nonexistent. This breakdown has the potential to be highly destabilizing as mistrust grows and misunderstandings multiply, creating the possibility for the conflict to escalate.

While there have been a few Track II Initiatives to bring Russians and Westerners (Americans and/or Europeans) together to discuss the crisis, only a few have included Westerners, Russians, and Ukrainians – a far more politically sensitive endeavor, but one that is even more essential under the circumstances.

Given the wide gap between the various elite views on the origins of the crisis and the difficulty in influencing the Minsk settlement process, which is already under way, such a dialogue should focus on a topic that allows the sides to rise above present disputes and focus on shared interests, while offering the prospect of common understandings on the current conflict.

The Reasoning behind Scenarios

Scenarios are one approach for dealing with an uncertain future, especially if one lives in »turbulent times«, as Germany's then Minister of Foreign Affairs, Frank-Walter Steinmeier, characterized the situation during Germany's chairmanship of the Organization for Security and Cooperation in Europe (OSCE) in 2016. Considering how a set of uncertainties may play out over multiple pathways – as told through a set of short stories – helps to challenge unstated assumptions and prejudiced assessments of the future. Moreover, the advantage of drafting multiple scenarios rather than crafting a grand strategy is that scenarios provide more clarity to decision-makers and the expert community about Ukraine's choices and the impact of those choices for its future and that of all interested states. This approach could provide the impetus to begin a much-needed reevaluation of both the country's current course and the policies of external actors toward Ukraine.

Building the Scenarios

The organizers brought together a select, high-level group of Russians, Europeans, Americans, and Ukrainians – a total of

eight participants – to develop four long-term scenarios for Ukraine. Using structured analytical techniques, we helped project participants to identify more than 75 key international and domestic factors that may determine Ukraine’s future, before assessing which two factors are the most critical to the nature or direction of that future. During a first meeting in Potsdam in April 2016, the group concluded that the most important and most uncertain variables are the strength of Ukraine’s state and the cohesiveness of its society, which then became the axes of a 2 x 2-scenario matrix.

A core group of participants attended a second workshop in Vienna, Austria, in October 2016 to draw up four scenarios based on a 2 x 2 chart of our variables: state, weak or strong; society, cohesive or divided. The idea was to agree on a range of plausible outcomes of the crisis for Ukraine (in a ten-year time frame) as an analytical, rather than normative exercise. Using a matrix assures that the scenarios are qualitatively different in logical, deductive, and non-random ways. It also assures that the two most critical factors are the primary drivers in all the scenarios. While these scenarios vary based on domestic variables, all of them take into account relevant external geopolitical and geoeconomic factors. For each scenario, two authors created a descriptive narrative and a list of positive and negative implications for the

outcome. Finally, the participants specified the events that would have to occur to lead from today’s status quo to each scenario in 10 years.

It bears repeating that scenarios are not attempts to predict the future. Rather, they provide useful frameworks and alternative perspectives for thinking about the future, thereby improving our understanding of how causes from different directions and domains may intersect. We encourage readers to use these scenarios to challenge their current planning assumptions and to begin strategic conversations about preparing for the challenges and opportunities that may lie ahead.

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Scenario No. 1 – Activist

Low State Capacity, High Social Cohesion

by Andrey Kortunov and Oleksiy Semeniuk

The State of Affairs in 2027

By 2027, Ukraine has become a highly decentralized economic powerhouse with strong links to the European and global economies. Ukraine is still not an official member of the EU or NATO, but is closely aligned with both institutions. Ukraine's successful regionalization and decentralization efforts have boosted economic growth in those regions of the country with cheap labor, high human capital quality, and revitalized industrial capacity, with Ukraine championing a new development model for countries on the EU's periphery.

Based on the implementation of a revised Minsk Agreement, fighting between government and separatist forces in the Donbas ended by early 2021. Mainly Ukraine's east and south have benefited from the regionalization and reintegration efforts that continue through 2027. The process has been steady and universal – primarily thanks to civic activists, who constantly pushed the reform agenda in those regions. The

positive effects of regionalization and reintegration have been self-evident to most Ukrainians, who have seen their standard of living steadily rising since 2019. Bottom-up initiatives in the newly empowered regions also softened the impact of ill-guided state liberalization policies. But make no mistake: Ukraine's post-communist polity maintains paternalistic attitudes towards the state and is not oriented towards the three-sector model of state, business, and civil society.

The Road to 2027

In late 2018, parliamentary elections in Ukraine led to a governing coalition that promoted a policy of fast economic growth and real decentralization of the Ukrainian state, including political and economic authority. This policy focused on actively providing regions in Ukraine with the freedom to determine their own economic policy and respective necessary tools for its successful implementation. In the field of security policy, it followed the course of »constructive ambiguity«, de facto accepting the division lines with both Crimea and the rebel-held areas of the Donbas. President Poroshenko continued to lose popularity and finally was defeated in the presidential elections in 2019 by Volodymyr Karmalyuk. Following this result, a new political balance was established, based on a parliamentary republic model – parliament and prime minister as

key power centers – cutting many of the previous presidential authorities. The political influence of siloviki (law-enforcement and security apparatus) was also significantly limited. This reshuffling boosted the »subsidiarity process«, empowering regions and local elites more than ever.

Elections in key EU member states confirmed the EU's policy toward Ukraine and facilitated European investments in Ukraine over the following decade and the development of a kind of »Marshall Plan 2«. It would build on the historic experience of support for Western European countries during the Cold War. In the case of Ukraine, the economic support is aimed at key industry sectors. The EU would see this as a compensation for the closed-door policy. The economic recovery in Ukraine coincided with the European Union overcoming its long-term crisis, restoring EU political cohesion, enhancing the efficiency of European institutions, and significantly accelerating European economic growth. These positive developments generated additional EU resources to support structural reforms in Ukraine.

Success by Decentralization

As Ukraine became decentralized, economic opportunities for Ukraine's workers and convenient infrastructure gradually developed in clusters around Kyiv, Vinnitsiya, Ushhorod,

Poltava, Odessa and Lviv. Ukraine's easy access to EU markets and low labor costs made these regions attractive to foreign investors. The success of each region's economy promoted the development of infrastructure, with a few cross-region cooperative infrastructure projects connecting these clusters. The software, airplane, and space industries gradually took root in Kharkiv, Kyiv, and Dnipro, with factories in Kharkiv and Dnipro supplying important components for the European Space Agency's exploration projects as well as the rapidly growing Chinese space industry. The emergence of start-ups in new economic sectors, also in the newly empowered regions, has been an attractive motor for investment since the beginning of the 2020s. Traditional sectors, such as agriculture and transportation, have also shown substantial economic growth thanks to improved infrastructure and increased foreign investment.

Since corruption remains rampant across Ukraine, foreign investors consider corruption and payoffs to be part of doing business because of high returns, provided the »rules of the game« are known and adhered to by everyone. Civil society groups keep corruption from spiraling out of control and the newly established anti-corruption bodies execute their functions effectively. The Ukrainian political class managed to marginalize nationalist elements in society. Since 2018,

many pro-European networks have gained more influence in the Ukrainian parliament. Civil society and religious groups have contributed to building cross-regional and community ties. Crime declined across the country as the trust in local institutions grew significantly. The religious landscape in Ukraine has become more tolerant as a result of the positive influence of these groups, with only a few conservative holdouts.

In Russia, the newly reelected President Putin decided to gradually withdraw most of the support from the rebels and »peoples'« republics in the Donbas by late 2018, in order to revitalize relations with the West, as part of his plan to boost economic growth in Russia. Rebuilding »normal« relations with Kyiv also became one of Moscow's foreign policy priorities. In addition, the election of US President Eric Garcetti of the Democratic Party in 2020 has catalyzed a constructive US policy toward Ukraine, opening the door to a new, inclusive dialogue on the regional order in post-Soviet Europe.

As a result, violence against government forces in the Donbas ceased completely by early 2021, with Russia supporting full implementation of the amended Minsk Agreement of 2018 as part of a general détente with the West. More importantly,

Kyiv supported the full integration of Donbas on special status terms, since it was consistent with the new decentralization agenda.

In late 2021, Donetsk People's Republic (DPR) and Luhansk People's Republic (LPR) began their reintegration into Ukraine with promises from the government in Kyiv of functional autonomy in all issues except foreign and security policy. While they have been fully reintegrated into the weak Ukrainian state, a number of the figures prominent in independence movements remain responsible for governing there until the mid-2020s. Crime and corruption remain more serious problems in the eastern provinces than in Western Ukraine.



Scenario No. 2 – Ascendant

High State Capacity, High Social Cohesion

by Samuel Charap and Oleksandr Chalyi

The State of Affairs in 2027

Ukraine's politics and culture have changed dramatically since the whirlwind election that brought the new President, former Ukrainian military officer Yaroslav Mudryi («the wise»), to power. In 2027 Ukraine has adopted the European values of consensus building, compromise, and restraint. Ukraine's new 2024 constitution moves away from the strong presidential system towards the German parliamentary system, with an influential constitutional court.

While some corruption persists, elites behave less like oligarchs and more like responsible figures in Ukrainian politics, refusing to play the zero-sum game that defined Ukrainian politics in the past. The economically successful Ukraine of 2027 has become both a bridge between East and West and a bastion of inclusion, compromise, tolerance, and reconciliation, mostly thanks to its transformational leader President Mudryi.

The Road to 2027

In 2018, a failure of the »deconfliction« mechanism in Syria led to a collision of US and Russian planes, killing two Russians and one American. The resulting escalation of tensions saw the strategic forces of both sides put on high alert. Cooler heads prevailed, as the fears of a nuclear confrontation pushed both powers toward détente, cemented by a bilateral US-Russia summit in early 2018. Over the following two years, Russia and the US agreed to conditions for détente based on mutual interests. Part of the deal permanently removed EU and NATO membership for Georgia and Ukraine from the table. Western economic support for Ukraine dried up, as the United States (US) demanded that Ukraine adopt reforms, forcing elites to abandon their zero-sum politics and cease widespread corruption. Ukrainians began to support new political parties and candidates that were genuinely interested in the reforms.

New Leadership

An internationally visible and highly successful presidential campaign by Yaroslav Mudryi took the country by storm. Mudryi's campaign effectively communicated a vision of Ukraine that included national unity, a higher standard of liv-

ing for all Ukrainians, political inclusiveness, and cooperation with both Europe and Russia. Mudryi's unexpected campaign also promised a Truth and Reconciliation Commission for the war in Donbas, along with a promise to fully reintegrate those Ukrainians who had supported or fought with the separatists, if they came forward and testified before the Commission. Following Mudryi's resounding victory in the 2019 election, he became an international star with a rousing speech at the United Nations General Assembly. The well-received speech included a rejection of far-right nationalism, along with a commitment that a prosperous and peaceful Ukraine requires a focus on the future, while still acknowledging the painful realities of the past. Mudryi's forceful leadership style and hopeful vision made him popular even among a significant plurality of the population.

Mudryi capitalized on that popularity – and the widespread appeal of the Commission – to begin a genuine process of conflict resolution in Donbas. After he had embraced non-aligned geopolitical status, Russia began to withdraw its forces and the Minsk Agreements were gradually implemented. By 2027, Donbas was fully reintegrated into Ukraine; since all regions now effectively enjoyed »special status« – i.e. local government arrangements there were no different than the rest of the country.

Even before Mudryi's election, Ukrainian party politics had begun to move toward a left/right axis similar to that found in Western democracies. Several Ukrainian universities initiated pilot programs to cooperate with educational institutions in Poland, Russia, and Romania on historical reconciliation projects for the region. As the presidential campaign continued, feuds between Orthodox Churches inside Ukraine died down in favor of unity. Far-right groups – such as Right Sector – still exist in 2027, but have only a marginal effect on local or national politics, and they have been disarmed through the reestablishment of the state monopoly on violence. Mudryi's Truth and Reconciliation Commission was supported by the vast majority of the population, replacing suspicion and blame with unity and understanding. In 2020, The Economist magazine ran a cover story with the title »Ukraine Ascendant«, featuring and praising the new administration's political and economic reforms. As the perception of the situation changed, Western aid and investment began to flow back into Ukraine.

Economic Recovery

Ukraine's new economy – linked with both Russia and the EU – began with sustained economic growth of nearly 7 percent. As the economic gap between rich and poor began to con-

tract, Ukrainian expatriates in Russia, the EU, and the US began to return in large numbers, in order to take advantage of the new environment as Ukraine's brain drain slows to a trickle. Public trust in elites and the efficacy of the Ukrainian state skyrocketed as economic opportunities grew. A reformed, apolitical, and well-paid civil service protects the rule of law and economic viability. Mudryi is careful to credit institutions and the Ukrainian people for the improvements, rather than taking credit for himself.

Bolstered by economic growth and the successful Truth and Reconciliation process, Mudryi initiated a set of constitutional reforms in 2022. These reforms included the elimination of the parliamentary-presidential system with a divided executive branch and its replacement with a bicameral parliamentary system and a symbolic presidency. The new system bestows the power of making laws and setting the budget on the Rada as the lower house of parliament and creates a new upper house, the Senate. This chamber consists of two directly elected Senators from each Ukrainian oblast. The new constitution decentralizes some powers, but the government in Kyiv remains responsible for foreign policy, defense, higher education, and national economic policy. Most other powers are decentralized to the oblast governments, including healthcare, primary and secondary

education, and infrastructure. The oblast governments are formed by parliamentary majorities in the regional legislatures. The new constitution also guarantees an independent court system.

Within a year, the Ukrainian government enacts most of these constitutional reforms, effectively ending Mudryi's first presidential term. During the country's first elections under the new constitution in 2024, Mudryi is reelected as the first symbolic president. His inaugural speech challenges Ukrainians to continue reforms and to embrace a brighter future for the country. His voluntary renunciation of strong executive powers is seen internationally as a milestone for the new system and a new Ukraine.

Benefits of Neutrality

The continuous policy of détente between Russia and the West has resulted in new security agreements – formal and informal – that are acceptable to Brussels, Moscow, Washington, and Kyiv. Ukraine is recognized as an internationally neutral country, which guarantees that no side will use force to change its status. The Ukrainian military has been reformed based on the Finnish and Swiss model, with a focus on territorial defense.

Rather than serving as the object of a tug-of-war between Russia and the West, Ukrainian elites have positioned themselves and the country as a useful bridge to foster cooperation between the two sides. Ukraine and Russia act as business partners rather than friends, and Ukraine's economic growth has paid off for Russian investors, giving Russian elites a stake in the future of the new Ukraine. A special regulatory and dispute resolution mechanism, based on English Common Law, provides recourse for disputes between Ukrainian interests and international investors.



Scenario No. 3 – Adversary

Low State Capacity, Low Social Cohesion

by Balazs Jarabik and Simon Weiss

The State of Affairs in 2027

A right-wing military coup has seized power in Ukraine, with the country's identity cemented internationally as a frontier and battleground between East and West. Economic conditions remain dismal, with endemic corruption and a massive brain drain to both the West and to Russia. Poroshenko's second term, from 2019–2024, largely failed to solve any of Ukraine's major problems.

The Donetsk and Luhansk People's Republics remain functional as quasi-states and are completely cut off from the rest of Ukraine. These areas are in a constant low-level war with the rest of Ukraine. Russia remains the focus of all of Ukraine's domestic and foreign policy as the country, along with much of Central and Eastern Europe, becomes a proxy battleground between the US and Russia. The Ukrainian regime has become an adversary to both its nearest neighbors and the EU. It was deepened through a split society, a radicalization of an-

tagonistic identities, and internationally through unresolved conflicts with neighboring states.

The Road to 2027

The post-Maidan coalition of pro-Western forces has remained in control of most of Ukraine since 2017. President Poroshenko, narrowly reelected in 2019, continued the slow process of consolidating power in Kyiv. Poroshenko's administration sidelines efforts toward modernization and reform in favor of stabilizing measures to preserve the fragile coalition of interests that keeps it in power. The only state institution in which the general population has a high level of confidence is the military, leading Poroshenko and his successor – Andrii Sadovyi – to an uneasy truce with the military. On any foreign policy issues of import, the military maintains a de facto veto power over the government in Kyiv. Russia remains the cornerstone of all Ukrainian discussions about domestic and foreign policy.

Failed Decentralization

Despite attempts to forestall the collapse of the state through decentralization, this policy has largely failed by 2027. Instead, Poroshenko and his successor essentially abandoned

the policy by 2021 and attempted to centralize power in Kyiv. The centrality of personality-based politics and corruption in Kyiv has resulted in weak rule of law in many oblasts, and the complete loss of control over the entire Donbas. Increased Russian aggression there has led to the fragmentation of local authority and the empowerment of some right-wing nationalist groups in Kyiv. When local leadership fails to adhere to a regulation or policy priority dictated by Kyiv, the central government often ousts the offending local officials, especially in the parts of Eastern Ukraine still controlled by the national government.

In many oblasts, the central government relies on politically engaged volunteer battalions to enforce the law, often ceding the central government's monopoly on the use of force in a cynical calculation to maintain control. These patriotic volunteer battalions – usually steeped in right-wing identity politics – use their political platforms to stoke fear, in order to prevent reconciliation and reintegration of the Donbas. The Ukrainian Orthodox Church – Kyiv Patriarchate supports many of these volunteer battalions, alienating the pro-Russian voters in the territories under control of the central government in Kyiv. Few people-to-people connections remain between rebel-held Donbas and the rest of Ukraine by 2024, and practically none are left with Crimea.

Return of the Ancien Régime

Poverty and a massive gap between rich and poor remain endemic, as the government in Kyiv has completely failed to modernize the economy or compensate for the loss of the Russian market. The continued dominance of patron-client relationships in Ukrainian politics assures that oligarchs remain firmly in control of most of Ukraine's economic sectors. Corruption, low foreign direct investment, and capital flight all remain dominant factors in the Ukrainian economy. Ukraine's bleak economic prospects, weak rule of law, and heavy-handed central government have also encouraged a steady stream of emigration. Ukrainians from the eastern part of the country tend to immigrate to Russia, while those from the western part and Kyiv tend to immigrate to the EU. The number of Ukrainian expatriates who have departed their homeland since the beginning of the crisis is close to 4 million in the EU and 2.5 million in Russia by 2024. The continued brain drain and generally unimpressive economic performance result in the population having confidence in only one state institution: the military.

Prior to the presidential elections in 2024, Poroshenko was expelled from power by a military coup with the support of the majority of the population. A right-wing authoritarian re-

gime took power – with a general as head of state – suspending elections indefinitely. The undemocratic nature of the new regime sparked a conflict within the West and especially the EU, but US military aid nonetheless continued to flow into Ukraine as a buffer against Russian influence in Europe. The Ukrainian government's anti-Russian faction along with what remains of civil society have solidified by 2027, making a return to a balanced approach to Russia virtually impossible. Even worse, the Crimea Liberation Army (CLA) – consisting of Crimean Tatars, veterans of volunteer battalions, and far-right party members – commits acts of sabotage along the line of contact on a regular basis. Ukraine, along with the Baltics and most of Central Europe, becomes a front-line battleground state for a low-level proxy war between the US and Russia. The EU has generally tried to distance itself from the Ukraine conflict due to the nature of the new regime and its reluctance to take a more aggressive stance toward Russia.



Scenario No. 4 – Administrator

High State Capacity, Low Social Cohesion

by Gwendolyn Sasse and Reinhard Krumm

The State of Affairs in 2027

The Ukrainian technocratic leadership, which was elected to office in 2018, has de facto accepted that the Crimean Peninsula is lost for the time being, as is control over the quasi-independent Donbas region. The government focuses mainly on administration and pays little attention to a much-needed Ukrainian vision of sociopolitical cohesion. The technocrats in Kyiv have been concentrating on gradual economic reforms, with an emphasis on modernizing the agricultural and industrial sectors without losing track of the need to support initiatives in the sphere of tourism and the knowledge-based economy. The Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU and a special trade agreement with the Eurasian Economic Union have underpinned Ukraine's modest but steady increase in GDP. In turn, this has enabled the government to reform and attempt to improve social policy – including health care and the pension system – despite criticism by Western financial institutions. A disillusioned society

shares the government's perception that the current path is the only feasible one. In return for the new stability and some improvements in living standards, the electorate provides the government with tacit support despite the fact that corruption remains prevalent.

For the younger generation, the unresolved Crimea issue and the uncontrolled Donbas region have become a fact of life. Crimea and rebel-held parts of the Donbas are essentially seen as foreign territories, because there are few people-to-people contacts across the de facto borders. The new narrative of pragmatism – based on a tradeoff between a degree of political stability and modest economic growth, on the one hand, and a mid-term acceptance of the status quo in the east, on the other hand – is supported by most EU member states and the US. The post-Trump administration is showing little signs of making Ukraine a top foreign policy priority. The issue of NATO membership for Ukraine and Georgia is off the agenda after the lukewarm support from US President Donald Trump and his successor weakened the institutions underpinning the alliance. EU membership is no longer an option because of a moratorium on enlargement and because a less cohesive EU is not as attractive to neighboring states. As a result, Russia sees no reason to continue to intervene militarily in the Donbas.

The Road to 2027

Domestic and international evaluations of the reform process in Ukraine were mixed in 2017. Some economic progress resulted from the implementation of the DCFTA, but core problems remained: high levels of corruption, almost no economic growth, and a social welfare system under permanent pressure. Under the leadership of President Poroshenko, the government could show only very limited progress in institutional reforms. Civil society remained active and provided a check on the political system. Parliamentary elections increased Yuliya Tymoshenko's base in parliament, but the overall outlook of the political landscape did not change substantially. The parties competed on technocratic expertise rather than on ideological positions. Three parties – a revamped party based on Poroshenko's bloc, the Opposition Bloc and Tymoshenko's bloc – had become roughly equal players in parliament, though there was still no party consolidation. Under a coalition with only a marginal majority in parliament, voting on legislation had become even more of an issue-dependent bargaining game.

One positive note among all the grayness of politics was that Ukraine's national soccer team progressed against all odds to the 2018 World Cup quarterfinals, whereas host Russia didn't survive the group phase.

The EU was preoccupied with Brexit and the rise of populism in many member states as well as the search for common ground with the Trump administration in Washington. President Trump made it clear from the beginning that NATO member states had to share the financial burden for their respective national security more evenly. Furthermore, he signaled that there would be no substantial support from the US for the Eastern Partnership countries. The US had turned inwards – concentrating on domestic issues – and limiting itself internationally to the fight against terrorism in the Middle East and its relations with China. In the meantime, the Minsk II Agreement faltered. The Normandy format with France, Germany, Russia, and Ukraine has continued and provides at least an umbrella for regular, high-level political contacts, but has failed to go beyond a series of attempts at stabilization.

Desire for Stability

The outcome of the parliamentary elections and the defeat in the presidential elections 2018 marked the end of Poroshenko's political career. Upon stepping down, he secured immunity for himself and his closest associates. His exit from political power partly reconfigured the political scene with some of his former ministers supporting the new government and others going back into business. Civil society activists and

their political allies also accepted defeat in the elections, not being able to launch new parties or rejuvenate existing parties from within, as did radical right-wing parties. Citizens became tired of extreme positions and a weak state. They longed for a strong state governed by technocratic administrators, hoping that such a government could deliver on the promise to improve living standards – a promise that, most believed, civil society had not achieved since the Maidan Revolution.

At the same time, tensions eased in Donbas. Ukrainian armed forces and independent battalions received dwindling support from society as war fatigue set in. Moreover, it became clear that there would be no substantial support from outside. President Trump prioritized relations with Russia over support for Ukraine, thereby limiting both Russia's perceived need for action in Ukraine and Ukraine's closer integration in Europe. France and Germany remained occupied with the results of national elections, where popular anti-globalization and anti-EU political parties were strong. Poland was focused on its own political struggle between the conservative PiS party and a strengthening opposition, while attempting to maintain its economic growth. Ukraine and the other countries of the Eastern Partnership – Belarus, Moldova, Georgia, Armenia, and Azerbaijan – realized that they were on their own.

Acceptance of Top-Down Reforms

Acknowledging this political development in domestic and international politics, Ukrainian economic elites understood that it was time to commit to a managed top-down reform process. From now on, reforms would be based on a realistic projection of what Ukraine was capable of: economic growth in the areas of modernized industries and agriculture, with another focus on tourism and knowledge-based small and medium-sized companies. The elites were convinced that to pursue this path, the country needed peace with its neighbors, including Russia.

Russia, which was facing a variety of challenges, partly enabled this new approach. On the one hand, Russia's economy was not reforming as needed. It continued to be highly dependent on energy exports. High-tech goods were produced, but still chiefly in the military sector. The government was not able to introduce a progressive income tax – due to the possibility of localized social protests – and had to pay off different social constituencies, mostly by offloading official responsibilities to the republics. Thus, Moscow sent clear signals that further escalation was not in its interest as long as Ukraine did not pursue any military actions against Donbas separatists and accepted the status quo of »no peace,

no war«. In turn, Russia agreed to permanent international supervision of the line of contact between the Donbas region and the rest of Ukraine by the OSCE, which led to a reduction in tensions.

The new policy of the technocratic administrators was also made possible by the fact that – from the mid-2020s onwards – Crimea and the occupied territories of the Donbas became less significant for the definition of Ukrainian state or national identity. With high crime rates and virtually no economy, the Donbas territories emptied as inhabitants moved to Russia or other parts of Ukraine. Because of the human and financial stress for the migrants and the administration of the two countries' border regions, trilateral talks between Russia, the Donbas separatists, and Ukraine were established. Basic investments were made to improve infrastructure, healthcare, and the education system with an understanding that the status quo was preferable to the alternative.

This approach also became Ukraine's policy towards Crimea. Reminiscent of Germany's approach to the division into East and West after the building of the Berlin wall, Kyiv accepted the fact of a historical process, which might take decades to resolve. Nevertheless, the goal of achieving national unity was written into Ukraine's constitution.

