

Overcoming the military conflict in area of Lugansk and Donetsk regions

PEACE IN UKRAINE PEACE IN EUROPE



OBJECTIVE OF THE PROJECT

- Termination of armed conflict in the East of Ukraine must be peacefully resolved
- Safeguarding real guarantee of security and restoration of the territorial integrity of Ukraine
- Prevention of involving Europe in all-out war



The Negative Consequences of Armed Conflict

- Ukrainian's territorial integrity had been violated of by the annexation of Crimea and the "hybrid occupation" of the part of Donbass regions;
- more than 16,000 civilians and military were claimed the lives;
- there are more than 3 000 000 internally displaced persons;
- many locality of the Donbass and Lugansk regions are in a state of humanitarian and ecological disaster;
- Donbass infrastructure partly destroyed;
- the industrial-economic links of Ukrainian enterprises were destroyed;
- the Continuation of the armed conflict;
- the deaths of the military and civilian population;
- further destruction of the economy and infrastructure of Ukraine and Donbass;
- worsening of living standards of the population;
- keeping an active source of terrorism and aggression;
- the tension increase in Ukrainian society;
- activation of radical organizations;
- the number of refugees and emigrants are growing



International Guarantees

The Budapest Memorandum should be used as an International Guarantee of Territorial Integrity of Ukraine.

The international community has effective mechanisms for resolving similar conflicts.



It is necessary a peaceful solution of the conflict for overcoming armed conflict



Draft peaceful settlement

- Initiative of Ukraine
- Readiness of the Budapest Memorandum participants (USA, Russian Federation, UK, France, China), UN, European Union and third parties donors and investors for a peaceful settlement
- The UN Security Council decision on a settlement of the conflict
- The adoption of legislation for realization of the project:
 - granting status for Donbass of the international economic zone;
 - amnesty, disarmament, including through weapons buy-back;
 - justice under United Kingdom legislation;
 - the introduction of investment protection guarantee system including tax icentives during the transition period;
 - the creation of Restoration Fund of Donbass and Compensation Fund for population (the fund is being built up from income from mining and this amount is intended for infrastructure reconstraction and development, manufacturing, social services, compensation of losses).



Conditions and coherance of implementation the peace plan

- Restoration of security (cessation of hostilities, imposition of an international military peacekeeping contingent into the occupied territory along the entire line of the conflict, the withdrawal of foreign troops and military equipment, demilitarization and demining of the territory)
- Creation of the International Transitional Administration
- Organization support system of civil order by international law enforcement for implementation of the law and justice in the transitional period (including the necessity of individuals with foreign nationality in administration management of this territories).



Functions of Transition International Administration

- **Security** (separation of parties, disarmament, demilitarization, demining, return of population)
- Police (creation of Police Mission, restoration of the law, amnesty)
- Political (restoration of civil and political rights and freedoms, creation of a self-government system, preparing of elections)
- Social (provision of humanitarian assistance, rehabilitation of the education and health system, by providing for free health care and medicines for treating for diabetes, cancer, provision of pensions and other social benefits, as well as compensation for lost of property resulting from occupation)
- Economic (reconstraction of industry and infrastructure, including through attracting international donors and investors)



Additional guarantees for investors and donors in transition period

Recipients of international donor assistance are not subject to income tax

Income of investors is exempt from taxation

Exempt from taxation financial institutions that provide loans for housing construction for citizens, social infrastructure, industrial production, environmental projects

Financial institutions are guaranteed security measures

Protection the property rights of investors is carried out in accordance with British law



Sources of Financing

- The state budget of Ukraine for the financing of each region of Ukraine
- Donbass Reconstruction and Rebuilding Fund, established with the participation of signatories to the Budapest Memorandum, which guaranteed the territorial integrity and security of Ukraine
- Ukrainian and international private investors
- International Financial Institutions and Development Banks
- Private investors of Ukraine, which return their capital to Ukraine as a result of the amnesty and the absence of criminal prosecution, exemption from taxation during the transitional period
- Financing out of revenues from mining on the basis of distribution agreements



Project Implementation Expectations - 1

- Cessation of violence and death of Ukrainian citizens (military and civilian)
- Reduction military aggression and terrorist threats, demilitarization of the region in Europe and in the world
- Restoration of the Donbass infrastructure. Transformation of the occupied territorries in free economic zone with powerful investment projects
- Return displaced population
- The maximum smoothest possible reintegration of the Donbass into the part of Ukraine
- Transformation of Ukraine into the safe territory.
 Creation of preconditions for construction of a modern transit transport hub at the intersection of Europe-Asia



Project Implementation Expectations - 2

- Free movement of goods and services in the Eurasian continent
- Development of an effective international mechanism for the cessation of military conflicts peacefully. Restoration of the authority of international organizations, in particular the United Nations and Security Council.
- After the transitional period of de-occupation and restoration of local self-government, the territory will be reintegrated into the constitutional and legal space of Ukraine, which will facilitate the return of a significant part of refugees and displaced persons



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