

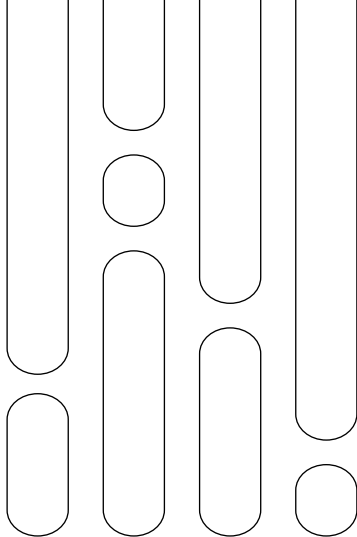
REPORT

THE REPERCUSSIONS OF THE WAGNER GROUP CRISIS ON THE RUSSIAN REGIME AND THE COURSE OF THE WAR IN UKRAINE

July 5, 2023



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On Saturday morning July 24, 2023, Russia woke up to the news of the Wagner Group rebellion, headed by Yevgeny Prigozhin, a businessman close to the Kremlin, against the Russian regime, and its entry into Rostov-on-Don (southwest) Russia and advancement north toward Moscow. Prigozhin justified his rebellion by accusing the Russian army of bombing Wagner camps in Ukraine and killing a significant number of its fighters. He vowed revenge on the Russian army, which is engaged in a fierce battle in Ukraine.

The rebellion did not last long, with the announcement of a deal brokered by Belarusian President Alexander Lukashenko. Under this deal, Wagner forces would go back to their sites and camps and join or sign contracts with the Russian Ministry of Defense. In addition, Prigozhin would leave for Belarus, with Russian President Vladimir Putin guaranteeing his exit. However, this rebellion generated widespread speculation and several questions about the causes, motives and implications for the Russian war effort in Ukraine and its repercussions on Ukraine's allies. In this context, an important question is: what is the alternative to the Wagner Group's forces in the Russia-Ukraine war?

The Wagner Group's Development and Position in Russia's Strategy

Within a few years, the Wagner Group emerged as Putin's military operational arm outside Russia's borders. The Kremlin granted this group an economic and military role. Thus, the Wagner Group and its leader quickly accumulated vast wealth unlike other mercenary groups. Wagner not only enjoyed financial clout but also had influence on Russian ground and air forces and absolute freedom of movement and influence in Syria, Libya, the Central African countries and Ukraine. The inception, development and role of Wagner in Russia's military strategy are analyzed below.

Formation and Development of the Wagner Group

Wagner was founded as a [private](#) military company in 2013 by two well-known figures in Russia: Dmitry Utkin, a former Russian intelligence officer, and Yevgeny Prigozhin, a Russian businessman with close ties to Putin. Wagner was registered as a private trading company in Argentina. It has offices in Saint Petersburg and Hong Kong, and a training camp in Moscow. The [outsourcing](#) of combat operations to private military companies has emerged as a preferred security option in recent decades, and in Russia in particular. The formation of parastatal security agencies is not unusual under Putin. Previously, similar armed groups began to appear in Russia in the early 1990s after the collapse of the Soviet Union.

Over the past decade, private military companies have become a major tool in Russian policy to achieve geopolitical and geostrategic goals in some spheres of influence, and in areas where Moscow does not want to openly deploy its official forces. This granted Moscow a reasonable degree of plausible deniability and impunity and also enabled the evasion of Western sanctions and encirclement. This is particularly true with Wagner's participation over the past few years in many global crises from Syria to Mali to Venezuela. However, this changed as the Russia-Ukraine war unfolded. The United States designated the Wagner Group as a transnational criminal organization earlier this year. Australia, Canada, Japan, the United Kingdom and the European Union sanctioned the group.

The Wagner Group's Funding and Financial Sources

The Wagner Group depends on a vast array of funding sources and carries out mercenary operations for governments. It has been operational in conflict-ridden countries in Africa, the Middle East and more recently Ukraine. In addition, Prigozhin is a Russian businessman who has offshore firms in order to circumvent US and European sanctions. He also has restaurants and catering services in Russia's hospitality sector and was able to exert influence because of his proximity to Putin. Western estimates reveal that the Kremlin partially funded the group.

Africa is one of the most important sources of funding for the Wagner Group. It operates in several conflict-ridden African countries including: Mali, Congo, Sudan, Libya, the Central African Republic, Mozambique and Madagascar. In return for their mercenary activities, the group gets paid in cash and exploits the natural resources of the mentioned countries such as gold, oil, uranium, diamonds and agricultural lands through the group's affiliated companies. On a smaller scale, the group's members are involved in looting.

The Mali government pays the group approximately \$10 million on a monthly basis for its military activities. Wagner affiliated companies exploit precious minerals and resources such as gold and uranium in Mali and Burkina Faso, according to various estimates, oil and gold in Libya and Sudan, timber and farmland in the Central African Republic and diamonds in the Congo and Guinea. This means that the Russian group relies on different financial sources ranging from mercenary activities for governments, the investments of its affiliated companies inside and outside Russia, and the exploitation of influence to directly access the natural resources in African countries.

The Wagner Group in Russia's Military Strategy

The Wagner Group turned into a key tool to secure the Kremlin's interests in a number of countries without Russia's direct military involvement. Details

of the group's activities first began to emerge in 2014 when Russia annexed Crimea, and later in Syria in 2015 to prevent the collapse of the Assad regime, Russia's main regional ally, to achieve significant strategic gains in Syria. The group's participation in the Russian military effort in Syria marked a major shift in its combat expertise. The group's forces fought alongside the Syrian army in many major military operations at the time. This included the military campaign to control major Syrian cities such as Palmyra, Deir ez-Zor and Raqqa.

Having succeeded in the Ukrainian and Syrian arenas, the group gained extensive combat experience and practiced what is referred to as street fighting. Accordingly, Russia sought to maximize its interests and moved toward several other countries, including Venezuela, the Central African Republic, South Sudan, Mali and Mozambique. The group's operations in Libya were the most versatile because these involved the use of armored vehicles, defense systems, fighter and bomber aircraft. Wagner's participation was to secure highly coveted natural resources for Moscow, counter Western influence in the African continent, especially France's influence, support Russia's security and military relations with African countries and expand the Kremlin's strategic spheres of influence.

According to Russia's military strategy, the group's participation since the outbreak of the Russia-Ukraine war aimed to reshape the Russian-Western conflict. The group's fighters trained in urban combat were used to storm Ukrainian cities and villages that resisted the Russian army. They also participated significantly and effectively in several major battles, including: the battle for control over Severodonetsk, Popasna and more recently Bakhmut where fighting continued for months before it fell last May.

The Development of the Crisis Between the Wagner Group and the Russian State

The recent developments in Russia and the heightened security measures in Moscow came in the wake of Wagner leader Yevgeny Prigozhin's call on his forces to rebel against the Russian military leadership. He accused the Russian forces of bombing the group's camps in Ukraine on June 24, 2023. In response, Prigozhin vowed to retaliate against the Ministry of Defense's leadership which he held responsible for the bombing and the killing of his fighters. Many analysts note that the cause of the crisis was the conflict between Prigozhin and Russian Defense Minister Sergei Shoigu, who has held this position since 2012. However, others believe that what happened was an attempt to insulate the Russian regular army from the legal consequences because of the Wagner Group's operations in Ukraine. Prigozhin did not only

vow to retaliate, but he also denounced several Russian decisions. He said the “evil military leadership” must be stopped. He promised to continue the so-called “[march for justice](#).” He denied some of the justifications that senior officials gave for [Ukraine’s invasion](#). He said that the latter and [NATO](#) did not plan to attack the Donbass region and Crimea in 2022. He also blamed Defense Minister [Sergei Shoigu](#) for Russia’s failures on the battlefield and the death of Russian soldiers. Prigozhin asserted that Russia’s war in Ukraine aimed to [benefit some elites](#).

It could be said, therefore, that the Wagner rebellion was a direct outcome of the heightened tensions and internal conflict between the group’s head and [the Russian Ministry of Defense](#), particularly in the context of the Bakhmut battle raging in eastern Ukraine. It was the longest battle which lasted about 224 days and was described as the bloodiest conflict resulting in 100,000 dead and wounded. The Russia-Ukraine war has mainly focused on the Donetsk and Luhansk regions and their southern extension. Prigozhin called for Russia’s invasion of Ukraine to be reconsidered. He repeatedly accused the Russian Ministry of Defense of attacking the camps of his forces, resulting in many casualties. He also accused the ministry of not supplying Russian soldiers and his fighters with sufficient ammunition. He further accused Russian forces of fleeing from the Bakhmut battlefield.

Prigozhin announced that his forces had withdrawn and ended the rebellion. However, the rebellion was a strong blow to the Russian military establishment, both at the moral and strategic levels, and Russia’s inability to end the war with Ukraine is imposing great pressure on the Russian domestic front. This may impact the future of the Kremlin and its political leadership.

The Repercussions of the Crisis on the Russian War Effort in Ukraine

When discussing the repercussions of the crisis on the Russian war effort in Ukraine, a number of questions spring to mind: will the crisis weaken Moscow’s capabilities and ambitions in the war? Will the crisis affect the ongoing battle in different regions in Ukraine or the map of control and influence and the dynamics of the battlefield if the morale of Russian forces is affected by the withdrawal of Wagner’s forces? Or will it create a similar phenomenon of mutiny, emboldening discontented fighters to rebel, whether within the corridors of the Russian state or among the forces involved in the heart of the battle in Ukraine?

By analyzing the opinions of writers and specialists in this regard, two main scenarios are evident in the context of the potential repercussions of the crisis on the Russian war effort in Ukraine.

Advocates of the first scenario believe that the crisis will have repercussions on the Russian war effort in Ukraine, especially with the war entering its second year. They argue that the Wagner Group is a significant actor in the Russian equation and therefore in the ongoing war in Ukraine. It contributed greatly to Russia's military strategy and changed the equation in favor of the Russians in the ongoing war in Ukraine. This came after Moscow initially faced great challenges in subduing Ukraine at the beginning of the war, and it could not take control of the capital, Kyiv. This was reflected in Russia's directive of compulsory military conscription.

The Wagner Group has participated on the front lines in many fierce battles from Donetsk to Lugansk on the Russian side since it first engaged in the Ukrainian war alongside regular forces and military units. The group contributed, alongside Russian forces, to achieving a series of major successes in controlling Popasna, Lysichansk, then Solidar, a strategic city, which was a major precursor to controlling Bakhmut. It participated in the bloodiest and longest battle in the war. Moscow believes that Bakhmut is extremely valuable as controlling this city puts Russian forces in a stronger position to take control of the Luhansk and Donetsk regions, which make up the Donbass region.

The Wagner Group played an important and prominent role in achieving victories for Russia after nearly a year of stalemate or defeats in Kharkiv and southeastern Ukraine. These losses contributed to a negative public opinion inside Russia. On the battlefield, the group demonstrated professionalism, discipline and superior combat skills based on its extensive experience in guerrilla warfare, city wars and wars involving advanced armies. This group gained combat experience while operating in different hot spots around the world and excelled in its military capabilities.

Wagner fighters are known to receive advanced combat training and have participated largely in the Russia-Ukraine war. The group is made up of approximately between 25,000 to 50,000 fighters: 10,000 are contractors while 40,000 are recruited from Russian prisons. This size and composition allowed the group to take on more sensitive and complex combat missions. It played a role in providing military and moral support to Russian soldiers on the battlefield and gave the Kremlin a real opportunity to confront popular outrage because of its mobilization and recruitment policies, especially after its victories in the Russia-Ukraine war.

As for the second scenario, some analysts believe that the repercussions of the crisis will have little effect on the Russian war effort in Ukraine. Advocates of both scenarios agree that the Wagner Group is a highly professional tactical combat unit. They argue that the group is not dedicated to carrying

out large-scale military missions independently of the Russian army and will remain unqualified to fight major battles for a long time. Russia's combat plans do not depend entirely on Wagner, particularly when it comes to critical fronts and strategic combat areas. The group's fighters are deployed on battlefields that attract media attention such as Bakhmut. However, the Russian army is deployed across strategic and critical combat fronts in the war equation which are central to the gain and loss military calculus, such as the case in the eastern front stretching to Kharkiv. This also applies to the southern front in Kherson.

Advocates of the second scenario believe that the Russian army has been involved in many wars and conflicts in the past and has extensive experience in combat and battlefield management. Therefore, the Russian army is unlikely to lack an alternative plan to compensate for the withdrawal of Wagner forces from the battlefield in Ukraine. In addition, the Russian Ministry of Defense was starting to minimize Russia's reliance on Wagner's forces on the front lines since Chief of the General Staff of the Russian Armed Forces General Valery Gerasimov assumed command of Russian military operations in Ukraine due to the recurrence of disputes between the two parties. The Ministry of Defense also blocked Wagner's plans to recruit more prisoners to be deployed on the front lines. According to the proponents of this scenario, this move occurred as the Russian army relies more on the use of air and lethal assets than ground battles to win the war.

Regardless of the two scenarios, the short-lived Wagner rebellion exposed a fundamental rift within Putin's inner circle, especially among the symbols of the Russian power equation, particularly the Russian Ministry of Defense. This will impact Putin's regime, thus pushing him to change sensitive military leadership positions and carry out a large-scale overhaul of the regular forces to remove those who sympathize with Wagner or seek to rebel and take steps similar to the Wagner leader. These moves come at a critical time as Russia fights for its very existence as Putin put it. Putin is exerting efforts to ensure more victories to limit the growing popular outrage against the repercussions of the war; Kyiv is strongly supported by the West.

The other challenge facing Putin is the replacement of Wagner forces amid a shortage of Russian soldiers on the battlefield. Ramzan Kadyrov's mercenaries are trained only in urban warfare while defending against a sophisticated full-scale army is not the forte of his men. How far would Putin bank on Kadyrov – a Muslim and a non-Russian – is debatable. He might be assigned some responsibility for policing troubled regions like Rostov-on-Don which were taken over by Wagner without resistance. His mercenaries may also be charged with some defensive duties under the overall command of the Rus-

sian military. Putin's invoking of 1917 – linking Prigozhin's actions to the intrigues that he believes brought down the Russian army – means that he realized that he had left it too late and allowed a real challenge to his power in Russia to develop.

The withdrawal of the Wagner Group would impact Russian military morale while boosting the morale of the Ukrainian forces, playing into Ukraine's interests. This withdrawal will have serious implications for the home front as it could cause divisions within Putin's inner circle with some figures perhaps joining the Wagner Group. The West is getting ready to leverage the crisis to shift the Russia-Ukraine war to the Russian home front.

The Repercussions of the Wagner Group's Rebellion on Ukraine's Allies

Following the unexpected developments in Moscow, Ukraine's allies attempted to establish a balance between the ongoing war and ensuring the security of Russia's nuclear weapons. Based on these two determinants, their approaches aim to keep Putin on the "verge of collapse." This would ensure that Putin remains weak and incapable of achieving military successes in Ukraine. Hence, his strength and expansionist ambitions would be curbed. However, they desire the central authority in Moscow to safeguard Russia's nuclear weapons and ensure that they do not fall into the hands of rogue actors. The second party to the confrontation with Putin – the Wagner Group – is designated as a terrorist group; therefore, Prigozhin does not meet the minimum conditions of the United States and the West.

The West makes no distinction between Prigozhin and Putin as both are viewed as enemies. Prigozhin's position is not against the war per se – but the manner in which it is being fought. The confrontation is between two men over how to destroy Ukraine most efficiently. When Prigozhin's men were marching unimpeded toward Moscow, NATO was fearing the worst: Russia's sophisticated and devastating nuclear arsenal falling into the hands of a more hardline and trigger-happy leader. Biden delayed his trip to Camp David to consult with his fellow European allies. NATO reinforced its security on the borders with Russia and air forces were put on high alert. It will remain the same for weeks to come in the event of any possible attack on NATO's members or its allies in Eastern Europe. Various NATO observers expressed concern for the bloc's smaller neighbors: Estonia, Lithuania, Latvia and Romania, especially in the case of Russian desperation and Putin's dwindling power. Hence, NATO will not watch the fluid situation unfold from afar. Its various kinds of spy aircraft alongside human intelligence assets will work overtime to remain on top of the unfolding events.

The best-case scenario for Ukraine and NATO was not realized. Russia's different armies did attack each other but the clashes were quickly contained and Moscow averted a major catastrophe much to the dismay of its enemies. Therefore, Putin still has a chance to restore his bruised prestige and grip on power. However, the outcome of the Wagner Group's attempted rebellion serves the interests of Kyiv and its allies. It shifted global public opinion from the coverage of the battles in Ukraine to Russia and gave Western governments, especially the US administration, further justifications to continue their support for Ukraine. Western countries will use what happened to respond against those who oppose the support provided to Ukraine and they will highlight the danger of Putin and the chaos that he has caused firstly to his own country.

Prigozhin defying Putin reflected the fact that the Russian president is in a weak position and is losing his grip on power, thus destroying the image of the strong leader that he had built over the past years. Prigozhin's statement questioning Putin's logic for invading Ukraine was unexpected and palpable for Russians, and joyous for Ukrainians. The myths surrounding Putin's iron grip on power have been shattered and the resulting confusion paves the way for the launch of a delayed military offensive. During the hours of confusion, the Ukrainians would have availed of the opportunity to gather invaluable intelligence about the morale and state of Russian command and control.

Although the Kremlin tried to downplay the impact of the rebellion on the Russia-Ukraine war, it is likely to impact the fierce battles, especially as uncertainty hangs over the future of Wagner. The rebellion coincided with the counterattack of the Ukrainian army with the beginning of the summer offensive, with plenty of time before the winter reset. Western and American support will continue and perhaps double to weaken Putin internally and undermine his military achievements externally.

Conclusion

Causing internal problems and complications to Putin without posing a threat to his rule is in the West's interest and the Wagner rebellion is in line with the United States' and the West's desire to force Putin to accept a settlement, taking him back to square one pre-2014. The Europeans will not miss any opportunity and will exert efforts to reap the fruits in eastern Ukraine and Crimea. Putin will work to curtail the role of the Wagner Group during the coming period and change sensitive security and military leadership positions, and perhaps even search for a suitable alternative to Wagner, which has caused unprecedented problems for the Russian leadership. This crisis has unfolded against the backdrop of great popular discontent because of the economic repercussions of the war and anger over the policies of military mobilization and recruitment.



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