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# Kremlin Sets Up Caucasus Ministry

By Alexey Eremenko

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A Siberian governor was appointed Monday to head a newly established North Caucasus Development Ministry, in a move analysts say is mostly "an imitation of policy change" in a region known for its dependence on federal funds.

The move, reported on the Kremlin's website, is part of a major reshuffle that also saw former businessman Alexander Khloponin replaced by police general Sergei Melikov as a presidential envoy to the North Caucasus.

The new ministry is the third region-specific ministry in Russia's federal government after similar ministries were set up for the Far East and the newly annexed Crimean peninsula.

The new North Caucasus Minister, Lev Kuznetsov, 49, will be stepping down as Krasnoyarsk governor, a job he took over from his longtime patron Khloponin in 2010.

Former acting presidential envoy to the Siberian Federal District, Viktor Tolokonsky, will serve as acting Krasnoyarsk's governor in Kuznetsov's place, according to the Kremlin's

website.

Khloponin, 49, who has also worked at Norilsk Nickel, will remain deputy prime minister without a portfolio, the report said.

The reshuffle is intended to unify and amplify the government's policy for developing regions, presidential spokesman Dmitry Peskov said, Interfax reported.

But analysts say the situation is not so clear-cut.

What the government is really gunning for is to imitate a policy change in the North Caucasus without actually changing anything, Alexei Malashenko, regional expert at the Carnegie Moscow Center, said.

Rostislav Turovsky of the Higher School of Economics echoed that sentiment, saying "the reform's main goal was simply to rotate people in high posts."

Russia's North Caucasus survives almost exclusively on federal funds, a fact which has frequently been cited by critics of current policies in the region.

Numerous attempts to revive the economy of the region — mostly undertaken by state-run companies under Khloponin — have failed to take off, though such attempts are likely to continue in parallel to the new ministry's operations, both experts said.

The region also remains plagued by its battle against Islamist insurgents.

Last month alone, 52 people were killed there, 15 fewer than in April 2013 but more than the monthly average for the first three months of the year, according to the independent news agency Caucasian Knot.

The government's appointment of a military general as a presidential envoy to the region is more significant than the creation of the ministry, Malashenko said, and may reflect an attempt to stem unrest that had been stifled during the Sochi Olympic Games to prevent any possible terrorist attacks.

According to him, the move represents a reaction to anticipated tension stemming from the government's heavy-handed policies and crackdown on suspected members of the insurgency in the run-up to the Games.

"You cannot really separate military and peaceful affairs, which means the officer will really be in charge [of the region]," the analyst said.

The International Crisis Group had warned ahead of the Games that the authorities' hardline tactics in the region would probably result in a backlash afterward.

Kuznetsov may stand a chance of improving the region's economy, however, as he was actively involved in various economic development programs for Siberia. He also happens to be known for his spouse Inga, who was ranked among the top 10 richest wives of Russian officials in 2012. The couple owns a house in Nice, France, where they were mugged last winter in a high-profile incident, losing 200,000 euros ($275,000) worth of jewelry,

according to Itar-Tass.

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