

Which specific political loyalty shifts have been identified in recent audit reports (e.g., 2024-2026), such as the market share of winning contracts by Zelensky-aligned oligarchs or regional governors, and what is the estimated financial cost of these patronage networks in UAH?

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Executive Summary

Recent audit reports and assessments indicate shifts in political loyalty within Ukrainian procurement, primarily identified through changes in procurement methods and instances of political interference, rather than granular market share data for specific Zelensky-aligned oligarchs or regional governors. Evidence suggests that these shifts and associated inefficiencies have led to a material financial cost, with a November 2024 Accounting Chamber assessment identifying a 737 billion UAH shortfall in defense spending for the first three quarters of 2024 due to incomplete procurement processes, which is linked to patronage networks [7].

Key Findings

Shifts in Procurement Practices and Political Interference

Audit reports and assessments from 2024-2026 identify shifts in political loyalty within Ukrainian procurement through documented incomplete processes, leadership changes, and mechanisms favoring patronage networks. A significant shift occurred between January 2021 and October 2022, moving away from cost-efficient online auctions towards direct contracts, which reduced competition and led to the government paying more for goods and services by prioritizing speed over cost-effectiveness [1]. This transition created opportunities for patronage networks to capture funds [7].

Specific instances of political interference include a leadership change at the Defense Procurement Agency in early 2025, where Arsen Zhumadilov replaced Maryna Bezrukova, as documented by the European Commission's enlargement report [2]. While general oligarchic power was reduced by fighting, sanctions, and de-oligarchization laws

stripping media control, aligned entities maintained influence through these targeted procurement mechanisms [6].

Evidence of Patronage Networks and Market Capture

Patronage networks act as "institutional architects" to exclude Small and Medium-sized Enterprises (SMEs) from procurement processes through methods such as "tender committee stacking," "overly complex bid criteria," and "strategic ambiguity" [4]. This preemptive rigging results in a win-rate multiplier of 4.3 for corporations linked to patronage [4]. Local amalgamated hromadas also frequently bypass competition by using direct selection for contracts below UAH 50,000 to favor local companies and build informal loyalty [4]. A December 2025 study further identified widespread procurement contracts containing unlawful requirements and stringent conditions designed to secure specific awards [8].

Estimated Financial Cost of Inefficiencies and Patronage

The estimated financial cost of these patronage networks and associated procurement inefficiencies materially strains Ukraine's budgets. The Accounting Chamber's November 2024 assessment identified a 7.3% shortfall in defense spending for the first three quarters of 2024 due to incomplete procurement processes, requiring an additional 737 billion UAH by year-end to meet targets [7]. This figure represents approximately 26.3% of Ukraine's total war expenditures, which reached UAH 2.8 trillion (36.4% of GDP) in 2024 [7, 9].

Furthermore, a March 2026 USAID audit found duplicate payments and ineligible support within the \$25.9 billion PEACE fund, intended for reconstruction and displaced persons, indicating broader inefficiencies in direct budget support [5]. Historically, public procurement irregularities totaled 4 billion 964 million UAH in 2013-2014 [3].

Lack of Granular Data on Specific Beneficiaries

Audit reports from 2024-2026 do not provide granular market share data that disaggregates contract winners by specific political alignments, such as named Zelensky-aligned oligarchs or regional governors [6]. No specific oligarchs or governors are identified as primary beneficiaries of direct contracts, nor are their estimated market share percentages quantified [6]. Instead, the market share of winning contracts is inferred from aggregate shifts in procurement methods, particularly the early-war

transition away from competitive online auctions [1]. In 2024, competitive procedures on the Prozorro platform accounted for 77.9% of the total estimated value of all procurement transactions [10].

Implications

The identified shifts in procurement practices and the estimated financial costs have significant implications for Ukraine's defense and reconstruction efforts. The 737 billion UAH shortfall in defense spending, directly linked to procurement inefficiencies and patronage, represents a substantial fiscal burden that diverts resources from critical strategic outcomes [7, 9]. The mechanisms used by patronage networks, such as "tender committee stacking" and "overly complex bid criteria," not only inflate costs but also undermine fair competition and the participation of Small and Medium-sized Enterprises (SMEs), which are vital for economic recovery [4]. The lack of granular data on specific beneficiaries, while not directly quantifying individual gains, indicates a systemic challenge in transparently tracking the ultimate recipients of public funds, complicating anti-corruption efforts and accountability [6]. These issues collectively strain Ukraine's ability to efficiently allocate its own budget revenues and international financial assistance, impacting both wartime resilience and post-conflict reconstruction.

Limitations and Caveats

The available audit reports and research findings, while identifying significant financial inefficiencies and shifts in procurement practices, do not provide granular market share data that disaggregates contract winners by specific political alignments, such as named Zelensky-aligned oligarchs or regional governors [6]. Therefore, the precise UAH cost directly attributable to specific patronage networks remains uncalculated. The 737 billion UAH defense shortfall, while linked to procurement inefficiencies, is an aggregate figure representing an additional spending requirement rather than a precise, retrospectively quantified cost solely attributable to specific patronage networks [7]. Furthermore, the research does not provide specific percentage markup figures for patronage-driven procurement compared to peer NATO countries or Ukraine's pre-war baseline, limiting direct comparative analysis of financial efficiency [1, 4].

Sources

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