

# How does the substitution of electoral accountability with procurement-driven political selection reshape Ukraine's internal governance structures and long-term institutional stability?

May 21, 2026 | SnugLab Research | [readme.snuglab.com](https://readme.snuglab.com)

---

## Executive Summary

---

The substitution of electoral accountability with procurement-driven political selection in Ukraine, particularly under martial law, introduces risks of centralized control and clientelism, but is largely mitigated by the country's robust decentralized governance structures and advanced digital transparency systems. While the postponement of elections creates a vacuum for upward accountability and potential procurement abuse, Ukraine's ProZorro e-procurement system and strong hromada autonomy act as powerful counterweights, fostering real-time accountability and preserving institutional stability.

## Key Findings

---

### Risks of Centralization and Procurement Abuse

The postponement of national elections under martial law shifts accountability away from regular electoral cycles, creating conditions where officials may prioritize central government loyalty over local resident needs [3, 4]. This diminished local oversight enables officials to prioritize loyal contractors, a dynamic observed in other contexts; for example, in Turkey, centrally appointed "trustee mayors" were 24 percentage points more likely to abuse unforeseen event clauses and reduced competitive sealed-bid auctions by 32 percentage points [1]. This practice inflated contract prices by 23% and reduced value for money by 40%, effectively draining municipal resources and centralizing administrative control [1]. Public procurement remains inherently vulnerable to moral hazard, agency problems, bid rigging, and patronage [1, 6, 9].

Specific policies and informal mechanisms in Ukraine illustrate how procurement contracts can be used to select or retain political appointees:

- **Wartime Directives:** Cabinet Resolution No. 169 (February 2022) suspended competitive tenders and allowed direct contracts, reducing transparency [13]. Resolution

No. 1178 (October 2022) codified military procurement rules, maintaining direct agreements for critical needs while allowing sensitive information concealment [13]. Over 20 amendments to the 2010 Public Procurement Law introduced exemptions from competitive tendering, increasing discretionary contract awards [15].

- **Informal Mechanisms:** Associated party procurement, where companies controlled by a single owner "compete" to win predetermined contracts at inflated prices, channels public funds to political proxies [11]. Vertical shadow funding schemes have also supported political parties through discretionary contract awards [15].

- **Direct Political Control:** Political appointees directly control state-owned enterprise (SOE) leadership, bypassing standard corporate governance to manipulate procurement budgets [10]. Documented cases include the government suspending Naftogaz's board and firing its CEO in 2021, demonstrating direct political control over appointees overseeing procurement [10]. A year-plus vacancy on Ukrenergo's supervisory board also highlighted political influence undermining procurement oversight [10].

- **Defense Sector Vulnerabilities:** The merger of the Defence Procurement Agency and Defence Logistics Operator in January 2026 created a single point of control susceptible to political influence [12]. Military commanders have also made direct procurement decisions based on personal preferences, rewarding loyalists rather than using meritocratic criteria, as seen with the DOT-Chain Defence System in July 2025 [12]. The 2021 De-oligarchization Law, which classifies oligarchs via the National Security and Defense Council, also allows political loyalty to influence enforcement and exempt connected firms from scrutiny [14].

## **Mitigating Factors: Digital Transparency and Decentralization**

Despite the risks, Ukraine's internal governance structures are significantly bolstered by continuous digital tracking and robust decentralization reforms. Ukraine's ProZorro e-procurement system, piloted in 2015, operates on an "everyone is watching" principle, providing real-time public access to government contracts [7]. This transparency framework combated corruption and saved billions before the war, remaining robust even when open procurement requirements were relaxed during martial law [7]. As the Bristol University Press Digital article notes, "Ukraine's reforms to public procurement saved billions before the war" [7].

Furthermore, pre-war decentralization reforms established 1,469 hromadas with significant fiscal autonomy, creating a "new social contract" where local residents demand

quality services from administrators [2, 5]. The decentralization process commenced with the voluntary amalgamation of 1,070 hromadas between 2015 and 2020 [5]. This reform enhanced local capacity by broadening competencies and expanding access to financial resources, with the share of personal income tax received by village and town settlements increasing from 25% to 60%, then to 64% in 2022 [5]. This financial autonomy fosters mutual trust, as local residents and businesses, by paying taxes into municipal budgets, become "principals" demanding quality public services from their "agents" (local administrators) [5]. This robust local governance and the ongoing Digital Restoration Ecosystem for Accountable Management (DREAM) initiative for reconstruction transparency act as counterweights to centralizing tendencies [5, 7].

## **Impact on Institutional Trust and Stability**

Replacing electoral accountability with appointment-driven procurement typically erodes institutional trust and entrenches clientelism, as demonstrated by the Turkish precedent where centrally appointed mayors led to reduced competitive bidding and inflated contract prices [1]. However, Ukraine's post-2014 decentralization track record demonstrates that local governance capacity is strengthened when electoral accountability and fiscal autonomy are combined. The amalgamation of hromadas fostered a "new social contract" where residents demanded quality public services, which increased voter turnout and enhanced trust in government during the full-scale invasion [2, 5, 7, 8].

While the postponement of elections under martial law shifts accountability away from regular electoral cycles, creating a vacuum where procurement-driven political selection can prioritize central loyalty over local needs [1, 4], Ukraine mitigates this erosion of trust through the ProZorro e-procurement system [7]. This system provides real-time public access to government contracts and maintains transparency even during wartime [7]. Therefore, while appointment-driven procurement inherently risks clientelism and budget inflation, Ukraine's robust decentralized institutions and digital oversight mechanisms prevent a complete breakdown of institutional stability.

## **Implications**

---

The substitution of electoral accountability with procurement-driven political selection in Ukraine reshapes internal governance by creating a dual system: one where centralized control and potential for abuse are present due to wartime conditions and election postponement, and another where strong decentralized institutions and digital

transparency actively counter these tendencies. This dynamic implies that Ukraine's long-term institutional stability is not solely dependent on traditional electoral cycles but is increasingly anchored in continuous performance verification and real-time accountability mechanisms. The resilience of local governance structures (hromadas) and the ProZorro system suggests an adaptive governance model that can function even under extreme duress, fostering trust through visible service delivery and transparent resource allocation rather than periodic electoral mandates. However, the ongoing risks of clientelism and power concentration, particularly in defense procurement and SOE management, necessitate continuous vigilance and strengthening of oversight mechanisms to prevent the erosion of these gains.

## Limitations and Caveats

---

This report draws conclusions based on the available evidence, but the long-term effects of prolonged election postponement under martial law are still unfolding and represent a significant area of uncertainty. The comparative evidence from Turkey, while illustrative of the risks of appointment-driven governance, may not fully capture the unique context and mitigating factors present in Ukraine. Furthermore, while digital transparency systems like ProZorro are robust, their effectiveness can be challenged by continuous amendments to procurement laws and the potential for informal directives to bypass established procedures. The full impact of the Defence Procurement Agency merger and other recent changes in defense procurement on transparency and accountability remains to be seen.

## Sources

---

- [1] [edu] Public Procurement 3 - research.sabanciuniv.edu - [https://research.sabanciuniv.edu/48202/1/Public\\_Procurement-3.pdf](https://research.sabanciuniv.edu/48202/1/Public_Procurement-3.pdf)
- [2] [edu] The Electoral Effects Of Decentralization Evidence From Ukra - ieres.elliott.gwu.edu - <https://ieres.elliott.gwu.edu/project/the-electoral-effects-of-decentralization-evidence-from-ukraine/>
- [3] UKR - bti-project.org - <https://bti-project.org/en/reports/country-report/UKR>
- [4] Freedom World - freedomhouse.org - <https://freedomhouse.org/country/ukraine/freedom-world/2025>
- [5] Explaining Ukraines Resilience To Russias Invasion The Role - ponarseurasia.org - <https://www.ponarseurasia.org/explaining-ukraines-resilience-to-russias-invasion-the-role-of-local-governance-and-decentralization-reform/>
- [6] 140095 Procurement In Focus Rules Discretion And Emergencies - cepr.org - [https://cepr.org/system/files/publication-files/140095-procurement\\_in\\_focus\\_rules\\_discretion\\_and\\_emergencies.pdf](https://cepr.org/system/files/publication-files/140095-procurement_in_focus_rules_discretion_and_emergencies.pdf)
- [7] Article P118.Xml - bristoluniversitypressdigital.com - <https://bristoluniversitypressdigital.com/view/journals/jpfpc/39/1/article-p118.xml>
- [8] [peer-reviewed] Gove.12827 - onlinelibrary.wiley.com - AUTHORS UNAVAILABLE - <https://onlinelibrary.wiley.com/doi/10.1111/gove.12827>

- [9] 3955 Linking Procurement And Political Economy A Gui - cmi.no - <https://www.cmi.no/publications/file/3955-linking-procurement-and-political-economy-a-gui.pdf>
- [10] Commitments - opengovpartnership.org - <https://www.opengovpartnership.org/members/ukraine/commitments/ua0064/>
- [11] OCP TI Ukraine BI Case Study 2024 How To Make Better Public - open-contracting.org - [https://www.open-contracting.org/wp-content/uploads/2024/11/OCP\\_TI\\_Ukraine\\_BI\\_Case\\_Study\\_2024\\_How\\_to\\_make\\_better\\_public\\_procurement\\_decisions\\_with\\_business\\_intelligence.pdf](https://www.open-contracting.org/wp-content/uploads/2024/11/OCP_TI_Ukraine_BI_Case_Study_2024_How_to_make_better_public_procurement_decisions_with_business_intelligence.pdf)
- [12] Uncacparallelreportukraine - uncaccoalition.org - <https://uncaccoalition.org/uncacparallelreportukraine/>
- [13] Pp Defence Procurement In Ukraine Key Lessons For Canada And - cgai.ca - [https://www.cgai.ca/pp\\_defence\\_procurement\\_in\\_ukraine\\_key\\_lessons\\_for\\_canada\\_and\\_allies](https://www.cgai.ca/pp_defence_procurement_in_ukraine_key_lessons_for_canada_and_allies)
- [14] 3898 Informal Relations In Public Procurement - cmi.no - <https://www.cmi.no/publications/file/3898-informal-relations-in-public-procurement.pdf>
- [15] Can Ukraine Overcome Its Structural Deficits On The Way To T - europeanrelations.com - <https://europeanrelations.com/can-ukraine-overcome-its-structural-deficits-on-the-way-to-the-eu/>