

Why the West Should Localize Anti-Corruption Efforts in Ukraine

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Since Russia's full-scale invasion of Ukraine in 2022, the United States and its partners have [transferred](#) tens of billions of dollars in military, economic, and humanitarian aid to Ukraine – with more on the way to support Ukraine's counteroffensive and help meet other urgent needs.

Given the scale and speed of assistance and the wartime operating environment, some in the West have [expressed](#) concerns about proper use of the funds and equipment, calling for more robust oversight and accountability. These concerns are [rooted](#) in the West's historical sensitivity to Ukrainian corruption: fighting corruption was second only to the Russian threat in the United States' pre-war policy toward Ukraine.

Ukraine's corruption problems threaten the flow of much-needed funds from both private and public sources. Quite apart from the insecurities occasioned by the war, investors are likely to be deterred by perceptions that they will have to contend with rent-seeking officials or a flawed judiciary incapable of protecting their assets.

In addressing Ukraine's corruption problems, international partners have traditionally [focused](#) on establishing new bodies able to track, oversee, and audit spending. However, the urgency of Ukraine's needs in prosecuting the war and during reconstruction means that a different approach is required. In addition to national-level agencies and processes, the West should support the localization of anti-corruption efforts that prioritize integrity, transparency, and accountability. Local-level efforts – empowered by fiscal and operational autonomy as a result of the 2015 decentralization reform – have already been a resounding success at fostering Ukrainian resilience in the face of the war. Empowering local actors is the only way to create a cultural shift, enabling individual integrity and accountability to foster an environment unfavorable to corrupt practices.

Ukraine's History of Fighting Corruption

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Transparency International [defines](#) corruption as “the abuse of entrusted power for private gain.” However, what constitutes an “abuse of power” depends on the rules. Hence, some scholars [define](#) corruption as “the breaking of a rule by a bureaucrat (or an elected official) for private gain.” Moreover, as the prominent economist Paulo Mauro has [written](#), for corruption to exist, there have to be rents. Fighting corruption therefore entails not only making and enforcing rules, but also removing opportunities and incentives for rents.

Following the fall of the Soviet Union, Ukraine’s political system was [characterized](#) by connections between powerful business elites (the oligarchs) and the various state agencies involved in making and enforcing the rules, including the courts, the security services, and law enforcement. As a result, rent-seeking opportunities abounded.

The anti-corruption reforms launched by the Maidan Revolution in 2014 have brought about significant reductions in unlawful practices, especially in the two areas that historically bred the most corruption: banking and construction procurement. The introduction of the ProZorro electronic platform for government contracts significantly [increased](#) competition and transparency in public procurement, thereby enhancing trust in the procurement system on the part of the market and civil society alike.

Furthermore, under pressure from international partners, Ukraine has established several specialized anti-corruption institutions to prevent, investigate, prosecute, rule on, and recover assets related to high-level corruption. These include the National Anti-Corruption Bureau of Ukraine (NABU), the Specialized Anti-Corruption Prosecution Office (SAPO), and the High Anti-Corruption Court (HACC). In a sign of the effectiveness of these institutions, the Ukrainian political establishment began [introducing](#) countermeasures, ranging from questionable decisions by the Constitutional Court to interference by other state agencies (particularly SBU, the State Intelligence Agency) in the work of the anti-corruption entities. Since corruption [was](#) historically a “dominant parallel informal operating system for much of governance” in Ukraine, the dismantling of that system was seen as threatening to almost the entire political class.

The introduction of a mandatory electronic asset declaration in 2016 significantly [improved](#) public access to officials’ assets and enabled law enforcement and civil society to launch investigations into public servants’ illicit activities. Yet despite this progress in uncovering and punishing corruption, oligarchs continued to [monopolize](#) the commanding heights of the Ukrainian economy, including media, energy, and construction.

When Volodymyr Zelensky assumed office in 2019, his [anti-corruption](#) and [anti-oligarch](#) reforms were ambitious on paper, but failed to deliver, as Ukraine’s oligarchs remained able to [protect](#) their positions through proxies in the political and judicial establishment. In a personal interview in Kyiv in May, Mykhailo Zhernakov, the leader of DEJURE Foundation, Ukraine’s leading NGO [supporting](#) judicial reform, described Zelensky’s anti-oligarch law – which created a registry of tycoons to be denied influence on politics – as “empty.” “We don’t fight oligarchy by putting people on oligarch lists,” he said. “We fight oligarchy with fair courts. We fight oligarchy with anti-monopoly

legislation and institutions.” Moreover, many [perceived](#) Zelensky’s anti-oligarch law as a smokescreen for eliminating political opposition.

The attempted reforms notwithstanding, the European Court of Auditors [concluded](#) in 2021 that oligarchs and vested interests represented the foremost barrier to economic development in Ukraine.

How the War Has Changed Ukraine’s Anti-Corruption Ecosystem

Prior to the full-scale war, Ukraine’s level of corruption, as [measured](#) by Transparency International’s Corruption Perception Index, had been slowly improving since the 2000s. Nevertheless, it remained one of the highest among former Soviet republics, second only to Russia.

Russia’s invasion has upended every aspect of Ukraine’s existence, including its anti-corruption ecosystem. Five changes are noteworthy.

The main change in Ukraine’s anti-corruption ecosystem has resulted from the imposition of martial law, which necessitated restrictions on some democratic processes, including dialing back government transparency. In addition, war has created pressures for more centralized decisionmaking within the Ukrainian government, leading to greater monopolization of power by Zelensky’s ruling party. Although centralization of power may present risks to Ukraine’s democracy, Zelensky’s current level of control has largely been supported by both international and local actors as a necessary measure during the war. Meanwhile, the Ukrainian government’s nationalization of television media at the start of the war has hindered the investigative journalism critical to exposing corruption. That said, as the initial shocks of the war have receded, the Ukrainian government has become increasingly transparent and conditions for investigative journalism have [improved](#).

Second, Ukraine’s institutional capacity, including anti-corruption agencies, has been greatly diminished due to the outflow of human capital, physical destruction, and human losses. In April 2022, approximately 84 percent of anti-corruption experts in Ukraine [reported](#) having had to leave their anti-corruption work to take up responsibilities more directly related to the war, including joining the country’s armed forces. Ukraine’s main anti-corruption watchdog, SAPO, has [suffered](#) personnel shortages as well: at least 13 of the 40 SAPO prosecutors have joined Ukraine’s military, further straining Ukraine’s already overwhelmed judiciary.

Third, Ukraine’s notorious oligarchs have been [disempowered](#) as a result of the war. Many Ukrainian factories, enterprises, and energy facilities have suffered significant damages or been completely destroyed, among them Mariupol’s Azovstal steel works, owned by Ukraine’s richest man, Rinat Akhmetov. The Ukrainian government has also [nationalized](#) regional gas networks – where oligarchic patrimonialism and clientelism have traditionally proliferated – to benefit regular citizens in wartime. Ukrainian oligarchs previously in opposition no longer wield the same political power. Since Zelensky [banned](#) several parties considered pro-Russian, many of the banned parties'

richest members have become force multipliers for Zelensky in redemptive attempts to show loyalty. Moreover, the nationalization of media has curtailed oligarchs' historical ability to control media – and thus influence politics.

Fourth, the environment of enhanced national unity created by the war has diminished rivalry among domestic groups, a frequent source of historical corruption. Although Ukrainian political infighting resumed after the initial months of total national mobilization, it has not returned to the pre-war level of oligarchic turf wars. There is also greater unity of mission and vision among the people of Ukraine, including growing societal demands for anti-corruption reforms. According to the 2022 Civic Engagement Poll, the proportion of respondents who [stated](#) that they would participate in protests against corrupt officials at the national and local levels rose from approximately 40 percent in 2021 to 80 percent in 2022. Readiness to report instances of corruption likewise doubled.

In addition to these internal changes to Ukraine's anti-corruption ecosystem, a significant external force has been the EU's decision to [grant](#) Ukraine candidate status in June 2022. In line with the EU recommendations that accompanied this new status, the Ukrainian government instituted a series of steps to curb corruption, including finally [appointing](#) an experienced investigator to head its Specialized Anti-Corruption Prosecutor's Office, a position that had been vacant for nearly two years.

The Future of Anti-Corruption Efforts in Ukraine

Whether war-inflicted changes to Ukraine's anti-corruption ecosystem will lead to the overall improvement or deterioration of the anti-corruption climate in Ukraine in the long term is debatable.

On the one hand, greater national unity is expected to be conducive to a cultural shift toward rule of law, integrity, and accountability. On the other hand, there are fears that the chaos of war may not only allow corruption to proliferate, but also justify it as a question of survival. Prominent scholars of Ukraine Henry Hale and Olga Onuch [write](#) that in post-war Ukraine, "the dangers of a return to patronal politics as usual are real," adding that "it is possible, although not highly probable" that Ukraine may regress from its current "patronal democracy" to a more authoritarian system.

Given the overall weakening of institutional infrastructure, pressures to disperse funds quickly both in wartime and during reconstruction may result in proper monitoring and oversight being neglected, thus fueling rent-seeking.

The West has become increasingly worried about lax aid oversight, including the possibility of Western weapons being [smuggled](#) out of Ukraine. Ukraine's government has condemned these allegations as lacking evidence and doubled down on measures to [improve](#) aid oversight and weapons monitoring. Still, pressures for greater accountability regarding the use of American taxpayers' money have led USAID to [change](#) its official risk appetite from "low level" to "zero tolerance" for fraud, waste, and corruption in Ukraine. While it is unclear how this new risk appetite threshold will

impact funding, decisionmaking authority, and compliance in practice, it has already created a more restrictive operating environment for both U.S. government implementors and local actors.

The U.S. government has also [set](#) up the Ukraine Oversight Interagency Working Group, a body composed of representatives of the country's chief defense, diplomacy and development agencies that aims to "identify the areas of highest risk for fraud, waste, or abuse."

In January 2023, Zelensky's government was [rocked](#) by corruption scandals in defense procurement. To signal zero tolerance on graft, Zelensky [ordered](#) "an avalanche of law enforcement activities" directed at investigating all stalled corruption cases, followed by a wave of dismissals and resignations of top officials linked to financial misappropriation.

However, the U.S. government's official reports have so far provided no evidence of misappropriation of funds in Ukraine. During congressional testimony in January, Celeste Wallander, the U.S. assistant secretary of defense, [reassured](#) policymakers that there was no "credible evidence of any diversion of U.S.-provided weapons outside of Ukraine." The U.S. Treasury Department [echoed](#) that assessment, stating that there was "no indication that U.S. funds had been misused in Ukraine" and that the department would continue to work with Kyiv to safeguard American funds.

Individuals involved in implementing international assistance programs, including delivery of aid, have told me in personal conversations that Ukrainian officials in positions of authority, especially in customs and border protection, have frequently sought to extort bribes. While these incidents may be considered "petty" corruption, they significantly damage Ukraine's international credibility.

The urgency of fighting Ukraine's internal enemy, corruption, while simultaneously fighting its external enemy, Russia, has not been lost on Kyiv. Zelensky's government has [prioritized](#) fighting corruption despite the country's reduced institutional capacity. Transparency International [assessed](#) that despite shortfalls, the country's anti-corruption agencies were holding up well against the stresses of war and that impunity for high-level officials was waning. In 2022, anti-corruption agencies [presented](#) 40 percent more indictments than in 2021. On balance, Ukraine's anti-corruption outlook seems more positive than negative. Not only has Ukraine avoided the complete disintegration of its institutions as a result of the war, but it has managed to make progress toward meeting EU accession eligibility requirements.

Localization of Anti-Corruption Efforts

While EU accession pressures and strict U.S. oversight have been instrumental to curbing corruption in Ukraine, true change requires genuine buy-in at all levels of decisionmaking, from the national government to civil society and individuals.

The good news is that Ukraine's local authorities and communities have already been making a real difference in their communities. The Ukrainians' extraordinary resistance in the face of Russia's large-scale invasion in 2022 was due in no small part to strong local communities. Initial relief operations were [carried](#) out primarily by local and largely volunteer-driven efforts. (International actors were not as effective in providing support at the needed scale and tempo due to security concerns and related bureaucratic impediments.) The prominent Ukrainian scholars Oleksandra Keudel and Oksana Huss have [shown](#) that local self-governments were instrumental to the country's crisis response, as they "coordinated local resources in line with the local situation" more effectively than the national government could have. The fact that approximately 70 percent of citizens have [utilized](#) local services in crisis times further testifies to the efficacy of localized efforts.

Well-functioning local governments will play a critical role in Ukraine's war-fighting and reconstruction efforts going forward. Roger Myerson, a professor at the University of Chicago and a Nobel Prize-winner in economics, has [advised](#) that about one-third of all reconstruction money in Ukraine should be budgeted for allocation by local reconstruction boards made up of locally elected officials.

With that in mind, anti-corruption efforts that prioritize integrity, transparency, and accountability should also be further localized. Steadily moving the ownership of funding, responsibility, and oversight to local entities will require that Western donors adjust some of their complex donor requirements and risk tolerance.

Failing to make the proper adjustments may risk repeating the mistakes of "squandered foreign aid efforts" in the 1990s, renowned scholar of international aid Janine Wedel has [warned](#). She has cautioned that "certain aid designs, vehicles of execution, and interests that created obstacles in the past loom over the prospect of post-war reconstruction in Ukraine." Similarly, Roman Waschuk, former Ambassador of Canada to Ukraine, has [noted](#) that despite the fact that "a whole international cottage industry" of "legal frameworks and independent anti-corruption agency designs" has proliferated in Ukraine, "these entities rarely work as planned."

For better results, greater investments must be made into localized anti-corruption efforts, while cutting redundant institutions at higher levels. The West's rigorous reporting requirements have inadvertently benefitted well-established and well-funded organizations while [excluding](#) smaller local actors. Given the scale of human losses in Ukraine, rebuilding Ukraine's depleted human capital should be a priority for Western donors. Ukraine's institutional capacity will depend on its ability to sustain strong local networks and civil society groups, not only to complement – and often replace – government functions, but also to serve as agents of more transparent and accountable processes at all levels.

In sum, prioritizing anti-corruption efforts during the war, as well as during recovery and reconstruction, will require [localizing](#) safeguards around the distribution of aid and reconstruction processes while continuing to advance broader national anti-corruption reforms. If the West is not willing to assume more risk, as Ambassador Waschuk said, "a

quest for perfection can [obscure](#)— and risk reversing — the merely good or improved.” Local authorities’ direct involvement with Western donors as full-fledged partners, not just sub-grantees, is the only way to cultivate a cultural shift focused on bottom-up integrity and accountability. This is an acceptable amount of risk for the West, considering the levels of risk Ukrainians assume daily in fighting for a Western political order.

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