Analyses OSW

CENTRE FOR EASTERN STUDIES 28.01.2025 www.osw.waw.pl

Ukraine: the Defence Procurement Agency scandal

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On 24 January, Defence Minister Rustem Umerov refused to extend the employment contract of Marina Bezrukova, head of the Defence Procurement Agency (DPA), contrary to the decision of the DPA's Supervisory Board. The immediate reason cited for this decision was the agency's alleged failure to uphold confidentiality standards while concluding contracts, delays in procurement procedures, and disregard for the ministry's and General Staff's positions on procurement matters. Umerov also held one of his deputies, responsible for overseeing defence acquisitions, partly accountable for the DPA's poor performance and submitted a request to the prime minister for his dismissal. He subsequently removed two representatives of the state treasury from the DPA's Supervisory Board, both of whom had supported Bezrukova. Arsen Zhumadilov, head of the State Logistics Operator (DOT), responsible for supplying food, fuel, and uniforms, among other essentials, was appointed to lead the agency during the transition period.

Bezrukova stated that, despite Umerov's decision, she would continue to perform her duties as head of the DPA. In her view, tensions with the ministry began following a scandal over the delivery of defective 120 mm mortar ammunition to the front by a domestic supplier (see '*Equipment problems in the Ukrainian army. Day 1014 of the war*'). She admitted to having approved the contract but noted that by the summer of last year, when it became clear that the manufacturer could not guarantee delivery, she refused to extend its terms despite pressure from the ministry.

The destabilisation of the DPA is a worrying sign of the deteriorating situation within the Ministry of Defence. Under the guise of reform, the ministry's leadership is making inept and controversial attempts to curtail the agency's independence and gain control over its budget expenditures. These actions undermine the government's credibility in the eyes of Western donors and investors in Ukraine's defence industry, at a time of unfavourable battlefield conditions and uncertainty regarding the impact of Donald Trump's presidency on Ukraine.

Commentary

- **It seems that Umerov is attempting to take control of arms procurement policy, including the arbitrary selection of specific suppliers.** This raises concerns that the procurement process could become more vulnerable to corruption. In 2024, the DPA managed a budget of over 300 billion hryvnias (more than $7 billion), and in 2025, defence procurement spending is set to rise to 739 billion hryvnias (over $17.5 billion). It is likely that the core of the dispute – contrary to the official allegations against Bezrukova – was the DPA's selection of suppliers based on their reliability and

production capacity. This approach displeased some Ukrainian manufacturers who viewed these decisions as detrimental to their interests. It cannot be ruled out that, in an effort to quickly stabilise the situation, Umerov may opt to merge the two agencies responsible for military procurement – DPA and DOT – into a single entity under the Defence Ministry's supervision. Such a reorganisation would facilitate personnel changes. This would mark a return to the scenario considered last autumn when NATO Representation in Kyiv opposed the proposed merger of the agencies.

- **The scandal surrounding the DPA undermines the trust of Western donors and investors in Ukraine's defence industry.** The DPA was established to meet one of the conditions for aligning Ukraine's administration with NATO standards. This move was intended to significantly curb corruption in arms and military equipment procurement. This controversy strengthens the arguments of the president's critics, who accuse him of either hesitating or failing to act decisively in resolving crises within key defence institutions. It remains unclear whether Volodymyr Zelensky will decide to dismiss the defence minister. Politically, such a move would be seen as conceding to Umerov's critics and acknowledging a lack of effective control over the ministry, which has made decisions disrupting arms procurement.
- **The Defence Ministry's attempt to take control of the DPA has faced a wave of criticism both domestically and internationally.** On 27 January, G7 ambassadors called for a swift resolution of the issue and a renewed focus on continuing defence procurement. On social media and in the press, the government has been accused of tolerating official misconduct and undermining the independence of the agency's Supervisory Board. On 25 January, the influential Anti-Corruption Action Centre – known for exposing irregularities within the Defence Ministry – filed a report with the National Anti-Corruption Bureau, alleging that the minister had abused his power in a way that weakened the country's defence capabilities. Anastasiya Radina, chair of the parliamentary anti-corruption policy committee, insisted that Umerov should resign. Meanwhile, the Public Anti-Corruption Council at the Ministry of Defence has appealed to the president to intervene in resolving the DPA crisis, placing primary blame on the ministry's leadership. At the end of December last year, the ministry amended the DPA's charter, granting itself the authority to appoint and dismiss the agency's head and supervisory boards "in the event of existing or potential threats to national security". It also reserved the right to impose decisions on the selection of specific contractors.