Ukraine: military procurement in chaos, fraud and defective supplies worth billions

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An investigation based on confidential government audits reveals structural critical issues in Kiev's military supply system: million-dollar contracts awarded to companies under fraud investigation, severely defective ammunition supplies reaching the front, and unjustified price increases through international intermediaries.

A compromised logistical chain

While Ukrainian armed forces face the Russian offensive on the eastern front, the logistics and supply apparatus continues to grapple with serious internal flaws. According to confidential reports from the State Audit Service and the internal control department of the Ministry of Defence, corruption and poor administrative management drain vital resources destined for the war effort.

Data shows that during 2024 the Ukrainian state recorded losses estimated at around 1.2 billion dollars due to financial irregularities. Of this sum, approximately 126 million dollars derive directly from evasion of more advantageous bids and unjustified price premiums imposed on supply contracts.

The case of defective ammunition and contractor impunity

The paradox of the system emerges clearly in relations between the Defence Procurement Agency and domestic manufacturers. An emblematic example concerns the supply of mortar ammunition: hundreds of thousands of projectiles delivered by state factories proved unusable on the battlefield, failing to detonate or exploding anomalously.

Despite the opening of criminal proceedings and the arrest of industrial executives involved – as in the case of the director of *Pavlohrad Chemical Plant*, Leonid Shyman, accused of fraud for approximately 68 million dollars – the Agency continued to commission new orders from the same parties. Audits confirm that seven of the top ten Ukrainian military contractors continued to obtain million-dollar contracts while under investigation for fraud or having failed to meet previous contractual obligations.

The mechanisms of international intermediation

Critical issues do not solely concern the domestic industry. In the competition for missile artillery supply, the procurement entity rejected the direct offer from Turkish manufacturer *Arca Defense* (approximately 4,200 dollars per unit) to award the contract to an intermediary – a subsidiary of the Czech group *Czechoslovak Group* – at the price of 5,100 dollars per piece. This decision generated an additional expense of approximately 130 million dollars, contributing decisively to the group's financial growth and its shareholder's rise in global billionaire wealth rankings.

Political and institutional repercussions

The persistence of these inefficiencies has deeply shaken Kiev's internal political landscape. Attempts at radical reform promoted by former Defence Minister Mykhailo Fedorov encountered strong institutional resistance that caused his removal, triggering public protests. Meanwhile, the resignation of Defence Procurement Agency director Arsen Zhumadilov reflects growing political pressure for a thorough review of control and transparency mechanisms in military spending.

Methodological and transparency note: This article was compiled based on investigative data and confidential audit reports published by The New York Times in the edition of September 6, 2026.

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