

Ukrainian Authorities Uncover \$6.3 Million Corruption Scheme in Defense Tech Project

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Ukraine's National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAP) have exposed a large-scale corruption scheme within the defense sector, resulting in losses of 246 million hryvnias (\$6.3 million).

The investigation centers around the development of the "Dzvin" automated command system for the Ukrainian Armed Forces. Among the individuals implicated are a former deputy chief of the General Staff, a former head of the Armed Forces' communications troops, a former head of the General Staff's automation development department, and the director of a private company that served as the primary contractor.

NABU's investigation revealed that in 2016, the Ministry of Defense awarded a contract to a commercial company with no prior experience in software development. Between 2016 and 2020, the project's technical requirements were modified 13 times, leading to a cost increase of 300 million hryvnias (\$7.7 million). These changes included inflating the number of prototype systems from four to twelve, adding 115 million hryvnias (\$2.9 million) in unnecessary documentation costs.

Despite these inflated costs and numerous modifications, the developed system failed to meet its technical requirements. The system suffered from several critical flaws, including incompatibility with NATO protocols and a lack of integration with existing military systems. Parts of the software were never even utilized.

Despite these significant shortcomings, the Dzvin system was officially adopted by the Armed Forces in late 2022. Further raising concerns, authorities in 2024 planned to allocate additional funds to the project instead of addressing its deficiencies or abandoning the ineffective system. Investigators suggest this may indicate an attempt "not only to conceal past corruption but also to continue it."

This discovery underscores the ongoing efforts of Ukrainian authorities to combat corruption and ensure transparency in the defense sector.