



Tough love: How the EU should tackle corruption and the rule of law in Ukraine

by Henrik Larsen, 9 September 2025

War has not made Ukraine's problems with corruption and the rule of law vanish. The EU should put more pressure on reform-resistant Ukrainian elites through robust financial conditionality and clear public messaging.

The EU accession process gives Ukrainians a glimmer of hope in the midst of a mounting military pressure on its cities and frontlines. On the domestic front, however, Ukraine's prospects of accession are being hampered by foot-dragging and backlashes against the adoption and implementation of key EU reform requirements. War can explain why Ukraine has had to postpone elections and cannot conduct all-inclusive public consultations, but it does not excuse deliberate attempts to undermine efforts to strengthen the rule of law and economic governance. Ukraine needs stronger external incentives if it is to make the fundamental transformation required for EU membership. The EU must use the tools of financial and public diplomacy to undermine the systemic power of those in the Ukrainian elite who want to block reform.

Foot-dragging and backlash

The specialised anti-corruption agencies, which Ukraine established after the Euromaidan revolution in 2014, are struggling to maintain their independence. The culmination of their difficulties came with the adoption of legislation in July 2025 to subordinate the National Anti-corruption Bureau of Ukraine (NABU) and the Specialised Anti-corruption Prosecutor's Office (SAPO) to the notorious Prosecutor General's Office, which is widely believed to obey the presidential administration rather than acting impartially. [Observers suspect](#) that the legislation was an attempt to stall NABU/SAPO investigations of the entourages of President Volodymyr Zelenskyy and Ukrainian parliamentarians. Public protests and a firm [EU reaction](#) forced a U-turn on this occasion. But vested interests have consistently sought to gain control over the specialised anti-corruption agencies.

One example of this problem is Ukraine's Asset Recovery and Management Agency (ARMA), which has been [unable to carry out](#) its work effectively. ARMA is tasked with identifying and tracing assets in criminal proceedings – including those involving corruption and dealt with by NABU and SAPO – managing seized assets, and recovering assets for the state budget. ARMA suffers from systemic shortcomings in its implementation of court orders to manage and recover assets, and its reputation is in tatters after corruption allegations against its staff. Only after EU pressure did Ukraine [recently pass a law](#) to increase the transparency of ARMA's operations and staff selection. In another instance, the government refused to confirm the appointment of the Director of the Bureau of Economic Security, which investigates economic crimes such as tax evasion by businesses, smuggling and wartime financial schemes (but not corruption by high-level officials, which falls under NABU). The government [falsely claimed](#) that the nominee, lawfully selected by an independent commission with the involvement of international experts, had ties to Russia. Only after IMF pressure did the government comply and [approve the director](#).

Judicial [corruption](#) remains an unresolved problem despite a major overhaul of the judiciary initiated in 2016. The parliament has blocked the adoption of a law to improve selection criteria for judges with an emphasis on integrity, and several judicial appointments have been pending for a long time, partly for legitimate reasons such as a lack of administrative resources to carry out the necessary procedures, but also because weak courts are easier to manipulate. Shortages of justices for the High Anti-corruption Court and the Supreme Court are particularly grave, because of their role in the proper and timely adjudication of the high-level anti-corruption cases. The Constitutional Court is also unable to operate as long as Zelenskyy and the parliament hold up the appointment of new judges.

The foot-dragging extends to economic governance, another crucial area that Ukraine needs to put right in order to reduce the possibility of privileged access to the state apparatus through corruption. Ukraine has [made progress](#) towards privatisation and liquidation of its many inefficiently run state-owned enterprises, which have been prone to oligarchic capture. However, the government [is obstructing](#) the independence of corporate supervisory boards in other state-owned enterprises, notably in the energy sector. The government has granted de facto veto power to state representatives on the supervisory boards, or it has left positions vacant for long periods, thus hampering board independence and stable governance.

The State Customs Service remains a problem, despite several institutional redesigns over the past years intended to reduce the amount of tax revenue lost to smuggling and eliminate the service's role as [a major source](#) of corrupt money in politics. As with the Bureau of Economic Security, the government has delayed the selection of a new director for the service. It has done so by deferring the formation of a selection commission, which according to the law should be [modelled after](#) those successfully used to appoint heads of the specialised anti-corruption agencies.

Regaining momentum

Civil society [is warning of](#) the start of a rollback of pro-European reforms, and urging the EU not to turn a blind eye to negative trends, for fear of a slide to authoritarianism of the kind [already seen in Georgia](#). Although it is the *raison d'être* of civil society to criticise government, the EU institutions should face up to the possibility that in crucial areas of EU integration Ukraine may be on the wrong track, despite both parties' claims to the contrary in their public statements.

The problems should not be overstated: recent developments do not represent an extraordinary authoritarian power grab by Zelenskyy, as often asserted by American and European right-wing critics.

They are more likely to reflect the ordinary – for Ukraine – reassertion of the interests of self-serving elites after some time in office. During the tenure of the previous president, Petro Poroshenko, Ukraine experienced [a similar pushback](#) by the political establishment against anti-corruption proceedings and economic restructuring. Like other incomplete democracies in post-communist Europe, Ukraine's national political elites try to avoid making the domestic reforms required by external actors such as the EU or the IMF, even when their own electorates also support these changes.

The EU needs to recognise that Ukraine (and other candidate countries where reform processes have stalled, such as Serbia) will not move forward without specific efforts by the Union to get political elites to comply with the membership requirements they have officially committed themselves to. This effort will have to exploit the state's need for financial survival and its population's overwhelming desire to join the EU.

Disbursement diplomacy

The EU's recent threat to withhold financial support in response to the attack on the independence of NABU and SAPO shows the power of conditionality if properly weaponised. If Zelenskyy had calculated that he could handle Western reactions, he was right about the Trump administration but wrong vis-à-vis Brussels. Having pledged a total €50 billion [under its Ukraine Facility](#) for 2024-27, Brussels has a bargaining position that it can use more effectively to get Ukraine back on track for membership. Brussels has come some way in calibrating the pressure it applies, allowing for [partial disbursements](#) in cases where some but not all requirements are met, with the possibility of full disbursement if unmet requirements are completed within 12 months of the original deadline.

The EU needs to rethink conditionality further, tying disbursements as closely as possible to reform results rather than processes: it is not the adoption of new laws that matters, as much as the creation of independent institutions, followed by court convictions and the return of misappropriated money to the state budget. NABU and SAPO have been reasonably successful in maintaining their independence from external political or financial interests, but if they are to reach their full potential, the EU will have to tie the disbursement of assistance to a credible track record of high-level convictions for corruption. Only then will the elite feel that there is a real risk involved in stealing from state coffers. Successful prosecutions will also require progress on pending judicial reforms and appointments.

Conditionality should focus also on ensuring a properly functioning ARMA and Bureau of Economic Security, as part of the specialised anti-corruption rule-of-law chain. Having those agencies in place is crucial for Ukraine's ability to satisfy the Commission that it can meet EU standards on 'fundamentals'. This is the first cluster of issues to be opened in the accession negotiations, and the last to be closed, and progress on this cluster determines the pace of negotiations as a whole. In the case of ARMA, it is positive that the EU was able to use a requirement under its Ukraine Facility as leverage to secure the adoption of a law to increase transparency. However, this should only be considered a first step before the selection of an independent and competent management to return assets to the state budget.

As for the Bureau of Economic Security, it is similarly positive that the IMF was able to leverage a requirement under its [Extended Fund Facility](#) (\$15.6 billion for 2023-27) to push the government finally to appoint the lawfully selected director. In order to get results, the EU should strengthen its partnership with the IMF to tie future disbursements to the development of a credible track record of indictments and convictions for high-level crimes.

Partnership with the IMF is relevant not least because there is a great deal of complementarity between the reform requirements of the two institutions, enabling them to maximise the incentives for economic governance reforms. Among the requirements for further disbursements from the EU's Ukraine Facility are that the supervisory boards of key state-owned enterprises should have a majority of independent members by June 2026, and that further state-owned enterprises need to be transformed into corporate entities operating under commercial principles by September 2026. The IMF's Extended Fund Facility requires a revised selection process for the supervisory boards of the state-owned enterprises for August 2025, thus creating a helpful short-term incentive for the fulfilment of the EU requirements. Furthermore, as part of its current review the IMF [has required](#) the selection and appointment of a new director of the State Customs Service by December 2025, along with the adoption of a new reform plan.

Public diplomacy

The EU's leverage over Ukraine is mostly, but not only, about hard power and the threat to withhold funds. The Union also enjoys significant soft power because of its attractiveness to Ukraine's overwhelmingly pro-European citizenry, and it could use this more effectively.

In a democracy like Ukraine (despite its flaws), it is an effective means of influence when the EU praises the authorities for good progress and criticises them for evasions and delay. Politicians are accountable to voters, who (after martial law ends and elections are held) will punish them at the ballot box for deviating from the path to EU membership. The absence of a principled United States has left a vacuum that has [eased the pressure](#) on Kyiv, but it is the EU that can wield the greatest influence, because it granted Ukraine candidate status in 2022. The membership perspective gives the Union strong political capital with which to defeat the damaging influence of domestic gatekeepers.

The EU, at least until the recent attempt to hobble NABU and SAPO, has held back from criticising Ukraine publicly, fearing that it would be a propaganda gift to Russia. But this was [the wrong approach](#): the EU needs to be free to point out real problems that need to be fixed if Ukraine is serious about joining the Union, and if the EU is serious about bringing it in. Voters in EU member-states and in Ukraine would have more trust in the accession process if they saw more honest public assessments from the European Commission and European External Action Service of where progress is being made and where it is not, rather than a publicly rosy picture that is contradicted by leaks from closed-door meetings and the obvious reality.

The EU should focus its public messaging on simple explanations of why Ukraine must fulfil specific agreed reforms to become a member. This means communicating publicly that, for example, transparency and anti-corruption measures in the State Customs Service are indispensable for joining a trade bloc where duties have to be enforced; or that the independence of the Bureau of Economic Security is vital for Ukraine to reassure international donors that there are safeguards against the embezzlement of the huge sums they plan to pump into reconstruction in the coming years.

The rule of law is necessary to build the trust and certainty needed to attract (foreign) investments and achieve economic growth as a would-be future EU member. Combatting corruption starts with penalising high-level crimes, and thereby contributing to creating a culture less tolerant of petty corruption. To gain public trust, integrity should be the highest qualification for the selection and disciplining of judges. These are essential messages that the EU should reiterate in its public communication, because they resonate among Ukrainian citizens and therefore compel the political elite to take action.

Sustaining momentum

If Ukrainians want to realise their dream of living in a country fit for EU membership, they will need to sustain the momentum of reforms beyond the current aid programmes. It is symptomatic of the need to constantly enforce compliance that the current Danish EU Presidency started out with enlargement as a key priority, but almost immediately ran into the NABU/SAPO problem, which required the threat of financial sanctions. Current debt servicing [amounts to a quarter](#) of government revenues, and Ukraine's fiscal survival will depend on the EU and the IMF for several years. This gives the EU and its partners scope to maintain external pressure on Kyiv at least in the medium term. The enormous pledges of assistance for post-war reconstruction should also be used to leverage domestic reform.

It would be wrong to assume that the EU's attractive power will last forever, however. For now, Ukrainians continue to look to Europe as a model for how a society should be governed. That could change. The result of Serbia and Montenegro's incomplete transitions has been [that the EU's appeal has weakened](#) and citizens have become disillusioned about the European future that they once believed in. Ukraine has already lived through two inconclusive experiments with reform, in the Orange Revolution (2005) and the Euromaidan (2014); its European dreams might not survive a third.

The argument also applies the other way round. Ukraine cannot afford to lose the [current strong EU support](#) for enlargement, driven by indignation over Russia's full-scale invasion in 2022. Eventually, the exigencies of war will not excuse the deliberate obstruction of reform in the eyes of impatient Europeans. Reforms need a boost in the short term and consolidation in the medium term to achieve EU membership in the long term. If the EU is more willing to weaponise its financial and political support against the resistance of vested interests in the political and business elites, the Union can enhance its chances of having a transformative impact on Ukraine.

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