



StateWatch think tank continues to monitor the implementation of the NATO-Ukraine Strategic Defence Procurement Review (the Review), which aims to align Ukraine's defence procurement practices with Euro-Atlantic standards.

StateWatch has previously published an analytical brief¹ and an interim monitoring report² on the implementation of the Review's recommendations by Ukrainian state authorities. Between June and November 2025, the Ukrainian state authorities responsible for defence procurement – including the Ministry of Defence (MoD), the State Logistics Operator (DOT) and the Defence Procurement Agency (DPA) – implemented several measures corresponding to specific recommendations set out in the Review. Several institutional and legislative changes also occurred within the defence procurement system during this period, affecting its implementation. These include the integration of the Ministry of Strategic Industries into the MoD, the expansion of the DOT-Chain Defence digital marketplace for weapons procurement and preparations for resuming controlled exports of defence products.

In compliance with the directive of the Cabinet of Ministers (CM), the MoD has prepared a report³ on the implementation of the tasks defined in the action plan of the Review. The report summarises the progress made in 2025 and sets out the key objectives for 2026–2027.

This third monitoring report analyses the progress made in implementing the 13 recommendations of the Review during the reporting period.

INTER-AGENCY WORKING GROUP ON IMPROVING THE LEGAL FRAMEWORK AND REFORMING THE DEFENCE PROCUREMENT

On 13 November 2025, the CM approved Resolution No. 1477⁴, establishing the Inter-Agency Working Group (IAG) to improve and elaborate on the legal framework for defence procurement reform. The IAG's activities are intended to ensure the implementation of at least nine of the Review's recommendations (Nos. 4, 5, 6, 7, 12, 14, 16, 17 and 18). However, as of December 2025, no meetings of the IAG had yet been held.

The National Agency on Corruption Prevention (NACP) hosted the inaugural meeting⁵ of the Coordination Group on the Implementation of the Review's Recommendations. Its purpose is to coordinate Ukrainian state bodies and organise interaction with NATO. Oleksandr Osadchyi, Deputy Director of the MoD's Procurement Department, was elected Chair, and Marta Ivashkiv, Acting Head of the NACP's Directorate of Integrity Policy Making in the Security and Defence Sector, was appointed Deputy Chair. Members include representatives from the Government Office for the Coordination of European and Euro-Atlantic Integration, the Ministry of Economy and the NATO Representation to Ukraine.

The Coordination Group has developed an indicative allocation⁶ of state bodies and NATO structures across working groups to implement the recommendations of the Review. The Group will support the efforts of the IAG.

¹ Analysis of the Implementation of the Ukraine–NATO Strategic Defence Procurement Review
<https://statewatch.org.ua/wp-content/uploads/2025/04/UKR-SW-Stratehichnyy-ohliad-oboronnykh-zakupivel-1.pdf>

² Analysis of the Implementation of the Ukraine–NATO Strategic Defence Procurement Review during April - June 2025
<https://statewatch.org.ua/publications/strong-monitorynh-vykonanni-a-stratehichnoho-ohliadu-systemy-oboronnykh-zakupivel-ukraina-nato-za-kviten-cherven-2025-strong/>

³ Response of the MoD to a request for access to public information
https://drive.google.com/file/d/1d35vRSyM_iIStx4pSv32VZxw1YUqSxd5/view?usp=sharing

⁴ On the establishment of the Inter-Agency on legal framework improvement and elaboration of defence procurement reform
<https://zakon.rada.gov.ua/laws/show/1477-2025-%D0%BF#Text>

⁵ NACP Facilitates the implementation of unified approaches to NATO recommendations in defence procurement
<https://nazk.gov.ua/uk/nazk-spryae-vprovadzhennyu-edynyh-pidh-odiv-do-realizatsii-rekomendatsiy-nato-u-sferi-oboronnykh-zakupivel>

⁶ Indicative allocation of state bodies and NATO structures across working groups within the framework of implementing the recommendations of the Strategic Defence Procurement Review
https://docs.google.com/document/d/1oSxxMW4bwdZY52XC5YejlfYlssHYi_Rm/edit?usp=sharing&oid=106791343075072863918&rtpof=true&sd=true

RECOMMENDATION No. 2: CENTRALISE MANAGEMENT OF DEFENCE PROCUREMENT FOR THE ENTIRE DEFENCE AND SECURITY SECTOR

A unified procurement agency is set to launch by the end of 2025. This will be achieved through the reorganisation of the DOT by integrating it into the DPA. This process will involve retaining personnel, consolidating databases and digital systems, and strengthening oversight and control.

The agencies are being synchronised through the phased alignment of managerial, procedural and digital solutions, with the aim of scaling up the DOT's effective practices, particularly its integrity principles, programme management and DOT-Chain system. The DPA and the DOT are collaborating on four key areas of synchronisation:

- (1) Legal and financial – creation of a unified regulatory framework and normative base, unification of legal approaches, accounting policies and financing procedures;
- (2) HR – unified personnel policy, onboarding, standardised remuneration systems, training, formation of an internal culture and implementation of OKR;
- (3) IT – integration of systems, processes and infrastructure, strategic vision for asset transfer and creation of a shared working environment;
- (4) Operational – establishing flexible interaction between functional units under integration conditions.

The MoD has formally notified the NATO Representation of its plans to merge the two organisations. The Alliance gave a favourable assessment of the potential of the reform, noting its key advantages: reduced costs, enhanced efficiency, and greater management transparency.

At the same time, however, NATO cautioned against a potential risk. Following the merger, the planned functional review of the DPA by an independent consultant may become irrelevant, as the audit results will be obsolete for the new structure. This matter requires separate coordination.

RECOMMENDATION No. 3: SUPPORT THE EFFECTIVE USE OF LOCALLY ASSIGNED BUDGETS BY MILITARY UNITS

A mechanism for the direct financing of brigades has been introduced by decision of the Supreme Commander-in-Chief's Staff to enable independent

procurement.⁷ The MoD applied a calculation of UAH 7 million per battalion performing combat missions on the front line. In total, brigades received UAH 4.3 billion in direct financing.

The National Defence University of Ukraine has introduced three professional development courses in project management and planning for personnel responsible for procurement in military units.

RECOMMENDATION No. 4: STANDARDIZE DEFENCE PROCUREMENT PRACTICES

In September 2025, the Deputy Prime Minister for European and Euro-Atlantic Integration approved the formation of the Coordination Group to oversee the implementation of the NATO Strategic Review's recommendations. The group comprised the MoD, the Ministry of Economy, the CM, the NACP and the NRU. Meanwhile, the Verkhovna Rada Committee on National Security established a working group to develop amendments to the defence procurement system, taking EU directives and NATO recommendations into account. This group was headed by MP Olena Khomenko, who is the Chair of the Subcommittee on Defence Procurement. The Ministry of Economy has developed a draft Cabinet of Ministers resolution on an inter-agency working group, which is currently being finalised.

In July 2025, StateWatch also conducted a comparative study⁸ of unmanned systems procurement procedures across four ordering entities (the DPA, the SSSCIP, the NPU, the NGU) to identify best practices and develop efficiency and unification recommendations. The analysis revealed significant fragmentation, with each contracting authority applying its own procedures in the absence of unified standards. In the MoD system and the DPA, the process is overly bureaucratic due to the involvement of collegial bodies, which has a detrimental effect on operational responsiveness. The SSSCIP demonstrated the most effective model, where authorised persons make decisions within their respective areas of expertise, ensuring a balance between speed and control.

⁷ Combat brigades have been allocated UAH 4.3 billion in direct financing for procurement.
<https://mod.gov.ua/news/bojovim-brigadam-vidileno-4-3-mlrd-grn-pryamogo-finansuvannya-na-zakupivli>

⁸ Comparative analysis of unmanned systems procurement procedures under direct contracts
<https://statewatch.org.ua/publications/porivnialnyy-analiz-poriadku-zakupivli-bezpilotnykh-system-za-priamymy-kontraktamy/>

RECOMMENDATION No. 7: REFORM THE EXISTING LEGAL FRAMEWORK RELATED TO CLASSIFICATION MATTERS

The Security Service of Ukraine (SSU) has informed⁹ public ordering entities of the need to review the List of Information Constituting a State Secret. This review must consider the amendments to Article 8 of Law No. 3855-XII introduced in 2025 and Recommendation No. 7 of the Review.

As of mid-September 2025, no defence sector ordering entity had submitted proposals to the SSU regarding amendments to the list.

The MoD is establishing an inter-agency working group, chaired by the SSU, to conduct a comprehensive analysis of the legal framework. The objective is to minimise the level of confidentiality surrounding the procurement of lethal defence equipment. Following the analysis, the authority to determine the level of secrecy is expected to be transferred to an inter-agency commission, with a system being implemented whereby the classification of defence procurement is regulated by legislation rather than presidential decrees.

RECOMMENDATION No. 8: IMPROVE DIRECT CONTRACTING AND CLOSED COMPETITION PROCEDURES

Between July and September 2025, the pilot phase of the DOT-Chain defence platform, a digital marketplace for procuring unmanned systems, was completed. Twelve brigades participated in the project and received 11,800 drones, worth a total of UAH 416 million¹⁰. The platform significantly reduced delivery times, with an average of 10 days and a record of 5 days.

As of October 2025, the marketplace offers 184 models from 38 manufacturers, including strike and interceptor drones¹¹, as well as fixed-wing UAVs¹² and electronic warfare systems. Access has been granted

⁹ Response of the SSU to a request for access to public information. https://drive.google.com/file/d/1NJKFIA_xK6YnblH01sr-P3hVwsFjfWvY/view?usp=sharing

¹⁰ DOT-Chain Defence: more freedom for brigades – less bureaucracy. <https://mod.gov.ua/news/dot-chain-defence-bilshe-svobod-dlya-brigad-menshe-byurokratiyi>

¹¹ The Armed Forces receive interceptor drones via DOT-Chain Defence. <https://mod.gov.ua/news/vijskovi-otrimuvati-mut-droni-perehoplyuva-chi-cherez-dot-chain-defence>

¹² Fixed-wing UAVs are now available for ordering by the Armed Forces <https://mod.gov.ua/news/dot-chain-defence-droni-litakovogo-tipu-v-zhe-dostupni-dlya-zamovlennya-vijskovimi>

to the National Guard¹³, and there are plans to extend this to 130 brigades¹⁴. Within six months, the MoD forecasts that up to 70% of unmanned systems will be supplied through the DOT-Chain Defence¹⁵.

In May 2025, the DPA updated the procedure for classified procurement, introducing mandatory technical inspection and review by the Collegial Body. Utilising framework agreements for the procurement of FPV drones has facilitated savings amounting to UAH 511 million¹⁶.

RECOMMENDATION No. 10: DEVELOP SHARED REGISTRY OF SUPPLIERS

Following the reorganisation of the Ministry of Strategic Industries, responsibility for implementing the recommendation was transferred to the MoD. The MoD's Directorate of Digital Transformation has initiated the technical development of a digital suppliers register. The MoD has approached NATO for support in implementing the project under the Comprehensive Assistance Package.

The MoD has also drafted an order establishing a List of Unreliable Foreign Suppliers of Defence Goods, Works and Services¹⁷. The mechanism entails: (1) inclusion of suppliers who have failed to comply with a court or arbitration ruling; (2) exchange of information with international partners regarding counterparties registered in their territories; and (3) removal from the register following compliance with a court or arbitration ruling.

RECOMMENDATION No. 11: DEVELOP LESSONS LEARNED ON WARTIME DEFENCE PROCUREMENT AND WAR ECONOMY

From 1 to 2 October 2025, the NATO-Ukraine Joint Analysis, Training and Education Centre (JATEC), in collaboration with the MoD, held the inaugural

¹³ DOT-Chain Defence is expanding to the National Guard. <https://dpa.mod.gov.ua/page/dot-chain-defence-masstabujetsia-na-nacgvardiui-urad-uxvaliv-vidpovidnu-postanovu>

¹⁴ The MoD is scaling the DOT-Chain Defence marketplace: access will be granted to 130 brigades.

<https://mod.gov.ua/news/minoboroni-masshtabuye-marketplejs-dot-chain-defence-u-zhovtni-dostup-otrimayut-130-brigad>

¹⁵ 'We plan that 70% of drone supplies will be made through DOT-Chain Defence': the Ministry of Defence is scaling the military marketplace.

<https://armyinform.com.ua/2025/10/03/planuyemo-70-postavok-droniv-cherez-dot-chain-defence-minoborony-masshtabuye-vijskovyj-marketplejs/>

¹⁶ The MoD's DPA has saved nearly UAH 511 million through the new procedure for purchasing FPV drones.

<https://mod.gov.ua/news/aoz-minoboroni-zekonomila-majzhe-511-mln-grn-zavdyaki-novij-proceduri-zakupivli-fpv-droniv>

¹⁷ Response of the MoD to a request for access to public information. https://drive.google.com/file/d/1d35vRSyM_ilStx4pSv32VZxw1YUqSxd5/view?usp=sharing

Workshop on Wartime Defence Procurement and the Economy. According to the analytical report¹⁸ of the event, Ukraine's experience of transforming defence procurement between 2014 and 2025 was recognised as the most comprehensive contemporary example of adaptive procurement under wartime conditions.

The report highlights critical lessons for both Ukraine and NATO. These include creating crisis legal frameworks for defence procurement, combining centralised and decentralised procurement, using digital tools and data to maintain transparency and integrity, and engaging industry and partners in co-production and co-procurement.

For the time being, the key focus is on operationalising the lessons learnt. This will include the following: (1) developing specific recommendations for actions and pilot projects for 2026; (2) identifying mechanisms for linking Ukrainian electronic procurement data (Prozorro) with the procurement portals of allied countries; and (3) transforming lessons into JATEC training and educational programmes to enhance institutional resilience and readiness for future crises.

RECOMMENDATION No. 12: IMPLEMENT UNIFIED CAPABILITY-BASED PLANNING

The MoD is reforming the budget process based on the DOTMLPFI methodology. This comprises eight fundamental capability components: doctrine, organisation, training, materiel, leadership, personnel, facilities, and interoperability. The new system clearly links the formulation of defence policy, the identification of required capabilities, financial planning and resource allocation across each component.

RECOMMENDATION No. 13: BUILD TRUST IN THE AGENCIES

The recommendation encompasses three areas: building external trust among the international community; building internal trust in Ukraine; and fostering trust within the agencies themselves.

According to the MoD, the selection of the fifth member of the Supervisory Board has been temporarily suspended¹⁹ in connection with the initiated process of synchronisation of the agencies.

¹⁸ Cover Letter JATEC Summary Report (SR) on "Workshop on Wartime Defence Procurement and Economy", 1-2 October 2025
<https://drive.google.com/file/d/1HXz2w3T6caTGKDQsV5z7OuUcASSZzZ8v/view?usp=sharing>

¹⁹ Response from the Ministry of Defence of Ukraine to a request for access to public information
https://drive.google.com/file/d/1d35vRSyM_iIStx4pSv32VZxw1YUqSxd5/view?usp=sharing

Once the procurement agencies have merged, a review of the number of Supervisory Board members of the DPA and their selection process is planned.

Both procurement agencies have received ISO 37001 certificates^{20 21}, confirming that they have an effective anti-corruption management system that complies with international standards.

The DOT²² has signed an agreement with Cyber Unit Technologies regarding the use of the Unit Range cyber range, which is an IT system that enables simulated hacker attack scenarios to be rehearsed. This collaboration will provide all personnel with fundamental cyber hygiene training, as well as in-depth training for the agency's specialist staff.

The DOT convened a meeting²³ members of the Public Anti-Corruption Council at the MoD, the DOT Supervisory Board and MPs from the relevant committees, as well as representatives from the MoD. The meeting's agenda included factors affecting the cost of products and creating barriers to participation in procurement from the perspective of manufacturers. This initiative was in response to the lack of market participants in the tender process for wind- and water-resistant protective jackets and trousers.

The DPA Supervisory Board presented the results of its activities during the first 100 days to representatives of the G7, NATO, the European Union, and partner countries²⁴. As well as summarising the outcomes, the Board set goals for 2026 and defined over 30 performance indicators in the areas of finance, operations, and personnel. The Supervisory Board identified the development of the DPA Strategy as one of its key tasks. Work has already commenced on the DPA's Development Strategy for the period up to 2030.

The DPA is cooperating with the procurement agencies of NATO countries for the exchange of information and experience. Memoranda of cooperation have already been signed with the

²⁰ DOT becomes first in the defence sector to receive ISO certification for anti-corruption management system
<https://mod.gov.ua/news/dot-minoboroni-pershim-u-sektori-oboroni-otrimav-sertifikat-iso-z-antikorupeczijnoyi-sistemi-upravlinnya>

²¹ New anti-corruption system at the DPA
<https://www.facebook.com/share/p/1DheBCKQHg/>

²² DOT strengthens information security through cyber range Unit Range from Cyber Unit Technologies
<https://dotua.org.ua/dot-posiliuje-informaciinu-bezpeku-zavdiaki-kib-erpoligonu-unit-range-vid-cyber-unit-technologies/>

²³ DOT continues dialogue with business: procurement of material assets discussed today
<https://dotua.org.ua/dot-prodovzuje-dialog-z-biznesom-syogodni-obgovorili-zakupivli-recovogo-maina/>

²⁴ Supervisory Board of the MoD's DPA presents results of 100 days of work to foreign partners
<https://mod.gov.ua/news/naglyadova-rada-aos-minoboroni-predstavila-inozemnim-partneram-rezultati-roboti-za-100-dniv>

agencies of Norway (NDMA), France (DGA), the Czech Republic (AMOS), Turkey (SSB), Sweden (FMV), Denmark (DALO), Estonia (ECDI), Italy (AID), Great Britain (DE&S), and Lithuania (DMA).

RECOMMENDATION No. 14: STRENGTHEN PROCUREMENT OVERSIGHT MECHANISMS

In August 2025, the Accounting Chamber started auditing the procurement of unmanned systems for Armed Forces of Ukraine²⁵. The DPA is one of the bodies being inspected. The publication of the audit results is planned for November 2025.

As of the end of November 2025, the Accounting Chamber had completed an audit²⁶ of defence logistics procurement, conducted by the DOT in 2024. The inspection revealed systemic deficiencies in several areas, including insufficient product quality control, logistical issues, inadequate storage, limited competition among suppliers, and problems with personnel provision and planning.

RECOMMENDATION No. 15: DEVELOP A ROBUST COMPLIANCE PROGRAMME

The DPA has approved the Regulation on the Internal Control System²⁷, which sets out the main elements of control mechanisms in a systematic way. The regulation introduces a three-lines-of-defence model comprising operational management (the first line), risk management and compliance (the second line), and internal audit (the third line).

RECOMMENDATION No. 19: FACILITATE ENGAGEMENT WITH UKRAINIAN INDUSTRY

President Zelenskyi has signed laws establishing the Defence City initiative²⁸, which introduces a special legal regime for enterprises in the defence and industrial complexes. Under the initiative, residents will receive comprehensive benefits²⁹, including exemption from corporate income tax, land tax and

environmental tax, simplified customs procedures, the international transfer of defence products, facilitated access to export and joint production, and special conditions for the relocation and protection of production facilities.

Ukraine is implementing two complementary programmes. The first, *Build in Ukraine*³⁰, aims to localise the production of foreign defence companies in Ukraine. The second, *Build with Ukraine*³¹, focuses on exporting Ukrainian technologies and establishing joint ventures overseas. Agreements have been concluded with Denmark, Norway, Germany, the United Kingdom, Lithuania and the Netherlands. Notably, the Ukrainian and Dutch Ministries of Defence are launching joint production of Deep Strike UAVs in the Netherlands³². Twenty-five foreign companies are currently at various stages of production localisation in Ukraine.

The MoD has announced plans to launch joint weapons production with international partners, particularly Sweden³³, Canada³⁴, Lithuania³⁵ and Denmark³⁶.

The implementation of the "Danish model" of defence support is ongoing, with an expected volume of EUR 1.3 billion³⁷ in 2025. Some of this is anticipated to come from revenues generated from frozen Russian assets. Ukraine, the EU and NATO member states have established a mechanism to use profits from frozen

²⁵ Audit initiated into procurement of unmanned systems for the AFU <https://rp.gov.ua/PressCenter/News/?id=2700>

²⁶ Systemic problems in army logistics https://rp.gov.ua/PressCenter/News/?id=2874&fbclid=IwY2xjawOVYzRleHRuA2FibQlxMQBzcnRjBmFwcF9pZA80MDk5NjI2MjMwODU2MDkAAR5CE7MBMsDxi8o-z4o6fHcrn-sGILkzYml0cghtcmEUyelfMmMhWDMm9PC-PQ_aem_jP9MTcyjulq4_-QSIOJvuA

²⁷ Response from the DPA to a request for access to public information <https://drive.google.com/file/d/16vWpxFg9DbEBNhpXxgXYOZNxUhFA9nii/view?usp=sharing>

²⁸ Zelenskyi signs laws on launching Defence City <https://www.ukrinform.ua/rubric-economy/4032474-zelenskij-pidpisav-zakoni-pro-zapusk-defence-city.html>

²⁹ Decisions in days, not months: Umerov outlines advantages for Defence City residents https://24tv.ua/economy/umyrov-pro-perevagi-defence-city-ye-garantiyi-dlya-oboronnih_n2948341

³⁰ Build in Ukraine – an initiative promoting the localisation of international companies in Ukraine <https://mod.gov.ua/news/build-in-ukraine-inicziativa-yaka-spriyaye-lokalizacziyi-mizhnarodnih-kompanij-v-ukrayini>

³¹ Build with Ukraine: Ukraine opens weapons production line in European countries <https://suspilne.media/1048245-build-ukraine-ukraina-vidkrie-liniu-virobnictva-zbroi-v-krainah-evropi/>

³² Ukraine and the Netherlands launch joint production of long-range UAVs under the Build with Ukraine initiative <https://mod.gov.ua/news/ukrayina-ta-niderlandi-zapuskayut-spilne-virobnictvo-dalekobijnih-bpla-u-mezhah-inicziativi-build-with-ukraine>

³³ Ukraine and Sweden agree on joint production of defence products on the territory of both countries <https://mod.gov.ua/news/ukrayina-ta-shvecziya-domovilis-pro-spilne-virobnictvo-oboronnoyi-produkcziyi-na-teritoriyi-oboh-krayin>

³⁴ Ukraine and Canada agree on joint production of defence products <https://mod.gov.ua/news/ukrayina-ta-kanada-domovilis-pro-spilne-virobnictvo-oboronnoyi-produkcziyi>

³⁵ Ukraine and Lithuania to jointly manufacture defence products – Denys Shmyhal <https://mod.gov.ua/news/ukrayina-ta-litva-spilno-vigotovlyatimut-oboronnu-produkcziyu-denis-shmihal>

³⁶ Ukraine and Denmark sign agreement on establishing Ukrainian defence production on Danish territory <https://mod.gov.ua/news/ukrayina-ta-daniya-pidpisali-ugodu-pro-stvorennnya-ukrayinskogo-oboronного-virobnictva-na-teritoriyi-daniyi>

³⁷ Ukraine to receive EUR 1.3 billion through 'Danish model' in 2025 <https://mod.gov.ua/news/ukrayina-otrimaye-1-3-mlrd-yevro-za-danskoyu-modellyu-u-2025-roczi>

Russian assets in Europe to finance the Ukrainian defence industry.

President Zelenskyi has ordered³⁸ the development of a controlled export programme to be completed by the end of 2025. This will involve setting up export and import platforms in Europe, the United States and the Middle East. The needs of the Ukrainian Armed Forces remain a priority, with exports being carried out using surplus production.

RECOMMENDATION No. 20: DEVELOP AND MANAGE PROGRAMMES FOLLOWING PPBE METHODOLOGY

As part of the Programme for the implementation of the Planning, Programming, Budgeting and Execution (PPBE) process, the MoD's Procurement Department is leading the transformation of the Defence Acquisition System.

A PPBE pilot will have been implemented in the Air Defence Missile Forces of the Ukrainian Air Force by the end of 2025. The management group has completed training courses at the National Defence University of Ukraine, and the project charter and calendar-resource plan have been approved. The development programme format for the Air Defence Missile Forces is also under development.

The updated draft implementation plan designates the MoD's Department of Strategic Industries and the Department of Military Policy and Strategic Planning as the responsible implementers of this recommendation.

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³⁸ Zelenskyi instructs development of key elements of Ukrainian weapons export programme
<https://suspiilne.media/1132104-zelenskij-doruciv-rozrobiti-klucovi-ementi-programi-eksportu-ukrainskoi-zbroi/>