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BULLETIN

Ukraine Risks Long-Term Consequences from "Anti-Corruption" Power Grab

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The Ukrainian authorities' withdrawal from attempts to politicise anti-corruption institutions does not mean a return to the situation before the crisis. The ruling camp, centred on President Volodymyr Zelensky, has dented its legitimacy. This, in turn, will have long-term consequences for both Ukraine's domestic politics and its international position, as it has lost some of the trust of its foreign partners and weakened its negotiating position vis-à-vis Russia.

At the end of July this year, the Ukrainian parliament passed a law subordinating the National Anti-Corruption Bureau (NABU) and the Special Anti-Corruption Prosecutor's Office (SAPO)—effectively independent of the authorities—to the Prosecutor General appointed by the president. The official reason was to eliminate alleged Russian influence in both institutions. The decision sparked public protests in Ukraine and was criticised by foreign partners, forcing the Ukrainian authorities to swiftly restore the *status quo ante*.

The Motives behind the Authorities' Actions. The politicisation of two key anti-corruption institutions in Ukraine was most likely a preventive measure aimed at stopping them from investigating individuals in President Zelensky's inner circle. In June this year, Deputy Prime Minister Oleksiy Chernyshov was charged with corruption, and shortly afterwards an investigation was launched into a corruption scandal involving another then deputy prime minister, Olha Stefanishyna (both are closely associated with the presidential camp). Media reports confirmed that charges were expected to be brought against the president's long-time business partner and one of his closest associates, Timur Mindich, as well as several deputies from the president's Servant of the People (SoP) party.

The efforts to limit the independence of NABU and SAPO are part of a broader trend of <u>power consolidation by the presidential inner circle in Ukraine</u>, conducted under the pretext of national security. This manifests in attempts to take control of the remaining independent law enforcement

agencies and institutions, while authorities put pressure on social activists and journalists critical of them and attempt to discredit them in media. These actions are accompanied by increasingly explicit "sovereignist" populist rhetoric, calling for the restoration of sovereign control over the state from foreign influence. In this context, some in President Zelensky's entourage may have indeed perceived the anti-corruption institutions, which were established under pressure from the EU, as instruments of external influence used by the EU to exert leverage on the presidential camp.

Internal Consequences. The crisis surrounding the anticorruption institutions has shaken the fragile stability of the ruling camp and has caused further fragmentation and increasing tensions between the presidential office, which is seeking to consolidate power, and the associated ruling SoP parliamentary faction. Its members accuse President Zelensky's inner circle of shifting the blame onto parliament. They fear that they themselves will become the target of anti-corruption investigations due to their support for the politicisation of NABU and SAPO under clear pressure from the presidential camp. While the SoP faction is not in danger of formally losing its parliamentary majority at this stage, in practice it lost its majority long ago and must now seek support from opposition factions on an ad hoc basis. The crisis means that the presidential camp will now find it increasingly difficult to secure a majority, particularly on socially controversial issues such as military mobilisation or budget amendments.

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Attempts to politicise NABU and SAPO also undermined President Zelensky's own position. Ukrainian society did not accept the ruling camp's arguments about an alleged fight against Russian influence and manifested its opposition to further centralisation of power by the presidential circle. The first street protests since the outbreak of the war signal the breakdown of the unwritten ban on criticising the president during wartime. This will lead to a further decline in public trust in him, but it may also have a negative effect on the morale of the fighting society.

At the same time, the weakened position of President Zelensky will activate the opposition in Ukraine, likely intensifying its rivalry with the presidential circle. Opposition representatives participated in protests against the politicisation of anti-corruption institutions, leading the ruling camp to believe that the demonstrations were politically motivated and coordinated by opponents of the current government, rather than spontaneous and grassroots. An intensification of the rivalry between the presidential camp and the opposition would create conditions that could allow Russia to interfere in Ukraine's internal political affairs with the aim of destabilising it.

International Consequences. The authorities' attempts to politicise anti-corruption institutions have caused Ukraine to lose a degree of trust from its foreign partners, a situation that will not be easily remedied in the short term, even following the presidential administration's withdrawal from its original plans. For now, this will not affect the military aid that foreign partners provide to Ukraine, the merits of which go beyond the immediate circumstances of Ukrainian domestic politics. However, the conditions for financial support from the EU and the International Monetary Fund will be tightened, which may result in delays in the transfer of further aid tranches and, in cases of gross negligence, even their cancellation.

However, attempts by the ruling camp to centralise power further strengthen the arguments of opponents of further aid to Ukraine, such as the Hungarian government and <u>part of the Republican Party in the U.S.</u>, whose position relies on accusations of excessive corruption against the Ukrainian authorities. In the short term, this will bolster the influence of those who are sceptical or openly hostile to Ukraine's future integration with the EU. In the longer term, however,

it also risks gradually increasing the political cost to European governments of actively supporting Ukraine. This would, in turn, negatively impact the cohesion and determination of the international coalition of countries supporting Ukraine, particularly if the war were to be prolonged.

Ukraine's position in the ongoing negotiations with Russia might also be impacted by the erosion of the ruling camp's and President Zelensky's standing in the domestic political arena. The Ukrainian authorities may be looking to freeze the conflict more quickly in order to hold elections and make the most of the relatively high level of public support, with a view to ensuring the continuation of their rule, in the face of a potential further decline in their popularity.

Prospects. The withdrawal from the attempted politicisation of anti-corruption institutions provides only a facade of a resolution to the crisis that emerged in connection with the presidential camp's pursuit of consolidating power in Ukraine. The Ukrainian authorities are likely to continue their efforts to subjugate independent institutions, perceiving them as a threat to the stability of the ruling camp. However, they will mainly use "soft" administrative and budgetary instruments to do so. On the one hand, this could lead to renewed protests, in which the opposition would try to participate to further weaken the president's position. On the other hand, it risks internal conflicts between independent and presidential-controlled services and law enforcement agencies.

Growing mistrust between the ruling camp and civil society, coupled with the resulting mobilisation of the opposition, poses a serious risk of escalating political tensions in Ukraine, both in the event of a further deterioration of the situation on the front lines and of possible progress in peace talks. The authorities will increasingly perceive criticism of their actions, particularly with regard to defending the country against Russian aggression, as politically motivated. Consequently, they may attempt to exert greater pressure on social and anti-corruption activists, as well as on independent media outlets that are critical of the presidential inner circle. This, in turn, will further fuel allegations that they are attempting to silence their opponents and create a media landscape favourable to the presidential camp in anticipation of potential elections.