

**URBAN
GOVERNANCE**



Municipal Governance Issues in Ukraine



Cedos



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ACKNOWLEDGEMENTS

Cedos

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ABOUT THIS PAPER

Thematic paper series

This paper is one of nine drafted in 2025 by national entities in Ukraine as part of a UN-Habitat-commissioned collection entitled *Thematic Paper Series Informing Urban Recovery Approaches in Ukraine*, comprising:



Urban Governance

- Citizenship: Urban futures in Ukraine
- Municipal Governance Issues in Ukraine
- Decentralization and Recovery: Local Recovery Planning in Ukraine



Urban Land

- Land and Property Issues in Housing and Urban Development in Ukraine



Urban Planning

- Spatial Planning in Ukraine



Urban Housing

- Housing Provision and Outcomes in Ukraine
- Tracing the Path of Social Housing Policy in Ukraine



Urban Skills

- Built Environment Professionals: Education and Practice in Ukraine
- Built Environment Professionals: University Education in Ukraine

Executive summary

The nature of municipal governance in Ukraine is a critical consideration to planning the country's post-war recovery. This is because the country's biggest recovery decisions and service delivery challenges will be won or lost where people actually live: in hromadas which are managed through local self-government bodies (LSGBs).

Even before the 2022 full-scale invasion, Ukraine's gains in poverty reduction and connectivity were paired with widening territorial disparities, making place-based strategies and effective multi-level coordination essential. Decentralization reforms that started to come on stream from 2014 — though with a conceptual and legal groundwork developed over two decades prior in the immediate post-Independence period — expanded local powers and strengthened budgets so municipalities could plan, procure, and deliver core services (local infrastructure, utilities, education, primary health care, social protection and more) with greater resilience.

The war intensified uneven outcomes on the ground, driven by geographically differentiated destruction, displacement, economic shocks, and security constraints; while municipalities assumed roles as first responders, humanitarian coordinators, and practical managers of recovery planning - from restoring housing and infrastructure to supporting veterans, internally displaced persons (IDPs), and local economic renewal.

Crucially, because LSGBs control key planning instruments, local budgets, and implementation channels, their institutional capacity, staffing, and accountability mechanisms will directly shape whether recovery efforts and funds can successfully translate into credible, equitable rebuilding, renewed trust in the state, and alignment with European governance approaches.¹

The current document analyses characteristics of the municipal governance system pertinent to the ongoing recovery planning, contributing to an enhanced shared understanding of LSGBs in the above-mentioned terms. Key features of LSGBs include the following:

- The modern system of local governance in Ukraine was formed based on the Soviet system of councils and the administrative-territorial structure through a series of reform iterations that took place in the country after gaining independence in 1991. Most changes and reforms were aimed at balancing responsibility, powers, and financial resources between local self-government bodies (LSGBs) and state authorities at the local level. As a result of decentralization, which began after 2014, enlarged hromadas (communities) received more powers, finances, and other resources— that is, the capacity to address issues of local development and provide the population with services that fall within their competence.
- The heads of hromadas are city, town, or village heads, who lead the hromada councils and their executive bodies. The heads of hromadas, as well as the councils, are elected by the residents of the hromadas through direct elections once every five years. Ukrainian legislation provides for a wide range of tools for involving residents in decision-making at the local level, as well as measures to ensure transparency, access to data, and digital transformation of governance at the local level.
- The most important responsibilities of LSGBs at the hromada level include providing preschool and school education, primary and aspects of secondary medical care, social protection and the provision of social services, the development of culture and the preservation of monuments, housing provision and the delivery of utility services, the organization of trade and waste management, the development of local infrastructure, and the arrangement of public transportation.

1 Ukraine has a stated strategic goal of European Union accession.

- The legal regime of martial law imposes certain restrictions on LSGBs. As a result of the war, hromadas have faced new challenges related to the forced displacement of the population, destruction, mortalities, and occupation, as well as the need for recovery. In both humanitarian response and recovery measures, LSGBs play key roles.

After providing an overview of Ukraine's local self-government system and its evolution in the context of decentralization reforms and the war since 2022, the report makes a number of concluding points.

- *Resilience of local governance:* Decentralization reforms have strengthened the capacity of hromadas, enhancing the ability of local governments to continue delivering services and supporting humanitarian response despite wartime conditions.
- *Capacity challenges:* Many hromadas face financial and human resource constraints, highlighting the need for stronger staffing, training, and institutional support mechanisms. Strengthening administrative capacity, fiscal sustainability, and planning systems will be critical to enabling local governments to contribute effectively to Ukraine's recovery and reconstruction.
- *Impact of martial law:* Since 2022, martial law has paradoxically expanded the operational role of local governments while temporarily limiting some aspects of local democratic governance and slowing further decentralization reforms.
- *Public participation and digital governance:* Mechanisms for transparency, citizen engagement and digital service delivery remain active and support participatory governance, offering grounds for optimism for meaningful public participation in recovery planning.
- *Further research and monitoring needs:* Additional analysis is needed on issues such as municipal capacity, displacement and demographic change, fiscal decentralization, transparency in reconstruction, and community participation in recovery planning.

In summary, as Ukraine moves from emergency response toward long-term reconstruction, the effectiveness of recovery efforts will depend significantly on the strength of its municipal governance system. LSGBs stand at the interface between national recovery frameworks and the spatially variegated everyday needs of communities affected by the full-scale invasion. Supporting the capacity, resources, accountability mechanisms and data environment of LSGBs in ways that are sensitive to the particularities of their historical evolution over the last three decades and more will be critical to ensuring that recovery investments translate into equitable, transparent, and sustainable outcomes. Strengthening local governance is not only an administrative priority in Ukraine's post-Independence decentralization agenda but also a foundational element of its rapidly evolving post-2022 recovery approach.

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LIST OF ABBREVIATIONS

BMZ	<i>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung</i> (German Federal Ministry of Economic Cooperation and Development)	OECD	Organisation for Economic Co-operation and Development
CoE	Council of Europe	OHCHR	Office of the High Commissioner for Human Rights
EU	European Union	OSCE	Organization for Security and Co-operation in Europe
GDP	Gross Domestic Product	OSA	Oblast State Administration
GVA	Gross Value Added	RSA	Rayon State Administration
IDP	Internally Displaced Person	UAH	Ukrainian hryvnia
IOM	International Organization for Migration	USD	United States Dollar
LSGB	Local Self-Government Body	UN-Habitat	United Nations Human Settlements Programme
MP	Member of Parliament	VR ARC	Verkhovna Rada of the Autonomous Republic of Crimea
NGO	Non-Governmental Organization		

General introduction to the thematic paper series

Four years since Russia's full-scale invasion of Ukraine of February 2022 – and close to 12 years since the illegal annexation of the Autonomous Republic of Crimea and City of Sevastopol in 2014 – war continues to inflict untold suffering on the Ukrainian people.² Hostilities since 2022 have caused widespread damage and destruction to Ukraine's built environment – from housing, utilities, and transport networks, to social infrastructure and cultural assets. In this compound crisis of urban systems, many cities have shifted focus from long-term development to continuous emergency repair and risk management. Most recent estimates put the cost of reconstruction and recovery at 587.7 billion USD – a figure that has grown year on year since 2022.³ The sector incurring highest damage in dollar terms is housing: 14 per cent of the national housing stock, affecting some 3 million households, has been damaged or destroyed, requiring 61.1 billion USD for reconstruction and recovery needs.⁴ As at January 2026, around 3.7 million people have been displaced within Ukraine since 2022, with a further 5.8 million now refugees outside the country. This comes in the context of an earlier wave of conflict-related disruption and displacement from 2014.⁵

In a country that is 70 per cent urban by population,⁶ Ukraine's cities are central to both crisis and recovery. Total recovery and reconstruction needs are spatially concentrated in frontline areas and major urban oblasts.⁷ Urban centres are 'facing both supply constraints and high demand from displaced populations'.⁸ There is an urgent and pressing imperative to respond to impacts on the built environment and critical infrastructure amidst large-scale humanitarian need. Even as hostilities

continue and despite funding constraints, the Ukrainian Government has a strong ambition to 'build back better' – including a desire to revitalize existing towns and neighbourhoods through area-based approaches that support local-level investment and contribute to recovery,⁹ as flagged by the most recent *Rapid Damage and Needs Assessment 5*.¹⁰ The Assessment also highlighted that effective recovery planning requires reforms that enhance the institutional and technical capacity of the country's public sector to prepare, implement and monitor investment projects.¹¹ Strengthened data collection and research is identified as one of the main priorities for a durable recovery.¹²

Addressing the challenges now facing Ukraine demands a long-term analytical perspective stretching back even earlier than 2014 – to factor in Soviet and post-Soviet structural legacies that continue to fundamentally shape the conditions, constraints, and opportunities facing contemporary urban recovery planning. In particular, Ukraine's post-1991 transition produced privatized housing systems with fragmented ownership and maintenance backlogs, aging and underinvested infrastructure, deindustrialized urban economies and shrinking city dynamics, evolving decentralization reforms, and an increasingly mobilized civil society with expectations for democratic governance.

In this historical context, national, sub-national and sectoral recovery strategies need to be developed and implemented in ways that also embed measures to build capacity within the built environment professions. The war has affected the availability of Ukrainian expertise within urban development, which was

2 In terms of mortalities, hostilities since 2022 have also left over 15,000 civilians dead, and injured over 41,000 others. (OHCHR, 2026).

3 World Bank Group; Government of Ukraine; European Commission; United Nations (2026 p12)

4 The most recent *Rapid Damage and Needs Assessment 5* indicates that 74 per cent of total damage since 2022 occurred in four sectors: housing (requiring USD 61.1 billion for reconstruction and recovery needs over the 10-year period 2026–2035; transport (USD 40.3 billion); energy (USD 24.8 billion); commerce and industry (USD 19.2 billion). (Government of Ukraine, World Bank Group, European Commission & United Nations, 2026 p24). As the report notes, 'The total needs include expenses related to rebuilding with improved standards (...) and account for inflationary pressures' (World Bank Group; Government of Ukraine; European Commission; United Nations, 2026 p30).

5 Ukraine already had the highest number of internally displaced persons (IDPs) in Europe as at July 2021, with over 1.4 million people fleeing (Mikheieva & Kuznetsova, 2023 [for IOM]).

6 World Bank Group (n.d.) (2023 figures)

7 World Bank Group; Government of Ukraine; European Commission; United Nations (2026 p27)

8 World Bank Group; Government of Ukraine; European Commission; United Nations (2026 p24)

9 World Bank Group; Government of Ukraine; European Commission; United Nations (2026 p54)

10 World Bank Group; Government of Ukraine; European Commission; United Nations (2026)

11 World Bank Group; Government of Ukraine; European Commission; United Nations (2026 p11)

12 World Bank Group; Government of Ukraine; European Commission; United Nations (2026 p42)

already scarce pre-war. This presents a real risk to the Government's widely supported aim to build back better. While several organizations have emerged to support capacity development in Ukraine on urban and territorial development and management, access to contextually relevant knowledge and best practices on these issues is still limited.

In response to urban recovery needs, UN-Habitat collaborates with the Ministry for Development of Communities and Territories of Ukraine, providing strategy and policy advice. In line with its mandate to promote socially and environmentally sustainable and resilient towns and cities, UN-Habitat supported a variety of not-for-profit and public Ukrainian entities to produce thematic documents on nine inter-related aspects of Ukraine's built environment. Each document considers the historical context and key issues of each topic in relation to urban recovery, presenting authors' valuable understandings of the respective topic.

Under the theme **Urban Governance**, the current document '*Municipal Governance Issues in Ukraine*' examines how civic participation and citizenship may interplay with inclusive and democratic urban recovery processes. The document '*Municipal Governance Issues in Ukraine*' identifies institutional and administrative features as well as opportunities and constraints affecting municipalities' capacity to engage with recovery. The document '*Decentralization and Recovery: Local Recovery Planning in Ukraine*' assesses how historic decentralization reform has shaped the role of local self-government bodies in planning and implementing recovery. Under the theme of **Urban Land**, the document '*Land and Property Issues in Housing and Urban Development in Ukraine*' covers the evolution of land ownership and property rights issues including in terms of their criticality to reconstruction and housing redevelopment. Under the theme of **Urban Planning**, the document '*Spatial Planning in Ukraine*' sets out the planning environment and associated frameworks guiding coordinated spatial reconstruction across national, regional, and local levels. Under the theme of **Urban Housing**, the document '*Housing Provision and Outcomes in Ukraine*' examines mechanisms through which housing is financed,

delivered, and regulated, and is complemented by the document '*Tracing the Path of Social Housing in Ukraine*' which explores the evolution of social housing and implications for expanding affordable housing provision. Under the final theme, **Urban Skills**, the document '*Built Environment Professionals: Education and Practice in Ukraine*' assesses the professional capacity available to plan, design, and implement urban reconstruction, while the document '*Built Environment Professionals: University Education in Ukraine*' evaluates higher education systems preparing future built environment professionals for reconstruction and urban development.

While many documents on recovery and reconstruction in Ukraine start from accounts of damage from 2014 and 2022, this series takes a longer perspective, actively exploring the selected themes across the Soviet and post-Soviet transition and reform periods.

Collectively, the series conveys the voices of academics, practitioners and civil society activists from diverse disciplines and backgrounds, representing local expert knowledge and experience rooted in the Ukrainian context. They offer a multi-dimensional diagnostic foundation and common language to inform evolving and multi-level discussions on the country's urban challenges and opportunities, as well as options for the future and how Ukraine might achieve them. In particular, the series aims to contribute to the continuing processes of decentralization and democratization. If decisions about towns and cities are to be driven locally and with context sensitivity, a wider literacy and shared understanding regarding the built environment, including its planning and management, is needed. The thematic documents respond to this need, increasing the availability and accessibility of knowledge on urban topics, and providing extensive references for further reading. UN-Habitat hopes the series will serve as a knowledge resource for policymakers, local officials, practitioners, development partners, researchers engaged in Ukraine's urban recovery, as well as general readers; and will contribute to recovery discourse, processes and outcomes that are context-appropriate, inclusive, resilient, and sustainable.

Introduction

According to the Organisation for Economic Co-operation and Development (OECD), Ukraine made notable development gains in the decade preceding Russia's full-scale invasion in February 2022.

Poverty¹³ declined significantly, with the share of the population living below the subsistence level falling from 53 per cent in 2015 to 23 per cent in 2019, while internet access increased from 23 per cent in 2010 to 63 per cent in 2020 (OECD, 2022). However, these improvements were accompanied by widening territorial disparities and deepening inequalities. Between 2010 and 2021, population decline affected all regions except the capital city of Kyiv, Kyiv Oblast, and Zakarpattia Oblast. At the same time, Kyiv's share of national gross value added (GVA) rose from 18 per cent in 2010 to 24 per cent in 2019 (OECD, 2022). These trends underscore the importance of strengthening local development strategies, multilevel governance frameworks, and regional policy in Ukraine's recovery process.

Alongside central and sectoral authorities, local self-government bodies (LSGBs)¹⁴ play a critical role in maintaining state functioning and delivering services to communities. As the level of government closest to residents, LSGBs significantly influence public satisfaction and national development outcomes. Their effectiveness and institutional capacity are therefore central to good governance.

The importance of analysing LSGBs has increased in the context of decentralization reform evolving from

the end of the Soviet era, and which has seen the restructuring of the administrative-territorial system and expansion of local powers to strengthen municipal capacity. Assessing their performance is essential both to evaluate the results of reforms and to inform future policy interventions. The full-scale invasion since 2022 has further heightened this need, with municipalities - facing differentiated impacts across regions - playing a central role in crisis response and recovery planning. The planning and management of recovery processes requires a historically grounded understanding of LSGBs' capacities and constraints.

This document reviews Ukraine's municipal governance system in light of recent reforms and challenges posed by Russia's full-scale invasion since 2022. It traces the historical evolution of local self-government, explains the current administrative-territorial structure, outlines the division of powers across levels of government, and examines the financial foundations of local authorities. Human resourcing issues are outlined, with capacity challenges flagged. The functioning of the electoral system as well as public participation in local decision-making are reviewed. It outlines how the local electoral framework operates, and mechanisms for citizen participation, and analyses inter-municipal cooperation as a tool for fulfilling local mandates. In addition, the document considers progress in digital transformation, particularly since 2014, and assesses how the war has affected local budgets, security conditions, and service delivery, as well as the evolving role of local self-government bodies in Ukraine's recovery process.

13 That is, the share of the population with incomes below the subsistence level

14 Local self-government bodies refer to elected local authorities and their executive structures at the municipal level, including city, town and village councils, as well as their executive committees and administrations. In Ukraine, LSGBs are responsible for local service delivery, spatial planning, budget management, community development, and the implementation of national policies at the local level, in accordance with the Law of Ukraine *On Local Self-Government in Ukraine* (Verkhovna Rada of Ukraine, 1997).

Methodology

The analysis is based on a desk review of academic, legislative and grey literature undertaken in March and April 2025.

All the documents in the current series were presented in outline, for review and feedback. The workshop was held in Kyiv on 25 April 2025 with participation by multisectoral Ukrainian stakeholders.¹⁵



Presentation of the thematic paper during a multisectoral forum in Kyiv entitled 'Navigating the Urban Field in Ukraine' © UN-Habitat Ukraine, 2025

¹⁵ A social media post on the workshop from Cedos can be found here: www.facebook.com/Cedos.org.ua/posts/pfbid02LyRSrDw-7FmjczCE6QNsaagQDgT1AaVBvxUfRiWgddEFvhSYJX8Lpawu2A13XQvVtI

Historical context

In the Soviet Union, the territorial organization of power was formally structured around a system of councils, to which executive bodies at various levels were subordinate. In practice, however, authority rested with the Communist Party, which exercised a constitutionally defined 'leading and guiding' role in state and society. This centralized control rendered lower-level authorities subordinate to higher-level structures and precluded the existence of genuine local self-government as an autonomous institution.

The *perestroika* reforms¹⁶ marked a turning point in the late Soviet era: in 1990, the first competitive elections to local councils were held, resulting in the emergence of political groups that began to challenge the dominance of the Communist Party within these bodies.

After Ukraine gained independence in 1991, the first change in the local government system took place in 1992. At the *oblast* (region) and *rayon* (district) levels, the institution of presidential representatives was established. They headed the executive bodies of power and gained powers to oversee and control local self-government, which was not afforded its own executive bodies at the oblast and rayon levels. To an extent, this was intended to fill the coordination vacuum that had formed after the liquidation of the Communist Party. However, due to conflicts between different national branches of power (namely the president, cabinet, and parliament), it was not possible to establish effective cooperation between local and central government bodies.

Between 1994 and 1995, the local government system underwent a series of reforms, accompanied by institutional tensions stemming from unclear divisions of powers and hierarchical relationships across different levels of authority. Eventually, in 1996, the *Constitution of Ukraine* (Verkhovna Rada of Ukraine, 1996) was adopted, followed by the laws *On Local Self-Government in Ukraine* (Verkhovna Rada of Ukraine, 1997) and *On Local State Administrations* (Verkhovna Rada of Ukraine, 1999) which defined the key principles of organizing the government at the local

level in the country. The powers of state authorities at the local level and those of LSGBs were separated, and the system of delegating powers between them was defined. The independence of local budgets and the principles of their formation were established.

Following its accession to the Council of Europe in 1995, Ukraine ratified the *European Charter of Local Self-Government* in 1997 (which entered into force in 1998).

After the Orange Revolution¹⁷ in 2004, the issue of changing the territorial organization and the local government system became relevant, but the reform was not carried out for reasons including insufficient preparedness and the lack of an appropriate communication strategy. Nevertheless, preparations for a systemic reform began, although work on it was critically slowed down during the presidency of Viktor Yanukovich from 2010 to 2014.

After the Revolution of Dignity in 2014,¹⁸ decentralization was declared one of the key reforms, and all subsequent governments continued to work on it.

From 2014 to 2015, decentralization reform began with two components: 1) financial decentralization and 2) the voluntary amalgamation of territorial hromadas. Within the framework of financial decentralization, local budget revenues increased, which significantly enhanced the capacity of local authorities to work on the development of their hromadas. In parallel, hromadas were given the opportunity to voluntarily unite into larger amalgamated territorial hromadas and to acquire additional powers and budget revenues to increase the efficiency of public service delivery.

Before the start of decentralization, a significant number of hromadas were not large enough to ensure the revenues needed for maintaining the apparatus of LSGBs, as well as for basic educational, medical, and social infrastructure. According to calculations made in the late 2000s, sufficient economic activity for this was present only in hromadas with a population of

16 Perestroika (meaning 'restructuring') was a reform process initiated in the mid-1980s to restructure the Soviet Union's political and economic system through limited decentralization, market-oriented mechanisms, and increased political openness including by allowing greater freedom of expression.

17 The Orange Revolution refers to the mass protests in Ukraine from November 2004 to January 2005 following the disputed presidential election of 21 November 2004, which led to a repeat runoff on 26 December 2004.

18 The Revolution of Dignity ('Euromaidan') refers to the mass protests in Ukraine from November 2013 to February 2014 that led to the departure of President Viktor Yanukovich on 22 February 2014.

over 5,000 residents, which at that time accounted for only 5 per cent of the total number of hromadas (Hanushchak, 2013, p21). As of 2014, more than 45 per cent of hromadas were highly subsidized - relying on intergovernmental transfers for over 70 per cent of their budget revenues, reflecting high fiscal centralization (Cabinet of Ministers of Ukraine, 2014). Thus, the decentralization reform envisaged the enlargement of hromadas in order to increase their tax base and to optimize the network of administrative institutions, educational, health care, and cultural facilities to improve the quality of services that could be provided. Accordingly, sectoral reforms were implemented in parallel with decentralization, notably in the areas of administrative services, general secondary education, and health care. Decentralization further aimed to remedy shortcomings in intergovernmental relations between state authorities and LSGBs, as well as deficiencies in the administrative-territorial organization.

Before the start of the voluntary amalgamation process, there were about 12,000 territorial hromadas in Ukraine. Over the five year period from 2015 to 2020, 1,070 amalgamated hromadas were formed; however, before local elections in 2020, the boundaries of most remaining hromadas were revised toward amalgamation as a result of a centralized process coordinated by the government. The Cabinet of Ministers approved 1,469 territorial hromadas (already without the term 'amalgamated' in the name), and the Verkhovna Rada established 136 new enlarged rayons (districts) in place of the previous 490. Concurrently, the reform established unified and autonomous hromadas as the basic single tier level of local government, replacing the pre-decentralization system whereby smaller territorial communities were administratively subordinated to larger city councils.¹⁹ The reform also abolished the category of 'cities of oblast significance', referring to cities that had operated outside rayon jurisdiction and exercised a broader set of powers than either 'cities of rayon subordination' or village and town hromadas, thereby moving beyond unequal legal status among local governments. The distinction between settlements (cities, towns - until 2024 referred to as 'urban-type villages', and villages) and hromadas, which refers to administrative units

usually comprising a number of settlements, was also established. Administrative-territorial changes at regional, subregional and local levels associated with decentralization reforms are shown in Table 1. In summary, decentralization aimed at replacing a hierarchical, uneven system of municipal classification with a unified model of territorial communities.

Year	2014	2021
Regional	24 oblasts, Autonomous Republic of Crimea, Kyiv, Sevastopol	24 oblasts, Autonomous Republic of Crimea, Kyiv, Sevastopol
Subregional	490 rayons, 187 cities of oblast significance	136 rayons
Local	11,329 city, town, village councils	1,469 territorial hromadas

Table 1: The number of administrative-territorial units of various levels before and after the changes in the administrative-territorial structure as part of decentralization reforms in 2015–2020

To date, decentralization reform has not been fully completed due to many factors including economic and political disruptions. The ongoing war since 2022 has significantly altered the institutional and political environment in which decentralization reforms operate, particularly with the introduction of martial law.²⁰ The war has paused and indeed reversed aspects of decentralization in many areas such as staffing, decision-making and funding. The project remains, then, an open-ended process. A key unresolved element concerns redefining the relationship and associated power distribution between LSGBs and state government bodies at the levels of rayons and oblasts, which continue to perform delegated state functions and oversee the legality of local government decisions. Proposed decentralization amendments had aimed to formalize these changes. However, they became the subject of political and expert debate, particularly regarding the balance of authority between different levels and branches of government, and the need to uphold subsidiarity while preventing risks of territorial fragmentation and separatism with the aim of creating preconditions for the annexation of certain territories, in the context of external aggression.

19 For example, Vynnyky City Council was subordinated to Lviv City Council. Pre-decentralization, the smaller territorial community had its own local council, but was not fully independent in terms of budgeting, planning, or governance authority.

20 See Rabinovych et al (2025) for further discussion of how Ukraine's decentralized local governance has fared under prolonged martial law, and selected risks to the decentralization agenda raised for the future, particularly in regard to the centralization of recovery funds.

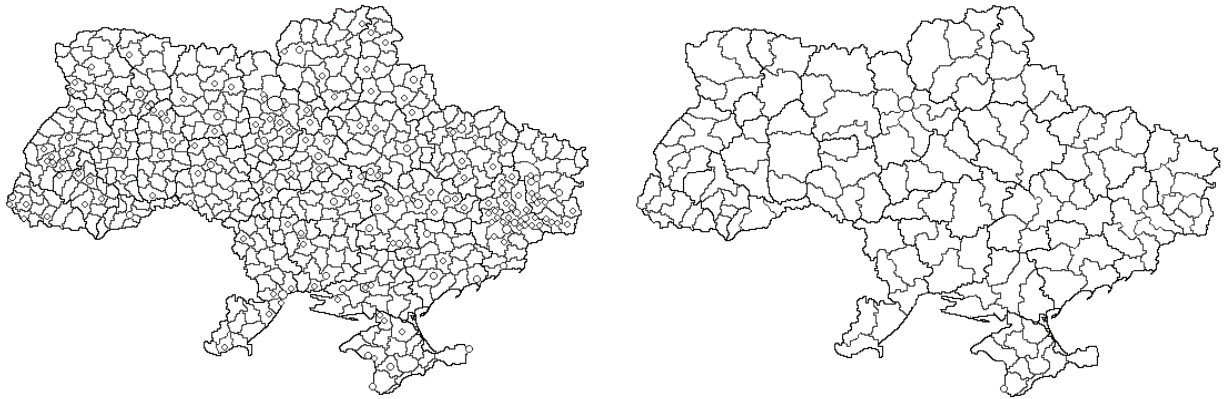


Figure 1: Map of 490 rayons and 187 cities of oblast significance before 2020 (left); and 136 amalgamated rayons after 2020 (right). (Skoropadsky, 2020a, 2020b.)



Figure 2: Map of 1,469 territorial hromadas after 2020. (Wikimedia Commons, Skoropadsky, 2020c)

The package of constitutional amendments also included a provision on the 'special characteristics of local self-government in certain districts of the Donetsk and Luhansk oblasts', linked to the Minsk agreements (OSCE, 2015).²¹ Political controversy surrounding this clause ultimately prevented the adoption of the amendments, leaving aspects of the decentralization reform unfinished.

For the further development of decentralization reform, several issues may merit further examination and dialogue:

- Possible constitutional amendments and the reconsideration of the role and powers of oblast and rayon state administrations, including discussions around their potential transformation into prefecture-type bodies
- The roles and powers of rayon councils and election options - such as direct election or indirect representation through delegation from hromada-level LSGBs;
- Options for establishing governance mechanisms at the level of urban agglomerations
- Potential adjustments to the capital city-specific governance framework of the city of Kyiv and its districts²²
- Ongoing assessment of hromada capacity and consideration of whether further territorial consolidation may be appropriate in certain contexts
- Continued refinement of the local taxation system
- Clarification of the legal status of hromadas, including questions related to their recognition as legal entities under public law

Despite its incomplete status, decentralization reform has been considered successful by external assessment. Before the current full-scale invasion from

2022, in 2021 the European Parliament approved the *Report on Ukraine's implementation of the Association Agreement with the European Union*, noting that

'the European Parliament welcomes Ukraine's achievements in carrying out the decentralization reform and empowering local authorities, which is one of the most successful reforms to date'

(European Parliament, 2021)

Even in the post-2022 period, decentralization is generally positively assessed by society. For instance, looking ahead, a nationwide survey in 2024 showed that 77 per cent of people believe that after the end of the current war, the country needs local self-government reform and decentralization of power to increase authority, resources, and responsibility at the local level (Council of Europe, 2024). This is despite the reform-driven closure at local level of some facilities resulting from district-level rationalization of networks of administrative, education and medical institutions. An effective communication strategy, combined with reform processes that offset the local-level closure of certain institutions by improving the overall quality of service delivery, has helped facilitate the implementation of changes that might otherwise have generated significant public dissatisfaction. Further, it has been observed that the expansion of hromadas' powers, together with strengthened capacity to exercise them, proved an important factor in enhancing their resilience and ability to respond to the current wartime challenges. (Darkovich & Savisko, 2023). The extent to which the legacy and learning emerging from the war since 2022 will eventually impact on the pace and content of decentralization efforts remains to be seen.

²¹ The Minsk Agreements refer to two ceasefire and conflict resolution frameworks negotiated in Minsk, Belarus, in 2014 and 2015 between Ukraine, Russia and representatives of separatist forces, with mediation by the Organization for Security and Co-operation in Europe (OSCE). The Minsk II agreement (2015) included provisions requiring Ukraine to implement constitutional reform and decentralization, including a special status for certain areas of the Donetsk and Luhansk regions (OSCE, 2015).

²² Kyiv occupies a distinct institutional position within Ukraine's territorial governance system. As the capital, it holds the status of a city with special legal status and is therefore administratively separate from Kyiv Oblast. Its governance arrangements are defined primarily by the Law of Ukraine On the Capital City of Ukraine – Hero City Kyiv (Verkhovna Rada of Ukraine, 1999) and the Law of Ukraine On Local Self-Government in Ukraine (Verkhovna Rada of Ukraine, 1997). Unlike most Ukrainian municipalities, Kyiv operates under a dual governance structure combining local self-government and presidential executive authority. The city has an elected mayor and city council, representing the local self-government hierarchy, while executive authority is exercised through the Kyiv City State Administration, which forms part of the state administration system and whose head is appointed by the President. This institutional overlap has long generated debates about the balance of authority between locally elected and centrally appointed officials. Kyiv is further divided into ten administrative districts, whose state administrations are likewise headed by presidential appointees rather than elected representatives.

Current system of local government bodies

There are three levels of administrative-territorial units in Ukraine: *oblasts* (regions), *rayons* (subregions), and *hromadas* (municipalities) (Table 2). The count of each and special categories cutting across these levels are as follows:

- At the first level of the administrative-territorial structure, the country is divided into 24 oblasts, as well as the Autonomous Republic of Crimea and the cities of Kyiv and Sevastopol, which have special status.
- At the second level, the territory of the country is divided into 136 rayons.
- At the third level, the territory is divided into 1,469 hromadas.

At the same time, the territory of the Chernobyl Exclusion Zone²³ is not part of any hromada or rayon.

- The cities of Kyiv and Sevastopol are not part of any rayon and are essentially hromadas with special status.
- In the Autonomous Republic of Crimea, hromadas have not been created because the territory is currently not controlled by the Ukrainian government.
- For the categorization of territorial hromadas, the type of settlements that serve as their centres is most often used. Thus,
 - 410 hromadas are city hromadas;
 - 433 are town hromadas;
 - 626 are village hromadas.

Level	Administrative-territorial units	
Regional	Oblast, Autonomous Republic of Crimea	Kyiv, Sevastopol
Subregional	Rayon	
Local	Territorial hromada	

Table 2: Administrative-territorial structure of Ukraine since 2020

In addition, various assessments of financial capacity are applied based on income levels (excluding transfers from the state budget) per resident. To assess the ability of hromadas to address administrative, financial, and investment tasks, the Organisation for Economic Co-operation and Development (OECD, 2022) proposes a classification based on the availability of prior

experience and infrastructure, dividing hromadas into three types:

- Hromadas centred on cities that, prior to decentralization, had the special status of 'cities of oblast significance', meaning they had broad powers and well-developed administrative potential even pre-reform;
- Hromadas that voluntarily merged before 2020 and received new powers earlier, and which therefore have had the opportunity to gradually develop their administrative potential;
- Hromadas that were merged in a centralized manner post-2020 and have had less time and fewer opportunities to develop their administrative potential.

According to the analysis using the cumulative municipal effectiveness methodology, conducted by the Organisation for Economic Co-operation and Development based on 2021 data, *'Municipalities in the west tend to be more efficient than peers elsewhere in the country'* (OECD, 2022).

In the territories of hromadas, *starosta* districts - sub-municipal internal administrative territorial areas within a hromada - may be established to improve communication and governance of settlements that are not the main hromada centres. A starosta district may include one or more settlements. As of 1 January 2025, 7,740 starosta districts have been established in Ukraine (Monitoring, 2025). The territories of large cities may be divided into city districts to improve governance. Currently, the territory of 24 cities (including Kyiv and Sevastopol) is divided into city districts.

According to the law *'On the Procedure for Resolving Certain Issues of the Administrative-Territorial Structure of Ukraine'*, (Verkhovna Rada of Ukraine, 2023), settlements are categorized into cities, villages, and towns. Villages and towns are considered rural settlements, while cities are urban settlements. The law stipulates that:

- Cities must have predominantly compact development and a population of over 10,000 residents;

23 "Chornobyl" reflects Ukrainian transliteration; "Chernobyl" is the Russian-derived spelling used historically in English.

- Towns must have predominantly detached housing development and a population of over 5,000 residents;
- Villages must have detached housing development and a population of less than 5,000 residents.

As of the time the law (Verkhovna Rada of Ukraine, 2023) was adopted, Ukraine had:

- 459 cities;
- 881 urban-type villages (which the law renamed as towns);
- 27,204 villages;
- 1,164 *selyshcha*, or larger villages (which were mostly typologically similar to villages) (TSN, 2023).

Compact places of human residence outside settlements that do not have a stable population composition are called habitations and are not considered settlements.

Settlements located in mountainous areas have the status of mountain settlements (Verkhovna Rada of Ukraine, 1995), which entails a 20 per cent increase in state pensions, scholarships, and financial assistance for their residents, as well as a 25 per cent increase in tariff rates and official salaries for employees. As of 2021, 714 mountain settlements were designated in four oblasts. In addition, the law '*On the Protection of Cultural Heritage*' (Verkhovna Rada of Ukraine, 2000) provides for the designation of historical settled localities to which special heritage preservation requirements apply. In 2001, the Cabinet of Ministers designated 401 cities and towns (located in all oblasts) with this status.

Notably, the current status of many settlements on the ground does not correspond to the criteria defined by the law. This is not least because population distribution and settlement patterns have been extensively affected by the war, displacement and migration.

STRUCTURE AND REPRESENTATION

Oblast

At the oblast level, the only LSGBs are oblast councils - representative bodies composed of councillors. The councillors of oblast councils are elected by the residents of the oblasts through direct elections. From

among their members, the councillors elect the heads of the councils who preside over their meetings. The councillors also form part of the council commissions for more detailed work on various issues. Oblast councils do not have their own executive bodies. These functions are performed by the oblast state administrations (OSAs), whose structures include various technical and administrative departments, offices, divisions, and sectors responsible for different issues. The oblast state administrations are chaired by heads appointed by the President upon the submission of the Cabinet of Ministers. OSAs have both their own powers and powers delegated by the oblast councils, as a result of which they effectively act as the executive bodies of the oblast councils. Considering this, the oblast councils have the right to declare a no confidence motion against the head of the OSA, which the President must consider, and if a vote of no confidence wins two-thirds of the votes, the President must accept it.

Rayon

At the rayon level, the structure of government bodies is similar to that at the oblast level. The representative bodies are the rayon councils, which are elected through direct elections. The executive bodies are the rayon state administrations (RSAs), chaired by heads appointed by the President upon the submission of the Cabinet of Ministers. In this procedure, the candidates for the heads of the RSAs are submitted to the Cabinet of Ministers by the heads of the respective OSAs.

Hromada

At the hromada level, hromada councils—city, town, or village councils (depending on whether the centre of the hromada is a city, town, or village)—operate, and are elected by residents through direct elections. The hromada councils also have commissions dedicated to specific subjects (Table 3 shows commissions under Chernivtsi City Council, for example). Residents also elect the heads of hromadas - that is, city, town or village heads. The heads of hromadas preside over the meetings of the respective councils and also head the councils' executive committees. The composition of the executive committees is approved by the respective councils. The executive committees (*vykonavchi komitety*) are the executive bodies of the hromada councils and include in their structure sectoral departments, offices, divisions, sectors responsible for various issues (Table 4 shows executive bodies of Vinnytsia City Council, for example).

Example: List of permanent commissions under the Chernivtsi City Council

- Commission for Housing and Utilities and for Environmental Protection (4 members)
- Commission for Humanitarian Policies (3 members)
- Commission for Economy, Entrepreneurship, Investment, and Tourism (5 members)
- Commission for Land Relations, Architecture, and Construction (12 members)
- Commission for Budget and Finance Issues (12 members)
- Commission for Legality, Human Rights and Liberties, Procedural Regulations, Councilor Activities, Ethics, and Prevention of Corruption (5 members)

Table 3: Commissions under Chernivtsi City Council

Example: List of executive bodies of the Vinnytsia City Council

- Department of Human Resource Policies
- Department of Mass Media and Public Relations
- Department of Architecture and Construction Supervision
- Department of Economy and Investment
- Department of Finances
- Department of Recovery and Development
- Department of City Marketing and Tourism
- Department of Information Technologies
- Department of Architecture and Urban Planning
- Department of Capital Construction
- Department of Municipal Property
- Department of Land Resources
- Department of Municipal Economy
- Department of Utility Services and Landscaping
- Department of Housing Stock
- Department of Transportation and Urban Mobility
- Department of Civil Defence of the City Council
- Department of Social Policies
- Department of Health care
- Department of Education
- Department of Culture
- Department of Legal Policies and Quality
- Department of Administrative Services
- Office for Maintaining the State Voter Register of the Vinnytsia City Territorial Hromada
- Office for Preventing and Uncovering Corruption
- Office for Rapid Response "Around-the-clock Watch"
- Office for Developing Associations of Co-owners of Apartment Buildings
- Office for Overseeing the City Council Apparatus and Its Executive Committee
- Office for Youth Policies
- Administrative-Economic Office
- Archive Department
- Committee for Physical Culture and Sports
- Children's Service
- Secretariat of the City Council
- City Council Apparatus and Executive Committee

Table 4: Executive bodies of Vinnytsia City Council

Starosta district

The non-executive official representing the sub-hromada starosta district level (the starosta level notably having no legal status) is the starosta. This person is appointed by the hromada council upon the submission of the hromada heads and after public discussions with district residents. At the district level within a city, district councils may be established by decision of the city councils, which perform representative functions at the district level, and, accordingly, executive committees of the district councils, which perform executive functions. In the absence of district councils, the executive

bodies at the district level within cities are the district administrations, whose heads are appointed by the city heads.

Central executive bodies in local territories

In addition to local authorities of general jurisdiction, 39 central executive bodies have their own territorial bodies (with or without the status of a legal entity). The jurisdiction of most of them extends to an oblast or several oblasts, a rayon or several rayons; however, in some cases it only extends to territorial hromadas or city districts.

	Bodies elected by residents	Bodies appointed by councils	Bodies appointed by the President
Oblast	Regional Council		Head of the Regional State Administration
Autonomous Republic of Crimea	Verkhovna Rada	Council of Ministers	Representative of the President
Kyiv	City Council, Mayor		Head of the City State Administration
Sevastopol	City Council		Head of the City State Administration
Rayon	Rayon Council		Head of the Rayon State Administration
Territorial hromada	City / Town / Village Council City / Town / Village Head	Executive Committee	

Table 5: General-jurisdiction government bodies at various levels

Special local structure in Autonomous Republic of Crimea

A special characteristic of the structure of government bodies in the Autonomous Republic of Crimea is that instead of an oblast council, the Verkhovna Rada of the Autonomous Republic of Crimea (VR ARC) is supposed to operate there. The VR ARC appoints the Council of Ministers of the Autonomous Republic of Crimea, which is its executive body, headed by the Chairperson of the Council of Ministers. In addition, the President appoints the Representative of the President in the Autonomous Republic of Crimea, who heads the Representation of the President of Ukraine in the Autonomous Republic of Crimea, which is an executive body with its own functions.

Special local structure in the capital city, Kyiv

Residents elect the Kyiv City Council (Kyivrada) and the Kyiv City Head through direct elections. The Kyiv City Head has several representative powers and presides over meetings of Kyiv City Council. The executive body of Kyiv City Council is the Kyiv City State Administration. According to the law, the President appoints the Kyiv City Head as the head of the Kyiv City State Administration. In the districts of the city of Kyiv, district councils may be established; however, as of 2025, none have been established.²⁴ The government bodies at the district level in Kyiv are the district state administrations. In the case of the establishment of district councils, the President appoints as heads of the district administrations the heads of district councils elected by the councillors; otherwise, the President appoints the heads of the district administrations according to the usual procedure upon the submission of the Cabinet of Ministers.

²⁴ District councils (raionni rady) in Kyiv were abolished in 2010 under President Yanukovich, when the Verkhovna Rada amended the Law on the Capital to allow the Kyiv City Council to decide whether such bodies should exist. The Kyivrada promptly voted to dissolve them, leaving the city without a sub-municipal representative tier ever since. As of the time of writing, their restoration remains under political discussion but has not been legislatively enacted (Chesno, 2024).

Special local structure in the city of Sevastopol

In the city of Sevastopol, the Sevastopol City Council is supposed to be elected, whose councillors elect from among their members the head of the city council, who presides over its meetings. The executive body of the Sevastopol City Council is the Sevastopol City State Administration, whose head is appointed by the President upon the submission of the Cabinet of Ministers. District councils and district state administrations of the districts of Sevastopol are intended to function according to the same principle.

Number of councillors per local council

The number of councillors in local councils depends on the number of voters in the respective administrative-territorial units: from 22 councillors for units with fewer than 10,000 voters to 120 councillors for units with more than 2 million voters (Election Code of Ukraine, Article 197).

Framework for State Regional Development Policy

The central executive body responsible for regional policy is the Ministry for the Development of Communities and Territories.²⁵ According to the Law *On the Principles of State Regional Policy* (Verkhovna Rada of Ukraine, 2015), the Cabinet of Ministers may establish an Interagency Coordination Commission on Regional Development to coordinate development policies implemented by central executive bodies and local self-government bodies.

Such a commission was established in 2015 but, since then, it has only been reported to meet twice. The irregularity of its work, the lack of clearly defined powers for implementing state regional policy, as well as the absence of mandatory criteria for determining representatives of local self-government bodies, in particular hromadas, have so far prevented the full potential of this body from being realized. Further, in

2021, the Congress of Local and Regional Authorities under the President of Ukraine was established as an advisory body under the President, and since then it has been convening several times a year. It continues the tradition of previous advisory bodies²⁶ composed of representatives of local and regional authorities under the President. Given the absence of formalized criteria for determining the composition of the body, the OECD suggests that it serves as a means of top-down communication from the national to local level, rather than the reverse (OECD, 2022).

At the regional level, the implementation of development policies is facilitated by Regional Development Agencies; however, they operate differently across regions, lack mandatory funding from regional budgets or legally defined exclusive powers, and remain auxiliary bodies. In addition, structural units responsible for economic development operate within oblast and rayon administrations (for example, the Department of Economic Development, Trade, and Investment Promotion in Poltava Oblast). At the hromada level, these issues also fall under the jurisdiction of structural units in the field of economic development (for example, the Department of Economic Development in the Lviv Hromada). In some cases, there are structural units specifically responsible for development (for example, the Department of Strategic City Development in the Sumy Hromada) or project activities of the hromada (for example, the Department of Project Activities and International Cooperation in the Kamin-Kashyrskyi Hromada). Also, in larger hromadas, there are usually separate municipal enterprises whose goal is strategic (for example, the City Development Institute in the Poltava Hromada), spatial (for example, the Spatial Development Agency in the Vinnytsia Hromada), or sectoral (for example, the Institute of Cultural Strategy in the Lviv Hromada) development.

25 Formerly the Ministry for the Development of Communities, Territories and Infrastructure; the Ministry of Regional Development, Construction, and Housing and Utility Services.

26 Particularly, the Regional Development Council; and the Council of Regions.

Distribution of powers and functions across levels of government

Ukraine's system of subnational governance assigns distinct competences across its hierarchy of administrative tiers. The principal powers and functions of each level—from oblast and rayon authorities to hromadas and starosta districts—are summarised below.

OBLAST AND RAYON

The main powers and functions of oblast and rayon councils include:

- Adoption of local development programmes;
- Approval of rayon and oblast budgets;
- Decision-making on participation in international cooperation;
- Management of property in the joint ownership of the territorial hromadas of oblasts or rayons;
- Granting of permits for the special use of natural resources of rayon or oblast significance.
- Approval of hromada symbols;
- Approval of hromada budgets; undertaking of financial borrowings;
- Establishment of local taxes and fees as well as exemptions related to their payment;
- Disposal and acquisition of hromada property;
- The creation, reorganization, or liquidation of enterprises, institutions, and organizations in the hromadas' municipal ownership;
- Approval of urban planning documentation;
- Approval of development programs and strategies of hromadas;
- Approval of rules for public amenities and trade at markets;
- Adoption of decisions on household waste management;
- Adoption of decisions on the organization of parking;
- Decision-making on hromadas' participation in intermunicipal and international cooperation.

The main powers and functions of oblast and rayon state administrations include:

- Conducting inspections of compliance with the Constitution and laws by local self-government bodies;
- Managing state property and the joint property of territorial hromadas; disposing of state-owned lands;
- Organizing public transportation between hromadas;
- Preserving monuments;
- Managing educational institutions (primarily vocational education), health care institutions (primarily secondary medical care), cultural institutions, sports facilities, and social centres at the rayon and oblast levels;
- Ensuring the provision of free legal aid; and implementing measures in the fields of national security, territorial defence, and civil protection.

HROMADA

The main powers and functions of hromada councils include:

- Approval of hromada charters;

The main powers and functions of the executive bodies of hromada councils include:

- Ensuring the socio-economic development of territories;
- Registering citizens residing in the territories of the hromadas; performing notarial acts; registering civil status acts.
- Providing administrative services; setting fees for utility services; managing municipal property in accordance with the decisions of hromada councils;
- Issuing urban planning conditions and restrictions, performing architectural and construction control;
- Keeping records of the housing stock; providing social and temporary housing; managing the housing stock and utility facilities, household and trade service facilities;
- Managing transport owned by the hromadas, organizing the operation of public transportation, organizing public parking
- Organizing public restrooms; managing household waste; organizing the maintenance of territories;
- Organizing marketplaces; maintaining cemeteries and burial sites;
- Granting permits for advertising placement;
- Preserving monuments;

- Managing educational institutions (primarily kindergartens and schools), health care institutions (primarily primary medical care institutions and partially also secondary medical care), cultural institutions, sports and youth centres owned by the hromadas;
- Providing social services and handling guardianship matters;
- Organizational work and assistance in the fields of national security, territorial defence, and civil defence;
- The heads of hromadas sign the decisions of hromada councils, preside over their meetings, manage the executive committees, appoint the heads of structural departments of the executive bodies of hromada councils, municipal enterprises and institutions, and represent the territorial hromadas.

The powers and functions of territorial hromada bodies are divided into their own vested powers and delegated powers.

- Their own powers concern local matters: public amenities, maintenance of housing and utility services, infrastructure development.
- Powers delegated by the state relate to the provision of constitutionally guaranteed rights. Their realization is the duty of the state, but for reasons of efficiency, the state transfers them to local self-government. The key delegated powers include the organization of the provision of secondary education, primary medical care, and social welfare services. In the process of decentralization, some duplication of powers between authorities at the hromada and rayon levels emerged, which is one of the issues of the ongoing reform that needs to be addressed.

STAROSTA DISTRICT

At sub-city district level, the powers and functions delegated to the councils and administrations of districts are determined by the respective city councils in the event of their establishment.

- Starostas represent the interests of the residents of starosta districts before the government bodies of the respective hromadas, participating in decision-making regarding the development and management of the starosta districts.

INTER-LEVEL OVERSIGHT FUNCTIONS

At the hromada level, hromada councils perform oversight and control functions over the activities of executive committees and executive bodies. Similarly, rayon and oblast state administrations have oversight functions to ensure that the decisions of LSGBs, including hromada councils and their executive bodies, are in line with legislation.

Direct versus procured service provision by hromadas

The discharge of service provision, responsibilities and obligations by territorial hromadas in different sectors takes place in different ways. This is due to the varying regulatory frameworks governing respective areas of public life, varying capacities between hromadas, and substantive differences in the nature of each sector. Thus, services may be provided either directly by institutions or municipal enterprises established by hromadas or procured on a competitive basis from both municipal and non-governmental providers. The provision of certain services (for example, secondary education, fire protection) is mandatory, while the scope of other services may be determined by hromadas at their own discretion (for example, the operation of theatres or galleries). In regard to the procurement or determination of providers for certain services, there are clear state regulations (for example, utility services), whereas in other cases hromadas may make decisions independently (for example, the organization of mass cultural events).

Hromadas may procure, delegate, or co-fund with other hromadas (neighbouring or otherwise) the shared or pooled provision of certain services – for instance on an emergency basis, as well as establish long-term joint municipal enterprises. The following boxes illustrate the sectorally and geographically adaptable approaches available to hromadas for service delivery:

Hromada service provision in the education sector

In the field of secondary education, hromadas provide educational services that are mandatory and guaranteed by the state through a network of secondary education institutions established by hromada councils and managed by the executive bodies of the hromadas, although these institutions have a certain degree of self-governance. If they wish, citizens may also receive secondary education services in private institutions, but hromadas do not have the option to procure or pay for these services.

Hromada service provision in the social services sector

Social services may be procured by territorial hromadas both from municipal social service provision centres, which they manage, and from non-governmental providers, such as civil society organizations. In addition, hromadas may procure social services from social service provision centres of other hromadas. This is most often relevant for rural hromadas where, prior to decentralization, no local social centres existed, so they cooperate with larger hromadas—former rayon centres or cities of oblast significance, where such centres are in place

Hromada service provision in bus routes

In regard to servicing bus routes, hromadas are required to select carriers on a competitive basis. Both private carriers and municipal enterprises of the hromada may participate in such competitions.

Hromada service provision in cultural services

In the field of culture, different hromadas have distinct networks of municipal cultural institutions: libraries, cultural centres, clubs, theatres, museums, cinemas, and more. The presence of these institutions is not mandatory; hromadas may independently establish or close them.

REGIONAL LEVEL

In the field of regional policy at the national level, the Cabinet of Ministers approves the *State Regional Development Strategy* (Cabinet of Ministers of Ukraine, 2020). The current document is valid for the period of 2021 to 2027. It defines three key strategic goals:

- The formation of a cohesive state in social, humanitarian, economic, environmental, security, and spatial dimensions;
- Increasing the competitiveness of regions;
- Building effective multilevel governance.

Compared to the previous Strategy which ran up to 2020, the order of priorities has changed: increasing competitiveness has moved from first to second place,

while the formation of cohesion has risen from second to first. According to the law, regional and hromada development strategies must take into account the priorities of the state strategy, and the Cabinet of Ministers develops and approves an *Action Plan* for the implementation of the strategy. Despite this, apart from the *State Regional Development Fund*,²⁷ the instruments for implementing the *State Regional Development Strategy*, as well as state regional policy in general, are limited, and the connections and intersections with other state strategies are not fully clear. For example, within the framework of regional policy, the law defines four functional types of territories, but no specific decisions or approaches for differentiated work on their development have been introduced (OECD, 2022).

²⁷ This is the budget instrument that finances regional development projects. It provides state financing for regional and community infrastructure projects and is directed by annual budget law provisions (e.g. the Law on the State Budget of Ukraine) and Cabinet of Ministers procedures.

The development and adoption of regional strategies and - since 2022 - also hromada strategies, is mandated by the Law *On the Principles of State Regional Policy* (Verkhovna Rada of Ukraine, 2015). As of 1 January 2025, 925 hromadas have adopted development strategies, 418 are in the process of their development, and 95 have not yet started the process (Ministry for the Development of Communities and Territories of Ukraine, 2025a). Some of the developed strategies are of inadequate quality; in addition, they usually have a limited spatial dimension and are 'extensive [...], albeit very comprehensive, [...] highly complex and therefore hard to implement' according to the OECD (OECD, 2022).

Legislation provides for a rather broad list of strategic and spatial planning documents for hromadas: from the development strategy, economic and social development programme, to the comprehensive spatial development plan of the hromada's territory and integrated hromada development concept.

However, human and financial resources for the production and implementation of these documents are limited; indeed, it has been suggested that the culture of public administration tends to treat strategic documents as mandatory artefacts rather than practical tools for activity planning (Sydorenko, 2024).



A person in a wheelchair at a metro station entrance in Kyiv © Doroznik / Shutterstock

Financial basis

The *European Charter of Local Self-Government*,²⁸ which entered into force for Ukraine in 1998, defines local self-government not only as the right ‘of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population’, but also as the ability to exercise this right. In line with this, the Constitution of Ukraine (Verkhovna Rada of Ukraine, 1996) defines the material and financial basis of local self-government as ‘movable and immovable property, revenues of local budgets, other funds, land, and natural resources owned by territorial hromadas’ (Article 142). In addition, the Constitution provides that ‘the state participates in the formation of local self-government budget revenues, financially supports local self-government,’ and that ‘expenditures of local self-government bodies arising from decisions of state authorities shall be reimbursed by the state’ (Article 142).

Overall, local budget revenues are divided into four categories:

- Tax revenues: Shares of national taxes and fees defined by law, as well as local taxes and fees;
- Non-tax revenues: Income from property (including rent), entrepreneurial and economic activities, administrative fees and payments;
- Revenues from capital operations, including the sale of assets and land;
- Transfers: Funds from the state and other LSGBs (subsidies and subventions), as well as grants from other states and international organizations.

LOCAL TAXES AND FEES INTO LOCAL BUDGETS

Local taxes

Local taxes in Ukraine include the ‘unified tax’²⁹ and property tax (made up of the land tax, land lease payment, real estate tax, and vehicle tax). On approximate figures, in January to November 2024, excluding transfers from the state budget, the unified tax accounted for 19 per cent of the revenues of all territorial hromada budgets; land lease payment accounted for 11 per cent; real estate tax accounted for 3 per cent; and other local taxes accounted for less

than 1 per cent (Monitoring, 2025). The vehicle tax and the unified tax are mandatory, and their rates are set by government bodies at the national level. The vehicle tax applies to the most expensive passenger cars during the first five years after manufacturing, and the unified tax applies to business entities using the simplified taxation system – primarily small businesses in the form of individual entrepreneurs and legal entities. The amount of land lease payment is set by the terms of the contract within the limits of the law. The rates of real estate tax and the land tax may be set by local councils within the limits defined by law. For example, the law stipulates that for individuals, the rate of real estate tax may not exceed 1.5 per cent of the minimum wage. The tax base is the area, not the value of the property. This regulation significantly limits the ability of local budgets to recoup investments in hromada infrastructure through the real estate tax.

Local fees

Local fees in Ukraine include the parking fee and the tourism fee. Their rates are set by hromada councils within the limits defined by law; for example, the tourist fee can be set at the rate from 0.5 per cent to 1 per cent of the cost of an overnight stay.

NATIONAL TAXES AND FEES INTO LOCAL BUDGETS

In addition to local taxes and fees, local budgets also receive shares of certain national taxes and fees. For territorial hromada budgets, the most significant of these are:

- The individual income tax (which accounted for 56 per cent of all territorial hromada budget revenues excluding transfers from the state budget in January–November 2024) and
- The excise tax (8 per cent) (Monitoring, 2025).
- Territorial hromada budgets receive 60 per cent of the individual income tax paid in the respective territory (40 per cent for Kyiv, 100 per cent for Sevastopol), the excise tax on the sale of excisable goods, and 13.44 per cent of the excise tax on fuel in line with the *Budget Code* of Ukraine (Verkhovna Rada of Ukraine, 2010, current edition 2026).

²⁸ This is an international treaty adopted by the Council of Europe on 15 October 1985 and subsequently included in the Ukrainian legislation database with ID 994 036. The Charter was ratified by Ukraine by Law No. 452/97-VR on 15 July 1997.

²⁹ In Ukraine, the unified tax is a local tax paid by small businesses and individual entrepreneurs under a simplified taxation system. It constitutes an important own-source revenue of local self-government budgets.

Among national taxes and fees feeding into oblast budgets, the most significant are the individual income tax (which accounted for 74 per cent of all oblast budget revenues excluding transfers from the state budget in January to November 2024), the corporate profit tax (17 per cent), and rent payments (7 per cent) (Monitoring, 2025). Oblast budgets receive 15 per cent of the individual income tax, 10 per cent of the corporate profit tax, 45 per cent of the rent for special water use, 25 per cent of the rent for the extraction of mineral resources, and 2 per cent of the rent for the extraction of oil, natural gas, and gas condensate (Verkhovna Rada of Ukraine, 2010, current edition 2026).

It is important to note that the individual income tax, which is the largest source of revenue for territorial hromada budgets, is paid for by employees into the budget of the hromada where the employer is registered, and not where the employee resides. Although in cases where there are separate subdivisions, the tax is paid at the location of those subdivisions rather than at the central offices; employers do not always formally register actually existing subdivisions. Remote work and commuter migration from rural areas and suburbs to urban workplaces are also not taken into account. As a result, over 40 per cent of the total amount of individual income tax credited to hromada budgets comes from

people who are not registered as residents in the respective hromadas but who work there (U-LEAD with Europe, 2024). In 2022 to 2023, there were also intense debates over the allocation of individual income tax from military personnel - whose numbers have increased significantly due to mobilization - to the budgets of hromadas where military units are registered. This led to growing inequalities between hromadas. As of 2023, the Verkhovna Rada has made the decision to credit this tax, paid by military personnel, to the state budget and to direct it toward the procurement of weapons.

Generally, in 2023, own revenues of local budgets (the general fund of all local budgets excluding inter-budgetary transfers) amounted to 6.8 per cent of Ukraine's gross domestic product (GDP). For comparison, in 2015, this figure was a lower 5.1 per cent, indicating the proportionally growing significance of own revenue sources for hromadas over that period. In the same vein, transfers from the state budget as a share of total local budget revenues in 2023 was 27 per cent whereas, in 2015, this figure was a proportionally much higher 59 per cent, indicating proportionally decreasing reliance on the central state over that period. Overall, as shown in Figure 3, between 2015 and 2023, the total volume of local budget revenues increased dramatically from 295 billion UAH to ov billion UAH (Monitoring, 2025).

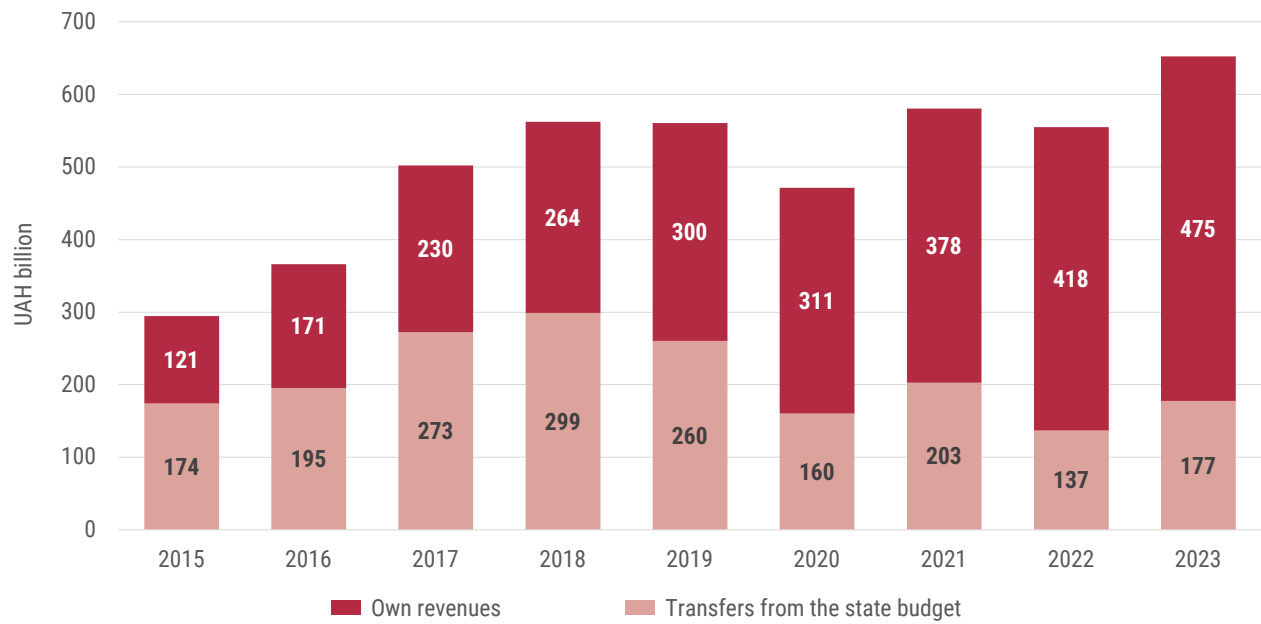


Figure 3: Own revenues compared to transfers from the state budget as components of all local budgets over 2015 to 2023 (Ministry for the Development of Communities and Territories of Ukraine).

Transfers from the state budget to local budgets consist of the basic subsidy, targeted subventions,³⁰ and additional subsidies. While subsidies do not have a specific purpose, subventions are targeted.

Basic subsidy

The basic subsidy is aimed at horizontal equalization of fiscal capacity between local governments: hromada budgets receive it if their tax capacity index is lower than 0.9 (90 per cent) of the national average, in the amount of 80 per cent³¹ of the sum needed to reach the value of 0.9. The tax capacity index is the revenue from the individual income tax per resident of the hromada

compared to the average income tax revenue among all hromadas. If the tax capacity index of a hromada exceeds 1.1, then 50 per cent of the revenues above this value are withdrawn as a reverse subsidy.

The basic subsidy dependency of hromadas across Ukraine in 2021 is shown in Figure 4. Hromadas from which the reverse subsidy is withdrawn are marked in green; hromadas that neither receive the basic subsidy nor have the reverse subsidy withdrawn are marked in yellow; hromadas that receive the basic subsidy are marked in shades of red, indicating the share of the subsidy in their budget revenues.

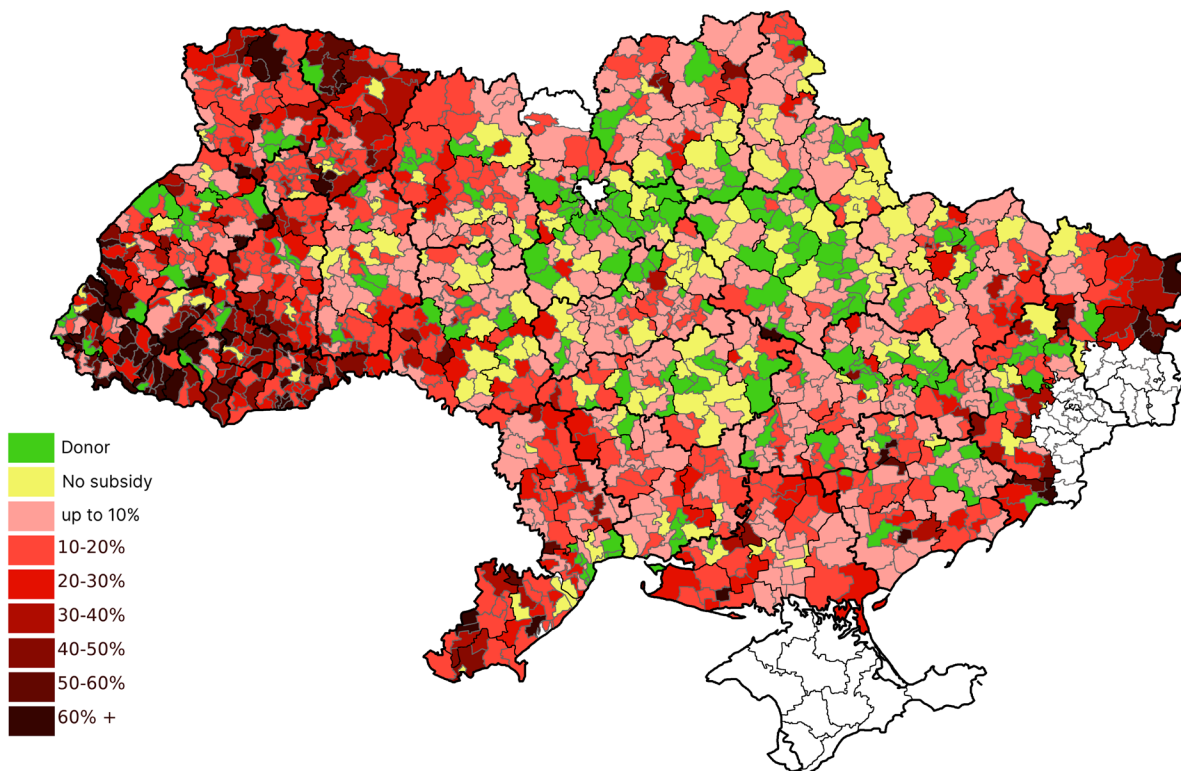


Figure 4: Subsidy dependency of hromadas in 2021 (Skoropadsky, 2021).

³⁰ Under Ukrainian budget legislation, a subvention is a targeted inter-budgetary transfer allocated from the state budget to local budgets (or between local budgets) for the financing of specific expenditures determined by law.

³¹ This system is called horizontal fiscal equalization because it aims to reduce disparities between municipalities, while still preserving incentives for local revenue generation (since the gap is not fully filled).

Subventions³²

Overall, the largest subventions by volume are the education subvention, the health care subvention, and the road maintenance subvention, which are distributed on a non-competitive basis. In exceptional cases (for example, for the construction of subway systems in Kharkiv and Dnipro, or for the repair of certain roads), specific subventions are allocated for particular projects. Among the subventions distributed on a competitive basis, the most significant over the past decade have been the State Regional Development Fund and the subvention for the socio-economic development of territories.

State Regional Development Fund subvention

The State Regional Development Fund is intended to be the key instrument of state funding for development projects at the local and regional levels in Ukraine, with the goal of *'implementing medium-term plans for the priority public investments of regions and territorial hromadas'* (Cabinet of Ministers of Ukraine, 2025).

The allocation of the Fund's resources, coordinated by the Ministry for the Development of Communities and Territories is to be carried out on a competitive basis through a multilevel process by specially created commissions at the regional and national levels in accordance with the *State Regional Development Strategy*, as well as regional and local development strategies. Co-financing of projects from local budgets in the amount of at least 10 per cent is required. According to the Budget Code, the State Regional Development Fund must amount to no less than 1.5 per cent of the projected revenues of the general fund of the State Budget. However, in 2015 to 2021, when this figure was supposed to be at least 1 per cent, the actual share of allocated funds ranged lower, between 0.43 per cent and 0.79 per cent (OECD 2022).

In 2022, due to the war, the funds of the State Regional Development Fund were redirected to other needs. In 2023, a model for distributing the Fund's resources among projects through online voting in the *Diia* public service app³³ was proposed, but this mechanism received expert criticism because a higher number of votes does not always indicate the priority of a project for achieving the goals of regional policy (Betlii 2023). Ultimately, in 2023 and 2024, the Fund was not reinstated, and in the 2025 budget, UAH 1 billion was

allocated, the distribution of which was to take place according to a special procedure determined by the Cabinet of Ministers (Verkhovna Rada of Ukraine, 2025).

Socio-economic development of territories subvention

Until 2022, another instrument of state support for local development projects was the subvention for the socio-economic development of territories, with funds allocated on a scale comparable to the State Regional Development Fund. Unlike the latter, the rules for using this subvention were not defined in detail, and responsibility for it was held by the Ministry of Finance. The mechanism for distributing the funds encountered criticism, as 50 per cent of the commission making the decisions consisted of members of parliament who - according to expert assessments - were guided by subjective biases, resulting in disproportionately larger allocations to territories belonging to the single-member districts of MPs from ruling parties (Gamaniuk, 2018; Gamaniuk, 2019; Gamaniuk, 2020).

According to the OECD, *'Ukraine's framework for funding regional development has been very fragmented'* (most projects are implemented within a single hromada), and it is also largely focused on 'hard' infrastructure and capital expenditures, which may have less potential for impact on growth without complementary investment in human development and innovation. In addition, the existence of co-financing criteria and the lack of human resources may hinder poorer hromadas from participating in competitions to mobilize funding (OECD 2022).

SUMMARY OF ALL REVENUES INTO LOCAL BUDGETS

Tax revenues

Overall, in 2024, tax revenues accounted for 65 per cent of all revenues of all local budgets (that is, the budgets of hromadas, rayons, and oblasts) (Figure 5). Among them, the largest share was made up by the individual income tax and fee (38 per cent of all revenues of all local budgets in 2024), the unified tax from individual entrepreneurs (8 per cent), the corporate profit tax (4 per cent), and land lease payments from legal entities (3 per cent).

32 In Ukraine's system of intergovernmental finance, subventions are earmarked transfers from the state budget to local governments intended to fund specific sectors such as education, health care, or infrastructure.

33 *Diia* is Ukraine's official government mobile app that provides digital access to public services and electronic versions of official documents.

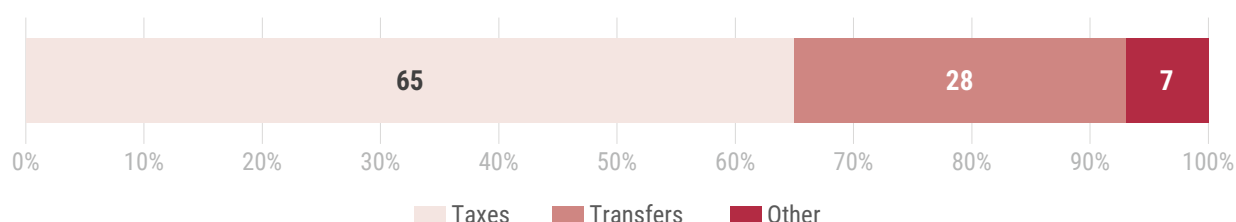


Figure 5: Revenues of all local budgets in 2024 (Open Budget, n.d. [accessed 2025])

Non-tax revenues

Subventions from the state budget to local budgets accounted for 20 per cent of their total revenues in 2024, while subsidies accounted for a lesser 8 per cent. Non-tax revenues made up 6 per cent, with the largest share coming from budget-funded institutions' own revenues.

Other sources

All other sources of local budget revenues accounted for about 1 per cent (Open Budget, n.d. [data from Mar 2025]).

SUMMARY OF ALL EXPENDITURE OF LOCAL BUDGETS

For 2024, expenditures of all local budgets (that is, the budgets of hromadas, rayons, and oblasts) are shown in Table 6. Local government expenditures were heavily concentrated in education, which accounted for 42 per cent of total spending, including 25 per cent on secondary education, 8 per cent on preschool education, and 9 per cent on other types of education. Economic activities represented the second largest category at 14 per cent, while transportation accounted for up to 7 per cent of expenditures. Spending on the

functioning of government bodies, housing and utilities, and social protection and welfare each represented around 9 per cent of local budgets. Health care accounted for 6 per cent, while culture and sports represented 4 per cent and public safety 3 per cent. Environmental protection expenditures were minimal at less than 1 per cent, and inter-budgetary transfers³⁴ accounted for almost 4 per cent of spending.

Expenditure sector	Share of total expenditure in 2024 (%)		
Education	42	Secondary	25
		Preschool	8
		Other	9
Economic activities	14		
Functioning of government bodies	9		
Utilities and communal services	9		
Social protection and welfare	9		
Health care	6		
Other	6		

Table 6: Local budget expenditure in 2024 (Open Budget, n.d. [accessed Mar 2025]).

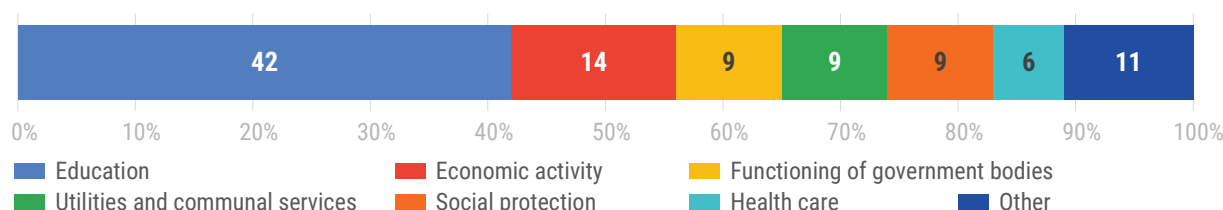


Figure 6: Expenditures of all local budgets in 2024 (Open Data, n.d. [data for 2024]).

³⁴ Inter-budgetary transfers are funds transferred from the state budget to local budgets, or between local budgets, on a non-repayable basis to ensure the performance of public functions and the equalization of fiscal capacity. They are a core mechanism of Ukraine's system of fiscal decentralization and are regulated primarily by the Budget Code of Ukraine (Verkhovna Rada of Ukraine, 2010).

Local budgets are approved by the respective councils and are prepared and executed by their executive bodies. Local budgets are adopted on the basis of the state budget. The budget year in Ukraine runs from January 1 to December 31. Local budgets are usually adopted in December to January, while the budget process continues throughout the year and includes the process of developing the budget, including the determination of its indicators, as well as reporting on its execution.

The basis of the budget preparation process is the proposals of the structural units of executive bodies responsible for the use of funds. A programme-target method is applied for expenditure planning. This means that budget funds must be allocated to specific local targeted programmes which last several years and have performance indicators, the achievement of which is the goal of the programmes.

The adoption of local budgets takes place together with the adoption of economic and social development programmes, which are documents that analyse the condition of the respective territory and define the development goals that the budget is intended to help achieve.

LSGBs carry out procurement in accordance with the *Law of Ukraine 'On Public Procurement'* (Verkhovna Rada of Ukraine, 2023). In particular, this means that procurement is conducted through the *ProZorro* government system,³⁵ an online system which ensures the transparency and competitiveness of all public procurement in Ukraine. The system provides for several types of procurement: competitive procurement, including open bidding and simplified procurement; procurement through the online catalogue of what is termed the *ProZorro Market*; as well as non-competitive procurement for a certain list of exceptions. Procurement is carried out in accordance with the annual procurement plan, the publication of which in the ProZorro system is mandatory.

Although legislation provides for the possibility of public-private partnerships - including for local development, it has been suggested that the use of this tool in Ukraine remains quite limited due to public distrust, lack of positive precedents or clear legal protection mechanisms, and the risk of corruption and abuse (OECD 2022). Updated policies and mechanisms for public-private partnerships are being developed to address these concerns.



Administrative building in Stryi, Lviv Oblast © UN-Habitat Ukraine, 2025

35 ProZorro is Ukraine's online system for government purchasing that allows the public to see how public funds are spent. Launched nationally in 2016 as part of Ukraine's post-2014 reform agenda, it was designed to ensure transparency, competition, and anti-corruption safeguards in government purchasing.

Human resources

Employees of LSGBs are categorized into:

- Local self-government officials,
- Staff of patronage services,
- Employees performing support functions.

Service in LSGBs is regulated by the specialized law *On Service in Local Self-Government Bodies* (Verkhovna Rada of Ukraine, 2023). As at February 2026, the law has not yet fully entered into force.³⁶ Work in municipal enterprises, institutions, and organizations is regulated on general grounds as for other work sectors. The law provides for nine ranks of local self-government officials, divided into three categories depending on seniority. Selection for positions is anticipated to be conducted on a competitive basis. Annual employee performance evaluations are envisaged, as well as the development of individual training programmes for professional development. Remuneration will comprise a base salary, additional payments and bonuses, as well as other incentive-related and compensatory payments. The provision of official housing is also envisaged.

As of early 2025, the minimum official salary for local self-government employees was UAH 7,100 (approximately EUR 150) per month. The highest official salary was set for the Mayor of Kyiv at UAH 30,277 (EUR 635), while heads of smaller hromadas earned between UAH 18,767 (EUR 395) and UAH 26,492 (EUR 555). At the same time, a Cabinet of Ministers Resolution recommends that during martial law, bonuses should not exceed official salaries (Verkhovna Rada of Ukraine / Cabinet of Ministers of Ukraine, 2024). For comparison, the average salary in Ukraine in 2024 was UAH 21,473 (EUR 450) (State Statistics Service of Ukraine). According to the job listing aggregator website, work.ua,³⁷ in March 2025, the average salary for a car mechanic was UAH 40,000 (EUR 840), for a chief accountant UAH 35,000 (EUR 735), and for an internet marketer UAH 37,500 (EUR 790). The low level of salaries in LSGBs compared to the private sector has been flagged as a factor weakening their capacity to respond to current challenges (Fedorova 2023).

A 2021 survey (Figure 7) found that 38 per cent of village hromadas, 27 per cent of town hromadas, and 17 per cent of city hromadas reported that they did not have enough staff to fulfil their duties (OECD, 2022). For many hromadas, a challenge is the difficulty of attracting specialized professionals such as architects or land surveyors. Financially uncompetitive working conditions may be one of the reasons for unfilled vacancies in LSGBs. One consequence of this is an increased workload on existing staff and overwork, which is especially prevalent in the social sector. In some cases, this may also be related to a lack of financial capacity to expand staff (Lomonosova, 2022; Miller, 2024).

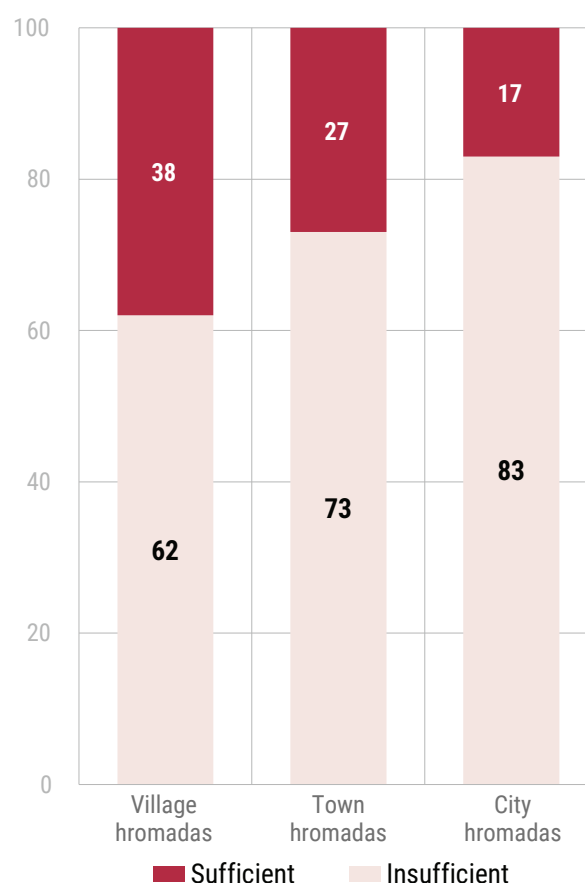


Figure 7: Availability of sufficient staff in hromadas to fulfil their duties, based on self-assessed responses to a 2021 survey (OECD).

³⁶ The database entry indicates the law is still in the status 'to enter into force', and a later consolidated version dated 14 June 2025 shows that actual entry into force is conditional on the end of martial law. <https://zakon.rada.gov.ua/laws/show/3077-20?utm>

³⁷ A main jobs listing and recruitment site in Ukraine.

The network of higher education institutions offers educational programmes for the training and retraining of specialists in LSGBs. In addition, international technical assistance programmes and civil society organizations offer educational opportunities for local self-government officials in the form of courses, workshops, and training events, often focusing on soft skills. Such soft skills identified through a nationwide survey as in need of development among local officials (Council of Europe, 2023) include communication skills for interacting with citizens and communities, reflecting the increasing role of municipalities in public engagement and transparent decision-making; leadership, organizational management and teamwork, as local administrations must coordinate staff and manage increasingly complex governance tasks; and cooperation with civil society, external partners and other levels of government, which are becoming more important as municipalities participate in recovery and development initiatives. Meanwhile, training in hard skills and foreign language proficiency remains a largely unmet need. According to a Council of Europe survey, individuals in leadership positions within local self-government identified social protection, civil protection, child rights protection, administrative service provision, and land relations as the areas in which they most need additional knowledge, skills, and competencies. Local self-government employees listed the areas of support for IDPs, social protection, administrative services, child rights protection, and civil defence; while local councillors identified the areas of entrepreneurship development and land relations (Council of Europe, 2023). On the same note, OECD recommends offering more peer-to-peer educational events for local self-government officials to improve the quality of local governance (OECD, 2022).

Some positions in local self-government bodies are elected. These primarily include hromada heads and

local councillors. Councillors perform their functions on a voluntary basis and are not employees of LSGBs. However, councillors may have assistants who are employees of council administrations, as well as public reception offices and funds for implementing certain activities, subject to the decision of the respective councils which may allocate funding for these needs.

Against a pre-2022 backdrop of widely varying fiscal and human resource capacity between different types of municipalities to fulfil their mandates,³⁸ the full-scale invasion has placed additional pressure on the human resources and administrative capacity of LSGBs. Large-scale population displacement and outward migration, as well as military mobilization and war-related mortalities have reduced the available labour force – including local civil servants – in many communities, particularly in areas heavily affected by hostilities or economic disruption (OECD, 2022 Nov p68). At the same time, local governments have taken on expanded responsibilities during the war, including coordinating humanitarian assistance, supporting internally displaced persons, maintaining essential public services, and contributing to civil protection and recovery efforts (OECD, 2022 Dec p2). As a result, many municipalities, particularly smaller or conflict-affected ones, have had to operate with limited personnel while facing increased governance and service delivery demands, contributing to emerging skills and capacity gaps within local administrations. Ukraine's recovery will depend in part on the ability of the local government tier to respond effectively to both short-term reconstruction demands and longer-term development objectives. OECD views that decentralization reform processes undertaken in previous years have strengthened local governance and now provide a solid foundation for such efforts, noting that capacity-strengthening will need to take account of geographical disparities (OECD, 2022 Dec p1).

38 For instance, OECD (2022, Dec p1) noted that 'there remain large variations in the fiscal, administrative and human-resource capacity among different Ukrainian municipalities. For instance, the OECD's survey of 741 municipalities (51% of the total) in October 2021 found that over a quarter of municipalities felt they lacked the capacity to design a local development strategy. These disparities have been exacerbated by Russia's war in Ukraine.'

Local elections

The conduct of local elections in Ukraine is regulated by the Election Code (Verkhovna Rada of Ukraine, 2019), which came into force in 2020. The most recent local elections were held in accordance with its provisions on 25 October 2020. Voter turnout was nearly 37 per cent (ranging from 32 per cent to almost 45 per cent across different regions) (Central Election Commission, 2020). According to the Rating Sociology Group, people over the age of 50 were more active in the elections: among those who participated, they made up 56 per cent, despite constituting 45 per cent of the overall voter structure. Young people aged 18 to 29 accounted for only 11 per cent of those who came to vote, despite making up 18 per cent of the overall voter structure. Groups over-represented in the voting population were observed among men, in large cities, and in the South and East of the country (Rating, 2020).

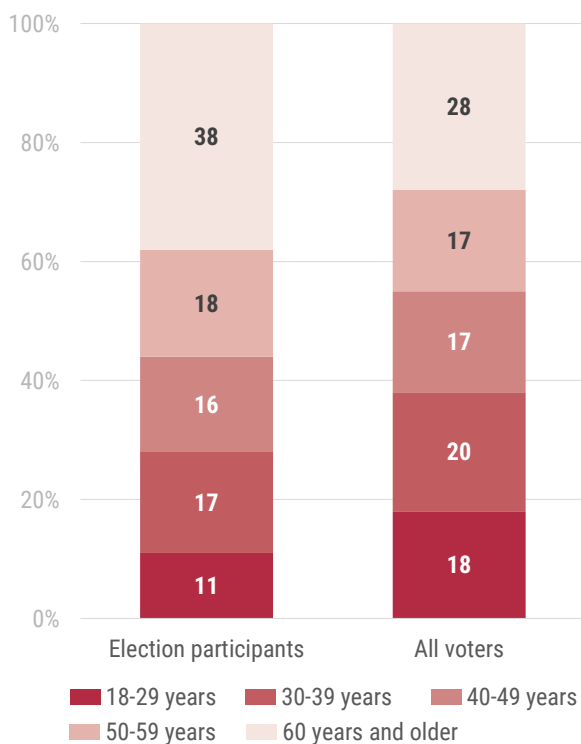


Figure 8: Comparison of the age of all voters and participants in the 2020 local elections (Rating Sociology Group, 2020).

In hromadas with a population of up to 10,000 voters, local council elections are held under a majoritarian system in multi-member districts, with two to four councillors elected from each district. Candidates may run either as independents or as representatives of political parties. In hromadas with a population of more than 10,000 voters, elections are held under a proportional system with open lists. Candidates are nominated only by political parties. If a party passes the five per cent voter threshold, the candidate at the top of its electoral list is elected, as well as those candidates who receive the highest number of votes among all the party's candidates across different electoral districts.

In hromadas with a population of up to 75,000 voters, hromada head elections are held in a single round: the candidate who receives the most votes is the winner. In hromadas with a population of more than 75,000 voters, a candidate is declared the winner in the first round if they receive more than 50 per cent of the votes. Otherwise, a second round is held, in which the two candidates with the highest number of votes in the first round compete. The candidate who receives the most votes in the second round is declared the winner. In hromada head elections, both self-nomination and nomination by political parties are allowed.

Elections are held on a single day. The election day (first round) is the last Sunday of October in the fifth year of the term of the councils and hromada heads elected in regular elections. In the case of snap elections, the powers of the councils and hromada heads elected during them are limited to the term until the next regular elections.

Voting in elections takes place in person at polling stations or, in exceptional cases, at home. Electronic or postal voting is not provided for. The right to vote in local elections is granted to citizens of Ukraine based on their actual rather than registered place of residence: every citizen has the right to submit an application to change their electoral address without changing their registered place of residence. In particular, this allows internally displaced persons to participate in local elections in the hromadas where they reside.

Residents' participation

PERCEPTIONS AND PRACTICES OF CIVIC ENGAGEMENT

According to a 2024 survey by the Kyiv International Institute of Sociology, people in Ukraine were somewhat sceptical about their ability to influence local governance: 27 per cent of respondents definitely - and 32 per cent rather - believed that residents of settlements could not influence the activities of local self-government bodies. Only 11 per cent considered such influence definitely real, and 28 per cent considered it rather real. (Figure 9).

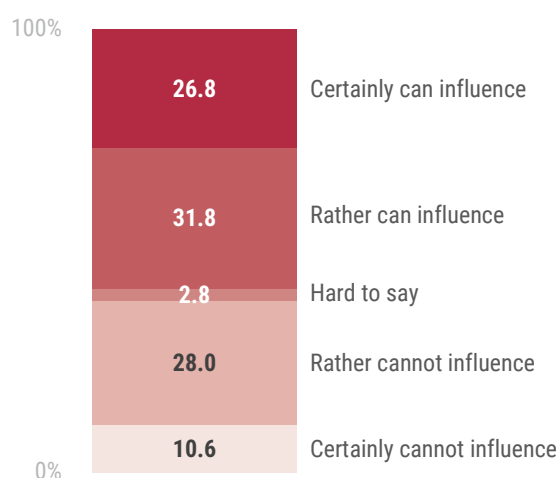


Figure 9: Assessment by the population of Ukraine of the possibilities for residents of settlements to influence LSGBs in 2024 (Council of Europe Office in Ukraine and Kyiv International Institute of Sociology, 2024).

Further, a majority of 61 per cent of respondents noted that since the beginning of the full-scale invasion they had engaged in some form of civic activity. Most often, these were joint actions with other residents in support of the Armed Forces of Ukraine (46 per cent of respondents participated), signing petitions (14 per cent), joint actions to solve local problems (13 per cent), participation in citizen gatherings at the place of residence (11 per cent). About 40 per cent of respondents rated the activity of the heads of the hromadas where they lived positively, while 23 per cent rated it negatively. The activity of hromada councils was rated positively by 34 per cent and negatively by 22 per cent. The activity of starostas was rated positively by 55 per cent and negatively by 20 per cent.

The activity of oblast and rayon councils, as well as of heads of administrations, was rated positively by 25 per cent to 28 per cent of respondents and negatively by a lesser 17 per cent, while 27 per cent to 36 per cent of respondents found it difficult to assess, or were unaware of the activities of these government bodies (Council of Europe 2024; Kyiv International Institute of Sociology 2024, p55)³⁹.

LEGISLATION FOR PUBLIC PARTICIPATION

Ukrainian legislation provides for more than ten different mechanisms of public participation in decision-making at the local level (Verbytskyi, 2018). The main mechanisms include the following:

- *General assemblies* of residents are in-person gatherings of residents of a certain area (building, street, block, neighbourhood, district, or settlement). They are authorized when more than 50 per cent of residents participate. The decisions of general assemblies are mandatory for consideration (official review) by the hromada council. In addition to assemblies, a residents' conference may also be held, involving delegates elected as representatives at previous assemblies.
- A *local initiative* is a citizen-powered mechanism for hromada residents to submit a specific draft decision for determination by the hromada council. To do so, it is necessary to collect a certain number of signatures from hromada residents before submitting it for the hromada council's consideration.
- *Public hearings* are a way to present a certain idea or draft decision to residents and to gather proposals and feedback regarding that decision, which may include voting on its approval or disapproval. Public hearings can take place in person as public events, as well as online through the publication of relevant documents and the collection of feedback and proposals. For the adoption of certain decisions (for example, during the development of urban planning documentation), the holding of public hearings and the consideration of their results is mandatory. *Advisory and consultative bodies* under LSGBs or officials are permanent collective bodies that may be established to perform advisory functions for officials or government bodies.

39 27.5 per cent positively assess Regional Administration; 24.8 per cent positively assess rayon councils; 25.3 per cent positively assess the Head of the Military Administration (Kyiv International Institute of Sociology 2024, p55).

- *Population self-organization bodies* are committees that may be established at the level of buildings, streets, or districts, are elected by residents at meetings, and have the right to participate in decision-making concerning their respective territories, particularly regarding the improvement and amenities of the area and other local matters.
- *Citizen appeals* are proposals (comments), claims (petitions), or complaints that citizens may submit to government bodies in written or electronic form. According to the law, each appeal must receive a substantiated response within one month.
- *Electronic petitions* are a form of electronic collective appeals by citizens that submit certain issues for consideration by hromada councils, with their importance and relevance confirmed by the number of collected signatures. Councils are obliged to make a decision to support or reject the petition.
- The *public budget* in Ukraine is a way for residents to participate in the distribution of the hromada budget. Typically, a certain share of the local budget (for example, 1 per cent) is allocated to the public budget for distribution among projects submitted by hromada residents based on the results of residents' votes. Voting may take place online and/or offline. These projects are then implemented by the respective LSGBs. Unlike abovementioned mechanisms of civic participation, conducting such public budget procedures is not mandatory.

Further mechanisms of civic participation at the local level include public evaluation of the activities of LSGBs and officials; citizen receptions; and public control in the field of public amenities. LSGBs may also hold public project competitions and introduce special mechanisms for engaging the youth, such as youth councils.

A further form of civic participation at the local level is public consultations, the conduct of which is regulated by the respective law adopted in 2024 (Verkhovna Rada of Ukraine, 2024) which enters into force 12 months after the end of martial law. The law provides for the possibility of electronic consultations, consultations in the form of public discussions (offline events), and targeted consultations. The principles and rules for conducting consultations and taking their results into account are also defined.

Detailed procedures and rules for the application of various mechanisms of civic participation are defined by the Charters or other decisions of hromada councils.

Ukrainian legislation also provides in principle for the possibility of holding local referenda. However, the absence of a dedicated law leaves the procedure for their organization unregulated, rendering them practically impossible.

In addition to formal participation mechanisms, LSGBs may hold informal public events, meetings, surveys, and apply other informal measures to gather and take into account the views and opinions of residents during decision-making (Khelashvili, 2023). The activities of non-governmental organizations (NGOs), which are officially registered civil society organizations, as well as informal civic initiatives operating in hromadas are also important. Such organizations both independently implement initiatives aimed at improving quality of life and conduct research and advocacy campaigns focused on specific issues, drawing the attention of society and the authorities to them. Civil society organizations participating in public discussions on local development issues and in advocating for their interests include, among others, business associations (clusters, chambers, associations), professional associations and trade unions, creative associations, and organizations of national minorities. NGOs and local initiatives, alongside media and think tanks, perform functions of public oversight and control of the activities of government bodies, including at local level. NGOs also serve as partners of LSGBs in implementing local development projects, including by attracting funding from international and national donors.

Key barriers to implementing established participatory principles in local development include the lack of specialists in LSGBs; in many cases also the absence of corresponding staffing units and positions; and the lack of experience among general staff. A 2022 survey found that 39 per cent of hromadas lack sufficient human resources to effectively engage the private sector, civil society, or academic communities in the preparation of local development strategies, and 40 per cent also lack the resources to engage these communities in their implementation (OECD, 2022 Nov).

Hromada associations and cooperations

ASSOCIATIONS

Cooperation between hromadas in Ukraine takes place at various levels. First, hromadas may form associations for different purposes of cooperation, which is regulated by the separate law *"On Associations of Local Self-Government Bodies"* (Verkhovna Rada of Ukraine, 2009). The majority of hromadas in Ukraine are members of such associations, which participate in the development of national policies on local and regional development, and advocate for the interests of hromadas and LSGBs. There are cases in which active opposition from LSGBs and their associations contributed to national authorities abandoning policies, such as Bill No. 5655 *On Amendments to Certain Legislative Acts of Ukraine on Reforming the Sector of Urban Planning Activities* (Verkhovna Rada of Ukraine, 2022).

Associations of LSGBs can be categorized as follows:

- Associations of hromadas for the representation of interests at the national level, often by type of hromada e.g. the All-Ukrainian Association of Hromadas, the All-Ukrainian Association of Amalgamated Territorial Hromadas, the Association of Ukrainian Cities;
- Associations of hromadas for cooperation and representation of interests in a specific field e.g. the Association of Energy Efficient Cities of Ukraine, the Association for Communities Participatory Development;
- Associations of hromadas for cooperation at the local level, including coordination of agglomeration development e.g. the Lviv Agglomeration Association, the Kyiv Agglomeration Association, the Carpathian Euroregion—Ukraine Association;
- Associations of hromadas which have specific challenges in common e.g. the Association of Unconquered Hromadas (an association uniting hromadas whose territories are occupied). At the regional and subregional levels, there is the Ukrainian Association of District and Regional Councils.

INTERMUNICIPAL COOPERATION

In addition to forming associations, hromada cooperation may take place in the format of intermunicipal cooperation in accordance with the *law On Cooperation of Territorial Communities* (Verkhovna Rada of Ukraine, 2014). Such cooperation may take the form of concluding agreements and memoranda, or of carrying out mutual monetary settlements through interbudgetary transfers to compensate for the costs of providing services to residents of another hromada. The subject of cooperation may include the joint provision of services to the population, implementation of joint projects, or delegation of powers. In particular, cooperation may concern the operation of a hospital and networks of outpatient clinics and paramedic-midwife stations; the provision of social services; educational and remedial services for children with

special educational needs; fire protection; water supply; archiving; and more (Decentralization, 2024). Such cooperation often takes place between hromadas that, prior to decentralization, belonged to the same rayon and jointly used the services of institutions that were under rayon subordination but, during the decentralization process, were transferred into the ownership of one of the hromadas. In such cases, cooperation allows, on the one hand, to share the costs of maintaining institutions with the hromada that now owns them and may not have sufficient resources to maintain them alone and, on the other hand, to ensure the provision of services to residents of hromadas that do not have the necessary institutions, without the need to create the relevant infrastructure from scratch. As of 1 January 2025, a total of 803 territorial hromadas had concluded 552 intermunicipal cooperation agreements (Monitoring, 2025).

Hromada cooperation project: ‘Shoulder to Shoulder: Cohesive Communities’

A special format of cooperation between territorial hromadas is the project *Shoulder to Shoulder: Cohesive Communities* under which hromadas from areas in the rear of the country partner with those from frontline regions, providing support in infrastructure restoration and essential services, as well as engaging in mutual exchange of experience. Partnerships are formed between similar-sized hromadas—for example, the Lviv Hromada partners with the Kharkiv Hromada, and the Kalush Hromada partners with the Nikopol Hromada.

INTERNATIONAL MUNICIPAL COOPERATION

Hromadas also engage in international cooperation of various formats.

Forms of international cooperation undertaken by hromadas

- One such format is termed ‘sister cities’, which is based on the conclusion of cooperation agreements that may provide for expert or material-technical assistance and cultural exchanges. For example, the Lviv Hromada engages partner cities in developing the national rehabilitation centre, ‘UNBROKEN’, in Lviv: in 2023, one of its buildings was refurbished with the support of the partner cities of Vilnius and Freiburg (UNBROKEN, 2023). A number of initiatives - such as ‘Bridges of Trust’⁴⁰ or ‘Cities4Cities | United4Ukraine’⁴¹ - help Ukrainian hromadas establish partnerships with municipalities in other countries and facilitate experience exchange.
- The second format of cooperation is participation in cross-border cooperation projects, particularly through the European Union’s Interreg Europe programme,⁴² which provides funding for project implementation in border regions.
- The third format is participation in joint international projects, including those funded by the European Union. Examples of programmes through which such cooperation takes place include ‘LIFE’⁴³ and ‘Horizon Europe’⁴⁴ (Kudelia, 2024).
- The fourth format is participation in international networks of cities and hromadas, such as the UNESCO Creative Cities Network;⁴⁵ the UNESCO Global Network of Learning Cities;⁴⁶ and Eurocities.⁴⁷

40 ‘The “Bridges of Trust” (...) project, with the support of the U-LEAD with Europe programme, connects small and medium-sized Ukrainian municipalities with municipalities in the EU, making it easier for them to gain experience in international cooperation.’ (Platforma, 2024).

41 Cities4Cities | United4Ukraine is a platform and network for building sustained, mutually beneficial relationships between Ukrainian local authorities and their international counterparts, helping Ukraine’s communities recover from war and prepare for future challenges. see <https://cities4cities.eu/>

42 See <https://interreg.eu/>

43 LIFE is the European Union’s funding instrument for environment and climate action, supporting projects in areas such as nature conservation, climate mitigation/adaptation, and sustainable development

44 Horizon Europe is the European Union’s principal research and innovation funding programme for 2021 to 2027, providing opportunities for collaborative projects across Europe including for associated countries such as Ukraine (European Commission, 2025). https://research-and-innovation.ec.europa.eu/strategy/strategy-research-and-innovation/europe-world/international-cooperation/association-horizon-europe/ukraine_en

45 The UNESCO Creative Cities Network is an international partnership of cities that use creativity and cultural industries as tools for sustainable urban growth and global cooperation.

46 The UNESCO Global Network of Learning Cities is a worldwide partnership of cities that use lifelong learning as a tool for inclusion, sustainability, and resilient urban development

47 Eurocities is a network that connects major European cities to collaborate, share expertise, and influence EU policy on urban issues.

- The fifth format is participation in international technical assistance projects that provide support to Ukrainian hromadas. Among the most active such projects operating at the local level are the 'U-LEAD with Europe'⁴⁸ program; USAID's DOBRE⁴⁹ and HOVERLA⁵⁰ projects, which operated until 2024; and individual assistance projects and programs funded by the Council of Europe, the governments of Germany, Sweden, Switzerland, Poland, Canada, Denmark, and other countries. As of 1 January 2025, a total of 487 territorial hromadas had concluded 2,098 international partnership agreements with partners in 64 countries (Monitoring, 2025).



A tram on Market Square in Lviv © RusianLywn / Shutterstock

48 U-LEAD with Europe (Ukraine – Local Empowerment, Accountability and Development Programme) is a European Union–funded initiative that supports Ukraine's decentralization reform and the strengthening of local self-government.

49 USAID's DOBRE (Decentralization Offering Better Results and Efficiency) is a US government–funded programme that supports Ukraine's decentralization reform by strengthening local governance and community development.

50 USAID HOVERLA is a governance reform programme that strengthens Ukraine's local self-government system, helping communities become more capable, transparent, and resilient – especially during wartime recovery. The name refers to Mount Hoverla, the highest peak in Ukraine – symbolizing strength, resilience, and national development.

Digital transformation

Territorial hromadas are part of the digital transformation process, which accelerated in Ukraine after 2014 and 2019. As in central government bodies, territorial hromadas may appoint Chief Digital Transformation Officers (CDTOs) as officials responsible for digital transformation. One of the key areas of local development related to digital transformation is the provision of administrative services and the operation of administrative service centres. In many fields where hromadas are involved in service delivery - such as education, health care, or social protection - digitalization of processes is carried out on a sectoral basis. Some of these processes also relate to administrative procedures at the territorial hromada level: the use of government digital systems is mandatory for LSGBs in the course of their activities and service provision to residents—for example, the Unified State Electronic System in the Field of Construction, the ProZorro electronic public procurement system, the Unified State Demographic Register. The use of electronic document management, data collection and analysis on the socio-economic development of hromadas, and electronic maintenance of databases and registers in the course of local governance have great potential to improve the quality of governance.

The law *On Access to Public Information* (Verkhovna Rada of Ukraine, 2011) applies to LSGBs. It stipulates that government bodies are obliged to provide citizens, upon request, with information at their disposal,

provided its disclosure is not restricted. This may be done in either electronic or written form. One form of ensuring access to public information is the publication of open data on the activities of LSGBs, which is carried out, among other means, on the Unified State Web Portal of Open Data. The provision on datasets subject to publication in the form of open data, approved by Resolution No. 835 of the Cabinet of Ministers of Ukraine contains a list of 57 datasets that must be published by LSGBs (Cabinet of Ministers of Ukraine, 2015). These include, for example, the address register, the list of municipal properties, data on children's waiting lists for preschool educational institutions, the register of urban planning conditions and restrictions, data on the location of electric vehicle charging stations, and others.

Legislation also requires the mandatory publication of key documents related to hromada development, including hromada charters, their development strategies, budgets and local programmes, council decisions and draft decisions, voting results and video recordings of council meetings, contact information, and more. It is also mandatory to ensure the possibility of implementing certain civic participation mechanisms in electronic form, including public consultations, submission of appeals, the conduct of certain types of public hearings, among others. Electronic petitions are a civic participation mechanism carried out exclusively in electronic form, as is the public budget in some hromadas.

Impact of the war

The full-scale Russian invasion of Ukraine since 2022 has had a significant impact on municipal governance. First, hostilities and armed attacks have begun on the territory of many hromadas, with documented cases of violations of international humanitarian law. Some hromadas are or were occupied. Many residents of hromadas have been killed or injured as a result of hostilities. In a number of cases, this has involved hromada heads, local councillors, and employees of LSGBs. A significant portion of the population, including municipal employees, have been mobilized into the Defence Forces of Ukraine. The conflict has also caused significant destruction and damage, including to housing, energy and other infrastructure, water supply systems, schools, hospitals, historical and architectural monuments, and other buildings. Large areas are contaminated with mines.

By December 2025, the total number displaced since February 2022 was estimated at almost 11 million, comprising 4.7 million internally displaced⁵¹ and 6 million abroad.⁵² Such large-scale displacement has posed a major challenge for hromadas. Some hromadas have lost a significant portion of their population, while others have received large numbers of people either in transit or for the long term.

It is at the local level that many war-related problems are being addressed. LSGBs played a key role in responding to the humanitarian crisis during the first months of the full-scale invasion, cooperating with humanitarian, charitable, and civil society organizations, international organizations, engaging businesses and volunteers. Many municipal facilities—including educational, cultural, and administrative buildings—were repurposed to host internally displaced persons and to serve as humanitarian hubs. In response to the social and economic hardships exacerbated by the war, hromadas provide rehabilitation and social services, including the application of new approaches such as psychosocial support and resilience-building, as well as social services for veterans and family members of military personnel, veterans, and fallen or missing soldiers. As part of a National Accessibility Initiative, many hromadas have intensified efforts to improve accessibility. The destruction of energy infrastructure has also driven the development of local energy independence.

The war has affected economic activity and logistics routes, as a result of which some hromadas have lost their economic potential, while others have received the relocated businesses and people. This has impacted tax revenues to hromada budgets and, accordingly, their capacity to fund service delivery and local development programmes. However, the impact of the war on the size of territorial hromada budgets has varied: in some hromadas, revenue has increased, while in others it has decreased (Tyutyunnyk, 2024). The redirection of budgetary resources to war-related needs has led to the suspension of funding for a number of development programmes. In particular, the implementation of most public budgets has been suspended. Simultaneously, most hromadas have begun allocating part of their budget funds for the procurement of equipment for various units of the Defence Forces.

The war has also caused significant security risks and related restrictions that affect both governance and the direct activities of LSGBs. For example, due to safety concerns and the use of educational institutions to accommodate internally displaced persons, the educational process was paused and then transferred to an online format. Although in most oblasts offline learning has been resumed, there are still regions where this is not possible. There are also risks associated with holding public discussions or public events. In addition, residents' attention to local development issues has diminished due to the greater urgency of national security issues, which are now the focus of the activities of a significant part of civil society.

Since 24 February 2022, a legal regime of martial law has been introduced in Ukraine, which has affected, among other things, LSGBs. Oblast state administrations have been transformed into oblast military administrations which, in addition to their usual powers, have also received additional functions related to the specifics of martial law, general mobilization, and support for the Defence Forces. The President has been granted the authority to suspend the work of LSGBs, including hromada heads and councils, establishing military administrations in their place. Such decisions were made primarily for certain occupied and frontline hromadas where the elected

51 'As of late December 2025, the number of individuals officially registered as internally displaced persons (IDPs) with the Ministry of Social Policy, Family and Unity (MoSP) reached 4,618,666' (World Bank Group et al, 2026 p14).

52 World Bank Group et al (2026 p40)

LSGBs, for various reasons, were unable to perform their functions, including in several large cities such as Kherson, Chernihiv, and Sumy (Myahkokhod, 2024). As of 1 January 2025, a total of 196 military administrations had been established in territorial hromadas (Monitoring, 2025).

During martial law, a number of restrictions on budget expenditures have been introduced, including limitations on capital expenditures, the establishment of new municipal enterprises, the payment of bonuses to local self-government officials, and others. For the period of martial law, the collection of statistical data and the publication of open data has been suspended; the holding of mass peaceful gatherings, including protests, has been prohibited; and elections, including local elections, have been banned. Some of the restrictions imposed at the beginning of martial law have been eased over the course of three years, while others remain in effect. Despite the restrictions of martial law, a significant number of local democracy tools and mechanisms for involving residents in local development remain relevant and are actively used by hromadas, including online petitions, appeals, publication of draft decisions and collection of suggestions regarding them, as well as offline meetings and discussions in regions where the security situation permits.

Extensive destruction and the war's impact on many areas of public life have created the need to plan and implement recovery measures at both the national and local levels. As early as 2022, the *National Council for the Recovery of Ukraine from the Consequences of the War* developed a draft Recovery Plan consisting of 23 thematic sections; however, this document was never officially adopted.

To coordinate recovery at the local level, two types of documents have been introduced to analyse the impact of the war and outline measures needed to address its negative consequences (Baka, 2023): recovery and development plans (stipulated by the *Law On the Principles of State Regional Policy*) and comprehensive recovery programmes (stipulated by the *Law On Regulation of Urban Development Activities*). The two

types of documents are to be developed both at the level of territorial hromadas and at the regional level. While the programmes are comprehensive documents designed to integrate strategic and spatial components along with detailed analytical sections, the plans are more focused on rapid analysis, identification, and prioritization of recovery projects. Nevertheless, some uncertainty remains regarding the distinctions between these documents (Cedos, 2023).

In 2023, the Digital Restoration Ecosystem for Accountable Management (DREAM) was established at the national level as a database of all recovery projects, including those at the hromada level. This ecosystem is intended to ensure transparency in managing recovery processes at both the national and local levels. DREAM features a public portal with a project map and an analytical module. Applications for funding under the Ukraine Recovery Program, financed by the European Investment Bank, are submitted through this system.

In 2022, the Verkhovna Rada adopted amendments to the *Law On the Principles of State Regional Policy* (Verkhovna Rada of Ukraine, 2022) in response to the impact of the full-scale war and the need for recovery. In particular, alongside 'regional growth poles', 'areas with special development conditions', and 'sustainable development areas', the law introduced 'recovery areas' as one of the four functional types of territories. According to the law, recovery areas include

'micro-regions and territorial hromadas where hostilities took place and/or which were temporarily occupied, and/or whose territory experienced destruction of critical infrastructure, social infrastructure, or residential buildings as a result of hostilities, and which are also characterized by a sharp decline in socio-economic development and significant population displacement to other regions and/or countries'.

(Verkhovna Rada of Ukraine, 2022)

Conclusions

The purpose of this document was to provide a concise and historically informed description of the existing local self-government system in Ukraine, and key impacts of the war evolving since 2022. Given the wide scope of the topic, it presents a short overview of key features rather than an in-depth analysis, with readers invited to use the bibliography for further insights. A number of findings emerge.

The local self-government tier empowered by evolving decentralization has shown resilience in war-time Ukraine

The local self-government system in Ukraine largely grants hromadas the authority and necessary resources to be capable of addressing key issues of local significance and provide the population with services within their competence. Decentralization reform has strengthened the capacity of hromadas to deliver quality services. During the war since 2022, the local self-government system has continued to function rather effectively despite challenges and constraints. The current legislative environment provides a broad framework for developing and practising local democracy—both through elections and through transparency in government operations and citizen participation in decision-making.

Hromada resourcing and staffing constraints need to be addressed

One of the key issues requiring further attention is enhancing the capacity of hromadas that lack sufficient financial and human resources to properly fulfil their responsibilities. Potential mitigation measures noted above include staff training and professional development spanning supplementary technical expertise and soft skills; harnessing mutual support through LSGB associations and partnerships; and further review of boundaries or merging of hromadas. There may also be significant potential in improving the mechanisms of state regional policy in Ukraine.

Strengthening the ability of LSGBs to attract and retain qualified personnel is crucial for improving the quality of governance. It is essential to prepare hromadas for the implementation of European standards and principles on service delivery to the population and democratic governance at the local level. Issues such as regulating oversight functions of LSGBs, reviewing the powers of rayon-level authorities, and further aligning decentralization reform with sectoral reforms—particularly in the context of European integration and recovery—require considerable attention in terms of improving the legislative framework.

Impact of martial law on local governance and decentralization reforms

Following Russia's full-scale invasion in February 2022, Ukraine's introduction of martial law has significantly reshaped the institutional and political environment in which decentralization reforms are evolving. Local governments are operating under exceptional conditions that have both expanded their operational responsibilities and constrained aspects of decentralized governance. Municipal authorities have played a central role in civil protection, humanitarian assistance, support for internally displaced persons and the maintenance of essential services, often in close coordination with military and state administrations. At the same time, martial law has temporarily limited some elements of local democratic governance, including the suspension of elections and increased central coordination of certain administrative functions. While decentralization reforms implemented pre-2022 have strengthened the capacity and resilience of local governments, further institutional consolidation of reform processes has largely been paused during wartime, with policy attention focused on emergency response and recovery.

Public engagement frameworks continue to be activated, presenting optimism for participative recovery planning

Despite the restrictions imposed by martial law, some democratic participation tools for addressing local issues remain operational. The multi-level governance system is improving, including through digital transformation. This lays the groundwork for an active role for hromadas in Ukraine's recovery and pursuit of European integration.

Digital transformation and open data are enablers of transparency among LSGBs

Digital transformation has become an important component of local governance in Ukraine, with territorial hromadas increasingly using digital systems to deliver services, manage information and enhance administrative efficiency. Legal requirements on open data and electronic civic participation are strengthening transparency and citizen engagement in local decision-making.

Further research, analysis and monitoring is needed on key issues affecting LSGBs, spatial planning and policy

Outside the scope of this review are the assessment of strengths and weaknesses in municipal governance, spatial planning, land and regional policy; as well as challenges related to particular types of hromadas or sectors of the municipal economy and local development. Topics for further investigation may include the following:

- LSGBs have become key actors in supporting internally displaced persons, coordinating humanitarian assistance, and maintaining services. Research would be helpful to *document good practices and challenges* in these areas, including coordination with national authorities, international organizations, and civil society.
- Displacement and *demographic change* have rapidly altered the population distribution across municipalities, raising questions about the viability of some local governments and the organization of public service delivery in depopulated or conflict-affected areas.
- Given the scale of recovery funding needed, LSGBs will need to activate, along with upper tiers of government, *mechanisms supporting transparency, accountability* in local decision-making, and anti-corruption in reconstruction.
- With large-scale reconstruction pending, there is a need to assess *municipal capacities* for strategic planning, project preparation, procurement, and management of reconstruction funds, particularly in smaller hromadas. Monitoring should also examine how local governments engage communities in recovery planning.
- In regard to *fiscal decentralization and local public finance*, the war has affected local revenue bases, intergovernmental transfers, and expenditure priorities, in geographically disparate ways. Research is needed to analyse the sustainability of local budgets, fiscal equalization mechanisms, and the spatially variegated financial capacity of municipalities to participate in reconstruction programmes.
- Research should examine how, in the context of decentralization reform and the current full-scale invasion, LSGBs can continue to implement practices of *citizen engagement*, participatory planning, and collaboration with civil society - particularly during recovery planning when communities need to play a central role in shaping local development priorities.

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