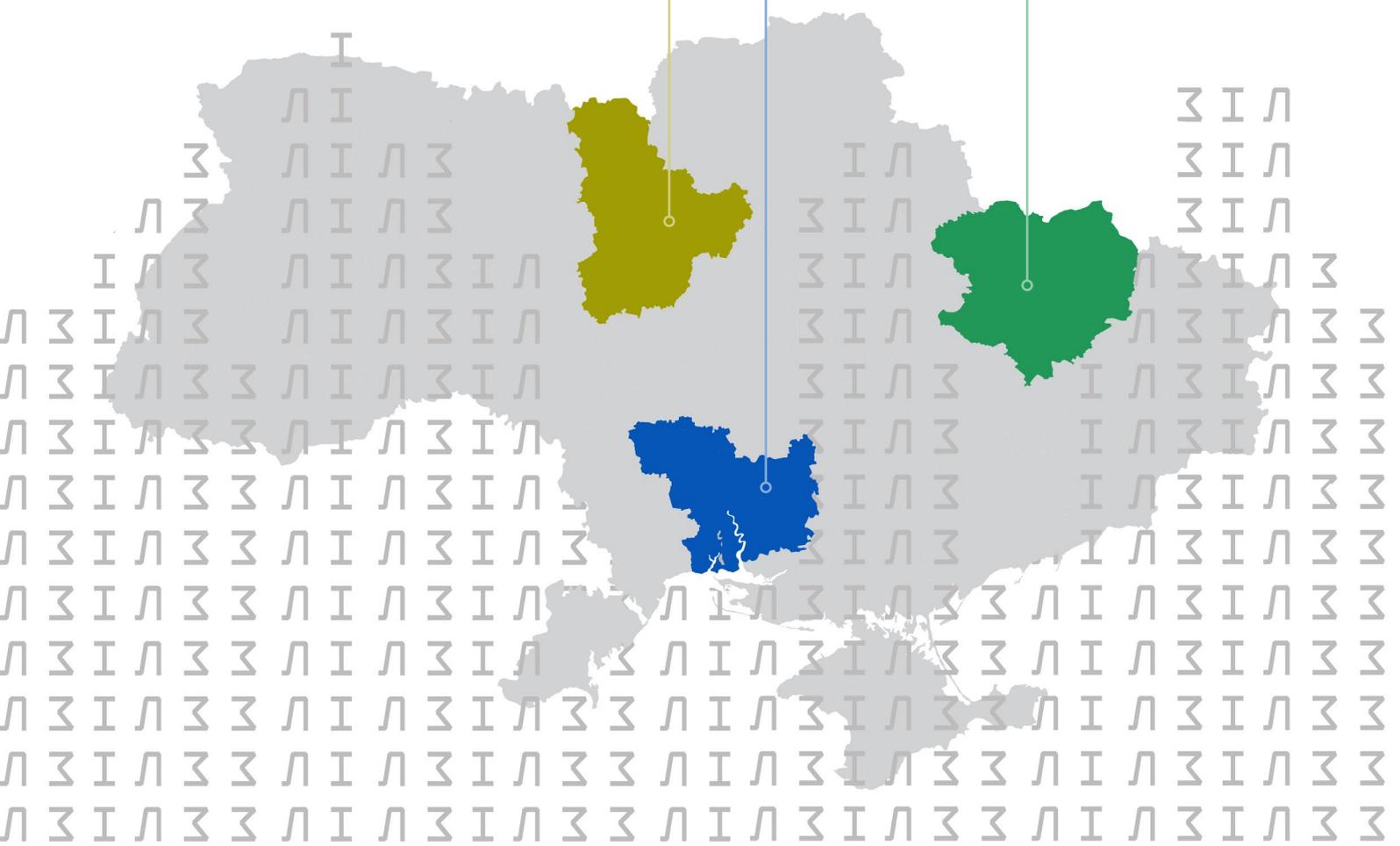


# Analysis of the Socio-Economic Condition of De-Occupied Communities and Modelling the Prospects for Their Recovery:

Kyiv, Mykolaiv, Kharkiv Regions  
2025



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# List of Abbreviations

**MA**—Military Administration

**IDP**—Internally Displaced Person

**VRU**—Verkhovna Rada of Ukraine (Parliament of Ukraine)

**DBN**—State Building Codes of Ukraine

**PPP**—Public-Private Partnership

**SESU**—State Emergency Service of Ukraine

**EU**—European Union

**USC**—Unified Social Contribution

**MoF**—Ministry of Finance of Ukraine

**MoES**—Ministry of Education and Science of Ukraine

**LSGB**—Local Self-Government Body

**PIT**—Personal Income Tax

**CPO**—Community Police Officer

**PE**—Private Entrepreneur

**ASC**—Administrative Service Centre

**DREAM**—Unified Digital Integrated Information and Analytical System for Managing the Reconstruction Process of Real Estate, Construction and Infrastructure Projects

# Summary

Following liberation from temporary occupation, the territorial communities (hereinafter—communities) of the Kyiv, Mykolaiv and Kharkiv regions faced a complex task—restoring infrastructure, rebuilding socio-economic resilience, ensuring access to public services, revitalising economic development and creating conditions for the return of residents. The key challenges encountered by the communities after de-occupation in the course of recovery include:

- ① **A difficult demographic situation and intensifying migration processes.** At the time of liberation from temporary occupation, the population of the territorial communities was 44% lower compared with the beginning of 2022. The pace of population return is affected by the duration of temporary occupation, the scale of destruction of residential and critical infrastructure, limited access to public services, the risk of re-occupation, unemployment and challenges in conducting business. As of early 2024, 94% of the population had returned to communities liberated in spring 2022, while in communities liberated in autumn 2022—58%.

In most de-occupied communities, as of early 2024, the number of children under 18 years of age had decreased by 20% overall. The population structure of the communities is predominantly composed of persons aged over 60, which limits the labour potential and places additional pressure on the social sector. Internally displaced persons (IDPs) reside in all de-occupied communities; however, their number depends on the security situation and the capacity of host communities. As of early 2024, in 47% of de-occupied communities, the number of registered IDPs exceeded the number of residents who had left the communities.

- ② **Challenges in access to public services.** Despite infrastructure destruction and the outflow of personnel, most communities managed to restore the provision of public services after de-occupation—in particular, by ensuring the operation of mobile Administrative Service Centres (ASCs), social service centres and outpatient clinics. Primary healthcare is provided in the majority of de-occupied communities. In smaller settlements, communities independently organise the operation of health points (paramedic and midwifery stations). At the same time, de-occupied communities face difficulties in ensuring access to social services. Although legislation stipulates that communities must guarantee access to 18 basic social services, none of the de-occupied communities fulfils this requirement, and the range of available services often does not meet the needs of vulnerable groups residing in the communities. General secondary education is available in all de-occupied communities, with the mode of instruction (in-person, distance or blended learning) determined in accordance with security conditions and the availability of shelters in educational institutions.
- ③ **Unstable security situation.** The main security challenge for de-occupied communities is the extensive areas contaminated with mines and explosive remnants of war. The most difficult situation is in the communities of the Kharkiv region, where at least 332 hazardous and mined zones have been confirmed. In the Mykolaiv region, there are no fewer than 20 such zones. Under conditions of regular shelling, communities also face an insufficient level of shelter provision for the population. Limited financial resources for the construction or adaptation of shelters, as well as the fragmented regulatory framework, remain key challenges in creating a safe environment for civilians.

- ④ **Damage and losses to infrastructure resulting from destruction (damage).** The process of infrastructure recovery in de-occupied communities is uneven. The most affected sectors are residential buildings, educational facilities, healthcare institutions, power networks, and water and heat supply systems. As of the end of 2024, 41% of infrastructure facilities in the de-occupied communities of the Kharkiv region had been destroyed or severely damaged, compared with 15.3% in the Mykolaiv region and 10.6% in the Kyiv region. The situation is most critical in the frontline communities of the Kharkiv region, where more than two-thirds of infrastructure facilities have been destroyed or seriously damaged, and the population is being evacuated. In these frontline communities, infrastructure is practically not being restored due to the risk of renewed destruction. In the communities of the Mykolaiv and Kyiv regions, the restoration of critical infrastructure is simultaneously constrained by two factors: the lack of sufficient financial resources and the need to include shelter design in the construction of such facilities.
- ⑤ **Disparity among communities in access to financial resources.** According to the assessment of the financial capacity of de-occupied communities, in 2024, a total of 27 communities were classified as having critical or low capacity—including 15 communities in the Kharkiv region, five in the Kyiv region and seven in the Mykolaiv region. The Kyiv region has the largest number of de-occupied communities with high and medium capacity levels. This indicates the existence of a disparity among communities in their ability to perform their own and delegated powers at the local level, to independently ensure the restoration of critical infrastructure facilities and to provide basic services to the population.

To maintain the tax capacity of territorial communities, the state provides basic subsidies. However, the mechanism for their calculation—based on Personal Income Tax (PIT) indicators from the previous period and the population size as of 1 January 2022—appears unjustified, given the changes in population size and demographic structure.

- ⑥ **Decline in economic development.** As a result of the full-scale invasion, a significant share of business entities' production capacities was destroyed or severely damaged, leading to a slowdown in business activity, particularly in the territories of the Kharkiv and Mykolaiv regions. One of the persistent problems in de-occupied communities remains the shortage of labour resources. In 2024, compared with 2021, the number of employees in companies located in the de-occupied communities of the Kyiv region increased by 12.6%, whereas in the de-occupied communities of the Mykolaiv and Kharkiv regions it decreased—by 12.7% and 26.8% respectively. Moreover, in 15 communities of the Kharkiv region, the revenues of active legal entities declined significantly. If this trend continues, it will affect not only the pace of economic growth but also contribute to the outflow of labour resources and the worsening of the demographic situation.

The recovery of de-occupied communities requires a comprehensive approach based on different development scenarios under wartime conditions, considering the scale of destruction, migration processes and economic disparities. The principal document for the recovery of de-occupied communities should be the Strategy for Restoring State Power and Reintegrating the Population of the De-Occupied Territories of Ukraine.

To address the above-mentioned challenges, proposals have been formulated for the recovery and development of de-occupied territorial communities, including those located in frontline areas.

## Key Proposals for Frontline De-Occupied Communities:

- ① Ensuring the introduction of mobile service provision for residents of frontline communities, including using mobile ASCs and social service centres, as well as the organisation of blended learning using temporary educational spaces (mobile classrooms).
- ② Organising mobile medical teams to conduct comprehensive examinations and assess residents' medical needs, provide emergency medical care, psychological assistance, and basic medicines.
- ③ Establishing remote workplaces within starosta districts for specific specialists—including registrars, land surveyors, and passport officers—to deliver administrative services, such as registration of property rights and reissuing documents required for participation in the eRestoration programme.
- ④ Carrying out systematic surveys of community territories to determine the scale of contamination with explosive remnants of war, establish priorities for mine action and identify resource needs and potential funding sources.
- ⑤ Assessing the level of shelter provision for the civilian population within communities and determining the needs and priorities for their establishment, considering the demographic situation and security conditions.
- ⑥ Ensuring the implementation of prompt emergency and restoration works on infrastructure following shelling, including the restoration of logistical routes and critical infrastructure facilities to meet the basic needs of communities for humanitarian aid and the provision of public services to the population.
- ⑦ Amending the Tax Code of Ukraine to reduce the rate of the military levy to 1.5% or 0% of the total monthly (annual) taxable income for individuals working in frontline communities. It is also proposed to review the rate of the unified social contribution (USC) established for employers, with a view to its temporary reduction or suspension of payment for a defined period.
- ⑧ Reviewing programmes supporting the logistics sector, particularly through the introduction of special economic incentives, compensation for costs or tax benefits for transport companies operating in frontline communities.
- ⑨ Introducing incentive programmes for employees of Local Self-Government Bodies (LSGBs) and executive authorities in frontline areas and ensuring the establishment of a personnel reserve for work in de-occupied territories.

## Key Proposals for All De-Occupied Territorial Communities:

- ① Establishing and maintaining communication between local authorities and residents who have left de-occupied territorial communities, through the organisation of humanitarian hubs in locations where they currently reside and disseminating information about the situation in the community via communication channels (messenger groups, social networks and the official community website).
- ② Conducting regular monitoring of population size, age and social structure and migration processes, using defined standardised indicators and data collection methodologies.
- ③ Categorising administrative services in accordance with the specific needs of residents of de-occupied communities and determining a list of 'basic' (most in-demand) services that must be guaranteed at the initial stage following de-occupation.

- ④ Developing and introducing, within the framework of the Medical Guarantees Programme, specific requirements for medical service packages for de-occupied communities, considering their infra-structural, staffing and security conditions.
- ⑤ Determining the number of vulnerable groups among residents and conducting systematic assessments of their needs for social services, to develop approaches for the functioning of the social services system.
- ⑥ Conducting mapping of access to social services at the regional level to identify disparities in service accessibility and to determine potential providers (both state and non-state) capable of delivering social services to residents of several territorial communities.
- ⑦ Introducing temporary criteria, adapted to the conditions of de-occupied communities, for access to the educational subvention and participation in state funding programmes, including those for the construction of shelters, provision of school buses, and establishment of canteens.
- ⑧ Carrying out systematic surveys of community territories to determine the extent of contamination with explosive remnants of war, including initial non-technical surveys of territories of de-occupied communities that are likely to be contaminated. Based on the results, territories should be classified as either contaminated or safe.
- ⑨ Assessing the availability of shelters for the civilian population, including the inspection of basic shelters and existing underground facilities (such as car parks and other premises) and determining, at national and local levels, the needs and priorities for their establishment (list, sequence and sources of funding). It is also necessary to identify the need for installing primary (mobile) shelters in locations where people are likely to gather.
- ⑩ Establishing a system for determining the prioritisation of mine action measures, in order to support decision-making at the central level aimed at addressing the most urgent problems under conditions of limited resources.
- ⑪ Developing a regulatory legal act to define the procedure for granting territories the status of either safe or contaminated, based on the results of non-technical surveys conducted in de-occupied communities that are potentially contaminated with explosive remnants of war.
- ⑫ Developing (or amending) regulatory legal acts to define the procedure for conducting non-technical surveys of territories using innovative technologies, artificial intelligence and robotic systems.
- ⑬ Systematically conducting initial inspections of infrastructure facilities to support decision-making on their restoration (capital repair, reconstruction, or renovation) and subsequent use or demolition. This includes assessing the population's basic needs and determining priorities for the restoration of infrastructure facilities (list, sequence and funding sources) at the level of de-occupied communities.
- ⑭ Setting priorities for infrastructure restoration at the regional level within the national framework, depending on the security situation and geographical location.
- ⑮ Systematically assessing the need for social housing by administrative-territorial unit and developing and adopting amendments to regulatory legal acts aimed at improving the social housing management system in Ukraine, to ensure access to social housing for socially vulnerable persons, and IDPs.
- ⑯ Defining clear criteria and requirements for identifying settlements to be subject to comprehensive restoration within the framework of the experimental project on the reconstruction of settlements affected by the armed aggression of the Russian Federation.

- ⑰ Reviewing the formula for horizontal equalisation of the tax capacity of local budgets, considering changes in population size and the significant migration of residents, including abroad, as well as the frequent movement of IDPs between communities.
- ⑱ Implementing training and retraining programmes for officials of LSGBs to enhance their professional competence in applying new investment-attraction instruments, including public investment projects, and PPPs.

# Introduction

The full-scale armed aggression of the Russian Federation against Ukraine has caused extensive destruction of infrastructure, population displacement and a decline in economic development. The de-occupied territorial communities of the Kyiv, Mykolaiv and Kharkiv regions have been severely affected by the hostilities that took place on their territories. The socio-economic indicators of these de-occupied communities are analysed in this analytical study.

The de-occupied communities have faced the need to assess the damage and losses caused by the occupation, to forecast recovery and development pathways, to ensure access to public services, to rebuild infrastructure and to stabilise the economy.

Since the beginning of Russia's full-scale military aggression, the total value of direct damage to residential and non-residential property, infrastructure, transport, and goods stocks has exceeded USD 157 billion.<sup>1</sup>

Another pressing problem is the shortage of qualified personnel, particularly medical staff, teachers and social workers, resulting from the migration of citizens. As of 2024, 4.9 million Ukrainians were abroad because of the war.<sup>2</sup> Overall, every fifth respondent left the country alone, while the rest did so with their children (47.3%), with a spouse (22.0%), with their parents (15.5%) or with other relatives.<sup>3</sup>

Relocation of businesses from the border and de-occupied territories has led to reduced community revenues and increased regional inequality. As of April 2024, nearly 19,000 companies in Ukraine had relocated since the beginning of Russia's full-scale invasion, of which more than one thousand moved from cities to other regions.<sup>4</sup>

The recovery of de-occupied communities requires not only the physical reconstruction of infrastructure, restoration of logistics and demining, but also a comprehensive approach to creating an environment in which people are willing and able to live, access quality public services, study and work.

For this reason, it is necessary to analyse the socio-economic condition of the de-occupied communities and identify approaches to their recovery during the transitional period and subsequent development.

This study focuses on demographic processes, the state of public services, infrastructure damage and losses, financial capacity, economic development and the level of inter-community cooperation. Particular attention is given to issues of population return to de-occupied communities, provision of public services to residents, prospects for economic development and strengthening community

<sup>1</sup> [Report on Direct Infrastructure Damage from Destruction Caused by Russia's Military Aggression against Ukraine as of Early 2024](#), KSE Institute, Kyiv, 2024, 39 pp.

<sup>2</sup> [Mykhailyshyna D. et al., Ukrainian Refugees: The Future Abroad and Plans to Return. Third Wave of the Study](#), Centre for Economic Strategy, Kyiv, 2024, 104 pp.

<sup>3</sup> [Study on the Condition of Forced Migrants from Ukraine Living Abroad and Their Plans to Return to Ukraine: Report on the Results of the Study](#). Agency for Legislative Initiatives, Kyiv, 2023, 173 pp.

<sup>4</sup> [Ukrainian Businesses Relocate from Cities to Regions](#), Opendatabot, 15.04.2024.

capacity and potential to ensure sustainable recovery. The research was conducted from January to April 2025, inclusive.

The results of this study should serve as a basis for shaping state policy on the recovery of de-occupied territories, particularly those in frontline areas, as well as for developing a long-term Strategy for Restoring State Power and Reintegrating the Population of the De-Occupied Territories of Ukraine.

# Methodology

In 2023, the Agency for Legislative Initiatives, in cooperation with the Verkhovna Rada Committee on Organisation of State Power, Local Self-Government, Regional Development and Urban Planning, conducted a study on the state of public services in the de-occupied communities of the Kherson region. The research identified the main challenges in the provision of public services and possible solutions to address them.<sup>5</sup> To enable a comprehensive analysis of the problems faced by the de-occupied communities of the Kherson region during recovery, a study of the socio-economic situation in these communities was conducted in 2024.<sup>6</sup> This research defined the main development trends, identified factors constraining the recovery process and formulated recommendations for overcoming them.

For the analysis of the socio-economic condition of the de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions and for developing approaches to post-de-occupation recovery, the methodology of previous studies was refined and expanded. The research was carried out in three stages.

**At the first stage, datasets were collected** in the de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions according to six groups of indicators:

- ① **Socio-demographic indicators:** the number of residents in 2021–2024 disaggregated by age and social structure (older persons, persons with disabilities, school-age children, individuals and families in difficult life circumstances, persons requiring palliative care, etc.).
- ② **Infrastructure indicators:** the number of institutions (educational, cultural, healthcare, sports, social protection, security and public order, and administrative institutions) maintained at the expense of the local budget; the total number of institutions within the communities; a list of settlements where institutions are located; the condition of integrated property complexes (satisfactory, emergency—destroyed or severely damaged—generally satisfactory but requiring routine or capital repairs); the accessibility status of buildings (adapted for persons with disabilities, not adapted, or partially adapted); the number of shelters.
- ③ **Financial indicators:** budget performance of the territorial communities in 2021–2024 by revenues and expenditures; the ratio between revenues and expenditures and certain performance indicators of community activity (number of residents, including IDPs; community area; actual and staff number of LSGBs administrative personnel; average wage level, etc.).
- ④ **Migration trends:** the number of IDPs in 2023 and 2024; the number of persons who left the community (to another community within the same region, to another region or to another country).
- ⑤ **Cooperation indicators:** the number of concluded international agreements (projects, programmes); the number of cooperation agreements between communities; cooperation with civil society organisations; the presence of non-state social service providers; the number of persons receiving humanitarian aid.

<sup>5</sup> [Assessment of the State of Public Services in De-Occupied Communities: Kherson region](#), Agency for Legislative Initiatives, Kyiv, 2024, 29 pp.

<sup>6</sup> [Analysis of the Socio-Economic Situation of De-Occupied Communities: Kherson region](#), Agency for Legislative Initiatives, Kyiv, 2024, 60 pp.

- ⑥ **Accessibility of public services:** the availability of public services across different sectors (education, healthcare, social protection, administrative, housing and utilities, cultural and security services).

The study analysed datasets from 53 de-occupied communities, including:

- › 15 communities in the Kyiv region: Baryshivka, Borodianka, Velykodymerka, Hostomel, Dymer, Ivankiv, Kalyta, Nemishaieve, Poliske and Makariv settlement communities; Bilohorodka and Dmytrivka rural communities; Bucha, Irpin and Slavutych urban communities.
- › 10 communities in the Mykolaiv region: Inhulka, Pryvilne, Horokhivka, Kostiantynivka, Shyroktivka and Shevchenkivka rural communities; Snihurivka and Bashtanka urban communities; Pervomaiske and Voskresenske settlement communities.
- › 28 communities in the Kharkiv region: Balakliia, Barvinkove, Derhachi, Vovchansk, Iziium, Kupiansk and Chuhuiv urban communities; Borova, Velykyi Burluk, Dvorichna, Zolochiv, Malyniv, Malodanylivka, Pechenihi, Rohan, Savynsk, Starosaltivka, Chkalovske and Shevchenkivka settlement communities; Vilkhivka, Vilkhuvatka, Kindrashivka, Kuniie, Kurylivka, Lyptsi, Oskil, Petropavlivka and Tsyrkuny rural communities.

All data were collected directly within the territorial communities. Additional information on the area of the de-occupied territorial communities, the revenues and expenditures of the general fund of local budgets, the amounts of basic and reverse subsidies and expenditures on salaries and administrative maintenance for 2021–2024 was obtained from the Decentralisation web portal.<sup>7</sup> Information on the number of projects implemented through the DREAM platform, the number of legal entities and private entrepreneurs as of May 2025, as well as company revenues and the number of employees in 2021–2024, was obtained from the Clarity Project portal.<sup>8</sup> Data on the population of communities as of 1 January 2022 for certain communities were taken from the statistical compendium ‘Current Population of Ukraine as of 1 January 2022’.<sup>9</sup> Other financial indicators for 2021–2024—including community revenues and expenditures—were obtained from the Ministry of Finance’s open web portal Open Budget.<sup>10</sup>

**At the second stage of the study, an assessment of the financial capacity of de-occupied territorial communities** was carried out based on reported financial indicators for 2021–2024. The assessment was conducted according to eight indicators, namely: general fund revenues per capita; general fund expenditures per capita; the ratio of general fund revenues per capita to general fund expenditures per capita; administrative maintenance expenditures per capita; the level of budget subsidisation; the share of salaries in the community’s general fund expenditures; the share of capital expenditures in total expenditures; and the share of the community’s tax and non-tax revenues in the overall income structure. The algorithm for calculating financial capacity is presented in [Annexe 1](#).

<sup>7</sup> [Dashboard of Financial Indicators of Communities, Decentralisation Web Portal.](#)

<sup>8</sup> [Clarity Hromada: Analytical Indicators of All Territorial Communities in Ukraine, Clarity Project Web Portal.](#)

<sup>9</sup> [Distribution of the Permanent Population of Ukraine by Sex and Age as of 1 January 2022: Statistical Compendium, State Statistics Service of Ukraine, Kyiv, 2022, 347 pp.](#)

<sup>10</sup> [Open Budget: State Budget Web Portal for Citizens.](#)

**The third stage of the study involved semi-structured in-depth interviews with the heads of territorial communities and the heads of military administrations (MAs) of settlements.** In total, six interviews were conducted: two with representatives of de-occupied communities in the Kyiv region, two in the Mykolaiv region and two in the Kharkiv region. Based on the results of the interviews, the main challenges of de-occupied communities, their socio-economic development status and potential solutions to existing problems were identified.

The study was conducted from January to April 2025.

# Trends in Demographic Change

As a result of the full-scale invasion, the demographic situation in the de-occupied communities<sup>11</sup> has undergone significant changes. Moreover, a number of frontline communities<sup>12</sup> show a persistent trend towards a deepening demographic crisis due to continued shelling of community territories and the evacuation of residents. At the time of liberation from temporary occupation, **the population of the communities in the Kyiv, Mykolaiv and Kharkiv regions had decreased by 44% compared with the beginning of 2022.**

De-occupied communities in the Mykolaiv and Kharkiv regions experienced greater population losses (an average of 50% and 49% respectively), while the communities of the Kyiv region lost on average 23% of their population. The most severe population decline is observed in de-occupied communities located in areas of active hostilities or near the state border with the aggressor country. The dynamics of migration processes in these communities largely depend on the stability of the security situation and the spread of information regarding the possibility of renewed offensive actions.

## Return of Residents to De-Occupied Communities

**Most of the population who left their communities before or during the period of temporary occupation returned within the first few months after liberation.** Around 52% of residents who, at the time of de-occupation, were outside their communities returned during 2022. In the de-occupied communities of the Kyiv region, by early 2023, the number of permanent residents (excluding IDPs) had reached 99% of the pre-invasion level. In the Mykolaiv region, this figure stood at 65% and in the Kharkiv region—60%. The decisive factors influencing the pace of return included the relative stabilisation of the security situation, the restoration of housing stock and critical infrastructure facilities. According to the head of one de-occupied community, **active measures taken by local authorities in the first months after liberation—above all, the rapid mobilisation of resources for reconstruction—serve as a signal to residents about the possibility of returning.** In their view, this largely determines the future viability of the community.

As of early 2024, the average level of population return to de-occupied communities in the Mykolaiv region amounted to 82% of the population recorded at the beginning of 2022. The opposite trend was observed in the de-occupied communities of the Kharkiv region, where the average return rate stood at 62%. Owing to the worsening security situation and the announcement of mandatory evacuation in most frontline communities of the Kharkiv region, the number of residents as of early 2024 was lower than in 2023.

As noted by the heads of the military administrations of two border communities in the Kharkiv region, even after the announcement of mandatory evacuation, a stable number of residents continue to live in the communities, refusing to leave their homes. These residents require constant humanitarian

<sup>11</sup> Data on population numbers at the time of de-occupation were provided by 43 of the 53 communities.

<sup>12</sup> Borova settlement, Vilkhuvatka, Kindrashivka, Lyptsi, Petropavlivka and Tsyrukun rural communities, as well as Derhachi and Kupiansk urban communities of the Kharkiv region.

support and access to essential public services directly within the community, which places additional pressure on the public service system and LSGBs.

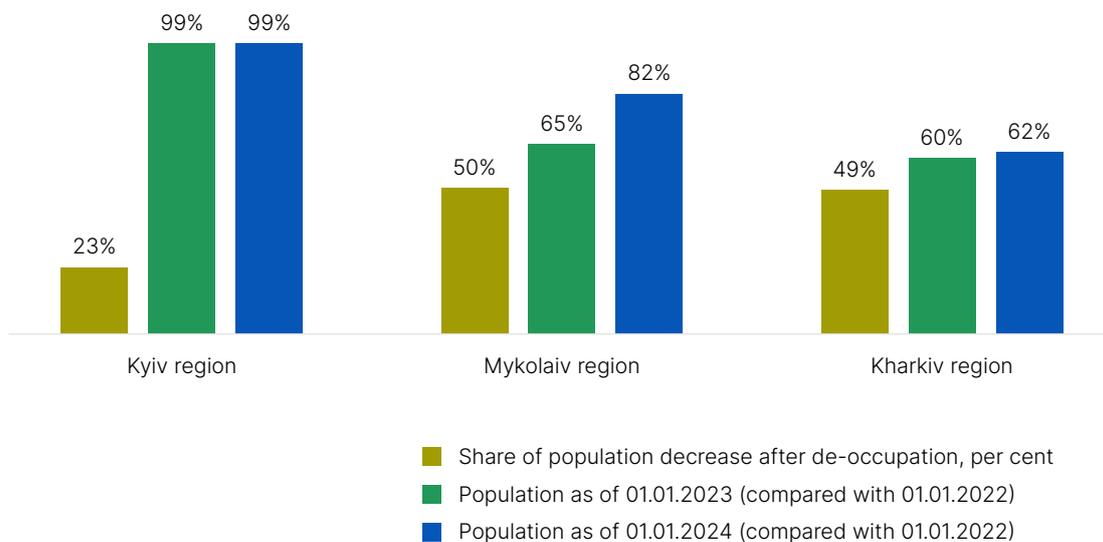


Fig. 1. Change in the demographic situation in the de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions in 2022–2024<sup>13</sup>

**There is a correlation between the duration of a community's temporary occupation and the rate of population return.** As of early 2024, an average of 94% of residents had returned to communities liberated in March–May 2022, while in those de-occupied in September–November 2022, the figure stood at 58%. This may be explained by the smaller scale of destruction of residential and critical infrastructure, as well as by the fact that people who had left these territories had not yet integrated into new places of residence by the time of de-occupation.

During interviews, the heads of MAs of de-occupied communities emphasised that the main factors **influencing the return of residents after de-occupation** are the security situation, the pace of housing reconstruction, employment opportunities, business activity, the functioning of educational institutions, the availability of an adequate number of shelters and the restoration of housing and utility services (especially the supply of drinking water).

De-occupied communities generally did not provide information on the number of residents who relocated within the same region, to other regions or abroad.<sup>14</sup> At the same time, among the heads of MAs in de-occupied communities, there is a shared view that **maintaining regular contact with residents who have temporarily left their communities is one of the key factors that increases the likelihood of their return.** Effective communication with residents who have left also enables local authorities to better understand their attitudes and intentions, which in turn allows for more accurate forecasting of return dynamics.

<sup>13</sup> Compiled by the Agency for Legislative Initiatives based on data from de-occupied communities.

<sup>14</sup> Information on the number of residents who relocated within the same region, to other regions or abroad was provided by only seven of the 53 de-occupied communities analysed.

Common communication channels used by the local authorities of de-occupied communities to reach residents include messenger groups, social media pages and announcements on community websites. Tools used to maintain contact with residents who have left but remain within Ukraine include:

- › organisation of humanitarian hubs in the places where displaced residents are located, where they are registered and their needs assessed and where they receive humanitarian aid and public services. An important function of such hubs is to provide psychological support and to preserve social connections among residents and between them and representatives of local authorities;
- › maintenance of lists of humanitarian aid recipients and assessment of their needs for residents who have relocated within the community, to neighbouring communities or to the regional centre.

Residents who have left their communities periodically contact LSGBs to obtain certificates and other information, which also serves as an additional channel of interaction.

**Maintaining contact with residents who have gone abroad is more challenging than with those who have relocated within Ukraine**, owing both to their physical distance and to social and psychological barriers. The experience of one de-occupied community shows that cases of negative attitudes towards those who went abroad were sometimes observed among residents who remained in Ukraine. After the return of residents who had temporarily stayed abroad, conflicts were noted within the community, as some of those who had remained during the period of temporary occupation believed they had a priority right to receive assistance. According to the head of the MA in that community, the period of tension between residents lasted for about six months and required the active involvement of local authorities to resolve conflict situations.

In the border de-occupied communities of the Kharkiv region, it was common for part of the population to leave for the aggressor country before de-occupation. The main reasons for departure in such cases included collaboration with the occupation authorities, Russian ethnic origin and the influence of disinformation about possible reprisals or sanctions from the Ukrainian authorities or military following the liberation of the territory. In cases where residents left for the aggressor country, local authorities did not maintain contact with them.

**Of the 53 de-occupied communities, 34 (64%) contain settlements where no people currently live or where only a small number of residents remain.**<sup>15</sup> The highest number of such communities is in the Kharkiv region, where 248 settlements across 24 communities have been depopulated. In the Kharkiv region, there are communities in which all settlements have become uninhabited (Kupiansk and Lyptsi communities). In the Kyiv and Mykolaiv regions, there are five communities each that include settlements with a minimal number of residents. In total, there are 39 such settlements in the Kyiv region and 10 in the Mykolaiv region.

**Assessing the likelihood of residents returning to depopulated settlements requires a detailed analysis based on data about the population size before the full-scale invasion, the extent of physical destruction, the available potential for economic development and the proximity of the settlements to the state border and areas of elevated security risk.**

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<sup>15</sup> Settlements where fewer than one-third of the maximum population currently reside.

## Age Structure of the Population in De-Occupied Communities

Most de-occupied communities involved in the study were unable to provide information about the age structure of their population according to the proposed scale,<sup>16</sup> which makes it difficult to analyse changes in the age composition. In some communities, statistical data are collected using different age categories. At the same time, most communities keep records of children under the age of 18, which makes it possible to partially assess the age composition of the population and its changes after de-occupation.

**In most de-occupied communities,<sup>17</sup> as of the beginning of 2024, there was a significant decrease in the number of children under the age of 18 — by a total of 20% (almost 26,000 individuals) compared to the size of this age group at the beginning of 2022.** In the de-occupied communities of the Kyiv region, the number of children under 18 decreased by 10%; in the Mykolaiv region — by 19%; and in the Kharkiv region — by 34%.

Representatives of local authorities in de-occupied communities also confirm the decrease in the number of children and describe it as a general trend likely to continue in the future. In addition, over time, the likelihood of working-age youth returning from abroad is gradually decreasing, which poses additional challenges for the demographic recovery of communities. According to community leaders, **people over the age of 60 currently predominate in the population structure.** One explanation for this is that older people are more likely to refuse to leave their communities and strive to return home as soon as possible, as they have a deeper connection to their place of residence and fewer chances to adapt to a new environment.

## Internally Displaced Persons

**In all de-occupied communities that provided relevant information,<sup>18</sup> IDPs were registered as of early 2024.** The distribution of IDPs between regions and communities is uneven and is determined primarily by the level of security in each community. The number of IDPs in de-occupied communities is also influenced by the capacity of communities to ensure suitable conditions for their integration — housing, access to public services and employment opportunities, among others. The largest number of IDPs among the regions analysed was recorded in the Kharkiv (56.4 thousand persons) and Kyiv (56 thousand persons) regions. In the Kharkiv region, the large number of IDPs is explained by intense migration from frontline territories to relatively safer communities within the region. In the Kyiv region (among the communities included in the study), IDPs are mainly concentrated in the Irpin (22 thousand persons) and Bucha (10 thousand persons) communities, which are the largest de-occupied communities in the region by population and have the necessary infrastructure.

The head of one de-occupied community noted that IDPs are regarded as full-fledged residents who have the same opportunities as the local population. The only distinction is that IDPs receive additional forms of social support specifically designed for this category of residents.

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<sup>16</sup> For analysing the age structure of the population in de-occupied communities, data collection was planned according to the following age categories: children and pupils under 18; persons aged 18–24; persons aged 25–54; persons aged 55–64; persons aged 65–79; and persons aged 80 and over.

<sup>17</sup> Data on the number of children under 18 were provided by 40 of the 53 communities.

<sup>18</sup> Data on the number of registered IDPs were not provided by Dvorichna settlement and Lyptsi rural territorial communities of the Kharkiv region.

Despite the additional burden on public services caused by hosting IDPs, some communities view them as a potential opportunity for demographic recovery and socio-economic development. **As of early 2024, in 47% of de-occupied communities, the number of registered IDPs exceeded the losses of the permanent population compared with the beginning of 2022.** The largest number of such communities—13 out of 15—is in the Kyiv region, which may be explained both by the security situation and by the availability of conditions for their integration into community life.

For example, one de-occupied community in Kyiv signed a memorandum of cooperation with the MA of a community currently under temporary occupation. This cooperation provides for the completion of the construction of an educational facility and the expansion of medical services to be offered to both IDPs and local residents. According to the head of the community, this initiative will make it possible to ensure compact accommodation for IDPs, help maintain their social connections, create new jobs and improve the overall system of public service delivery in the community.

Some communities are also considering the possibility of **hosting a larger number of IDPs in the future as part of their long-term development.** The head of the MA of a settlement in one de-occupied community of the Mykolaiv region noted that, after the end of hostilities, the community plans to build new residential neighbourhoods to accommodate residents from territories that have suffered significant destruction or from communities unable to provide adequate conditions for the return of their population.

### **Proposals for Frontline De-Occupied Communities:**

- ① Development of a comprehensive state policy for the recovery, development and reintegration of the de-occupied territories of Ukraine.
- ② Organisation of information campaigns for residents of frontline communities and those located near the border with the Russian Federation to inform the population about possible disinformation concerning alleged reprisals by the Ukrainian authorities or the military.

### **Proposals for All De-Occupied Communities:**

- ① Establishing and maintaining communication between local authorities and residents who have left de-occupied territorial communities through the organisation of humanitarian hubs in the locations where they currently reside.
- ② Disseminating information about the recovery process and the situation in the community through communication channels (messenger groups, social media and the official community website).
- ③ Conducting regular monitoring of population size, age and social composition and migration processes, using standardised indicators and data collection methodologies.

# Assessment of Public Services Provision

## Administrative Services

In most de-occupied communities,<sup>19</sup> residents receive administrative services, although the range, number and methods of delivery vary depending on the availability and functioning of an ASC within the community, the security situation and technical and financial capacity.

**All de-occupied communities in the Kyiv region operate ASCs, with an average of 343 administrative services available**—the highest indicator among the three regions studied. **In the Kharkiv region, the average is 226 available services**, and ASCs do not operate in two<sup>20</sup> communities. **In the Mykolaiv region, the average number of available services is the lowest, at 209**, due to the absence of ASCs in six<sup>21</sup> of the ten analysed communities. Overall, **in de-occupied communities where ASCs operate, the average number of available services is 283, whereas in communities without ASCs it is 115.**

Representatives of de-occupied communities noted that the process of restoring administrative services was gradual and focused on the immediate needs of residents. The most in-demand administrative services during the first months after de-occupation were those related to the registration of property rights and the restoration of other title documents required to participate in the eRestoration programme.<sup>22</sup> In some communities, the list of available services after de-occupation was broader than it had been before the start of the full-scale invasion.

The experience of some communities also shows that after de-occupation they gained greater opportunities to establish ASCs than they had before the full-scale invasion, facilitated by the expansion of international assistance. According to the head of one de-occupied community, the opening of an ASC performs not only a practical function of providing administrative services but also serves as a signal to residents that the community is recovering and capable of developing.

Although the operation of ASCs significantly increases the accessibility and quality of administrative services, opening them is not always possible due to the **lack of suitable premises, security risks and the need for substantial financial resources.**

<sup>19</sup> Data were provided by 51 of the 53 communities analysed. Data on administrative services were not provided by the Dvorichna settlement and Petropavlivska rural territorial communities of the Kharkiv region.

<sup>20</sup> Lyptsi rural and Rohan settlement territorial communities.

<sup>21</sup> Inhulka, Pryvilne, Horokhivka, Shyrokivka and Shevchenkivka rural and Pervomaiske settlement territorial communities.

<sup>22</sup> [On the Approval of the Procedure for Providing Compensation for the Restoration of Certain Categories of Real Estate Damaged as a Result of Hostilities, Acts of Terrorism or Sabotage Caused by the Armed Aggression of the Russian Federation Using the Electronic Public Service 'eRestoration': Resolution of the Cabinet of Ministers of Ukraine No. 381 of 21.04.2023.](#)

Alternative ways to ensure the provision of administrative services in de-occupied communities include:

- › establishing remote workplaces within starosta districts for specific specialists—including registrars, land surveyors and passport officers (limitations: small population size in starosta districts, shortage of qualified personnel);
- › introducing mobile service provision, including the use of mobile ASCs (limitations: poor road conditions between settlements, high cost of specialised vehicles and equipment);
- › cooperating with other communities (limitations: inadequate transport connections between communities, particularly for persons with reduced mobility);
- › providing services in electronic form (limitations: uneven internet access, low digital literacy among some population groups).

At the same time, frontline de-occupied communities face additional restrictions on the application of these approaches to the provision of administrative services because of the unstable security situation. Frequent shelling, the threat of missile strikes and the danger of mines complicate the work of mobile ASCs and create additional risks for ASC employees and for recipients of administrative services.

All de-occupied communities experience financial challenges in providing administrative services. After de-occupation, the demand for administrative services increases as residents primarily need to restore documents. In addition, IDPs who apply for necessary services create extra pressure on the administrative services sector. Moreover, many administrative services are provided free of charge, and **the low level of administrative fees for paid services sometimes does not cover the costs of their provision**. In the context of local budget deficits, there is a risk of declining service quality and accessibility and in some cases, even the inability to provide certain services.

## Healthcare Services

The pace of restoring the healthcare system in de-occupied communities depends on the extent of damage to healthcare facilities, staffing capacity and the availability of financial resources and logistics (for the regular supply of medicines). Reconstruction or repair of healthcare facilities in de-occupied communities has mostly taken place with the support of international partners.

The experience of one de-occupied community shows that immediately after the liberation of the territories, **it is advisable to organise mobile medical teams to conduct comprehensive examinations of residents who remained in the community during the period of temporary occupation**. Such teams provide emergency medical care and supply basic medicines.

As of early 2025, primary healthcare was available in most de-occupied communities:<sup>23</sup> in 93% of de-occupied communities of the Kyiv region, 80% of the Mykolaiv region and 82% of the Kharkiv region. Residents of most of these communities also have access to vaccination (in 84% of communities) and can obtain medicines under the Affordable Medicines programme (83%). The situation is less favourable regarding access to dental services (69%) and psychological assistance (65%).

<sup>23</sup> Data on the provision of healthcare services were not provided by the Dvorichna settlement, Kindrashivka, Kuryliivka, Lyptsi and Petropavlivka rural territorial communities of the Kharkiv region and the Pervomaiske settlement territorial community of the Mykolaiv region.

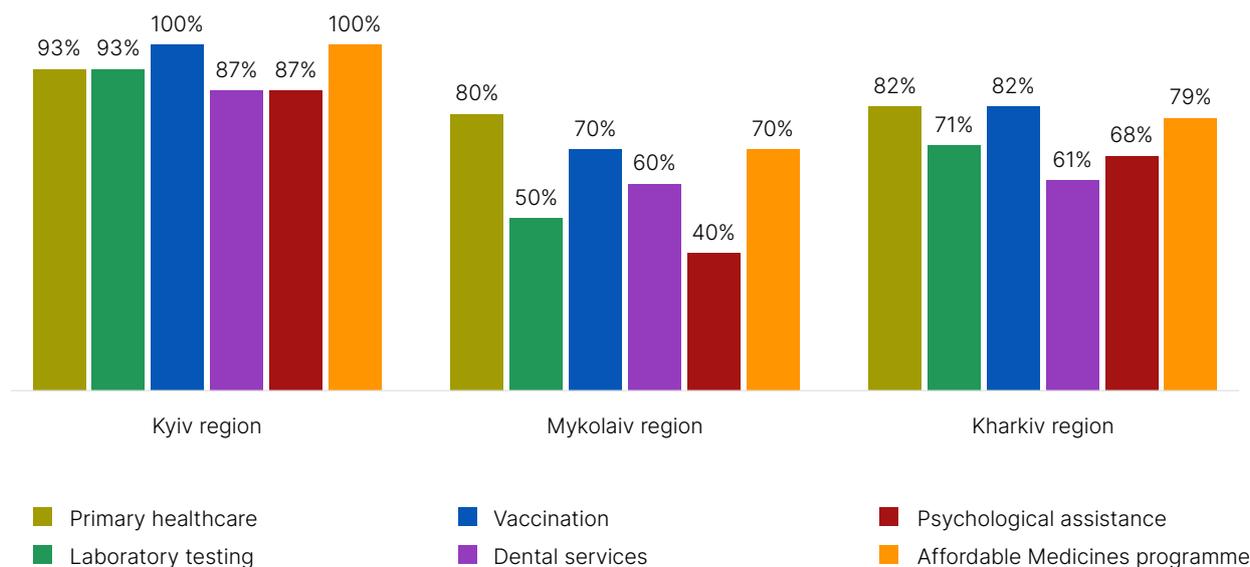


Fig. 2. Availability of healthcare services in de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions as of early 2025<sup>24</sup>

According to the head of the MA of one de-occupied community, **the full restoration of healthcare services is constrained by insufficient funding, caused by the absence of a specific approach to de-occupied territories within the healthcare sector.** Under the Medical Guarantees Programme, the National Health Service of Ukraine establishes uniform requirements for medical service packages for all territorial communities. Meeting these requirements is often impossible for de-occupied communities because of extensive damage to medical infrastructure, a shortage of equipment and a deficit of qualified specialists.

To ensure greater accessibility of healthcare services in de-occupied communities, the following approaches are used:

- › organisation of health posts (paramedic and midwifery stations) in small settlements, where services are provided by junior medical personnel;
- › introduction of mobile healthcare services (mobile hospitals, modular outpatient clinics, mobile pharmacies);
- › establishing cooperation with humanitarian missions that visit the starosta districts according to a set schedule to provide medical assistance and psychological support.

In frontline communities where mandatory evacuation has been announced, healthcare workers provide medical assistance to residents who refuse to leave only in safer settlements according to a defined schedule. In cases where healthcare institutions have been relocated, evacuated residents are able to receive medical assistance at their new places of residence. Healthcare services are also partially provided in humanitarian hubs. This creates additional pressure on the healthcare system of frontline communities but ensures access to medical services for residents who remain in the community and for those who have been evacuated.

<sup>24</sup> Compiled by the Agency for Legislative Initiatives based on data from de-occupied communities.

## Social Services

De-occupied communities differ in the age structure of their populations and in the representation of vulnerable social groups. Although these differences determine the specific needs of each community, restoring the system of social service provision is a priority for all de-occupied communities.

At the legislative level,<sup>25</sup> temporary occupation is defined as one of the factors that may lead to difficult life circumstances in which a person requires social services. After de-occupation, the number of people applying for social services increases sharply, creating additional pressure on the social protection system amid staff shortages and limited resources. Part of the social support for vulnerable groups is provided by civil society organisations and volunteers.

**At the initial stage of recovery, de-occupied communities should regularly conduct assessments of residents' needs for social services to systematically monitor changes. However, not all communities maintain records of vulnerable groups and therefore do not assess the social service needs of their residents.** Most of the communities analysed were unable to provide complete information on the number of vulnerable groups and changes following de-occupation.

Social services are provided to residents in almost all the de-occupied communities studied, except for the Pervomaiske settlement community in the Mykolaiv region, the Dvorichna settlement community in the Kharkiv region, and the Kalyta settlement community in the Kyiv region. In these communities, preparations are underway to open Territorial Centres for Social Services.

In total, 39 social services are envisaged in Ukraine,<sup>26</sup> of which 18 basic services must be provided at the local level. **At the same time, none of the de-occupied communities analysed ensures the provision of the full range of basic services.**

The range of available social services varies:

- › **by region:** the widest range of social services is available in the de-occupied communities of the Kyiv region—an average of 12 services. In the Kharkiv region, de-occupied communities provide an average of 11 services and in the Mykolaiv region—only eight;
- › **by community type:** urban territorial communities provide a greater number of social services (an average of 14) than settlement (11) or rural communities (8);
- › **by rate of population return:** in communities where more than 75% of residents had returned by early 2024, the number of available social services was significantly higher (an average of 12) than in communities where fewer than 50% of residents had returned (7).

The highest level of availability is recorded for the social services **'Information'** and **'Counselling'**: 100% of de-occupied communities in the Kharkiv region, 87% in the Kyiv region, and 80% in the Mykolaiv region. A similarly high level of availability is observed for **social accompaniment services** for families facing difficult life circumstances (on average, in 82% of communities) and for families raising orphans and children deprived of parental care (on average, in 76% of communities).

The **'Home Care'** service, which provides assistance with self-care for older people and persons with disabilities, is available in 75% of communities. Other social services aimed at meeting the needs of older people and persons with disabilities—such as **'Day Care'**, **'Residential Care'**, **'Supported Living**

<sup>25</sup> [On Social Services: Law of Ukraine No. 2671-VIII of 17.01.2019.](#)

<sup>26</sup> [On the Approval of the Classifier of Social Services: Order of the Ministry of Social Policy of Ukraine No. 429 of 23.06.2020.](#)

**for Older People and Persons with Disabilities’ and ‘Transport Services’**—are significantly less accessible, even in communities where the number of people in these categories is considerable. In some communities, residential departments for older people and persons with disabilities were evacuated to safer regions. Their return is not currently being considered because of the lack of suitable premises and the risk of a worsening security situation.

Almost all de-occupied communities have children with disabilities, yet only a few provide access to specialised services. For example, the **‘Day Care for Children with Disabilities’** service is available in only four communities—two in the Kharkiv region, one in the Kyiv region and one in the Mykolaiv region. A similar situation exists with **‘Palliative Care’**, which is available to residents of only six de-occupied communities, although the share of older residents in these communities continues to increase. **This indicates a discrepancy between the population’s needs and the range of available social services.**

**Among the priorities of social policy in de-occupied communities are the creation of services for veterans**, including the implementation of the Veteran’s Assistant project and the opening of specialised hubs. Local authorities recognise the importance of these initiatives; however, as noted by one community head, funding services for veterans solely from local budgets carries risks, particularly the uneven implementation of such initiatives across different communities.

## Educational Services

**General secondary education is available in all de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions.** The format of the educational process (in-person, blended or distance-learning) is determined by the security situation, the availability of educational infrastructure and shelters that meet established requirements. In the de-occupied communities of the Kyiv region, children have already returned to in-person or blended learning, while in the Mykolaiv and Kharkiv regions, education is mainly organised online. In communities where the educational process is conducted remotely, schooling is provided both to children physically present in the community and to those temporarily residing in other communities or abroad.

The transition to in-person or blended learning requires that shelters be available within educational facilities. In de-occupied communities, a significant proportion of schools have been destroyed or damaged, some beyond repair, while most surviving buildings are not equipped with shelters. Because of the technical complexity of adapting old buildings to current safety standards, organising the educational process in an in-person format often necessitates the construction of new educational facilities.

State programmes for financing the construction of shelters in educational institutions take into account such criteria as the number of pupils and security risks.<sup>27</sup> In the Kyiv region, where the security situation is assessed as moderate or satisfactory,<sup>28</sup> most educational institutions have resumed operations, in particular owing to the implementation of the state programme for creating protected

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<sup>27</sup> [On the Approval of the Methodology for Assessing Security Risks in the Education System Related to the Armed Aggression of the Russian Federation against Ukraine: Resolution of the Cabinet of Ministers of Ukraine No. 866 of 02.08.2024.](#)

<sup>28</sup> [On the Approval of the List of Territorial Communities by Security Risk Level in the Education System: Order of the Ministry of Education and Science of Ukraine No. 1231 of 30.08.2024.](#)

spaces (physical protection premises).<sup>29</sup> The most severely affected de-occupied communities, particularly in the Mykolaiv and Kharkiv regions, largely lack sufficient financial resources to implement large-scale reconstruction projects. Transfers from the state budget do not always cover financial needs and generally require co-financing from the local budget, as well as the availability of approved design documentation with a positive expert assessment. In such cases, cooperation with international partners makes it possible to attract funds for the construction of shelters or, where technically necessary, for the construction of new educational buildings.

Communities are also optimising their networks of educational institutions in accordance with new conditions for receiving the educational subvention.<sup>30</sup> As of 1 September 2025, funding from the state educational subvention has been discontinued for schools (except primary schools) with fewer than 45 pupils. Their continued operation is possible only if financed from the local budget. When planning the development of educational networks, account is also taken of the changes planned for 2027 regarding the 12-year duration of schooling and the requirements for academic lyceums. Some of the most affected de-occupied communities in the Mykolaiv and Kharkiv regions currently lack sufficient resources and infrastructure to establish such lyceums, creating additional challenges for implementing this reform. According to the head of one de-occupied community, **when forming an optimal network of educational institutions, it is necessary to consider projected demographic changes** rather than only the current number of children residing in a particular area.

The introduction of the 'Offline School' policy has also had a significant impact on the network of educational institutions.

In June 2024, the educational sphere was quite literally 'shaken' by the introduction of the Procedure and Conditions for Obtaining General Secondary Education in Municipal General Secondary Education Institutions under Martial Law in Ukraine (initially a draft, later approved as [Order No. 850 of the MoES of 13 June 2024](#)). Through this Procedure, the Ministry attempted to 'bring order' to the situation of children who are IDPs and those remaining in temporarily occupied territories who continue studying in relocated schools in a distance-learning format.<sup>31</sup>

Under the Offline School policy for the 2025/2026 academic year, new requirements were introduced for forming distance-learning classes—a minimum of 20 pupils and a maximum of 30, with each school required to provide one class per grade level. If no school in a community met these criteria, the largest school in the community was designated to continue operating without adhering to these conditions.

Within the framework of the Offline School initiative, the MoES planned to return more than 300,000 pupils from frontline areas to in-person learning, transfer IDP children to schools at their places of residence and move children from temporarily occupied territories to an individual learning format.

<sup>29</sup> [On the Implementation of the Experimental Project to Create Protected Spaces \(Physical Protection Premises\) in the Buildings and Facilities of Educational Institutions: Resolution of the Cabinet of Ministers of Ukraine No. 926 of 13.08.2024.](#)

<sup>30</sup> [On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine No. 6 of 14.01.2015 and No. 1088 of 27.12. 2017: Resolution of the Cabinet of Ministers of Ukraine No. 245 of 05.03.2024.](#)

<sup>31</sup> [Okhredko O., Magical Transformations of the Ill-Famed MoES Order No. 850, OSVITA.UA, 23.09.2024.](#)

If a child resided in another territorial community, distance-learning was allowed only when there were no opportunities for in-person education in that community—for instance, when there were no available places or local schools were not operating in an in-person format. Children currently living abroad could study online in Ukrainian schools only in certain subjects (Ukrainian language and literature, history of Ukraine and geography).

This Order was soon revoked, as it was never implemented. However, the provisions of Order No. 850 were reintroduced in Order No. 1112 of the MoES of 7 August 2024.<sup>32</sup>

Later, in August 2025, this Order also lost its validity following the intervention of Members of Parliament and frontline communities.<sup>33</sup>

At present, schools may open distance-learning classes regardless of whether they have a complete sequence of grades. A distance-learning class can be established with at least five pupils.<sup>34</sup>

Children abroad continue to have the opportunity to study according to the full curriculum in distance-learning classes or follow a shortened programme focused on Ukrainian studies.<sup>35</sup>

According to the heads of several de-occupied communities, allowing children who are not currently residing in the community to receive education online enables pupils to maintain contact with their peers and teachers. If access to online education were restricted, such children might integrate more quickly into their new environment, which in the future could make it more difficult for them to return both to their school and to their community. Therefore, **access to education serves not only as a tool for ensuring continuity of learning but also as an element of the strategy for the demographic recovery of de-occupied territories.**

De-occupied communities have largely managed to preserve their core teaching staff in the education sector. Although teachers' salaries are financed from the educational subvention, the level of remuneration is often insufficient to ensure motivation and staff retention. To maintain human resources, some communities are compelled to introduce salary supplements for teachers funded from local budgets. However, in the context of the forced optimisation of educational networks, there is an increasing risk of losing staff. According to representatives of MAs, attracting new teaching personnel to work in de-occupied communities—particularly in rural areas—may become problematic if the current staff are lost.

**Preschool education is not provided in all de-occupied communities.** Education and development for preschool-aged children, including the correction of their psychological and physical development, are available in an average of 70% of de-occupied communities, while childcare for preschoolers is provided in 53%. In the Kharkiv region, these figures are the lowest—50% and 36% respectively. Funding for preschool education is provided entirely from local budgets, creating an additional burden on de-occupied communities, particularly in conditions of limited financial resources. As a result, there is a risk of losing qualified preschool education staff, which in turn could reduce the accessibility of preschool education.

<sup>32</sup> Okhredko O., [Magical Transformations of the Ill-Famed MoES Order No. 850](#), OSVITA.UA, 23.09.2024.

<sup>33</sup> [Ukraine Cancels Education Ministry Order on New Rules for Distance-Learning](#), UKRINFORM, 18.07.2025.

<sup>34</sup> Requirements for minimum class size are defined in the first paragraph of part two of Article 12 of the Law of Ukraine 'On Complete General Secondary Education'.

<sup>35</sup> [Order No. 1112 Cancelled and Certain Provisions of Order No. 1115 Removed](#), Ministry of Education and Science of Ukraine, 18.07.2025.

**There is also a shortage of financial resources and facilities for organising full extracurricular education in de-occupied communities.** Music schools operate in 49% of de-occupied communities, sports schools in 42% and art schools in only 32%. De-occupied communities are implementing a range of measures to ensure children's access to extracurricular education, such as:

- › transporting children to extracurricular education institutions located in neighbouring communities that have suitable conditions for classes;
- › providing subventions from local budgets to private institutions and clubs that offer extracurricular education services;
- › engaging civil society organisations that establish youth centres and organise socio-cultural activities aimed at the development of children and young people.

## **Proposals for Frontline De-Occupied Communities:**

### **Administrative Services**

- › Ensuring the implementation of mobile services for residents of frontline communities, including using mobile ASCs.
- › Organising remote workplaces in starosta districts for specific specialists—including registrars, land surveyors and passport officers—to provide administrative services, including the registration of property rights and the restoration of documents required for participation in the eRestoration programme.

### **Healthcare Services**

- › Organising mobile medical teams to carry out comprehensive examinations, assess residents' medical needs, provide emergency medical care and psychological support and supply basic medicines.

### **Social Services**

- › Organising the operation of mobile social service centres to provide social services to community residents.

### **Educational Services**

- › Ensuring the transportation of children to educational institutions and organising learning in blended formats using temporary educational spaces (mobile classrooms).

## **Proposals for All De-Occupied Communities:**

### **Administrative Services**

- › Categorising administrative services to reflect the specific needs of residents of de-occupied communities and identifying a list of 'basic' (most in-demand) services that should be guaranteed in the initial post-de-occupation stage.
- › Increasing the level of digital literacy among residents of de-occupied communities and strengthening the role of ASCs as 'digital intermediaries' (providing consultations and organising self-service workstations in ASCs).

- › Ensuring the cost recovery of paid administrative services through legislative regulation of administrative fees and improving the methodology for calculating service costs in line with actual expenses.

### **Healthcare Services**

- › Developing and implementing, within the Medical Guarantees programme, specific requirements for healthcare service packages for de-occupied communities, considering their infrastructural, staffing and security conditions.

### **Social Services**

- › Assessing the number of vulnerable groups among residents and conducting systematic evaluations of residents' needs for social services.
- › Mapping the accessibility of social services at the regional level to identify service gaps and determine potential providers (state and non-state) capable of delivering social services to residents of several territorial communities.
- › Developing a state incentive programme to attract social workers to de-occupied communities.

### **Educational Services**

- › Introducing temporary criteria for access to the educational subvention and participation in state funding programmes (for constructing shelters, providing school buses and canteens) adapted to the conditions of de-occupied communities.
- › Developing a state incentive programme to attract teachers to work in de-occupied communities.

# Security and Civil Protection of the Population

Establishing a protected and safe environment for the population remains a major challenge for Ukraine's national resilience system on the path towards the recovery and reintegration of de-occupied communities.

**After de-occupation, all analysed communities faced several challenges in ensuring safety, including:**

- › a significant share of mined territories and areas contaminated with explosive ordnance within settlements;
- › an insufficient level of public access to shelters within existing civil protection facilities;
- › the obsolescence of public alert systems for emergencies and the damage or destruction of such systems as a result of shelling.

**The demining of the territories of de-occupied communities is the first step towards economic recovery, the return of residents and the restoration of critical infrastructure.** An urgent measure—particularly for de-occupied communities in the Kharkiv region—is the implementation of systematic mine action aimed at clearing logistics routes and critical infrastructure facilities, as well as restoring electricity, water, heating and gas supplies.

The security situation in de-occupied communities depends on the length of time the territory was under occupation, its proximity to areas of active hostilities and the border with the Russian Federation. According to the SESU,<sup>36</sup> **in the Kyiv region, at least 56 confirmed hazardous zones** have been recorded in the Irpin and Bucha urban communities, the Hostomel settlement community and nearby areas. Closer to the Dmyter, Makariv and Ivankiv settlement communities, the number of hazardous zones decreases—the result of successful demining efforts.

In the de-occupied communities of the Mykolaiv region, a significant part of the territory remains mined and contaminated with explosive ordnance. According to the SESU, **at least 20 confirmed hazardous zones have been recorded in the de-occupied territories of the Mykolaiv region.**<sup>37</sup> The situation is particularly difficult in the Kharkiv region, where at least 332 confirmed hazardous and mined zones have been identified. The largest concentrations of explosive ordnance are found near the Chuhuiv, Iziurm, Vovchansk, Kupiansk and Derhachi urban communities. In frontline communities, most settlements remain mined. In addition, **large areas in the Mykolaiv and Kharkiv regions are considered 'conditionally safe', as they are classified as potentially contaminated.**<sup>38</sup> The restoration

<sup>36</sup> [Interactive Map of Territories Potentially Contaminated with Explosive Ordnance](#), State Emergency Service of Ukraine, Mine Action Service.

<sup>37</sup> Ibid.

<sup>38</sup> [Implementation of Humanitarian Demining Activities: Dashboard](#), Information Management System for Mine Action.

of infrastructure, the development of business and agriculture and the return of residents to such areas involve high risks because of potential threats to human life.

**For this reason, the first stage of recovery in de-occupied communities must involve a primary non-technical survey of potentially contaminated areas, followed by the designation of these territories as either contaminated or safe.** Drawing on international experience, non-technical surveys should employ innovative technologies, robotic systems and artificial intelligence, which requires appropriate regulatory frameworks.

In de-occupied communities where the agricultural sector predominates, the absence of non-technical surveys of farmland has been the main reason for the rejection of compensation claims for demining agricultural land under the state programme.<sup>39</sup> According to the Ministry of Agrarian Policy and Food of Ukraine, as of 22 April 2025, of 228 applications submitted by farmers, 191 were rejected, 102 of them because no non-technical survey had been conducted on the land plot.<sup>40</sup> The main challenges for surveying and demining remain the shortage of certified mine action operators<sup>41</sup> and the lack of sufficient financial resources.

The system of organising mine action in de-occupied communities is not unified because of differences among communities. To ensure the coordination of mine action at the local level, **it is necessary to accelerate the development and implementation of a register of territories contaminated or potentially contaminated with explosive ordnance.** The procedure for maintaining, administering and using the information in this register was approved as early as June 2024.<sup>42</sup> This will support decision-making at both national and local levels and contribute to the effective use of available resources.

**The second most pressing problem in creating a protected and safe environment in de-occupied communities is the insufficient provision of civil protection facilities (shelters) for the population.** Many shelters are in an unusable condition, inaccessible to persons with limited mobility and fail to meet the established protection standards (radiation shelters and dual-purpose facilities).

**According to data from de-occupied communities, on average, only 27% of institutions in the Kyiv region have shelters, 13% in the Mykolaiv region and 8.3% in the Kharkiv region.** Moreover, seven communities in the Kharkiv region have no shelters at all. Among all functioning institutions in the analysed communities, most shelters have been created or equipped in general secondary and preschool education institutions, as well as in hospitals. A clear correlation can be observed between the level of shelter provision, the security situation and the level of public service availability. On average, in the Kyiv region, shelters are equipped in 89% of educational institutions and 63.6% of hospitals; in the Mykolaiv region—in 29% of educational institutions and 50% of hospitals; and in the Kharkiv region—in 12% of educational institutions and 53% of hospitals.

Due to the poor condition or absence of shelters in general secondary and preschool educational institutions, children in the de-occupied communities of the Kyiv region study in-person and blended

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<sup>39</sup> [On the Approval of the Procedure for the Use of Funds Allocated in the State Budget for Compensation of Expenditures on Humanitarian Demining of Agricultural Land: Resolution of the Cabinet of Ministers of Ukraine No. 284 of 12.03.2024.](#)

<sup>40</sup> [Information Website for Farmers on Receiving Compensation for Demining Agricultural Land Launched: Ministry of Agrarian Policy and Food of Ukraine, 25 April 2025.](#)

<sup>41</sup> [Publication by the Humanitarian Demining Centre on the social media Facebook, 19.02.2025.](#)

<sup>42</sup> [Certain Issues Regarding the Creation, Operation and Maintenance of the Register of Territories Contaminated or Potentially Contaminated with Explosive Ordnance: Resolution of the Cabinet of Ministers of Ukraine No. 740 of 07.06.2024.](#)

formats, while in the communities of the Mykolaiv and Kharkiv regions, education is conducted mainly online.

The subventions provided from the state budget for the arrangement of shelters in critical infrastructure facilities, on the one hand, help expand the stock of civil protection shelters in de-occupied communities, but on the other, risk deepening disparities between communities because of the absence of differentiated criteria for obtaining subventions based on the security situation and the socio-economic condition of the communities.

According to representatives of local authorities in de-occupied communities, to obtain subventions for arranging shelters in educational institutions, de-occupied communities, like other communities in Ukraine, must have project documentation with a positive expert review and the use of subvention funds is based on co-financing principles.<sup>43</sup> At the same time, the communities most affected by the full-scale invasion, particularly in the Kharkiv region, often lack sufficient resources to implement such projects. A potential risk for de-occupied communities is the development or revision (following changes to the DBN)<sup>44</sup> of project documentation without any guarantee of receiving subvention funding for shelter construction.

**The limited financial resources available for constructing or arranging shelters and the inconsistent regulatory framework governing shelter construction are the key challenges to creating a protected environment for the civilian population.**

In September 2022, amendments were made to the Law of Ukraine 'On the Regulation of Urban Development Activities', under which project documentation for construction at the local and regional levels must include a section on civil protection engineering measures. However, this section does not require the mandatory construction of shelters, which not only creates corruption risks but also undermines the need to provide the population with shelters. Only at the end of 2023 did the DBN introduce the requirement for the construction or reconstruction of shelters during the new construction of infrastructure facilities. However, no corresponding amendments have yet been made to the relevant law.

**The priority for de-occupied communities in creating a safe and protected environment is to assess the provision of shelters for the civilian population and to determine, at both national and local levels, the needs and priorities for their construction (list, order and sources of funding),** taking into account the number of residents and the level of risk. Assessments of shelter provision in de-occupied communities should include inspections of the simplest shelters, existing underground spaces (car parks and other facilities), and the need for the installation of temporary (mobile) shelters in areas of possible population concentration.

It is also necessary to accelerate the completion of the Ministry of Internal Affairs' information system 'Accounting and Visualisation of the Civil Protection Shelter Fund',<sup>45</sup> which will make it possible to work quickly and efficiently with statistical data and to inform the population about the availability

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<sup>43</sup> [Certain Issues of Providing Subventions from the State Budget to Local Budgets for the Implementation of a Public Investment Project on the Arrangement of Safe Conditions in Institutions Providing General Secondary Education \(Arrangement of Shelters\), Including Military, Naval and Military-Sports Lyceums and Lyceums with Enhanced Military and Physical Training: Resolution of the Cabinet of Ministers of Ukraine No. 419 of 28.04.2023.](#)

<sup>44</sup> [DBN V.2.2-5:2023 'Civil Protection Shelters' with Amendment No.1: Electronic version of the document, Unified Electronic Construction System Portal.](#)

<sup>45</sup> [Accounting and Visualisation of the Civil Protection Shelter Fund: Information System.](#)

and accessibility of shelters. Currently, the register of facilities providing shelter for the population is only about 80% complete.<sup>46</sup>

**The public alert systems for emergencies in the regions analysed were designed and implemented during the Soviet era.** Today, these systems in all communities require reconstruction and modernisation, particularly in the areas of digitalisation and process automation, updating obsolete technologies, ensuring cybersecurity and operating in conditions of power outages. **The construction of territorial and local automated centralised alert systems is already underway in the communities of the regions analysed, and their completion is expected in 2026–2027.**<sup>47</sup>

To ensure safety and public order in de-occupied communities, district police officers and community police officers operate in their territories. In particular, **CPOs (community police offices or stations) operate in all de-occupied communities of the Kyiv region and in most de-occupied communities of the Mykolaiv (five) and Kharkiv (27) regions.**<sup>48</sup> In some cases, one police officer serves several neighbouring communities; however, the effectiveness of this approach to maintaining public order depends on the distance between settlements and the condition of roads, which affects response time.

To protect the population and territories from emergencies, maintain public safety and ensure access to public services, Community Safety Centres are being established in de-occupied communities. According to open data, such centres are being implemented in five de-occupied communities of the Kyiv region<sup>49</sup> and two communities of the Mykolaiv region.<sup>50</sup> **More than half of the de-occupied communities (51%) have local fire and rescue teams.** In some of them, the number of fire departments increased after the de-occupation because of a rise in fires caused by shelling. According to representatives of local authorities, **in communities located in immediate proximity to the frontline, the activities of SESU units are restricted (within 10 km of the frontline) and therefore, fire extinguishing in these territories is carried out by the communities themselves.**

The full implementation and functioning of Community Safety Centres require legislative regulation, in particular regarding the procedure for their establishment, coordination, financing, definition of functions, legal status and interaction between relevant bodies to ensure effective cooperation.

### Proposals for Frontline De-Occupied Communities:

- ① Conduct systematic surveys of community territories to determine the extent of contamination with explosive ordnance, identify mine action priorities and define resource needs and funding sources.
- ② Carry out mine action activities to clear logistics routes and restore critical infrastructure, including electricity, water, heating and gas supplies.

<sup>46</sup> Of the 62.6 thousand facilities in Ukraine providing shelter (as of December 2024), only 48.9 thousand, or 78%, have been entered into the register.

<sup>47</sup> [Regional Comprehensive Programme for Ensuring the Safety of the Population and Territory of the Kyiv region from Emergencies for 2024–2027](#), Kyiv Regional State Administration, Kyiv, 2023, 32 pp.; [Construction of a Territorial Automated Centralised Alert System in the Mykolaiv Region: Procurement Information](#), Prozorro.; [Kharkiv RMA Discusses the Progress of Implementing Modern Public Alert Systems](#), Kharkiv Regional Military Administration, 20.02.2025.

<sup>48</sup> Based on data from de-occupied communities and open sources.

<sup>49</sup> [Community Safety Centres](#), Main Department of the SESU in the Kyiv Region.

<sup>50</sup> [Community Safety Centre Under Construction](#), Pervomaiske Settlement Community, 17.02.2025.; [Continuing Work on Establishing a Safety Centre in Snihurivka](#), Snihurivka Urban Territorial Community, 02.04.2024.

- ③ Introduce new or expand existing targeted state funding programmes for the creation and maintenance of the civil protection shelter fund in frontline de-occupied communities and define specific criteria for providing subventions for the creation and arrangement of shelters in such communities.

### **Proposals for All De-Occupied Communities:**

- ① Conduct systematic surveys of community territories to determine the extent of contamination with explosive ordnance, including primary non-technical surveys of potentially contaminated territories of de-occupied communities. Based on the results, classify territories as contaminated or safe.
- ② Assess the provision of shelters for the civilian population, including inspections of the simplest shelters and existing underground facilities and determine, at the national and local levels, the needs and priorities for their construction, taking into account the demographic situation and security conditions (list, order and funding sources). Also, assess the need for temporary (mobile) shelters in areas of possible population concentration.
- ③ Establish a system for prioritising mine action measures to support decision-making at the central level for addressing the most urgent problems under limited resources.
- ④ Develop a regulatory act defining the procedure for granting territories the status of safe or contaminated based on the results of non-technical surveys of potentially contaminated territories in de-occupied communities.
- ⑤ Develop amendments to the Law of Ukraine 'On Mine Action in Ukraine' and adopt a regulatory act defining the procedure for conducting non-technical surveys using innovative technologies, artificial intelligence and robotic systems.
- ⑥ Accelerate the development and implementation of the register of territories contaminated or potentially contaminated with explosive ordnance and speed up the population of the 'Accounting and Visualisation of the Civil Protection Shelter Fund' information system.
- ⑦ Introduce new and expand existing targeted programmes for financing the creation and maintenance of the civil protection shelter fund, and establish new budget programmes providing subventions for the arrangement of shelters in territorial communities.
- ⑧ Adopt legislative amendments (including to the Law of Ukraine 'On Regulation of Urban Development Activities') to require the construction of civil protection shelters during the construction of apartment buildings and critical infrastructure facilities.
- ⑨ Amend several legislative acts (including the Code of Civil Protection of Ukraine and the Law of Ukraine 'On Local Self-Government in Ukraine') and adopt new regulatory acts to define the procedure for creating, coordinating and financing Community Safety Centres, determining their functions, legal status, LSGB powers and mechanisms of inter-agency cooperation.

# State of Infrastructure

As a result of occupation and large-scale missile attacks, the infrastructure of the de-occupied communities in the Kyiv, Mykolaiv and Kharkiv regions suffered significant destruction and damage. Geographically, the most affected were the frontline communities of the Kharkiv region.

According to the KSE Institute,<sup>51</sup> as of 1 January 2025, direct infrastructure losses in the Kharkiv region reached 32.2 billion US dollars (compared with 30.2 billion as of 1 January 2024), in the Mykolaiv region 8.8 billion US dollars (7.8 billion in 2024) and in the Kyiv region 12.4 billion US dollars (11.2 billion in 2024).

Despite active recovery efforts, continuing shelling of de-occupied communities further increases direct infrastructure losses. By the end of 2024, **41% of infrastructure facilities in de-occupied communities of the Kharkiv region had been destroyed or severely damaged and another 33% required repairs.** Infrastructure facilities in the Petropavlivka, Lyptsi and Kuryliivska rural communities were completely destroyed, while more than two-thirds of infrastructure facilities were damaged in the Vovchansk and Kupiansk urban and Dvorichna settlement communities.

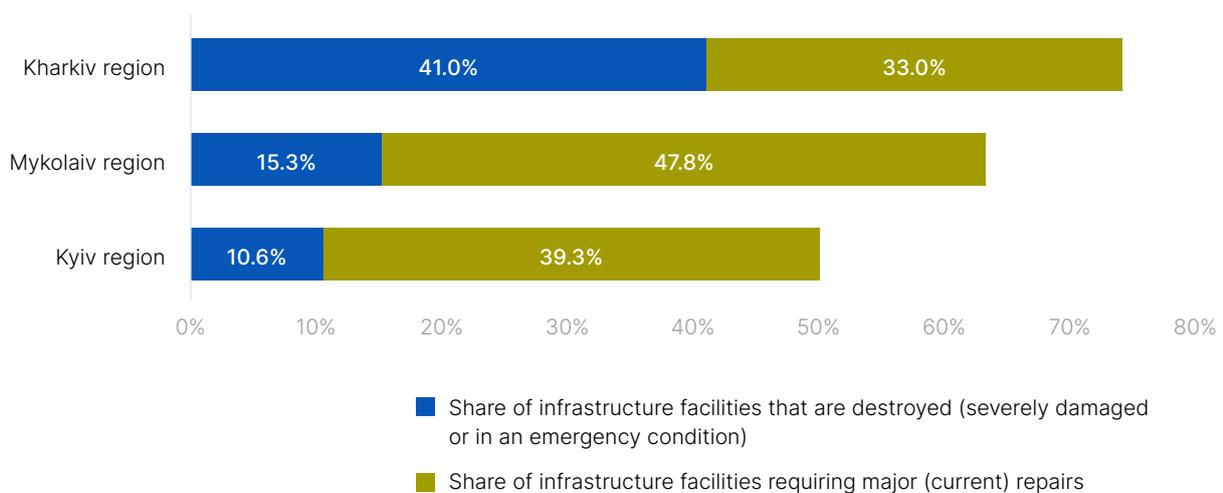


Fig. 3. Share of infrastructure facilities in de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions requiring restoration<sup>52</sup>

By the end of 2024, **almost 15.3% of infrastructure facilities in de-occupied communities of the Mykolaiv region had been destroyed or severely damaged and another 47.8% required repair.**

<sup>51</sup> Based on research by KSE Institute: Report on damages to infrastructure from the destruction caused by russia's military aggression against Ukraine as of november 2024; Report on damages to infrastructure from the destruction caused by russia's military aggression against Ukraine as of January 2024.

<sup>52</sup> Compiled by the Agency for Legislative Initiatives based on data from de-occupied communities. The chart presents data on the number of infrastructure facilities and their technical condition in de-occupied communities, whereas the KSE Institute data on infrastructure damage and losses are expressed in monetary terms for entire regions, including communities that were not under occupation.

Among the de-occupied communities of the Mykolaiv region, the infrastructure suffered most in the Pervomaiske settlement and Shyroktivka rural communities, where the share of destroyed or damaged facilities is approximately 53–58%.

**In the de-occupied communities of the Kyiv region, by the end of 2024, almost 10.6% of infrastructure facilities were destroyed or damaged and another 39.3% required repair.** This can be attributed to the shorter period of occupation, a relatively stable security situation and greater capacity to mobilise resources for recovery. It is likely that the actual scale of damage is higher, as data on the technical condition of many facilities are unavailable, particularly for frontline territories.

**Among infrastructure facilities, the most severely affected are the housing sector, transport infrastructure and systems of electricity, water, heating and gas supply,** especially in the territories of frontline communities where evacuation is underway. According to local authorities, in some settlements of frontline communities in the Kharkiv region, gas supply and access to drinking water have been absent since the start of the occupation and community administration is mainly carried out from the city of the Kharkiv, where humanitarian centres for evacuees and IDPs have been established.

Geographically, the pace of infrastructure recovery in de-occupied communities varies. Communities in the Kyiv region have largely completed or are at the final stage of infrastructure restoration. Communities in the Mykolaiv and Kharkiv regions located further from the combat zone are in the process of recovery, while in the frontline communities of the Kharkiv region, reconstruction is virtually non-existent, as there is a persistent risk of repeated destruction of already restored infrastructure facilities.

**Therefore, for frontline de-occupied communities, the first step in maintaining functionality is the unblocking and restoration of logistics routes and critical infrastructure after shelling.** These are essential measures for meeting the basic needs of the community, delivering humanitarian aid and providing public services to residents remaining in the area.

**The restoration of infrastructure requires a comprehensive approach, along with the implementation of effective and well-grounded operational and strategic planning for reconstruction.** Since 2022, a series of regulatory acts<sup>53</sup> have been adopted, introducing a multi-level system for regional development planning (including infrastructure reconstruction).

The recovery of de-occupied communities requires the approval of a Recovery and Development Plan,<sup>54</sup> as this regional document defines the objectives (measures) for the restoration and development of the community, projected needs and potential funding sources and indicators for monitoring progress. The Recovery and Development Plan must align with the Comprehensive Territorial Recovery Programme,<sup>55</sup> which determines the key spatial, urban development and socio-economic priorities of the recovery policy. These documents partially overlap in content, and their development involves international assistance, expert and public consultations; however, because of resource constraints, communities are often unable to implement the measures outlined. To attract funding from international partners, it is first necessary to develop and approve a Community Development Strategy and an Action Plan for its implementation.

<sup>53</sup> [On the Principles of State Regional Policy: Law of Ukraine No. 156-VIII of 5 February 2015 \(as amended on 1 January 2025\).](#); [On the Approval of the State Regional Development Strategy for 2021–2027: Resolution of the Cabinet of Ministers of Ukraine No. 695 of 05.08.2020.](#)

<sup>54</sup> [On the Approval of Procedures on the Recovery and Development of Regions and Territorial Communities: Resolution of the Cabinet of Ministers of Ukraine No. 731 of 18.07.2023.](#)

<sup>55</sup> [On the Regulation of Urban Development: Law of Ukraine No. 3038-VI of 7 February 2011 \(as amended on 08.08.2025\).](#)

The process of planning the recovery and development of de-occupied communities must be systematic and flexible. Approved recovery plans and programmes require revision following monitoring if more than 15% of the community's (or individual settlements') housing stock has been destroyed or damaged, or if the population has changed by more than 25% compared with its size as of 1 January 2022.<sup>56</sup> This means that, in the event of new infrastructure damage caused by shelling or demographic changes due to the inflow or outflow of IDPs, the planning documents of communities may become outdated and require prompt revision. Regression analysis shows that a **1% increase in the share of restored infrastructure facilities results in a 0.76% increase in the return of residents to their communities.**

**Infrastructure recovery planning in de-occupied communities requires regular primary assessments of the condition of infrastructure facilities** to inform decisions on their further use (restoration through capital repair, reconstruction or renovation) or demolition. In many cases, primary assessments of infrastructure were conducted only partially,<sup>57</sup> while some facilities remain uninspected or have sustained new damage from repeated shelling or weather conditions (snow or rain), necessitating reinspection.

**To determine priorities for infrastructure recovery** (including lists, sequencing and funding sources), de-occupied territorial communities **also need to systematically assess the population's basic needs, economic factors, community capacity (available resources and reserves) and access to public services.**

**Frontline communities require the development or revision of specific state policies and programmes for the recovery of de-occupied communities and the reconstruction of infrastructure.** This is because, under current security conditions, conducting large-scale reconstruction works in frontline communities is dangerous and often economically unviable due to the risk of repeated destruction of restored facilities. Instead, it is advisable to systematically carry out preparatory activities such as primary and technical inspections of infrastructure, damage assessments, reviews of urban planning and project documentation and the development of recovery programmes, plans and strategies.

Another challenge for the recovery of frontline de-occupied communities in the Kharkiv region is the evacuation of the population. A number of settlements in these communities are completely depopulated—including in the Borova (13), Velykyi Burluk (4), Shevchenkivka (3), Kurylivka (3), Kupiansk (12), Lyptsi (17) and Oskil (5) communities. According to representatives of one military administration, decisions on the future development of these settlements require special consideration at the national level. It is likely that such settlements may temporarily become a 'grey (buffer) zone' or be integrated into other settlements for consolidation purposes.

**Population migration has highlighted the shortage of social housing in Ukraine, which remains limited partly because of its privatisation before the war.** Analytical data show that social housing accounts for only 1–1.5% of Ukraine's total housing stock.<sup>58</sup> The increase in the number of IDPs in Ukraine (4.6 million as of 23 April 2025)<sup>59</sup> and the influx into de-occupied communities have placed additional pressure on existing housing infrastructure. This situation requires the construction of affordable

<sup>56</sup> [On the Approval of Procedures on the Recovery and Development of Regions and Territorial Communities: Resolution of the Cabinet of Ministers of Ukraine No. 731 of 18 July 2023.](#)

<sup>57</sup> [Analysis of Needs in Local Statistics: Analytical report](#), USAID HOVERLA, 2024, 127 pp.

<sup>58</sup> [Plan for the Implementation of the Ukraine Facility 2024–2027: Economic Support Programme](#), UA.Ukraine Facility.

<sup>59</sup> [Myhal M., Trends in Border Crossings by IDPs in 2022–2025](#), Institute of Analytics and Advocacy, 29.04.2025.

temporary housing and an increase in funding for social and housing programmes. Accordingly, most of the analysed de-occupied communities (in the Kyiv region—all of them) are implementing housing programmes for IDPs that include both monetary compensation<sup>60</sup> and the creation of various types of social housing<sup>61</sup> (the construction of new residential complexes and modular houses, the renovation and reconstruction of dormitories and the establishment of collective accommodation facilities).

**The system for managing social housing is outdated and inefficient.** There is no effective mechanism for creating and managing a housing stock at the state or local level, nor are there minimum or general requirements for the quality of housing. The issue of affordable (preferential) rental of social housing also remains unregulated. Experts estimate that 90% of privately owned housing is rented out, largely within the shadow market, while social and affordable rentals are almost non-existent.<sup>62</sup> Addressing the shortage and accessibility of social housing requires the adoption of a unified housing policy strategy that guarantees the housing rights of IDPs, alongside amendments to relevant legislation and regulatory acts.

**A potential mechanism for the recovery and development of infrastructure in de-occupied communities is the expansion of the Experimental Project on the Comprehensive Restoration of Settlements<sup>63</sup>** affected by the armed aggression of the Russian Federation to cover other settlements within de-occupied communities. The main advantage of this mechanism is the integrated recovery of settlements through spatial planning, full-scale transformation and the implementation of innovative solutions.

Under this project, the infrastructure of six settlements is planned for restoration.<sup>64</sup> In 2025, for example, 77 infrastructure facilities are to be restored in the settlement of Borodianka of the Borodianka settlement community in the Kyiv region. These include housing, utilities, education, social, health-care and transport facilities, with an expected funding coverage rate of nearly 49%.<sup>65</sup> In the village of Tsyркuny of the Tsyркuny rural community in the Kharkiv region, two facilities—educational and social—are to be restored, with an expected funding coverage rate of 1.2% in 2025.<sup>66</sup>

However, the implementation of the project has faced significant delays due to inadequate regulatory provisions and slow disbursement of funds. The current procedure for the project implementation<sup>67</sup> **lacks clear criteria and requirements for selecting settlements eligible for comprehensive restoration, as well as a mechanism for prioritising infrastructure facilities within selected**

<sup>60</sup> 15 Billion Hryvnias for Housing: How IDPs Can Receive Compensation under the eRestoration Programme, Diia: State Services Online. 05.02.2025.

<sup>61</sup> New Forms of Support for IDPs Introduced in the Kyiv Region (RSA Briefing), Kyiv Regional Military Administration: official website. 14.02.2025.

<sup>62</sup> On the Fundamental Principles of Housing Policy: Draft Law No. 12377 of 06.01.2025.

<sup>63</sup> On the Implementation of the Experimental Project on the Restoration of Settlements Affected by the Armed Aggression of the Russian Federation: Resolution of the Cabinet of Ministers of Ukraine No. 382 of 25.04.2023.

<sup>64</sup> On the Implementation of the Experimental Project on the Restoration of Settlements Affected by the Armed Aggression of the Russian Federation: Resolution of the Cabinet of Ministers of Ukraine No. 382 of 25.04.2023. Under the experimental project, it is planned to restore infrastructure in two settlements in the Kyiv region and one settlement each in Kherson, Sumy, Kharkiv and Chernihiv regions.

<sup>65</sup> According to the Cabinet of Ministers of Ukraine Resolution No. 251 of 07.03.2025, the estimated cost of restoration is 5.4 billion hryvnias and the funding allocation for 2025 is 2.6 billion hryvnias.

<sup>66</sup> According to the Cabinet of Ministers of Ukraine Resolution No. 251 of 07.03.2025, the estimated restoration cost is 369.9 million hryvnias, with 4.3 million hryvnias allocated for 2025.

<sup>67</sup> Ibid.

**settlements.** In addition, gaps in legislation and the absence of powers for military administrations to approve urban planning documentation have effectively **halted infrastructure restoration in the village of Moshchun of the Hostomel settlement community**,<sup>68</sup> where damages amount to almost 1.1 billion hryvnias (37.3 million US dollars).<sup>69</sup> Despite this, Moshchun remains an officially designated recipient in the project.

Furthermore, based on international experience,<sup>70</sup> the project's implementation should involve attracting funds from extra-budgetary sources—particularly international assistance and investment—since it is currently financed solely through the Fund for Elimination of the Consequences of Armed Aggression. Although legislation allows for implementation using extra-budgetary sources, this has not yet been realised in practice.

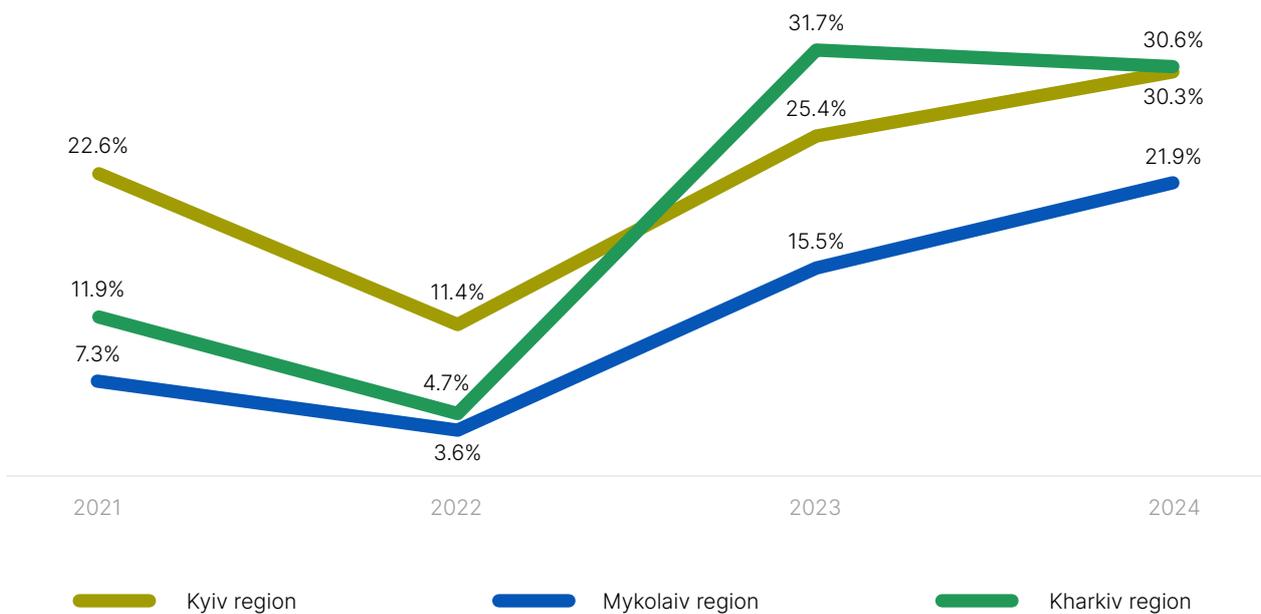


Fig. 4. Share of capital expenditures of de-occupied communities in total expenditures in 2021–2024<sup>71</sup>

The recovery of infrastructure in de-occupied communities requires substantial capital investment, while local budgets often lack sufficient financial resources. **The share of capital expenditures in the total expenditures of local budgets of de-occupied communities increased across all regions in 2024 compared with 2021, with the sharpest rise in the Kharkiv region—up to 30.6% (from 11.9% in 2021).** The restoration of housing in de-occupied communities remains a key priority. In 2024, total expenditures for housing assistance (cash compensation) to community residents increased more than fivefold across all regions compared with 2021.

<sup>68</sup> Attention Residents of the Hostomel Community! Hostomel Settlement Territorial Community, Kyiv Region, 04.04.2025.

<sup>69</sup> Infrastructure Damage in a Single Kyiv Region Village Caused by the War Totals Nearly 1.1 Billion Hryvnias', Kyiv School of Economics, 06.05.2022.

<sup>70</sup> Examples of international experience in the restoration of Iraqi cities after the de-occupation of ISIS:  
 1. Reconstruction of Mosul (80% destroyed) under the UNESCO programme Revive the Spirit of Mosul.  
 2. Reconstruction of Ramadi under the UN-Habitat project Promoting the Recovery of Cities in Recently Liberated Areas of Iraq, funded by the Government of Japan.

<sup>71</sup> Compiled by the Agency for Legislative Initiatives based on data from the MoF's open web portal Open Budget.

**An effective tool for restoring infrastructure in de-occupied communities could be the use of a public investment system**, which is currently being introduced at the level of territorial communities. Public investment is integrated into the system of medium-term budget planning and is reflected in local budgets, community strategies and recovery and development plans.

**As of May 2025, the share of public investment projects implemented by de-occupied communities through the DREAM platform<sup>72</sup> averaged 56% in the Kyiv region, 55.6% in the Kharkiv region and 55.1% in the Mykolaiv region.** The priority areas for these projects are mainly education, industry, trade and services. Available data on project implementation indicate that this mechanism is proving effective in practice. In the Kyiv region, all de-occupied communities are implementing public investment projects. In the Mykolaiv region, four of the ten analysed communities are not implementing such projects; however, the infrastructure facilities in these communities are in satisfactory condition (89–100%). In the Kharkiv region, nine of the 28 analysed communities are not implementing public investment projects, but these are geographically frontline areas located close to active hostilities.

**At the same time, none of the analysed de-occupied communities has applied the public-private partnership mechanism in the recovery and reconstruction of infrastructure.** The PPP mechanism offers opportunities to attract private capital for large-scale infrastructure projects, introduce innovation and implement modern technologies in local economies.

The challenge to implementing PPP mechanisms lies in the low level of business trust in public authorities, due in part to a lack of project management skills, practical experience and knowledge of PPP implementation among LSGBs representatives. Addressing this requires the introduction of appropriate training and capacity-building programmes—including professional development and local-level workshops.

### **Proposals for Frontline De-Occupied Communities:**

- ① Ensure the implementation of emergency recovery works following shelling, including the restoration of logistics routes and critical infrastructure facilities, to meet the basic needs of communities for humanitarian aid and public service provision.
- ② Develop or enhance a dedicated state policy and programmes for the recovery of de-occupied communities and the reconstruction of infrastructure.

### **Proposals for All De-Occupied Communities:**

- ① Conduct systematic primary assessments of the condition of infrastructure facilities to inform decisions on their restoration (capital repair, reconstruction or renovation), continued use or demolition. Assess the basic needs of the community's population and establish priorities for the restoration of infrastructure facilities (list, order and funding sources) at the level of de-occupied communities.
- ② Establish national-level priorities for infrastructure restoration across regions, considering security conditions and geographical location.
- ③ Develop and approve recovery and development plans and comprehensive programmes for territorial communities, as well as revise them based on monitoring data on the implementation of

<sup>72</sup> Clarity Hromada: Analytical Indicators of All Territorial Communities in Ukraine, Clarity Project Portal.

measures and tasks to ensure integrated restoration and reconstruction of community infrastructure facilities.

- ④ Conduct systematic assessments of the need for social housing across administrative and territorial units.
- ⑤ Improve the system of social housing management in Ukraine to ensure access to social housing for vulnerable groups and IDPs, in particular by introducing affordable social rent, creating a state housing stock and local housing funds, ensuring the allocation of social housing through a unified housing information and analytical system, establishing a proper system for registering housing needs to enable prompt decision-making at the local level and ensuring transparent monitoring of social housing provision.
- ⑥ Define clear criteria and requirements for identifying settlements eligible for comprehensive restoration within the Experimental Project on the Comprehensive Restoration of Settlements affected by the armed aggression of the Russian Federation. Establish a clear mechanism for the mandatory prioritisation of infrastructure facilities for restoration within selected settlements.
- ⑦ Introduce amendments to the Law of Ukraine 'On the Regulation of Urban Development Activities' (or the Law of Ukraine 'On the Legal Regime of Martial Law') to grant military administrations the authority to approve master plans and other urban planning documentation for settlements located within communities where village, settlement or city councils, their executive bodies or heads are not exercising their powers.
- ⑧ Develop and adopt a State Housing Policy Strategy and guarantees of housing rights for internally displaced persons.
- ⑨ Introduce state or local training and retraining programmes in project management, PPP mechanisms and project administration skills development.

# State of Financial Provision

## Local Budget Revenues

As a result of the full-scale invasion, de-occupied communities faced the need to restore and maintain fiscal and tax capacity, ensure local budget revenues, and build sufficient staffing and infrastructure potential to address local issues. The scale of losses and damage correlates with the length of occupation, especially in frontline communities and areas close to active hostilities.

In 2023–2024, total revenues of de-occupied communities increased in all regions, although their structures differ. In de-occupied communities of the Kyiv and Mykolaiv regions, revenues grew mainly due to higher tax and non-tax receipts, whereas in de-occupied communities of the Kharkiv region they grew due to subventions and subsidies from the state and local budgets.

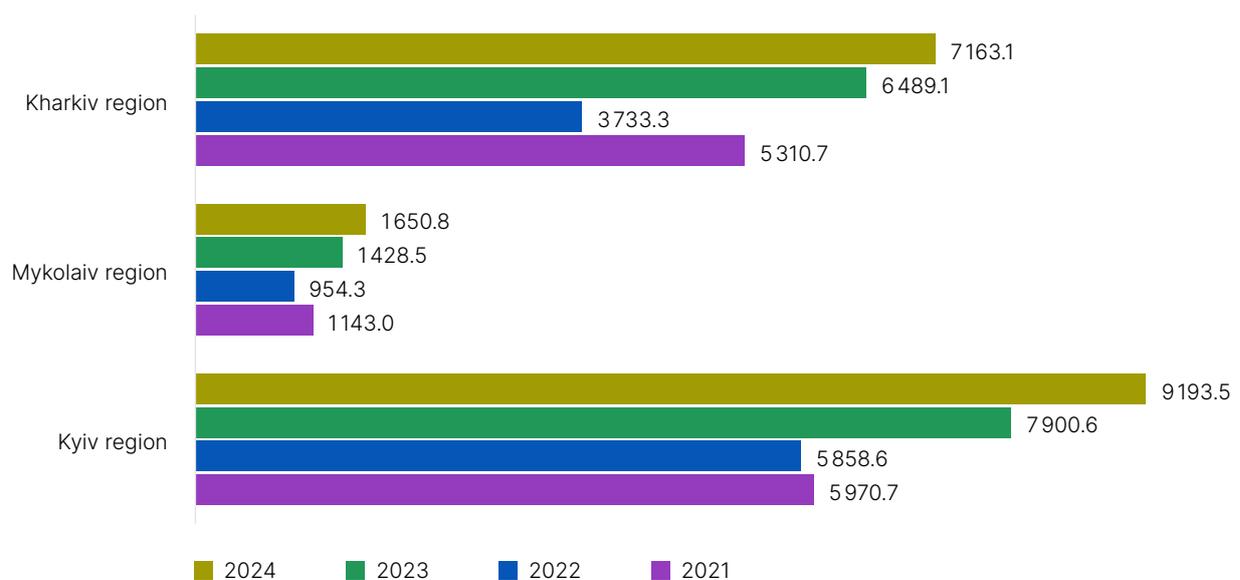


Fig. 5. Total local budget revenues of de-occupied communities, including official transfers, in 2021–2024<sup>73</sup>

The ratio of own resources to state-budget transfers shows that **de-occupied communities of the Kyiv region have high tax capacity and are self-sufficient in exercising own and delegated powers (functions) at the local level.** The share of subsidies and subventions in the revenue structure of local budgets of de-occupied communities of the Kyiv region fell to 27% in 2024, having stood at 31–34% in 2021–2023.

<sup>73</sup> Compiled by the Agency for Legislative Initiatives based on data from the MoF's open web portal Open Budget.

In the Mykolaiv region, the share of subsidies and subventions in the revenue structure of local budgets of de-occupied communities declined to 39.5% in 2024, compared with 47.1–49% in 2021–2023. This indicates that **communities in the Mykolaiv region have sufficient tax capacity**.<sup>74</sup>

**Communities in the Kharkiv region generally have low tax capacity and a high dependence on state-budget transfers.** In 2024, the share of subsidies and subventions in the revenue structure of local budgets of de-occupied communities in the region rose on average to 53.5%—from 37.6% in 2021, 42.6% in 2022 and 51.7% in 2023. In the Petropavlivka rural and Dvorichna settlement communities, subventions and subsidies account for almost 90% of revenues. This is despite the fact that the reverse subsidy was retained in the budgets of de-occupied frontline communities in 2023–2024, and the volume of the basic subsidy increased significantly compared with 2022—by more than five times in 2023 and by 90.1% in 2024.

When calculating basic and reverse subsidies, the horizontal equalisation formula for local budget tax capacity considers the population as of 1 January 2022 and the number of registered IDPs, as well as PIT receipts per capita. **Given the high level of demographic change, including frequent movement of IDPs between communities, the calculation of basic and reverse subsidies is imperfect and requires revision.**

**In 2024, in the de-occupied communities of the Kyiv region, tax receipts accounted for a larger share of revenues—53–54%—and showed a growth trend, while in de-occupied communities of the Mykolaiv and Kharkiv regions, tax receipts averaged less than 50% of revenues.**<sup>75</sup>

Factors driving higher tax receipts include higher excise rates,<sup>76</sup> the termination in 2023 of the ‘special’ 2% single tax regime for certain businesses,<sup>77</sup> growth in the number of registered and recorded IDPs in communities and the relocation and resumption of business activity. Conversely, factors reducing tax receipts—particularly in frontline communities—include local tax reliefs, notably on land tax,<sup>78</sup> the redistribution of PIT between budgets,<sup>79</sup> business relocation or closure and a decline in the working-age population due to evacuation and migration.

**PIT receipts remain the primary component of tax revenues in de-occupied communities, although their share fell in 2023–2024.** The likely reasons for the reduction in PIT revenues include a decline in the working-age population, the withdrawal of ‘military’<sup>80</sup> PIT from local budgets to the state bud-

<sup>74</sup> Except for the Horokhivka rural community, in which subventions and subsidies account for 62.3% of the local budget’s revenue structure.

<sup>75</sup> On average, tax revenues in the structure of local budget revenues in communities of the Mykolaiv region amount to approximately 41–42% and in communities of the Kharkiv region—32–39%.

<sup>76</sup> [On Amendments to Section XX ‘Transitional Provisions’ of the Tax Code of Ukraine regarding excise tax rates during the period of martial law or state of emergency: Law of Ukraine No. 2618-IX of 21.09.2022.](#)

<sup>77</sup> [On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine Regarding the Specifics of Taxation During the Period of Martial Law: Law of Ukraine No. 3290-IX of 30.06.2023.](#)

<sup>78</sup> [Property tax relief on immovable property other than land plots](#), Main Directorate of the State Tax Service in Zhytomyr region. 16 July 2024.

<sup>79</sup> [On Amendments to the Budget Code of Ukraine to Ensure Support for the State’s Defence Capability and the Development of Ukraine’s Defence-Industrial Complex: Law of Ukraine No. 3428-IX of 08.11.2023.](#); [On the State Budget of Ukraine for 2024: Law of Ukraine No. 3460-IX of 09.11.2023 \(as amended on 21.09.2024\).](#)

<sup>80</sup> ‘Military’ PIT—the portion of personal income tax derived from the taxation of monetary allowances, bonuses and other payments received by military personnel, police officers and persons of the rank and command staff.

get, high migration, mobilisation of conscripts and instances of informal employment.<sup>81</sup> In de-occupied communities of the Kyiv and Mykolaiv regions, PIT revenues in 2024 increased compared with 2021—by 28.6% and 17.5% respectively—whereas in de-occupied communities of the Kharkiv region they decreased by 37.5%. This is despite a 22.2% rise in average wages in 2024<sup>82</sup> compared with 2023,<sup>83</sup> which partly offset the fall in PIT receipts.

Changes in the structure of local budget revenues compel LSGBs to revise their budgets, adjust spending priorities and seek new funding sources. The analysis **shows a marked imbalance in tax revenues across the de-occupied communities**. Tax receipts increased the most in de-occupied communities of the Kyiv region—up to 64.1%—and fell in communities of the Kharkiv region—down to 89.4%.

**Table 1. The top five communities with the largest increases and decreases in tax revenues in 2024 compared with 2021<sup>84</sup>**

Community	Change in tax revenues 2024/2021, in per cent
Velykodymerka settlement community, Kyiv region	64.1%
Bilohorodka rural community, Kyiv region	61.4%
Irpın urban community, Kyiv region	54.3%
Dymer settlement community, Kyiv region	52.3%
Baryshivka settlement community, Kyiv region	51.0%
Vovchansk urban community, Kharkiv region	-63.4%
Kupiansk urban community, Kharkiv region	-64.6%
Lyptsi rural community, Kharkiv region	-65.6%
Petropavlivka rural community, Kharkiv region	-80.3%
Dvorichna settlement community, Kharkiv region	-89.4%

Accordingly, **improving the horizontal equalisation formula** and ensuring proper budget planning that reflects the strategic development directions of de-occupied communities are critical under conditions of socio-economic instability. **Legislative decisions on changes to tax or budget policy**—including the redistribution of revenues between budgets at all levels—**must consider the needs of de-occupied territorial communities, especially frontline ones**.

**In 2024, compared with 2023, de-occupied communities in all regions recorded higher tax receipts from excise duty, the single tax and corporate income tax**. The largest increases were in the de-occupied communities of the Mykolaiv region, notably from excise duty (more than double), the

<sup>81</sup> [Impact Assessment of the War on People: Analytical Study/IMPACT Initiatives](#), Centre for Sustainable Peace and Democratic Development. Ukraine, 2023. 136 pp.

<sup>82</sup> [Average salary indicator for 2024](#), Pension Fund of Ukraine: webpage. 22.08.2024.

<sup>83</sup> [Average salary indicator for 2023](#), Pension Fund of Ukraine: webpage. 27.11.2023.

<sup>84</sup> [Compiled by the Agency for Legislative Initiatives based on data from the MoF's open web portal Open Budget](#).

single tax (up 75.4%) and corporate income tax (sixteenfold).<sup>85</sup> This is likely linked to the introduction and expansion of business support programmes, the end of the wartime 'special' tax regime and the high concentration within communities of export-oriented agriculture, which has partially resumed operations.

In 2022–2024, own revenues of budgetary institutions increased across all analysed regions, mainly due to higher volumes of charitable, humanitarian and international assistance, grants and other institutional revenues. In 2024, compared with 2021, such receipts rose elevenfold in de-occupied communities of the Kyiv region (from 102.7 million hryvnias to 1,170.3 million), twenty-two-fold in the Mykolaiv region (from 12.4 million to 284.8 million), and nineteenfold in the Kharkiv region (from 51.2 million to 964.7 million). By contrast, own revenues from paid services provided by budgetary institutions fell sharply in 2024 compared with 2021 in de-occupied communities of the Mykolaiv region (by 54%) and the Kharkiv region (by 91.7%). In 2023–2024, budgetary institutions providing paid services did not operate at all in two de-occupied communities of the Mykolaiv region<sup>86</sup> and five de-occupied communities of the Kharkiv region.<sup>87</sup>

According to representatives of several military administrations, immediately after de-occupation, humanitarian and charitable aid was the most essential support for the population. However, at the legislative level, the issue of distributing humanitarian aid evenly according to need remains unresolved. In some cases, communities under regular shelling do not receive aid because of security conditions and destroyed logistics routes, while safer areas are supplied, which not only fosters social passivity but also slows economic recovery.

## Expenditure of Local Budgets

In 2023–2024, expenditures of de-occupied communities in the regions increased significantly after a critical reduction in 2022. In de-occupied communities of the Kyiv and Mykolaiv regions, expenditures grew mainly due to the return of part of the population, an increase in the number of registered IDPs and expanded public service provision, including social, medical and housing support for IDPs, infrastructure recovery and the attraction of financial resources from extra-budgetary sources. In the de-occupied communities of the Kharkiv region, expenditures rose chiefly because of the need to ensure public safety and order, restore or maintain the operation of critical infrastructure facilities and unblock logistics routes.

By functional classification, **the largest share of expenditures in de-occupied communities of the Kyiv and Mykolaiv regions goes to the education sector.**<sup>88</sup> In 2025, education accounts for over 40% of total expenditures in the Kyiv region and 48.8% in the de-occupied communities of the Mykolaiv region. Ensuring the performance of nationwide functions and powers at the local level is the second-largest functional area of financing in the de-occupied communities of the Kyiv and Mykolaiv regions. In 2024, 14.2% of expenditures in the de-occupied communities of the Kyiv region and 27.4% in the Mykolaiv region were allocated to this area.

<sup>85</sup> In the Kyiv region, excise tax increased by 58.8%, the single tax—by 56.3% and corporate income tax—by 23.5%. In the Kharkiv region, excise tax increased by 82.5%, the single tax—by 45.6% and corporate income tax—almost fivefold.

<sup>86</sup> Horokhivka and Shyrokivka rural communities.

<sup>87</sup> Vilkhivka, Kindrashivka, Kuryliivka, Lyptsi and Petropavlivka rural communities.

<sup>88</sup> In communities of the Kyiv region, education expenditures amounted to 45.8% in 2021, 48.2% in 2022, 38.6% in 2023 and 43.1% in 2024. In communities of the Mykolaiv region, education expenditures amounted to 67.2% in 2021, 70% in 2022, 52.9% in 2023 and 48.8% in 2024.

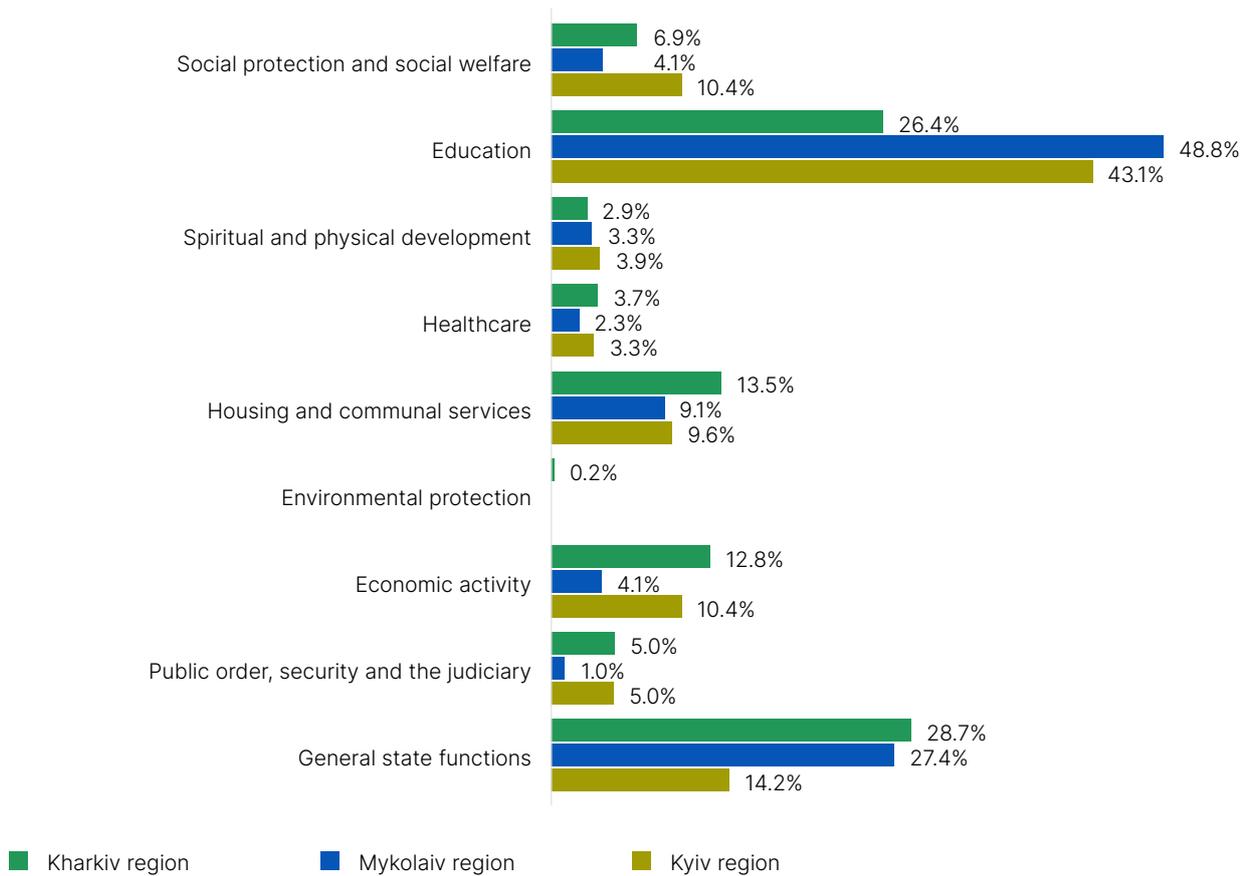


Fig. 6. Share of expenditures in total expenditures by functional classification in de-occupied communities in 2024<sup>89</sup>

In the de-occupied communities of the Kharkiv region, expenditures by functional classification underwent major structural changes. Education was the primary area<sup>90</sup> of financing in 2021–2022. In 2023–2024, due to evacuation, worsening security conditions, extensive damage to education facilities and the shift to distance-learning, education spending fell to 26.4%, down from 55.8% in 2021. In 2023–2024, priority funding was directed to the performance of nationwide functions and powers at the local level. Expenditures for this area rose from 15.1% in 2021 to 28.7% in 2024. In 2024, compared with 2021, spending on housing and utilities also increased to 13.5%, as did spending on public order, safety and the judiciary to 5%.

One of the main drivers of reallocation by functional classification in de-occupied communities is the change in the age and social structure of the population. Because of demographic shifts, some<sup>91</sup> de-occupied communities have severely overloaded public service systems, while others—including frontline communities—have seen a reduction in certain public services.

By economic classification, the expenditure structure of communities in 2021–2024 has remained largely unchanged. The main item is employee compensation with social contributions.

<sup>89</sup> Compiled by the Agency for Legislative Initiatives based on data from the MoF's open web portal Open Budget.

<sup>90</sup> In de-occupied communities of the Kharkiv region, education expenditures amounted to 55.8% in 2021, 57.9% in 2022, 29.5% in 2023 and 26.4% in 2024.

<sup>91</sup> Almost all analysed de-occupied communities of the Kyiv and Mykolaiv regions. A reduction in certain services is observed in communities of the Mykolaiv region, namely Snihurivka and Bashtanka urban communities.

In 2024, employee compensation accounted for 39.5% of total expenditures in the de-occupied communities of the Kyiv region, 54.7% in the Mykolaiv region and 38.4% in the Kharkiv region. As recovery and development measures progressed (rebuilding and repairing infrastructure and restoring access to public services), people returned, businesses and transport resumed operations, and spending increased on the relevant areas: utilities and energy, current transfers (subsidies and subventions) to legal entities and other budgets, grants to legal entities and individuals, as well as capital expenditures.

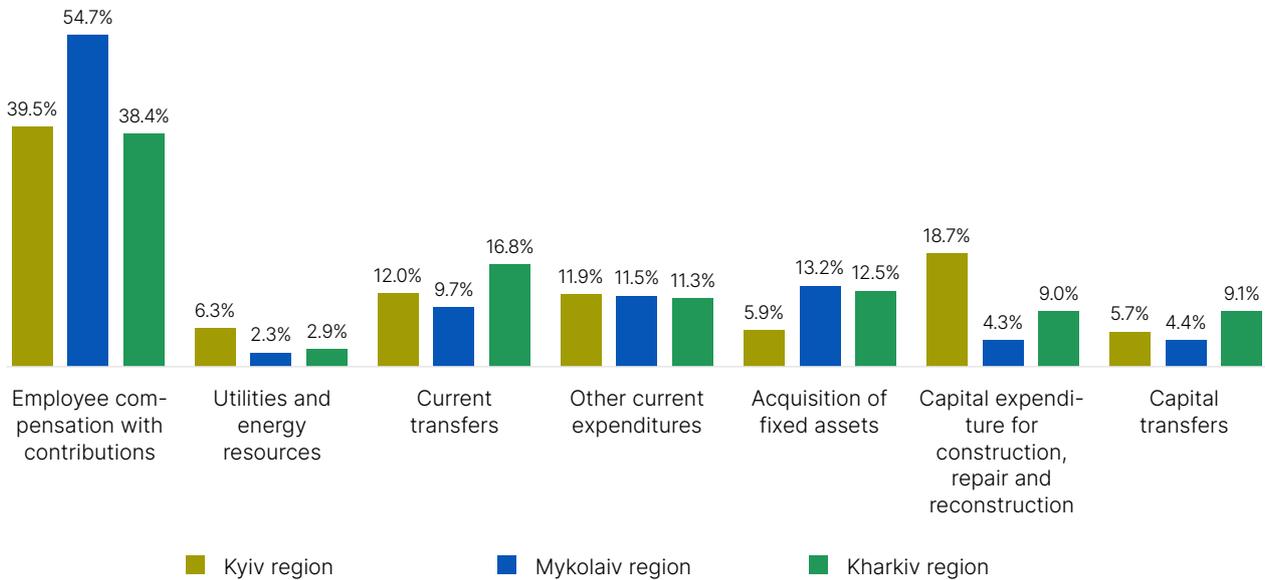


Fig. 7. Share of expenditures in total expenditures by economic classification in de-occupied communities in 2024<sup>92</sup>

There is also a rising trend in spending on administrative staff maintenance. In 2024, compared with 2023, such expenditures increased by 17.2% in de-occupied communities of the Kyiv region, by 27.7% in the Mykolaiv region and by 45.9% in the Kharkiv region. **The cost of employing one administrative staff member per resident taxpayer varies greatly across de-occupied communities— from 940.1 to 13,342.2 hryvnias.** This indicates substantial disparities between communities and calling into question the efficiency of spending on administrative maintenance in some de-occupied communities.

On average, **employee compensation in de-occupied communities accounted for over 50% of general fund expenditures of de-occupied communities in 2021–2024.**<sup>93</sup> This can reduce the flexibility of local budget structures when reallocating funds to other expenditure items is required.

The average wage with social contributions in de-occupied communities ranges from 9,326 to 43,884 hryvnias. In some communities with high pay levels, essential public services—particularly for vulnerable groups—are still not adequately provided. **Consequently, such de-occupied communities have limited capacity to channel funds to other priority areas,** including recovery and development, strengthening the institutional capacity of budget-funded institutions and facilities and implementing local programmes vital to recovery during wartime.

<sup>92</sup> Compiled by the Agency for Legislative Initiatives based on data from the MoF's open web portal Open Budget.

<sup>93</sup> In 2024, wage expenditures in de-occupied communities of the Kyiv region accounted for 58.3% of the total general fund expenditures, in the Mykolaiv region—72.9% and in the Kharkiv region—59.4%.

Ensuring the recovery and development of de-occupied communities requires the introduction of project management mechanisms at the community level, for the design, implementation, and management of projects, including through the involvement of international support and private investment. Given the budget deficit, it is advisable to provide in the relevant legislative framework for provisions on the payment of additional allowances to such staff of LSGBs for project management work, funded from budgetary support, EU assistance and grants, as well as funds from the governments and/or municipalities of foreign states, international organisations and donor institutions.

## Financial Capacity of Territorial Communities

According to the financial capacity assessment of de-occupied communities, in 2024, ten communities (18.9% of the total) had a critical level of financial capacity, while seventeen communities (32.1%) had a low level. Of the 53 analysed communities, twenty-seven fell into the critical and low categories—representing 50.9% (27 out of 53). Among those with the lowest levels of financial capacity, fifteen communities (55.6%) are located in the Kharkiv region, seven communities (25.9%) in the Mykolaiv region, and five communities (18.5%) in the Kyiv region.

Ten de-occupied communities (18.9%) belong to the high financial capacity level, and sixteen (30.2%) to the medium level. Kyiv region has the largest number of de-occupied communities with high and medium capacity levels—38.5% of all communities in these categories.

Among urban communities, eleven (92%) fall into the high and medium categories. Among rural communities, five (29.4%) belong to the high and medium levels, while twelve (70.6%) belong to the low and critical levels. Among settlement communities, ten (41.7%) are in the high and medium levels, and fourteen (58.3%) are in the low and critical levels. Thus, rural de-occupied communities are in the most difficult financial position.

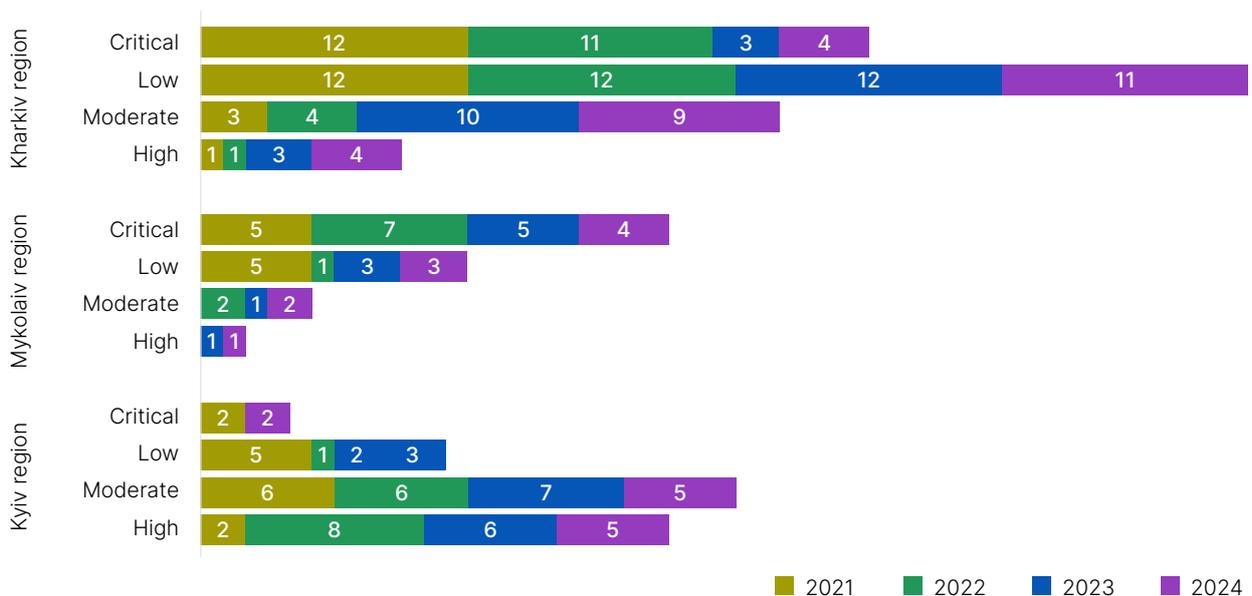


Fig. 8. Number of de-occupied communities in the Kyiv, Mykolaiv and Kharkiv regions by level of financial capacity, 2021–2024<sup>94</sup>

<sup>94</sup> Compiled based on calculations by the Agency for Legislative Initiatives.

This situation primarily reflects **disparities in communities' ability to exercise their own and delegated powers at the local level**, depending on security conditions, available and reserve resources, infrastructure, and demographic situation. The low financial capacity of several de-occupied communities in the Kharkiv region indicates their inability to independently restore critical infrastructure and provide basic public services to the population. Owing to state budget subventions and subsidies, such communities have the resources needed to address local issues.

Communities with high and medium financial capacity have greater opportunities to independently accumulate and use financial resources to organise and operate public service systems, ensure socio-economic development, stimulate the local economy, restore infrastructure and take measures to create and increase added value within the community.

However, for a comprehensive assessment of the potential of de-occupied communities, it is advisable to complement financial and demographic indicators with investment and economic indicators, which are largely unavailable both within most de-occupied communities and in open sources. This demonstrates the **need to improve the mechanisms for collecting and verifying statistical data in territorial communities**, particularly regarding the economically active population, unemployment and employment levels, investment attractiveness and labour market performance. Issues related to the lack of adequate statistical data are detailed in [Annexe 2](#).

### **Recommendations for All De-Occupied Communities:**

- ① Revise the horizontal equalisation formula for local budget tax capacity to account for population changes since 1 January 2022, extensive migration abroad and frequent IDP movements between communities.
- ② Amend the Laws of Ukraine 'On Civil Service' and 'On Service in Local Self-Government Bodies' to introduce additional incentive allowances for civil servants and local self-government officials performing extra duties under international technical assistance and cross-border cooperation programmes and projects, funded through EU budgetary support, assistance and grants, as well as from foreign governments, international organisations and donor institutions.
- ③ Review the allocation share of 'military' PIT from local budgets to the state budget in the Budget Code of Ukraine, the state budget and the Budget Declaration for the respective years.
- ④ Introduce local statistics at the legislative level by defining a unified methodology for data collection, standardising basic datasets, setting collection periodicity, ensuring integration, and verification of data with other information systems and developing methodological guidelines for collecting defined datasets in de-occupied communities.

# Restoring Economic Development

The full-scale invasion and temporary occupation of the territories of the analysed communities in the Kyiv, Mykolaiv and Kharkiv regions resulted in significant damage (destruction) to infrastructure facilities and the production capacities of business entities. Against the backdrop of a decline in business activity, a number of de-occupied communities, particularly those near the frontline, have lost the resource potential needed to attract investment and revive the local economy.

**Businesses in front-line communities, especially those located in the Kharkiv and Mykolaiv regions, have suffered the most.** According to data from the analysed de-occupied communities (excluding those in the Kharkiv region),<sup>95</sup> in 2024 compared with 2021, the number of legal entities in the Mykolaiv region decreased by 17.2% and the number of private entrepreneurs by 5.4%, whereas in the Kyiv region, the number of legal entities increased by 3.7% and private entrepreneurs by 14.5%.

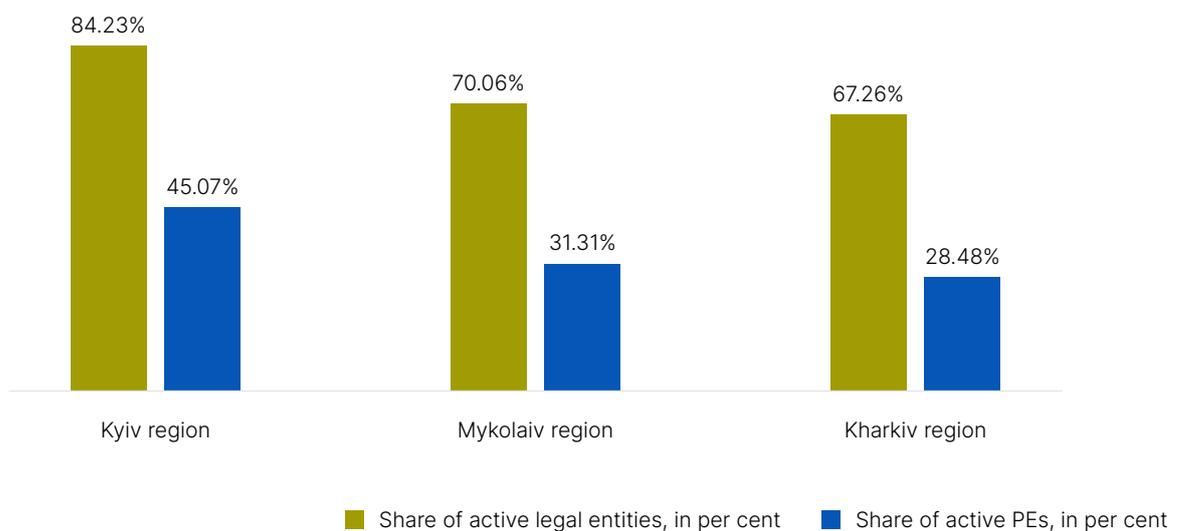


Fig. 9. Share of active business entities in de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions as of May 2025<sup>96</sup>

As of May 2025, the largest share of active business entities operates in the de-occupied communities of the Kyiv region—84.2% of legal entities and 45.1% of private entrepreneurs. In the de-occupied communities of the Mykolaiv and Kharkiv regions, the share of active business entities is lower. In the Mykolaiv region, active legal entities account for 70.1% and PEs for 31.3%, while in the Kharkiv region, legal entities make up 67.3% and PEs 28.5%.

<sup>95</sup> Information was provided by only seven (of ten) de-occupied communities of the Mykolaiv region and nine (of 15) communities of the Kyiv region. Data from de-occupied communities of the Kharkiv region were not included in the analysis due to an insufficient sample size (information was provided by only 12 of 28 communities).

<sup>96</sup> Compiled by the Agency for Legislative Initiatives based on data from the [online platform Clarity Project](#).

This is because, following de-occupation, most business entities, adapting to socio-economic changes, resumed their activity. Some relocated or transferred part of their production capacities to other regions of Ukraine, including the Kyiv region. Furthermore, the revival of the economy in the de-occupied communities is linked to the overall upward trend in Ukraine's national economy in 2023–2024, following the economic collapse in 2022 caused by the Russian invasion.<sup>97</sup> **The main obstacles to doing business in the de-occupied communities of the Kharkiv and Mykolaiv regions** remain the difficult security situation, damaged or destroyed critical infrastructure and logistics routes, electricity shortages, a lack of labour resources and areas contaminated with explosive remnants of war.

**The recovery of the economy in the de-occupied communities, particularly those near the front-line, requires comprehensive solutions from the state.** The quality of life and well-being of the population, the level of employment, the availability of public services, the financial capacity of communities and their resilience to crises and post-war recovery all depend on local economic development.

**In front-line communities, the conditions for doing business are more challenging than in other regions of Ukraine** because of frequent shelling, extensive mining, damaged roads and infrastructure, and the loss of markets—all of which significantly undermine business competitiveness. Under these circumstances, the transportation of raw materials and goods, including humanitarian aid and the establishment of logistics hubs (warehouses) incur significant costs for transport companies. Therefore, **to support and stimulate local economic development, it is necessary to revise logistics business support programmes, including the introduction of special economic incentives, cost compensation mechanisms, or tax benefits for transport companies operating in front-line communities.**

**One of the key challenges faced by de-occupied communities, particularly in the Mykolaiv and Kharkiv regions, remains the shortage of labour resources.** In 2024, compared with 2021, the number of employees in companies operating in the de-occupied communities of the Kyiv region increased by 12.6%, while in the Mykolaiv and Kharkiv regions it decreased by 12.7% and 26.8% respectively. At the same time, the number of employees in companies declined in four de-occupied communities of the Kyiv region (26.7% of those analysed in the region), in six communities of the Mykolaiv region (60%) and in 18 communities of the Kharkiv region (64.3% of the total). The most critical situation was recorded in the Vilkhuvatska rural community of the Kharkiv region, where the number of employees in companies decreased by more than 86%.

This indicates that **retaining the labour force in the de-occupied communities of the Kharkiv region is a necessary stage in supporting local economic development and recovery.** Moreover, in the Kharkiv region in 2024, compared with 2021, the revenues of active legal entities decreased significantly in 15 de-occupied communities. If this trend continues, it will affect not only the pace of business activity but also lead to job losses and further outflow of labour. **Therefore, both employers and employees in companies operating in front-line communities require tax relief (tax holidays) until the end of hostilities.** In particular, the rate of the military levy for individuals should be reviewed with a view to reducing it to 1.5% or 0% and the USC rate established for employers should be temporarily reduced (or suspended).

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<sup>97</sup> In 2023, the economy (real GDP) grew by 5.3% compared with 2022, when the economy had declined by 29.1%. In 2024, the economy (real GDP) increased by 2.9% compared with 2023.

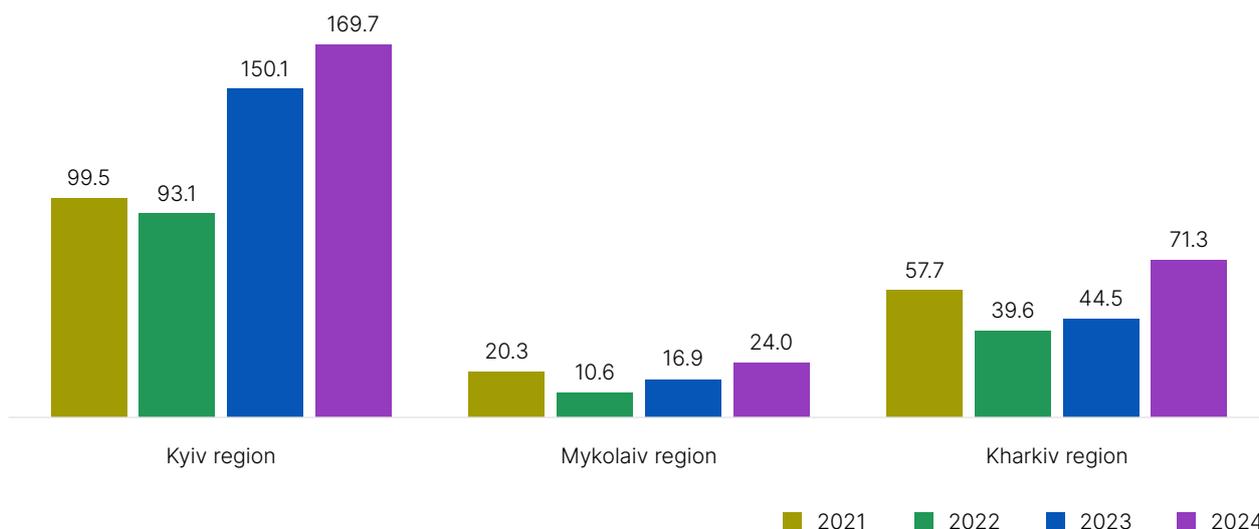


Fig. 10. Revenues of legal entities in the de-occupied communities of the Kyiv, Mykolaiv and Kharkiv regions in 2021–2024, UAH billion<sup>98</sup>

On average, in 2024 compared with 2021, the revenues of active legal entities tend to increase in all regions: by 70.5% in the Kyiv region, 17.8% in the Mykolaiv region and 23.6% in the Kharkiv region. However, according to the analysis of the real change in company revenues in 2024, adjusted for the consumer price index,<sup>99</sup> company revenues in the de-occupied communities of the Kyiv region grew by 14.5%, whereas in the de-occupied communities of the Mykolaiv and Kharkiv regions they decreased by 21% and 17.1%, respectively.

This indicates that, under the current difficult security conditions, a number of de-occupied communities in the Mykolaiv and Kharkiv regions remain insufficiently attractive for investment due to the loss of resource potential and the high risk of capital loss. Therefore, it is advisable to review lending programmes (grants and subsidies) for businesses operating in front-line and war-affected de-occupied communities to expand preferential conditions for their provision.

The development and restoration of economic activity in de-occupied communities require, on the one hand, effective cooperation and communication between LSGBs, business entities and the public and on the other, the introduction of training and retraining programmes for LSGBs officials on the development and implementation of new investment attraction instruments (public investment projects, PPPs and similar mechanisms) and project management. This will make it possible to build a strategic vision for community development, strengthen its institutional, organisational and financial capacity and ensure effective management of local economic growth.

<sup>98</sup> Compiled by the Agency for Legislative Initiatives based on data from [online platform Clarity Project](#).

<sup>99</sup> Considering the significant level of inflation and the need to compare data across different periods, the 2024 data were deflated (reduced) by the consumer price index (inflation index), which for 2024 compared with 2021 amounted to 148.978%. Deflation refers to the reduction of nominal income volumes to real terms, adjusted for the consumer price index.

**Proposals for Frontline De-Occupied Communities:**

- ① Review lending programmes (grants and subsidies) for businesses operating in front-line and war-affected de-occupied communities to expand preferential conditions for their provision.
- ② Amend the Tax Code of Ukraine to reduce the military levy rate to 1.5% or 0% of the total monthly (annual) taxable income for individuals working in front-line communities and revise the USC rate established for employers to allow temporary reduction (or suspension).
- ③ Review logistics business support programmes, including the introduction of special economic incentives, cost compensation mechanisms or tax benefits for transport companies operating in front-line communities.

**Proposals for All De-Occupied Communities:**

- ① Implement a set of strategic partnership and joint activity measures between LSGBs, business entities and the public to restore and develop the local economy, support local businesses based on their needs, utilise diverse financial and non-financial tools, apply PPP mechanisms and promote investment projects in the private sector, particularly those of strategic importance for community development.
- ② Introduce training and retraining programmes for LSGBs officials to improve their skills in applying new instruments for investment management and attraction (public investment projects, PPPs and similar mechanisms).
- ③ Review the ban on employing women in heavy work and work with harmful or dangerous conditions (for example, in the mining industry) and introduce programmes for training or retraining women for such professional activities.

# Cooperation Between Territorial Communities

As a result of the war, existing forms of cooperation between de-occupied communities have undergone transformation. There has been a shift from independently addressing challenges at the local level to pooling resources and expertise with other cooperation partners.

Cooperation between de-occupied communities at the regional and international levels, as well as with businesses and civil society, is an essential tool for recovery. It enables more efficient use of resources, the development and implementation of joint projects to strengthen security, restore infrastructure, attract international assistance and investment, and support sustainable regional development.

**Most de-occupied communities implement international projects and programmes supported by international partners**—in the Kyiv region, 11 out of 15 communities; in the Mykolaiv region, 8 out of 10; and in the Kharkiv region, 20 out of 28. This cooperation allows for the implementation of large-scale infrastructure projects that may simultaneously involve several communities,<sup>100</sup> such as the construction of housing and social facilities (hospitals and schools), the restoration of settlements affected by armed aggression or the introduction of innovative and alternative solutions.

**The level of cooperation between de-occupied communities at the regional level varies. In the Kyiv region, cooperation agreements between territorial communities have been concluded in only four communities; in the Kharkiv region, in 10 communities; and in the Mykolaiv region, in eight.** The most common form of cooperation in the Kyiv and Mykolaiv regions involves joint projects in the social protection (social welfare) and education sectors. In the Kharkiv region, projects primarily focus on joint financing (maintenance) of municipally owned enterprises, institutions, and organisations, as well as infrastructure facilities in the healthcare sector. **Probable obstacles** to the implementation of this relatively new mechanism of inter-community cooperation include **a lack of information on its procedures and varying levels of capacity and resource potential among communities.**

According to LSGBs representatives, the ‘Shoulder to Shoulder’ programme is currently an effective form of cooperation. Under this initiative, partner communities from safer regions assist frontline communities in recovery efforts by providing humanitarian, expert, advisory, and other types of support. However, **it has been emphasised that the effectiveness of this mechanism would increase if it were implemented through joint funding from both local and state budgets.**

The success of cooperation between de-occupied communities depends on the availability of experienced and qualified specialists in project administration, management and investment attraction, as well as in the use of financial and non-financial instruments. **This requires the introduction of retraining and professional development programmes for LSGBs officials.**

<sup>100</sup> With funding from Germany, up to 2,000 flats will be built in Ukraine for people affected by the war, International Organization for Migration. 16.02.2024.

In the first months after the de-occupation of communities, the activities of civil society organisations and volunteers providing humanitarian aid became an important source of meeting the population's basic needs. **In most de-occupied communities, including those in the Kyiv region, humanitarian aid is still being provided.** According to LSGBs representatives, to prevent the blocking of economic activity in communities, it is **necessary to assess the need for humanitarian aid, considering each community's security and socio-economic situation, and to determine a maximum duration for the provision of such aid.**

### **Proposals for All De-Occupied Communities:**

- ① Introduce training, professional development and retraining programmes for LSGBs officials on project management, administration and investment attraction (PPP, public investment projects, investor engagement and cooperation) and the use of financial and non-financial instruments (local borrowing and guarantees).
- ② Conduct additional awareness-raising and information activities at the national and local levels on the implementation of regional cooperation mechanisms.
- ③ Monitor and assess the provision of humanitarian aid to de-occupied communities to determine its optimal duration and volume, ensuring that it does not hinder the communities' economic development.

## Annexe 1

# Methodology for Calculating the Financial Capacity of De-Occupied Territorial Communities

The assessment of the financial capacity of territorial communities was carried out based on the reported financial indicators for 2021–2024 across eight indicators, calculated using data on the number of residents in the communities, including registered IDPs, as well as budget performance indicators, namely:

- ① General fund revenues per capita—the ratio of the total amount of general fund revenues of the local budget to the number of residents in the community;
- ② General fund expenditures per capita—the ratio of the total amount of general fund expenditures of the local budget to the number of residents in the community;
- ③ Ratio of general fund revenues per capita to general fund expenditures per capita;
- ④ Administrative expenditure per capita—the ratio of the total amount of expenditures for maintaining the local self-government administrative apparatus to the number of residents in the community;
- ⑤ Level of budget subsidisation—the ratio of the basic (reverse) subsidy to the total amount of community revenues, excluding subventions from the state budget;
- ⑥ Share of wages in general fund expenditures—the ratio of the total amount of expenditures allocated for remuneration of labour to the total amount of general fund expenditures of the local budget;
- ⑦ Share of capital expenditures in total expenditures—the ratio of the total amount of capital expenditures to the total amount of local budget expenditures;
- ⑧ Share of tax and non-tax revenues in the income structure—the ratio of the total amount of tax revenues and non-tax fees to the total amount of local budget revenues.

The calculation of financial capacity was carried out in four stages. At the first stage, the value of each selected indicator was calculated for each community. At the second stage, each indicator was ranked from the highest value (MAX) to the lowest (MIN), or vice versa, depending on the indicator's nature.

At the third stage, the overall index for each community was calculated as the sum of all indices. Based on the total volume of indices, a ranking of communities was created. The overall index was calculated using the formula:

$$I = \sum i_{(1, 2, 3...8)}$$

The index for each indicator was calculated considering the minimum and maximum values, or vice versa, depending on the indicator, according to the formula:

$$i_n = \frac{(i - i_{min})}{(i_{max} - i_{min})},$$

where:

$I$ —overall index of the community;

$i_{(n)}$ —an indicator index calculated for each of the eight indicators [listed above] for each community;

$i$ —value of the indicator (initial data) in the community for which the index ( $i_{(n)}$ ) is calculated;

$i_{max}/i_{min}$ —maximum and minimum values of the indicator among all communities.

At the fourth stage, the overall ranking of communities was divided into four groups of financial capacity based on the overall community index: high, medium, low and critical. The classification into financial capacity groups was determined based on the distribution of indices in the ranking into four groups, with each group comprising 25% of the range between the highest and lowest scores.

## Annexe 2

# Key Challenges in Conducting the Study

At the first stage of the study, several issues arose related to the collection of statistical data in de-occupied communities, which led to certain limitations in the analysis results, namely:

- › absence or incompleteness of statistical data (due to the impossibility of data collection caused by the security situation, especially in frontline communities, the lack of established processes for collecting detailed data such as the number of residents by age and social structure and the absence of legally established unified requirements for local statistics and standardised data sets for communities);
- › difficulty in data verification (due to the absence of up-to-date data in open sources);
- › insufficient human resources in LSGBs to collect, verify and aggregate large volumes of data, which complicates the timely processing of information requests);
- › rapid loss of data relevance (due to swift demographic changes, unstable security conditions and increasing infrastructure losses and damages as a result of regular shelling).

Data sets are missing for the following indicators:

- ① Socio-demographic indicators: total number of community residents as of 1 January 2021 (Dmytrivka rural, Poliske settlement, Horokhivka rural, Velykyi Burluk settlement, Kindrashivka rural, Shevchenkivka settlement), as of 1 January 2023 (Dymer settlement, Vovchansk urban, Dvorichna settlement), as of 1 January 2024 (Dvorichna settlement); total number of residents immediately after de-occupation of the community (Irpin urban, Makariv settlement, Voskresenske settlement, Vovchansk urban, Dvorichna settlement, Kurylivka rural, Savynsk settlement, Chuhuiv urban, Zolochiv settlement); number of children of pre-school age, school-age children receiving education in institutions located in the community and the age and social structure of the population as of 1 January 2021, 1 January 2022, 1 January 2023, 1 January 2024 (most de-occupied communities lack such data).
- ② Migration trend indicators: total number of registered and recorded IDPs in the community as of 1 January 2023 (Borodianka settlement, Vovchansk urban, Dvorichna settlement, Kupiansk urban, Lyptsi rural, Oskil rural), as of 1 January 2024 (Borodianka settlement, Dvorichna settlement, Lyptsi rural), as of 1 October 2024 (Borodianka settlement, Dvorichna settlement); number of people who left the community and registered as IDPs in another community within the region, number of people who left and registered as IDPs in another region of Ukraine, number of people who left the community and now reside in another country as of 1 January 2023, 1 January 2024, 1 October 2024 (most de-occupied communities lack such data).

- ③ Public service indicators: social, medical, administrative, educational and housing and utility services (Dvorichna settlement), security services (Dvorichna settlement, Vilkhuvatka rural).
- ④ Cooperation indicators: number of registered business entities, including PEs and legal entities, as of 1 January 2021, 1 January 2022, 1 January 2023, 1 January 2024; number of relocated business entities from other communities; number of liquidated business entities; number of registered unemployed persons in the state employment service; number of jobs created in 2021–2024 (most de-occupied communities lack such data).

To model the recovery process, assess progress and make decisions on further actions, it is essential to collect and analyse relevant data. Therefore, the system of local statistics requires transformation in line with the current needs of state regional policy, which should serve as the foundation for the information and analytical support of management decisions in de-occupied communities during recovery and development processes.

There is an urgent need to introduce local statistics at the legislative level by defining a unified methodology for data collection, standardising basic data sets, establishing data collection frequency, integrating and verifying data with other information systems and developing methodological recommendations for collecting defined statistical data sets in de-occupied communities.