

MONTHLY MUNICIPAL REPORT – FEBRUARY 2026

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KEY FINDINGS

Legislative changes in the sphere of local self-government are ongoing, but their practical impact on municipalities will depend on further decisions. A series of legislative changes is being prepared in parliament and the government, which are set to influence the organisation of public authority and the work of local self-government bodies. Key areas of focus this month include the delineation of powers between levels of government, bringing legislation into line with the administrative-territorial reform (with a number of amendments to laws that are not sector-specific but are still important for municipalities), regulating the rules for payment for administrative services, and creating incentives for municipalities to attract international funding. Separately, changes aimed at supporting the work of local councils in municipalities where some councillors have been mobilised are being discussed: it is proposed to simplify decision-making in small municipalities and to retain the mandates of councillors who are serving in the military. These changes are currently at the drafting stage, and their actual impact on the work of municipalities will only become clear once they have been adopted and implemented.

As of early March, 904 municipalities had approved their own medium-term plans for priority public investment, and over 750 had formed unified project portfolios. The government has introduced new rules for evaluating the results of public investment projects upon their completion. Previously, there was no unified mechanism for assessing the effectiveness of such projects. Now, upon completion of a project, its initiator must submit a report and, within three months, carry out a final evaluation of the results. This evaluation will analyse the alignment of the results with the initial plans, the economic and social impact of the project, its environmental impact, as well as compliance with deadlines and the project budget. For municipalities, this means a more systematic and transparent approach to evaluating investments, and that the results of completed projects will be taken into account when planning new ones and allocating funding, which is in line with good governance principles such as responsibility and accountability.

The government is working to ensure that, in 2026, expenditure from the State Fund for Regional Development (SFRD) will be financed from Ukraine Facility funds. The state budget allocates \$46 mn for this purpose. For municipalities, this will mean that access to such funding will be subject to compliance with all procedures and conditions set out in the [Framework Agreement](#) and relevant subordinate legislation. In practice, this may raise the bar for project preparation, the selection process, and the overall capacity of municipalities to operate under rules that are more formalised and demanding than those in the current approach to procurement using Fund resources.

Local budget revenues continue to grow faster than inflation, but the revenue structure and the uneven financial capacity among municipalities remain a challenge. In February 2026, general fund revenues of local budgets (excluding transfers) grew by 15.4% compared to the same period last year – almost twice as fast as inflation, indicating real growth in the financial resources of local authorities. Personal income tax (PIT) has traditionally been the main driver of growth, accounting for over half of municipalities' revenues. At the same time, the local finance system remains highly uneven: although aggregate balances at the start of the year exceed \$1.23 bn, over half of these funds are concentrated in a small group of municipalities with large budgets. For most municipalities, financial reserves remain limited, which reduces their resilience to new economic or security shocks.

The conditions for the development of municipalities continue to be largely determined by the security situation. In February 2026, the intensity of Russian attacks decreased slightly compared to January, but the overall level of security pressure remained very high. Over 3,600 incidents of attack damage were recorded during the month, with over 700 civilian

infrastructure facilities damaged. Residential properties were the hardest hit, accounting for over three-quarters of all losses. The damage is concentrated in several frontline regions – primarily Donetsk, Kharkiv and Sumy – where proximity to the front line is combined with a high intensity of strikes.

Inter-municipal cooperation is gradually becoming a regular tool for organising public services at the local level. New inter-municipal cooperation agreements, registered in February 2026, confirm a steady trend towards practical cooperation between neighbouring municipalities. All 14 agreements were concluded within a single oblast and are aimed at the joint operation of municipal institutions or the provision of basic services – healthcare, social support or administrative services. The dominant model is the joint financing of infrastructure and municipal facilities, which allows municipalities to reduce costs and share resources. Such cooperation indicates the gradual formation of local networks in which more capable municipalities take on the role of service hubs for neighbouring municipalities.

REGIONAL POLICY AND MUNICIPAL DEVELOPMENT: WHAT'S NEW?

Work is ongoing within the Government and Parliament to determine exactly how powers should be distributed among the different levels of government. The Government proposes establishing general principles for such a delineation, but the relevant [draft law](#) is of a framework nature and does not specify a concrete list of functions for each level. This means that the practical delineation of powers will depend on further amendments to sectoral legislation, and the risk of transferring new functions to municipalities without adequate financial support remains.

SHORTCOMINGS OF THE GOVERNMENT'S PROPOSED BILL ON THE DELINEATION OF POWERS

1. The draft law is overburdened with provisions that are unrelated to its subject matter and duplicate provisions of other laws, in particular:
 - provisions regarding the supervision of the exercise of powers by local self-government bodies, which are defined by a separate law (No. 4677);
 - provisions regarding the specific features of local self-government bodies' activities during special periods (which are not the subject of this draft law);
 - provisions on the financial basis of levels of government contain unnecessary detail (regarding standards, options for covering delegated powers, etc.), which are regulated by other laws, in particular the Tax and Budget Codes.
2. The proposed version of the draft law will require amendments to around 160 central-level legislative acts (these are only laws, including codes), and the number of subordinate acts that will need to be amended is much higher. The rapid implementation of all these provisions could lead to the collapse of the state's legal and institutional mechanisms.
3. The wording used in the draft law (for example, lengthy provisions on financing, martial law, 'optionality of powers', etc.) creates a risk of contradictions (conflicts) with other acts. Many provisions are repeated in different articles.
4. The classification of powers by type is not in line with the **European Charter of Local Self-Government** and creates a risk of destabilising the financial system. In particular, "optional" powers are a new concept that is not defined in any provision, has no basis in established practice, and significantly complicates the system of powers. The transfer of optional powers by bodies (governing actors), rather than by the state as the holder of powers or by law, is not in line with the European Charter. Such a transfer destabilises the system of public service provision and creates risks of double funding of powers from both the state and local budgets. Furthermore, the terminology "Types of powers" and "Optional powers" does not correspond to its commonly accepted meaning; it is limited solely to this draft law, but no corresponding caveat has been added.
5. According to the logic of the draft law, the delineation of powers involves the conferral of powers on bodies (governing actors) rather than on levels of public governance. This contradicts EU practice, which provides for the establishment of

powers for levels of the administrative-territorial structure (state, oblast, rayon, municipality). The conferral of powers on such actors does not in fact alter the existing distribution, but merely masks shortcomings and inconsistencies with the European Charter of Local Self-Government.

6. The draft law emphasises that the equalisation of local self-government capacity is carried out solely through delegated powers. However, Article 9 of the European Charter stipulates that the state shall ensure support for the capacity of local self-government in general. In other words, the state not only transfers funds to the hromada for the exercise of delegated powers, but also supports “weaker” hromadas, i.e. those lacking the funds to perform their own functions.
7. The text of the draft law contains excessive regulation. The subject of the draft law is principles and criteria, not procedures and detailed regulations (these fall within the scope of other specific regulations). The definitions in the draft are cumbersome and impractical. For example, the common interests of territorial communities of villages, settlements and cities are defined as “a set of jointly significant needs, goals and tasks of several territorial communities that go beyond the capabilities or feasibility of being resolved independently by a single territorial community, require constant coordination, consolidation of resources and organisation of implementation at rayon or oblast levels, aimed at ensuring equal access for residents to services and preventing disparities in the quality of these services” — a definition that is unnecessarily cumbersome and excessive for this draft law.

Furthermore, the aforementioned shortcomings of the [draft law](#) contradict [the Rules for Drafting Laws and the fundamental requirements of legislative drafting](#). These inconsistencies with the Charter of Local Self-Government create the conditions for negative conclusions from European partners. This is likely to result in the relevant indicator [of Ukraine’s Plan](#) not being counted.

The parliamentary committee proposes removing outdated terminology ('city of oblast significance', 'urban-type settlement', 'village council') and replacing it with an approach based on the concept of a territorial community and the general names of settlements. This should reduce legal conflicts in the application of laws and bring legislation into line with the new system of territorial organisation of power. In this way, [the legislation](#) will be brought into line with the 2020 administrative-territorial reform. In addition to the aforementioned changes relating to the administrative-territorial structure, [the draft law](#) provides for further amendments to a number of legislative acts, the most important of which for municipalities are:

- **On Local Self-Government in Ukraine:** the proposed changes transfer the provision of social services from delegated to the municipalities' own powers. However, neither the sources of revenue nor the rules for financing these powers in the Budget Code are altered. In effect, the state continues to determine how and to what standards these services are to be provided, but shifts the responsibility to municipalities without providing the necessary financial resources.
- **On Libraries and Librarianship, On Education:** certain provisions of the draft law may narrow social guarantees for pensioners. In particular, the laws on libraries and education provide for benefits for employees who worked in villages and settlements. If the term 'settlements' is removed from the legislation, some pensioners will lose these benefits.

- **On the Status of Local Council Members:** It is proposed to change the number of residents votes required to initiate the recall of a local councillor. For municipalities with fewer than 100,000 residents, it will be sufficient for 20 people to attend the relevant meeting (currently a minimum of 50 people). Previously, the minimum of 20 people applied only to municipalities of rayon significance – former rayon centres.
- **On Land Management:** the draft law amends the procedure for approving the boundaries of settlements. In particular, it is proposed to remove the powers of oblast councils regarding the approval of city boundaries. These decisions will be taken by local self-government bodies at the basic level, rayon councils and administrations.

Parliament is proposing to create additional incentives for municipalities to attract international funding, in particular by allowing the introduction of supplementary payments to local self-government employees who are directly involved in the preparation and implementation of international projects. The relevant [draft law](#) has been prepared for its second reading, and it provides that such payments may be financed from project funds, without placing an additional burden on local budgets.

It is proposed to simplify decision-making in the councils of small municipalities during wartime – in municipalities with up to 10,000 voters, decisions could be taken by a majority of the actual number of serving councillors, and councillors serving in the military would not lose their seats. The [initiative](#) aims to reduce the risk of local councils being paralysed in municipalities where some councillors have been conscripted.

Work is ongoing to [establish](#) uniform approaches to determining the cost of administrative services, which is one of the sources of revenue for local budgets. Standardising these approaches should reduce discrepancies in service pricing and make the system more predictable.

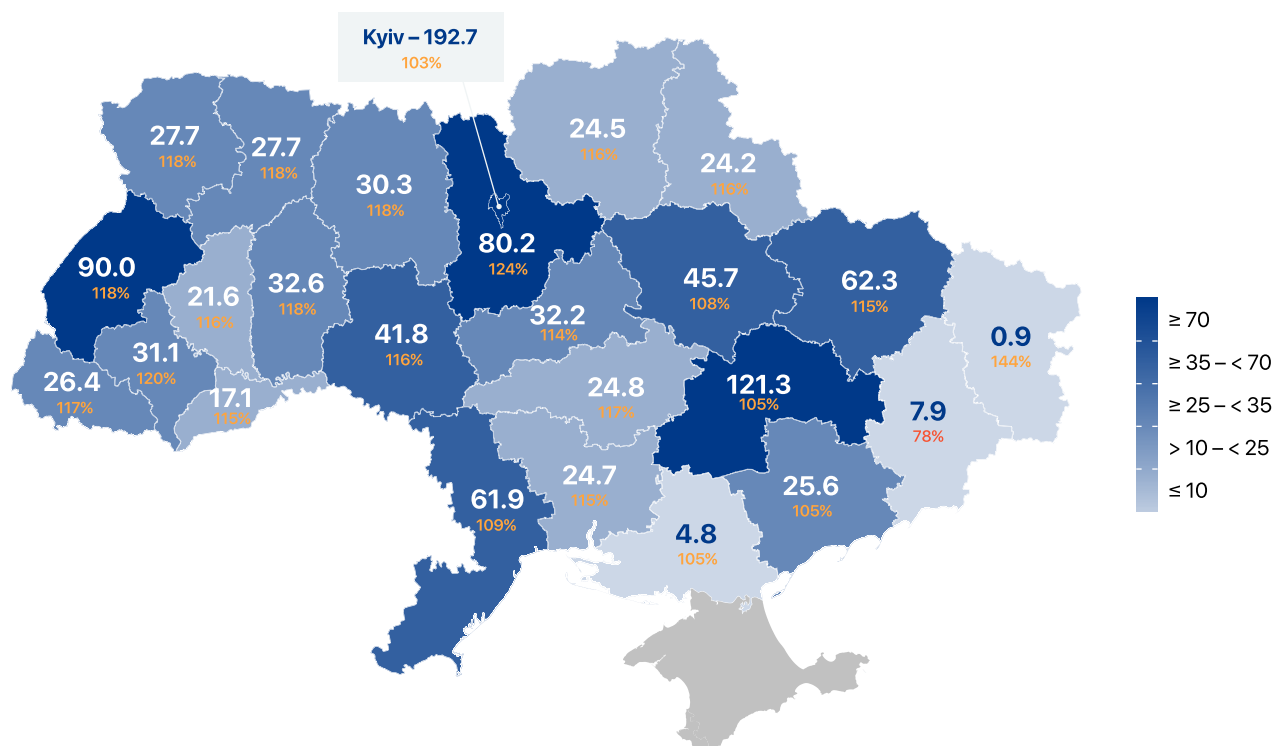
At the same time, the draft law restricting individuals with multiple citizenship from holding certain positions in state bodies and local self-government bodies did not receive the support of the parliamentary committee. The document proposed clarifying the requirements for candidates and introducing checks regarding the circumstances of acquiring citizenship of an aggressor state. Due to numerous comments, particularly from local government associations, it was decided to return it to the government for further refinement. For municipalities, this means that the issue of access to local government posts for individuals with multiple citizenship remains open for the time being.

FINANCIAL SITUATION IN THE REGIONS: TRENDS IN LOCAL BUDGETS

In February 2026, general fund revenues of local budgets (excluding intergovernmental transfers) increased by 8.8% y-o-y. In nominal terms, revenues in hryvnias grew by 15.4%, significantly outpacing inflation (8.5% over the same period). This points to a real increase in the financial capacity of local authorities, as revenue growth exceeds currency depreciation, creating additional space for spending on social services, infrastructure, and local development. As of 1 March, total revenues reached \$1.08 bn. In 18 oblasts, revenue growth (excluding transfers) was above the national average, indicating relatively broad-based fiscal expansion across the country.

FIGURE 1.

General fund revenues (excluding transfers) in February 2026 (mn USD) and their growth rate compared to February 2025, %



Sources: Ministry of Finance, OpenBudget

PIT remains the main revenue source for local budgets, accounting for 55.3% of general fund revenues (excluding transfers). In February 2026, PIT revenues reached \$597 mn, up 14.4% y-o-y. This growth was largely driven by higher wages: according to [Work.ua](#), average salaries increased by 14.4% over the same period, from \$564 to \$645.

The single tax is the second-largest source of general fund revenues (excluding transfers), accounting for 19.7%. In February 2026, revenues from this tax reached \$214 mn, up 10.3% y-o-y. This growth was mainly driven by policy factors. The minimum wage increased by 5.6%, while the subsistence minimum rose by 8.3% - both of which directly affect tax rates for Group II and Group I private entrepreneurs (PE), respectively. In addition, the number of PE continued to expand. According to [Opendatabot](#), there were 2,176,507 registered sole traders in February 2026 - an increase of 56,427 compared to the same period last year.

Revenue from land payments reached \$93 mn in February 2026, marking a 5.7% y-o-y increase. This growth is partly explained by indexation. According to the [State Tax Service of Ukraine](#), the indexation coefficient for the normative monetary valuation of land in 2026 (applied to 2025 values) is set at 1.08. Since this valuation forms the tax base for land payments, its adjustment directly increases the assessed tax liabilities and, consequently, budget revenues.

Real estate tax revenues increased by 7.7% y-o-y in February 2026, reaching \$14 mn. This growth is mainly linked to the increase in the minimum wage, which rose by 1.3% as of 1 January 2025 compared to the previous year. Since the minimum wage is used as a reference for calculating tax liabilities for legal entities, even modest adjustments translate into higher revenues.

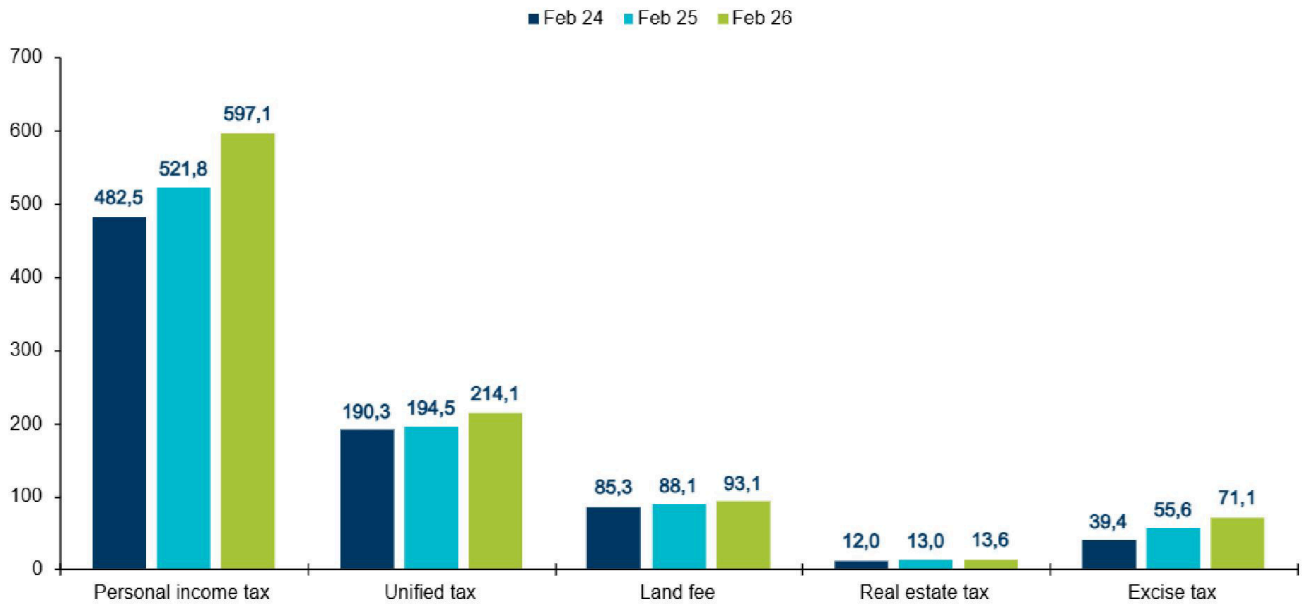
Excise duty revenues showed stronger dynamics, reaching \$71 mn - up 26.8% y-o-y (or \$15 mn). This growth was driven by several factors: inflationary pressures, higher fuel consumption (including for generators), and increases in excise tax rates. In addition, [improvements](#) in tax administration played a role. The introduction of electronic excise stamps - initially piloted in March 2025 for alcohol, tobacco, and e-cigarette liquids - became mandatory in 2026, strengthening compliance and revenue collection. It should also be noted that February receipts reflect excise payments for January 2026.

LEGISLATIVE FRAMEWORK AND SPECIFICS OF TAX PAYMENTS TO LOCAL BUDGETS IN FEBRUARY

- The single tax for private entrepreneurs is defined as a fixed share of key social standards. For Group II, it is set at 20% of the minimum wage (\$40.2), while for Group I it equals 10% of the subsistence minimum (\$7.8). Group I and II PEs pay the tax monthly by the 20th, whereas Group III taxpayers follow a quarterly schedule - in February, they paid the single tax for the fourth quarter of 2025.
- Land payments are a mandatory component of property taxation and include both land tax and rent for state- and municipally owned land. Legal entities must submit their land payment declaration for 2026 by 20 February, with liabilities broken down on a monthly basis.
- The same deadline applies to real estate tax reporting. By 20 February, legal entities are required to submit their property tax declaration for 2026, covering both residential and non-residential property, with liabilities calculated monthly. Payments are made in advance on a quarterly basis - by the 30th day following the reporting quarter.
- Individuals are required to pay property tax for 2025 within 60 days of receiving their tax assessment notice. These notices are to be issued by 1 July 2026, meaning that most household payments will be concentrated in the second half of the year.

FIGURE 2.

Revenue from major taxes to the general fund of local budgets for February 2024–2026, \$ mn

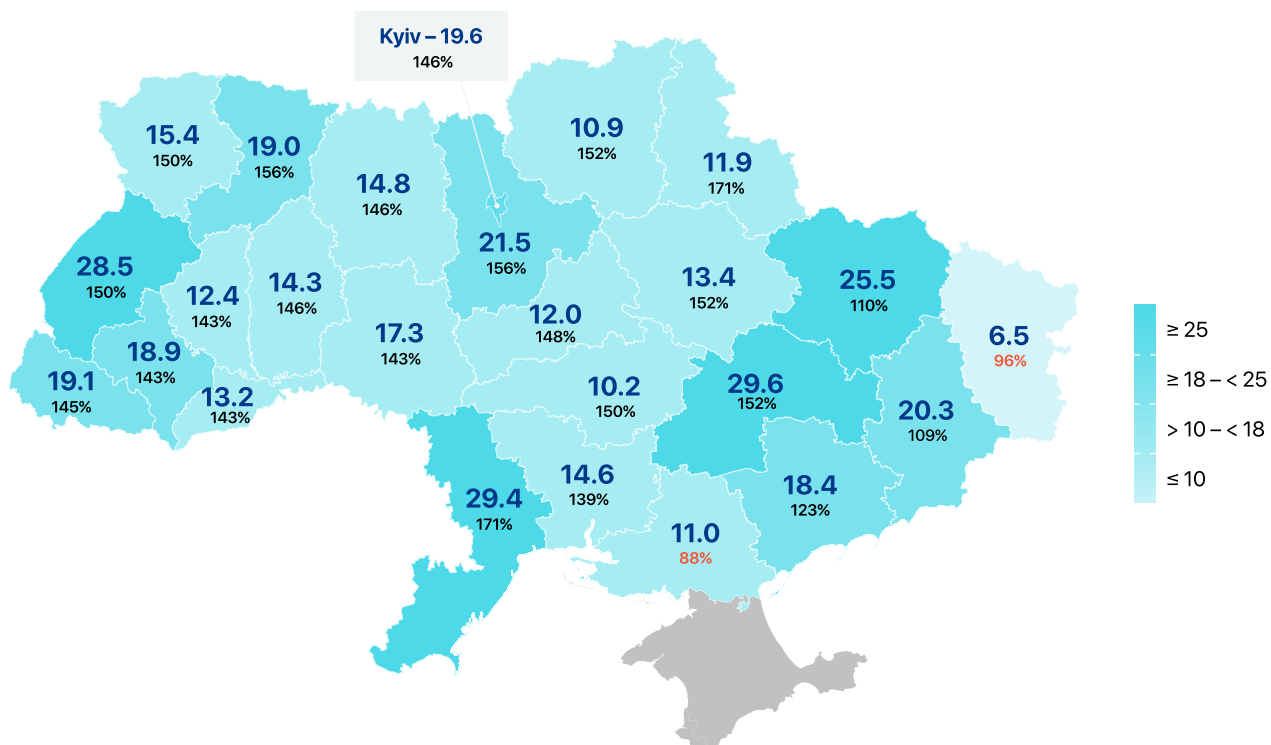


Sources: Ministry of Finance, OpenBudget

In February 2026, the Government increased transfers to local budgets by 39.5% compared to the same period in 2025. This included a 16.4% rise in the basic grant and a 30.1% increase in the education subvention. The latter reflects the 30% increase in teachers' salaries effective from 1 January 2026. At the same time, additional grants to local self-government bodies affected by Russia's full-scale aggression declined by 29.3% y-o-y. These transfers covered 17 oblasts budgets and 945 municipal budgets. The grant is designed to offset fiscal imbalances, support stable wage payments in the public sector, and compensate for revenue losses caused by the war. It is allocated on a quarterly basis, depending on actual shortfalls in key revenue sources, including personal income tax, property tax, and the single tax.

FIGURE 3.

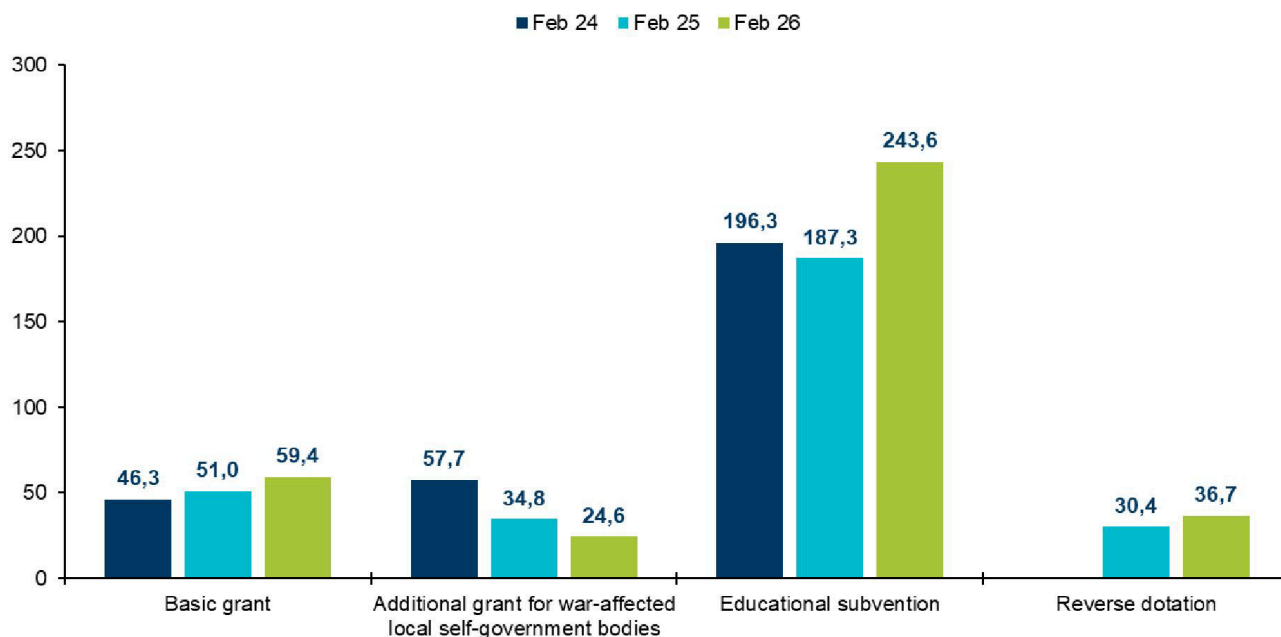
Inter-budgetary transfer receipts in February 2026 (\$ mn) and their growth compared to February 2025, %



Sources: Ministry of Finance, OpenBudget

FIGURE 4.

Main inter-budgetary transfers to local budgets and withdrawals to the state budget for February 2024–2026, \$ mn



Sources: Ministry of Finance, OpenBudget

In February 2026, local budgets transferred \$37 mn in reverse equalisation (reverse grant) to the state budget, which is 20.9% higher than in February 2025.

Accumulated local budget surpluses at the start of 2026 exceeded \$1.27 bn, according to preliminary estimates confirmed by the Ministry of Finance. However, these resources are distributed highly unevenly across municipalities. The average balance stands at \$0.89 mn per municipality, while the median is only \$0.33 mn - meaning that half of municipalities hold no more than this amount. More than half of total balances are concentrated in just 95 municipalities, each with over \$2.4 mn, indicating a strong concentration effect that skews the average upward. There are also clear structural differences. Urban municipalities tend to accumulate significantly larger reserves, while rural and settlement municipalities more often operate with balances of up to \$0.12 mn. At the same time, the presence of large balances is not necessarily a positive signal: ideally, resources should be used rather than accumulated. In this sense, smaller balances may reflect more efficient budget execution at the local level.

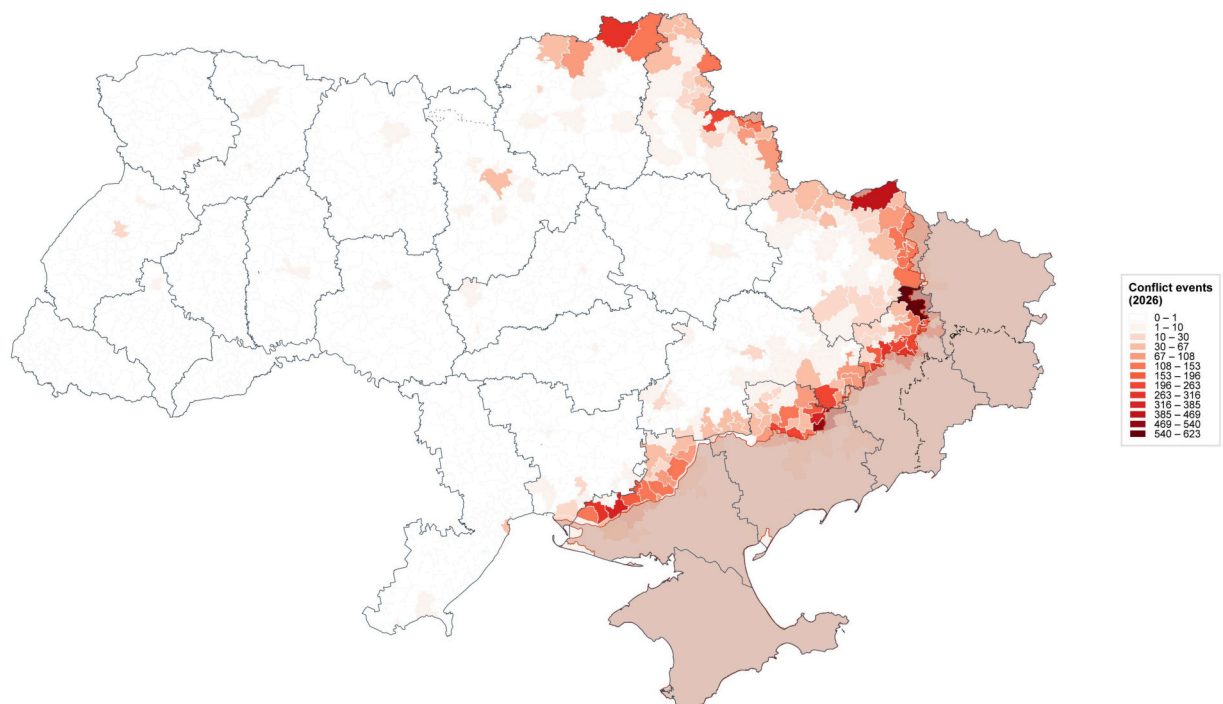
SECURITY SITUATION IN MUNICIPALITIES: STATUS AND TRENDS

In municipalities under Ukrainian control, in February 2026 the intensity of attacks (according to ACLED data, which records only confirmed instances of air strikes, rather than targets shot down or intercepted) **decreased by 2% compared to January, but the overall level of security pressure remained extremely high.** In total, **3,659 incidents of strikes** were recorded during the month (2,661 air attacks by drones or aircraft and 998 shelling, artillery and missile strikes).

At the same time, the distribution of security threats remained highly uneven. The highest number of air strikes continues to be recorded in **the Kherson oblast (897)** and **the Zaporizhzhia oblast (752)**. These regions are under constant threat from the air, particularly **from drone strikes**. The highest number of **shelling incidents, artillery and missile strikes** occurred in **the Sumy (370)** and **Donetsk (239)** oblasts, where **proximity to the border or the line of contact** is a decisive factor, i.e. the distance from which regular artillery strikes are possible. At the same time, Kyiv Oblast recorded 43 air strikes in February, meaning **that air strikes significantly affect Kyiv Oblast as well – even without taking downed targets into account – and not just frontline regions.**

FIGURE 5.

Intensity of hostilities in municipalities, February 2026 (interactive map)



Source: ACLED, DeepState KSE

INFRASTRUCTURE DAMAGE

In February 2026, the intensity of damage to municipalities' civilian infrastructure **decreased slightly compared to January, but the overall scale of losses remained very high.** A total of 738 incidents of damage were recorded during the month (-11.3%). At the same time,

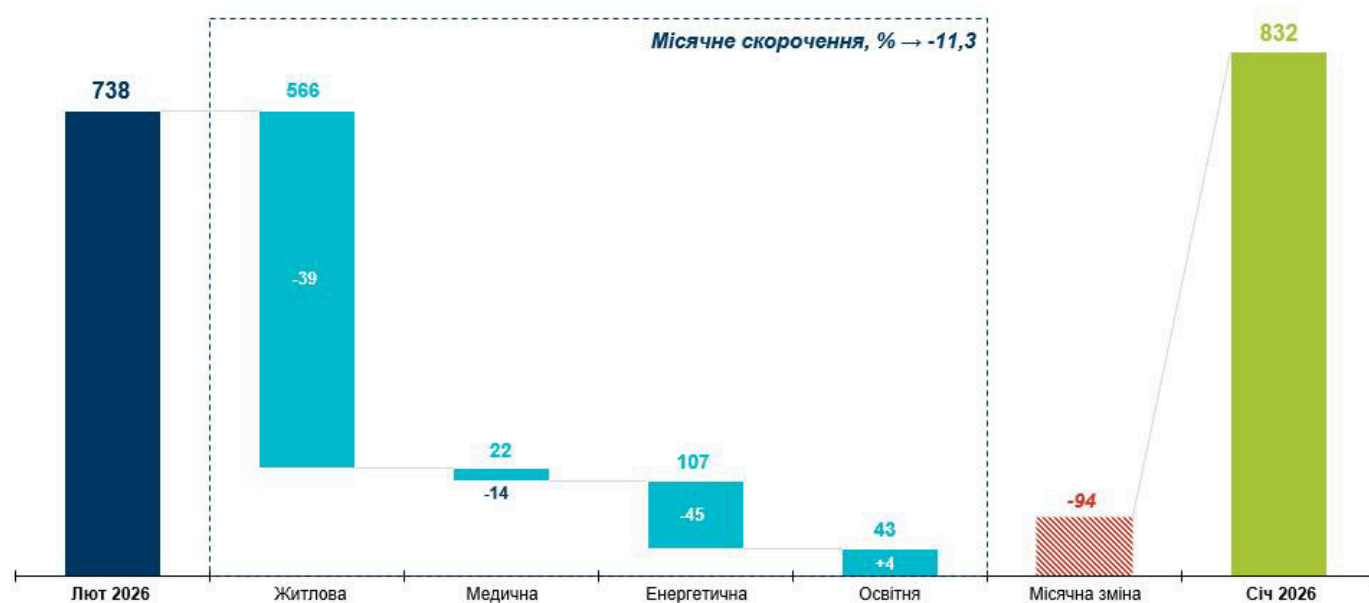
the number of municipalities in which at least one instance of infrastructure damage was recorded fell from 171 in January to 158 in February.

The vast majority of damage continued to be to residential infrastructure — 566 cases, or 76.7% of the total. By comparison, 605 instances of damage to civil infrastructure were recorded in January, so the decrease in February was 6.4%. There was a noticeable reduction in damage to energy infrastructure — from 152 to 107 cases, or by 29.6% — as well as to medical infrastructure — from 37 to 22, or by 40.5%. In contrast, an increase was recorded in the education sector: the number of incidents rose to 43 (up 13.2%).

Compared to February 2025, the overall scale of damage to civilian infrastructure more than doubled: from 319 to 738 cases, or by 131.3%.

FIGURE 6.

Damage to civilian infrastructure, January–February 2026



Source: ACLED, KSE

The greatest extent of damage to civilian infrastructure was again concentrated in several regions that form the main risk zone for civilian infrastructure. The highest number of strikes was recorded in Donetsk Oblast — 196, Kharkiv Oblast — 130, and Sumy Oblast — 114. Significantly lower, but still high, figures were recorded in Dnipropetrovsk (64), Kherson (63) and Zaporizhzhia (51) oblasts. Damage was concentrated in regions characterised by proximity to the front line, regular strikes and a high density of civilian buildings.

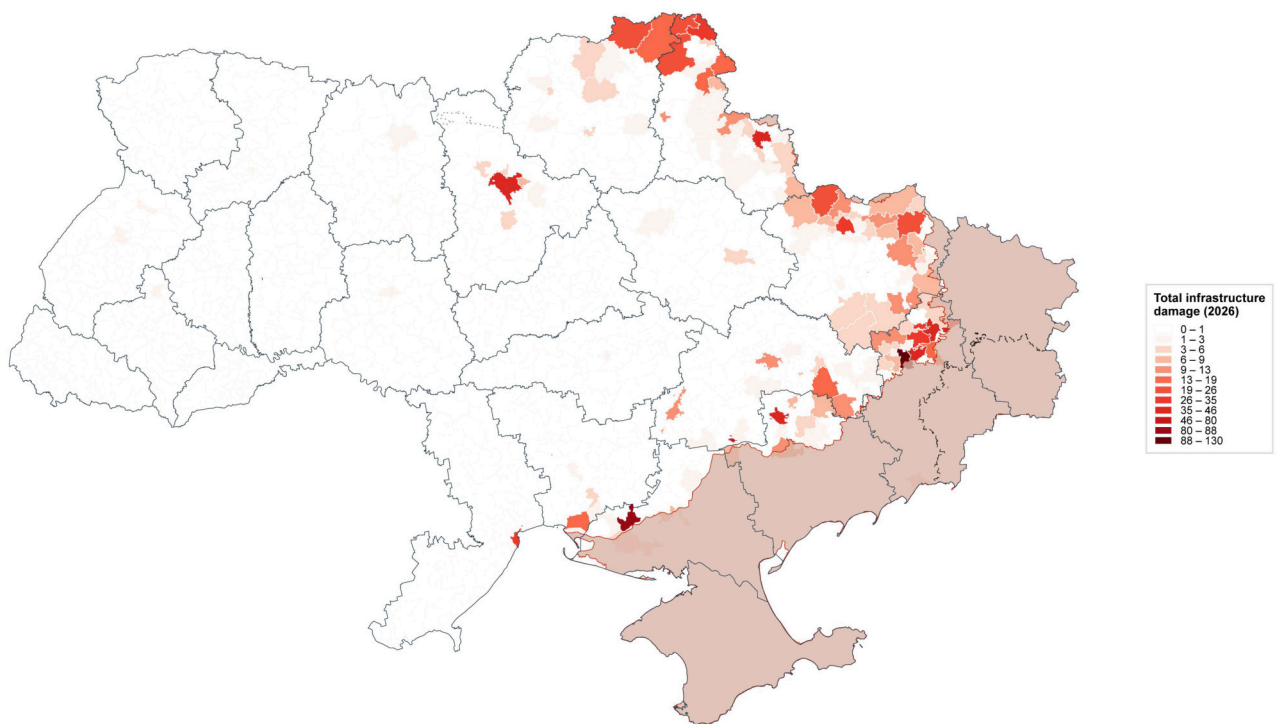
The most severe damage was concentrated not only in regional centres but also in municipalities that are systematically targeted and therefore accumulate losses faster than others. The Shakhivska municipality in Donetsk Oblast was the clear leader in February, with 67 strikes—almost twice as many as the second-largest, the Kherson municipality, which recorded 38. The group of municipalities with the highest losses included the Mykolaiv municipality in Donetsk Oblast — 26, Zaporizhzhia and Nikopol — 25 each, Siverska and Sumy — 22 each, as well as Kyiv — 19, Kramatorsk and Druzhkivka — 18 each.

Damage to residential infrastructure remained the most widespread type of loss among civilian infrastructure facilities. In total, 566 cases of damage to civil properties were recorded across 137 municipalities. The highest concentration was in the Donetsk oblast (183 cases), as well as the Kharkiv (104) and Sumy (98) oblasts – together, **these three oblasts accounted for 67.1% of all damage to the housing stock.** The Shakhivska municipality in the Donetsk oblast was the worst affected, with 67 cases; significant losses were also recorded in the Mykolaivska municipality in the Donetsk oblast (25), the Siverska municipality in the Donetsk oblast (22), the Kherson municipality in the Kherson oblast (21) and the Sumy municipality in the Sumy oblast (17).

FIGURE 7.

Damage to civil infrastructure, February 2026

(interactive map)



Source: ACLED, KSE, DeepState

Damage to energy infrastructure was less extensive than to residential infrastructure, but had a significantly wider knock-on effect on the functioning of municipalities. In total, 107 incidents of damage to energy facilities were recorded across 57 municipalities. The Kherson municipality was the hardest hit, with 13 incidents, followed by the Odesa municipality (8), the Zaporizhzhia municipality (7), the Mykolaiv municipality in Donetsk Oblast (6) and Kyiv (5). Even a relatively smaller number of strikes in this sector could have a significant impact on the day-to-day functioning of urban systems and essential services.

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FIGURE 8.

Damage to energy infrastructure, February 2026

(interactive map)



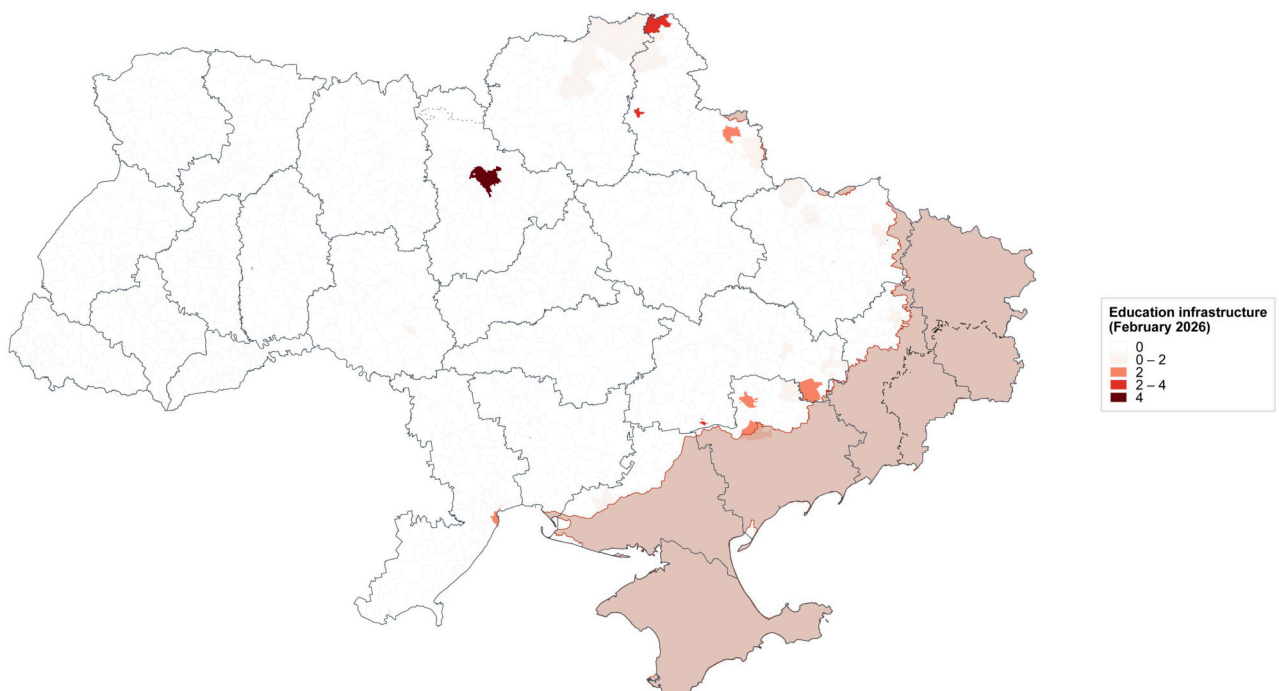
Source: ACLED, KSE, DeepState

Educational infrastructure suffered fewer strikes in February 2026 than the residential or energy sectors. A total of 43 strikes on educational facilities were recorded across 30 municipalities. The highest concentration was in Sumy Oblast (10 incidents), followed by Dnipropetrovsk and Zaporizhzhia Oblasts with 7 each, and Kharkiv, Kyiv and Chernihiv Oblasts with 4 each. Together, these six regions accounted for 83.7% of all damage to educational infrastructure. Kyiv was the hardest hit, with 4 cases of damage to educational facilities.

FIGURE 9.

Damage to educational infrastructure, February 2026

(interactive map)



Source: ACLED, KSE, DeepState

Damage to medical infrastructure in February 2026 was the lowest in terms of numbers among the main types of civilian facilities. In total, 22 cases of damage to healthcare facilities were recorded across **19 municipalities**. The highest number of such cases occurred in the Kherson oblast (7), the Sumy oblast (4), and the Kharkiv and Zaporizhzhia oblasts (3 each); together, these four oblasts accounted for 77.3% of all damage to medical infrastructure.

FIGURE 10.

Damage to health infrastructure, February 2026

(interactive map)



Source: ACLED, KSE, DeepState

COOPERATION BETWEEN MUNICIPALITIES

INTERMUNICIPAL COOPERATION

The predominantly neighbourly nature of inter-municipal cooperation in Ukraine was also reflected in the agreements registered in February 2026. All 14 new agreements were concluded within a single oblast, and 12 of them were also between municipalities within the same rayon. This geographical pattern of cooperation indicates that municipalities use this instrument primarily to resolve practical issues at the local level — when it is necessary to pool resources to provide services that are difficult or economically unviable to organise separately.

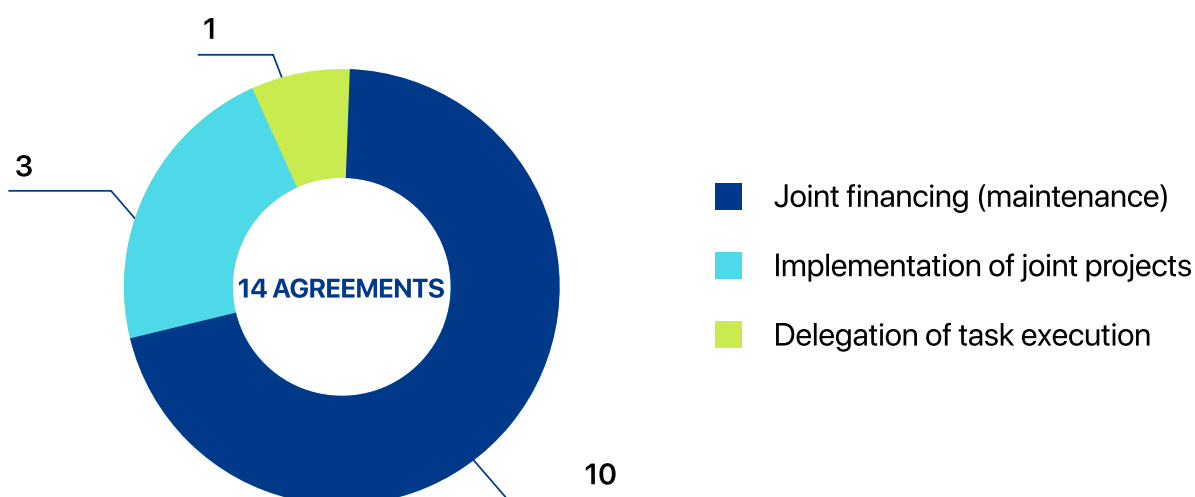
In February, **14 new agreements** were registered, which is less than half the number in January, when **31** such agreements were registered. This decline is to be expected, as January is typically when the majority of agreements signed at the end of December of the previous year for the new financial year are registered.

The contracts in February confirm a trend towards the concentration of initiatives **around specific municipalities**. Among them, 'package' agreements dominate, where cooperation is used not as a one-off tool but as a comprehensive mechanism for the joint organisation of public services for several municipalities. The most notable example from February is the Lysyansk municipality in Cherkasy Oblast, which concluded four cooperation agreements with the Buzhansk municipality. These cover various areas: joint funding of a primary healthcare centre, hospital operations, ensuring the functioning of a structural unit for architecture and development, as well as the organisation of teaching the subject 'Defence of Ukraine'

Inter-municipal cooperation was used primarily for the joint maintenance of existing services and institutions. This is precisely why the form of **joint financing (maintenance)** clearly dominates among the new agreements registered in February: of the 14 agreements, **10 (71%)** provide for the joint maintenance of enterprises, institutions, organisations under communal ownership or infrastructure facilities. A further **3 agreements (21%)** were concluded in the form of joint projects, and only **1 agreement (7%)** in the form of delegating the performance of tasks.

FIGURE 11.

Breakdown by form of new municipal cooperation agreements, February 2026



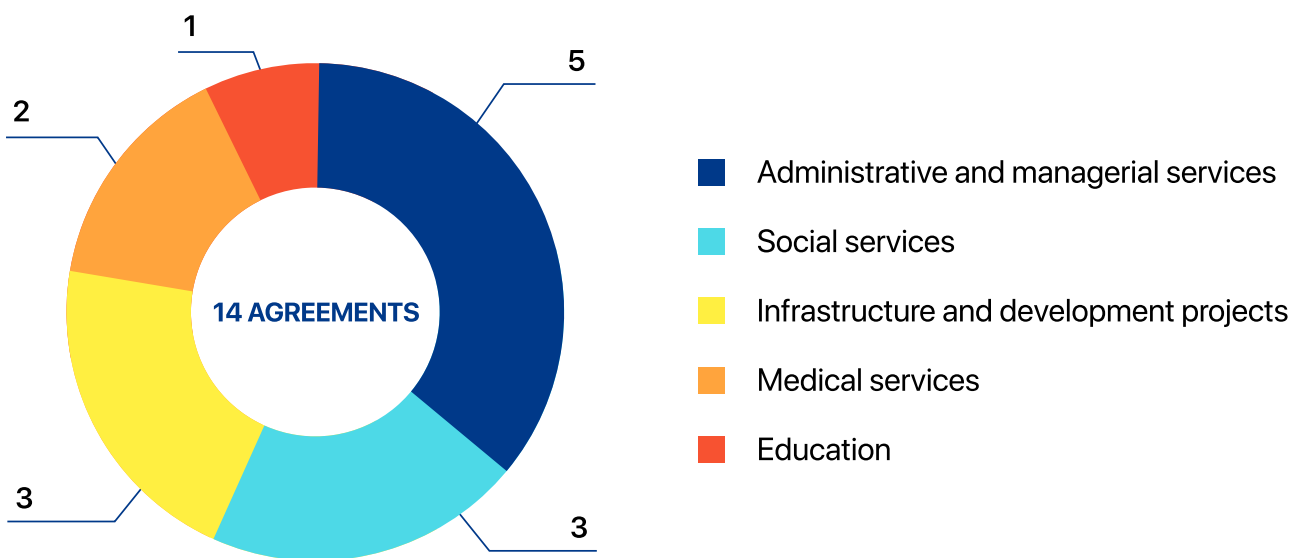
The shared use of administrative resources and specialists remains one of the main functions of inter-municipal cooperation, as shown by the agreements registered in February. Administrative and management services account for the largest share of agreements — 5 out of 14 (36%). A telling example is the Shcherbanivska municipality in Poltava oblast, which has concluded several agreements with the Tereshkivska, Kovalska and Machukhivska municipalities in the same rayon regarding the joint financing and organisation of the work of certain municipal institutions.

Social services, along with infrastructure and development projects, account for 3 out of 14 agreements (21%). In particular, the Artsyz municipality in the Odesa oblast has concluded an agreement with the Avangardivka t municipality to implement the joint project 'Stronger Together', which involves the coordination of water supply and solid waste collection services. Another development project — "Together for Development", concluded between the Rivne and Hanniv municipalities in the Kirovohrad oblast, focuses on cultural, educational and tourism initiatives. The medical sector is represented by agreements on the joint financing of healthcare facilities, whilst the educational sector is covered by an agreement on the organisation of teaching the subject "Defence of Ukraine".

The formation of long-term local cooperation networks between municipalities is one of the key features of the agreements, as confirmed in February. Their predominantly long-term nature, which we see in the majority of agreements, both in January and previously, shows that municipalities are using inter-municipal cooperation as a sustainable mechanism for organising public services, within which more capable municipalities take on organisational and managerial functions for a wider circle of neighbouring municipalities.

FIGURE 12.

Thematic breakdown of new cooperation agreements between municipalities, February 2026



Source: Ministry for Development of Communities and Territories, KSE

INTERMUNICIPAL COOPERATION

At the start of 2026, international territorial cooperation among Ukrainian municipalities was developing without a sharp increase in the number of new agreements, but was noticeably changing in substance. Few formal agreements were concluded, yet the nature of cooperation became significantly broader and more practical than in traditional twin-city

formats. In January and February, five new agreements were recorded in the register. A further two agreements were concluded in February but registered in March of this year.

Several weeks or even months may elapse between the signing and registration of an agreement, due to the procedure for approving and registering partnerships (Order No. 120 of 29 January 2025). For example, the agreement between the Donetsk State Military Administration and the State of Connecticut was signed on 7 August 2025 but registered on 6 January 2026; the agreement between the Bar City Council and the Municipality of Bari was signed on 11 July 2025 but registered at the end of January 2026. Of the seven agreements concluded in early 2026, four **were signed with European partners** — municipalities from Italy, Germany, Estonia, Bulgaria and Greece — and two with municipalities from the US.

In substance, the new agreements are increasingly moving away from formal “twinning” and increasingly taking the form of multi-sectoral practical partnerships. The agreement between the Donetsk Military Administration and the State of Connecticut is the broadest in scope, covering the economy, education, healthcare, culture, sport, infrastructure, digitalisation, veterans’ policy, civil protection, youth policy and the environment. Similar in scale but with a more modernisation-focused profile is the agreement between the Volyn Military Administration and the State of Colorado: energy sustainability and clean technologies, agrotechnologies and processing, forestry, digital transformation, logistics, the circular economy, healthcare, education, innovation and culture.

In contrast, the agreement **between the Bar municipality and Bari in Italy is the most culturally and humanitarians-focused**: it centres on shared heritage, themed routes centred on the figure of Saint Nicholas, intercultural dialogue, educational exchanges and sporting events. The agreements **between the Podil municipality of Borken (Germany) and Pryluky and between Lääne-Harju (Estonia) and Lääne-Harju (Estonia)** are embedded in the current recovery agenda: they cover waste management, the green transition, climate change adaptation, digitalisation, social protection, humanitarian aid, investment, transport, energy, security and business development. The agreement **between the Safyanivska municipality and Strumyani (Bulgaria)** combines education, healthcare, investment, humanitarian aid, culture, tourism and sport. The agreement between **Mykolaiv municipality** and the municipality of **Syros-Ermoupoli (Greece)** covers the exchange of experience and best practices for the development of the educational, cultural and economic sectors.