

# LOCAL SELF-GOVERNMENT, ECONOMIC RESILIENCE, AND CONSTITUTIONAL LAW IN UKRAINE'S MARTIAL LAW CONTEXT

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**Abstract.** The present article examines the manner in which local self-government functions as a constitutional resilience mechanism in Ukraine during periods of martial law. The study focuses on the operation of decentralisation, fiscal autonomy and local public finance under conditions of extreme security pressure, and on the influence of these factors on the protection of human rights and the maintenance of social stability at the hromadas level. The analysis seeks to comprehend the interplay between constitutional precepts, institutional frameworks, and emergency legislation with local economic capacities during periods of large-scale warfare. The research employs doctrinal legal analysis, qualitative case studies, constitutional texts and Ukrainian public finance data. The text goes on to consider wartime changes in local budget policy, the emergency redistribution of funds, and the role of subnational authorities in ensuring the continuity of services, particularly with regard to the social rights of vulnerable groups. Prior to 2022, decentralisation had substantially strengthened hromadas, with concomitant improvements in accountability and participation. However, the introduction of martial law created hard constraints, generating tension between centralised wartime governance and local autonomy. Nevertheless, many local self-government bodies demonstrated a strong capacity for adaptation, particularly with regard to maintaining social services, humanitarian supply chains and emergency local development solutions. These findings highlight the need to update constitutional and budget legislation to reflect wartime realities and future reconstruction scenarios. Securing stable local revenue streams, integrating European municipal standards and embedding decentralisation as a constitutional principle of resilience should be given strategic priority. By demonstrating how local self-governance can continue to protect rights under existential threat, this article makes a contribution to comparative constitutional law. It provides insights that are relevant to Ukraine's post-war constitutional settlement and EU integration trajectory.

**Keywords:** local finances, municipal government, economic resilience, constitutional legislation, financial decentralisation, administrative decentralisation, social protection, human rights, public finance, local democracy, citizen participation.

**JEL Classification:** K30, K38

## 1. Introduction

The full-scale invasion of Ukraine has transformed the constitutional order, turning it from a system of gradual, reform-driven evolution (The Constitution of Ukraine, 1996) into one that operates under constant strain. Martial law has not only introduced exceptional governance mechanisms (The Law of Ukraine "On Local Self-Government in Ukraine",

1997), but has also created an unprecedented test for the sustainability and internal coherence of the decentralisation reform launched prior to 2022. This prompts the fundamental question of whether decentralisation is a source of constitutional vulnerability in times of war, or whether it can serve as a structural stabiliser capable of enhancing national resilience.

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Since 2014, Ukraine has expended significant effort in the development of a model of local self-government based on European standards, including the European Charter of Local Self-Government. The reform was designed to enhance the democratic capacity at the sub-national level, foster fiscal autonomy, and refine the delivery of services to ensure a greater degree of proximity between citizens and their governments. However, under martial law, local authorities are operating in conditions of asymmetric uncertainty, budgetary deficit, legal limitations, shifting competencies, rapid population flows and intensified social needs (Perezhniak, 2022). The issue of striking a balance between the state's emergency powers and the autonomy of hromadas is of pivotal importance in the realm of constitutional design.

The war has also resulted in a shift in the organisation of public finances. Local authorities are confronted with a number of challenges, including reduced revenues, significant military-related expenditures, the collapse of regional sectors, and the imperative to provide assistance to displaced persons, veterans, and socially disadvantaged groups. These developments call into question long-standing constitutional assumptions concerning the separation of powers and necessitate a re-evaluation of the efficacy with which the state can fulfil its positive obligations, particularly in the context of social rights, in the absence of financially stable local authorities.

In this particular context, the enforcement of human rights, with a particular focus on social rights, is predominantly a localised phenomenon. The capacity of hromadas to maintain access to essential services (such as education, healthcare, housing assistance and emergency services) during wartime is not only a matter of administrative efficiency, but also a constitutional requirement for preserving human dignity. Consequently, local self-government cannot be regarded as merely another public body; rather, it is a constitutional mechanism through which the state can ensure the continuity of rights, democratic legitimacy and social cohesion in exceptional circumstances.

The present article analyses how martial law functions as a constitutional stress test for Ukraine's decentralisation model. The study evaluates the constitutional basis of local self-government under emergency regimes, considers fiscal autonomy as an economic resilience factor, and examines the role of local authorities in ensuring human rights and social protection during wartime. This approach contributes to doctrinal reflection on emergency constitutionalism in Europe and identifies lessons that are relevant for both post-war reconstruction and future alignment with the European constitutional space.

## 2. Constitutional Foundations of Local Self-Government under Martial Law

Local self-government in Ukraine is constituted as a constitutional institution. In accordance with the Constitution of Ukraine (1996), the management of local affairs is the prerogative of hromadas, who are permitted to exercise this right either in a direct capacity or through the medium of elected bodies. Prior to the war, the system was primarily developed around decentralisation reform, with the objective of enhancing public power efficiency, strengthening the bond between the state and its citizens, and ensuring greater accountability. However, the advent of martial law resulted in a paradigm shift with regard to the prevailing conditions of functioning. In times of emergency, the Constitution confers supplementary powers on the central government and the President with a view to safeguarding national security. This has given rise to a new tension between emergency powers and local autonomy.

Martial law does not abolish local self-government, but rather modifies how competences are implemented. In areas close to military operations, for example, military administrations may replace or temporarily limit the functions of local self-government bodies. A recent example of this occurred in Odessa on November 1, 2025, when the elected mayor was replaced by a non-elected official appointed by a state body (Singh, 2025). This gives rise to a unique situation in which two logics coexist: the requirement for robust central coordination in defence matters and the constitutional obligation to maintain decentralised governance. This issue is significant in constitutional theory because it illustrates the difficulty of reconciling the unity of state action with distributed decision-making.

Notwithstanding the prevailing conditions of war, the constitutional identity of Ukraine remains firmly anchored in the principles of democracy. The Constitution continues to guarantee human rights, local participation, and the principle of subsidiarity. This finding suggests that the process of decentralisation is not suspended; rather, it is adapted in response to external factors. In practice, local authorities continue to implement a number of significant functions, including social protection, municipal services, and local economic support. International standards, including the European Charter of Local Self-Government 1985, continue to apply and provide normative reference points.

This demonstrates that emergency constitutionalism in Ukraine is not equivalent to "centralisation by force" (Taran, 2025), but rather signifies a malleable emergency regime in which the State endeavours to uphold constitutional principles whilst responding to existential threats. A significant conceptual debate

pertains to the question of whether decentralisation under martial law can be considered a weakness or a strength. From a doctrinal perspective, the process of decentralisation has the potential to contribute to the maintenance of constitutional continuity. This is because local authorities ensure the presence of the State in daily life, even in circumstances where central institutions are under significant pressure.

Consequently, it is imperative for Ukrainian constitutional doctrine to engage in a more profound reflection on this particular transformation. The war resulted in the establishment of novel legal practices and jurisprudence, thereby demonstrating that emergency powers and local autonomy are not inherently incompatible (Zaporozhchenko, 2023). Conversely, the system may evolve towards a model where decentralisation becomes part of constitutional resilience. This concept could also be useful in future constitutional amendments and for Ukraine's integration into the European legal space.

The Ukrainian experience demonstrates that local self-government is a constitutional value that remains relevant, even in times of existential risk. The capacity of hromadas to persist in their operations in a context of martial law serves to substantiate the notion that local authorities are indeed constitutional actors, in addition to state authorities. It is evident that they play a pivotal role in the preservation of democratic culture and the continuity of the state, particularly in circumstances where national institutions are confronted with extreme security challenges.

Therefore, it is important to understand the constitutional status of local self-government under martial law for future constitutional debates in Ukraine (the *de facto* constitutional status has not changed, as the *de jure* constitutional status remains the same). This is also relevant for comparative constitutional research because Ukraine provides an important case study of how decentralisation can operate under emergency conditions today. This discussion delineates the framework for the subsequent section, in which the fiscal autonomy and financial sustainability of local self-government will be analysed as direct factors of constitutional and economic resilience during wartime.

### 3. Fiscal Autonomy and Local Finance Management as Resilience Factor

Fiscal decentralisation was identified as one of the most significant achievements of the reforms prior to the large-scale invasion (Kogut, 2021). Local budgets were endowed with their own sources of revenue, including a share of national taxes. The implementation of this initiative empowered hromadas to engage in strategic long-term planning, facilitating investment in pivotal areas such as

public infrastructure, educational initiatives, cultural programmes, residential development, and transportation infrastructure. However, with the onset of hostilities, the system was subjected to considerable strain. The phenomenon of rapid internal displacement, territorial occupation, economic decline and the destruction of industrial capacity created major financial shocks.

The introduction of martial law brought with it new public finance priorities, including defence, emergency response, humanitarian assistance, and adapting services to meet new social needs. Many hromadas were tasked with supporting internally displaced persons, organising temporary housing, and financing social support measures. Local authorities were also involved in reconstructing infrastructure in liberated areas. Their fiscal autonomy enabled them to react faster than the central government, as they could mobilise local resources without waiting for national redistribution (Rabinovych, 2025). This concept has been demonstrated by numerous pilot projects that have already been replicated across the country.

However, local budgets also posed significant risks. A decline in tax bases was observed in many regions, attributable to factors such as business closures and population mobility (OECD, 2022). Concurrently, expenditure escalated dramatically. This imbalance signifies that constitutional lawyers and policymakers must reconsider the fiscal decentralisation model in such circumstances. The primary concern pertains to the preservation of the autonomy of local budgets, while ensuring the establishment of uniform minimum standards for all hromadas nationwide.

In this context, international experience can prove advantageous. Several European countries, including France, have constitutional guarantees and clear redistribution rules between richer and poorer municipalities to protect local finances. Ukraine has the potential to integrate analogous mechanisms to stabilise fiscal decentralisation in times of crisis. The war has demonstrated that financial resilience at the local level is directly connected to national stability.

Finally, fiscal autonomy must be analysed not only as a technical budgetary issue, but also as a constitutional instrument for protecting rights. It is imperative to acknowledge that local authorities are only capable of ensuring access to fundamental services and social rights if they are furnished with the requisite resources. It can thus be concluded that the economic resilience of hromadas is a constitutional prerequisite for the protection of human rights during wartime. The correlation between local finance, constitutional identity and resilience delineates the trajectory for the ensuing section, which will undertake an examination of the function of local self-government in the context of social protection and the implementation of human rights under martial law (comparable to the



circumstances that prevailed during the pandemic, albeit on a broader scale; see del Pino, 2024).

In conclusion, the war has revealed that fiscal decentralisation in Ukraine is not just an administrative reform, but an integral part of constitutional resilience. In circumstances where national resources are scarce and central institutions are overburdened with security responsibilities, local self-government bodies assume the role of the primary responders to socio-economic crises. Consequently, the preservation of local fiscal autonomy should be regarded as a constitutional imperative rather than a mere financial policy decision.

Therefore, the transition to the third dimension of analysis is logical. If constitutional resilience requires functional local self-government bodies and stable local finances, the next question is whether local authorities can protect human rights in practice during wartime. This is important because, in Ukraine, constitutional identity encompasses not only institutional design, but also daily access to dignity, social protection, and inclusion – particularly for the most vulnerable groups.

#### **4. Human Rights and Social Protection at the Sub-National Level during War**

The protection of human rights in wartime largely depends on local capacity. Local self-government bodies are responsible for providing essential services and coordinating social support programmes. Following the events of February 2022, these bodies had to adapt swiftly to emerging needs, including mass internal displacement, psychological trauma, housing shortages, increased poverty, a collapse in employment in certain sectors, and an influx of new vulnerable groups, including large numbers of veterans. Consequently, the implementation of many constitutional rights now takes place at the local level rather than in Kyiv.

Notwithstanding the prevailing conditions of martial law, the Constitution of Ukraine (1996) remains an inviolable bulwark for the safeguarding of social rights. These rights encompass access to education, housing, healthcare, social assistance, and protection from discrimination. In situations of emergency, the state is under a positive obligation to enforce these rights. Local authorities are frequently the sole entities capable of ensuring continuity of access. Consequently, the process of decentralisation assumes a pivotal role in the preservation of fundamental social stability and the mitigation of profound social fragmentation during periods of armed conflict.

Local self-government bodies also play an important role in integration and inclusion. Urban areas and municipal entities have assumed a pivotal role in the accommodation of internally displaced persons, the

provision of support to vulnerable households, and the formulation of reconstruction strategies. Furthermore, they play a significant role in the reintegration of veterans into civilian life. The conventional Soviet notion of human rights as an abstract national guarantee has been superseded by a more concrete European approach, whereby rights are realised through practical local-level policies (Council of Europe, 2024).

Nevertheless, there are challenges to be addressed. The combination of legal limitations imposed by martial law, high inflation, reduced financial capacity, and administratively overloaded systems exerts constant pressure on local structures. If these issues are not addressed, there is a risk that the protection of human rights may become inconsistent across territories. This situation gives rise to a series of constitutional questions concerning issues such as equal access and minimum national standards.

The Ukrainian case demonstrates that local self-government is not merely a decentralisation policy, but also a constitutional mechanism for safeguarding human rights. The capacity to uphold dignity, provide social support, promote inclusion and encourage participation through local initiatives directly enhances the resilience of the constitutional order. This provides a robust foundation upon which the concluding part of the article can be built, setting out constitutional lessons for post-war reconstruction and European integration.

In conclusion, it is evident that Ukrainian local authorities have established novel forms of co-operation, characterised by horizontal integration. Networks of hromadas, sister-city partnerships, European city networks, and various donor instruments have facilitated the exchange of know-how, humanitarian resources, data, and expertise among hromadas. This model of decentralised solidarity is distinctly European in nature. This evidence once again demonstrates that the process of Europeanisation in Ukraine transpires not solely through formal legislation or international agreements, but also through municipal practice itself, even during periods of war.

Concurrently, this experience underscores the imperative for constitutional protection of human rights to transcend the realm of theoretical discourse and take on concrete, tangible form. The war resulted in the practical and material realisation of human rights, necessitating their daily operationalisation. This operationalisation encompasses the provision of food, heating, digital access, shelter, childcare, medical continuity, and psychological support. During wartime, local self-governance became a "major constitutional laboratory", demonstrating which rights endure under pressure and how they can be safeguarded through flexible, polycentric governance models (Mezentsev, 2022). This section therefore prepares the ground for the final conclusions. Ukraine now has

a unique opportunity to reconsider its decentralisation architecture, not only for the purpose of post-war recovery, but also to align it with European integration. The constitutional role of local self-government bodies will be pivotal in the reconstruction of the country, which requires strategic, system-wide consolidation.

## 5. Conclusions

Firstly, the analysis demonstrates that martial law transformed decentralisation into a direct constitutional resilience instrument. Local self-government cannot be regarded as a mere administrative layer; rather, it is one of the constitutional mechanisms that is indispensable for ensuring the continuity of the State during periods of existential threat. It is imperative that the constitutional system in Ukraine explicitly acknowledges decentralised governance as an integral component of constitutional security.

Secondly, the war demonstrated that fiscal decentralisation and financial autonomy are not merely technical budgetary policies, but rather constitutional guarantees that ensure the continuity of human rights and the fundamental access to services. It is evident that considerable fiscal autonomy enabled numerous hromadas to respond with greater expediency than the central authorities during the initial months of the invasion. Consequently, post-war constitutional reforms must prioritise the enhancement of local fiscal capacity as a resilience factor, rather than its diminution.

Thirdly, the Ukrainian wartime experience demonstrates that the protection of social rights during emergencies is contingent on local institutional capacity. This phenomenon aligns with prevailing European constitutional trends, particularly in France, where the implementation of social rights is increasingly occurring through territorial public policies, rather than solely through national legislation. For Ukraine, this creates a robust argument for the integration of European municipal standards into post-war constitutional modernisation.

Fourthly, the reconstruction process will necessitate a constitutional shift towards multilevel constitutionalism, entailing central responsibility for national security and the empowerment of local self-governance for human rights and socio-economic stability. This hybrid model is directly congruent with the logic of European integration, thereby strengthening Ukraine's long-term accession capacity.

In conclusion, the implementation of martial law demonstrated that local self-government is not only compatible with constitutional emergency models; it is also imperative and necessary for the success of such models. It is therefore recommended that Ukraine's post-war constitutional settlement should consolidate decentralisation as a core constitutional identity element and adopt best European practice (the basis of the European municipal standards) to institutionalise resilience, protection of social rights, and democratic sustainability in the long term.

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