



Center for Civil Communications
Центар за граѓански комуникации



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НОВУС



INSUFFICIENT TRANSPARENCY AND LOW PRICES IN THE SALE OF STATE-OWNED CONSTRUCTION LAND



Kingdom of the Netherlands



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INSUFFICIENT TRANSPARENCY AND LOW PRICES IN THE SALE OF STATE-OWNED CONSTRUCTION LAND

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IN THE SALE OF STATE-OWNED CONSTRUCTION LAND

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KEY FINDINGS

- » The municipalities do not inform the citizens about the realized sales of state-owned construction land. They publish the decisions on the alienation of state-owned construction land in the Official Gazette of RNM. However, none of the monitored municipalities undertakes other activities to inform the citizens, i.e. the decisions made for the sales of property, and they do not publish the concluded contracts with the buyers on their websites. The lack of transparency goes so far that some of the municipalities did not even submit the concluded contracts after the request for access to public information. The lack of transparency regarding publishing decisions to sell state-owned construction land prevents informing the citizens and increases the risk of abuses.
- » The municipalities publish the announcements for sale of state-owned construction land in the Official Gazette, in two daily newspapers and the information system for construction land (<https://gradezno-zemjiste.mk/>). However, a small number of them also publish the announcements on their websites or the local media as a mechanism to better inform the local population.
- » The research shows that six of the eight monitored municipalities (Bitola, Negotino, Kicevo, Kumanovo, Strumica and Stip) in the past five years have sold 507,826 m² state-owned construction land. The purpose of the construction land was family housing, light and non-polluting industry, depots, warehouses and hotel complexes. The state-owned construction land was sold to 41 legal entities and 17 natural persons.
- » The municipalities of Tetovo and Cair did not announce or sell any plots in the period 2019-2023.
- » The price for 1 m² of state-owned land in the past five years varied from 71 to 18,400 denars (from 1.2 to 299 euros). On average, 4 potential buyers participated in the procedures for sale of state-owned construction land.
- » In the past five years, six of the municipalities had an income of 20 million euros from sales of construction land. The Municipality of Kumanovo sold more than half or they sold land worth 11 million euros.
- » The municipalities of Strumica, Stip and Kumanovo collected 16.3 million denars or 265 thousand euros from contractual penalties. Kicevo and Negotino have not collected fines, and the Municipality of Bitola says that fines are currently being collected, but they do not provide information on how much money they collected from contractual penalties from sales of state-owned construction land.



RECOMMENDATIONS


- The municipalities should also publish their calls for sales of state-owned construction land on their websites, as well as in the local media. This will help inform the local public in order to enable equal treatment of everyone interested, it will also increase competition and with it the value of state-owned land.
- The municipalities should also publish the decisions on alienation of state-owned construction land on their websites, as well as the concluded contracts with the buyers of the state-owned land. This will enable greater insight for the citizens and possible illegalities in the process will be pointed out in time.
- The increase of transparency of the entire process of sales of state-owned construction land will contribute to increasing the trust of the citizens in the process, as well as in the construction sector in general where in the past decades there have been serious problems and it has become one of the sectors most susceptible to corruption.
- It is necessary to work on improving the collection of contractual penalties in case of non-fulfillment of contractual obligations by buyers.
- It is necessary to apply the right to unilateral termination of the contract in case the buyer of state-owned land does not comply with the terms of the concluded contract.




GOAL OF THE RESEARCH

The goal of the research is to analyze the procedure for sale of construction land. The Law on state-owned land prescribes alienation of construction land owned by RNM through an electronic system of public bidding. Finances are paid to a separate account, part of the treasury account, and the revenues are allocated in the following manner - 20% for the Budget of RNM and 80% for the municipalities. Based on the concluded contract for alienation, the owner of the construction land acquired through public bidding must not transfer the land to a third party before fulfilling the contractual responsibilities with the municipality. There is a deadline for fulfilling the contract which is solemnized and represents an executive document. There are legal mechanisms foreseen in the event that the obligations from the contract for alienation of construction land are not fulfilled. Within 30 days the buyer electronically submits the contract to a notary so that it is solemnized. When construction land is alienated via public bidding, the buyer is obligated to obtain a building permit to construct the projected facility and is also obligated to develop the land in accordance with the urban plan based on which it was alienated.

In order to map the situation regarding the sales of construction land, the Center for Civil Communications together with the non-governmental organizations involved in the conducting of the project "Safeguards against Corruption" (Youth Cultural Center – Bitola, Rural Coalition, Center for Intercultural Dialogue, Ecological Association Vila Zora Veles, Citizen's Association Research and Analysis Centre NOVUS Strumica, Association Multikultura, Citizens' Association ZIP Institute for Politics and Good Governance and EHO Educational-Humanitarian Organization) submitted identical requests for information to the eight municipalities included in the project. The following information was requested from the municipalities of Bitola, Kicevo, Kumanovo, Negotino, Tetovo, Strumica, Gostivar and Stip:

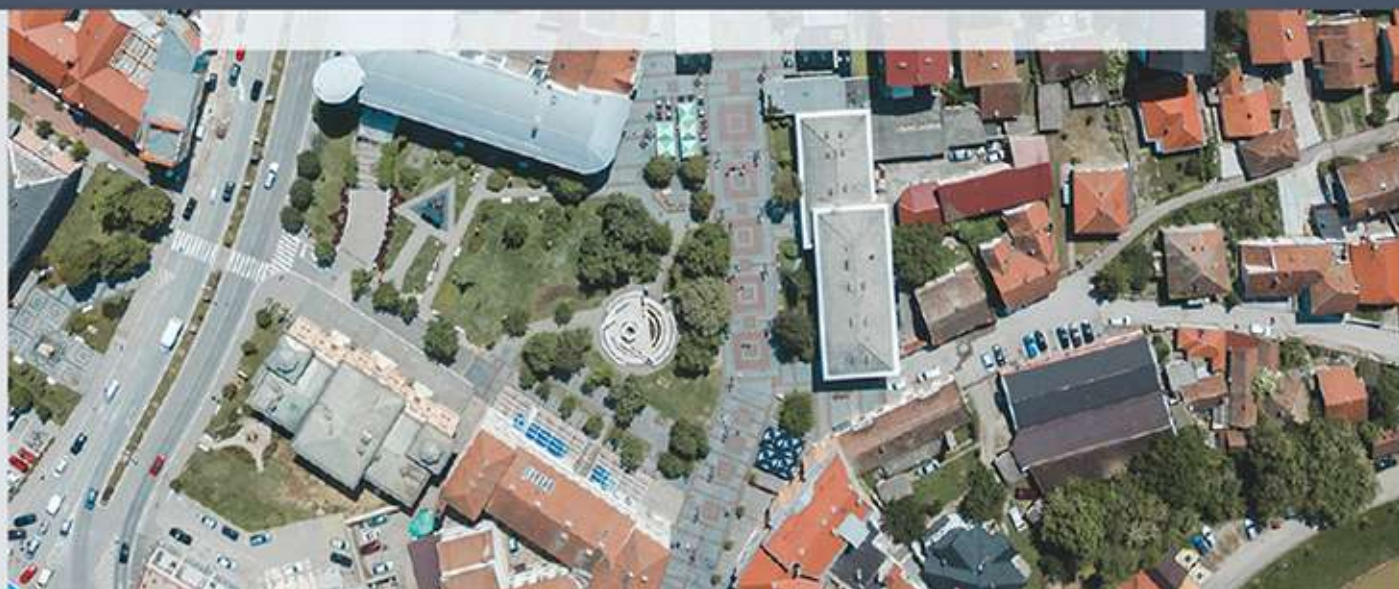
- 
- List of published/concluded announcements for sales of state-owned construction land in the period 2019-2023 and where the announcements were published;
 - List of concluded contracts for sales of construction land in the period 2019-2023 with information on the subject of the sale (purpose of the land), size of the land, price of the land, name of the person (natural or legal) with whom the contract was concluded and date of contract;
 - Total value of the realized revenues from sales of construction land in the period 2019-2023;
 - Number of potential buyers separately for all conducted procedures for public bidding for sales of land in 2023;
 - Submit the starting price and the achieved price after the completion of the auction for the land for all procedures for sales of construction land conducted in the period 2019-2023;
 - Whether the conditions that the buyer of the land is obligated to build the facility within a timeframe and must not change the ownership of the land are stated in the concluded contracts for sales of construction land;
 - Where is the information on the concluded contracts for sales of state-owned land published (send us links from your websites, if you have them, or in the Official Gazette etc.);
 - Collected contractual penalties in case of non-fulfillment of the contractual obligations on the part of the buyers in the period 2019-2023;
 - Number of received requests for changing the building investor for the purchased construction land before fulfilling the contractual obligations in the period 2019-2023;
 - To how many cases you responded positively and to how any negatively to the request for changing the building investor for the purchased construction land before fulfilling the contractual obligations in the period 2019-2023.

The research is prepared from the information received from the municipalities.





RESEARCH
ON THE SALES PROCESS OF
STATE-OWNED CONSTRUCTION LAND
IN MUNICIPALITY OF BITOLA



As part of the project "Safeguards against Corruption" conducted with the financial aid of the Embassy of the Kingdom of the Netherlands in Skopje, through an awarded grant from the Center for Civil Communications, MKC – Bitola prepared a research on the sales of state-owned construction land. For this purpose, a request for access to public information regarding the sales of state-owned construction land in the Municipality of Bitola was prepared. Namely, after the conducted analysis of the received data, the goal of this research is to show the five-year situation, more precisely in the period 2019-2023, regarding the sales of state-owned construction land, the revenues collected after the sales, the initially projected prices and the achieved prices in the auctions, the conditions in the sales contracts, where can information be found on the sales of state-owned construction land, the contractual penalties from non-fulfillment of conditions, as well as information on procedures regarding requests for change of investors.

We received the data necessary for conducting this research, as well as for the previous researches, through a request for access to public information which we electronically submitted to the Municipality of Bitola on 17.01.2024. The Municipality of Bitola submitted an initial response within the legally stipulated period, for which, after the analysis, we submitted a request to supplement the request, in accordance with Art. 24 of the Law on free access to public information, after which partial information was obtained in relation to all the questions asked. After a full analysis of the received answers the following situation was established:

1. Regarding the list of published and finished announcements for sales of construction land, as well as information on where the Municipality of Bitola publishes these announcements, we initially received an answer regarding the published active announcements and that they can be found on the information system for construction land (<https://gradezno-zemjiste.mk/>), but the public cannot access them since it is necessary to first register in the system, whereas the remaining announcements are published in the Official Gazette of the Republic of North Macedonia (RNM) and in two daily newspapers. In the supplement to the initial answer we received an explanatory answer that all published and finished announcements can be found in the Official Gazette of RNM, but they have not clearly stated in which years and numbers of these official gazettes specifically.
2. In the submitted request for access to public information, we requested a list of concluded contracts for sales of construction land in the period 2019-2023 in which we asked for specific information regarding the sales (purpose of the land), size, price, contractual party with whom the contract was concluded (natural or legal), and date of concluding the contract. The Municipality of Bitola initially answered that the list of concluded contracts and the total revenues from the sales of state-owned construction land are published in a Report on the implementation of the work program regarding disposal of construction land owned by RNM in the area of the Municipality of Bitola which is published in the Official Gazette of the Municipality of Bitola on their website. In the supplement to the answer from the Municipality of Bitola we received a contract sample, as well as information on the total revenues from the sales for the above mentioned period which amount to 242,489.783 DENARS. Furthermore, from the submitted reports per year for implementation of the work program regarding disposal of construction land owned by RNM in the area of the Municipality of Bitola we can conclude the following:

* In 2019 in the Municipality of Bitola there were no revenues from sales of state-owned construction land.

- * In 2020 eleven (11) plots were sold three (3) of which are with A1 – individual housing building purpose, with a total revenue of 599,972 denars. One (1) is with B2, B3, F2 – large commercial units, large hospitality units, communal structure purpose with total revenues to the amount of 4,767,840 denars, then five (5) plots with A2 – housing in residential buildings purpose with total revenues of 50,794,528 denars and one (1) plot with B2 – large shopping center purpose with total revenues to the amount of 54,753,740 denars, i.e. B4 – business premises purpose with total revenues to the amount of 6,239,250 denars. Namely, for this year total figures were obtained for the total revenues from sales of state-owned construction land.
- * In 2021 six (6) plots were sold:
 - » Three (3) with A1 - housing in residential buildings purpose
 - CP no. 12.14 with an achieved price for construction land of 1,970,500 denars
 - CP no. 12.94 with an achieved price for construction land of 3,881,150 denars
 - CP no. 12.151 with an achieved price for construction land of 3,051,720 denars
 - » Two (2) with B2 - large commercial units purpose
 - CP no. 5.2 with an achieved price for construction land of 16,955,840 denars
 - CP no. 9.1 with an achieved price for construction land of 8,808,210 denars
 - » One (1) with B1 – small commercial and business purposes purpose
 - CP no. 4.4 with an achieved price for construction land of 12,144,00 denars
- * In 2022 15 plots were sold:
 - » One (1) with B2 - large commercial units purpose
 - CP no. 5.3 with an achieved price for construction land of 8,547,840 denars
 - » Twelve (12) with E2, 3, 4 – production, distribution, services purpose
 - CP no. 51 with an achieved price for construction land of 403,138 denars
 - CP no. 52 with an achieved price for construction land of 269,800 denars
 - CP no. 53 with an achieved price for construction land of 269,800 denars
 - CP no. 54 with an achieved price for construction land of 269,800 denars
 - CP no. 55 with an achieved price for construction land of 269,800 denars
 - CP no. 56 with an achieved price for construction land of 537,541 denars
 - CP no. 68 with an achieved price for construction land of 573,254 denars
 - CP no. 69 with an achieved price for construction land of 289,680 denars
 - CP no. 1 with an achieved price for construction land of 289,680 denars
 - CP no. 72 with an achieved price for construction land of 289,680 denars
 - CP no. 73 with an achieved price for construction land of 448,294 denars
 - CP no. 13 with an achieved price for construction land of 845,255 denars
 - » Two (2) with E2 - light industry purpose
 - CP no. 5 with an achieved price for construction land of 97,341 denars
 - CP no. 6 with an achieved price for construction land of 131,421 denars

* In 2023 5 plots were sold:

- » All 5 are with A1 – housing in residential buildings, A2 - housing in residential buildings, B3 – large hospitality facilities purpose
 - CP no. 12.143 with an achieved price for construction land of 3,925,040 denars
 - CP no. 12.146 with an achieved price for construction land of 4,263,600 denars
 - CP no. 9.8 with an achieved price for construction land of 27,215,700 denars
 - CP no. 6.10 with an achieved price for construction land of 26,344,869 denars
 - CP no. 1.38 with an achieved price for construction land of 14,135,100 denars

Even though we asked for specific information for the five-year period regarding the size of the plots, the contractual party with whom the contracts were concluded (natural or legal) and the date of concluding the contract, the Municipality of Bitola did not provide information regarding the size of the plots, the contractual party with whom the contracts were concluded and the date of concluding the contract. Regarding obtaining this information, we were directed by them to the Real Estate Cadastre e Agency.

3. Regarding the total value of the realized revenues from sales of state-owned construction land in the period 2019-2023, the following data were received:

| Year | Number of plots | Total revenues in denars |
|--------------|-----------------|--------------------------|
| 2019 | 0 | 0 |
| 2020 | 11 | 117.155.330 |
| 2021 | 6 | 35.881.820 |
| 2022 | 15 | 13.532.324 |
| 2023 | 5 | 75.884.309 |
| TOTAL | 37 | 242.453.783 |

Total value of the realized revenues from sales of state-owned construction land in the period 2019-2023

4. Regarding the number of potential buyers individually for all conducted procedures for public bidding for sales of state-owned construction land in 2023, the Municipality of Bitola provided the following information:

* Post no. 1/2023:

- CP 9.8 – 7 bidders
- CP 6.10 – 3 bidders
- CP 1.38 – 4 bidders

* Post no. 2/2023:

- CP 12.143 – 7 bidders
- CP 12.146 – 6 bidders

5. For the needs of the research, the Municipality of Bitola was asked to provide information on the starting price and the achieved price for the land after the finishing of the auction for all the procedures for sales of state-owned construction land conducted in the period 2019-2023. The Municipality of Bitola responded that the starting price for sale of state-owned construction land in the procedure for alienation via public bidding is in accordance with the Regulation for the price of construction land which is property of the Republic of North Macedonia and the price for the separate costs for conducting the procedures for alienation, leasing and for establishing the right for real servitude. Regarding the achieved price for sale of construction land after the finishing of the public bidding, the Municipality of Bitola submitted reports on the implementation of the work program regarding disposal of construction land owned by Republic of North Macedonia for the area of the Municipality of Bitola. In accordance with the received reports, the achieved price for the period 2019-2023 is shown per year:

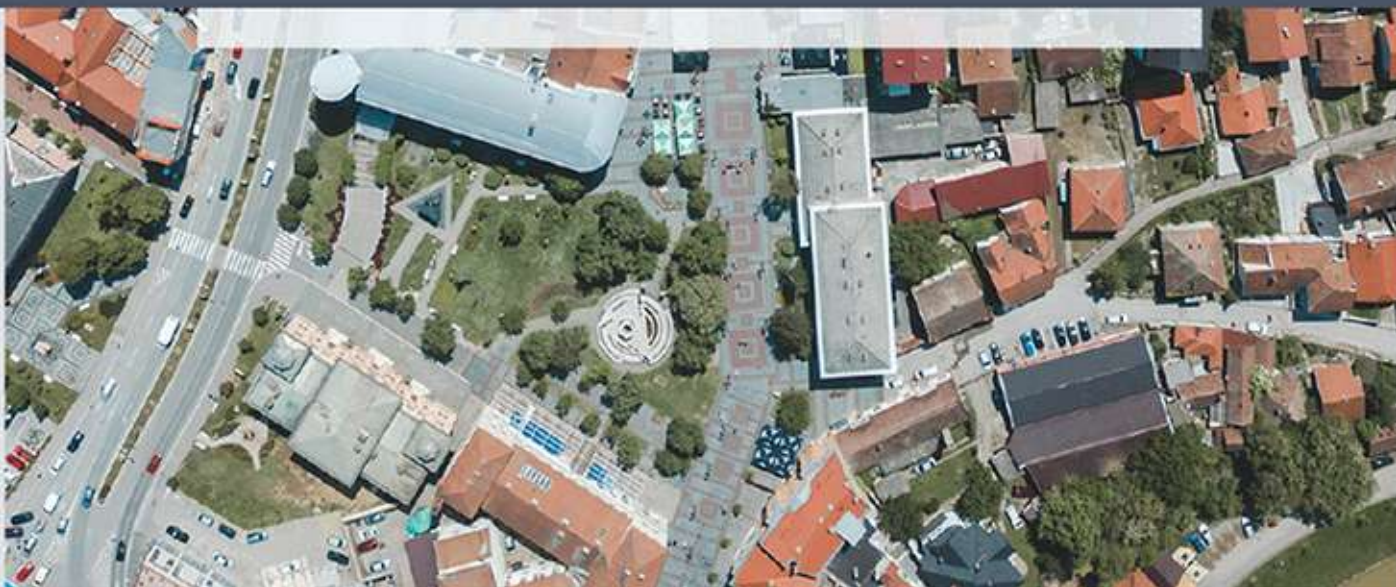
- * In 2019 no revenues were realized from the planned revenues from appropriate uses of construction plots;
- * In 2020 the following revenues were realized from the planned revenues from appropriate uses of construction plots:
 - » from sales of plots with B-4 business premises purpose, the total price achieved is 6,239,250 denars;
 - » from sale of plots with B-2 – large shopping center purpose the total price achieved is 54,753,740 denars;
 - » from sale of plots with A2 – residential buildings purpose, for 5 plots sold the achieved price was 50,794,528 denars;
 - » from sales of plots with B2, B3, G2 – large commercial units, large hospitality units, communal substructure purpose the total price achieved is 4,767,840 denars;
 - » from sale of plots with A-1 individual residential building purpose for 3 plots the total price achieved was 599,972 denars;
- * In 2021 the following revenues were realized from the planned revenues from appropriate uses of construction plots:
 - » from sales of plots with A1 – housing in residential houses purpose the following were sold:
 - CP no. 12.14 with an achieved price for construction land in the total amount of 1,970,500 denars;
 - CP no. 12.94 with an achieved price for construction land in the total amount of 3,881,150 denars;
 - CP no. 12.151 with an achieved price for construction land in the total amount of 3,051,720 denars;
 - » from sales of plots with B2 – large commercial units purpose the following were sold:
 - CP no. 5.2 with an achieved price for construction land in the total amount of 16,955,840 denars;
 - CP no. 9.1 with an achieved price for construction land in the total amount of 8,808,210 denars;
 - » from sales of plots with B1 – small commercial and business uses purpose the following were sold:
 - CP no. 4.4 with an achieved price for construction land in the total amount of 1,214,400 denars;
- * In 2022 the following revenues were realized from the planned revenues from appropriate uses of construction plots:
 - » from sales of plots with B2 – large commercial units purpose the following was sold:
 - CP no. 5.3 with an achieved price for construction land in the total amount of 8,547,840 denars;

- » from sale of plots with E2, 3, 4 – production, distribution and services purpose the following were sold:
 - CP no. 51 with an achieved price for construction land in the total amount of 403,138 denars;
 - CP no. 52 with an achieved price for construction land in the total amount of 269,800 denars;
 - CP no. 53 with an achieved price for construction land in the total amount of 269,800 denars;
 - CP no. 54 with an achieved price for construction land in the total amount of 269,800 denars;
 - CP no. 55 with an achieved price for construction land in the total amount of 269,800 denars;
 - CP no. 56 with an achieved price for construction land in the total amount of 537,541 denars;
 - CP no. 68 with an achieved price for construction land in the total amount of 573,254 denars;
 - CP no. 69 with an achieved price for construction land in the total amount of 289,680 denars;
 - CP no. 71 with an achieved price for construction land in the total amount of 289,680 denars;
 - CP no. 72 with an achieved price for construction land in the total amount of 289,680 denars;
 - CP no. 73 with an achieved price for construction land in the total amount of 448,294 denars;
 - CP no. 13 with an achieved price for construction land in the total amount of 845,255 denars;
 - » from sales of plots with E2 – light industry purpose the following were sold:
 - CP no. 5 with an achieved price for construction land in the total amount of 97,341 denars;
 - CP no. 6 with an achieved price for construction land in the total amount of 131,421 denars;
 - * In 2023 the following revenues were realized from the planned revenues from appropriate uses of construction plots:
 - » from sales of plots with A1 – housing in residential houses, A2 housing in residential buildings, B3 – large hospitality units purpose the following were sold:
 - CP no. 12.143 with an achieved price for construction land in the total amount of 3,925,040 denars;
 - CP no. 12.146 with an achieved price for construction land in the total amount of 4,263,600 denars;
 - CP no. 9.8 with an achieved price for construction land in the total amount of 27,215,700 denars;
 - CP no. 6.10 with an achieved price for construction land in the total amount of 26,344,869 denars;
 - CP no. 1.38 with an achieved price for construction land in the total amount of 14,135,100 denars;
6. Regarding the part of the question whether in the concluded contracts for sale of state-owned construction land the conditions are stated that the buyer is obligated within a certain period to build the facility, as well as that they must not change the ownership, the Municipality of Bitola responded pointing out that in the concluded contracts, in Art. 4 from the contract for alienation of construction land through electronic bidding, it is stated that the buyer undertakes to develop the land in accordance with the urban plan based on which the land was alienated within a deadline which is in accordance with the provisions from the Law on construction, i.e. in accordance with the categorization of the facility. Furthermore, in Art. 10 from the contract it is stipulated that the owner of the construction land acquired via a procedure for alienation through public bidding must not transfer the land to a third party before fulfilling the obligations from the contract for alienation of the land. The prohibition to transfer to third parties was noted in the public book for recording real estate.

7. Regarding where the information related to the concluded contracts for sales of state-owned land has been published (with specific links from publications on the website or the issue of the Official Gazette in which they were published requested), we received information that according to the Law on construction land, the municipality has no obligation to publish, because according to the Law on protection of personal data it has to do with personal data of natural persons and legal entities, and according to the Law on construction land the concluded contracts are entered into the system for RSCL.
8. Among the questions submitted to the Municipality of Bitola there was a question that refers to collected contractual penalties in case of non-fulfillment of contractual obligations by the buyers in the period 2019-2023. An answer to this question was received that in the period 2019-2023 a total amount of 508,667.00 denars were collected on the basis of contractual penalties due to non-fulfillment of contractual obligations by the buyer.
9. No answer was received regarding the question about the total number of received requests for change of building investor for purchased construction land before the fulfillment of the contractual obligations in the period 2019-2023 by the Municipality of Bitola.
10. Regarding the question in how many cases did the Municipality of Bitola respond positively, and in how many negatively, to submitted requests for change of building investor for purchased construction land before the fulfillment of the contractual obligations in the period 2019-2023 by the Municipality of Bitola, the same as the previous question, no specific answer was received. As a result, this research does not provide data with specific numbers neither for the total number of submitted requests to change the building investor for purchased construction land before fulfilling the contractual obligations in the period 2019-2023, nor for the total number of positively or negatively decided requests to change the building investor before fulfilling the contractual obligations.



RESEARCH
ON THE SALES PROCESS OF
STATE-OWNED CONSTRUCTION LAND
IN MUNICIPALITY OF KICEVO



KEY FINDINGS

- » In the period 2019-2023, the Municipality of Kicevo published two announcements for sales of state-owned construction land.
- » From the two published announcements for sales of state-owned construction land, one was finished and published in 2020 whereas the other was published in 2023 and the procedure is still ongoing.
- » In both of the announcements the purpose of the state-owned construction land is A1, i.e. construction of residential buildings.
- » Regarding the finished announcement for sale of state-owned construction land the size is 3,899 m², the final achieved price is 4,578 denars/m² and the contract was concluded with "Installation" on 10.02.2021.
- » From the finished announcement for sale of construction land the Municipality of Kicevo made a revenue of 17,849,622 denars, whereas from the second announcement, after the completion of the procedure for sales of three plot with a total size of 1,212 m², it is expected that the municipality will make a revenue in the total amount of 3,453,790 denars.
- » More than one potential buyer applied for both announcements, so 4 potential buyers applied for the first announcement and the starting price for sale of the land was 980 denars/m²; after the finished auction the achieved price was 4,578 denars/m².
- » In the second announcement the state-owned construction land for sale had a starting price of 61 denars/m² and the price achieved was 3,080 denars/m² for the first plot, 2,750 denars/m² for the second plot and 2,710 denars/m² for the third plot.
- » The information regarding the concluded contracts for sales of state-owned construction land from the Municipality of Kicevo are published on the website <https://gradezno-zemijiste.mk/> which is available only with permission from ZELS, so the data regarding the concluded contracts is not available or visible to the public.
- » There are no contractual penalties charged for non-fulfillment of contractual obligations within the legal term and the term specified in the contract, and there is not a single submitted request to the municipality to change the building investor.

Research on the sale of construction land on the territory of the Municipality of Kicevo

According to the submitted answers from the Municipality of Kicevo for the sales of construction land in the period 2019-2023, the municipality published two announcements for sales of state-owned construction land during this period:

- The first announcement was published in the Official Gazette no. 288/2020, as well as in the daily newspapers "Koha", "Vecer" and "Nova Makedonija" and the website of the Municipality of Kicevo - <https://kicevo.gov.mk/>, and this announcement is finished, and
- The second announcement was published in January 2023 in the Official Gazette no. 1/2023, the daily newspapers "Koha", "Vecer" and "Nova Makedonija" and the website of the Municipality of Kicevo - <https://kicevo.gov.mk/>, and this announcement is not finished and the procedure is still ongoing.

Regarding the construction land which was sold in 2020 and for which the announcement and the procedure are finished, the purpose of the land is A2 – residential buildings with a compactible purpose B1 (small commercial business activities), size 3,899 m², final achieved price 4,578 denars/m² and a concluded contract with "Installation" on 10.02.2021.

Regarding the sales of state-owned construction land from the second announcement published in 2023 for which the procedure is still ongoing, there are 3 construction plots, the joint purpose of the land is A1 (family housing with residential houses), sizes 415 m², 398 m² and 399 m² and final achieved prices 3,080 denars/m², 2,750 denars/m² and 2,710 denars/m². The contracts are still not concluded because the procedure is still ongoing.

The total value of the realized revenues from the sales of construction land in the Municipality of Kicevo for the announcement which was published in 2020 and for which the procedure was finished in 2021 is 17,849,622 denars.

The total value of the realized revenues from the sale of the construction land whose announcement was published in 2023 and for which the procedure is still not finished, after it is completed, the following amounts will be collected individually for all 3 construction plots that are subject to sale:

- 1,278,000 denars for the sold area of 415m²;
- 1,094,500 denars for the sold area of 398 m² and
- 1,081,290 denars for the sold area of 399 m².

The number of potential buyers individually for all the conducted procedures for public bidding for sales of land are as follows:

- There were 4 potential buyers for the announcement in 2020;
- For the announcement published in 2023, for each plot individually: 8 potential buyers for the first plot, 13 potential buyers for the second plot and 12 bidders in total for the third plot.

Regarding the starting and the achieved price for the construction land after the conducted auction for the announcement published in 2020 and finished in 2021, the starting price was 980 denars/m² and the achieved price after the finished auction was 4,578 denars.

Regarding the second announcement which was published in 2023 and for which the procedure is still ongoing, the total starting price for all 3 plots was 61 denars/m². To the question whether in the contracts for sales of construction land the conditions are stated for building the facility within the legal period, as well as the condition not to change the ownership of the land for a certain period of time, the Municipality of Kicevo responded to the request for free access to public information highlighting that these conditions are in the contracts in accordance with the law and the announcement.

The information of concluded contracts for sales of state-owned construction land from the Municipality of Kicevo are published on the website <https://gradezno-zemjiste.mk/> and in order to gain access to the information a permission from ZELS is required. Regarding the collected contractual penalties for non-fulfillment of the contracts for use of state-owned construction land by the Municipality of Kicevo, the municipality emphasizes that there are no such penalties collected from the municipality because for the announcement published in 2020 it was acted in accordance with the legal and contractual obligations, whereas the procedure for the announcement from 2023 is still not finished.

Also, the municipality has not received a single request for changing the building investor for the purchased land before the fulfillment of the contractual obligations in the period 2019-2023. If such a request were to be received from the municipality, they point out that everyone would receive a negative opinion because the law does not allow it, and the notaries themselves do not change the ownership until the obligations of the contract are fulfilled.



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RESEARCH
ON THE SALES PROCESS OF
STATE-OWNED CONSTRUCTION LAND
IN MUNICIPALITY OF KUMANOVO

KEY FINDINGS

- » The committee for conducting procedures for electronic public bidding at the Municipality of Kumanovo in the period 2019-2023 conducted 2 announcements for alienation of 5 construction plots owned by the Republic of North Macedonia through electronic public bidding.
- » There are a total of 4 concluded contracts for alienation of construction land owned by the Republic of North Macedonia through electronic public bidding.
- » In the period 2019-2023, a total of 15 potential buyers applied.
- » Through conducting electronic public biddings and concluding contracts with buyers, the municipality collected revenues in the amount of 353,519,146 denars.
- » In the period 2019-2023, there were a total of 8,341,327 denars collected from contractual penalties.
- » In the period 2019-2023, the Municipality of Kumanovo did not receive a single request for change of investor for an alienated construction land.

The Department for managing and documenting construction land in the Municipality of Kumanovo successfully conducted alienation processes for construction plots in the period 2019-2023. In the stated period, the committee conducted two announcements for alienation of a total of five construction plots owned by the Republic of North Macedonia through electronic bidding. The municipality, the Sector for urbanism – Department for managing and documenting construction land published 2 announcements:

1. Announcement **AP1 no.03-2746 from 08.06.2021** for alienation of construction land owned by RNM through electronic bidding;
2. Announcement **AP1 no.03-5010 from 28.07.2023**.

The procedures for alienation of construction plots are published on the website of the Municipality of Kumanovo and the system gradezno-zemijste.mk, as well as in the daily newspapers "Sloboden Pecat", "Nova Makedonija" and "Koha".

By conducting the electronic public biddings and the concluding of contracts with buyers, the municipality realized considerable revenues from these transactions.

A total of four contracts for alienation of construction land owned by RNM through electronic bidding were concluded for construction plots with different purposes: - 2 construction plots with E2 - light and non-polluting industry purpose, B5 – hotel complexes and E4 - depots, warehouses and waste purpose.

Detailed overview of the list of concluded contracts

| Concluded contracts for the sales of construction land in 2019-2023 | | | | |
|---|---|--|---------------------------|-----------------------------------|
| Date of conclusion of contract | Contract concluded with: | Subject of sale (purpose of construction land) | Area of construction land | Achieved price for the land |
| 10.08.2021 | Company for production, trade and services "ARMOS BALKAN" LLC Skopje | E2 – light and non-polluting industry | 13.527 m ² | 951 denars per 1 m ² |
| 10.08.2021 | Company for production, trade and services "UPM-GROUP" single-member LLC Kumanovo | B5 - hotel complexes | 9.124 m ² | 311 denars per 1 m ² |
| 10.08.2021 | Trading company for internal and external sales, production and services "HROMAK Emil" single-member LLC Kumanovo | E2 - light and non-polluting industry | 12.458 m ² | 955 denars per 1 m ² |
| 04.09.2023 | Retail company "LIDL NORTH MACEDONIA" single-member LLC Skopje | E4 – depots, warehouses and waste | 170.997 m ² | 1,906 denars per 1 m ² |

The starting prices for construction land varied from 61 denars to 283 denars per square meter and the achieved prices varied depending on the purpose of the land. In other words, the starting price for construction land with E2 - light and non-polluting industry purpose and E4 - depots, warehouses and waste is 61 denars per m² with an achieved final price of 951 denars, 955 denars and 1,906 denars per m², and for construction land with B5 – hotel complexes purpose the starting price is 283 denars per m² with a final achieved price of 311 denars per m², so the realized **total revenues are 353,519, 146 denars**.

The obligations of the buyers are specified in the contracts in question as are the deadlines for obtaining a building permit and for constructing the facility, and the prohibition of alienation of construction land until all contractual obligations are fulfilled. In the period 2019-2023, **a total of 8,341,327 denars were collected from contractual penalties** for non-fulfillment of contractual obligations.

Three potential buyers applied to the announcements for public bidding for sale of construction land in 2023, and 12 applied for the announcement in 2021.



RESEARCH
ON THE SALES PROCESS OF
STATE-OWNED CONSTRUCTION LAND
IN MUNICIPALITY OF NEGOTINO

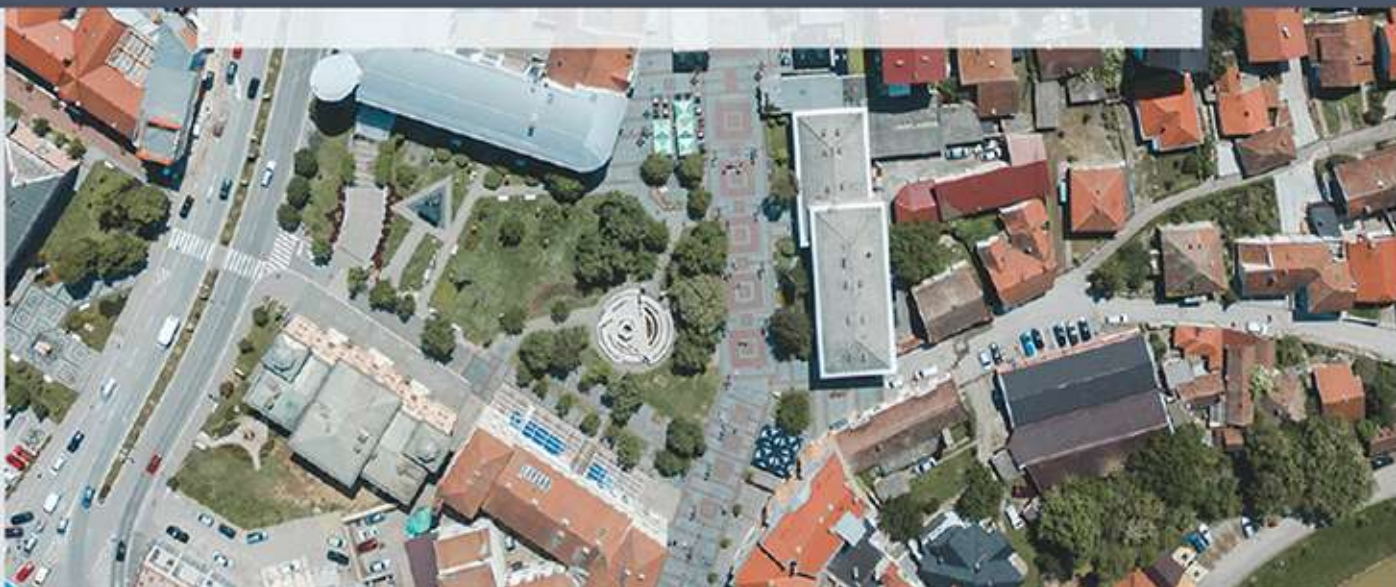


According to the conducted research for the sales of construction land in the Municipality of Negotino, it can be concluded that:

1. In the period 2019-2023 there were 7 conducted/published announcements for sales of state-owned construction land and they were published in the Official Gazette and daily newspapers. Of the 7, 2 were cancelled and for 3 there was no contract concluded.
2. In the period 2019-2023 there were 6 concluded contracts for sales of construction land with a starting price of 61 denars per m²:
 - » Contract concluded with AMA Construction for 3000 m² of land with E-2 purpose and achieved price of 71 denars per m² or a total amount of 213,000 denars. The contract was concluded on 17.10.2019.
 - » Contract concluded on 11.11.2019 with Dreams Trans single-member LLC for land of 17,872 m² with E-2 purpose and achieved price of 71 denars per m² or a total amount of 1,262,912 denars.
 - » Contract concluded on 17.03.2021 with Petre Mancev for land of 400 m² with A-1 purpose and achieved price of 1,730 denars per m² or a total amount of 692,000 denars.
 - » Contract concluded on 17.03.2021 with Dragan Mitrov for land of 250 m² with A-1 purpose and achieved price of 71 denars per m² or a total amount of 17,750 denars.
 - » Contract concluded on 17.03.2021 with Aleksandar Ivanov for land of 416 m² with A-1 purpose and achieved price of 151 denars per m² or a total amount of 62,816 denars.
 - » Contract concluded on 31.01.2023 with Sybo Group single-member LLC for land of 88,773m² with E-2 purpose and achieved price of 281 denars per m² or a total amount of 24,945,213 denars.
3. In the period 2019-2023, the Municipality of Negotino realized a total of 27,193,691 denars revenue from sales of construction land.
4. The Municipality of Negotino did not submit the number of potential buyers individually for all conducted procedures for public bidding for sales of land in 2023.
5. The starting price for all procedures for sales of construction land in the period 2019-2023 was 61 denars per m² and the achieved price was different and ranges from 71, 151, 281 to 1,730 denars per m².
6. In the concluded contracts for sales of construction land the deadlines for building and prohibition of change of ownership of the land are stipulated.
7. The Municipality of Negotino did not publish the information regarding the concluded contracts for sales of state-owned land.
8. In the period 2019-2023, the Municipality of Negotino did not collect contractual penalties for non-fulfillment of the contractual obligations on the part of the buyers.
9. In the period 2019-2023, the Municipality of Negotino did not receive requests for change of building investors for the purchased construction land prior to fulfillment of the contractual obligations.



RESEARCH
ON THE SALES PROCESS OF
STATE-OWNED CONSTRUCTION LAND
IN MUNICIPALITY OF STRUMICA



As part of the project "Safeguards against Corruption", the Center for Research and Analysis NOVUS conducted a research on the sales of construction land in the Municipality of Strumica.

The research was conducted by sending requests for public information to the municipality; the prepared request was submitted electronically to the appointed person who holds the public information from the municipality.

Upon the request submitted by the Center for Research and Analysis NOVUS for realizing the right for free access to public information, the official responded within the foreseen deadline, the submitted information were clear and they responded to all the questions stated in the request, consistently communicating via e-mail but also via phone.

According to the requests submitted to the Municipality of Strumica and the responses to these requests, we arrived at the following results:

1. **List of published/finished announcements for sales of state-owned construction land in the period 2019-2023 and where were these announcements published?**
 - In the period 2019-2023, the Municipality of Strumica published two announcements for sales of construction land in the Official Gazette of RNM, the municipality's official website, as well as in two daily newspapers.
2. **List of concluded contracts for sales of construction land in the period 2019-2023 with information about the subject of sale (purpose of land), size of land, price of land, name of the person (natural or legal) with whom the contract was concluded and date of contract.**

Announcement no. 1/2022-9 construction plots:

- CP.no.36-10.1 (A2-Housing in residential buildings) area of 2,824 m², starting price 2,090 denars per m², total achieved 2,300 denars per square meter;
- CP no. 36-10.2 (A2-Housing in residential buildings) area of 2,511 m², starting price 2,090 denars per m², total achieved 2,300 denars per square meter;
- CP no. 36-10.3 (A2-Housing in residential buildings) area of 1,305 m², starting price 2,090 denars per m², total achieved 2,299 denars per square meter;
- CP no. 36-10.4 (A2-Housing in residential buildings) area of 1,246 m², starting price 2,090 denars per m², total achieved 12,208 denars per square meter;
- CP no. 36-10.5 (A2-Housing in residential buildings) area of 1,681 m², starting price 2,090 denars per m², total achieved 2,300 denars per square meter;
- CP no. 36-10.6 (A2-Housing in residential buildings) area of 1,565 m², starting price 2,090 denars per m², total achieved 2,299 denars per square meter;
- CP no. 36-10.7 (A2-Housing in residential buildings) area of 2,801 m², starting price 2,090 denars per m², total achieved 2,300 denars per square meter;
- CP no. 36-10.8 (A2-Housing in residential buildings) area of 1,738 m², starting price 2,090 denars per m², total achieved 2,299 denars per square meter;
- CP no. 36-10.9 (A2-Housing in residential buildings) area of 1,584 m², starting price 2,090 denars per m², total achieved 2,300 denars per square meter.

Announcement no.1/20231 construction plot

- CP no. 36-7 (B2-Large commercial units) area of 8,774 m², starting price 3,000 denars per m², total achieved 3,300 denars per square meter.

3. **Total value of realized revenues from sales of construction land in the period 2019-2023.**
 - Total realized revenues from sales of construction land after five public biddings: From announcement no. 1/2022 a total revenue of 84,409,260 denars and announcement no.1/2023 a total revenue of 29,954,200 denars.
4. **Number of potential buyers individually for all conducted procedures for public bidding for sales of land in 2023?**
 - For announcement no. 1/2022 there were 2-3 potential buyers for each construction plot, 15-18 natural persons and legal entities, of which some were registered for several construction plots. For announcement no. 1/2023 there were two registered participants.
5. **For all procedures for sales of construction land conducted in the period 2019-2023, submit the starting price for the land and the price achieved after the finishing of the auction.**
 - The answer is already stated in answer to question no. 2.
6. **Are the conditions that the buyer of the land is obligated within a certain deadline to construct the facility and that they must not change ownership of the land stated in the concluded contracts?**
 - The conditions which the buyer has to fulfill are prescribed in the contracts: purpose and deadline for obtaining a building permit, in accordance with the legal regulations (LCL).
7. **Where is the information on the concluded contracts for sales of state-owned land published (if you have links from your website send them or in the Official Gazette, etc.)?**
 - The information on the concluded contracts for sales of state-owned land are published in the RSCL system managed by ZELS and is of closed nature.
8. **Charged contractual penalties in case of non-fulfillment of contractual obligations on the part of the buyers in the period 2019-2023?**
 - Contractual penalties were charged for 2 construction plots in the total amount of 365,375 denars for both plots.
9. **Number of received requests for change of building investor for the purchased construction land prior to the fulfillment of the contractual obligations in the period 2019-2023?**
 - In the period 2019-2023 there was only one request for change of investor.
10. **In how many cases did you respond positively and in how many negatively to the request for change of building investor for the purchased construction land prior to the fulfillment of the contractual obligations in the period 2019-2023?**
 - The request was declined due to non-fulfillment of obligations in accordance with the legal framework.

Based on this research for sales of construction land of the Municipality of Strumica, a few key conclusions and recommendations can be provided.

CONCLUSION:

Regarding the publishing of the sales announcements in different media and the official response to the request for information, the municipality has shown dedication and transparency and respect of the legal framework. The sales process based on public bidding provided for significant revenues for the municipality with conditions stated in the contracts in order to ensure that the buyers fulfill the specific criteria for development and ownership.

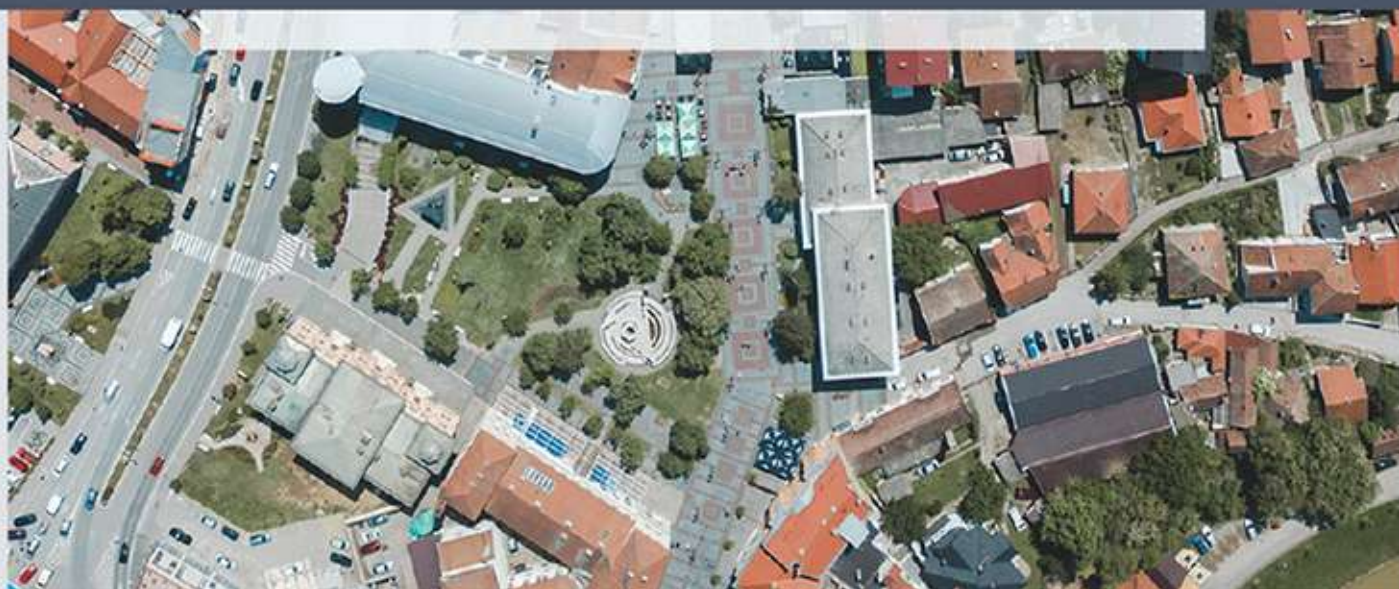
RECOMMENDATIONS

- » Improving transparency: even though the process seems transparent, the continuation of improving the access to information for sales of land, including public access to the detailed conditions regarding the contract, can further increase the trust in the municipal operations.
- » Establishing a system for public monitoring for announcing the progress of construction projects and adhering to the contractual obligations, including fines for non-fulfillment. This will provide for responsibility and timely completion of the projects.
- » Inclusion of the ecological assessments and criteria for sustainability in the selection process of construction projects in order to achieve a balance between development and preservation of the environment.
- » More rigorous vetting process for potential buyers in order to provide financial and operational capacities for development. Additionally, support and guidance for the investors, especially in meeting building deadlines and regulatory requirements.

By adopting these recommendations the Municipality of Strumica can improve the effectiveness, transparency and the public trust regarding the sales of construction land.



RESEARCH
ON THE SALES PROCESS OF
STATE-OWNED CONSTRUCTION LAND
IN MUNICIPALITY OF STIP



KEY FINDINGS

- » In the period 2019-2023 a total of 9 announcements for sales of state-owned construction land were published on the territory of the Municipality of Stip, 36 plots in total and 25 concluded contracts for sales of construction land.
- » The total sold state-owned construction land on the territory of the Municipality of Stip is 84,073 m² from which the plot with a total size of 65,567 m² is the single urban project for parcel construction land with E2 – light and non-polluting industry purpose, whereas the other 19,455m² of the land sold is with A – housing and accommodation buildings purpose, 6,924 m² with A1 – residential houses purpose and 12,531 m² with A2 – residential buildings purpose.
- » The total value of the realized revenues from sales of construction land in the period 2019-2023 amounts to 107,510,954 denars.
- » The posts/announcements for alienation of construction land owned by the Republic of North Macedonia through electronic biddings are posted publically by the Municipality of Stip on their website, in daily newspapers and the Official Gazette of the Republic of North Macedonia.
- » The procedure for alienation of construction land is conducted by a committee formed by the Mayor of the Municipality of Stip.
- » The information on the concluded contracts for sales of state-owned land is not publically published by the Municipality of Stip, neither on their website or the Official Gazette.
- » In the period 2019-2023, the Municipality of Stip did not collect contractual penalties based on non-fulfillment of obligations from the Law on construction land.
- » There were two requests for changing the building investor for the bought construction land prior to fulfilling the contractual obligations submitted to the municipality to which the municipality answered negatively; after a complaint upheld by a second instance authority in a re-procedure, the answer was positive.

A total of 9 announcements for sales of state-owned construction land were published in the period 2019-2023 in the Municipality of Stip. From a total of 36 plots no bidders applied for 4 plots and for 3 plots there were bidders and a public bidding was conducted, a price was achieved but the contract was not concluded. During this period the Municipality of Stip concluded 25 contracts for sales of construction land. Two announcements were cancelled, one in 2021 which is the single published public announcement for sale of construction land in that year and one announcement in 2023.

The Municipality of Stip published the announcements for alienation of construction land owned by the Republic of North Macedonia through electronic public bidding in accordance with the legal regulations in two printed newspapers and the Official Gazette, as well as on their website.

Every announcement contains the necessary information regarding the subject of the electronic bidding for undeveloped construction land owned by the Republic of North Macedonia foreseen in the Detailed Urban Plan of the Municipality of Stip, the rights and conditions for participation, what the starting price is and the amount of bank guarantee, the registration deadline, as well as the procedure for participation in the electronic public bidding.

Table no. 1 – Number of posts, plots, bidders, canceled posts and concluded contracts.

| Year | Number of posts | Number of plots | Number of bidders | Number of concluded contracts | Canceled posts | Natural person | Legal entity |
|-------|-----------------|-----------------|-------------------|-------------------------------|----------------|----------------|--------------|
| 2020 | 2 | 4 | 19 | 2 | / | / | 1 |
| 2021 | 1 | 2 | / | / | 1 | / | / |
| 2022 | 2 | 18 | 74 | 9 | / | 2 | 5 |
| 2023 | 4 | 12 | 35 | 14 | 1 | 9 | 4 |
| Total | 9 | 36 | 128 | 25 | 2 | 11 | 10 |

From the total state-owned construction land which was sold on the territory of the Municipality of Stip which amounts to 84,073 m², one 65,567 m² plot is an urban project for parcel construction land with E2 – light and non-polluting industry purpose, whereas the remaining 19,455m² of land sold is with A – housing and accommodation buildings purpose, 6,924 m² are with A1 – residential housing purpose and 12,531 m² are with A2 – residential building purpose.

Table no. 2 – Area and total value of land sold

| Year | Size of land | Purpose E2 | Purpose A1 | Purpose A2 | Price of land |
|-------|-----------------------|-----------------------|---------------------|-----------------------|--------------------|
| 2020 | 1150 m ² | / | / | 1150 m ² | 5.590.000 denars |
| 2021 | / | / | | | / |
| 2022 | 7.638 m ² | / | 3118 m ² | 4520 m ² | 56.484. 317 denars |
| 2023 | 75.285 m ² | 65.567 m ² | 4929 m ² | 4789 m ² | 45.436. 637 denars |
| Total | 84.073 m ² | 65.567 m ² | 8047 m ² | 10.459 m ² | 107.510.954 denars |

The starting price for the electronic public bidding for each construction plot is determined in accordance with the basic class of purpose of the construction land. In the period 2019-2023, the Municipality of Stip conducted 28 electronic public biddings from which 15 plots had a starting price of 61 denars and the achieved price varied from 71 denars (4 plots) to 2,330 denars per m². For three plots the published starting price was 1,120 denars, the average number of bidders was 4.6 and the achieved highest price was 10,420 denars per m². 7 plots were published with the highest price of 1,635 denars and the achieved price was 18,400 denars per m². For three conducted public biddings the contracts were not concluded, even though the bidding was conducted and the price was achieved.

Table no. 3 – Starting price for m² and achieved price

| Number of plots sold | Starting price for m ² | Lowest price | Highest price | Average per m ² |
|----------------------|-----------------------------------|--------------|---------------|----------------------------|
| 15 | 61 | 71 | 2.330 | 835 denars |
| 3 | 1.120 | 9.200 | 10.420 | 9.948 denars |
| 7 | 1.635 | 1.800 | 18.400 | 8.778 denars |

The procedure for alienation of construction land is conducted by a committee formed by the Mayor of the Municipality of Stip.

In the announcement in the section on the procedure for alienation of construction land, the committee informs the applicants of the completeness of the applications electronically, within 24 hours after the deadline for submitting the applications. To those applicants who have submitted complete documentation, the committee submits a username and password for participation in the electronic public bidding and to the applicants who have not submitted complete documentation they submit a notice stating that they will not participate in the public bidding.

The electronic public bidding can start with at least one participant, for each construction plot separately.

The participant in the public bidding who offers the highest price acquires the status of most favorable bidder for which the committee prepares a record of the conducted public bidding and delivers it electronically to all participants in the public bidding.

After the completion of the public bidding procedure, the committee is obliged to submit a request for an opinion to the State Attorney's Office of the Republic of North Macedonia within three working days, and the State Attorney's Office is obliged to submit an opinion within 30 days of receiving the request for an opinion. If the State Attorney's Office of the Republic of North Macedonia does not submit an opinion within 30 days, it will be considered positive.

The contract states conditions by which the buyer undertakes to obtain a building permit for the planned facility from the competent authority within a certain period after the solemnization of the contract, the buyer is obliged to build the facility in accordance with the urban plan according to which it was alienated. The buyer is obliged to build the facility in accordance with the urban plan according to which the land is alienated, within a certain period of obtaining a valid building permit, otherwise, if the buyer does not obtain a building permit within the stipulated period, i.e. if the facilities are not built within the specified period after fault of the buyer, the buyer will be obliged to pay a contractual penalty. The most favorable bidder undertakes to pay the sales tax that will arise as a liability after the concluded contract for alienation of construction land.

In the period 2019-2023, the Municipality of Stip did not charged contractual penalties based on non-fulfillment of obligations from the Law on Construction Land, when the buyer is late in fulfilling the obligation for three consecutive months and is the basis for the alienator, after three consecutive monthly calls for execution, as a creditor with a statement of non-fulfillment of the obligations of the contract, to request a confirmation of the enforceability of the contract, i.e. to request collection of the agreed penalty, which is also a basis for unilateral termination of the contract, whereby 80% of the total amount of the alienation is not returned to the buyer.

In the period from 2019-2023, the Municipality of Stip received two requests to change the building investor for purchased construction land before the fulfillment of the contractual obligations, and even though in the announcements for the alienation of construction land it is stated that the owner of the construction land acquired in the alienation procedure by way of public bidding may not be transferred to third parties before fulfilling the obligations of the contract for alienation of the construction land, and although both requests were rejected, after an appeal to a secondary authority in a repeated procedure, the answer was positive.

