



## **Assessment of vulnerability to corruption in state institutions and authorities for spatial planning, urban planning and construction**

### **Analysis of the legal framework in spatial planning, urban planning and construction with possible risks of corruption and the methodology for following recommendations**

M.Sc. Sirma Gjorgjieva - Antonijevic, Specialist in Anti-Corruption Reforms and Compliance in the Public and Private Sector  
Dr. Slagjana Taseva - Transparency International – Macedonia, Project Manager

\*This report was prepared by Transparency International - Macedonia with the support of the American people through the United States Agency for International Development (USAID). The authors views expressed in this report do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

October, 2021

## Content

<b>1. Introduction.....</b>	<b>3</b>
<b>2. Analysis of the legal framework related to urbanism, spatial planning and construction .....</b>	<b>4</b>
<b>2.1 Law on Urban Planning.....</b>	<b>4</b>
<b>2.2 Rulebook on urban planning .....</b>	<b>6</b>
<b>2.3. Initiative for amending and supplementing urban plans .....</b>	<b>7</b>
<b>3. Analysis of the law on urban planning.....</b>	<b>10</b>
<b>3.1 Risks related to the procedure for adoption and amendment of urban plans .....</b>	<b>12</b>
<b>3.1 Risks related to the procedure for adoption and amendment of urban plans .....</b>	<b>14</b>
<b>3.3 Risks contained in the transitional and final provisions .....</b>	<b>17</b>
<b>4. Analysis of the Rulebook for Urban Planning .....</b>	<b>25</b>
<b>4.1 Risks related to the Rulebook on Urban Planning .....</b>	<b>26</b>
<b>5. Analysis of the Law on Construction .....</b>	<b>29</b>
<b>5.1 Analysis of the Law on Construction Land .....</b>	<b>33</b>
<b>5.2 Corruption risk analysis in the Law on Construction and the Law on Construction Land .....</b>	<b>35</b>
<b>6. Analysis of cases related to corruption in construction .....</b>	<b>40</b>
<b>7. Conclusions .....</b>	<b>41</b>
<b>8. Recommendations.....</b>	<b>42</b>
<b>9. Bibliography.....</b>	<b>44</b>

# 1. Introduction

The construction and spatial planning sector is considered one of the most vulnerable to corruption in the world. It is a sector in which unrealistic prices can be easily presented, and urban planning can be influenced by various interest groups. If the state does not have a strong mechanism to control it, it loses its economic power, i.e. instead of the funds flowing into the budget, they flow into corrupt activities. A government will oppose corruption in construction, if it pays special attention to transparency and democratic principles in its rule, and in this way citizens are given the opportunity to express their message and dissatisfaction towards all public institutions. State institutions as well as local self-government units should be in contact with citizens and civil society organizations, it is necessary for every citizen to participate in planning and decision-making, but also to have the possibility to report corruption anonymously, and for these reports to be then acted upon.

The purpose of this research is to identify the possible risks of corruption in the field of construction and to emphasize the importance of continuous reduction of those risks through transparency in all decisions made by state bodies, the development of democracy, but also control by the state mechanism, which will contribute to the successful management of the fight against corruption by the local self-government units in all state bodies but also in the local government units.

For the purposes of this analysis, several research approaches were used, thus mapping the legal provisions and bylaws related to urbanism, which are essential to assess the risks of corruption. Also, this analysis provides a risk assessment of conflict of interest as well. This research used publicly available data, analyzes, articles, case studies related to the functioning of local government as well as international conventions and United Nations anti-corruption mechanisms. An analysis of the activity and the possibility for citizens to be involved in the management in the local government, i.e. in their municipalities was conducted. The only way to obtain such data is by inspecting all the documentation related to each urban planning procedure individually. An analysis of the Law on Urban Planning was conducted; The Law on Urban Greenery still needs time, in order for its function in practice be properly determined, this is a relatively new legal matter, but also an important segment for the preservation of urban greenery as well as the preservation of the environment. Furthermore, this research covers the Law on Financing of Local Self-Government Units and the Rulebook on Urban Planning. On the other hand, the focus was on state and local government bodies, which have the authority to regulate issues in the field of urban and spatial planning, as well as to implement laws and bylaws related to these issues. Therefore, the analysis focuses on the discretionary powers of the local government, lack of well-formulated legal provisions, conflict of legal provisions as well as different interpretations of legal norms on the one hand, but also frequent changes of laws on the other hand, by creating risk from increasing corruption and conflict of interest. While the research was conducted, it was concluded that the laws and bylaws related to urbanism have provisions that are not fully defined and this led to a non-uniform application in practice. Apart from this, when it comes to institutional set-up, there is insufficient regulation of the competencies of central and local government institutions, the manner of operation of these institutions, as well as the functioning and delimitation of the competencies of the bodies under their jurisdiction. In other words, several bodies have competencies to enforce regulations relating to urban planning and spatial planning. On the one hand, the risk of

concentration of power in one institution is minimized, but on the other hand, in practice, confusion is created regarding competencies and undertaking of activities, as well as the interpretation of legal articles, which can lead to different applications. Citizens' participation is prescribed in these laws, but in practice their participation is minimized, because there is a possibility to use the legal gaps provided by these laws. Furthermore, the Department of Urbanism and other competent institutions in charge of urban planning and construction do use these legal gaps, which primarily arise from the many adopted bylaws and regulations, but also the many amendments to the legal provisions. The main basis for these omissions lies in the undefined nature of the main legal provisions. The minimization of corruption risk and conflict of jurisdiction requires many further researches and analyzes of the urban sector and the legal provisions related to construction.

It is more than clear that there is no possibility for an individual or local self-government unit to fight corruption if the state mechanism is dysfunctional. In addition to the study of the laws for this analysis, a research was conducted through interviews, which included 21 (twenty-one) participants from different profiles: six mayors, nine persons who are Heads of the Department of Urbanism, a person from the Cabinet of Mayor, heads of the Finance and Legal Affairs Department, two prosecutors, one judge in the Criminal Court, one employee from the Department of Urbanism - Legal Service (former head of the Ministry of Transport and Communications), one representative of a private company or investor, one manager of the Mortgage Sector in the Agency for Real Estate Cadaster Skopje. All of these interviewees expressed their views on whether people are aware of the important role of the state in the fight against corruption.

Discussions have shown that in order to reduce corruption in construction, it is necessary to strengthen and increase the activity of the State Inspectorate for Construction and Urban Planning, in order for it to be able to act within the competencies provided by the Law on Urban and Spatial Planning, as well as reducing the discretion of local government and to deliver a state mechanism that will be willing to eradicate corruption. And it is also necessary to increase transparency through active public participation (which is not the case right now) and regular audits by an independent audit body.

## **2. Analysis of the legal framework related to urbanism, spatial planning and construction**

### **2.1 Law on Urban Planning**

The Law on Urban Planning (LUP)<sup>1</sup> sets: the systemic and hierarchical regulation of urban planning in the system of spatial and urban planning, goals and principles of urban planning and spatial planning, types and content of urban plans, conditions for performing activities in urban planning, development of procedures and implementation of urban plans, supervision over the implementation of the provisions of this law, as well as other matters in urban planning. Furthermore, Article 3 of the Law clarifies that Urban Planning is a segment of spatial and urban planning which is actually an integral part of the spatial plan of the Republic of North Macedonia

---

1

(RSM), but also spatial plans as part of urban plans and the acts for their implementation. This system, as stated above, is a *system that serves the arrangement and humanization of space as well as the protection and promotion of the environment and nature*. On the other hand, such a system enables the social, economic and ecological sustainability of human settlements. For the functioning of spatial and urban planning, there must be continuity, in terms of the preparation, adoption, implementation and monitoring of the implementation of plans. The law distinguishes between the type and system of spatial and urban planning, which must be hierarchically harmonized to ensure their smooth functioning.

Article 4 of the LUP covers the types of urban plans and competencies, which are adopted by various state bodies. The competence in adopting different types of plans is regulated in accordance with Article 20 of the LUP.

Namely, **The Council of the City of Skopje adopts a general urban plan of the City of Skopje (GUP)**, while **The Municipal Council of the City of Skopje adopts:**

1. Detailed Urban Plan;
2. Urban Plan for village and
3. Urban plan outside of settlement boundaries.

**The City Council based in the city adopts:**

1. General urban plan;
2. Detailed urban plan;
3. Urban plan for village and
4. Urban plan outside of settlement boundaries.

**The Village Council based in the village adopts:**

1. Urban plan for village and
2. Urban plan outside of settlement boundaries.

**The Government of the Republic of North Macedonia shall adopt an urban plan for areas and buildings of state importance in accordance with a procedure established in Article 30 of this Law.** The bodies responsible for the adoption of urban plans from the paragraphs previously stated in Article 20, are responsible for their amendment and supplementation, as well as the implementation and the monitoring of that implementation.

According to Article 22 of the same law, paragraph 1 states that Spatial planning must be done for a certain planning period, i.e. calculating the future needs for spatial development and predicting the program parameters of spatial development in the procedure for preparation and implementation of plans is an important element for functioning of this law. Furthermore, the planning period is a time for which a projection of all conditions and development tendencies is made based on the data collected in the base year of commencement of the preparation of the urban plan and time period for which the urban plan is expected to be realized.

The other paragraphs of the same article are focused on exact duration of the planning period for each individual plan, how long will the completion of the procedure last for each plan individually as well as an analysis, which is an integral part of the plan. An urban plan is valid until a new one is adopted. The validity of urban plans lasts until the adoption of a new plan. A procedure for changing a part or suspension of a certain planning provision may also be initiated, and this article

further describes in detail the procedure for these changes, the deadlines and the documentation that should be contained in Article 23 of the LUP. According to Article 23 of this Law, the validity of urban plans as well as its force, is generally in force until a new plan is adopted. A procedure for changing a part or suspension of a certain planning provision may also be initiated. Furthermore, this article describes in detail the procedure for these changes, the deadlines and the documentation they should contain.

## **2.2 Rulebook on urban planning**

The Rulebook for urban planning is prescribed in accordance with the Law on Urban Planning, in accordance with Article 24 it states:

“The Rulebook on Urban Planning prescribes the standards and norms for urban planning and defines the principles, convictions and methods for rational planning of sustainable settlements and buildings for landscaping and use of space, methods and techniques of urban planning, the legal effect of planning provisions, the system of purpose classes, as well as all protective or generative standards that ensure the fulfillment of the goals and principles of urban planning regulated by this law”.

The Law regulates the manner, form and content for processing of urban plans and projects, formation of construction plots, permitted percentage of built area, coefficient of land usage, form, content and manner of processing of the urban project, etc.

On the other hand, it is important to note that when preparing, adopting and implementing urban plans and urban projects, the Rulebook on urban planning is mandatory, as prescribed by the minister who manages the state administration body responsible for performing activities in the field of spatial planning, following an expert discussion. The Rulebook on Urban Planning has the force of a bylaw and was adopted by the Ministry of Transport and Communications and was published in the Official Gazette No. 225 of 18.09.2020.

Of particular importance for this project is the regulation of the manner of adoption of urban plans. Thus, according to the Law, the procedure for adoption of the General Urban Plan (GUP) is regulated in Article 25 of the Law, the procedure for adoption of the Detailed Urban Plan (DUP) is regulated in accordance with Article 27 of this Law, while the procedure for adoption of the urban plan of villages, which is no less important is regulated in Article 28 of the same law. Adoption of an urban plan for outside of settlement boundaries is fully covered by Article 29, while the procedure for adoption of an urban plan for areas and buildings of state importance is regulated in Article 30.

The legislator also regulated the procedures for amending and supplementing urban plans and this is regulated in detail in Article 31 of this Law. The preparation as well as the adoption of urban plans (UP), the competent bodies for UP, i.e. their preparation as well as the adoption of urban plans or bodies and bodies responsible for conducting the procedure for preparation and adoption of UP, on the one hand, as well as the competencies of Commissions for urbanism are regulated in Article 38 of the LUP. Pursuant to this article, each municipality and the city of Skopje has a special commission in its composition, where in accordance with paragraphs 5-11, the competencies and the composition of the commission are regulated in more detail, as well as the conditions for its establishment.

### 2.3. Initiative for amending and supplementing urban plans

An initiative for preparation of a new, i.e. amending and supplementing the existing urban plan to the municipalities, the municipalities in the city of Skopje and the city of Skopje, as well as to the competent state administration body responsible for performing the works in the field of spatial planning, can be submitted by all interested legal entities, citizens, associations, organizations, institutions and state administration bodies, which should be in accordance with Article 39 of the LUP.

The Program for financing the preparation of urban plans is regulated in Article 40 of this Law, while the program for financing the preparation of urban plans of the Government of the Republic of North Macedonia is regulated in Article 41 of the Law on Urban Development.

Spatial planning is regulated in Article 42 of the LUP and according to this article there are several conditions that need to be cumulatively met, while the acts that implement urban plans are regulated in detail by the legislator in Article 56 of the LUP.

The process for the necessary documentation and procedure for changing urban plans, as well as their implementation is regulated in the provisions of Article (57-65) of the LUP, while Article 73.74 and 75 refer to the Spatial Planning Agency, which is an independent body responsible for the implementation of spatial planning policies and regulations in the Republic of North Macedonia as well as its competencies as regulated in Articles 76-81 of this Law.

The supervision for proper implementation of this law is regulated in Article 82 of the Law on Public Procurement, quote, ‘The supervision over the implementation of the provisions of this Law and the regulations adopted on its basis is performed by the state administration body responsible for performing activities in the field of spatial planning.’, unquote. More precisely, the supervision over proper implementation of this Law is regulated in Article 83-87 of the Law on Public Procurement, and the competent body for the implementation of the provisions of this Law are the **State Inspectorate for Construction and Urban Planning (SICU)**, while authorized persons acting in accordance with the legal provisions of this law are the State Urban Inspectors, who must meet the conditions provided in Article 83 paragraph 5 to perform this function.<sup>2</sup> The activities of the Inspection over the application of this Law and the regulations adopted on its basis are performed by the **State Inspectorate for Construction and Urban Planning** through State Urban Inspectors. The inspection supervision, the competencies of **SICU** as well as of the employees in this body, i.e. **State Urban Inspector**, is regulated by the provisions in art. (83-87).

Namely, inspection is performed over the procedures for adoption and implementation of urban plans and urban projects from this law in electronic form through the information system e-urbanism and in analog i.e. paper form. The subject of the inspection is regulated in Article 84 paragraph 1, where the conditions which prescribe the number of inspectors are fully listed, and it depends on the following criteria:

---

<sup>2</sup> The conditions are as follows: The person must be a citizen of the Republic of North Macedonia; he should not have been prohibited by an enforceable court decision to perform a profession, activity or duty; he should have obtained at least 300 credits according to ECTS or completed VII A degree higher education in the field of architecture; should have five years of work experience in the field of architecture and urbanism; and meet other conditions set out in the act for job systematization; active use the Macedonian language; and be in good general health.

1. the number of settlements in the region, i.e. in the municipality;
2. the number of procedures for the preparation and adoption of urban plans;
3. the number of adopted urban plans;
4. the number of procedures for implementation of urban plans and
5. the number of planning covers of urban plans which will require preparation and adoption of urban plans.

The authorizations of the inspectors are determined in accordance with the LUP (Article 84 paragraph 2), i.e. the inspector checks whether the procedures for the preparation, adoption and implementation of urban plans are implemented in accordance with the provisions of this law and the regulations adopted on its basis, if state administration bodies, agencies, administrations, legal entities with public authority to perform activities relevant to the preparation, adoption and implementation of urban plans, if the legal and natural persons with a license, i.e. authorization to perform works in the process of preparation, adoption and implementation of urban plans, have acted in accordance with the provisions of this Law and the regulations adopted on its basis, as well as the excerpts from the urban plan, urban projects and the approvals of the urban projects have been prepared in accordance with the provisions of this Law and the regulations adopted on the basis of it as well as other authorizations that are covered in this paragraph of the same article of the LUP.

The inspectors also perform inspection supervision in accordance with the provisions of the Law that refer to the prohibition and prevention of performing unregistered activity (Article 84 paragraph 4). When performing the inspection, the state administration bodies, agencies and administrations, legal entities with competencies and public authorizations for performing works related to the preparation, adoption and implementation of urban plans, as well as legal and natural persons with a license or authorization to perform of professional affairs in the process of preparation, adoption and implementation of urban plans, are obliged to provide the inspector with access to the official premises and to submit all requested data and documents within the requested deadline (Article 85 paragraph 2) of the LUP. Furthermore, the inspector prepares a report on the ascertained condition for the performed supervision, and if he determines certain irregularities or illegalities in the subject of the inspection, he is obliged to make a decision which will oblige the subject that is subject to the inspection to eliminate the irregularity or illegality and within what deadline, i.e. to act in accordance with the provisions of this Law. (Article 85 paragraph 3) of the LUP. An appeal against the decision of the inspector may be submitted to the competent body that decides in the second instance.

If the entity does not act upon the decision of the inspector, this is considered a serious violation of the official duty, thus the legal entity and the authorized person from representing the legal entity will be fined.

The supervision over the legality of the work of the municipal bodies, the municipalities in the City of Skopje and the bodies of the City of Skopje in the process of preparation, adoption and implementation of the urban plans is performed by the state administration body responsible for performing the activities in the field of spatial planning. The law does not specify who that body is.



The Law on Urban Planning (LUP) also envisages misdemeanor provisions which provide penalties and fines for non-compliance with the provisions of Article (88-91).

### 3. Analysis of the law on urban planning

According to the drafter, the purpose of the adoption of a new law on urban planning is to obtain a clear definition of the procedures for the adoption of urban plans, increase transparency, implementation and monitoring of the implementation of urban plans, but also to introduce a clear division of responsibilities, regarding the process of preparation, adoption, implementation and supervision of the implementation of urban plans.

Previously, this matter was regulated in the Law on Spatial and Urban Planning, but with the adoption of a completely new Law on Urban Planning (LUP) in February 2020, many inaccurately defined provisions appeared in the legal text. At the beginning of the legal provisions of the LUP, **there is no definition of gross area** and this is regulated by Article 2 of this Law, without clearly specifying what “gross area” is. This may be a legal disadvantage of a particular risk especially as **there is no regulation by a bylaw**. This shortcoming in practice can violate the principle of good governance and **pose a risk** for discretionary decisions and the emergence of corruption and conflicts of interest. Also, this article **does not specify what is meant by “the state administration body responsible for spatial planning”**. There should be legal clarity and clearly defined competence in order for the law to be applied and to know which body is competent for its application. **Such vagueness presents another risk for corruption and in the future**, when it comes to the application of this law, for example, it will not be known which body should act on the appeal of these decisions because it is not defined which body is held responsible for spatial planning.

The risks in Chapter 1 of the LUP

1. **There is no definition of gross area** which can be a legal shortcoming of a certain risk, especially because **there is no regulation by a bylaw**. This **poses a risk** of discretionary decisions and the emergence of corruption and conflicts of interest.
2. **It is not precisely stated what is meant by “the state administration body responsible for spatial planning**. There is no legal clarity and clearly defined competence so that the law can be applied and it is known which body is competent for its application. **Such vagueness poses another corruption risk and in the future** when it comes to the application of this law, for example, it will not be known which body should act on the complaint.

The second chapter of the Law, which covers Articles 10-24, regulates the manner of adopting Urban Plans for areas and buildings of state importance. Previously, the Constitutional Court of the Republic of North Macedonia found that such provisions of the Law on Spatial and Urban Planning of 2014 are not in accordance with the principle of rule of law and the principle of separation of state power into legislative, executive and judicial. Given the previous decision of the Constitutional Court, it can be said that the law adopted in 2020 does not offer a detailed regulation of what is of strategic importance, which buildings have a municipal nature, and in this way there may be different interpretations and different applications of these provisions.

Furthermore, Article 22 regulates the planning period of the urban plans, the deadlines for the preparation of an analysis of the implementation of the plan, as well as the deadlines for adoption of the urban plans. There are no provisions that give a deadline within which the analysis must be prepared, but only states that the procedure is continued, so if the plan is not adopted within the given deadline, a misdemeanor fine of 2000 euros is delivered to the mayor, or the authorized person which leads the procedure for adopting the plan.

This is a **legal loophole in the legal text**, which will cause different interpretations and different application in practice, which as a consequence **may lead to an increase in the possibility of corruption or conflict of interest**.

On the other hand, **there are no provisions that regulate the principle of publicity in terms of public participation and public availability of the analysis of changes**, nor provisions that indicate what happens with the initiated procedure for adopting the urban plan.

The LUP removes the possibility of suspending urban plans in case it is determined that they are not in accordance with the hierarchical plans. But on the other hand we have a situation where the provisions do not provide clear rules of action and decision-making, but there are also no provisions that indicate what the consequences would be in relation to the changes on the ground. Namely, if the harmful consequences occurred as a result of the implementation of the plan are considered, there are no detailed provisions that will clearly see what is the procedure for the suspension of plans, and what are the consequences of a certain procedure. **Due to this legal gap, there is a corruption risk and conflict of interest**.

The council of the local self-government unit is responsible for the adoption, amendments and suspension of the detailed urban plan. But there is no regulation regarding the review of the procedure as well as the reliability of the report. **Namely, there is no possibility in the law to review the procedure and accompanying documents from an independent body, which presents a corruption risk and increase** of discretionary powers, referring to the municipalities and mayors.

Adoption of urban plans for buildings and areas of state importance, which are adopted by the Government, is different, so the Commission for Urbanism (explained above in the text) prepares the report for suspension. The commission is formed by the minister of the state administration body responsible for the arrangement of the space, who is competent to give an opinion regarding the report and the request for suspension.

The decision is made by the adopter of the plan, after previously having received the opinion from the minister who manages the state administration body, responsible for performing the activities in the field of spatial planning, without the legislator stepping into the connection of the adopter of the plan, i.e. whether the adopter of the plan is tied to the opinion of the minister. On the other hand, it is not regulated what happens if the decision is based on the expert report prepared by the Commission for Urbanism or the opinion of the Minister, in case the expert report and the opinion are contradictory. The decision for suspension of the plan is in force for a maximum of six months, i.e. they should be removed by the submitter and one year for the entire planning scope of the urban plan. If these deadlines are not met, i.e. the implementation of the detailed urban plan continues, the question arises as to **what happens with the damage caused by the suspension of the plan**, but also by not eliminating the shortcomings of the urban plan borne by the local

government unit (for urban plans of local importance) and the Government of the Republic of North Macedonia (RNM) (for urban plans of state importance).

On the other hand, the shorter deadlines provided by this law, in order to adopt a detailed urban plan, which will replace the suspended detailed urban plan, may cause the opposite effect, contrary to the legislator's idea to introduce control mechanisms, i.e. increase the risks of occurrence of corruption and conflict of interest. (Avramovski D., 2021) The Coalition for Fair Trials.

### 3.1 Risks related to the procedure for adoption and amendment of urban plans

There are many omissions in the legal framework because there is a repetition of the provisions that refer to different plans. A decisive and clear law is needed in the part which regulates the competencies of all bodies and organs.

One of the most vulnerable sectors in Urbanism is the public procurement sector, so according to Article 45, it refers to the selection of a developer of the urban plan, i.e. the selection procedure itself. The adoption and changes of the urban plans are financed from the budget of the municipality, the selection of the developer of the plan is done through a public call conducted by a commission formed by the mayor. The bids are opened within five working days, after which they are reviewed and a report is prepared with a proposal for the selection of a developer of the plan, which is submitted to the mayor. Furthermore, the mayor makes the decision to select the developer of the plan. Of course, an appeal against this decision is allowed to the Minister of the state administration body, held responsible for spatial planning.

**The main corruption risk and conflict of competencies refers to the great discretionary powers of the mayor** who makes the decision for election on the one hand, **and on the other hand he forms the commission** that evaluates the bids and submits a proposal for election to the mayor. On the other hand, special criteria and manner of election of the commission is specified, this law only provides the composition, which requires only to have two architects, the other composition is unknown. So there is a possibility that urban architects are not a majority in the commission, and on the other hand according to this law there are no criteria and exact number of other members of the commission which are competent to perform this function. The chairwoman of the State Commission for Prevention of Corruption (SCPC) pointed out that “the fact that the plan is prepared at an extremely low price, increases the risk of corrupt behavior, i.e. involving deals between the planner and landowners who are future investors. The members of the Municipal Council and the public do not have a legal opportunity to be involved in this part of the urban planning process, so the mayor has great discretion and influence in the procedure for selecting a developer of the urban plan, which presents a corruption risk and conflict of interest.

Article 47 stipulates that practically all state bodies that exercise public authority are listed in detail in this article and are obliged to submit all data and information available to them within 15 days, together with their development projections, proposals and opinions which are necessary for the preparation of the urban plans at the request of the adopter or the developer of the urban plan. Here it is especially important that the authorities are obliged to submit the data available to them, if they do not have data the urban planning process can continue without that data, but this poses a risk to corruption and conflict of interest, because the authorities can intentionally fail to submit the data in order to adopt an urban plan as they imagined. Having this in mind, the law does not contain a provision that will regulate which entity would be responsible for the damage and in what procedure, in a situation when the harmful consequences would occur as a result of not

providing the requested data, and in a situation when the plan adopter would fail to adopt a new plan within the time limit provided for in Article 23. This also takes into account Article 47 where it is provided that the authorities are obliged to provide all the data available to them, as it remains unclear how it will be proved whether they were available to them available or not.

Such legislation only increases the possibility of discretionary behavior and poses a corruption risk. The good side of this law is that it provides for a participatory body in which citizens can participate voluntarily, as well as to specify the provisions that refer to the public and inclusiveness in the procedures for adopting urban plans, but only in the part that refers to the local self-government. This body does not have the authority to act in procedures for adopting urban plans for areas and buildings of state importance, so public participation in these procedures is severely limited.

However, the provisions relating to public participation in proceedings, other than declarative public advocacy, participation and inclusiveness in proceedings, offer very few rules and standards relating to public participation in these proceedings. The law does not provide provisions governing the manner of participation and the guarantee mechanisms regarding public participation. In general, the municipality informs citizens through its website, as well as by posting information about the public presentation and the public survey on public areas. Thus, citizens are almost unfamiliar with the process of urban planning, i.e. 93% of the citizens did not participate in the procedures for the adoption of the urban plan, and 83% of citizens were not informed at all about the processes of adopting or amending the urban plan according to the Research Reporter Laboratory Macedonia. (Avramovski D., 2021) The Coalition for Fair Trials.

Urbanism is the public procurement sector, so according to Article 45, it refers to the selection of a developer of the urban plan, i.e. the selection procedure itself. The adoption and changes of the urban plans are financed from the budget of the municipality, the selection of the developer of the plan is done through a public call conducted by a commission formed by the mayor. The bids are opened within five working days, after which they are reviewed and a report is prepared with a proposal for the selection of a developer of the plan, which is submitted to the mayor. Furthermore, the mayor makes the decision to select the developer of the plan. Of course, an appeal against this decision is allowed to the Minister of the state administration body, responsible for spatial planning.

**The main corruption risk and conflict of competencies refers to the great discretionary powers of the mayor** who makes the decision to select the most favorable bidder on the one hand, **and on the other hand he forms the commission** that evaluates the bids and submits a proposal for selection to the mayor.

#### **Risks in Chapter 2 of the LUP:**

1. Absence of provisions **governing the principle of publicity regarding the participation of the public and the public availability of the analysis of changes**, and lack of provisions that indicate what happens with the initiated procedure for adoption of the urban plan poses a corruption risk.

2. There are no detailed provisions that will clearly show what the procedure for the suspension of plans is, and what are the consequences of a certain procedure. **Due to this legal gap, there is a corruption risk and conflict of interest.**
3. The council of the local self-government unit is responsible for the adoption, amendments and suspension of the detailed urban plan. But there is no regulation regarding the review of the procedure as well as the reliability of the report. There is **no possibility in the law to review the procedure and accompanying documents from an independent body, which is a corruption risk and increase** of discretionary powers, and it refers to the municipalities and mayors.
4. Adoption of urban plans for buildings and areas of state importance, which are adopted by the Government is different, so the Commission for Urbanism prepares the report for suspension. The commission is formed by the minister of the state administration body responsible for the arrangement of the space, who is competent to give an opinion regarding the elaboration and the request for suspension. The decision is made by the adopter of the plan, after previously received opinion from the minister who manages the state administration body, responsible for performing the activities in the field of spatial planning, without the legislator examining the connection of the adopter of the plan, i.e. whether the adopter of the plan is bound by the opinion of the minister. On the other hand, it is not regulated what happens if the decision is based on the expert report prepared by the Commission for Urbanism or the opinion of the Minister, in case the expert report and the opinion are contradictory. The decision for the suspension of the plan is in force for a maximum of six months, i.e. they should be removed by the submitter and one year for the entire planning scope of the urban plan. Non-compliance with the legal provisions in the sense (the implementation of the detailed urban plan is still ongoing), while in the meantime the plan is suspended, the question arises as to **what happens to the damage caused by the suspension of the plan.** On the other hand, the shorter deadlines provided by this law, in order to adopt a detailed urban plan, which will replace the suspended detailed urban plan, **may cause the opposite effect, contrary to the legislator's idea to introduce control mechanisms, i.e. it might increase the risks of occurrence of corruption and conflict of interest.** (Avramovski D., 2021) The Coalition for Fair Trials.

### 3.1 Risks related to the procedure for adoption and amendment of urban plans

There are many omissions in the legal framework because there is a repetition of the provisions that refer to different plans. A decisive and clear law is needed in regulating the competencies of all bodies and organs.

One of the most vulnerable sectors in Urbanism is the public procurement sector, so according to Article 45, it refers to the selection of a developer of the urban plan, i.e. the selection procedure itself. The adoption and changes of the urban plans are financed from the budget of the municipality, the selection of the developer of the plan is done through a public call conducted by a commission formed by the mayor. The bids are opened within five working days, after which they are reviewed and a report is prepared with a proposal for selection of a developer of the plan, which is submitted to the mayor. Furthermore, the mayor makes the decision to select the

developer of the plan. Of course, an appeal against this decision is allowed to the Minister of the state administration body, responsible for spatial planning.

**The main corruption risk and conflict of competencies refers to the great discretionary powers of the mayor** who makes the decision for election on the one hand, **and on the other hand he forms the commission** that evaluates the bids and submits a proposal for election to the mayor. On the other hand, there are no special criteria and manner of selection of the commission, this law only provides the composition, it only prescribes to have two architects, the other composition is unknown. So, there is a possibility that urban architects are not a majority in the commission, and on the other hand according to this law there are no criteria and exact number of other members of the commission who are competent to perform this function. The chairwoman of the State Commission for Prevention of Corruption (SCPC) pointed out that “the fact that the plan is prepared at an extremely low price increases the risk of corrupt behavior, i.e. involving deals between the planner and the landowners who are future investors.” The member of the Council of the municipality and the public do not have a legal opportunity to be involved in this part of the urban planning process, so the mayor has great discretion and influence in the procedure for selecting a developer of the urban plan, which is a corruption risk and presents a conflict of interest.

Article 47 stipulates that practically all state bodies that exercise public authority are listed in detail in this article and are obliged to submit all data and information available to them within 15 days, together with their development projections, proposals and opinions which are necessary for the preparation of the urban plans at the request of the adopter or the developer of the urban plan. At this point, it is especially important that the authorities are obliged to submit the data available to them, if they do not have the data the urban planning process can continue without that data, but this is a corruption risk and conflict of interest, because the authorities can intentionally not submit the data in order to adopt an urban plan as they have imagined. Having in mind what was previously stated, the law does not contain a provision that will regulate which entity would be responsible for the damage and in what procedure, in a situation when the harmful consequences occurred as a result of not providing the requested data, and in a situation when the plan adopter failed to adopt a new plan within the time limit provided for in Article 23. This also takes into account Article 47 which states that authorities are obliged to provide all the data available to them, as it remains unclear how it will be proved whether they were available to them or they were not.

Such legislation only increases the possibility of discretionary behavior and poses a corruption risk. The good side of this law is that it provides for a participatory body in which citizens can participate voluntarily, as well as to specify the provisions that refer to the public and inclusiveness in the procedures for adopting urban plans, but only in the part that refers to the local self-government. This body does not have the authority to act in procedures for adopting urban plans for areas and buildings of state importance, so public participation in these procedures is severely limited.

However, the provisions relating to public participation in proceedings, other than declarative public advocacy, participation and inclusiveness in proceedings, offer very few rules and standards relating to public participation in these proceedings. The law does not provide provisions governing the manner of participation and the guarantee mechanisms regarding public participation. In general, the municipality informs the citizens through its website, as well as by

posting information about the public presentation and the public survey on public areas. Thus, citizens are almost unfamiliar with the process of urban planning, i.e. 93% of citizens did not participate in the procedures for the adoption of the urban plan, and 83% of citizens were not informed at all about the processes of adopting or amending of the urban plan according to the Research Reporter Laboratory Macedonia. (Avramovski D., 2021) The Coalition for Fair Trials.

Urbanism is the public procurement sector, so according to Article 45, it refers to the selection of a developer of the urban plan, i.e. the selection procedure itself. The adoption and changes of the urban plans are financed from the budget of the municipality, the selection of the developer of the plan is done through a public call conducted by a commission formed by the mayor. The bids are opened within five working days, after which they are reviewed and a report is prepared with a proposal for the selection of a developer of the plan, which is submitted to the mayor. Furthermore, the mayor makes the decision to select the developer of the plan. Of course, an appeal against this decision is allowed to the Minister of the state administration body, responsible for spatial planning.

**The main corruption risk and conflict of competencies refers to the great discretionary powers of the mayor** who makes the decision to select the most favorable bidder on the one hand, and **on the other hand he forms the commission** that evaluates the bids and submits a proposal for selection to the mayor.

## Risks

1. **The great discretionary powers of the mayor** who makes the decision for election of the commission, and **on the other hand he forms the commission** that evaluates the bids and submits a proposal for election to the mayor is a **corruption risk and conflict of competencies**. **The non-existence of criteria** for the manner of selection of the commission, the law only states that there should be two architects, with an unknown composition and number of members is a **corruption risk and conflict of interest**.
2. There is no exact number of members of the commission nor any criteria for the selection. This is a great discretion of the mayor when appointing members of the commission and a corruption risk.

### 3.2 Risks related to inspection and discretionary powers and licensing for the preparation of urban plans

The penultimate two chapters of the Law on Urban Planning refer to inspection supervision and discretionary powers. **The weaknesses and vulnerabilities for corruption are located in the procedures for issuing and revoking authorizations and licenses due to discretionary powers, which were not defined by the legislator**. There is another risk in overseeing the implementation of the Law. These ambiguities in the law can increase the risks of corruption and conflict of interest, by exploiting legal loopholes.



#### **Risk**

1. **The discretionary powers of the mayor are not enumerated in the law. The weaknesses and vulnerabilities for corruption are located in the procedures for issuing and revoking authorizations and licenses.**
2. **Oversight of law enforcement is not clearly defined, there is a corruption risk and conflict of interest, through exploiting legal loopholes.**

### **3.3 Risks contained in the transitional and final provisions**

Pursuant to Article 92 of the transitional and final provisions, it is stated that the provisions of the existing laws governing the issues related to urban planning, regulated by this law, should be harmonized with the provisions of this law, within six months from the day of its entry into force. This is an unusual provision that is essentially not found in laws, because the ways in which one law can affect another is through derogation, like *lex specialis*. This indicates the existence of real problems in practice with inequality and synchronization of the relatively large number of laws and bylaws related to urbanism. (Avramovski D., 2021) The Coalition for Fair Trials.

#### **Risk**

1. **The unequal, inaccurately defined and a synchronized legal norms of the relatively large number of laws and bylaws related to urbanism, present in themselves a corruption risk and conflict of interest, but also an opportunity to create legal gaps.**

**Table 1. Law on Urban Planning, Official Gazette no.: 32/2020 from 10.02.2020**

	Analysis	Risk	Recommendation	Competent institutions	Deadline	Monitoring
1.	There are no provisions governing the principle of publicity and public availability of the analysis for changes. This exists in the bodies provided by law. It is just not regulated that it is obligatory to provide an opinion and that opinion should be taken into account.	The absence of the principle of publicity will mean great discretion of the local government, non-transparency and increased corruption risk.	A more detailed analysis of the situation is needed to ensure synchronization of legal provisions. The adoption of regulations and other complex bylaws should be avoided. Procedures should be simplified in a digitalized and transparent procedure.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
2.	The law was adopted in 2020, there is no detailed regulation of what is of strategic importance, or which buildings have a municipal nature.	There is a possibility for different interpretations and different applications of these provisions.	Training and guidance on proper law enforcement should be provided	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
3.	According to Article 2: The absence of a definition of gross area, there is no detailed regulation on what and how much is “gross area”.	It is not specified what is meant by gross area, there is no regulation even with a bylaw. The risk of such generally and universally set legal provisions violates the principle of good governance and presents a risk of discretionary decisions and the emergence of corruption and conflict of interest.	Gross area needs to be exactly defined, what area is meant by it, and which area will be considered as a gross area.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
4.	The Law on Urban Planning eliminated the possibility of suspending urban plans in case it is determined that	The legal provisions do not provide clear rules of action and decision-making, and there is no	It is necessary to provide decisive legal provisions, there is a need to change the text regarding the suspension of urban plans.	Ministry of Transport and Communications (MTC), Local self-government units	1 year	

	they are not in accordance with hierarchical plans.	regulation that indicates if changes occur on the ground - harmful consequences that occur as a result of the implementation of the plan. There is no regulation on the procedure regarding the suspension of plans, and what consequences that procedure may have. Due to this legal gap, there is a corruption risk and conflict of interest.	The body that gives the remarks to the municipality is obliged to go out on the field to inspect the situation, then to give remarks.	SCPC		
5.	<p>Article 2 does not specify what is meant by “the state administration body responsible for spatial planning”.</p> <p>There are no categorical norms regarding the body that acts on the appeal of these decisions, because there is no defined body that is responsible for spatial planning.</p>	Uncertainty in the legal text is a corruption risk as well as a conflict of interest.	<p>Defining the title of the holder, which is the body that forms the commission for urbanism.</p> <p>It only says: “the minister of the state administration body responsible for spatial planning”. (There is no definition of which specific body with the exact designation).</p>	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
6.	<p>Article 22 regulates the planning period for the adoption of the urban plans, the deadlines for preparation, analysis of the implementation of the plan, and the deadline for the adoption of the urban plans.</p> <p>However, there are no provisions that give a deadline within which the</p>	Such regulation is a legal gap in the legal text, which will cause different interpretations and different application in practice, which as a consequence may lead to an increased possibility of corruption or conflict of interest.	It is necessary to provide decisive legal provisions, there is a need to change the text regarding the suspension of urban plans. The body that gives the remarks to the municipality is obliged to go out on the field to inspect the situation, then to give remarks.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	

	analysis must be prepared, the law states that the procedure is continued, if the plan is not adopted within the stipulated deadline.					
7.	The adoption of urban plans for buildings and areas of state importance, which are adopted by the Government, is regulated by Article 30, and the Commission for Urbanism prepares the report for suspension. The commission is formed by the minister of the state administration body responsible for the spatial planning, (there is no definition of which body with the exact designation). This body has the authority to give an opinion regarding the elaboration and the request for suspension.	The decision for suspension is made by the adopter of the plan, after previously received opinion from the minister who manages the state administration body. <b>(There is no designation which state administration body it is).</b>	To define whether the adopter of the plan is bound by the opinion of the Minister.  Adoption of urgent legal regulation in case of conflicting documents - the elaboration of the Committee on Urbanism is contrary to the opinion of the state administration body.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
8.	The legislator does not enter into the connection of the adopter of the plan, i.e. how much the adopter of the plan is bound by the opinion of the minister. There is no legal regulation that takes place if the decision is based on the expert report prepared by the Commission for Urbanism is contrary to the opinion of the state administration body for spatial planning, i.e. if the expert report and the opinion are contradictory.	There is a risk of a legal loophole due to non-compliance with legal provisions.	There is a lack of legislation, how to act if the expert report prepared by the Commission for Urbanism and the opinion of the of the state administration body for spatial planning, i.e. the expert report and the opinion are contradictory. It is necessary to define these provisions in order to avoid the legal gap.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	

9.	There is no regulation on the damage caused by the suspension of the DUP, and which party will be held responsible for not eliminating the shortcomings of the urban plan and the harmful consequences.	Insufficient synchronization of legal norms will mean the emergence of legal gaps that will allow the competent authorities to increase discretionary powers, without responsibility.	Defining which authority is responsible for the damage and the detrimental consequences in case of suspension of the plan. If the remarks are not acted upon and the shortcomings are not removed, it should be stated what sanction is foreseen for the body that did not act in time.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
10.	In the part where the inspection supervision and the discretionary authorizations are regulated, there is no decisiveness and resoluteness of the norms, i.e. in the procedures for issuance and revocation of the authorizations and licenses.	<p>The decision, i.e. the discretionary powers of the entity that issues licenses, and which were not defined by the legislator, have a great influence.</p> <p>Another risk exists in the supervision of the implementation of the Law, i.e. the manner and authorizations are not clearly defined. Such regulation by law affects the increase of corruption risks and conflict of interest, by exploiting legal loopholes.</p>	<p>Limitation of the discretionary powers of the Minister of Transport and Communications.</p> <p>Defining the competence of several bodies that will be able to issue licenses, but there should be control and cooperation between them, in order to reduce the discretionary powers of the minister.</p>	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
11.	Short deadlines in accordance with this Law, in order to speed up the adoption of the DUP, which will replace the suspended DUP.	Danger of causing the opposite effect, as opposed to the legislator's idea of introducing control mechanisms. There is an opportunity to increase corruption risks of and conflict of interest.	There is no need for such short deadlines for the adoption of a new detailed urban plan, on the contrary, the new detailed urban plans should be effective, and the short deadline offers a possibility for a procedure that is not in accordance with the law.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	

	<p>The Public Procurement Sector, in accordance with Article 45, refers to the selection of a developer of the urban plan, i.e. the selection procedure itself. The adoption and changes of the urban plans are financed from the budget of the municipality, the selection of the developer of the plan is done through a public call conducted by a commission formed by the mayor. The bids are opened within five working days, after which they are reviewed and a report is prepared with a proposal for selection of a developer of the plan, which is submitted to the mayor. The mayor selects the developer of the plan.</p>	<p>The main corruption risk and conflict of competencies refers to the great discretionary powers of the mayor who makes the decision to select on the one hand, and on the other hand he forms the commission that evaluates the bids and submits a proposal for selection to the mayor. There are no special criteria or manner of election of the commission, only the composition is provided in this law, it only stipulates that it needs to have two architects, the remaining composition of the commission is unknown, there is a risk that urban architects are not a majority in the commission, but there are no criteria neither a correct number of other members of the commission who are competent to perform this function.</p>	<p>Reducing the discretionary power of the mayor, he must not be allowed to select a developer of the plan and at the same time form a commission for the evaluation of bids. The composition of the commission should be defined, the number members the commission should have, their professional training as well as work experience.</p>	<p>Ministry of Transport and Communications (MTC), Local self-government units SCPC</p>	1 year	
12.	<p>All authorities are obliged to make their data available regarding the whole process, for a successful urban planning procedure.</p>	<p>There is no definite period of time for the extension, which is a big legal gap in the legal text. There is no provision in the law on</p>	<p>It is necessary for the body to prove that it did not have the necessary data if it did not obtain it, in order to complete the entire urban planning procedure.</p>	<p>Ministry of Transport and Communications (MTC), Local self-government units SCPC</p>	1 year	

	<p>Pursuant to Article 22, the procedure is continued, if the plan is not adopted within the stipulated deadline, if it is acted otherwise, only a misdemeanor penalty in the amount of 2000 Euros is foreseen for the mayor or for the authorized person leading the procedure for the adoption of the plan.</p> <p>In accordance with Article 47, it is foreseen that the authorities are obliged to provide all the available data to them, but it remains unclear how it will be proven whether they were made available or not.</p>	<p>how to prove that the body has the necessary data, on the contrary, the legislator regulated that if there is no such data, the procedure can continue without it. The law does not contain a provision that will regulate which entity would be responsible for the damage and in what procedure, in a situation when the harmful consequences occurred as a result of not providing the requested data, and in a situation when the plan adopter failed to adopt a new plan within the deadline provided for in Article 23.</p> <p>Such regulation poses a corruption risk and conflict of interest, as authorities may deliberately withhold data.</p>	<p>If responsibility is not proven, the director or the head of the body should bear the accountability, the sanction should be defined, against the body and the person responsible which represents it.</p>			
13.	<p>Pursuant to Article 92 of the transitional and final provisions, it is foreseen that the provisions of the existing laws governing the issues related to urban planning, which are regulated by this law, should be harmonized with the provisions of this law, within six months from</p>	<p>The influence of one law through another, (derogation) as lex specialis, lex superior or lex posterior. This indicates the existence of real problems in practice with inequality and synchronization of the relatively large</p>	<p>Synchronization of transitional and final provisions, there is no connection between them so that these provisions can be interpreted as a whole.</p>	<p>Ministry of Transport and Communications (MTC), Local self-government units SCPC</p>	1 year	

	the day of the entry into force of this law.	number of laws and bylaws.				
--	---	-------------------------------	--	--	--	--



## 4. Analysis of the Rulebook for Urban Planning

The Rulebook is adopted by the Minister of Transport and Communications *on the basis of Article 24 paragraph (4) of the Law on Urban Planning* (“Official Gazette of the Republic of North Macedonia” no. 32/20), published in the *Official Gazette of RNM*, no. 225 from 18.09.2020.

This Rulebook prescribes the standards and norms for urban planning and defines the principles, convictions and methods for rational planning of sustainable settlements and buildings for arrangement and use of space, methods and techniques of urban planning, legal effect of planning provisions, class system purposes, as well as any protective or generative standards that ensure the fulfillment of the goals and principles of urban planning.

An important segment in terms of this risk analysis are the provisions of Article 2 of this Rulebook which refer to:

1. A closer content, form and manner of graphic processing of urban plans and urban projects from this law, as well as the constituent parts of urban plans and projects;
2. The manner of determining the type of urban plan and the type of urban project that is appropriate for arranging appropriate situations;
3. Standards and norms for urban planning with construction land planning, as well as formation of construction plots, special system of classes with purpose and detailed classification of purposes in urban planning, as well as rules for compatibility and complementarity of purposes, regulatory lines and planning provisions with legal effect, urban parameters that refer to: maximum allowed percentage of construction, maximum allowed coefficient of utilization and minimum percentage of greenery of the construction land for different classes of purposes, types of buildings and spatial planning units, population density, height parameters and architectural plastics, etc. stationary and dynamic traffic planning, regulations for ensuring smooth movement and accessibility of persons with disabilities, the elderly and children, norms for urban greenery in accordance with the Law on Urban Greenery, infrastructures, energy behavior of urban matter and buildings and other standards and norms that arise from the goals and principles of urban planning regulated by the Law on Urban Planning;

The principles of urban planning are regulated in accordance with Article 4 of the Rulebook<sup>3</sup> and referring to the values and principles of urban planning which are realized by applying the principles of urban planning in the preparation, adoption and implementation of urban plans, i.e. there are principles for:

1. Integrated approach to planning,
2. Development of regional peculiarities,
3. Realization of the public interest and protection of the private interest,
4. Publicity, inclusiveness and participation in the procedure for preparation, adoption and implementation of plans,
5. Horizontal and vertical alignment and coordination in planning, and
6. Adoption of scientifically and professionally established facts and standards in ensuring sustainable spatial development.

---

<sup>3</sup> [https://www.komoraoai.mk/images/komora/Pravilnik\\_Urbanistichko\\_092020.pdf](https://www.komoraoai.mk/images/komora/Pravilnik_Urbanistichko_092020.pdf)

The detailed provisions in accordance with the previously described principles, as well as the analysis of each principle separately are regulated by the legislator with the provisions in Article (4-11). On the other hand, methodological principles for the application of the Rulebook on urban planning are regulated in Article 11 which states: “The provisions of this Rulebook are applied during the performance of the works for preparation, adoption and implementation of urban plans and urban projects, as well as for the monitoring of their application, maintenance and use of the space”.

The manner of application of the provisions of this Rulebook follows the principle of harmonization of urban solutions, plans and projects with the values, parameters, standards and rules prescribed by this Rulebook, but it or its parts are not quoted in the plan, nor are the prescribed provisions used as planning provisions of the specific urban plan and urban project.

#### 4.1 Risks related to the Rulebook on Urban Planning

The law does not go into more detail by clarifying what is meant by the expert hearing, the manner of its organization, and the manner of selection of participants, i.e. who has the right to participate in it and other similar provisions that are important for the transparency process. Thus, there is a great discretionary power located in the Minister, who with the Rulebook regulates practically all the provisions of the Law in detail. If the adoption of bylaws is mentioned, this becomes an even more non-transparent procedure. The adoption of the Rulebook presents in itself a corruption risk, due to the possibility of different interpretations and conflicts in practice. This is especially important if we take into account that the point of the Law, among other things, is to minimize the need for interventions in the text, to limit the impact of other regulations on urbanism, as well as to specify the competencies of all bodies and institutions that are involved in the urban planning process. (Avramovski D., 2021) The Coalition for Fair Trials.

##### **Risk**

The great discretionary power of the Minister, the adoption of bylaws, as well as the Rulebook itself, present a **danger of a non-transparent procedure**. The adoption of the Rulebook **presents in itself a corruption risk, due to the possibility of different interpretations and conflicts in practice**.

**Table 2. Rulebook on Urban Planning, Official Gazette of RSM no.: 225 from 18.09.2020**

	Analysis	Risk	Recommendation	Competent institutions	Deadline	Monitoring
1.	Pursuant to Article 1, paragraph 4 states: “The Rulebook on urban planning shall be prescribed by the Minister who manages the state administration body responsible for performing the activities in the field of spatial planning after an expert discussion”.	The law does not go into more detail by explaining what is meant by expert hearing, the manner of organizing it, and the manner of selection of participants, i.e. who has the right to participate in it and other similar provisions that are important for the transparency process. The Minister of Transport and Communications has great decision power, which is regulated by this Rulebook. Risk: The Rulebook in itself presents a corruption risk and conflict of interest, due to the possibility of different interpretations and conflicts in practice. The law should be the source of the right to act in such manner, in order to minimize the need for interventions in the text, to limit the impact of other regulations on urbanism, as well as to specify the competencies of all, bodies and institutions involved in the urban planning process.	Legal provisions need to be synchronized, to avoid the adoption of rulebooks and other bylaws.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
2.	The law was adopted in 2020, there is no detailed regulation of what is of strategic importance, which buildings are of a municipal nature.	There is a possibility for different interpretation and different application of these provisions.	Legal provisions need to be synchronized, to avoid the adoption of rulebooks and other bylaws. However, according to the current situation, it will be necessary to adopt a new rulebook in order to synchronize the legal norms.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
3.	According to Article 2: Absence of the definition of gross area, there is no	It is not specified what is meant by gross area, there is no regulation, nor a bylaw	Undefined legal provisions violate the principle of good governance which will contribute to increased	Ministry of Transport and Communications	1 year	

	detailed regulation on what and how much is “gross area”		discretionary powers and the emergence of corruption. A categorical definition of what is meant by gross area is needed.	(MTC), Local self-government units SCPC		
--	--	--	--	--	--	--

## 5. Analysis of the Law on Construction<sup>4</sup>

The purpose of the Law on Construction (LC) as defined in Article 1 is to regulate: “construction, the basic requirements for construction, the required project documentation for acquiring a building permit, the rights and obligations of the participants in the construction, the manner of use and maintenance of the constructed object and as well as other issues of importance for the construction”. Military buildings and structures of importance for defense and security are exempted from this law, all other buildings are subject to compliance with these legal norms.

The basic conditions that the builder or investor must provide must be in accordance with Article 3-11 of the LC. Article 3 paragraph 2 regulates that the basic requirements for construction refer to mechanical resistance, stability and seismic protection, fire protection, sanitary and health protection, work and environmental protection, noise protection, safety in use, energy efficiency and thermal protection, unimpeded access and movement to and from the building and the technical properties of the construction products used for construction.

In order to participate in the construction, the conditions regulated in Article 12 of the LC must be cumulatively met. The holder of the right to build, more precisely, the party that can appear as an investor is regulated by the provisions of Articles 13, 13a, 13b. Also, Article 14 of the Law established the possibility for the investor to appoint a manager of the building who will undertake all procedural actions, until obtaining approval for use as well as the legal basis required for a person to obtain a license for a manager. According to this law, this requires a person with an appropriate license for a designer, as regulated by the regulations of this law. For the realization of a certain project, the designer, at the request of the investor, performs design supervision, Article 19. On the other hand, the Law stipulates that every person who performs category one constructions according to Article 57, should have a license A or license B depending on the category of the construction. The competencies of the contractor are defined and regulated in detail in Articles 29 and 30 of the LC.

The legislator has set conditions for the management of the construction of a certain building that are regulated in Article 31 and reads as follows: “For the management of the construction of buildings of category one from Article 57 of this law, The Chamber of Authorized Architects and Engineers issues Authorization A for a construction engineer, and for buildings of category two, authorization B for a construction engineer, so it is necessary for the construction to have supervision, i.e. a licensed supervising engineer (Articles 33-38).

In order to obtain a building permit, the Investor must have proper project documentation, and it must be in accordance with Article 43 of the LC, which stipulates: “Project documentation is a set of mutually agreed studies, projects, reports, analyzes, expertise and other documentation, which determines the concept and defines the technical solution of the building, elaborates the conditions and methods of construction and ensures its technological function, envisaged durability and conditions of use”.

In order to obtain a building permit, the mandatory documents regulated in Articles 43 and 44 of the LC must be accurately submitted electronically, thoroughly stating what the project documentation should contain.

---

<sup>4</sup> (“Official Gazette of the Republic of Macedonia” no. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14, 44/15, 129/15, 217/15, 226/15, 30/16, 31/16, 39/16, 71/16, 132/16, 35/18, 64/18 and 168/18 and “Official Gazette of the Republic of North Macedonia” no. 244/19, 18/20 and 279/20)

The meaning of these five points, i.e. the detailed description of the project documentation from the previous paragraph is regulated in Article 46-55 of the LC.

The procedure for issuing a building permit is regulated in the provisions of the LC in Article (56-72). In order to obtain a valid building permit, all the documentation must be submitted to the competent authorities, and all the documentation that the applicant must submit, and the procedure and deadline for issuing a building permit is regulated in Article 59 of the LC. An appeal against this decision may be allowed on each party of the procedure and must be in accordance with Article 65 paragraph 1 and 2 of the LC. If the procedure is fully observed, as well as all the documents submitted in accordance with the legal regulations, the competent authority will seal the validity of the building permit. Also, if there is a need for changes during the construction, a project for alteration during the construction must be submitted on the one hand, and on the other hand, if the investor is changed, he must submit appropriate documentation to change the name of the investor in the building permit. The previous paragraph is regulated in accordance with Article (65-73) in the LC.

As in most laws, there are exceptions in this law, i.e. in certain cases it can be built without a building permit, i.e. it is not necessary to provide a building permit, so Article 73 regulates which buildings require no building permit.

Under the special cases of construction, the legislator has covered them in Article 75 of the LC and they refer to the following:

(1) "In case of danger from natural phenomena or from military and other destructions, which can immediately endanger people and goods, while they are present and immediately after their termination, those buildings that serve to prevent harm caused by those dangers, i.e. elimination of the harmful consequences".

(2) The buildings referred to in paragraph (1) of this Article must be removed no later than one year from the date of cessation of the danger. "Regarding the removal of the facilities, i.e. the conditions and the manner of their removal is regulated in Article (75-78) of this Law. This law also covers the provisions for arranging, establishing a construction site, i.e. conditions, procedure, documentation, etc. These provisions are regulated in Articles 83-86 of the LC.

After the validity of the construction permit, an approval for use of the construction of the facility in accordance with the project documentation is issued. Every building that is built, in order to be put in the process of registration in the Agency for Real Estate Cadaster must possess a permit for use. The legislator regulates the procedure for obtaining an approval for use in Article 87 paragraph 1-11.

The construction will be put into use after the issuance of a permit for use of buildings from the first category of article 57 of this Law, after the preparation of a report for a performed technical inspection by a supervising engineer in which it is concluded that the building can be put into use for buildings from the second category and for the upgrades in the cases from Article 59 paragraph (1) of this Law, and the buildings intended for individual housing with gross developed area up to 300 m<sup>2</sup> (except the upgrades in the cases from Article 59 paragraph (1) of this Law). In the cases referred to in Article 59 paragraph (2) line 5 of this Law, when the construction plot is at least 90% owned by the applicant in the procedure for a building permit, the building will be put into use following the regulation of property relations of the entire construction plot, at the latest until the submission of the approval for use, i.e. until the preparation of the report for performed technical inspection by a supervising engineer by submitting the proof of ownership for the entire construction plot in accordance with the excerpt from the urban plan and the geodetic report for numerical data to the competent authority. The approval for use for the buildings of the first

category from article 57 of this Law is issued by the competent body from article 58 of this Law which has issued the building permit, after the technical inspection which has determined that the building is built in accordance with the basic design or the project of the constructed condition, if changes have been made during the construction. The approval for use of the building is issued to the investor on the basis of evidence from the public book for registration of real estate rights - property list with registered property right, other real rights and all pre-notes and other evidence or other proof of acquired building right in accordance with the law. An exception is made for the approval for use of line infrastructure facilities which are state roads, local roads and streets, water supply and sewerage systems, railways, gas pipelines, transmission lines, product pipelines, heating pipelines, oil pipelines, cable cars, irrigation and drainage systems, gutters in the area of the city of Skopje as well as hydropower plants and dams with reservoirs, the approval for use of the facility can be issued to the investor, if during an expropriation procedure a decision has been made to introduce possession of the land in accordance with the Law on Expropriation.

An appeal can be filed to the State Commission competent for deciding in an administrative procedure and employment procedure in the second instance against the approval for use, i.e. against the decision rejecting the request for issuance of approval for use issued by the state administration body responsible for performing the activities in the field of spatial planning, i.e. by the Directorate for Technological Industrial Development Zones, i.e. by the Ministry of Economy.

When the building permit is issued for several persons - investors, in the permit for use, i.e. until the preparation of the report for a performed technical inspection by the supervising engineer, all persons are listed, and their respective shares are expressed in ideal parts (fractions) or real parts based on the provisions of the contract for arranging the mutual relations and parts related to the construction, certified by a notary public, and attached in the procedure for issuing a building permit. In the cases referred to in Article 62 paragraph (2) of this Law, the building is put into use, i.e. a use permit is issued or a report for technical inspection is prepared by a supervising engineer only for the whole building, after all parts of the building are built and the building becomes a construction-technical and functional unit. The form and the content of the approval for use shall be prescribed by the Minister who manages the state administration body responsible for performing the activities in the field of spatial planning.

After receiving the approval for use, the technical acceptance follows, which according to Article 89, paragraph 3, is performed by the technical acceptance commission, and within 15 days from the day of submitting the complete request, this commission compiles a report on which it must determine whether the building is built in accordance with the basic design or the design of the constructed condition and the building permit, and in the cases referred to in Article 51 paragraph (4) of this Law whether the construction is constructed in accordance with the design of the constructed condition certified by a supervising engineer.

Furthermore, whether the building has a facade and can it be used, are there any defects that must be removed in order for it to be approved for use and are there any defects that violate the basic requirements of the building related to mechanical strength, stability and seismic protection. If one of these conditions in the previous paragraph is met, the Commission for technical acceptance will propose for that construction not to issue an approval for use, Article 90 paragraphs 1 and 2 of the LC. Thus, if there is no positive opinion on the performed degree of mechanical resistance, stability and seismic protection of the building during construction and a positive opinion on the performed degree of mechanical resistance, the building cannot be put into use, according to Article 90-b of this law. The approval for use will be issued if the commission that performed the technical

inspection concludes in the minutes that the construction can be put into use, otherwise it should inform the investor that it should eliminate the defects within 30 days. If these deficiencies are not remedied, the application for an authorization for use will be rejected by the competent authority. According to Art. 96 of the Law, a Registration of Real Estate in a Public Book is carried out by the competent body. The facility is used in accordance with its purpose and in accordance with the provisions of Article 97 paragraph 1 of this Law.

In case of a conversion for a part of a building, an apartment or part of an apartment, the owner of the building shall submit a request for conversion to the competent body referred to in Article 58 of this Law with additional documentation, as described in detail in the same Article paragraph 3 of this Law. Also, this article regulates the reconstruction and conversion as well as the adaptation of the building, together with the mandatory documentation that must be submitted by the applicant. The provisions for the reconstruction of the building are regulated by the legislator in Article 97-b.

In case of a construction built contrary to the final building permit or if the building has irregularities, the removal of the building due to irregularities but also if the building on the spot does not comply with the building permit, according to Article 99 of LC paragraph 1-12, the consequences of such action are listed as well as the appeal procedure for the appealed decision. The supervision over the implementation of this law and the regulations adopted on the basis of this law is performed by the state administration body responsible for performing activities in the field of spatial planning and the supervision for the implementation of this law is regulated by the provisions of Article 127 of the Law, while the competencies of the inspection supervision and their actions are regulated in accordance with Articles 128-131 of the LC. When it comes to the removal of a building due to inadequacy in the documentation or in case the building is built contrary to the legal regulations, Article 134 regulates the part for removal of a building, i.e. the competencies of the construction inspector are regulated in detail. An appeal can be filed within 15 days from the day of receiving the decision to the competent body for decision in the second instance, against the decision of the inspectors from Article 128 paragraph 1 of this Law, whereby the appeal filed against the decision of the inspectors from Article 128 paragraph 1 of this Law does not delay the execution of the decision.

The construction inspectors have the authority to impose sanctions with a decision when they determine that the building is being built or was built contrary to the building permit, and on the other hand with the same decision or by adopting an additional decision they can issue a ban on alienation, encumbrance and disposal of the land and the construction, in accordance with the provisions of Article 138 of the LC. Also, in its decision, the construction inspector may order the removal of the building by the investor or the builder, in accordance with Article 138 paragraph 5, the construction inspector sanctions the following:

“If the taxpayer does not fulfill the obligation to remove or harmonize the building with the building permit within the deadline specified in the decision and/or does not pay penalties for three consecutive months, the competent authority will proceed with enforcement by acquiring ownership of the land and the building-part which is built with the building permit, if it is found as such in a manner and procedure in accordance with this law”.

The transfer of the right of ownership of the pledged land and the object - the part that is built with the building permit is conducted by entering the alteration in the public books on the basis of a special conclusion for execution by the competent construction inspector. The conclusion for execution is also a basis for change of the investor in the building permit and the permit for use in relation to the part of the building that was built with the building permit, and was found during



the implementation. Also, a special appeal is allowed which does not delay the forced execution against the conclusion from paragraph (6) of this article. On the other hand, if the taxpayer fulfills the obligation for removal determined by the decision and pays the penalties, the pledge right terminates and the competent inspector makes a conclusion which is the basis for deleting the pledge right in the Public Book of Real Estate, Article 138 paragraph 6. The procedure for execution of the decision begins by submitting a conclusion to the party allowing its execution and this procedure is regulated in Article 142 of this Law. The construction inspector has discretionary powers that refer to the lack of diligence of the authorized construction inspector, i.e. if he notices that the authorized construction inspector does not perform the works prescribed by this law, he is obliged to immediately submit a written notification to the mayor for non-execution of works, and all this needs to be in accordance with the regulation from article 145 paragraph 1 of this Law.

The part for the supervision over the legality of the work of the bodies of the municipality, i.e. the bodies of the municipalities in the city of Skopje, which is performed **by the state administration body responsible for performing the works in the field of spatial planning**, for works within their competence related to construction of the second category from Article 57 of this Law is regulated by Article 147 of the LC. While Article 149 of the same law refers to the body responsible for performing the activities in the field of spatial planning, i.e. if the construction inspector determines that the municipality, i.e. the authorized construction inspector does not adopt the acts determined by this law within the prescribed deadlines, he will submit a proposal for inspection to the State Administrative Inspectorate, which is obliged to perform an inspection in accordance with the Law on Administrative Inspection.

## 5.1 Analysis of the Law on Construction Land

(“Official Gazette of the Republic of Macedonia” no. 15/15, 98/15, 193/15, 226/15, 31/16, 142/16 и 190/16 and “Official Gazette of the Republic of North Macedonia” no. 275/19).

Article 1 of this Law, regulates the rights and obligations regarding the construction land, the arrangement of the construction land, the conditions and the manner of disposing of the construction land, as well as other issues in the field of construction land. Furthermore, the legislator provides a detailed explanation of what is meant by construction land, i.e. who can acquire ownership and under what conditions Article (2-10).

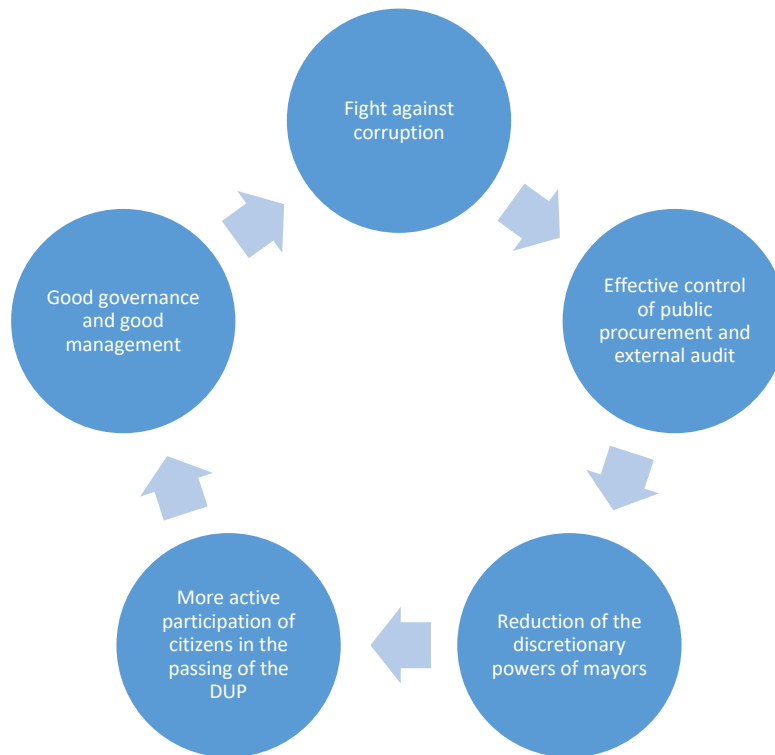
The second chapter refers to the rights to construction land, i.e. what rights natural and legal persons have to acquire ownership, under what conditions municipalities, the municipalities in the city of Skopje and the city of Skopje, can acquire ownership and management of construction land owned by RNM and under the jurisdiction of the Government, as well as the manner of management and purchase of state land by natural persons, its use, and this includes the regulation of the purchase price 11-18. The right to long-term lease for the benefit of domestic and foreign individuals and legal entities is regulated in Article 19-37, while the short-term lease which can last up to five years with the possibility of extension for another three years is regulated in Articles 38 and 39 of this Law.

The right to permanent use of the construction land owned by the Republic of North Macedonia intended for construction of sites of public interest, as well as for the construction of facilities for the needs of the municipalities, municipalities in the city of Skopje and the city of Skopje, state bodies, public enterprises and other entities established by the Government of the Republic of North Macedonia, the Assembly of the Republic of North Macedonia or the municipalities, the

municipalities in the City of Skopje and the City of Skopje and for the purpose of granting a concession or public private partnership is given of it is covered in Articles 40-41. The procedures for the transfer of the right of ownership, easement, real encumbrance and mortgage is regulated in Article 42-45 of this Law.

The fourth chapter refers to special cases of acquisition of property and is regulated by Article 91, while the fifth chapter refers to the registration of real estate rights Article 92. The seventh chapter refers to the arrangement of construction land 94-98, while the municipalities, the municipalities in the City of Skopje and the City of Skopje may perform works for disposal of construction land owned by the Republic of North Macedonia 99-120, supervision over the implementation of the provisions of this Law and the regulations adopted on the basis of this Law shall be performed by the state administration body responsible for performing the works relating to the management of construction land owned by the Republic of North Macedonia 121-124 and the misdemeanor provisions are regulated in 125-131. Chapter 11 regulates the legal remedies so that the competent body decides on a request submitted in accordance with Articles 66 paragraph 1, 67 paragraph 1, 68 paragraph 2, 69 paragraph 3 70 paragraph 1, 71 paragraph 1, 72 paragraph 1, 73 paragraph 1, 82 paragraph 1.85 paragraph 1 87 paragraph 1, 89 paragraph 1 and 91 paragraph 2 of this Law, is obliged within 30 days after submitting a completed request to decide on the same as the appeal procedure under this decision 132-133.

### **Scheme: Important segments for reducing corruption risk in the construction sector**



### **5.2 Corruption risk analysis in the Law on Construction and the Law on Construction Land**

The Law on Construction and the Law on Construction Land are characterized by frequent changes, so the Law on Construction Land was adopted in 2015 and was amended 7 times, while the Law on Construction is from 2009 has 35 amendments. On the one hand, the changes are an indicator of the insufficient regulation of the legal text, so there is a suspicion of intentional change of the regulation for corrupt action.

According to a survey by the Research Reporting Laboratory (IRL), 76% of citizens suspect corruption in issuing building permits and conducting construction supervision, while 96% of citizens believe that urban and construction standards have not been met in the past 10 years. Providing primary free legal aid to citizens, is in fact a screen for action and development of corruption in terms of urbanism and construction, these are the ways to complete the construction plot by repurchase through direct agreement, according to the Law on Construction Land. According to the Law on Construction Land, every person who owns at least 30% of a certain plot has the right to purchase the remaining plot, provided that it is owned by the state. For the

realization of this procedure, a direct agreement is made concluded with the Ministry of Transport and Communications, so further on the owner can make a merger or separation of the plot. Taking into account the fact that the procedure for purchase of the rest of the plot is carried out through direct agreement, a large concentration of power can be observed in the Ministry of Transport and Communications, and it especially holds huge legal competencies in the part of urban plans for buildings and state facilities. The creation of an urban plan and the delineation of construction plots in order for one person to purposefully acquire 30% ownership in order for him to be able to complete the entire plot is a corruption risk.

The Law on Financing of Local Self-Government Units stipulates that local self-government units are financed through local taxes, i.e. through property tax, inheritance and gift tax, real estate sales tax, then through local communal and administrative fees, etc. That is, all these fees are determined by law. Thus, a large part of the financing of the local self-government units from their own sources is based on construction activities and the movement of property, due to which the Law actually encourages the local self-government units to develop spatially and urbanely, but only in the direction of increasing the percentage of construction, increasing the size of existing buildings, building new buildings, and even replacing individual homes with buildings. In the period from 2012 to 2015, there was a record high share of municipalities in GDP, which indicates the financial motivation of local governments to intensify the construction industry, not caring about the quality of the environment and neglecting the Law on Urban Greenery (LUG).

This law was adopted in 2018 and has had one amendment in 2020, in order to neutralize the negative impact of construction expansion on the environment and urban greenery.

Pursuant to Articles 19 and 20, LUG stipulates certain standards, i.e. the percentage of greenery should be present per capita in a construction plot must be planned. There is also an obligation for the local self-government units and the Ministry of Environment and Physical Planning to provide financial resources for ensuring these standards.

Given that this is a new law, this law represents a framework in order to respect its provisions, but certain conditions should be created for its application in practice, because as things are set now, this is impossible (Avramovski D., 2021) The Coalition for a fair trial.

**Table 3. Law on Construction, “Official Gazette of the Republic of Macedonia” no. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14, 44/15, 129/15, 217/15, 226/15, 30/16, 31/16, 39/16, 71/16, 132/16, 35/18, 64/18 и 168/18 and “Official Gazette of the Republic of North Macedonia” no. 244/19, 18/20 and 279/20).**

	Analysis	Risk	Recommendation	Competent institutions	Deadline	Monitoring
1.	The Law on Construction has had 35 amendments from 2009 until now	The changes are an indicator of insufficient regulation of the legal text, thus there is a need to adopt bylaws and regulations. And this increases corruption risk.	Legal provisions need to be synchronized, to avoid the adoption of rulebooks and other bylaws.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
2.	The issuance of building permits and the implementation of construction supervision, as well as the fulfillment of urban and construction standards, is prescribed by law, but the mayor still has great discretionary power in this process.	Possibility to delay the procedure for issuing a building permit by authorized persons, without the possibility to initiate a procedure.	It is necessary to reduce the discretionary powers of the local government, and deliver strict control by a body that is independent of the local government if the procedure for obtaining a building permit is delayed.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	

**Table 4. Corruption Risk Analysis of the Law on Construction Land ("Official Gazette of the Republic of Macedonia" no. 15/15, 98/15, 193/15, 226/15, 31/16, 142/16 и 190/16 and “Official Gazette of the Republic of North Macedonia” no. 275/19)**

	Analysis	Risk	Recommendation	Competent institutions	Deadline	Monitoring
1.	The Law on Construction Land was adopted in 2015 and has been amended 7 times	The changes are an indicator of insufficient regulation of the legal text, thus there is a need to adopt bylaws and regulations. This increases the corruption risk.	Legal provisions need to be synchronized, to avoid the adoption of rulebooks and other bylaws.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
2.	Every entity that owns at least 30% of a certain plot has the right to purchase the entire plot, provided that it is owned by the state. For the realization of this procedure, a direct agreement is made with the Ministry of Transport and Communications. There is a possibility for the owner to separate and merge the plot. Given the fact that the procedure for the purchase of the rest of the plot is carried out through a direct agreement, there is a large concentration of power in the Ministry of Transport and Communications.	The creation of an urban plan and the delineation of construction plots in order for one person to purposefully acquire 30% ownership in order to be able to complete the entire plot is a corruption risk.	It is necessary to reduce the discretionary powers of the Minister of Transport and Communications, because there is a corruption risk in order to make a merger, purchase, completion of a construction plot. There is a need for increased transparency in this process.	Ministry of Transport and Communications (MTC), Local self-government units SCPC	1 year	
3.	The financing of the local self-government units from their own sources is an encouragement to perform construction activities for the circulation of property. The local government, given the previous tendentiousness,	There is insufficient care for the quality of the environment and a disregard for the Law on Urban Greenery (LUG), which was adopted in 2018 and has had one amendment in 2020, in order to neutralize the negative impact of construction	Pursuant to Articles 19 and 20, LUG stipulates certain standards, i.e. the percentage of greenery per capita in a construction plot must be planned. It is necessary to strictly respect the LUG, increase the transparency in the whole process and exercise control over the local government, by			

	increases the percentage of construction, increases the size of existing buildings, builds new buildings, and even replaces individual homes with buildings.	expansion on the environment and the urban greenery.	reducing the discretionary power, i.e. this power should be divided between several bodies that will exercise mutual control.			
--	--	--	---	--	--	--

## **6. Analysis of cases related to corruption in construction**

The portal European Western Balkan 2020, announced that concluding direct contracts for capital infrastructure projects without public bidding increases corruption risk. This can be seen in the agreement concluded by the Macedonian government with the Chinese company "Sinohydro" for the construction of the highways Miladinovci-Stip and Kicevo-Ohrid, analyzes the Institute for Democracy in the research paper "Congestion at a dead end: The delusional belief in Chinese corrosive capital for the construction of highways in North Macedonia".

Today, the cost is over 10 million euros for one kilometer of highway, but this amount can grow. Having in mind the fact that the highway project Kicevo-Ohrid is almost 4 years late, the cost was twice as high as the original, and the lawsuit itself, initiated on the basis of abuse of office and corruption, was a current topic and somehow the costs that are too high were overlooked. The construction of the highway began on February 22, 2014. For the purpose of this capital investment, a loan was taken out from Exim Bank of China and the country should repay it within 20 years. In October 2013, the Parliament approved the loan, and in November of the same year, the agreement was signed between the Government of the Republic of North Macedonia and the Chinese company. The government, at that time, promised that the new highway will work and it will be constructed in four years, i.e. in 2018, but the highway is barely halfway in 2020. The Chinese contractor Sinohydro now has a new deadline of June 30, 2021 to complete the construction of the highway. The initial design underwent a change as a result of errors in the alignment of the designed and constructed road. The construction activities were stopped, and the price for this is paid by the citizens. Authorities say the overall project implementation rate is now just over 50%. It was initially announced that the 57km highway would cost 374m euros. Today, the price with the additional additions to the initial contract has already reached almost 600 million euros.

Denar MK. (2013) reported that the employees in the private sector in the country often complain that there is a lot of corruption in the construction sector.



## 7. Conclusions

Insufficient synchronization of laws, non-transparency in the work of local government, no control over the work of municipalities, marginalization of the civil sector.

Insufficient representation in public hearings and insufficient transparency in the preparation of bylaws, many changes and amendments to laws as well as created legal gaps, by adopting rulebooks that in themselves pose a danger of corruption.

Insufficient transparency, undefined procedures for preparation and adoption of urban plans.

Insufficient engagement of the Inspection Services and the need to strengthen their capacities both at central and local level. Penalties are not severe, and there should be provisions that will define the damage caused.

High level of discretionary powers in the local self-government, the audit of the entire financial operations is not conducted impartially and professionally.

Insufficient environmental protection. The focus of the local government is urbanization and the adoption of detailed urban plans, without paying attention to green areas.

There are several laws and bylaws that regulate the same or similar matter, but the legal norms are inconsistent and there is a conflict of laws.

## 8. Recommendations

1. Strengthen transparency and public control over the work of the competent bodies and institutions operating in the field of urbanism is needed, as well as greater activity of the civil society sector and greater representation and activity of the media which will contribute to the reduction of corruption in this sector.
2. The Law on Urban Planning is a relatively new law and a certain time period should be left to see how adapted it is for practical application. Legal gaps and the conflict of legal provisions with other legal acts, as well as frequent changes are an indicator of the non-functionality or purposeful change of provisions, which provide the executive authority with great powers. Therefore, there is a need for legal provisions that will be difficult to change and people with considerable experience on that issue should be consulted in the making these changes.
3. It is necessary to precisely define the terms, the terminology in the law and to whom it refers to, because this will reduce the danger arising from different interpretations. Only this will enable a clear and categorical application of the legal norms and avoidance of corruption risk and conflict of interest.
4. Additional clarification of the provisions regarding the procedures for preparation and adoption of urban plans are needed, which require a centralized data system that could be accessed by the competent institutions and provide all available data.
5. Liability should also be delivered for non-compliance with legal provisions, in the sense that there should be stricter penalties for damages. However, the question arises whether consequences could be remedied at all, as well as the previously mentioned issues regarding the precise location of responsibility and the manner and procedure by which it can be conducted. There is a need for a complete revision, as well as the introduction of new mechanisms that will ensure the implementation of these provisions in practice. Also, the plan for adoption procedures should include the intensified participation of the public, which is somehow neglected or minimized in the legal provisions.
6. It is necessary that the transparency of documents and data be raised to a higher level starting from the initial phase until the adoption of the urban plans.
7. The procedure for suspension of urban plans includes vague provisions, and at times provisions that can be completely counterproductive when it comes to preventing major damage in practice and appropriate adaptation of urban plans according to the situation on the ground.
8. Many of the legal provisions are regulated in more detail by the Rulebook on Urban Planning, which is extensive and is a bylaw which creates confusion due to its scope, because it increases the risk of conflict with the legal provisions.
9. The competences of specific bodies and their competencies have to be defined so that confusion can be avoided. There is also a serious need to harmonize the Law on Construction and the Law on Construction Land with the Law on Urbanism as well as with the new standards and procedures that it provides on the one hand, and the impact of the provisions of these laws on the Law on Urban Planning on the other hand.
10. One of the important recommendations of this project is the process of harmonization of the Law on Urban Greenery and the provision of special guarantee mechanisms for implementation of this law in practice, as well as the revision of the decentralization

process, by promoting the financial independence of local self-government units. (Avramovski D., 2021) The Coalition for Fair Trials.

11. The central government, as well as the local government should make all institutions available to the State Commission for Prevention of Corruption, in order for the construction of new buildings be put under control and to prevent the uncontrolled adoption of laws and regulations from Urbanism.

## 9. Bibliography

1. Denar MK.2013.[online] [Денар МК https://denar.mk/20787/ekonomija/vrabotenite-vo-privatniot-sektor-se-zalat-na-korupcija](https://denar.mk/20787/ekonomija/vrabotenite-vo-privatniot-sektor-se-zalat-na-korupcija)
2. State Commission for the Prevention of Corruption, Methodology for anti-corruption review of legislation 2020.
3. European Western Balkans 2020. [Online] Available at:
4. <https://europeanwesternbalkans.com/2020/11/23/pr-quick-and-cheap-loans-for-expensive-and-aggravated-capital-project-implementation/>
5. Law on Construction Land (“Official Gazette of the Republic of Macedonia” no. 15/15, 98/15, 193/15, 226/15, 31/16, 142/16 and 190/16 and (“Official Gazette of the Republic of Macedonia” no. 275/19)
6. Law on Construction (“Official Gazette of the Republic of Macedonia” no. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14, 44/15, 129/15, 217/15,226/15, 30/16, 31/16, 39/16, 71/16, 132/16, 35/18, 64/18 и 168/18 и “Official Gazette of the Republic of Macedonia” no. 244/19, 18/20 and 279/20).
7. Law on Organization and Operation of the State Administration Bodies, “Official Gazette of the Republic of Macedonia” no. 58/2000, 44/2002, 13/2006, 82/2008, 167/2010, 36/2011, 51/2011
8. Law on Urban Planning “Official Gazette of the RNM” no. 32 from 10.2.2020
9. Law on Urban Greenery, “Official Gazette of the Republic of Macedonia” no. 11/2018 and “Official Gazette of the RNM” no. 42/2020
10. Law on Financing of Local Self-Government Units (“Official Gazette of the Republic of Macedonia” no. 61/04, 96/04, 67/07, 156/09, 47/11, 192/15 и 209/18 and “Official Gazette of the Republic of North Macedonia” no. 244/19, 53/21, 77/21 and 150/21)
11. Investing SEE 2021. [online] Available at: <http://www.investinsee.com/news/north-macedonia/north-macedonia-worst-ranked-in-region-in-terms-of-corruption>
12. IRL, IRL Survey: 96.4 percent of Skopje residents consider the buildings of the last decade as illegal and criminal (2021). Available on: <https://irl.mk/anketa-na-irl-za-96-4-protsenti-od-skopani-gradbite-od-poslednata-detsenja-se-nezakonski-i-kriminalni/> 5
- 13 HBO центар [online]<http://nvoinfocentar.mk/en/aketa-golem-broj-gragjani-smetaat-deka-ima-korupcija-vo-opstinite/>
- 14 United Nations Convention against Corruption [online] Available at: <https://www.unodc.org/unodc/en/treaties/CAC/>
- 15 Decision of the Constitutional Court of the Republic of North Macedonia D.no.115/2019-1, [online] Available at: <http://ustavensud.mk/?p=19246>
- 16 Rulebook on urban planning, “Official Gazette of the RNM” no. 225/2020
- 17 Corruption Risk Assessment in Urbanism on Local Level [online] <https://fosm.mk/wp-content/uploads/2021/07/usaaid-finalna.pdf>
- 18 Risk and Compliance Portal, 2020. [online] Available at: <https://www.ganintegrity.com/portal/country-profiles/macedonia/>
- 19 .Transparency International 2006 [online] Available at: [http://www.transparency.org/news\\_room/faq/corruption\\_faq](http://www.transparency.org/news_room/faq/corruption_faq)
- 20 World Bank (1997). World Development Report: The State in a Changing World, Washington DC; the World Bank  
UNDP (2000). Corruption and Good Governance, Discussion Pape