

Skopje, 31 May, 2006

Report on the Investigation into the Corruption in Illegal Construction

**Illegal constructions - fruits of corruption that grow before the public's very eyes**

More than 10,000 illegally built constructions in the Republic of Macedonia, which have sprung under the very eyes of the Construction Inspection since the year 2 000 up to now, have been the subject of corruption activities in several stages, starting with their construction and concluding with their final legalization. Our research has shown that the corruption in this area reaches the highest echelons of the local and central government. The construction inspectors claim that the high percentage of unimplemented verdicts for demolishing illegally built constructions is a policy which prior to the decentralization the Ministers of Transport and the Government created, and which is now practiced by the majors. The involvement of the Government is especially crucial when constructions built on attractive sites are concerned.

Although the social element is used as the chief argument for not implementing the verdicts stated by the Law for demolishing the illegally built constructions, the official data of the Statistics Bureau show that in the period from the year 2000 to 2004, as many as 49% of the illegally built constructions were apartment and office blocks, which points to the fact that this is mostly an illegal business, rather than solving individual housing issues of certain economically disadvantaged citizens. The high profit from the housing constructions, which is estimated to be up to 100% of the invested capital, enables the investors to introduce a high level of corruption in the game.

Another indicator of the all - pervasive nature of corruption in this area are the official numbers for reached and unimplemented verdicts for demolishing the illegally built constructions on the territory of the Republic of Macedonia. According to the latest available statistics, in the period of four years (2001 - 2004) 10, 275 verdicts for demolishing were reached, out of which 1, 738 were carried out, which is only 17%. The real question here is how the remaining 83% of the constructions, about which verdicts were reached, managed to save themselves of the demolition dredgers.

## **Forms of corruption**

It is considered that the main factor for the appearance and further enhancement of the so - called urban chaos results from the frequent changes of the urban plans. Counting on this possibility, the investors launch themselves into erecting illegal constructions, after which they manage to ensure that these constructions are included in the urban plans by means of political liaisons and paying bribe. In order to have such cases formally and legally "covered", the Inspection issues verdicts for demolishing, but these verdicts are never enforced. In this manner the investors are given sufficient time to legalize the constructions.

In practice, there are cases when the purpose of one site is changed in the urban plans in accordance to the change and increase of the investor's "appetite" for construction. Thus, only in the city of Skopje there are several examples of starting to construct multy - storey car parks, which are then transformed into attractive apartment blocks.

By means of corruption, the investors purchase the tolerance of the authorities, including the frequent cases when the construction is bigger than the one for which a construction licence has been obtained. These illegal parts of the construction, by means of heightened "pressure" on the part of the investors, are later included in the alterations of the detailed urban plans. Several examples of this practice are surplus floors, attics, and even double attics composed of only one flatlet above the main attic of the construction.

Through bribe, verdicts for demolishing constructions for which land rates have not been paid are stored in drawers, waiting first for the investor to sell the apartments and secure the money, and then to make a payment in the municipal treasury. During all that period, the construction is registered as illegally built.

There are also cases in which smaller and not so conspicuous extensions, annexes, alterations, and superstructures are not even registered as illegally built constructions, by means of the inspector, who closes his eyes to the truth of the matter and closes the case.

## **Not dealing with the problem in its very inception**

The authorized institutions, which need to sanction the illegal constructions, see the key argument for not solving the situation in the accumulated problems in the past fifty years. Following the complete amnesty for the illegally built constructions in the past century, the Republic of Macedonia has sunk again in a new urban chaos in the past fifty years. However, the representatives of the authorized institutions have no answer to the question why the construction of new illegal buildings, which in the past few years have reached an average number of 1500, is tolerated.

Not dealing with the problem in its very inception, when the building is starting to be constructed, and the protracted waiting of the people to move in, whereby the problem acquires social dimensions as well, point to the conclusion that the authorized institutions, consciously guided by corrupt motives, stimulate the urban chaos. Thus, instead of penalizing the investors, a portion of the authorities are now instructing the citizens to be careful with regard to the one they are buying the apartments from.

Tolerating the illegal constructions, after the process of decentralization, has become a problem for both the local and central government. Namely, although the verdicts for demolishing are issued by the municipalities, the State Construction Inspection has the authority to control their implementation and even to intervene in cases when the local government is not carrying out the verdicts. Therefore, it is not clear why no provisions have been made in years in the treasuries of both the central and local government for demolishing known illegal constructions.

The research has shown that under the pressure of the emptied municipal treasuries, in a great number of municipalities not only the question of demolishing the illegal construction is not posed, but, what is more, the entire energy is directed toward their legalization, in order to obtain money by collecting payment for municipal fees. What is more, it seems as if no one feels responsible for the fact that in that way the disrespect of the law is actually amnestied.

All this chaos has actually contributed to placing the Republic of Macedonia in a bizarre situation. Thus, in the same state with the same laws, in some municipalities the demolition of illegal constructions is considered to be a successful solution of the problem, while in other municipalities the announcements for legalizing the illegal constructions are seen as an equally successful solution. It is without rhyme or reason how these two diametrically opposed approaches to solving one and the same problem have both become acceptable, simply by explaining that the majors are now themselves creating the policy with regard to the illegal constructions. The thing that worries is all that might be hidden behind the individual decisions on whether to legalize or demolish the constructions.

### **Small chances for solving the problem**

The current attitude of the local and central government towards the issue with the illegally built constructions points to the conclusion that it is highly unlikely that the problem will be solved in the near future. The Government, drawing upon the Viennese Declaration for solving the problem with illegally built settlements, which was ratified in 2004, announced a Law for the legalization of the illegally built constructions. The activities for passing this law have been halted in the eve of the approaching parliamentary elections, after two versions of the Law were made. The first suggests complete legalization of all the illegal constructions, while the second proposes legalization only of the constructions that are included in the detailed urban

plans. The city of Skopje, on the other hand, has announced, but still has not brought the changes of the General Skopje urban plan, which was passed in 2002 with a validity of 20 years. It is believed that, in this manner, the central and local government are sending messages whereby the problem is further deepened.

Namely, there is a danger of abusing the period until the possible enacting of the announced Law and the changes in the General Skopje urban plan by the owners of the illegal constructions, for the purpose of fitting them into the scope of the legalization and urbanization. In this way another hothouse of corruption is created.

It is considered that, regardless of which solution is decided upon, legalization or demolition of the illegally built constructions, a careful approach is needed, with transparent activities, ways, and conditions under which the legalization or demolition are to be carried out, so that new possibilities for corruption are avoided.

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