

Research of infrastructure projects in municipalities from the Government's decentralization program



“Injection” of €112 million from the Government for municipalities in the year of local elections

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SUMMARY

- In the period from October 2024 to October 2025 alone, i.e. in the last year to local elections, the Government planned 250 million euros for infrastructure projects of municipalities, and approved 112 million euros of that money through six ministries (Transport, Sports, Education, Environment, Social Policy and Culture).
- The first decision to allocate 71.1 million euros was made in October 2024, intended for 288 municipal projects, selected in a previously published public call. Money from this tranche was not approved only to three municipalities – the City of Skopje, Strumica and Saraj.
- The second decision to allocate an additional 41.4 million euros for 828 projects was made by the Government on July 4, 2025, less than three months before the elections. All municipalities except the City of Skopje received money from this tranche. From July to August 9 2025 (the day the elections were announced), almost all municipalities made budget adjustments to include this money and to be able to implement the projects smoothly in the last two months before the elections.
- The Fiscal Council identified two risk factors regarding these projects: (1) that they may be interpreted as a populist measure ahead of elections and (2) that due to the elections and incomplete functionality of the municipalities, a large part of these funds may not be fully used or may not be used efficiently.
- Although it approved projects for 71 million euros for 2024, the Government "reserved" only 15.5 million euros in the 2024 Budget, and actually spent only 345 thousand euros. Hence, this money was merged with the money for the projects for the next year, 2025, and in this year's Budget, the Government planned 102 million euros for these projects.
- Immediately after the elections, the Government made serious cuts to the budget for these projects. First, with the Decision on Reallocation of Funds in the Budget, the 102 million euros were reduced to 44 million euros, or a decrease of 58 million euros. Then, with the Budget for 2026, the money previously planned for 2026 and 2027 was reduced, as follows: 70 million were planned for 2026, which was reduced to 41 million with the 2026 Budget, and 77 million were planned for 2027, which according to the plan in 2026 Budget has now been reduced to 63 million.
- In total, the initial 250 million euros for municipal projects from the Hungarian loan have now been reduced to 149 million euros.
- On municipal level, the most money or over 5 million euros each, was approved for Bitola (5.6 million euros), Tetovo (5.5 million euros), Kumanovo (5.3 million euros) and Aerodrom (5.3 million euros), and Prilep is close (4.4 million euros).
- Per capita, the highest amounts of approved money are for Demir Kapija (99 euros), Zhelino (82 euros), Sveti Nikole (79 euros), Gradsko (78 euros) and Kratovo (76 euros). The least money per capita was received by the City of Skopje (0 euros), Strumica (16 euros), Saraj (23 euros), Centar (41 euros) and Kichevo (49 euros).
- The assessment of the direct impact of these expenditures on improving the living and working conditions of women, youth and marginalized groups shows that only 11 out of 1,116 projects, i.e. not even 1%, can be recognized for these groups. Such projects have 9 municipalities, with a total value of 4.3 million euros, or 3.8% of the total value of approved projects. Of the 11 projects, 10 are for youth, 1 for marginalized groups, and none for women.

KEY FINDINGS OF THE RESEARCH

From October 2024 onwards, the Government approved a total of 111,662,612 EUR for municipalities for infrastructure projects, financed from the so-called Hungarian loan. The funds were allocated through six ministries, depending on the type of projects.

The first decisionⁱ was made by the Government on October 16, 2024, exactly one year before the local elections, i.e. for the allocationⁱⁱ of 71.1 million EUR. These funds were intended for 288 municipal projects, selected through a previously announced public call. Only three local self-government units did not receive funding from this first tranche, i.e. the City of Skopje, Saraj and Strumica.

Ministry	Approved projects 2024 (MKD)	Planned in 2024 Budget (MKD)	Spent in 2024 Budget (MKD)
Transport	2,979,446,146	562,664,000	14,391,666
Environment	629,263,261	58,852,000	0
Education	301,850,066	187,213,656	6,819,844
Social Policy	43,890,000	43,890,000	0
Culture	199,460,590	39,893,000	0
Sports	220,064,186	58,070,450	0
Total (MKD)	4,373,974,249	950,583,106	21,211,510
Total (EUR)	71,121,533	15,456,636	344,903

The second decisionⁱⁱⁱ was adopted by the Government on 1 July 2025, three and a half months before the local elections, allocating^{iv} an additional 41.4 million EUR. This decision was amended^v in August 2025, reducing the amount to 40.5 million EUR. Although smaller than the first tranche, this allocation covered a significantly larger number of projects — 828 projects, again selected through a public call. All municipalities received funding from this tranche except the City of Skopje.

Ministry	Approved project in 2025 (MKD)	Total approved in 2024 and 2025 (MKD)	Planned in 2025 Budget (MKD)
Transport	1,621,049,741	4,600,495,887	3,984,000,000
Environment	165,504,005	794,767,266	778,962,000
Education	361,184,998	663,035,064	644,185,000
Social Policy	100,000,000	143,890,000	350,871,000
Culture	135,539,410	335,000,000	335,000,000
Sport	109,998,207	330,062,393	183,416,000
Total (MKD)	2,493,276,361	6,867,250,610	6,276,434,000
Total (EUR)	40,541,079	111,662,612	102,055,837

In the month between the adoption of the government decision (4 July 2025) and the announcement of elections^{vi} (9 August 2025), almost all municipalities amended their programs and budgets to include the newly allocated projects and funds, thereby legally enabling spending in the months immediately preceding the elections.

With both tranches combined, 111.7 million EUR was allocated to municipalities in 2025 alone.

Ministry	Approved projects in 2024 (MKD)	Allocated in 2024 Budget (MKD)	Spent in 2024 Budget (MKD)	Approved projects in 2025 (MKD)	Total approved in 2024 and 2025	Allocated in 2025 Budget (MKD)
Transport	2,979,446,146	562,664,000	14,391,666	1,621,049,741	4,600,495,887	3,984,000,000
Environment	629,263,261	58,852,000	0	165,504,005	794,767,266	778,962,000
Education	301,850,066	187,213,656	6,819,844	361,184,998	663,035,064	644,185,000
Social Policy	43,890,000	43,890,000	0	100,000,000	143,890,000	350,871,000
Culture	199,460,590	39,893,000	0	135,539,410	335,000,000	335,000,000
Sport	220,064,186	58,070,450	0	109,998,207	330,062,393	183,416,000
Total (MKD)	4,373,974,249	950,583,106	21,211,510	2,493,276,361	6,867,250,610	6,276,434,000
Total (EUR)	71,121,533	15,456,636	344,903	40,541,079	111,662,612	102,055,837

Despite approving 71 million EUR for municipalities in 2024, the Government allocated only 15.5 million EUR in the 2024 Budget^{vii}, and municipalities actually spent just 345,000 EUR, or 0.5% of the approved amount. As a result, the funds approved for 2024 were effectively merged with those for 2025. For both years combined, the Government planned EUR 102 million in the 2025 Budget^{viii}, although the total approved project value amounted to EUR 112 million.

Post-election reduction of funds for 2025

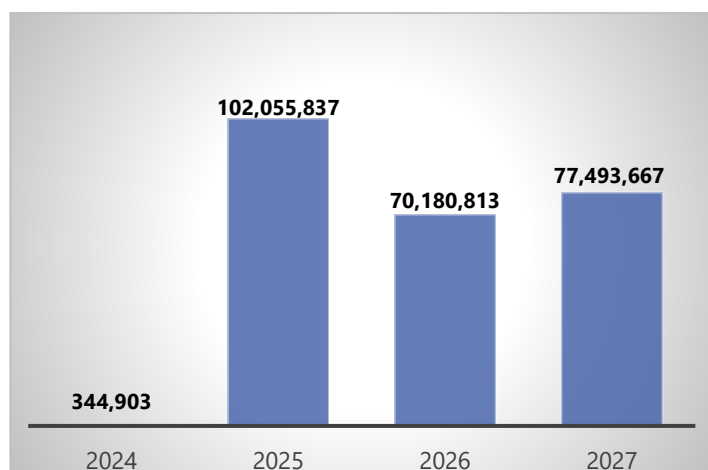
In early December 2025, immediately after the local elections, the Government significantly reduced the funds for municipal infrastructure projects by more than half, i.e. by 58,439,026 EUR. With the Decision on the Reallocation of Funds between Central Government Budget Users and Funds^{ix}, adopted by Parliament on 5 December 2025, the previously planned 102 million EUR for municipal infrastructure projects 2025 was reduced to 43.6 million EUR.

Ministry	Allocated in 2025 Budget (MKD)	Reduction (MKD)	Final allocation in 2025 Budget (MKD)
Transport	3,984,000,000	-2,183,000,071	1,800,999,929
Environment	778,962,000	-570,000,000	208,962,000
Education	644,185,000	-442,000,000	202,185,000
Social Policy	350,871,000	-200,000,000	150,871,000
Culture	335,000,000	-179,000,000	156,000,000
Sport	183,416,000	-20,000,000	163,416,000
Total (MKD)	6,276,434,000	-3,594,000,071	2,682,433,929
Total (EUR)	102,055,837	-58,439,026	43,616,812

Additional cuts in the 2026 Budget

In the review of the development sub-programs in the 2025 Budget rebalance, the Government initially planned to allocate an additional 148 million EUR to municipalities for these projects in the next two years, 2026 and 2027. This amount, together with the initially planned 102 million EUR in the 2025 Budget and the 345,000 EUR spent in 2024, was to bring the total amount of funds for infrastructure projects for municipalities from the Hungarian loan to 250 million EUR.

Initially planned distribution of money to municipalities by year (EUR)

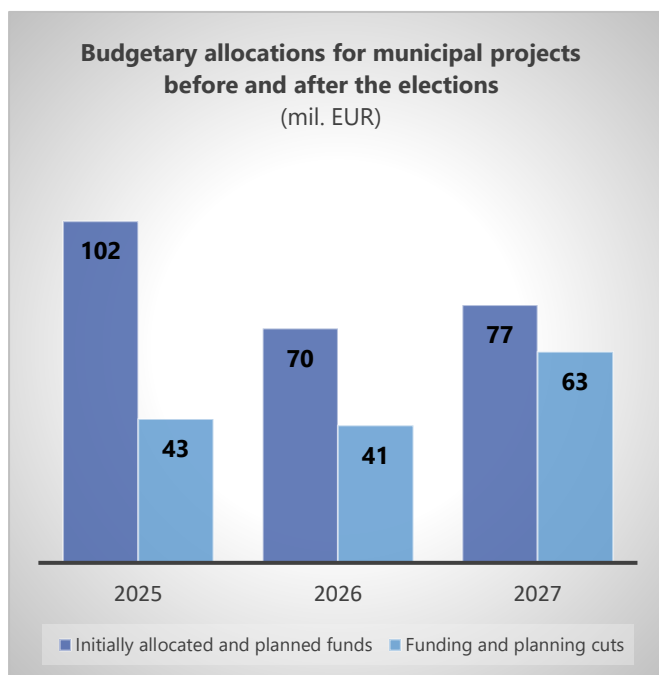


Year	Amount
2024 (spent)	344,903
2025 (budgeted)	102,055,837
2026 (planned)	70,180,813
2027 (planned)	77,496,667
Total	250,078,220

However, the 2026 Budget* made additional cuts to these funds, so that instead of the initially planned implementation dynamics of 70 million EUR in 2026, in the 2026 Budget adopted on December 10, 2025, this money was cut to 41.5 million EUR for 2026. The planned funds for the following year, 2027, were also cut, from the initial 77.5 million EUR to 63.3 million EUR.

With these corrections, the total amount of funds for infrastructure projects of municipalities from the planned 250 million EUR was cut to 149 million EUR.

Municipal budget cuts by year (EUR)



Initially allocated and planned funds (before the elections)	
Year	Amount
2024 (spent)	344,903
2025 (budgeted)	102,055,837
2026 (planned)	70,180,813
2027 (planned)	77,496,667
Total	250,078,220

Funding and planning cuts (after the elections)	
Year	Amount
2024 (spent)	344,903
2025 (reduced amount)	43,616,812
2026 (reduced plan)	41,465,301
2027 (reduced plan)	63,250,000
Total	148,677,016

Four municipalities with more than 5 million EUR each, the City of Skopje not a single euro

When it comes to individual municipalities, there is a disproportionate distribution of funds according to the number of inhabitants and the amount. Thus, four municipalities were approved for more than five million EUR each: Bitola (5.6 million EUR), Tetovo (5.5 million EUR), Kumanovo (5.3 million EUR) and Aerodrom (5.3 million EUR), and Prilep is close to them (4.4 million EUR).

Largest absolute amounts of approved money (in EUR)	
Bitola	5,649,517
Tetovo	5,500,916
Kumanovo	5,341,896
Aerodrom	5,265,190
Prilep	4,404,991

In terms of approved funds per capita, the largest amounts were for allocated to Demir Kapija (99 EUR), Zhelino (82 EUR), Sveti Nikole (79 EUR), Gradsko (78 EUR) and Kratovo (76 EUR). The least money per capita was allocated to the City of Skopje (0 EUR), Strumica (16 EUR), Saraj (23 EUR), Centar (41 EUR) and Kichevo (49 EUR).

Largest amount per capita (EUR)	
Demir Kapija	99
Zhelino	82
Sveti Nikole	79
Gradsko	78
Kratovo	76

Least amount per capita (EUR)	
City of Skopje	0
Strumica	16
Saraj	23
Centar	41
Kichevo	49

Less than 1% of projects directly target women, youth, or marginalized groups

When it comes to assessing the impact of approved infrastructure projects on improving the living and working conditions of women, youth and marginalized groups, it can be concluded that only 11 out of 1,116 projects, or less than 1%, can be identified for these groups of citizens.

Of those 11 projects, 10 are for youth, 1 for marginalized groups, and none for women.

Only 9 municipalities have such projects, with a total value of 4.3 million EUR, or 3.8% of the value of approved projects, as follows:

Identified projects with direct impact on specific groups of citizens (EUR)				
Municipality	Youth	Marginalized groups	Women	Total
Tetovo	2,415,287	/	/	2,415,287
Kochani	/	569,106	/	569,106
Kichevo	435,650	/	/	435,650
Valandovo	195,122	/	/	195,122
Veles	180,186	/	/	180,186
Gostivar	176,277	/	/	176,277
Demir Hisar	136,527	/	/	136,527
Kavadarci	117,852	/	/	117,852
Chair	54,329	/	/	54,329
Total	3,711,231	569,106	/	4,280,336

Public procurement for implementation of the projects: dominant companies by municipality, short execution deadlines and long payment deadlines

When it comes to public procurements carried out by municipalities for the implementation of infrastructure projects approved by the Government, the first tenders were announced, and the contracts were signed towards the end of 2024.

Although individual tenders were not the subject of this analysis, it can still be noted that in certain municipalities there is a practice of a small number of the same companies participating and winning the tenders.

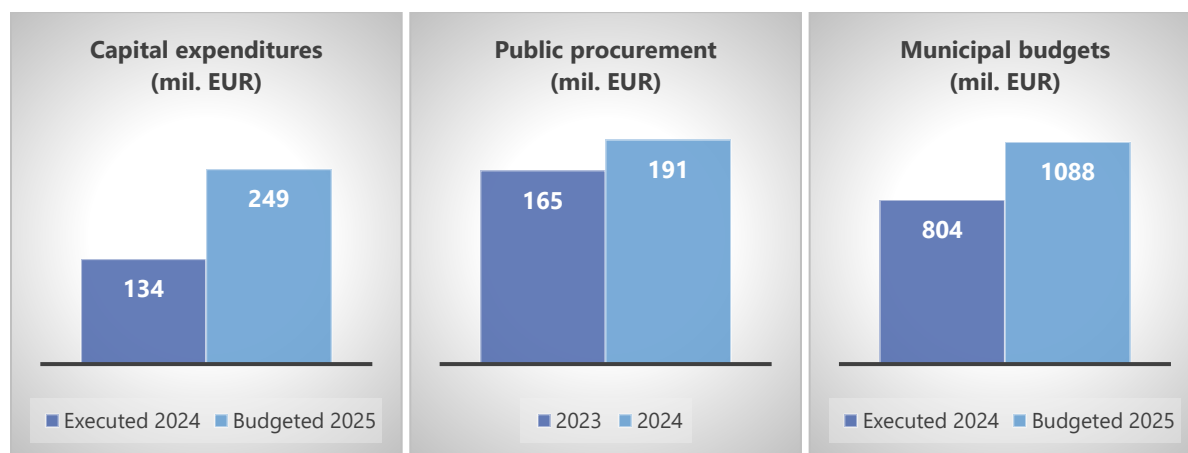
There are also concerns regarding payments to companies for works carried out under these projects. Specifically, for many of the tenders from the first tranche of projects approved in October 2024 and launched and awarded by the end of that year or in early 2025, the deadline for contract implementation was set at one year, or by the last quarter of 2025. In contrast, payment for the completed works is scheduled to be made over a three-year period, namely in 2025, 2026, and 2027. For many participants in these procedures—both contracting authorities and economic operators—it was unclear how payments would be executed, i.e. how companies were expected to complete the works and invest their own funds in 2025, while being paid for them over a period of three years.

Furthermore, given that payments for the projects are spread over a three-year period, these projects have been classified as “development projects”, even though a large share of them lack other characteristics typical of development projects, apart from the longer payment timeframe. These are projects related to the repair, reconstruction, or construction of streets and similar local infrastructure works.

Capital expenditures in municipal budgets increased by an average of 92% in the election year

The funds approved by the Government for municipalities from the Hungarian loan represented a significant “injection” for municipalities in the pre-election period. Compared to actual spending in 2024, they increased the level of capital investments in municipal budgets for 2025 by an average of as much as 92%.

They also contributed to an average increase of 36% in total municipal budgets in 2025 compared to the budgets executed in the previous year. In addition, the projects led to an average increase of 40% in municipal public procurement expenditures in 2024 compared to 2023.



The Fiscal Council warned of the risk of the measure being perceived as populist

The Fiscal Council of the Republic of North Macedonia, which provides mandatory opinions on the Budget and its revisions, highlighted two risk factors related to these funds for municipalities in its June 2025 opinion^{xi} on the revision of the 2025 Budget.

"Increased capital grants distributed on a fair basis, guided by the principle of balanced regional development as stated in the budget revision itself, are a positive signal. However, due consideration should be given to the municipalities' capacity to implement these expenditures, as well as to the fact that this is a year in which local elections are to be held. In this context, two risk factors can be identified:

1. the increased grants to local self-government units may be interpreted as a populist measure aimed at certain investments ahead of elections; and
2. another possible situation is that, due to the elections and the incomplete functionality of municipalities, a large portion of these funds may not be fully utilized or may not be used efficiently.

Additionally, projections for capital grants to municipalities in 2026 and 2027 are significantly lower than the increased expenditures envisaged by the revision of the 2025 Budget."

Observations by international observers of the 2025 local elections

Representatives of international missions that observed the local elections also expressed concern in their post-election reports about the use of public resources for electoral purposes. In statements^{xii} based on the preliminary findings and conclusions from the monitoring of the local elections, they noted that: "instances of misuse of public resources... were of concern" (Matteo Mecacci, Head of the OSCE/ODIHR Election Observation Mission); "We heard widespread concern about the misuse of state resources in the leadup to the elections, in the context of a widely shared perception of corruption" (Gobnait Ní Mhuimneacain, Head of the Delegation of the Congress of Local and Regional Authorities of the Council of Europe); and "we acknowledge that some interlocutors expressed fear that there had been some irregularities, possible misuse of state resources..." (Marta Temido, Head of the European Parliament delegation).

CONCLUSIONS

- The general conclusion is that the funds approved by the Government for municipalities from the Hungarian loan represented a significant "injection" for municipalities in the pre-election period, increasing:
 - capital expenditures in municipal budgets for 2025 by an average of as much as 92% compared to execution in 2024;
 - municipal budgets for 2025 by an average of 37% compared to the budgets executed in the previous year; and
 - municipal public procurement spending in 2024 by an average of 40% compared to 2023.
- The funds were not distributed evenly among municipalities, either in terms of population size or total amount.

- The majority of mayors actively promoted the projects during the year of the local elections and in the pre-election period.
- The projects were classified as “development projects” due to the planned three-year financing period, even though a significant share of them in fact involved the repair, reconstruction, or construction of streets and similar local infrastructure works.
- Clear information is lacking on how payments to companies will be made over the three-year period for projects completed in 2025.
- Most public procurement notices for the first tranche of projects envisaged short construction deadlines, most often up to October 2025, i.e. the month in which the local elections were held.
- In a significant number of the analyzed municipalities, there is a noticeable dominance of one or a few companies that were awarded public procurement contracts for the implementation of the projects.
- Unlike the intensified promotion of projects at the outset in 2024 and 2025, there were almost no similar public announcements regarding the substantial reduction of funds for these projects after the local elections, nor any explanation of the reasons for the funding cuts.

ⁱ Minutes of the 26th session of the Government of the Republic of North Macedonia, held on October 16, 2024, link:

<https://portal.mdt.gov.mk/post-records/26-ta-sednica-na-vladata-2024-record-mk.pdf>

ⁱⁱ Decisions on the use of funds for capital grants to local self-government units for infrastructure projects for 2024, Official Gazette of the Republic of North Macedonia, No. 215 of October 21, 2024, link:

<https://www.slvesnik.com.mk/Issues/95eef5a4dc9b406cb822489418ca51b6.pdf> and Decisions on amending the Decision on the use of funds for capital grants to local self-government units for infrastructure projects for 2024, Official Gazette of the Republic of North Macedonia, No. 251 of December 12, 2024, link: <https://www.slvesnik.com.mk/Issues/355bf0df3a85478aa85367a41444eaa1.pdf>;

Official Gazette of the Republic of North Macedonia, No. 252 of December 13, 2024, link:

<https://www.slvesnik.com.mk/Issues/bfac49f92c914e16a2530ef37fa6d32a.pdf> and Official Gazette of the Republic of North Macedonia, No. 278 of December 31, 2024, link: <https://www.slvesnik.com.mk/Issues/95a04cf6d810429c8aaeb1a5768ef99d.pdf>

ⁱⁱⁱ Minutes of the 88th session of the Government of the Republic of North Macedonia, held on July 1, 2025, link:

<https://portal.mdt.gov.mk/post-records/88-ta-sednica-na-vladata-record-mk.pdf>

^{iv} Decisions on the use of funds for capital grants to local self-government units for infrastructure projects for 2025, Official Gazette of the Republic of North Macedonia, no. 135 of July 4, 2025, link:

<https://www.slvesnik.com.mk/Issues/1a2c96665aa445bb9aadd2c4ff5b61d0.pdf>

^v Decision on amending the Decision on the use of funds for capital grants to local self-government units for infrastructure projects in the field of sports for 2025, Official Gazette of the Republic of North Macedonia, No. 165 of August 7, 2025, link:

<https://www.slvesnik.com.mk/Issues/eb23298cf23e4339913c402cbd98aa70.pdf>

^{vi} Decision on calling elections for members of the municipal councils and the Council of the City of Skopje and for mayors of the municipalities and for the mayor of the City of Skopje, Official Gazette of the Republic of North Macedonia, No. 167 of August 9, 2025, link: <https://www.slvesnik.com.mk/Issues/49f32869a1774e0b809c2c144490c35c.pdf>

^{vii} Final Account of the Budget of the RNM for 2024, Official Gazette of the Republic of North Macedonia, No. 151 of ?? 2025, link:

<https://slvesnik.com.mk/Issues/c4e727fdb0545948031345e1868c53b.pdf>

^{viii} Budget of the RNM for 2025, Official Gazette of the Republic of North Macedonia, No. 254 of December 16, 2024, link:

<https://www.slvesnik.com.mk/Issues/aa46ac2fcc574dcebc4b70c88dc249e.pdf>

^{ix} The Decision on the Redistribution of Funds between Budget Users of the Central Government and between Funds, Official Gazette of the Republic of North Macedonia, No. 246 of December 9, 2025, link:

<https://www.slvesnik.com.mk/Issues/98114c8ba4d5498f99c5f7ea9606021f.pdf>

^x Budget of the RNM for 2026, Official Gazette of the Republic of North Macedonia, No. 253 of December 17, 2025, link:

<https://www.slvesnik.com.mk/Issues/bd5720afda0040d09eaa43959143bec.pdf>

^{xi} Opinion of the Fiscal Council on the Rebalance of the Budget for 2025, link: <https://www.fsovet.mk/wp-content/uploads/2025/06/%D0%9C%D0%B8%D1%81%D0%BB%D0%B5%D1%9A%D0%B5-%D0%BF%D0%BE-%D1%80%D0%B5%D0%B1%D0%B0%D0%BB%D0%B0%D0%BD%D1%81-%D0%BD%D0%B0-%D0%91%D1%83%D1%9F%D0%B5%D1%82.pdf>

^{xii} Press conference of the Election Observation Mission, 20 October 2025, link: <https://www.youtube.com/watch?v=V6MKAWEkA4A>

