LEASE OF STATE – OWNED AGRICULTURAL LAND

Ministry of Agriculture, Forestry and Water Economy

June, 2012
INTRODUCTION

Republic of Macedonia is located at the South-West part of the Balkan Peninsula and it represents a crossroad of two main Pan-European transportation corridors (No. 8 and 10) that connect the Central Europe with the Adriatic, Aegean and Black Sea. The country borders with Serbia (232 km, including the territory of Kosovo under the administration of the UN) on the North, Bulgaria on the East (165 km), Greece on the South (262 km) and Albania on the West (191 km). Macedonia is main transitive road for transport of goods from Central Europe on the East and from East Europe and Greece through Western Europe.

As a result of the geographical location and topography, Macedonia is a crossroad of continental and Mediterranean climate. Most of the country has moderate continental climate with hot and dry summers and relatively cold and wet winters. The dry and hot periods dominate (summer – autumn), and the cold periods are short (winter). The continental climate is distinguished with its cold winters and temperatures that drop to -15°C, and the summers are hot with temperatures that can rise up to 40°C. The average quantity of precipitations varies from 500 mm in the eastern region to 1700 mm in the western highland regions (average quantity of precipitations per year is 733 mm). During the period from October to November there is larger quantity of precipitations, and decreased rainfalls are characteristic of the period from March to May.

Arable land that is used for agricultural production falls in the sub-Mediterranean, continental – sub-Mediterranean and warm continental zone with altitude of 50 – 900 m above the sea level, where the pastures are dominant in the highland region.

The soil in Republic of Macedonia is very heterogeneous (over thirty soil types are determined), resulting from the great diversity of the natural conditions for forming of soils (relief, climate, geological formations).

The total land of 25.713 km² is dominantly highland, interrupted by grand valleys. Hills and mountains occupy 80% of the territory; plane land occupies 18%, and natural lakes 2% of the total land surface. There is a well-developed hydro network for irrigation of agricultural areas that are surrounded with irrigation systems. The total agricultural land in the Republic of Macedonia is around 560000 hectares (44% is arable land, and 56% are pastures). There is a possibility to irrigate 123864 ha of the arable land with the built detailed network of irrigation systems.
LEASE OF AGRICULTURAL LAND IN STATE OWNERSHIP

The Ministry of Agriculture, Forestry and Water Economy as an authorized body, has intensively been distributing agricultural land of good quality which is in state ownership, that is granted under lease (for use, during the period of several years) to the interested investors, including foreign entities with established branch offices in the Republic of Macedonia.

Presently, numerous agricultural households in these regions have been using state owned agricultural land under lease and they successfully deal with growing and production of quality agricultural crops. This experience represents an additional motivation for the Ministry of Agriculture Forestry and Water Economy, to continue with renting of available state owned agricultural land, and, in that manner, to increase the overall agricultural production in the Republic of Macedonia, having in mind that this is of significant importance for the state economy.

REVIEW OF AVAILABLE AGRICULTURAL LAND PARCELS PER CADASTRE MUNICIPALITY

In accordance with the prepared action plan, and for this period of time, the Ministry has foreseen distribution of state-owned agricultural land by means of lease for the region of Sveti Nikole (Figure.1). In particular, the land that is offered is agricultural land that has recently been granted under lease to the Agriculture Combine Dzumajlija.

Agriculture Combine Dzumajlija is part of the former Agriculture Industrial Combine Ovche Pole, with a seat at the municipality of Lozovo; the land was mainly used for growing vine and agricultural crops. In Sveti Nikole, Kavadarci, Sveti Nikole, Radovish, Bitola, Veles and Prilep, for the total space of approximately 3.280 ha.

According to the cadaster evidence, the plots of AK Dzumajlija encompassed 5,263 ha, distributed in 14 cadaster municipalities (hereinafter: CM) (Figure.2), as follows: CM Pesirevo, CM Amzabegovo, CM Saramzalino, CM Gjuzumelci, CM Milino, CM Lozovo, CM Karatmanovo, CM Dorfulija, CM Kjoseleri, CM Adzibegovo and CM Delisenci. Vineyards and plots granted to the newly founded company for growing tobacco are exempt from the total space of the plot.

1.935 ha of the total plot is covered with the irrigation system; this irrigation system is part of the irrigation system “Bregalnica”. The remaining 3.327 ha are not encompassed with the irrigation system (Table 1).
GEOGRAPHIC AND CLIMATE CONDITIONS

The area of AC Dzunajlija from Lozovo encompasses significant part of Ovche Pole valley that represents the second largest granary in the Republic of Macedonia. The valley of Ovche Pole lay within the water shed of Svetinikole River (right tributary of Bregalnica River), at altitude from 200 – 400 m above the sea level, and it is under the influence of the continental and Mediterranean climate. The town of Sveti Nikole is located in the middle part of the valley.

The climatic conditions in this region are sufficiently favorable for growing vegetable and fruit crops, in the part of production of peppers, tomatoes, plums and sour cherries. The most represented varieties of peppers are Kapija, Zupska Rana, Amfora, Bela Dolga and Gamba, in the part of tomatoes, the varieties are represented by Bele, Magnus, Newton and Gironda. Plum varieties are represented by largest production of Cacanska and Stenley, whereas the sour cherry varieties are represented by Oblacinska and Ciganica. This region is famous for significant production of grapes, primarily in the rural municipalities.

Besides granary crops, the most present crops in this region are the following: peppers (approximately 9.000 tons), tomatoes (approximately 5.000 tons) and cherries (approximately 2.000 tons).

The Eastern region is characterized by average temperatures, if compared with the North and South part of the state. Average minimum temperatures during the year range from -13°C in the winter period to 13°C in the summer period; average maximum temperatures range from 13°C in the winter period to 40°C in the summer period. The climate conditions in this part of the state are favorable for orchards.

*Figure 1 – The region of Sveti Nikole*
Figure 2 – Cadaster Municipalities
Table 1 – Review of plots per cadaster municipality (m²)

<table>
<thead>
<tr>
<th>CM</th>
<th>Under irrigation system</th>
<th>Without irrigation system</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMZABEGOVO</td>
<td>310.764</td>
<td>0</td>
<td>31.0764</td>
</tr>
<tr>
<td>ADZIBEGOVO</td>
<td>662.804</td>
<td>77.309</td>
<td>74.0113</td>
</tr>
<tr>
<td>ADZIMATOVO</td>
<td>178.9538</td>
<td>632.411</td>
<td>241.9538</td>
</tr>
<tr>
<td>DELISINCI</td>
<td>2.914.996</td>
<td>0</td>
<td>2.914.996</td>
</tr>
<tr>
<td>DORFULIJA</td>
<td>2.889.321</td>
<td>3.416.199</td>
<td>6.305.520</td>
</tr>
<tr>
<td>GJUZEMELCI</td>
<td>0</td>
<td>2.729.661</td>
<td>2.729.661</td>
</tr>
<tr>
<td>KARATMANOVO</td>
<td>685.233</td>
<td>6.610.334</td>
<td>7.295.567</td>
</tr>
<tr>
<td>KNEZJE</td>
<td>0</td>
<td>1.203.315</td>
<td>1.203.315</td>
</tr>
<tr>
<td>LOZOVO</td>
<td>2.366.588</td>
<td>3.437.592</td>
<td>5.804.180</td>
</tr>
<tr>
<td>MILINO</td>
<td>2.633.661</td>
<td>10.935.213</td>
<td>13.568.874</td>
</tr>
<tr>
<td>PISIREVO</td>
<td>76.244</td>
<td>0</td>
<td>76.244</td>
</tr>
<tr>
<td>SARAMZALINO</td>
<td>2.216.035</td>
<td>1.080.690</td>
<td>3.296.725</td>
</tr>
<tr>
<td>KJOSELERI</td>
<td>1.245.935</td>
<td>1.229.562</td>
<td>2.475.497</td>
</tr>
<tr>
<td>CRNILICTE</td>
<td>1.568.001</td>
<td>1.927.134</td>
<td>3.495.135</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>19.359.120</strong></td>
<td><strong>33.279.420</strong></td>
<td><strong>52.636.140</strong></td>
</tr>
</tbody>
</table>

1. CM Milino

CM Milino occupies the space located around the village of Milino. It borders with the village of Lozovo on South, the village of Gjuzumelci on North and it spreads towards the villages of Crniliste and Knezje on East. The land plots in CM Milino are uncultivated and most of the land was planted with granary crops and sunflowers during the previous year.

This CM, disposes of 1.356ha, of which 263ha are covered with the irrigation system, and 1.093ha are not encompassed with the irrigation system. The main irrigation channel passes on the South part of the plots that border with the CM Lozovo (Figure 3). Water station has been built on this main channel located between CM Milino and CM Lozovo (Figure 4) with three pump stations; however, this station is devastated and out of use. Due
to the fact that altitude difference between the lowest and highest spots of the plots in CM Milino is insignificant, rebuilding of this water station could provide additional irrigation for 300 to 500 ha.

Figure 3

Figure 4
2. **CM Gjuzumelci**

This cadaster municipality is located on the North from CM Milino. The plots are not cultivated and granary crops and sunflowers were planted in the previous year. Cherry orchard was planted on a plot of 20ha on a cadaster plot 286/5 that lays along the road Milino-Gjuzumelci in 2011. The cherry plants on this plot are uncultivated, deserted and 90% of the trees are parched.

This CM disposes of 273ha, however, the plots are not covered with the irrigation system and there isn’t a possibility to connect them to the main channel.

3. **CM Lozovo**

The plots of this CM are spread on 580ha, of which 236ha are covered with the irrigation system, and 343ha are not. It is important to mention that the plots that are not covered with the irrigation system can be irrigated if reasonable investment can be foreseen.

The land plots in CM Lozovo are also uncultivated, and they were planted with granary crops last year; some of the land plots appear as if they are planted because of the improper harvest and large percent of dispersion of the seed, so that there is an occurrence of sub-germination from the previous year. (Figure 5).

![Figure 5](image-url)
4. CM Saramzalino

CM Saramzalino encompasses the total space of 329ha. Two-thirds, i.e. 221ha of the land is covered with the irrigation system and one-third, i.e. 108ha are not. An investment for constructing a network towards the main channel can provide irrigation for this space. The land plots in this CM are not cultivated.

5. CM Crniliste

CM Crniliste is spread at the East border of the land plots of AC Dzumajlija. These land plots were planted with granary crops, sunflowers and bur clover in the previous year. The bur clover is in a favorable condition, however no one takes care of it and it can very soon be attacked by weeds. The total land plot of this CM is 350ha, of which 156ha are covered with the irrigation system, and 192ha are not. Investment in an irrigation network can also be performed for irrigation of this land plot.

6. CM Adzimatovo

This CM encompasses 241ha, of which 178ha are irrigated and 63ha are not covered with the irrigation system. These land plots were previously planted with granary crops, and the irrigated part was planted with cereals and silage. Expanding of the irrigation network is also possible within this CM.

7. CM Knezje

This CM disposes of 120 ha. The land plot neither has conditions for irrigation, nor possibility for construction of an irrigation system.

8. CM Pesirovo

CM Pesirovo is a municipality with the smallest land plot of only 7,6ha. This land has an irrigation system and it is planted with corn.

9. CM Amzabegovo

CM Amzabegovo disposes of 31ha of irrigated land. Due to the presence of water, this land was used for growing of bur clover, corn for grains and silage corn.
10. CM Karatmanovo

CM Karatmanovo is located on the far West of the area, towards the town of Veles, on the South side of the road Veles – Stip. It disposes of 729 ha, of which 68 ha under irrigation, and 661 ha without the system for irrigation. Part of the land plots can be irrigated, if a reasonable investment can be made.

11. CM Dorfulija

This CM is an extension of CM Karatmanovo towards the Eastern side of the area of AC Djumajlija. CM Dorfulija dispose of 289 ha under irrigation, and 341 ha without irrigation, i.e. the total land plot is 630 ha. Similar to CM Karatmanovo, there is a possibility for expanding of the irrigation system on the land plots in this cadaster municipality.

12. CM Kjoseleri

CM Kjoseleri is spread on the total of 247 ha. 124 ha of this land plot may be irrigated by the irrigation system and 123 ha are not covered by the irrigation system. Additional investment for water pumps and irrigation network can provide water for the land.

13. CM Adzibegovo

CM Adzibegovo is located around the village with the same name and encompasses the space of 74 ha, of which 66 ha are irrigated and 7 ha are not.

14. CM Delisinci

CM Delisinci is the final East cadaster municipality with land plots of the AC Djumajlija. Part of this land plot is planted with corn, bur clover and sunflower.

In the largest part of the land plots of the remaining cadaster municipalities along the South side of the road Veles – Stip, starting from CM Karatmanovo and ending with CM Delisinci, sunflower was planted in the previous year.

GEORGAPHICAL CONNECTION OF CADASTRE MUNICIPALITIES

All 14 cadaster municipalities that are located on the land plots of AC Djumajlija, depending on their geographical position and infrastructure connection, will be grouped in four groups.
Geographical unit 1

The first group is located on the North-East side of the road Veles - Stip and is comprised of six cadaster municipalities: CM Pesirovo, CM Amzabegovo, CM Knezje, CM Crniliste, CM Adzimatovo and CM Saramzalino (Table 2).

Table 2 – Review of the land plots of the group 1 (m$^2$)

<table>
<thead>
<tr>
<th>CM</th>
<th>Under irrigation system</th>
<th>Without irrigation system</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PESIROVO</td>
<td>76.244</td>
<td>0</td>
<td>76.244</td>
</tr>
<tr>
<td>AMZABEGOVO</td>
<td>310.764</td>
<td>0</td>
<td>310.764</td>
</tr>
<tr>
<td>KNEZJE</td>
<td>0</td>
<td>1.203.315</td>
<td>1.203.315</td>
</tr>
<tr>
<td>CRNILISTE</td>
<td>1.568.001</td>
<td>1.927.134</td>
<td>3.495.135</td>
</tr>
<tr>
<td>ADZIMATOVO</td>
<td>1.789.538</td>
<td>632.411</td>
<td>2.419.538</td>
</tr>
<tr>
<td>SARAMZALINO</td>
<td>2.216.035</td>
<td>1.080.690</td>
<td>3.296.725</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.960.582</strong></td>
<td><strong>4.843.550</strong></td>
<td><strong>10.801.721</strong></td>
</tr>
</tbody>
</table>

The total space of these cadaster municipalities is 1080ha, of which 596ha under irrigation subsystem, and 484ha without an irrigation system. These plots are good for growing of various agricultural crops, and these crops can be used for human nutrition or for nutrition of livestock. The land plots without irrigation can be used for growing of wheat, barley, triticale, rape, fodder pea, and other annual crops.

On the other hand, irrigated land plots can be used for growing of bur clover, corn for grains, silage corn, soy, and other crops, such as cereals that can be used for seed material. Irrigated land plots may be expanded by means of investment in the irrigation network that will provide possibilities for growing of a wider specter of various agricultural crops, fruits and vine.
Geographical unit 2

This geographical unit encompasses a group of land plots from CM Milino and CM Gjuzemelci (Table 3). Only 263ha of the total space of 1.629ha is irrigated. These land plots can be used for growing of spring crops with greater water requirements (corn, bur clover and similar crops); the other land plots can be used mainly for production of cereals and peas.

The existing irrigation system in this unit, in particular in the part of CM Milino, can be expanded to additional 300 – 500ha of arable land, with a reasonable investment that will provide growing of wider specter of crops.
Table 3 – Review of land plots of the group 2 (m²)

<table>
<thead>
<tr>
<th>CM</th>
<th>Under irrigation</th>
<th>Without irrigation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>GJUZEMELCI</td>
<td>0</td>
<td>2.729.661</td>
<td>2.729.661</td>
</tr>
<tr>
<td>MILINO</td>
<td>2.633.661</td>
<td>10.935.213</td>
<td>13.568.874</td>
</tr>
<tr>
<td>Total</td>
<td>2.633.661</td>
<td>13.664.874</td>
<td>16.298.535</td>
</tr>
</tbody>
</table>

Figure 7 – CM Gjuzemelci, CM Milino
Geographical unit 3

The third geographical unit encompasses the land plots of CM Lozovo and CM Karatmanovo. The land plots of this group are located on the far West, on both sides of the road Veles – Stip and occupy the space of 1266ha. 261ha are under an irrigation system and 1004ha without an irrigation system. The irrigation system can be expanded in the major part of CM Lozovo and in a part of CM Karatmanovo. These land plots are suitable for production of agricultural crops with more intensive irrigation (corn, bur clover, soy, peas, rape, sunflower etc.). The land plots without an irrigation system can be used for growing of wheat, barley, triticale and cereals. The land plots encompassed with the irrigation system can also be used for vineyard or fruit plantations with an integrated drop-by-drop system.

Table 4 – Review of land plots of the group 3 (m²)

<table>
<thead>
<tr>
<th>CM</th>
<th>Under irrigation</th>
<th>Without irrigation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOZOVO</td>
<td>2.366.588</td>
<td>3.437.592</td>
<td>5.804.180</td>
</tr>
<tr>
<td>KARATMANOVO</td>
<td>685.233</td>
<td>6.610.334</td>
<td>7.295.567</td>
</tr>
<tr>
<td>Total</td>
<td>3.051.821</td>
<td>10.047.926</td>
<td>13.099.747</td>
</tr>
</tbody>
</table>

Figure 8 – CM Lozovo, CM Karatmanovo
Geographical unit 4

The geographical unit 4 is spread on the South side of the road Veles – Stip, from the area of the village Dorfulija to the area of the village of Delisinci. The total space of the land in this group is 1229ha, of which larger part, i.e. 771ha are encompassed with the irrigation system and 458ha do not have an irrigation system. These land plots represent huge land blocks and they are suitable for growing of agricultural crops, such as silage corn, silage mix of peas and cereals, bur clover (alfalfa), rape crops, sunflower and seed land plots for cereal crops. The part without an irrigation system can be used for growing of cereal crops for human nutrition and nutrition of livestock.

Table 5 – Review of the land plots of group 4 (m²)

<table>
<thead>
<tr>
<th>CM</th>
<th>Under irrigationПод систем за наводнување</th>
<th>Without irrigation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>DORFULIJA</td>
<td>2.889.321</td>
<td>3.416.199</td>
<td>6.305.520</td>
</tr>
<tr>
<td>KJOSELERI</td>
<td>1.245.935</td>
<td>1.229.562</td>
<td>2.475.497</td>
</tr>
<tr>
<td>ADZIBEGOVO</td>
<td>662.804</td>
<td>77.309</td>
<td>740.113</td>
</tr>
<tr>
<td>DELISINCI</td>
<td>2.914.996</td>
<td>0</td>
<td>2.914.996</td>
</tr>
<tr>
<td>Total</td>
<td>7.713.056</td>
<td>4.723.070</td>
<td>12.436.126</td>
</tr>
</tbody>
</table>

Figure 9 – CM Dorfulija, CM Kjoseleri, CM Adzibegovo, CM Delisinci
CONDITIONS AND CRITERIA

The Minister for Agriculture, Forestry and Water Management, announces a public notice for granting of agricultural land in state ownership on lease without limitations to the space of the land plot, according to Article 21 of the Law on Agricultural Land ("Official Gazette of the RM" no. 135/07, 18/11 and 148/11)

Subject of the public notice shall be granting of agricultural land in state ownership under lease in all regions in the Republic of Macedonia.

Domestic physical and legal entities, as well as foreign legal entities, shall have the right to participate on the public notice.

Physical entities should be registered providers of agricultural activity and/or registered in the register of agricultural holdings and/or sole proprietors whose prevailing activity is agricultural production or processing of primary agricultural products.

Foreign legal entities shall have the right to participate on a public notice if they have subsidiaries registered in the Republic of Macedonia.

Agricultural production or processing of primary agricultural products should be the prevailing activity of domestic and foreign legal entities or their subsidiaries, or agricultural land should be required for carrying out scientific research activities.

The persons shall not have the right to participate on the public notice and to submit bids in a procedure for collecting of bids if they haven’t fulfilled their obligations on the base of rent in connection with the concluded lease contracts for agricultural land in state ownership.

Legal entities under liquidation procedure and non-profit organisations shall not have the right to participate on a public notice.

The duration of the lease of the land shall be the following:

- Growing perennials (grapes, orchards, hop) construction of glass-houses, up to the period of 30 years;
- Growing olives for a period of up to 50 years;
- Growing other agricultural crops, for a period of up to 15 years;
- Meadows for a period of up to 15 years;
- Fish ponds, for a period of up to 20 years;
- Sports and recreational activities and rural tourism for a period of up to 30 years;

The Commission shall select the best bidder based on criteria established in Articles 25, 26 and 27, paragraph 1 of the Law on Agricultural Land ("Official Gazette of the RM" No.135/07, 18/11 and 148/11)
- The highest annual rent offered

The size of the area of agricultural land that will be granted to one bidder will be determined on the base of the criteria laid down in Article 27 paragraph 2 of the Law on Agricultural Land ("Official Gazette of the RM" no. 135/07, 18/11 and 148/11) and Article 4 of the Rulebook on criteria for selecting the most favorable bidder for agricultural land in state ownership ("Official Gazette of the RM" br.12/08 and 26/12) as follows:

- Minimum material - technical equipment of the bidder; and
- The number of planned employments or employees according to the business plan as follows:

**Geographical unit 1**
- For areas up to 1100 hectares - at least 23 tractor of light-weight category (up to 80 kw) or at least 13 moderate weight tractors (from 80 kW – 120 kW) or at least 7 heavy-duty tractors (over 120kW) and at least 29 planned employees that shall be permanently employed;

**Geographical unit 2**
- For areas up to 1650 hectares - at least 34 of lightweight tractors (up to 80 kw) or at least 20 moderate (80 kW - 120 kW), or at least 10 heavy-duty tractors (over 120kW) and at least 44 planned employees that shall be permanently employed;

**Geographical unit 3**
- For areas up to 1350 hectares - at least 28 lightweight tractors (up to 80 kw) or at least 16 moderate (80 kW - 120 kW), or at least 9 heavy-duty (over 120 kW) and at least 36 planned employees that shall be permanently employed;

**Geographical unit 4**
- For areas up to 1250 hectares - at least 26 lightweight tractors (up to 80 kw) or at least 15 moderate (80 kW - 120 kW), or at least 8 heavy-duty (over 120 kW) and at least 34 planned employees that shall be permanently employed;

In order to prove the technical and material equipping, every bidder shall submit adequate evidence (a car license, invoice, purchase contract notarized by a notary public, a final court decision or act of another competent authority) and only a material and technical equipping of the bidder shall be estimated in the procedure for which it has submitted such proof.
The initial price per hectare in the process after this public announcement shall be determined according to the cadastral class and location of the land.

The starting price is 25 Euro in Denar counter-value for agricultural land from the 1 to the 4 cadastral class and 15 Euro in Denar counter-value for agricultural land from the 5 to the 8 cadastral class calculated on the base of the mean exchange rate of the National Bank of the Republic of Macedonia on the day of payment.

The initial price of agricultural land located in mountainous areas, the initial price for the land from the 1 to the 4 cadastral class is 15 Euro in Denar counter-value, and for the land from the 5th to the 8th cadastral class is 5 Euro in Denar counter-value, calculated according to the mean exchange rate of the National Bank of the Republic Macedonia on the day of payment.

In accordance with the law on Agricultural land (“Official Gazette of the Republic of Macedonia” nr. 135/07, 18/11 and 148/11), legal base for electronic bidding does not exist, due to the fact that the offer and supporting documents should be submitted in a closed envelope.