

STATUS OF PROJECTS IN EXECUTION – FY05
SOPE
REGION: EUROPE AND CENTRAL ASIA
COUNTRY: SERBIA AND MONTENEGRO

Operations Policy and Country Services
SEPTEMBER 23, 2005



Report on the Status of Projects in Execution - FY05
Region: Europe and Central Asia
Country: Serbia and Montenegro

Introduction

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart¹ showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

Country: Serbia and Montenegro

Project Name (ID): Employment Promotion (P069374)

Country: Serbia and Montenegro

Board Approval Date: 05/05/2003

Midterm Review Date: 04/19/2005

Closing Date: 06/30/2006

Loan/Credit/Grant Number: DFID-51870, IDA-37530

Sector(s): Other social services (100%)

Theme(s): Improving labor markets (P), Social safety nets (P)

Project Development Objectives:

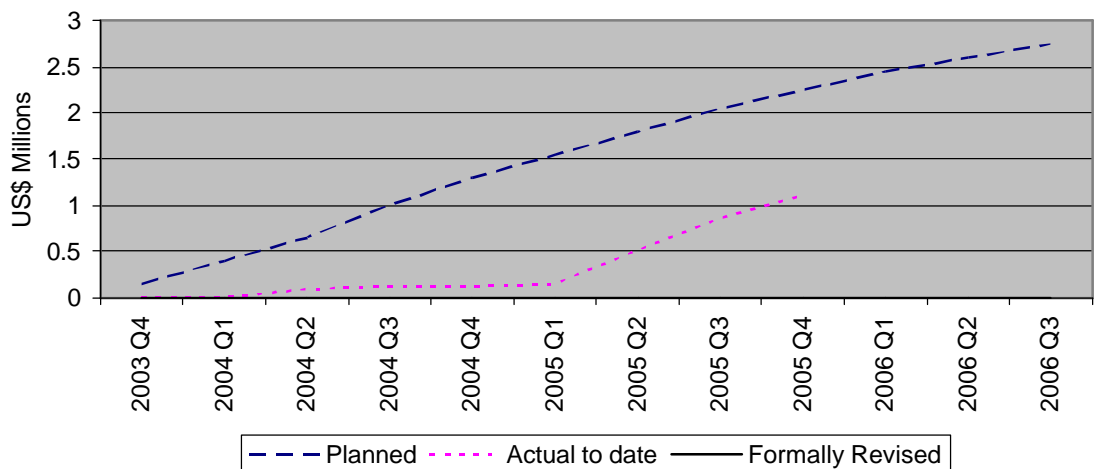
The objective is to improve the cost-effectiveness and efficiency of labor programs.

Progress toward achieving development objective(s):

Project activities have gained new momentum following the resolution of project management and outsourcing issues. Enterprise social plans (labor redeployment programs) will be tested in pilot regions starting Fall 2005; for that redundant worker action centers have been established in pilot areas; relevant manuals and guidelines developed, and training provided. More cost-effective and innovative employment services for the unemployed are being introduced in pilot labor offices, including vacancy fairs; virtual enterprises; job clubs, etc. Finally, the work to collect and analyze labor market data to improve the effectiveness of labor market interventions is progressing. In particular, the performance information and management system is under development; tracer surveys of displaced workers are ongoing; staff training on the principles and methods of evaluation is completed. The staff development and management training program for labor agencies is ongoing.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
DFID-51870	Effective	1.75	0.75	1.00	0.00
IDA-37530	Effective	2.92	1.11	1.84	0.00



Project Name (ID): Trade and Transport Facilitation In Southeast Europe (P074090)
Country: Serbia and Montenegro
Board Approval Date: 06/04/2002
Closing Date: 09/30/2006
Loan/Credit/Grant Number: IDA-36510
Sector(s): Central government administration (100%)
Theme(s): Regional integration (P), Infrastructure services for private sector development (P), Administrative and civil service reform (P), Trade facilitation and market access (S)

Project Development Objectives:

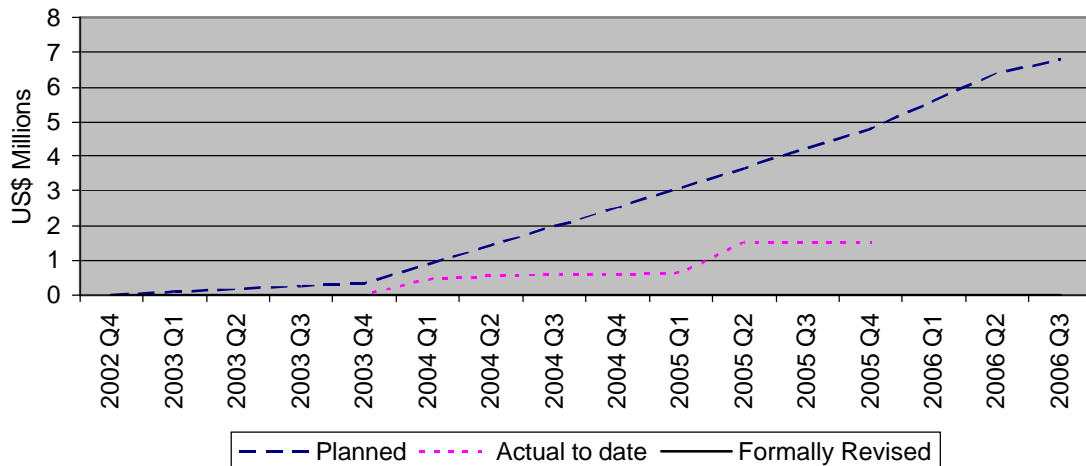
The project development objectives are to: (a) reduce non-tariff costs to trade and transport; and (b) reduce smuggling and corruption at border crossings.

Progress toward achieving development objective(s):

The project has made progress towards meeting its development objectives. Performance at pilot crossings has been improved by 50 percent, and at clearance facilities by about 30 percent. While this is significant, it does not match the targets set at appraisal due to delays in the rollout of the information technology components, which are essential to move to the next stage of performance improvements. Macro performance of the Customs in terms of revenue collected by staff has improved significantly in line with increased trade. The number of criminal proceedings and irregularities found by Customs is steadily increasing. The project objectives are likely to be achieved on a delayed timescale, upon implementation of the remaining components.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-36510	Effective	8.03	1.51	6.54	0.00



Project Name (ID): Export Finance Facilitation (P074484)
Country: Serbia and Montenegro
Board Approval Date: 07/18/2002
Closing Date: 06/30/2007
Loan/Credit/Grant Number: IDA-36930, ITAL-51458, JPN-26818
Sector(s): Other domestic and international trade (100%)
Theme(s): Export development and competitiveness (P)

Project Development Objectives:

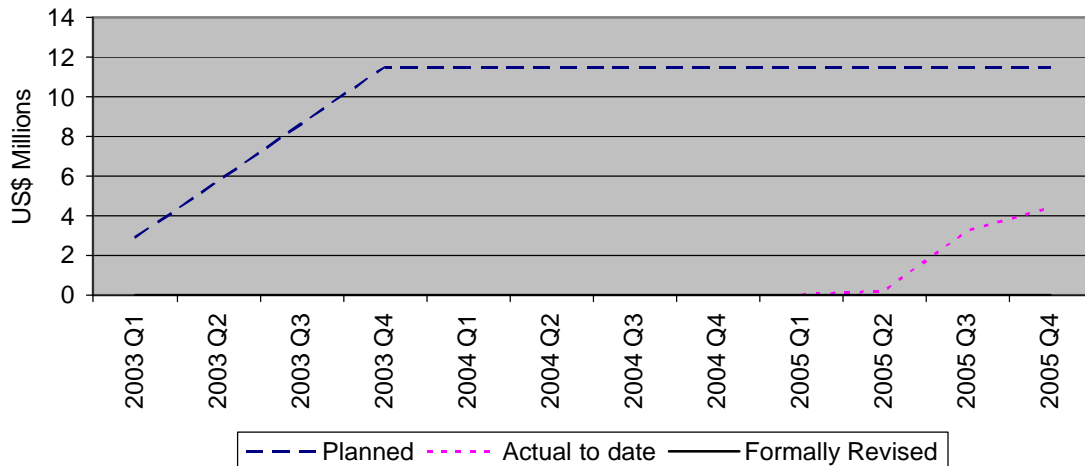
The main objective of the project is to support sustainable economic growth by catalyzing and facilitating trade transactions associated with productive activity in Serbia and Montenegro.

Progress toward achieving development objective(s):

Progress is being made toward the development objective. The export credit agency's revenues are adequate for start-up, and indications are that the agency can be self-sustaining within a reasonable time. Demonstrated success thus far includes the issuance of 10 policies of export credit insurance (totaling 2.2 million Euros). Factoring (a financial service where a company sells its accounts receivables to another to act as the principle, not an agent for the first company) facilities have been entered into with 17 enterprises further contributing to success in this area. The exporter performance insurance facility has supported two contracts by Serbian enterprises to buyers in Algeria and Morocco.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-36930	Effective	13.28	4.41	9.03	0.00
ITAL-51458	Effective	8.92	7.02	1.91	0.00
JPN-26818	Closed	0.33	0.25	0.00	0.08



Project Name (ID): Second Structural Adjustment - Montenegro (P074908)

Country: Serbia and Montenegro

Board Approval Date: 09/16/2004

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IDA-39830

Sector(s): Power (25%), Banking (25%), Health (20%), Central government administration (20%), Compulsory pension and unemployment insurance (10%)

Theme(s): State enterprise/bank restructuring and privatization (P), Health system performance (P), Law reform (P), Administrative and civil service reform (P), Public expenditure, financial management, and procurement (S)

Project Development Objectives:

The objective is promote growth and further fiscal consolidation by implementing key structural reforms in public administration, and in the financial, energy, pensions and health sectors.

Progress toward achieving development objective(s):

By implementing the credit's first tranche conditions, the Government of Montenegro made significant progress toward strengthening the banking sector, reforming the energy sector, and improving the efficiency of pensions and social insurance administration and public expenditures on pharmaceuticals, and creating the foundations for a meritocratic civil service. Macroeconomic indicators have improved with inflation in Montenegro falling to between 3.5-4 percent (12 month basis) in the first half of 2005, and the Montenegrin fiscal deficit projected to fall below 3 percent of GDP for 2005. The Government is making continued good progress on the reform program it is expected that the second tranche will disbursed in late 2005 as programmed.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39830	Effective	17.95	9.47	8.97	0.00

Project Name (ID): Serbia Education Improvement (P075189)

Country: Serbia and Montenegro

Board Approval Date: 05/02/2002

Midterm Review Date: 02/23/2005

Closing Date: 12/31/2006

Loan/Credit/Grant Number: IDA-36360

Sector(s): Primary education (32%), Secondary education (32%), Central government administration (18%), Sub-national government administration (18%)

Theme(s): Education for all (P), Decentralization (P), Social analysis and monitoring (P), Participation and civic engagement (P)

Project Development Objectives:

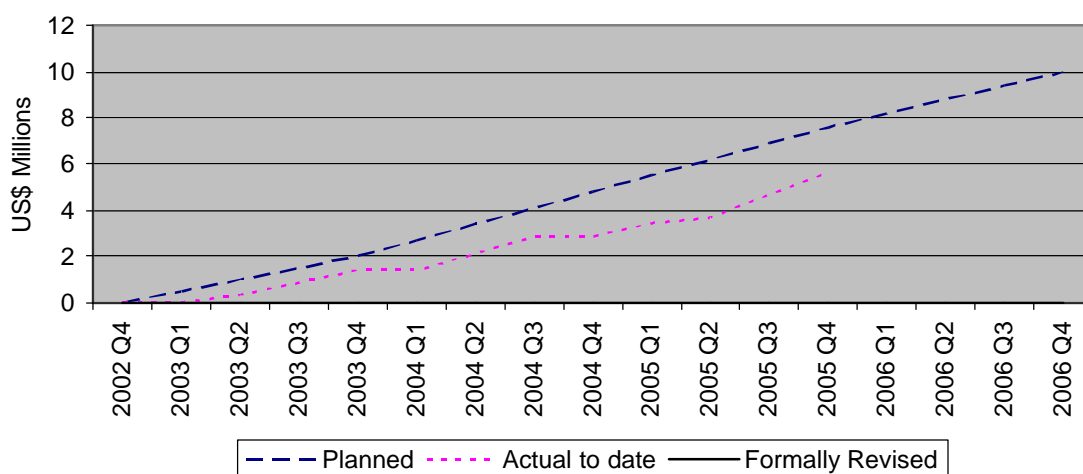
The objectives of the project are: (i) to build capacity and produce systematic information to help government promote effective education reform; and (ii) Improve teaching and learning in schools and empower local communities to take responsibility for their schools.

Progress toward achieving development objective(s):

Project activities are expected to gain new momentum following resolutions on actions agreed at and since the project's mid-term review. School board manuals have been prepared, and will be distributed as soon as the Ministry of Education (MoES) approves their distribution. Software for the information system has been developed, and training and roll-out of the system is about to begin in three regions. The report on grade 3 national assessments have been submitted to MoES and are about to be published. Further assessments will be conducted on grade 6. To-date, 65 school grants have been fully disbursed; 225 schools under implementation have received proceeds from the newly agreed larger grant; 217 new schools were approved. Preparations for training programs for school, community, and regional MoEs staff have been completed.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-36360	Effective	11.67	5.60	6.05	0.00



Project Name (ID): Transport Rehabilitation (P075207)

Country: Serbia and Montenegro

Board Approval Date: 05/25/2004

Closing Date: 12/31/2008

Loan/Credit/Grant Number: IDA-39090

Sector(s): Roads and highways (70%), Central government administration (25%), General transportation (5%)

Theme(s): Administrative and civil service reform (P), Infrastructure services for private sector development (P), Non-communicable diseases and injury (P), Regional integration (S), Regulation and competition policy (S)

Project Development Objectives:

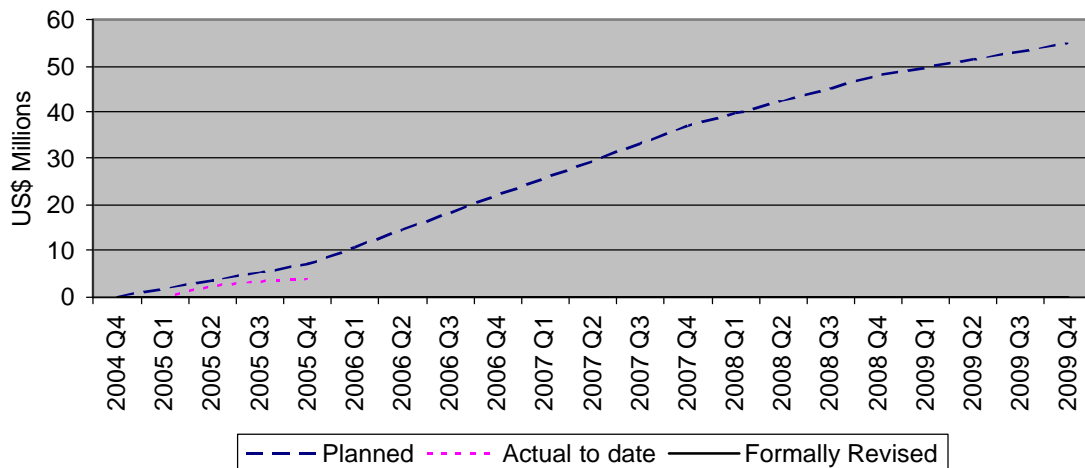
The objective is to improve the effectiveness of the Republic of Serbia Road Directorate (SRD) policies for road maintenance and rehabilitation.

Progress toward achieving development objective(s):

It is too early in the implementation period to measure progress toward the project development objective. Bidding documents for the rehabilitation of four road sections are being prepared.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39090	Effective	54.72	4.32	50.50	0.00



Project Name (ID): Serbia Energy Efficiency (P075343)

Country: Serbia and Montenegro

Board Approval Date: 03/16/2004

Closing Date: 04/30/2010

Loan/Credit/Grant Number: IDA-38700

Sector(s): District heating and energy efficiency services (97%), Central government administration (3%)

Theme(s): Climate change (P), Pollution management and environmental health (P), Access to urban services and housing (P), Public expenditure, financial management, and procurement (S)

Project Development Objectives:

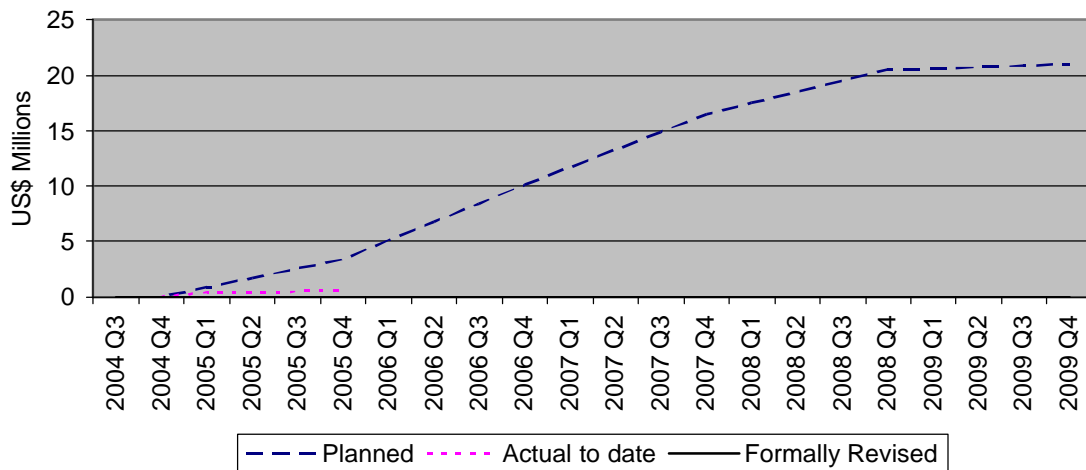
The development objective is to improve energy efficiency in heating buildings in order to improve the functional and health environment of the users and make heating more affordable. An important associated objective is to reduce the local and global environmental impact of the use of dirty fuels for heating buildings in Serbia.

Progress toward achieving development objective(s):

Good progress has been made toward its development objective. Draft energy audits of the public buildings to be retrofitted have been prepared and reviewed, and are being revised.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38700	Effective	20.57	0.56	20.03	0.00



Project Name (ID): Emergency Stabilization of Electricity Supply - Montenegro (P077473)

Country: Serbia and Montenegro

Board Approval Date: 08/15/2002

Closing Date: 08/31/2005

Loan/Credit/Grant Number: IDA-37080

Sector(s): Power (100%)

Theme(s): Infrastructure services for private sector development (P), Access to urban services and housing (P)

Project Development Objectives:

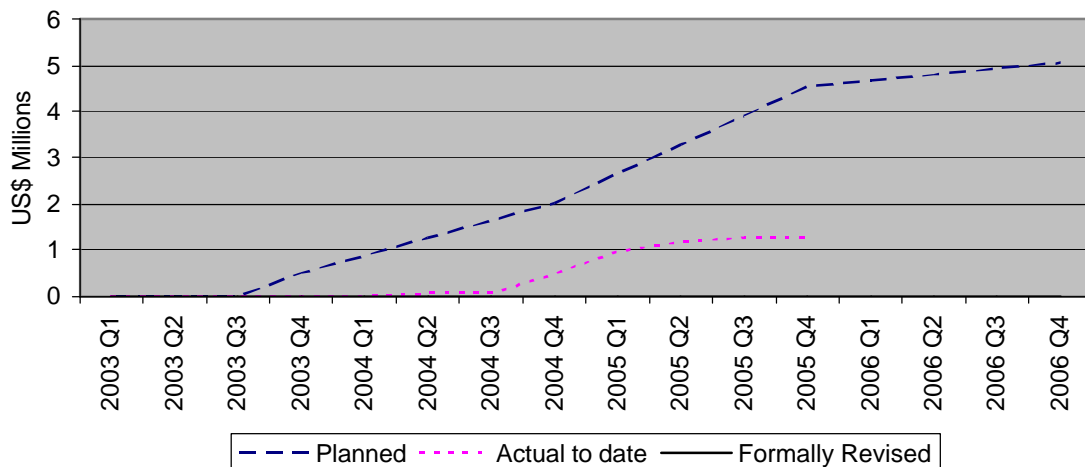
The objective is to test whether electricity consumers will reduce illegal use of electricity and increase payment rates in response to the introduction of remote metering, automated billing and demand side management in pilot areas.

Progress toward achieving development objective(s):

The credit closing date is expected to be extended to December 31, 2006. Despite earlier delays, the project is moving forward towards meeting its development objectives. Consultants have been hired for both project components, and procurement processes for remote meters and financial management systems are at advanced stages. Only after these contracts are completed, it will be possible to determine whether development indicators have been met.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37080	Effective	5.54	1.28	4.29	0.00



Project Name (ID): Serbia Health (P077675)
Country: Serbia and Montenegro
Board Approval Date: 05/22/2003
Closing Date: 02/28/2008
Loan/Credit/Grant Number: IDA-37680, JPN-51137
Sector(s): Health (90%), Health insurance (10%)
Theme(s): Health system performance (P)

Project Development Objectives:

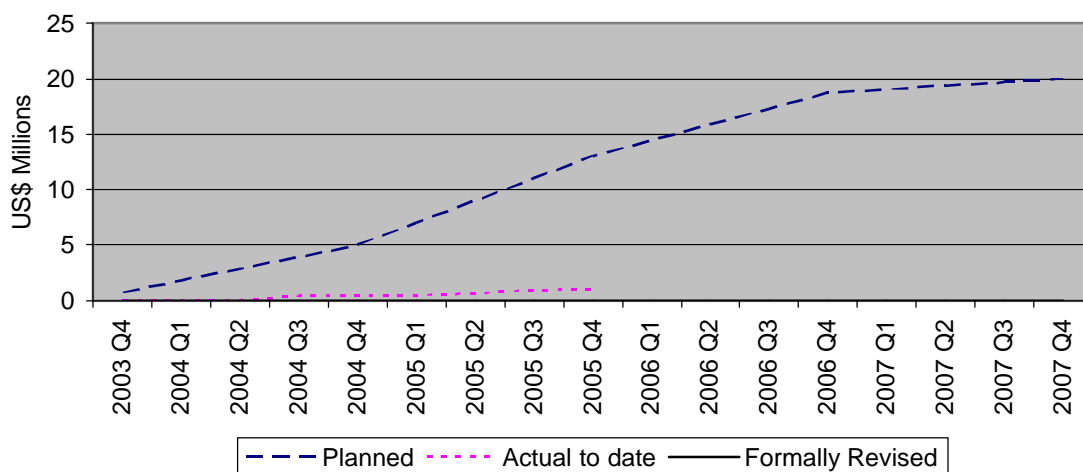
To build capacity to develop a sustainable, performance oriented health care system where providers are rewarded for quality and efficiency and where health insurance coverage ensures access to affordable and effective care.

Progress toward achieving development objective(s):

Progress toward achieving project development objectives progress has been poor. Implementation is well behind schedule and no major activities have been completed. The project is being restructured.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37680	Effective	21.45	1.01	20.46	0.00
JPN-51137	Closed	0.50	0.40	0.00	0.10



Project Name (ID): Privatization and Restructuring of Banks and Enterprises Technical Assistance (P077732)

Country: Serbia and Montenegro

Board Approval Date: 12/10/2002

Closing Date: 04/30/2006

Loan/Credit/Grant Number: IDA-37230, IDA-Q3340

Sector(s): General industry and trade (70%), Banking (27%), Central government administration (3%)

Theme(s): State enterprise/bank restructuring and privatization (P)

Project Development Objectives:

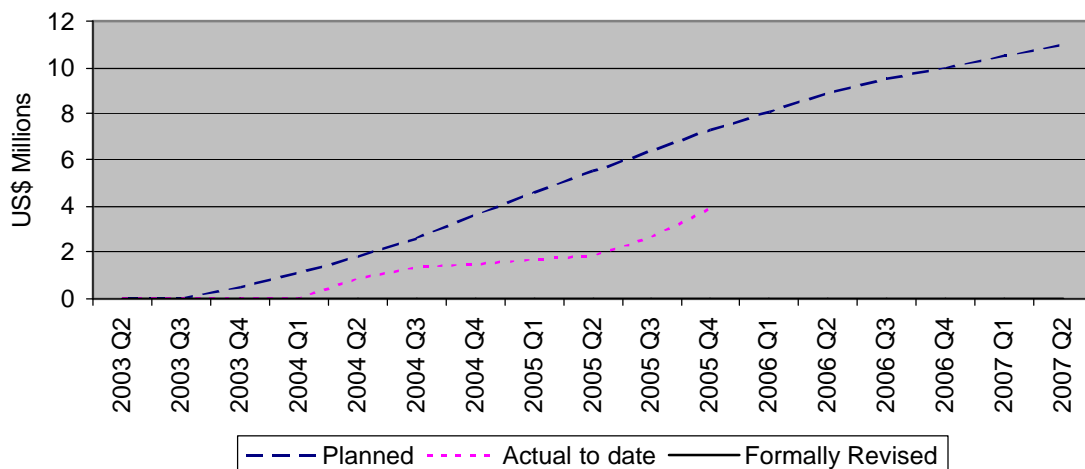
The project objective is to facilitate private sector-led economic growth in the Republic of Serbia through: (i) launching and implementation of the restructuring and privatization process of some of the most problematic large socially-owned enterprises (SOEs); and (ii) implementation of a comprehensive banking sector restructuring strategy aimed at the creation of a more viable financial sector.

Progress toward achieving development objective(s):

The project is on track to achieve the development objective. 2004 and first quarter of 2005 targets in the tender program set by the International Monetary Fund and the World Bank were achieved. The bank privatization process picked up speed in 2005, with three medium-sized banks sold to date and four more at various stages of privatization, including the largest bank in the country that is majority state-owned. Improved capacity to administer bankruptcy of SOE has led to an increase in the number of bankruptcy cases being assigned to the agency.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37230	Effective	12.26	3.87	8.43	0.00
IDA-Q3340	Closed	1.99	0.00	0.00	1.99



Project Name (ID): Real Estate Cadastre and Registration -Serbia (P078311)

Country: Serbia and Montenegro

Board Approval Date: 05/25/2004

Closing Date: 10/31/2010

Loan/Credit/Grant Number: IDA-39080, JPN-52795

Sector(s): General agriculture, fishing, and forestry (30%), Housing finance and real estate markets (30%), Information technology (20%), Sub-national government administration (15%), Law and justice (5%)

Theme(s): Personal and property rights (P), Land administration and management (P), Other accountability/anti-corruption (S), Other urban development (S)

Project Development Objectives:

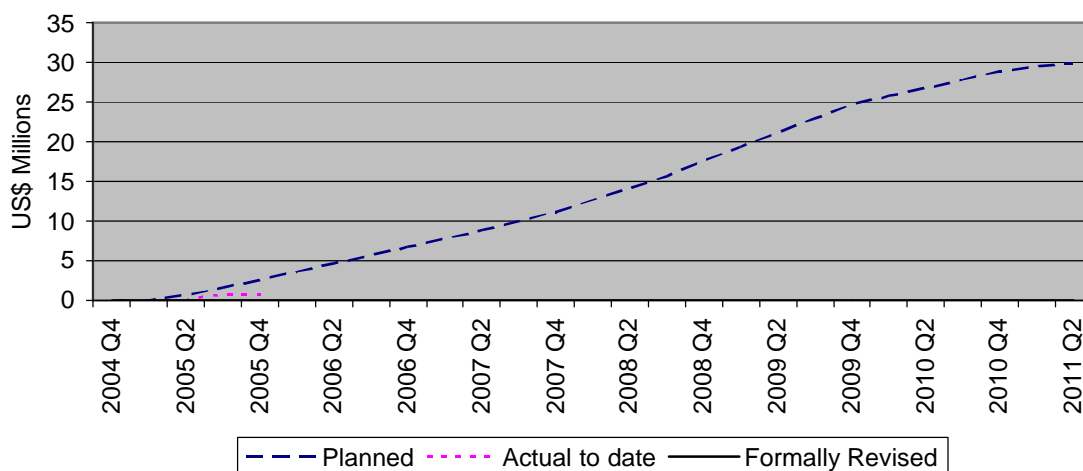
To build a more efficient property registration and cadastre system and increase public confidence in the immovable property market.

Progress toward achieving development objective(s):

The project has only been effective for 8 months and the first stages involving improving the physical infrastructure of registration offices, developing the geodetic network and hiring Commission staff to manage creation of the real estate cadastre are progressing according to schedule. The IT management plan has been developed and associated tenders funded by the EU for orthophotomapping, equipment supply and twinning are in process according to schedule.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39080	Effective	29.33	0.72	28.64	0.00
JPN-52795	Closed	0.38	0.37	0.01	0.00



Project Name (ID): Montenegro Environmentally Sensitive Tourist Areas (P079116)
Country: Serbia and Montenegro
Board Approval Date: 09/11/2003
Closing Date: 03/31/2008
Loan/Credit/Grant Number: IDA-38230
Sector(s): Solid waste management (95%), Central government administration (5%)
Theme(s): Pollution management and environmental health (P), Environmental policies and institutions (S), Other urban development (S)

Project Development Objectives:

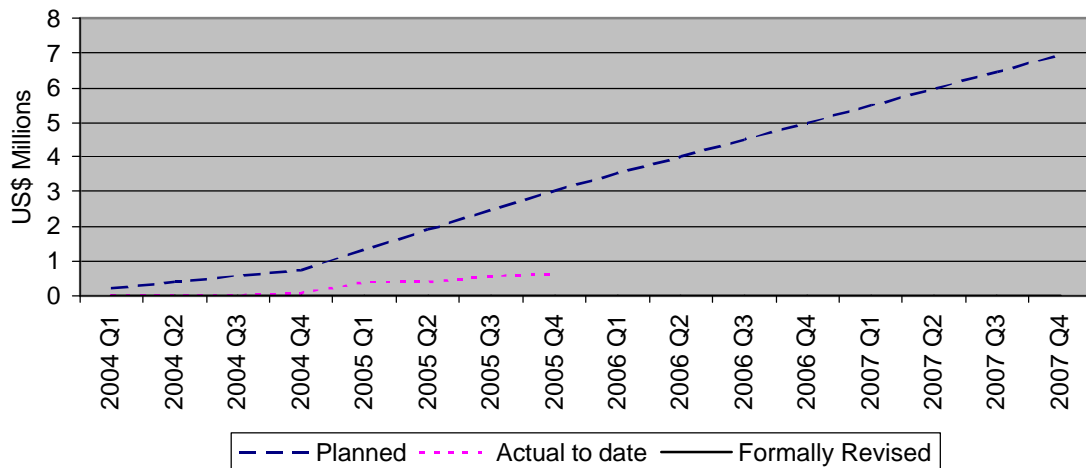
The main objective of the Project is to create ecological and commercially sustainable solid waste collection and disposal services in Montenegro coastal municipalities, needed to maintain a clean, environmentally attractive coastal area. This will be achieved through: (i) developing the sector's institutional, policy and regulatory framework; (ii) rehabilitating two current municipal disposal sites, that operate without sanitary conditions, to function as properly designed regional sanitary landfills; (iii) closing current disposal sites in an environmentally acceptable manner; (iv) provision of modern collection equipment; (v) initiating a pilot recycling campaign; and (vi) strengthening multi-municipal joint companies (MJC) that will be created to operate the two regional solid waste disposal systems.

Progress toward achieving development objective(s):

In its first year of implementation the project is making progress towards achieving its development objective. Implementation is advancing as planned in Kotor, Tivat and Budva, but is delayed in Bar and Ulcinj due to the delay in finalizing the landfill location.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38230	Effective	7.30	0.62	6.69	0.00



Project Name (ID): Montenegro Healthcare System Improvement (P082223)

Country: Serbia and Montenegro

Board Approval Date: 06/08/2004

Closing Date: 02/28/2009

Loan/Credit/Grant Number: IDA-39180, JPN-52794

Sector(s): Health (55%), Central government administration (30%), Compulsory health finance (10%), Health insurance (5%)

Theme(s): Health system performance (P), Administrative and civil service reform (P), Other accountability/anti-corruption (S), Non-communicable diseases and injury (S)

Project Development Objectives:

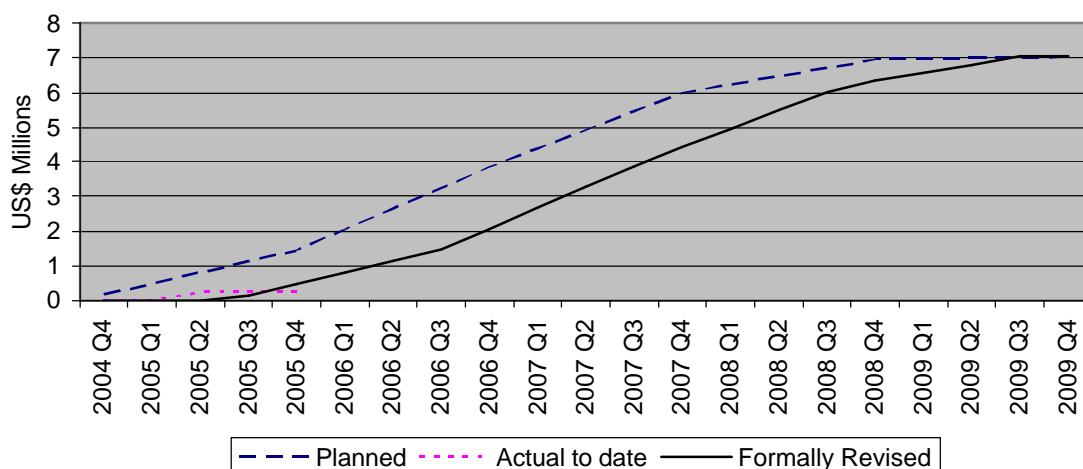
The objective is to put in place the first phase of steps towards reform of the health system in the Republic of Montenegro, giving priority to (a) increasing capacity for policy, planning and regulation; (b) stabilizing health financing; and (c) improving primary health care service delivery.

Progress toward achieving development objective(s):

Despite some initial delays, progress has been encouraging and it is likely that the project will meet its development objectives. Problems with respect to ensuring effective project implementation arrangements are under discussion and are expected to be resolved shortly.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39180	Effective	7.15	0.23	6.94	0.00
JPN-52794	Closed	0.45	0.39	0.00	0.06



Project Name (ID): Montenegro Education Reform (P084597)

Country: Serbia and Montenegro

Board Approval Date: 03/31/2005

Closing Date: 12/31/2009

Loan/Credit/Grant Number: IDA-40480, JPN-53327

Sector(s): Primary education (55%), Secondary education (25%), Central government administration (15%), Sub-national government administration (5%)

Theme(s): Education for all (P), Decentralization (S)

Project Development Objectives:

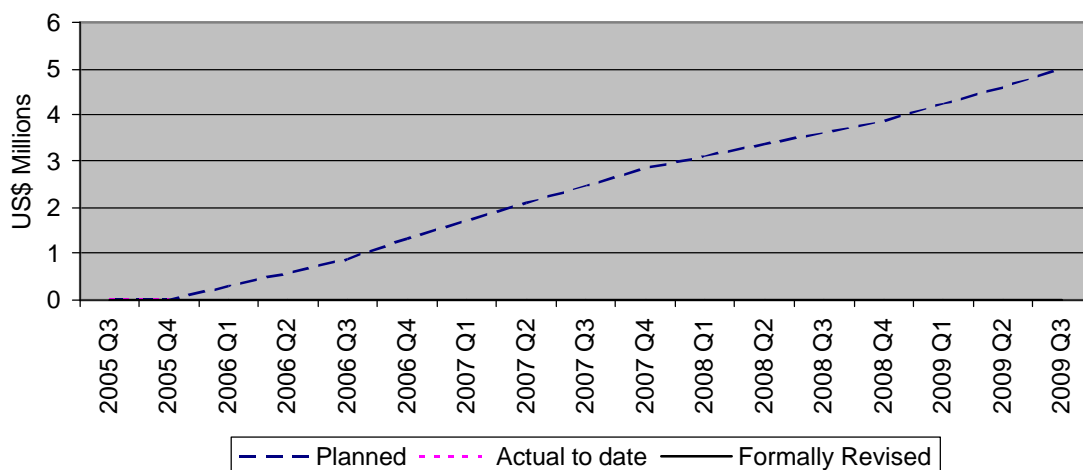
The objective is to strengthen the capacity of the education system to make continuous improvements, especially in the quality of teaching and learning in schools and in the efficient use of budgetary resources.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40480	Effective	4.82	0.00	4.82	0.00
JPN-53327	Effective	0.38	0.28	0.10	0.00



Project Name (ID): Serbia Danube River Enterprise Pollution Reduction (P084604)

Country: Serbia and Montenegro

Board Approval Date: 05/12/2005

Loan/Credit/Grant Number: MULT-52513

Sector(s): General agriculture, fishing, and forestry (40%), Central government administration (30%), Agricultural extension and research (20%), Agro-industry (10%)

Theme(s): Pollution management and environmental health (P), Environmental policies and institutions (S), Rural policies and institutions (S)

Project Development Objectives:

The project development objective is that EU acquis compliant measures for reducing agricultural nutrient pollution in the Danube River are adopted in selected Republic of Serbia enterprises. The global development objective is to reduce nutrient flows into bodies of water connected to the Danube River from selected Republic of Serbia enterprises.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
MULT-	Not Effective	9.02	0.00	9.02	0.00

Project Name (ID): Montenegro Pensions System Administration (P087470)

Country: Serbia and Montenegro

Board Approval Date: 06/08/2004

Closing Date: 09/30/2008

Loan/Credit/Grant Number: IDA-39190

Sector(s): Compulsory pension and unemployment insurance (95%), Non-compulsory pensions, insurance, and contractual savings (5%)

Theme(s): Tax policy and administration (P), Administrative and civil service reform (P), Law reform (S), Other public sector governance (S)

Project Development Objectives:

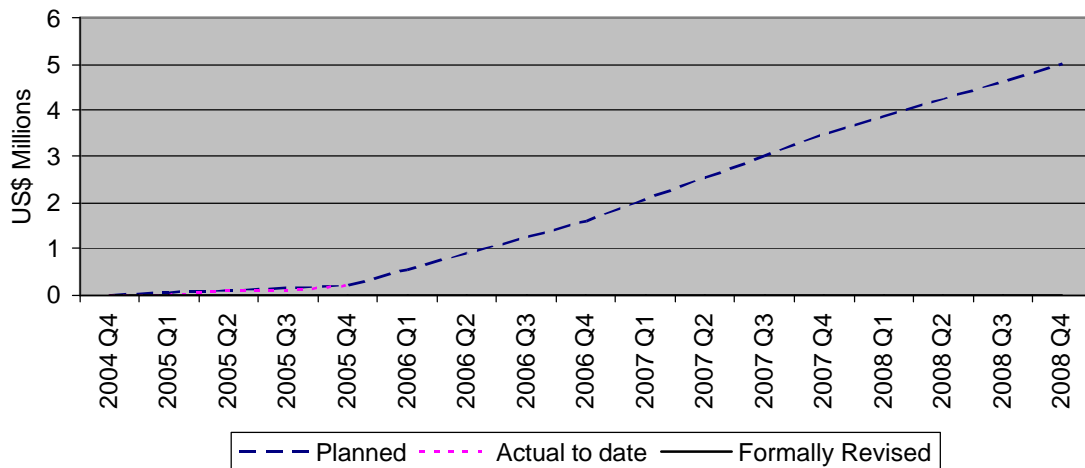
The objectives are to improve the financial sustainability, effectiveness, and efficiency of the pension system.

Progress toward achieving development objective(s):

In its first year of implementation, the project is progressing well. The consolidated collections law and unified registration, which legalizes and formalizes the basis for all of the changes being proposed by the project, was approved. This is a major achievement given that five agencies are involved in implementation. This work will involve registration of individuals and consolidation of all databases to a single source of contributions. It will enable the Department of Public Revenues to provide information to other agencies. The project is expected to meet its objectives.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39190	Effective	5.11	0.21	4.91	0.00



Project Name (ID): Energy Community of South East Europe APL - Serbia (P088867)

Country: Serbia and Montenegro

Board Approval Date: 06/30/2005

Closing Date: 02/28/2010

Loan/Credit/Grant Number: IDA-40900

Sector(s): Power (100%)

Theme(s): Regional integration (P), Regulation and competition policy (P)

Project Development Objectives:

The objective of Energy Community of South East Europe (ECSEE) APL is the development of a functioning regional electricity market in South East Europe and its integration into the internal electricity market of the European Union. The project objective is to improve electricity market access for consumers and suppliers.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40900	Not Effective	20.28	0.00	20.28	0.00

Project Name (ID): Consolidated Collection and Pension Administration Reform (P090418)

Country: Serbia and Montenegro

Board Approval Date: 05/31/2005

Closing Date: 09/30/2010

Loan/Credit/Grant Number: IDA-40710

Sector(s): Compulsory pension and unemployment insurance (76%), Central government administration (21%), Banking (3%)

Theme(s): Social risk mitigation (P), Administrative and civil service reform (P)

Project Development Objectives:

The objective is to improve the effectiveness and efficiency of the pension system through the modernization and streamlining of the institutional capacity in the pension system, improved pension system administration, developed capacity for policy identification, analysis and monitoring and increased public understanding of the system.

Progress toward achieving development objective(s):

The project was not effective before the close of reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40710	Not Effective	24.22	0.00	24.22	0.00

