

**STATUS OF PROJECTS IN EXECUTION – FY07**  
**SOPE**  
**MACEDONIA,**  
**FORMER YUGOSLAV REPUBLIC OF**

**Operations Policy and Country Services**  
**OCTOBER 10, 2007**



## Introduction

The Status of Projects in Execution (SOPE) Report for FY07 provides information on all IBRD/IDA projects that were active as of June 30, 2007. The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge the gap in information available to the public between the Project Appraisal Document or Program Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

In addition to the project progress description, the FY07 SOPE report<sup>1</sup> contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date.

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<sup>1</sup> Notes:

- Amounts and Graphs for loans/credits/grants 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 Operations, which provide quick-disbursing financing to support policy and institutional reforms. For these operations, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed prior actions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus will not include a graph.



**Country: Macedonia, former Yugoslav Republic of**

**Project Name (ID):** Education Modernization ( P066157 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 12/16/2003

**Midterm Review Date :** 05/08/2006

**Closing Date :** 09/30/2009

**Loan/Credit/Grant Number :** IBRD-47230, NETH-52855, NETH-52374, JPN-26114

**Sector(s):** Primary education(40%), Secondary education(30%), Central government administration(30%)

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

**Project Development Objectives:**

The objectives are to: (a) improve the quality of learning and participation at the targeted schools by strengthening school-level planning and management, and (b) improve the equity and efficiency for a decentralized education system.

**Progress toward achieving development objective(s):**

With respect to the first project objective, there is evidence that schools are engaging the community, that the school development planning methodology is being used for purposes beyond the project grants, and that teachers are systematically engaged in training. There are also positive signs with respect to the sustainability of the project's grants program. The Ministry of Education and Science has expressed its interest to continue the grants program, and the Bureau for Educational Development has moved impressively to take over parts of the project related to teacher training and is becoming more interested in school development planning.

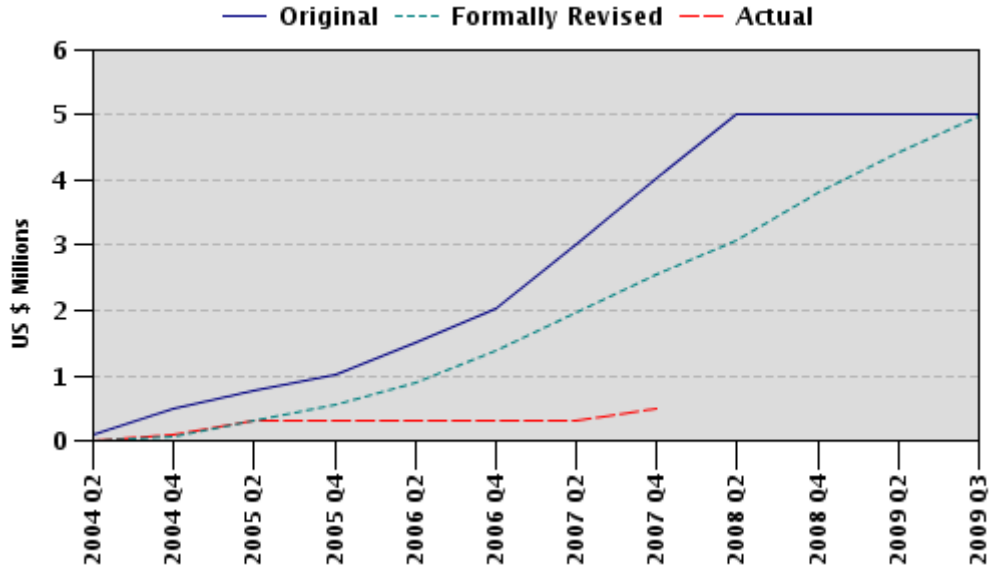
The second project objective related to equity and efficiency will be difficult to achieve with respect to improvements on the finance side since the government has recently decided to move cautiously on decentralization.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-47230	Effective	5.00	0.55	4.45	0.00
NETH-52855	Effective	13.50	3.91	9.41	0.00
NETH-52374	Closed	0.40	0.34	0.00	0.03
JPN-26114	Closed	0.38	0.37	0.00	0.01



Status of Projects in Execution - FY07  
EUROPE AND CENTRAL ASIA REGION



**Project Name (ID):** Social Protection ( P074358 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 05/13/2004

**Midterm Review Date :** 02/02/2007

**Closing Date :** 06/30/2009

**Loan/Credit/Grant Number :** JPN-26815, IBRD-47320

**Sector(s):** Compulsory pension and unemployment insurance(80%), Other social services(20%)

**Theme(s):** Social risk mitigation(P), Other social protection and risk management(P), Public expenditure, financial management and procurement(S), Other public sector governance(S)

**Project Development Objectives:**

The objectives are to improve the effectiveness and efficiency of the social protection system through improved administration and long-term sustainability of the pension system and improved targeting and administration of cash benefits.

**Progress toward achieving development objective(s):**

Following introduction of the new system, the administration of pension contribution collection has improved and is now providing solid basis for compliance monitoring and enforcement. The Pension and Disability Fund is still finalizing business processes that will support these functions, but the results have already started showing improvements.

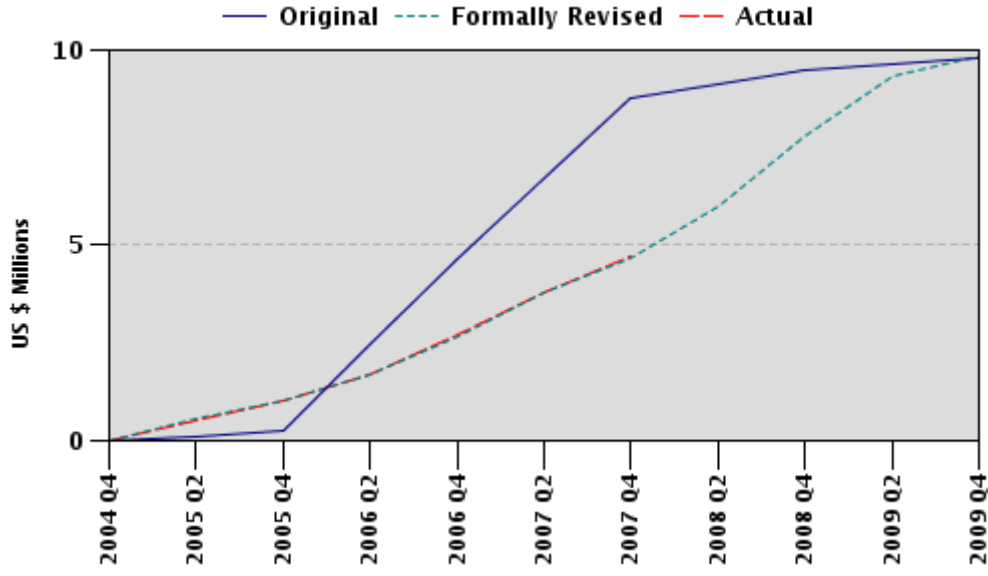
Also, along with the already operational mandatory funded pension system, the government has now started moving towards the preparation of the legislative framework for the implementation of the voluntary pension system. Besides, the government has initiated preparations for the in depth administrative reforms of the social protection programs.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-26815	Closed	0.40	0.36	0.00	0.04
IBRD-47320	Effective	9.80	4.69	5.11	0.00



Status of Projects in Execution - FY07  
EUROPE AND CENTRAL ASIA REGION



**Project Name (ID):** Business Environment Reform and Inst. Strength. ( P079552 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 06/21/2005

**Closing Date :** 03/31/2010

**Loan/Credit/Grant Number :** IBRD-47930

**Sector(s):** Other domestic and international trade(40%), Central government administration(30%), General public administration sector(30%)

**Theme(s):** Infrastructure services for private sector development(P), Regulation and competition policy(P), Other accountability/anti-corruption(S), Other financial and private sector development(S), Export development and competitiveness(S)

**Project Development Objectives:**

The objective is for the government to improve selected aspects of the business environment in a European Union-oriented manner by strengthening its capacity in related areas.

**Progress toward achieving development objective(s):**

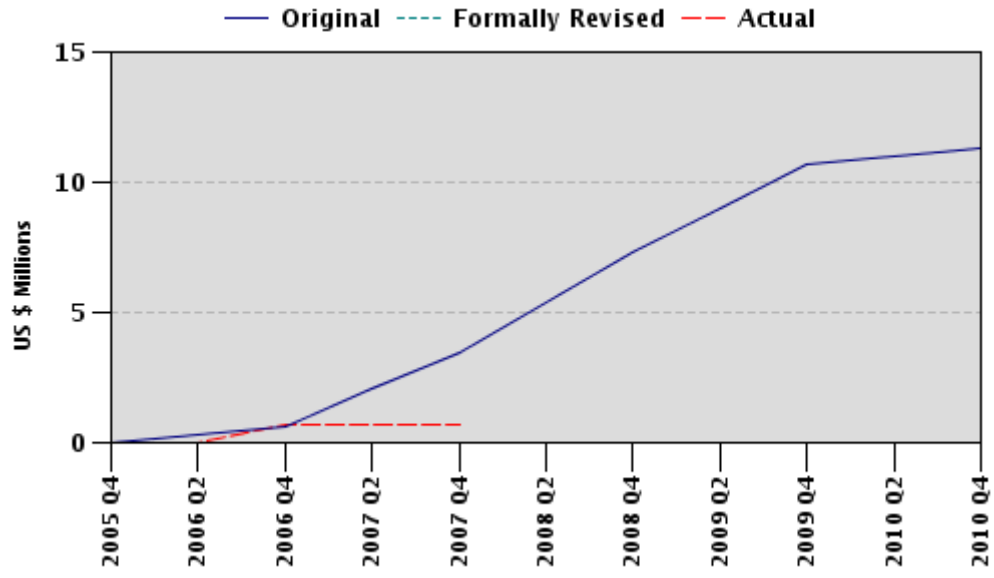
While the government has been proactive in accelerating business environment reforms and taken reform actions, the project implementation had a slow start due to capacity constraints in the Ministry of Economy and in the nine beneficiary agencies, some of which were newly established institutions. During FY07, the agencies have continued to make some progress in launching and carrying out project-funded procurement activities. Going forward, they need to accelerate the implementation of project activities significantly in order to catch up the delay caused by the slow start and to meet the end-of project targets. Despite the initial and still somewhat continuing shortcomings in the overall implementation progress, the team believes that the project is likely to achieve the majority of its objectives by the end of the project in 2010.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-47930	Effective	11.88	0.68	11.14	0.00



Status of Projects in Execution - FY07  
EUROPE AND CENTRAL ASIA REGION



**Project Name (ID):** ECSEE APL #3 ( P082337 )  
**Country:** Macedonia, former Yugoslav Republic of  
**Board Approval Date :** 01/10/2006  
**Closing Date :** 03/31/2011  
**Loan/Credit/Grant Number :** IBRD-48140, JPN-52421  
**Sector(s):** Power(100%)  
**Theme(s):** Regional integration(P), Infrastructure services for private sector development(S)

**Project Development Objectives:**

The project's objective is to support the functioning of the new transmission company (AD MEPSO) in the context of the regional power market through financing investments necessary to rehabilitate and upgrade the power transmission network and increase the level of interconnectivity with neighboring power systems, and to strengthen the institutional capacity of AD MEPSO.

**Progress toward achieving development objective(s):**

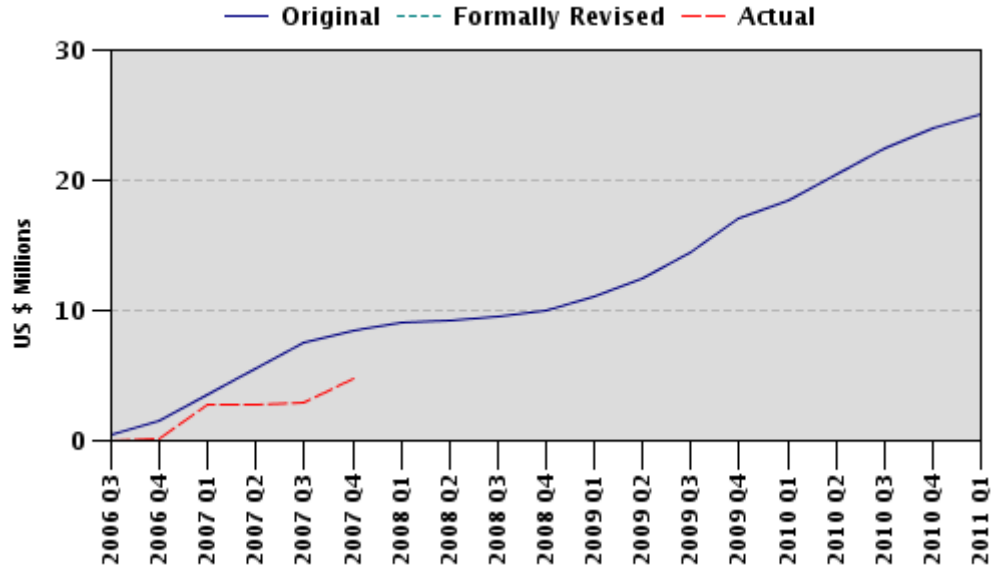
At the end of the first year of the project, more than 50 percent of the loan has already been contracted. Several important projects have now been completed (expansion of Skopje 5 substation and the new 400 kV interconnection between Macedonia and Greece) which will improve the reliability of the power system in Macedonia and its integration with the regional market. In addition, the continued progress in other projects financed by the loan will ensure that the development objectives of the project will be achieved.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48140	Effective	27.94	4.85	22.93	0.00
JPN-52421	Closed	0.54	0.24	0.00	0.29



Status of Projects in Execution - FY07  
EUROPE AND CENTRAL ASIA REGION



**Project Name (ID):** Registration and Real Estate ( P083126 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 03/15/2005

**Closing Date :** 12/31/2009

**Loan/Credit/Grant Number :** IBRD-47680, JPN-52809, NETH-54139

**Sector(s):** Central government administration(40%), General agriculture, fishing and forestry sector(30%), Law and justice(25%), Tertiary education(5%)

**Theme(s):** Personal and property rights(P), Land administration and management(P), Administrative and civil service reform(S), Other public sector governance(S)

**Project Development Objectives:**

The objective of the project is to build an efficient and effective real estate cadastre and registration system, contributing to the development of efficient land and real estate markets.

**Progress toward achieving development objective(s):**

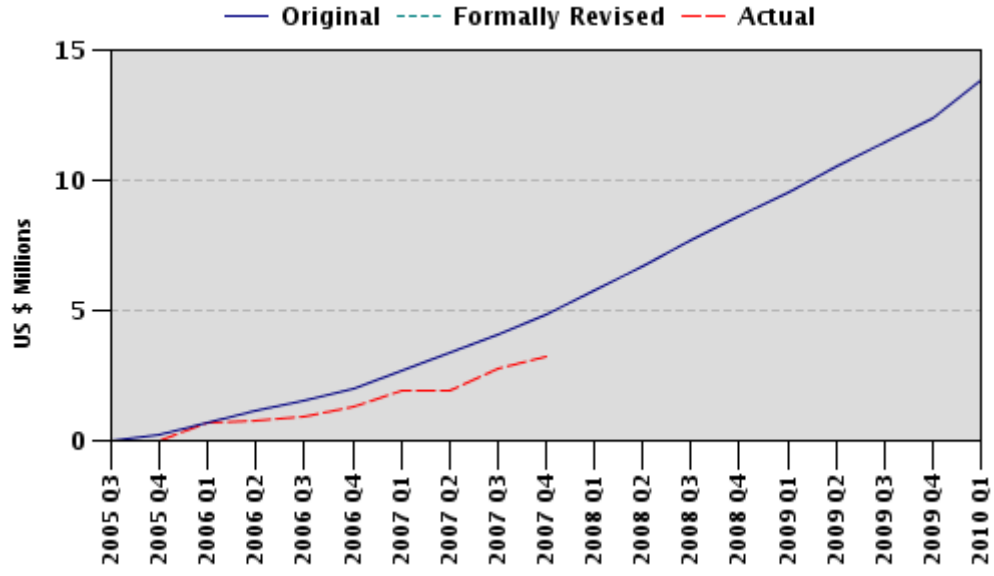
The main implementing agency for the project, the State Authority for Geodetic Works has completed 63 percent of the real estate cadastre and plans to reach 68 percent by the end of 2007, which is on target. More importantly for the real estate market, the numbers of registered transactions increased 27 percent from 2005 to 2006, and the number of registered mortgages increased nearly 40 percent over the same period. The Land Policy Advisory Committee is helping to increase the government's capacity for land policy formulation.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IBRD-47680	Effective	13.90	3.18	10.53	0.00
JPN-52809	Closed	0.45	0.43	0.00	0.01
NETH-54139	Closed	0.74	0.67	0.00	0.01



Status of Projects in Execution - FY07  
EUROPE AND CENTRAL ASIA REGION



**Project Name (ID):** Railways Reform ( P083499 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 09/15/2005

**Closing Date :** 10/31/2009

**Loan/Credit/Grant Number :** IBRD-48020

**Sector(s):** Railways(98%), Central government administration(2%)

**Theme(s):** Infrastructure services for private sector development(P), State enterprise/bank restructuring and privatization(P), Other public sector governance(S), Trade facilitation and market access(S), Improving labor markets(S)

**Project Development Objectives:**

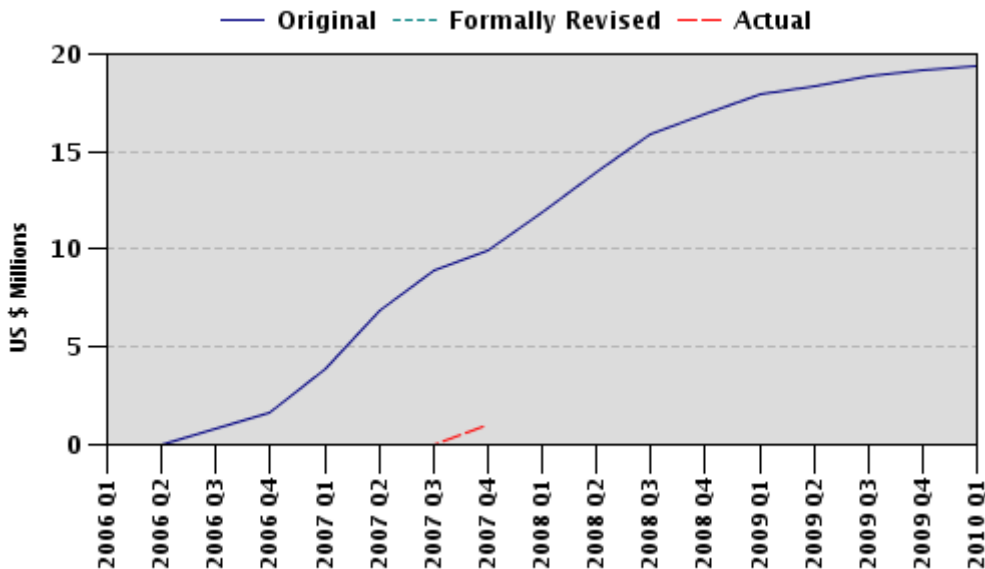
The project seeks to improve the financial viability, productivity, and effectiveness of railway operations.

**Progress toward achieving development objective(s):**

In its first year since effectiveness, the project is progressing towards meeting its development objective. The splitting of Macedonian Railways into two new entities: (a) a state-owned rail infrastructure company and (b) a joint-stock rail transport operations company is an essential step forward. The Bank and government will now need to work out project restructure details. The revenue situation of the Railway has improved significantly in 2007 due to a significant increase in traffic levels. Procurement of efficiency-increasing track maintenance equipment is completed and contracts are being signed.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48020	Effective	20.25	1.04	19.18	0.00



**Project Name (ID):** Health Sector Management ( P086670 )  
**Country:** Macedonia, former Yugoslav Republic of  
**Board Approval Date :** 05/13/2004  
**Midterm Review Date :** 11/27/2006  
**Closing Date :** 06/30/2009  
**Loan/Credit/Grant Number :** IBRD-47330, JPN-26814  
**Sector(s):** Health(54%), Compulsory health finance(34%), Central government administration(10%), Non-compulsory health finance(2%)  
**Theme(s):** Health system performance(P)

**Project Development Objectives:**

The objectives are: (a) to upgrade the capacity of the Ministry of Health and the Health Insurance Fund to formulate and effectively implement health policies, health insurance, financial management and contracting providers; and (b) to develop and implement an efficient scheme of restructuring of hospital services with emphasis on developing day-care services and shifting to primary care.

**Progress toward achieving development objective(s):**

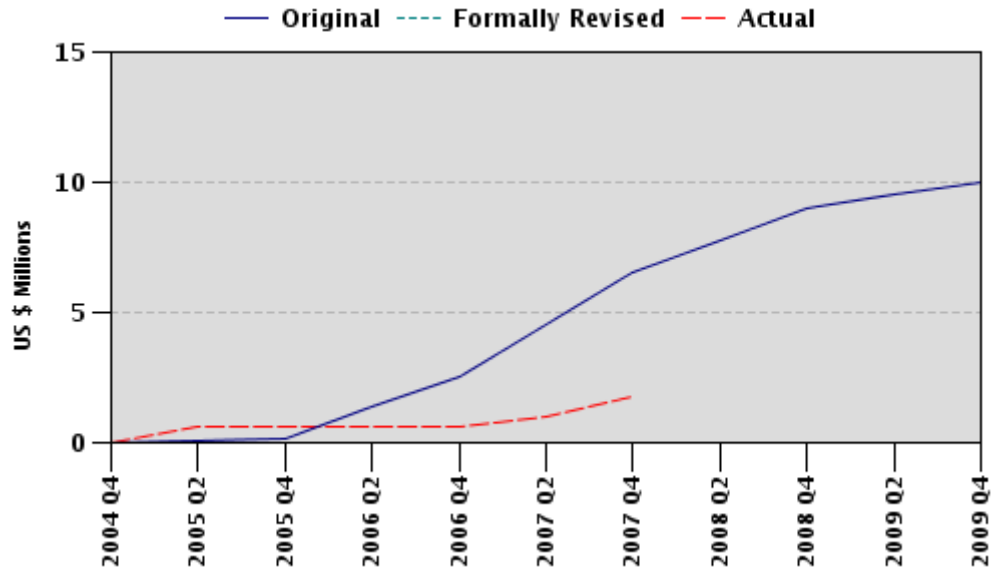
Progress continues to be made on pursuing the reforms that were envisioned as part of the original Project Development Objective (PDO). The government remains highly committed to increasing the pace of reform and the related project components. There has been a great focus on management training and capacity building (including the Ministry of Health, Health Insurance Fund and Health Care Institutions), which will serve to entrench modern approaches as part of the general management culture of the country, increasing the likelihood that the PDO will be achieved by the end of the project and sustained beyond the closing date.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IBRD-47330	Effective	10.00	1.76	8.24	0.00
JPN-26814	Closed	0.49	0.49	0.00	0.00



Status of Projects in Execution - FY07  
EUROPE AND CENTRAL ASIA REGION



**Project Name (ID):** Sustainable Energy (GEF) ( P089656 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 12/19/2006

**Closing Date :** not yet effective

**Loan/Credit/Grant Number :** MULT-53662

**Sector(s):** District heating and energy efficiency services(46%), Renewable energy(36%), Central government administration(18%)

**Theme(s):** Climate change(P), Small and medium enterprise support(S), Other financial and private sector development(S), Regulation and competition policy(S)

**Project Development Objectives:**

The development objective of the project is to develop a sustainable market for energy efficiency and renewable energy by supporting the development of an enabling framework, institutional capacity and necessary financing mechanisms.

**Progress toward achieving development objective(s):**

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

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
MULT-53662	Closed	0.35	0.35	0.00	0.00



**Project Name (ID):** Legal/Judicial Implementation and Inst. Support ( P089859 )  
**Country:** Macedonia, former Yugoslav Republic of  
**Board Approval Date :** 06/01/2006  
**Closing Date :** 07/31/2011  
**Loan/Credit/Grant Number :** IBRD-48230  
**Sector(s):** Law and justice(98%), Central government administration(2%)  
**Theme(s):** Judicial and other dispute resolution mechanisms(P), Legal institutions for a market economy(P), Access to law and justice(S), Law reform(S), Other rule of law(S)

**Project Development Objectives:**

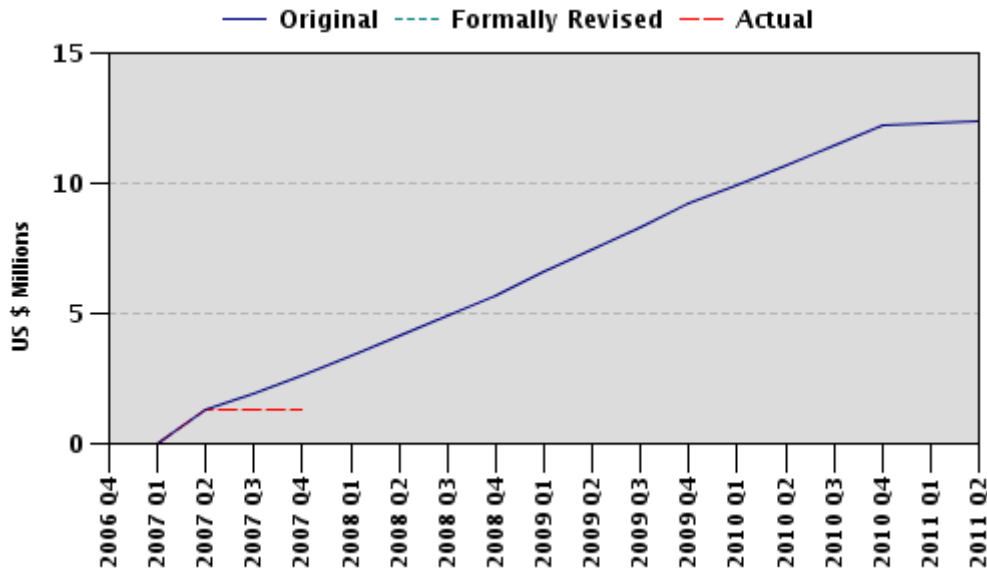
The project development objectives are (a) to improve judicial efficiency and effectiveness; and (b) contribute to an improved business climate.

**Progress toward achieving development objective(s):**

The project loan became effective in October 2006, and implementation began almost immediately. Activities under all components are underway or under preparation according to schedule. Training in information technology for administrative inspectors has been completed. The Ministry of Economy has begun to implement the new Bankruptcy Law. While it is very early in the implementation process to report on interim results, the project has got off to a solid start and appears likely to achieve its objectives.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48230	Effective	13.50	1.31	12.11	0.00



**Project Name (ID):** TTFSE 2 ( P091723 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 05/29/2007

**Closing Date :** 09/30/2011

**Loan/Credit/Grant Number :** IBRD-48590

**Sector(s):** Roads and highways(80%), Central government administration(11%),  
Railways(9%)

**Theme(s):** Trade facilitation and market access(P), Regional integration(S)

**Project Development Objectives:**

The project development objective is to facilitate the movement of trade between the Macedonia and its neighboring countries in South East Europe through the removal of selected border-zone bottlenecks and the improvement of the efficiency and quality of road and rail service along Trans-European Transport Corridor X in Macedonia.

**Progress toward achieving development objective(s):**

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

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IBRD-48590	Not Effective	20.25	0.00	20.25	0.00



**Project Name (ID):** PDPL 2 ( P098548 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 03/27/2007

**Closing Date :** 12/31/2007

**Loan/Credit/Grant Number :** NETH-57988, IBRD-74410

**Sector(s):** General public administration sector(34%), Law and justice(22%),  
Compulsory health finance(22%), General industry and trade sector(22%)

**Theme(s):** Administrative and civil service reform(P), Legal institutions for a market  
economy(P), Corporate governance(S), Regulation and competition policy(S), Health  
system performance(S)

**Project Development Objectives:**

This operation aims to improve the investment climate and strengthen public sector  
governance.

**Progress toward achieving development objective(s):**

The operation was approved by the Board in March 2007, but the loan agreement has not  
been signed yet. It is, therefore, too early to report on progress towards the development  
objectives.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
NETH-57988	Effective	3.37	0.34	3.04	0.00
IBRD-74410	Not Effective	31.45	0.00	31.45	0.00



**Project Name (ID):** Agriculture Strengthening and Accession Project ( P101216 )

**Country:** Macedonia, former Yugoslav Republic of

**Board Approval Date :** 06/12/2007

**Closing Date :** 09/30/2011

**Loan/Credit/Grant Number :** IBRD-48610

**Sector(s):** Central government administration(76%), Irrigation and drainage(15%), Sub-national government administration(7%), General agriculture, fishing and forestry sector(2%)

**Theme(s):** Rural services and infrastructure(P), Rural policies and institutions(P), Regional integration(S), Administrative and civil service reform(S)

**Project Development Objectives:**

The objective is to improve the delivery of government assistance to the agriculture sector in a manner consistent with the European Union's pre-accession requirements.

**Progress toward achieving development objective(s):**

The project loan was not yet effective by the end of the reporting period.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48610	Not Effective	20.25	0.00	20.25	0.00

