

STATUS OF PROJECTS IN EXECUTION – FY08

EUROPE AND CENTRAL ASIA REGION

COUNTRY: MACEDONIA, FORMER YUGOSLAV REPUBLIC OF

**Operations Policy and Country Services
October 11, 2008**



Introduction

The Status of Projects in Execution (SOPE) Report for FY08 provides information on all IBRD/IDA projects that were active as of June 30, 2008. For the first time, the SOPE report will include recipient-executed projects (over US\$ 5 million). 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 FY08 SOPE report¹ contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date.

¹ 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.
- Graphs of original estimates for some recipient-executed projects might not exist since they are not required in the project document.
- 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.

Project Name (ID): EDUC MOD (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: TF-52855, TF-52374, TF-26114, IBRD-47230

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

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

Project Development Objectives:

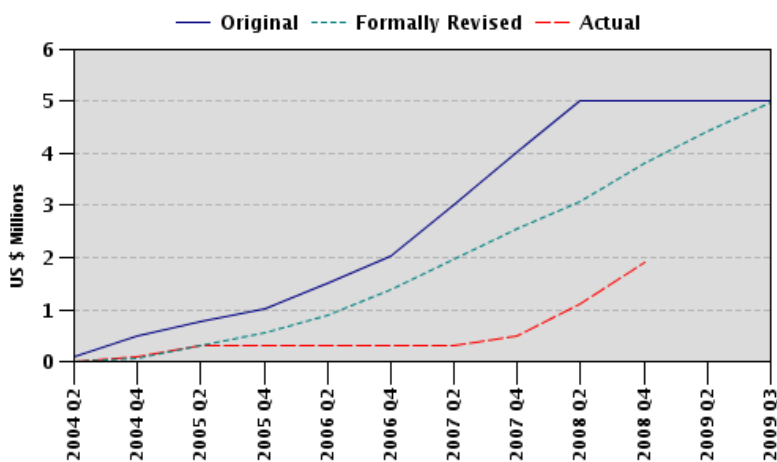
The objectives are to: (a) improve the quality of learning and participation at the targeted schools by strengthening school-level planning and management; and (b) improve the equity and efficiency for a decentralized education system.

Progress toward achieving development objective(s):

The progress towards achieving the project objectives continues to be strong. With respect to the first project objective, the schools are engaging the communities; the school development planning methodology is being used, and teachers are systematically engaged in training. All project activities are increasingly likely to be sustainable. The remaining project activities (mainly the school grants program) will only increase this likelihood as they are in large part repetitions of earlier activities but on a different subset of schools. In this way, the procedures and capacities will be deepened. The second objective related to equity and efficiency remains relevant and with the focus of the second phase of the school grant program on rural primary schools, this objective is more likely to be met. (Previously the indicators for this objective referred to fiscal equity in the context of a decentralizing system; but the government has decided to move cautiously in the next phase of fiscal decentralization.)

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-52855	Effective	15.59	7.06	7.44	0.00
TF-52374	Closed	0.40	0.34	0.00	0.03
TF-26114	Closed	0.38	0.37	0.00	0.01
IBRD-47230	Effective	5.00	1.89	3.11	0.00



Project Name (ID): SOC PROT (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: IBRD-47320, TF-26815

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:

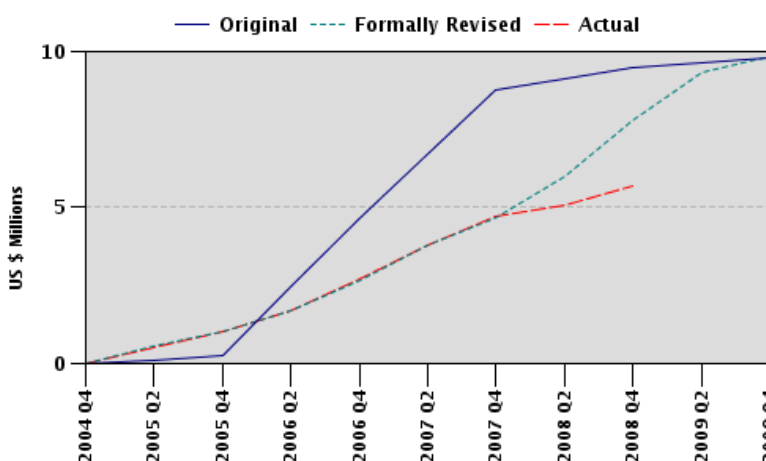
The objectives are to improve the effectiveness and efficiency of the social protection system through improved administration and long-term sustainability of the pension system and improved targeting and administration of cash benefits.

Progress toward achieving development objective(s):

The Government continues to be committed to the implementation of the project. The administration of the pension contribution collection has improved and provides a solid basis for compliance, monitoring and enforcement. Along with progress in project implementation, a whole set of legislative changes in pensions and in social safety nets has been prepared. This will enable the introduction and the implementation of the voluntary pension system. Unfortunately, the activities related to finalization of several modules within the new system of collection and record-keeping on pension contributions in the Pension Fund have not advanced. Also, the activities related to development of business processes for pension payments have not yet started and there is risk that these may not be implemented within the current project timeframe.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-47320	Effective	9.80	5.74	4.06	0.00
TF-26815	Closed	0.40	0.36	0.00	0.04



Project Name (ID): BUSINESS ENV REFORM & 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:

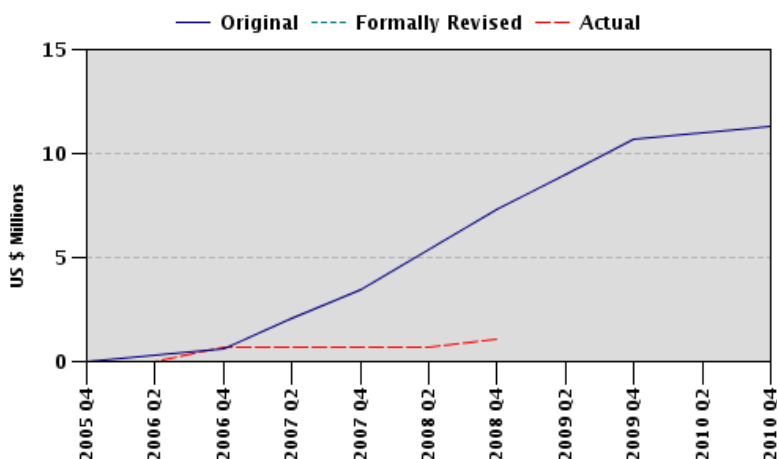
The objective is for the government to improve selected aspects of the business environment in a European Union-oriented manner by strengthening its capacity in related areas.

Progress toward achieving development objective(s):

The progress in business environment reforms was acknowledged in Doing Business 2008 report where Macedonia was ranked among the top ten reformers in the world. The one-stop shop launched by the government on its own funds on January 1, 2006 cut significantly the number of working days (from 40 to 0.5 days) and procedures (from 13 to 5) required to register a business. The implementation of project-funded activities has been slow due to capacity constraints in the beneficiary agencies; however, actions are being taken to address these constraints, and the results of the project components activities are already visible. For example, the government introduced regulatory guillotine, which resulted in streamlining of three regulatory regimes (tax payments, customs, and registration of land and real estate property). It also introduced a regulatory impact assessment mechanism for all new legislation.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-47930	Effective	13.79	1.07	12.54	0.00



Project Name (ID): ECSEE APL #3 (FYR MACEDONIA) (P082337)

Country: Macedonia, former Yugoslav Republic of

Board Approval Date: 01/10/2006

Closing Date: 03/31/2011

Loan/Credit/Grant Number: IBRD-48140, TF-52421

Sector(s): Power (100%)

Theme(s): Regional integration (P), Infrastructure services for private sector development (S)

Project Development Objectives:

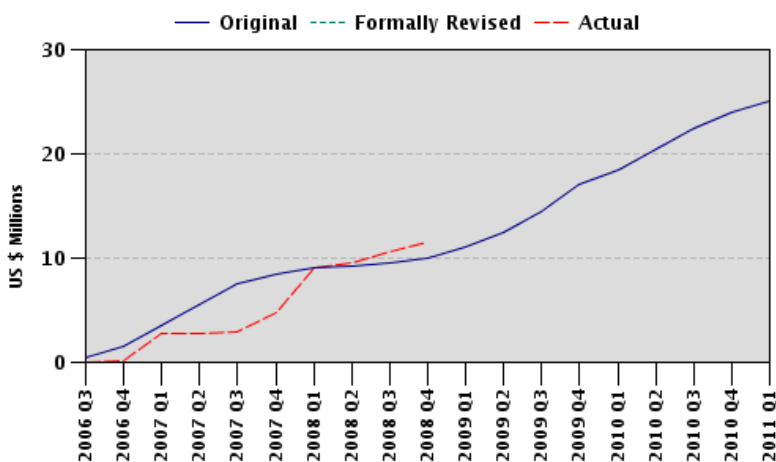
The objective is to support the functioning of the new transmission company, the Macedonian Power Transmission System Operator (AD MEPSO) in the context of the regional power market through financing investments necessary to rehabilitate and upgrade the power transmission network and increase the level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

Progress toward achieving development objective(s):

After good progress in the first year and a half of the project, where more than 50 percent of the loan was contracted project, progress has now slowed down considerably. Whereas several important sub-projects have been completed (expansion of Skopje 5 substation and the new 400 kV interconnection between Macedonia and Greece), the team is worried about the slow progress in connection with the remaining sub-projects planned to be financed by the loan. A plan for the remaining procurement of goods and services is currently being discussed with the Macedonian Power Transmission System Operator (MEPSO) so as to ensure that the project will not be lagging behind its targets.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48140	Effective	32.57	11.63	19.24	0.00
TF-52421	Closed	0.54	0.24	0.00	0.29



Project Name (ID): REG & REAL ESTATE (CRL) (P083126)

Country: Macedonia, former Yugoslav Republic of

Board Approval Date: 03/15/2005

Midterm Review Date: 12/03/2007

Closing Date: 12/31/2009

Loan/Credit/Grant Number: IBRD-47680, TF-52809, TF-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:

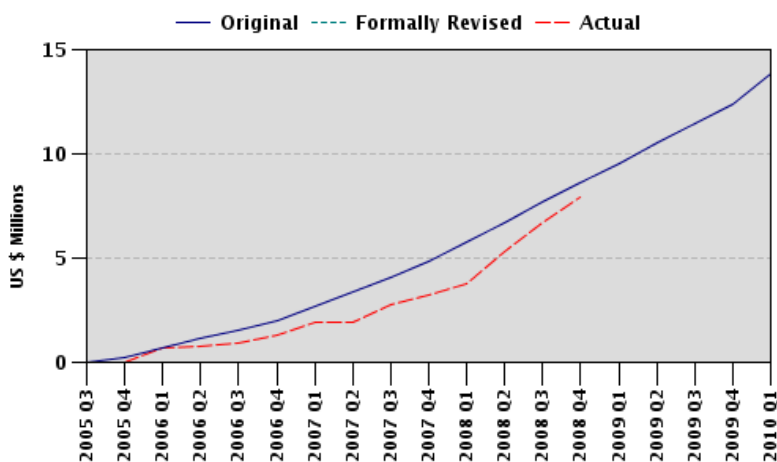
The objective of the project is to build an efficient and effective real estate cadastre and registration system, contributing to the development of efficient land and real estate markets.

Progress toward achieving development objective(s):

The real estate cadastre (REC) is now 73% complete and the main urban areas - the focus of the Project - will be 90% complete by the end of 2008. Service is also improving - even in Skopje, the busiest and most problematic office, the majority of transactions are completed within 30 days. Other improvements in procedures, training, office facilities and IT will contribute to more efficient transaction processing. At the same time the number of incoming transactions continues to rise - from 42,000 in 2005 to 68,000 in 2007.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-47680	Effective	16.22	7.88	7.29	0.00
TF-52809	Closed	0.45	0.43	0.00	0.01
TF-54139	Closed	0.74	0.67	0.00	0.01



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, IBRD-4802A

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 objective is to improve the financial viability, productivity, and effectiveness of railway operations.

The project was restructured, or received Additional Financing during FY 08

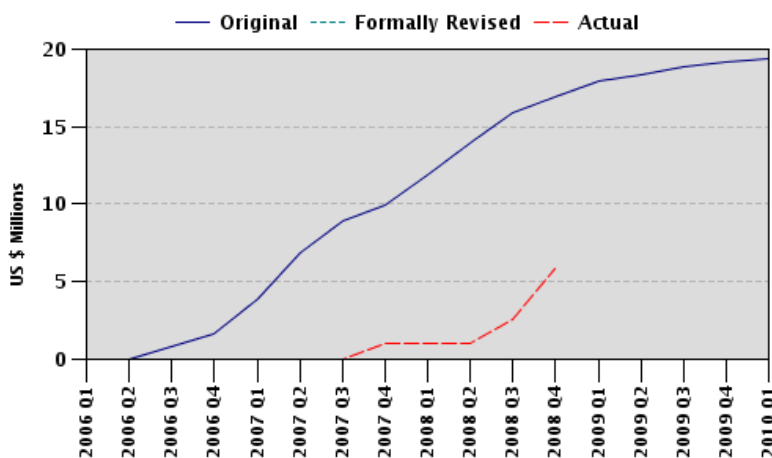
In August 2007 the Borrower (Macedonian Railways) was restructured and split into two separate entities: an Infrastructure and Transport companies. As a result, the original loan amount of EURO 15 million was also split, in the amounts of EURO 9.03 million for MR-Transport and EURO 5.97 million for MR-Infrastructure.

Progress toward achieving development objective(s):

The project is progressing well, both in the completion of advisory services for the restructuring and regulation of Macedonian Railways but also the procurement and refurbishing of rolling stock and modernization of rail infrastructure. The Transport Company is increasing its operating capacity by remanufacturing and retrofitting locomotives. The procurement of flat-bed rail wagons is underway. The Infrastructure Company has been improving its track maintenance by installing centralized traffic control system and procuring track maintenance mechanization equipment. Also, the rail infrastructure is being modernized and new rails and wooden sleepers have been procured.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48020	Effective	23.71	5.80	8.47	0.00
IBRD-4802A	Effective	0.00	0.01	9.33	0.00



Project Name (ID): HLT SEC MGT (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, TF-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:

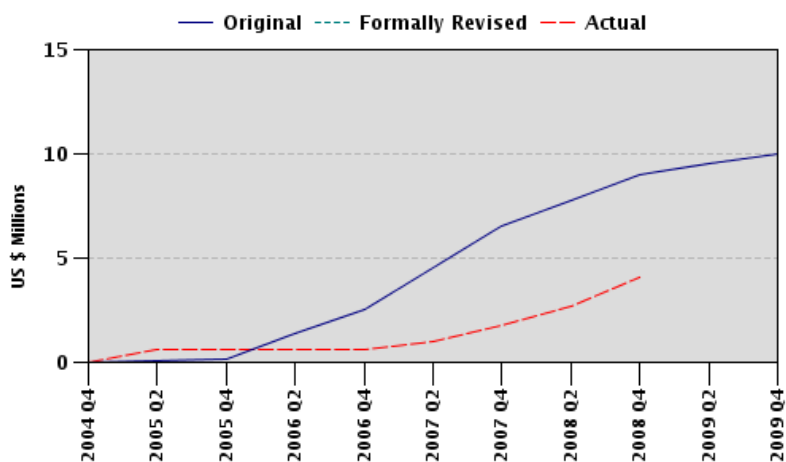
The objectives are to: (a) upgrade the capacity of the Ministry of Health and the Health Insurance Fund to formulate and effectively implement health policies, health insurance, financial management and contracting providers; and (b) develop and implement an efficient scheme of restructuring of hospital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

Progress toward achieving development objective(s):

Significant progress has been made under the project in reforming the health sector and in improving the capacity of the Ministry of Health, the Health Insurance Fund and health care institutions staff to deal with modern management and policy analysis methods. The level of involvement by staff from all stakeholders in the various working groups (e.g., health sector strategy, basic benefit package, co-payment policy, health providers laws, public health institute restructuring, etc.) has been impressive and demonstrates increased analytical and management skills and knowledge. The Health Insurance Fund computer equipment has been successfully procured and installed, with prices lower than expected. With regard to the broader development of the health management and information system, the Government is procuring the software and the project will finance the equipment. This makes it possible to maximize the use of the funds within the time remaining in the project and to maximize the likelihood that the project will be completed by the original closing date.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-47330	Effective	10.00	4.13	5.87	0.00
TF-26814	Closed	0.49	0.49	0.00	0.00



Project Name (ID): SUSTAINABLE ENERGY (GEF) (P089656)

Country: Macedonia, former Yugoslav Republic of

Board Approval Date: 12/19/2006

Closing Date: 03/31/2011

Loan/Credit/Grant Number: TF-57107, TF-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:

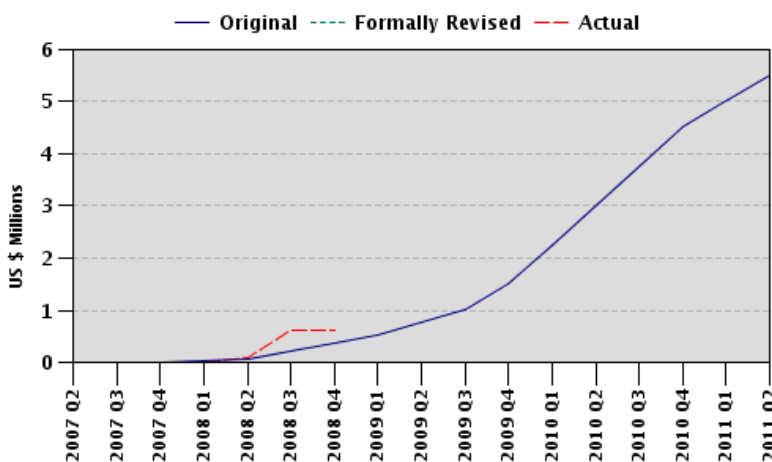
The development objective is to develop a sustainable market for energy efficiency and renewable energy by supporting the development of an enabling framework, institutional capacity, and necessary financing mechanisms.

Progress toward achieving development objective(s):

The project is still on course to meet its development objectives. The Market Framework Component has made good progress with a Project Development Assistance Facility operational and a pipeline of energy efficiency and renewable energy projects under development. Progress of the Energy Service Company (ESCO) component has stalled. The ESCO set-up will need to be made fully operational with no further delays or the ESCO component will need to be restructured or cancelled. The Financing Facility Component has achieved reasonable progress. Six banks have signed agreements to use the credit facilities offered under the component.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-57107	Effective	5.50	0.60	4.90	0.00
TF-53662	Closed	0.35	0.35	0.00	0.00



Project Name (ID): LEG/JUD IMPLMNT & INST SPRT (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:

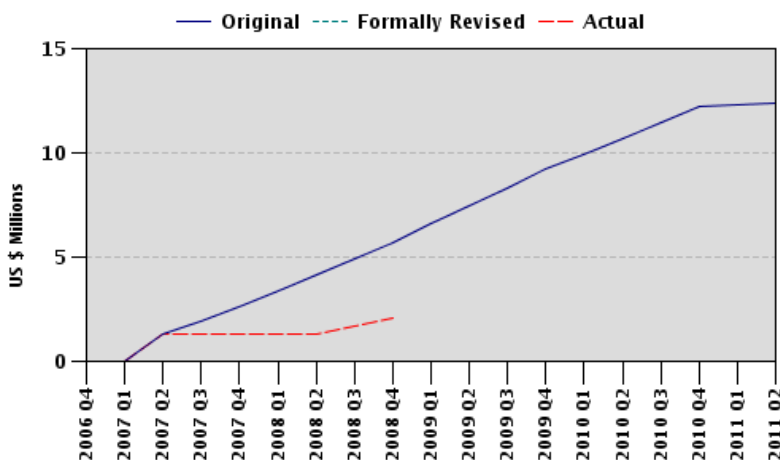
The project development objectives are to: (a) improve judicial efficiency and effectiveness; and (b) contribute to an improved business climate by implementing judicial reform laws.

Progress toward achieving development objective(s):

Progress towards the Development Objectives was slow but picked up at the end of the fiscal year. During the past year, progress was made in the implementation of the Administrative Dispute Law through the operation of the new Administrative Court. Improvement in the adjudication of bankruptcy cases began through technical assistance to the Trustee Chamber and Economy Ministry supervision office. The Judicial Council's infrastructure was expanded to accommodate the enlarged membership. Sufficient progress was made in providing adequate courthouses and equipment for those courts with expanded jurisdiction, including a new Skopje court building. The Administrative Inspectorate received automation training to improve its efficiency and effectiveness. Court staff also began automation training to prepare for the introduction of new court and case management systems.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48230	Effective	15.50	2.14	13.07	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:

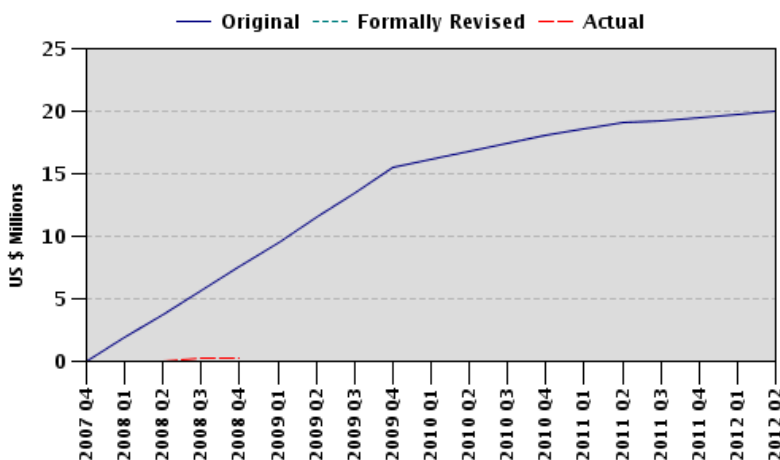
The objective is to facilitate the movement of trade between Macedonia and its neighboring countries in South East Europe.

Progress toward achieving development objective(s):

Seven months after being declared effective, the project is showing slow but steady progress on all components. Construction of the Tabanovce-Kumanovo motorway should start soon (contract has been awarded). Preparation studies regarding optimal tolling systems for the Macedonian road network have been completed. A pending decision to concession roads in the country might affect this component as concessioning might make government financing of toll modernization obsolete. The Railway Infrastructure company has procured telecommunication equipment necessary for the improvement of cargo movement information sharing on railway Corridor X. Customs is preparing to introduce a compatible railway and customs data processing software. Bidding for works to improve the Blace passenger border crossing is imminent. Efforts by the Ministry of Transport and the Fund for National and Regional Roads to strengthen the capacity of the Fund are ongoing.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48590	Effective	23.40	0.31	23.09	0.00



Project Name (ID): AGR 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):

In the first year of the Project, significant progress has been achieved with the implementation of the Ministry of Agriculture systematization plans, and the design and introduction of information systems that will help the Ministry in collecting information to make informed policy decisions.

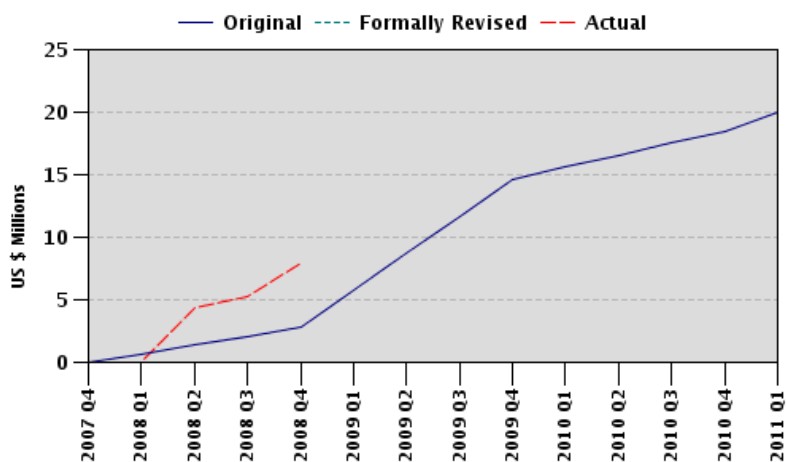
A paying agency has been registered and its European Union (EU) accreditation for processing of EU rural development grant applications is underway.

Veterinary services are being strengthened with the digitalization and expansion of animal identification and registration, strengthening its inspection role in ensuring more effective zoonotic controls, as well as ensuring a safer meat supply.

Reform in irrigation has led to the liquidation of all Water Management Organizations and registration of new institutions in accordance to the law is underway.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-48610	Effective	23.41	7.88	15.24	0.00



Project Name (ID): PDPL 3 (P101296)

Country: Macedonia, former Yugoslav Republic of

Board Approval Date: 05/13/2008

Closing Date: 12/31/2008

Loan/Credit/Grant Number: IBRD-75330

Sector(s): Law and justice (45%), General industry and trade sector (45%), Health (10%)

Theme(s): Legal institutions for a market economy (P), Regulation and competition policy (P), Health system performance (S), Law reform (S)

Project Development Objectives:

The objective is to promote economic growth and job creation through reforms to improve the investment climate and strengthen the governance and efficiency of the public sector.

Progress toward achieving development objective(s):

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

Economic growth strengthened to 5% in 2007 and is likely to have remained at a similar pace in 2008 from 4% in 2006, reflecting in part the implementation of the reforms supported by the Programmatic Development Policy Loan series. Employment has risen, resulting in a decline in joblessness. FYR Macedonia was ranked as one of the top 10 countries in terms of improving the conditions for doing business in the DB2008.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-75330	Not Effective	25.00	0.00	25.00	0.00

Project Name (ID): REGIONAL AND LOCAL RDS PROG SUPPORT PROJ (P107840)

Country: Macedonia, former Yugoslav Republic of

Board Approval Date: 05/13/2008

Closing Date: 07/31/2013

Loan/Credit/Grant Number: IBRD-75320

Sector(s): Roads and highways (97%), Central government administration (3%)

Theme(s): Infrastructure services for private sector development (P), Rural services and infrastructure (S)

Project Development Objectives:

The objective is to reduce the cost of access to markets and services for communities served by regional and local roads.

Progress toward achieving development objective(s):

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

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-75320	Not Effective	105.20	0.00	105.20	0.00

